

Lawrence Technological University
College of Management

An Appreciative Exploration of Strategic Capacity and the Impact
of the SOAR Framework in Building Strategic Capacity

Presented in partial fulfillment of the requirements
for the degree of

Doctor of Business Administration

Patricia Ritzler Malone



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AN APPRECIATIVE EXPLORATION OF STRATEGIC CAPACITY AND THE
IMPACT OF THE SOAR FRAMEWORK IN BUILDING STRATEGIC CAPACITY

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ABSTRACT

This qualitative study explores a generative, approach to strategy through the application of a capacity building perspective that views strategy as a fluid, deeply embedded capability for thinking and functioning strategically i.e., building strategic capacity (Ganz, 2000, 2005, 2009). To date very little exists in the literature concerning the construct of strategic capacity (Ganz, 2000, 2005, 2009). This exploration of strategic capacity enables new perspectives and new frames leading to new opportunities for strategizing.

This study extends current theory and develops new insights on strategic capacity by exploring the meaning of the construct of strategic capacity and developing a theory and supporting framework for building strategic capacity. In addition, this study utilizes an appreciative lens to further explore the potential for the application of an emergent framework, SOAR (Strengths, Opportunities, Aspirations, Results) (Stavros, Cooperrider, & Kelley, 2003) as a promising approach for building strategic capacity in organizations.

Grounded theory methodology was utilized in conjunction with thirty nine in-depth interviews with strategy and SOAR exemplars, along with published case stories, in order to gain a deep and comprehensive understanding of strategic capacity and the application of the SOAR framework. This study found that strategic capacity is a multi-dimensional, holistic, dynamic, and flexible system that allows an organization to achieve its vision and mission and reach its optimal potentiality. This multi-level capability, consciously and systematically developed over time, is supported by a high engagement strategic governance system which operates at the individual, cultural, systems, behavioral and process levels of the organization which governs many of the activities of building strategic capacity.

Strategic capacity functions as an umbrella for a set of metacapabilities that support it. These metacapabilities are: (1) relational generativity, (2) learning, (3) sensemanaging, (4) change capability, (5) combination capability, and finally, (6) the SOAR framework builds strategic capacity. The findings from this study strongly support and extend Stavros' (1998)

Relational Framework of Capacity Building as well as strengthen the work of Ganz (2000, 2005, 2009) through the development of a theoretical foundation and framework for building strategic capacity.

DEDICATION

This dissertation is dedicated to:

My husband, Sean Kennedy Malone

Also to:

My children, Lauren Danielle Ritzler, and Colin Patrick Malone

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I wish to express my deepest appreciation to the many people who helped me throughout this journey which culminated in the birth of this dissertation. As a result, this dissertation reflects a rich tapestry of combined expertise of all who participated in this process.

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TABLE OF CONTENTS

<u>Chapter One: Introduction</u>	<u>1</u>
Background to Study	1
Inquiry Statement	3
Purpose of Study	4
Research Questions	6
Definition of Key Terms	7
Significance of Study	8
Overview of Methodology	10
Limitations	11
Working Assumptions	12
Key Contributions of this Dissertation	14
Organization of the Dissertation	19
 <u>Chapter Two: Strategic Capacity Overview and Introduction to the Literature</u>	 <u>21</u>
Introduction	21
Key Research Questions for this Chapter	22
The Significance of Strategic Capacity	22
Current Perspectives in Strategy	24
Orthodox Strategy	25
A Generative Perspective of Strategy	26
Exploring the Construct of Strategic Capacity: A New Approach	31
Towards a Definition of Strategic Capacity	33
Strategic Capacity and Organizational Effectiveness	40
Summary and Conclusion	45
 <u>Chapter Three: Literature Review Supporting the Theoretical Foundation of Strategic Capacity</u>	 <u>48</u>
Introduction	48
Key Research Questions for this Chapter	49
Strategic Management Review	50
Strategy Content	51
Strategy Process.	57
Overview of Capacity Building	79
Organizational Learning and the Learning Organization	85
Spirals of Efficacy: Positive Organizational Scholarship	95
Introducing the SOAR Framework	102
Summary and Conclusions	110
 <u>Chapter Four: Methodology</u>	 <u>112</u>
Introduction	112
Research Questions	113

Rationale for Qualitative Design	114
Grounded Theory	116
Appreciative Inquiry as Qualitative Research	117
Research Design Summary	120
Unit of Analysis, and Population	121
Theoretical Sampling	122
Data Collection Process	124
Data Analysis Procedures	127
Verification and Validation	132
The Researcher's Role	137
Summary and Conclusions	137
 <u>Chapter Five: Findings SOAR Exemplars</u>	 139
Introduction	139
Exploring the Meaning of Strategic Capacity	142
How Organizations can Build Strategic Capacity	149
Accelerators and Key Competencies for Building Strategic Capacity	155
Story Snippets Strategic Capacity	168
Exploring the SOAR Framework	172
Story Snippets SOAR Framework	187
Summary of Results	189
 <u>Chapter Six: Findings Strategy Exemplars</u>	 190
Introduction	190
Exploring the Meaning of Strategic Capacity and How Organizations can build it.	192
General Themes	215
Accelerators and Key Competencies for Building Strategic Capacity	218
Story Snippets	227
Summary of Results	229
 <u>Chapter Seven: Interpretation and Implications</u>	 231
Introduction	231
SOAR vs. Strategy Exemplar Results	233
Summary of Results and Discussion of Strategic Capacity	238
A Framework of Metacapabilities Supporting Strategic Capacity	261
Implications for Further Research	277
Implications for Practice and Recommendations	280
Relationship between Results and Theory	281
Limitations of this Study	286
Summary and Conclusion	288
 <u>References</u>	 291
 <u>Appendices</u>	 310

LIST OF TABLES

Table 1.1 Neoclassical and Socioecological Perspectives on Strategy	13
Table 2.1 Defining Characteristics of the Industrial Age vs. the Information Age	23
Table 2.3 Scholarly Definitions of Strategy	37
Table 3.1 Mintzberg, Ahlstrand, and Lampel's Schools of Strategy Formulation	58
Table 3.2 Chaffee's Hierarchy of Strategy	66
Table 3.3 Hart's Integrative Framework of Strategy-making Processes	68
Table 3.4 The Mechanistic and Organic Perspectives of Strategy	70
Table 3.5 Summary of Implementation Literature reviewed	73
Table 3.6 Key Characteristics of Appreciative Inquiry	83
Table 3.7 Dominant Perspectives in Organizational Learning	85
Table 3.8 Organizational Learning/Renewal Framework	90
Table 3.9 Dynamic Organizational Learning Model	91
Table 3.10 Kenny's Maturity Model of Strategy Formulation	93
Table 3.11 Antecedents of Resilience in Managing the Tradeoff between Competence and Growth	97
Table 3.12 Problem Solving vs. Abundance Approach	99
Table 3.13 Competing Values Framework	100
Table 3.14 Comparison of Conventional Leadership Principles with the Abundance Principles	100
Table 3.15 SOAR Framework Applications	105
Table 3.16 SOAR Framework: The Five I Model	107
Table 4.1 Qualitative vs. Quantitative Research Matrix	115
Table 4.2 Research Design Matrix	120
Table 4.3 Properties, Sub-categories and Outcomes of Combination Capability	131
Table 4.4 Methods to Ensure Validity and Validation in Qualitative Research	133
Table 5.1 Descriptive Attributes of Phase One Interviewees	140
Table 5.2 Accelerators of Strategic Capacity	156
Table 5.3 One Sentence Descriptions of the SOAR Framework	172
Table 5.4 Applications of the SOAR Framework	173
Table 6.1 Profile of Strategy Exemplars Interviewed for this Study	191
Table 6.2 Summary of Responses to Defining Strategy	193
Table 6.3 Summary of Responses to Defining Strategic Capacity	194
Table 6.4 Summary of Responses to Key Competencies for Building Strategic Capacity	225
Table 7.1 Key Findings of Strategy vs. SOAR Exemplars	233
Table 7.2 A Problem-Solving Approach Compared with an Abundance Approach	236
Table 7.3 A Continuum Illustrating Organizational Positive Deviance	237
Table 7.4 Integrative Framework for Building Strategic Capacity	241
Table 7.5 Benefits of Engaging the Full System	244
Table 7.6 Key Characteristics of an Enabling Strategic Culture	253
Table 7.7 Avenues for Individual Capability Development	255
Table 7.8 Antecedents of Resilience in Managing the Tradeoff Between Competence and Growth	258
Table 7.9 Key Characteristics of Engaged and Engaging Leadership	259
Table 7.10 How SOAR Builds Strategic Capacity	268
Table 7.11 Benefits of Sensemanaging	271
Table 7.12 Summary of Major Findings for Strategic Capacity to date	282
Table 7.13 Summary of Major Findings for Stavros (1998) and Malone Frameworks	283
Table 7.14 Questions to Ask to Identify the Possibility of Qualitative Research Generalization	287
Table 7.15 Strategic Capacity as a Generative Approach to Strategy	289

LIST OF FIGURES

Figure 1.1. Key Facets of Building strategic Capacity	17
Figure 1.2. Framework of Metacapabilities for Building Strategic Capacity	18
Figure 3.1. Four Perspectives for Theorizing about Strategic Capacity	48
Figure 3.2. Map of the Strategic Management Literature	51
Figure 3.3. A Holistic View of Strategy	78
Figure 3.4. A Relational Framework of Capacity Building	81
Figure 3.5. SWOT and SOAR Approach	104
Figure 3.6. The Five “T” Model of SOAR	107
Figure 6.1. OODA Loop	210
Figure 7.1. Key Facets of Building strategic Capacity	243
Figure 7.2. Strategic Governance System	246
Figure 7.3. Stavros’ (1998) Relational Framework of Capacity Building	262
Figure 7.4. Framework of Metacapabilities for Building Strategic Capacity	263

PREFACE

An interest in strategic planning developed for me in the early 90's when I was assigned the task of creating a strategic planning process for the floundering division of a pulp and paper controls company. My division needed to be turned around or we would be closed. At that time, I had never before been exposed to strategic planning. I energetically researched various approaches and settled upon the basic SWOT analysis using the classic questions. Where are we now? Where do we want to be? What are our strengths and opportunities as juxtaposed with our weaknesses and threats? How do we bridge the gap while capitalizing on our strengths and mitigating our threats?

I had never facilitated anything before and my first strategic planning session ended in a fist fight between two of the directors. From there things could only go up. Over a period of three years, I developed a process by trial and error that seemed to fit the personality of our division. The result: we turned the division around and saved our jobs. This was my first exposure to the power of strategic planning, however imperfect. If we had simply done nothing and let the business climate chart our course, I am convinced we would not have survived.

Over the years, I have been asked to lead various other strategic planning efforts but none as powerful or successful. In my last position as CFO of a privately held company, the ownership did not believe in planning. The company's management team really wanted to engage in a strategic planning exercise but it soon fell flat due to lack of ownership support. The company was essentially suffering from a lack of leadership and remains rudderless and drifting to this day.

Strategic planning has fallen in and out of favor over the years and seems to not have reached its full potential. Yet having a strategy seems to be critical for success. How can we improve the ability of a company to create good strategies that lead to sustainability? I want to discover a better way. I believe we need a different paradigm that better addresses today's business climate. In identifying this way of accomplishing strategy, we must find a more holistic approach that enables large and small corporations to harvest their full potential.

Strategy as a Fragmented Development

The literature on strategy is very compartmentalized and conflicted. For example, there are no studies that integrate both strategy content and strategy process despite evidence that it is vital to incorporate the question of what to decide upon with the question of how to decide. In addition, a multitude of partly contradictory, partly similar models for strategy process have been developed. Chaffee (1985) created a hierarchy of three models of strategy, Hart and Banbury (1994) identified an integrative framework of five modes of strategy making, and Mintzberg, Ahlstrand, and Lampel (1998) grouped the field into ten schools of strategy formation (see Chapter Three).

Building on Mintzberg et al.'s (1998) work in the configurational school of strategy, Volberda, and Elfring (2001) identified two additional synthesizing schools of thought. Others followed: Whittington (2001) organized the literature into four generic perspectives, Farjoun (2002) divided the research streams into "mechanistic" and "organic" perspectives, and finally, Faulkner and Campbell (2003) developed taxonomy of four strategic methods for strategy development. Given the state of the strategy literature, it is really no wonder we cannot find an approach that informs practice.

As a practitioner trying to find an effective approach, the array of conflicting information causes a great deal of bewilderment. With all this confusion, it is no wonder practitioners give up or become trapped in traditional modes of strategy making which no longer fit our postindustrial society. Yet the business climate today is one of the most challenging in history, making it even more necessary to 'do strategy'. We must somehow encourage strategy development and strategy application.

As we move from a mechanistic perspective (entities as machines) to a more organic perspective (entities as living organisms) of organizations, we need to explore different approaches that enable both emergent and planned strategies, capitalizing on the full human potential within the organization. There has got to be a better way. We are looking for one that

engages the hearts, minds, and hands of the living corporation. This approach must be effortless. We are looking for one that leads to energized implementation and sustained results without continual prodding and pushing. We are looking for one that is not dependent upon the leadership *de jour* because management moves around a great deal in today's organizations. I have seen countless efforts that went by the wayside because the management involved in the effort moved on to other opportunities within the corporation. This new paradigm for doing strategy is what I wish to explore in this study.

This approach to strategy should be natural and not contrived, much like the metaphor of a plant. As plants must be nurtured at the roots and enjoy the right environmental conditions, so should organizations. Every cell in a plant is capable of producing that particular plant i.e., it already has all the information it needs, a complete holonic picture of the plant. Certain cells within a plant do not tell the other cells what to do but rather, every cell is enacting its vision of the plant. Magically and naturally the plant develops as each cell's action plan unfolds. I wish to pursue an approach to strategy much like this. An approach that enables all organizations undertaking it to be successful across the spectrum of large and small, public, private, for-profit, government and non-profit. An approach that engenders confidence and opens up the eyes of those participating to a future they can strongly and 'magically' believe is possible

Chapter One: Introduction

Background to Study

According to Peter Drucker (Edersheim, 2007), the world has experienced a ‘silent revolution’ which has forever changed the face of business today. This revolution is characterized by a transition from an industrial economy to a knowledge-based economy which has resulted in radical changes in our society and in business. This silent revolution requires that we rethink our models, concepts, and frameworks for competing in today’s postindustrial society (Hamel and Prahalad, 1994, 1996; Hitt, Keats & DeMarie, 1998; Lowendahl & Revang, 1998; Prahalad & Hamel, 1994; Walton, 1995).

A significant business implication of the silent revolution is the new role and importance of strategy. Strategy must now be generated in real time to proactively create and address opportunities both seen and unforeseen. Organizations are now focused on becoming sustainable thorough “perpetual regeneration” (Walton, 1995, p.122) of “a series of temporary advantages” (D’Aveni, 1994, p.7). This suggests a need for strategy to become more generative and dynamic. According to Edersheim (2007):

Strategy is not a goal; it is a direction, a blueprint for putting the pieces together and building. It must have continuous feedback to translate real-time results into refinements and changes as appropriate. In a Lego® world, fluid design and the ability to connect and reconnect provide a new agility that is a central element of the twenty-first-century enterprise. p. 40)

Historical ways of thinking about strategy limit its ability to contend with new conditions and contexts and the dominant strategy paradigm no longer addresses the needs of today’s postindustrial society (Selsky, Goes, & Baburoglu, 2007). According to Barrett (2005):

Traditional strategic planning models that encourage rational approaches—performing market research studies, measuring barriers to entry, considering degrees of fit between existing resources and current opportunities, focusing on ways to overcome the competitor’s strengths---send a subtle, conservative message to managers to do what is feasible. High performing organizations seem to go beyond the feasibility litmus test and focus on the intangible strength associated with the organization’s highest accomplishments. (p. 42)

This orthodox approach has been around for thirty years and reflects a thoroughly modernist epistemology focused on efficiency, stability seeking, and the avoidance of uncertainty. Lowendahl and Revang (1998) argue: “.....we need to develop, discover, and invent new concepts grounded in the postindustrial context” (p. 768). They posit:

If postmodern competitiveness has to do with the ability to manage talent, creativity, expertise, relationships, and technology in global and rapidly changing markets, frameworks developed under the assumptions of competition for superior cost efficiency through productivity and capital allocation are likely to be limited in their applicability. Hence we need to reassess existing theories and their underlying assumptions... (p.764)

What approaches will be necessary in order to compete in this complex, fast moving postindustrial era? Hitt et al. (1998, p. 26) assert that organizations must possess “strategic flexibility”—a continuous rethinking of current strategy, structure, resource allocations, and culture. This requires exercising strategic leadership, building dynamic core competencies, leveraging human capital, effectively using new technologies, executing valuable strategies, designing the right organization structure, and developing a learning and innovative culture. Chakravarthy and Henderson (2007) are calling for continuous renewal involving learning, experimentation, the exploitation of current market positions, and building of distinctive new competencies.

Liedtka and Rosenblum (1996) advocate wide spread strategic thinking at all levels of the organization combined with the empowerment to act, ultimately fostering continuous adaptation. This requires the “metacapabilities” (p. 149) of learning, collaboration, the ability to redesign processes, and a widely distributed capacity for strategy making. These metacapabilities (i.e., a set of capabilities that underlies capability building itself) depend upon strategic conversations at all levels of the firm aimed at furthering existing strategies as well as identifying new opportunities for emergent strategies.

Drucker (Edersheim, 2007) proposes that business is ultimately the economic engine of democracy. In order to succeed in the twenty-first century, a company must “take advantage of

opportunity, and human talent, and capability in a manner which enhances society” (Edersheim, 2007, p. 41). According to Aburdene (2005) in her book *Megratrends 2010*, creativity and continuous innovation are the requirements for the new era, and the harnessing of the genius inherent in human consciousness will be the raw material that fuels it.

These exemplars are calling for new approaches to strategy generation. Scharmer (2009) asserts that in an age where many of our modernist social structures are crumbling we must learn from the future ‘as it emerges’ instead of the experiences of the past. Hamel (1997) asserts that strategy must be a deeply embedded capability and that the strategy industry (i.e., the consultants and academics that supply strategy knowledge and consulting to organizations) must turn their attention away from studying strategy after the fact and develop a “deep theory of strategy creation” (p. 73). He calls for “new voices, new conversations, new perspectives, and new passions” (pp. 73-75) necessary for organizations to compete for the future. According to Hamel (1997):

A key thing to remember is that truly innovative strategies are always, and I mean always, the result of lucky foresight. Foresight however, doesn’t emerge in a sterile vacuum; it emerges in the fertile loam of experience, coincident trends, unexpected conversations, random musings, career detours, and unfulfilled aspirations. But the question remains, can we do anything to increase the fertility of the soil out of which strategy grows? (p. 73)

Inquiry Statement

The preceding discussion suggests the need for strategy to move from a position, process, or annual exercise to a fluid, deeply embedded, capability. This implies a capacity building perspective of strategy requiring organizations to build *strategic capacity* (Ganz, 2000). To date, very little can be found in the literature on defining and building strategic capacity, yet a dynamic ability for strategy is critical for creating and sustaining high performing organizations in today’s environment.

An exhaustive search of the literature surfaced only one study concerning strategic capacity. Ganz (2000, 2005, 2009) first explored this construct through a qualitative case study in

a social movement context of the unionization of California farm workers during the 1950's and 1960's. According to Ganz, (2000) strategic capacity can be defined as the ability of an organization to develop a series of more effective tactics than others. Strategic capacity allows organizations in social movements to reconfigure their resources and organizations at 'focal moments' to produce extraordinary results. Ganz (2005) contends:

Strategic capacity is thus more useful explaining outcomes in turbulent environments where rules, resources, and interest are emergent and links between ends and means are uncertain. This suggests that although it was developed in the context of social movement insurgency, strategic capacity as an analytic concept could be useful in explaining outcomes in any such environment—political, economic, or social. (p. 230)

The Ganz (2000, 2005, 2009) work on strategic capacity represents one qualitative case study in a non-profit setting utilizing social movement and strategy theory and, as such, is not generalizable to other settings. This study strengthens and extends this prior work.

Purpose of Study

The concept of strategic capacity represents an opportunity to reframe strategy creating new perspectives and new frames leading to the generation of new opportunities for strategizing. Re-conceptualizing strategy using a capacity building perspective enables more generative, holistic, and dynamic approaches to strategy. Strategic capacity enables the application of new language, metaphors, and perspectives. This study poses a provocative possibility to explore a capacity building perspective of strategy that is generative in nature. (For the purposes of this writing, the term "this study" will note activities related to this study as conveyed in this text.) According to Gergen (1978), theories should be evaluated in terms of their 'generative capacity' which can be defined as the "capacity to challenge the guiding assumptions of the culture, to raise fundamental questions regarding contemporary social life, to foster reconsideration of that which is taken for granted and thereby to furnish new alternatives for social action" (p. 1346). In this regard, strategic capacity represents a generative theory of strategy. This strategic capacity study

will seek to build from the broad concepts identified in Stavros' (1998) work on capacity building and Ganz's (2000) original research on strategic capacity.

The goal of this study is to extend current theory and develop new insights on strategic capacity by exploring the meaning of the construct of strategic capacity and developing a theory and supporting framework for building strategic capacity. This study utilizes an appreciative lens to further explore strategic capacity and the potential for the application of an emergent framework, SOAR (Strengths, Opportunities, Aspirations, Results) (Stavros, Cooperrider, & Kelley, 2003; Stavros & Hinrichs, 2007, 2009) as a promising framework and approach for building strategic capacity in organizations.

SOAR is an innovative, strengths-based approach to strategic planning that invites the whole system (stakeholders) into the process to propel an organization forward to its most preferred future with measurable results (Stavros & Hinrichs, 2007, 2009). This approach integrates Appreciative Inquiry (AI) with a strategic planning framework to create a transformational process that inspires organizations to reach for aspirations and results. This framework, using AI principles, reframes the traditional strategic planning SWOT (Strengths, Weaknesses, Opportunities, and Threats) into SOAR (Strengths, Opportunities, Aspirations, and Results), (Stavros & Hinrichs, 2007, 2009) and accelerates strategic planning efforts by focusing directly on those elements that will give life energy to the organization's future. SOAR continues to emerge as an effective and flexible strategic framework that fosters the energy, creativity, and engagement of the organization (Stavros & Hinrichs, 2007, 2009).

SOAR also draws on the theory bases of: Dialogue (Bohm, 1996), Whole System Approach to Change (Adams, 1997), Preferred Futuring (Van Deusen, 1996), Strengths-based theory (Clifton & Nelson, 1996), Social Construction (Gergen, 2004), Positivity (Fredrickson, 2009), and Positive Organizational Scholarship (Cameron, Dutton, & Quinn, 2003). SOAR nurtures a culture of *strategic learning* and *leadership* building a widespread appreciative intelligence (Thatchenkery & Metzker, 2006). *Appreciative Intelligence* (Thatchenkary &

Metzker, 2006) has emerged recently as a powerful construct for high performance, creativity, and innovation in people and organizations which involves reframing the present view, appreciating the *positive possibilities* in any situation, and envisioning how the future unfolds from the present. Per Thatchenkery & Metzker, (2006) Appreciative Intelligence is:

...the ability to perceive the *positive inherent generative potential* within the present. Put in a simple way, Appreciative Intelligence is the ability to see the mighty oak in the acorn. Metaphorically, it is the ability to see more than the present existence of a small capped nut. It is the capacity to see a strong trunk and countless leaves emerging from the nut as time unfolds. In a business sense, it is the ability to see a breakthrough product, top talent, or a valuable solution of the future that is currently hidden in the present situation (p. 6).

An extension of this concept is the notion of an *Appreciative Learning Culture* as defined by Barrett and Peterson (2000) who contend that the only enduring advantage in our postindustrial society is to create a culture that embodies learning, renewal, and innovation. This type of culture requires ongoing *generative learning*, which Barrett and Peterson (2000) define as “an ability to see radical possibilities beyond the boundaries of problems as they present themselves in conventional terms” (p. 11). Key competencies identified in order to create an appreciative learning culture are: an affirmative focus on what is going well in an organization; expansive thinking and commitments; feedback on progress towards goals; and cross organizational collaboration. SOAR represents a generative approach to strategizing that nurtures a culture of strategic learning, shared leadership, and appreciative intelligence, thus, the SOAR framework has the potential to build strategic capacity.

Research Questions

The following research questions were explored through 39 in-depth interviews of strategy and SOAR exemplars and through a comprehensive review and analysis of the academic and practitioner literature. Broadly, these questions allowed the exploration of the meaning of the construct of strategic capacity in order to gain a deeper and more comprehensive understanding of the topic. In addition, these questions permitted the identification of the process of building strategic capacity and the nature and results of the SOAR framework. Finally, the last question

focused this study on the goal of any research—to improve practice in application. The questions included:

1. What is strategic capacity?
 - a. How does strategic capacity connect to strategy research?
 - b. How does strategic capacity connect to organizational performance?
2. How can organizations build strategic capacity?
3. How can SOAR be utilized as a framework in building strategic capacity?
4. How can SOAR contribute to strategy research?
5. How can this research study inform practice to create organizations that are more effective?

These questions guided this study. They were designed to narrow the study enough to provide a meaningful direction yet broaden it enough to allow for possible emergent paths during the research journey.

Definition of Key Terms

Strategy is at the heart of strategic capacity but, exactly what is *strategy*? There is no single, universally accepted definition. Strategy is a commonly used word that means different things to different people. Even though strategy is of vital importance to today's organizations (Edersheim, 2007; Nohria, Joyce & Roberson, 2003; Prahalad & Hamel, 1994) there exists virtually no consensus of the meaning of strategy in the literature today. A thematic analysis of the strategy literature utilizing the various definitions identified in the literature (see Chapter Two) yielded the following definition of strategy that guided this research:

Strategy entails the establishment of a purposeful direction for achieving an organization's future intentions. It involves defining the contribution the organization intends to make to its shareholders, employees, customers, and communities. Strategy is a pattern of collective choices about where and how to compete in uniquely positioning an organization to attain a flow of competitive advantages. These choices require the organization to build competencies and deploy critical resources in a dynamic manner in order to achieve its aspirations.

This definition represents a synthesis of the strategy literature to reflect the broad themes that have appeared as the construct of strategy has evolved since the inception of strategic management in the 1960s. Thus, this definition is rooted in the literature and provides a deeper, more profound definition that reflects the broad map of the strategy literature. This definition has been heavily influenced by the more recent views of strategy to reflect strategy as: “a relentless

flow of competitive advantages” (Brown & Eisenhardt, 1998, p. 4); “choices about where and how to compete” (Grant, 2005a, p. 21); “competitive moves and business approaches” (Thompson & Strickland, 2007, p. 4); “fluid design and ability to dynamically connect and reconnect providing a new agility” (Edersheim, 2007, p. 40).

The emergence of *capacity building* is a critical element in organization development. At the same time an increasing concern with organizational sustainability has created an imperative to determine at what levels to build capacity and the corresponding capabilities that are required (Stavros, 1998). Literature review and fieldwork has produced a range of views and concepts about the nature of capacity and capacity-building, from which the following definitions have been developed (Stavros, 1998; Stavros, Seiling & Castelli, 2007):

Capacity is the ability or potential to mobilize resources and achieve objectives. It provides all that is necessary to construct the relationships and locate resources needed to achieve an organization’s vision, mission, and goals.

Capacity building is the social process involving interdependent relationships that sustain the collective existence and future of organizations committed to a common cause. (p. 2)

The definitions developed above after an exhaustive review of the literature on “strategy” and “capacity” yields the following definition of strategic capacity which informs this study:

Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, ultimately leading to its sustainability. Strategic capacity involves every individual member in the organization acting in relationship with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices (Grant, 2005b) and dynamically building competencies and deploying critical resources (Hamel & Prahalad, 2005) necessary to successfully deliver the organization’s contribution to its shareholders, employees, customers, and communities. In short, strategic capacity is a deeply embedded ability that enables an organization to bridge the gap between its current performance and its potential.

Significance of Study

Some scholars claim that strategy research is in crisis (Chakravarthy, 2005; Elfring & Volberda, 2001; Hutzschenreuter & Kleindienst, 2006; Pettigrew, Thomas & Whittington, 2002; Tsoukas & Knudson, 2002). Practitioners are lamenting the lack of good theory to help them address pressing challenges in the field. Strategy theories appear to lack relevance

(Chakravarthy, 2005). The strategy field has been characterized by an ever-increasing multitude of concepts and frameworks such as Mintzberg, Ahlstrand, and Lampel's schools of strategy (1998); Whittington's four generic perspectives of strategy (2001); Farjourn's organic model of strategy (2002), and Chaffee's hierarchy of strategy (1985), to name just a few. This proliferation of concepts and frameworks has fostered a bewildering degree of complexity. Some of these concepts and frameworks are prescriptive (i.e., prescribes rules), whereas others are descriptive (i.e., describes qualities). For example, Mintzberg et al.'s (1998) Design, Planning, and Positioning schools of strategy are prescriptive while his Entrepreneurial, Cognitive, and Learning schools are descriptive.

While there has been a surge of research in the last 20 years (Hafsi & Thomas, 2005), practice and theory are not well connected (Bettis, 1991) as most research does not really address the issues that are critical to the field. These issues include (1) the need to address the dynamic requirements of today's global environment, (2) the necessity of harnessing employee creativity and potential to successfully implement effective strategies, and (3) the requirement for dynamically reconfiguring capabilities to take advantage of emergent opportunities.

Strategy research has been viewed in the literature from two perspectives: strategy content and strategy process. Strategy content research focuses on *what* strategies are created while strategy process research is concerned with *how* an organization arrives at its strategies. Both subfields emphasize different aspects of the issue of how to improve organizational performance.

Within the realm of strategy process research there is an imbalance concerning implementation issues with only a few studies completed in the past fifteen years some of these studies include: alignment (Bates, Amundon, Schroeder & Morris 1995), effective planning (Bryson & Bromiley, 1993), consensus management (Floyd & Wooldridge, 1992), and the planning process (Veliyath & Shortell, 1993). Chapter Three provides a complete literature review of this stream of the literature.

According to Huff and Reger (1987), the more significant contribution to research progress in the strategic management field will be made by studies that cross the boundaries between content and process research. They argue that this bifurcation has become an impediment to progress in the field. Hutzschenreuter and Kleindienst (2006) reconfirm that this artificial divide between content and process is alive and well in their subsequent 2006 review of strategy process research. This study of strategic capacity is significant because it crosses these two streams of research, integrating these arenas to provide a more holistic perspective, and effectively adding to insights on implementation which has been identified by Barney and Zajac (1994) as a source of competitive advantage.

In addition, Hutzschenreuter and Kleindienst (2006) suggest that “the challenge of managers is to design strategy processes in a way that people are willing to devote their full potential to the process. Although designing and implementing such a process may not be an easy task, its outcomes will more than justify the efforts” (p. 710). The SOAR framework has the potential to build strategic capacity, leveraging the human capital of the participants and the organization, and thus provides potential to explore the capacity and capabilities that support it. Ultimately, organizations that can build strategic capacity will be more successful and sustainable, contributing to the health of our society.

Overview of Methodology

This qualitative study utilized an *appreciative lens* to explore the construct of strategic capacity and the potential for the application of an emergent framework, SOAR (Stavros, Cooperrider & Kelley, 2003; Stavros and Hinrichs, 2007, 2009), as a promising approach for building and sustaining strategic capacity in organizations. A grounded theory analysis was employed in conjunction with appreciative interviews of SOAR and strategy exemplars along with applicable published case studies and practitioner stories of organizations using the SOAR framework and/or exhibiting strategic capacity.

Exemplars operate as models of ideal behavior who can serve as an example to others. The SOAR exemplars consisted of 23 individuals who had used the SOAR framework in various applications including strategy development and implementation over some period of time as consultants, scholars, and executives in leading organizations. The 15 strategy exemplars comprised scholars teaching and writing about strategy in well respected universities, leaders in major organizations and consultants with significant expertise in strategic planning and/or organization development. Many of these combined exemplars are those who had published articles on strategy in peer reviewed journals and strategy books in the popular press. Altogether, 39 interviews were conducted (including one informant). The study design and justification of the methods of this study are discussed in greater detail in Chapter Four of this dissertation.

Limitations

This qualitative study is limited to grounded theory analysis of interviews with SOAR and strategy exemplars and published stories (i.e., small case studies) about the application of SOAR and strategic capacity in various settings and, as such, may not be able to be generalized to other applications or settings. This study is context specific, difficult to replicate, and, although the research procedures have been specified in detail, the grounded theory analysis was subject to researcher interpretation. The sample population is reflective of practitioners and scholars (consultants, academic scholars, and leaders of successful organizations) who are experts in strategy and/or have implemented the SOAR framework in various organizations. Many of these participants have wide business experience with many organizations utilizing many different types of other tools. In addition, many of these exemplars are scholars, consultants, teachers, and business executives, thus their dual experience makes them uniquely suited to inform the exploration of strategic capacity and the SOAR framework. This wide experience in many settings may lend itself to extrapolation within for-profit, government, and non-profit settings.

Ultimately, the purpose of this study is to explore and describe rather than explain and generalize. Chosen for its ability to provide informative, rich data in depth and detail, the

qualitative design of this study enabled the understanding and illumination of the construct of strategic capacity and the application of the SOAR framework in building that capacity. The theory and framework that emerged from this research can then be developed into constructs and testable hypotheses for future quantitative research methodologies.

Working Assumptions

Lowendahl and Revang (1998) argue that researchers force their “concepts, models and thinking schemes onto their realities which is reflected in the theories that are generated. Selskey, Goes, and Baburoglu (2007) have identified two different perspectives of strategy which embody a core set of ideas and premises: the neoclassical and the socioecological perspectives. According to the neoclassical approach, the organization is the focal point of decision making; these decisions are made within a relatively narrow group of actors (i.e., managers, competitors, and stakeholders); strategic actions are seen to affect only a small number of elements outside of the central actors; and each actor makes sense of his or her decisions individually (Weick, 1995).

According to the socioecological perspective organizations are embedded in an extended social field which is the unit of strategic decision making. These fields are considered to be whole systems with their own unique identities, structures, cultures, and dynamics. Strategic decisions are made collectively through negotiations with others in the social field and sensemaking occurs via collective collaboration and deliberation (Gergen, 1999). These decisions can have emergent effects on other players in the field. According to Leavitt and Bahramil (1998), desirable decision-making procedures identify “what sources of information are to be used, how and when specific routine decisions should be reviewed, and who should participate in making different kinds of decision” (p. 297).

A key distinction between these two ideologies is that the neoclassical approach sees the key choices as how to compete in order to overcome the competition and achieve a sustainable competitive advantage, while the socioecological approach sees the choices as how to ‘shape a

shared context’ in order to influence a wider field of action. Table 1.1 outlines key assumptions of these two approaches.

Table 1.1 *Neoclassical and Socioecological Perspectives on Strategy*

Dimensions	Neoclassical Perspective	Socioecological Perspective
Domain of action	Firm focused	Field focused
Locus of adaptation	Same industry--local	Large scale systems
Nature of interaction	Reductive	Holistic
Uncertainty handling	Uncertainty creating	Uncertainty reducing
Risk-trust dynamics	Low trust	High trust
Strategic posture	Individualism	Collaborative
Scope of effects	Present reactive	Future responsive
Mode of sensemaking	Analogous	Collective
Mental models	Static: machine	Dynamic: systems

Note. From Selsky, J., Goes, J. and Baburoglu, O. (2007). Contrasting perspectives of strategy making: applications in hyper environments. *Organization Studies*, 28(1), p. 76.

Selskey, Goes, and Baburouglu (2007) contend that the *socioecological perspective* is better suited to dynamic, hyper-competitive environments. This research has adopted a socioecological perspective (i.e., the study of how organizations are influenced by their environment) as a core conceptual foundation that has shaped decisions regarding research methodologies and findings.

As Daft and Weick (1984) have stated, any approach to the study of organization development must specify the underlying assumptions regarding the nature, function, and design of organizations. The way we view organizations will influence the way we conceptualize strategic capacity. This research study is built upon five assumptions regarding organizations. First, organizations are interpretative systems of shared meaning (Daft & Weick, 1984), whose purpose is to thrive and contribute in a “manner which enhances society” (Edersheim, 2007, p. 41). Second, reality is constructed as a social interaction process for seeking common sense

(Shotter, 2008) among actors throughout the organization who shape their environment (Walsh & Ungson, 1991). Meanings are created by language within relationships, and our language creates our world (Gergen, 1999). Gergen (1999) suggests social interaction processes can best be carried out utilizing *collaborative inquiry* about topics valued by all involved. Thus, participants are “attempting to join together in achieving mutual goals...in this way subjects reveal themselves for purposes they value” (p. 98) making it possible for joint action to materialize (Shotter, 2008). Third, organizations are distributed knowledge structures that have cognitive systems and memories (Walsh & Ungson, 1991) that, according to Luthans, Youssef, and Avolio, “presents a wide range of unique individual, group, and organizational strengths and virtues” (2007, p. 145). Fourth, organizations are constituted through praxis, dialog, and social interaction. Finally, organizational actors can be construed as members acting as agents of a community (Fox, 2000).

Key Contributions of this Dissertation

This dissertation contributes to academic and practitioner audiences by (1) furthering understanding and defining strategic capacity and its link to performance; (2) creating a framework for strategic capacity building and investigating and expanding an emerging approach to help build strategic capacity (SOAR), thereby helping organizations become more effective, ultimately improving society. In addition, this study (3) bridges the divide in the strategy research between the content and process research streams providing integration of the many partly conflicting, partly overlapping theories of strategy, and (4) provides new insights into implementation strategies little studied to date. This study (5) continues the work of Stavros (1998) by extending her Relational Framework of Capacity Building and Ganz (2000, 2005, 2009) in strengthening the construct of strategic capacity through development of a theoretical foundation and framework. This study (6) connects Positive Organizational Scholarship research to strategy and capacity building, extending the work of Sutcliffe and Vogus (2003) on organizational resilience. Finally, strategic capacity (7) may be identified as a key to discovering

the engine of dynamic capabilities (Helfat et al., 2007; Teece, Pisano & Shuen, 1997; Teece, 2009) and, thus, poses a fruitful extension of this stream of research.

This study found that strategic capacity is a multi-dimensional, holistic, dynamic, and flexible system that allows an organization to achieve its vision and mission and reach its optimal potentiality. Strategic capacity represents a deeply embedded organizational *capability* for thinking and functioning strategically. This perspective represents a holistic approach to strategy which includes content, process, and implementation all in a unified whole. This capability, consciously and systematically developed over time, is supported by many facets of the organization including structure, systems, resources, knowledge, and culture. Organizations are more than collections of individuals and this capability for strategy exists at all levels of the organization—individual, group, and organizational.

Strategic capacity enables an organization to achieve its latent potentiality, bridging the gap between its current performance and its potential. In its most generative state, strategic capacity is represented by a continual upward *spiral of becoming*. Organizations start with their strengths and reframe possibilities, then they act/reflect/learn/reframe/act in a continual spiral of ‘double loop’ strategy, (i.e., the ability to imagine, perform, reflect, and build upon strategy), as part of enacting multiple *cycles of generativity*. In this regard, the organization moves forward towards its ultimate potential. These cycles consist of the following modes: *potentiality mode* and *enactment mode*. Both of these modes embody reflection, dialogue, and learning. These generative cycles are iterative, dynamic, recursive, and self-reinforcing, driven by energy resulting from emotion, action, and full system engagement.

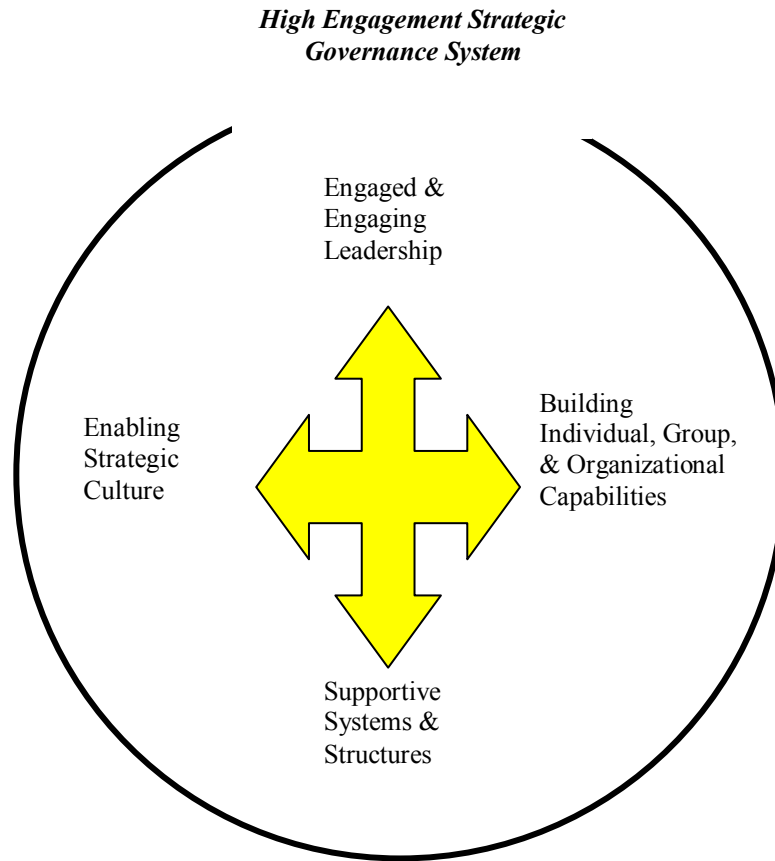
The range of expression of individuals in the spiral of becoming is controlled by aspirations of the organization’s highest potential expressed as mission and vision. Strategic plans act as sensemanaging devices that enable individuals to frame what they pay attention to and keep the organization focused and aligned. Simple rules such as values, and organizational identity, enable flexibility in individual action. A deep sense of collective purpose guides this

effort, which creates individual commitment. This spiral, embedded in an organization's capabilities (both individual and organizational), is characterized by a sense of expansiveness—a continual growth and evolution of capabilities into ever higher levels. This spiral becomes self-reinforcing as the organization achieves vertical and horizontal alignment—all in coherence with the highest aspirations, mission, and values of the organization and its constituents.

Individual and organizational strengths are combined in a Lego® fashion (*combination capability* i.e., see Figure 1.2) or developed (internally or externally via alliances and acquisitions) to address new possibilities that present themselves as the spiral unfolds through ongoing generative cycles. This spiral is continual, dynamic, and ever evolving—organizations can move both up and down the spiral depending upon their reactions. As organizations implement possibilities, they reinforce the upward momentum of the cycle—building organizational and individual efficacy as well as new strengths, leading to ever expanding repertoires of capabilities, which in turn lead to new possibilities. This spiral is multi-level—extending to an organization's suppliers, customers, industry, and the larger global/institutional environment.

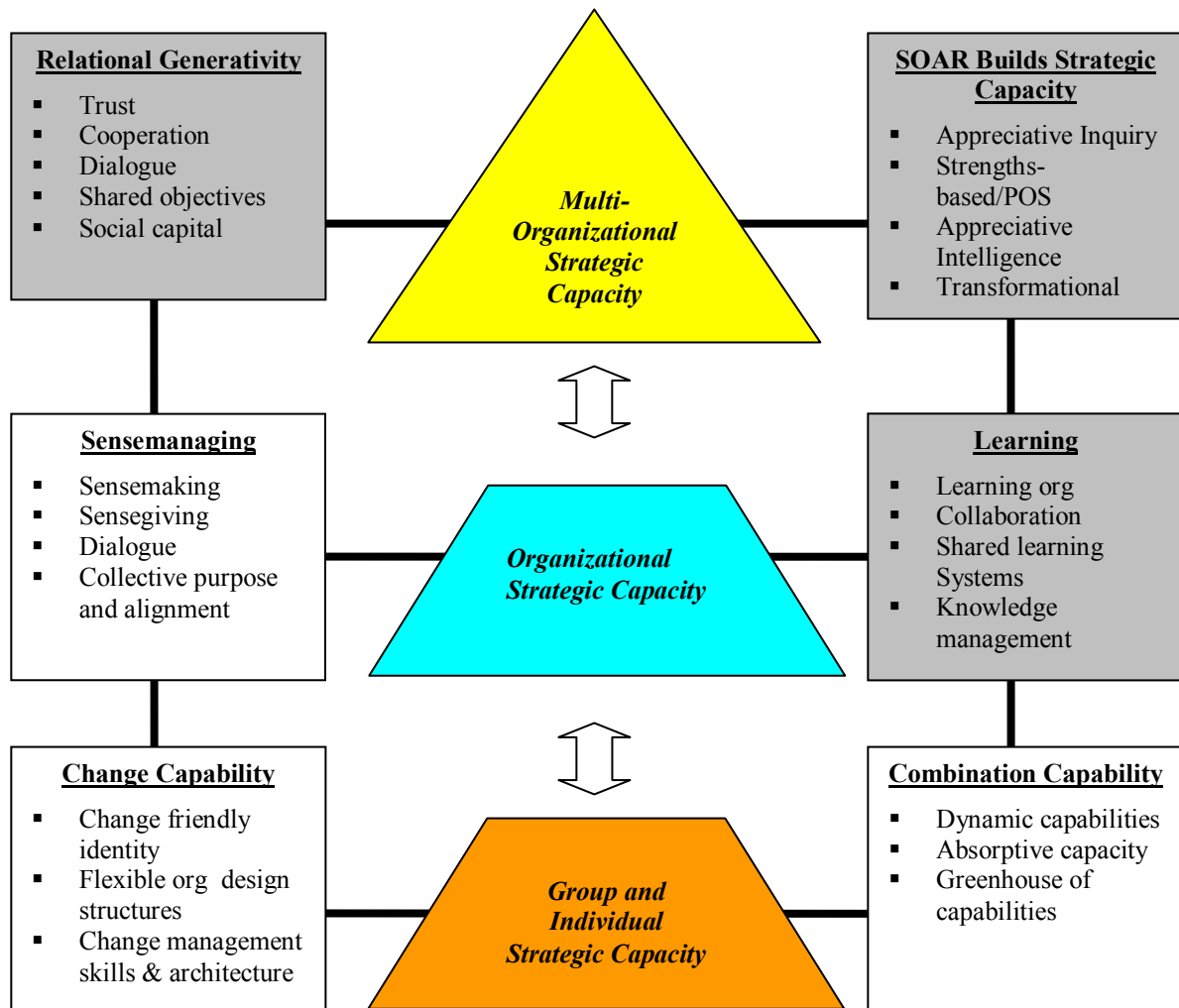
A central theme for coordinating and building strategic capacity is the development of a *high engagement strategic governance system*. This system operates at the individual, cultural, systems, behavioral and process levels, governing many of the activities of building and supporting strategic capacity. Other key facets of strategic capacity are creating an *enabling strategic culture*, *building individual, group, and organizational capabilities*, *engaged and engaging leadership* and aligning the organization via *supportive systems and structures*. Figure 1.1 illustrates these key facets which are discussed throughout this section in greater detail.

Figure 1.1. Key Facets of Building strategic Capacity



Strategic capacity functions as an umbrella for a set of metacapabilities that support an organization's ability to formulate, choose, and implement strategies. Liedtka (1996) defines a metacapability as "the skills and knowledge that underlie the process of capability-building itself. Metacapabilities enable the continuous recreation of specific business-related capabilities over time" (p. 21). Specifically, this study has found that the following metacapabilities support strategic capacity: (1) relational generativity, (2) learning, (3) sensemanaging, (4) change capability, (5) combination capability, and finally, (6) the SOAR framework builds strategic capacity. The findings from this study strongly support and extend Stavros' (1998) Relational Framework of Capacity Building. Figure 1.2 illustrates the key components of these metacapabilities.

Figure 1.2. Framework of Metacapabilities for Building Strategic Capacity



Note. Adapted from Stavros's (1998) Relational Framework of Capacity Building. Boxes highlighted in gray represent the overlap with Stavros' framework. Because SOAR is an extension of Appreciative Inquiry, this correlates with Stavros' (1998) seminal framework.

These metacapabilities, as illustrated in Figure 1.2, support strategic capacity as a whole, enabling strategic capacity to be flexible and expansive. In addition, many of these metacapabilities are mutually reinforcing, creating amplifying and buffering effects for the organization. Strategic capacity is *multi-level and inclusive* occurring in a nonlinear and dynamic process at the individual, group, organization, and multi-organization levels in a non-hierarchical fashion. Strategic capacity seeks to build the potential of all participants in the

enrichment chain—suppliers, employees, customers, and institutions in the organization’s environment. Strategic capacity *grows* when the full system is engaged in building capacity, collectively co-creating a shared vision and enacting strategies. Engaging the full system facilitates sensemaking and learning at all levels of the value chain. Relational generativity fosters learning and change. SOAR fosters generativity, relationships, and learning. Finally, all of these metacapabilities together lead to an increased capacity for change management, and combining and generating new capabilities, leading to organizational fluidity and flexibility. These findings are discussed in greater detail in Chapter Seven.

Organization of the Dissertation

This dissertation is divided into seven chapters. Chapter One introduces the problem to be studied, outlines its significance and defines the key research questions. Chapter Two presents the argument for the significance of strategic capacity and explores its meaning and application to organizational effectiveness. Chapter Three provides the empirical and theoretical foundation of the construct of strategic capacity through review and synthesis of the literature in five areas: strategy, capacity building, learning organizations, positive organizational scholarship (POS), and SOAR. These five areas contain the broad knowledge relevant to the construct of strategic capacity.

Two literature reviews were undertaken for specific purposes. The first literature review supports the argument for the significance of strategic capacity and its meaning and application to organizational effectiveness as supported by the literature. The second review establishes the empirical and theoretical foundation from the literature in key knowledge areas that ultimately supports a framework for building strategic capacity. A number of propositions (i.e., theoretical statements of truth which serve as a basis for investigation) are developed in Chapters Two and Three which were triangulated with the results of this study and used to extend categories in order to provide additional precision where necessary to support a comprehensive theory and framework for building strategic capacity.

The methodology for this study is presented in Chapter Four and includes the research design, justification, sample selection, research setting, data collection, and data analysis techniques. The results from the SOAR exemplars are described in Chapter Five and the strategy exemplars are presented in Chapter Six along key themes which emerged from the grounded theory analysis. These findings were presented separately in order to facilitate the triangulation of results between the two groups. Finally, Chapter Seven discusses the findings and implications for further research and proposes a comprehensive theoretical model for building strategic capacity.

Chapter Two: Strategic Capacity Overview and Introduction to the Literature

We are steadily forgetting how to dream: in historical terms, the mathematicist and technicist dimensions of Platonism have conquered the poetical, mythical, and rhetorical context of analysis. We are forgetting how to be reasonable in non-mathematical dialect.

~ Stanley Rosen

Introduction

This chapter explores the concept of *strategic capacity* arguing that this construct represents a generative theory of strategy more suited to today's complex, hyper-competitive postindustrial world. Strategic capacity reframes the strategy literature to provide new possibilities for strategy, creating a dynamic, generative, and fluid approach to strategizing. In short, strategic capacity bridges the gap between an organization's current performance and its potentiality. Strategic capacity is about *becoming*.

The position unfolds in the following way. Our world is experiencing a fundamental transformation that requires academics and practitioners to rethink current models, concepts, and frameworks for competing in today's competitive landscape. Strategy needs to become more generative. As noted above, Gergen (1978) defines generative capacity as "the capacity to challenge the guiding assumptions of the culture furnishing new alternatives for social action" (p. 1346). Historical ways of thinking about strategy limit its potential for dealing with new conditions and contexts. Orthodox strategy no longer addresses the needs of today's postindustrial society due to its deeply embedded modernist assumptions. The opportunity exists to re-conceptualize strategy utilizing a capacity building perspective to enable more generative, holistic, and dynamic approaches to strategy. Strategic capacity enables the application of new language, metaphors, and perspectives representing a *re-symbolization* (Carroll, 2000) of strategy that evokes new ways of strategizing.

This chapter examines previous research to provide an operating definition for strategic capacity. To date, only one study was found that addresses the construct of strategic capacity (Ganz, 2000, 2005, 2009). This previous study examines why the insurgent United Farm Workers

(UFW) succeeded in unionizing California's farm workers in the 1950's and 60's versus the better resourced Agricultural Workers Organizing Committee (AWOC). This study extends and strengthens this prior work. Finally, studies of organizational effectiveness are explored in order to answer the question: how does strategic capacity connect with organizational performance? Five propositions resulting from a thorough review and synthesis of the literature emerged to describe the significance and definition of strategic capacity and how it relates to organizational effectiveness. These propositions and others made throughout this study are summarized in Appendix Five.

Key Research Questions for this Chapter

This chapter explores the meaning of strategic capacity and its application to organizational performance. It attempts to answer the research questions number one and number five that guide this study:

1. What is strategic capacity?
 - a. How does strategic capacity connect to strategy research?
 - b. How does strategic capacity connect to organizational performance?
2. How can this research study inform practice to create organizations that are more effective?

The Significance of Strategic Capacity

Our world is experiencing a fundamental transformation from industrial (modern) to postindustrial (symbolic-interpretive and postmodern) society (Scharmer, 2009) (see Table 2.1) creating a *silent industrial revolution* which has significant implications for the field of strategic management (Lowendahl & Revang, 1998; Prahalad & Hamel, 1994). This new hyper-competitive landscape is characterized by significant ambiguity, unpredictability, and instability. What once was considered to be a sustainable competitive advantage has devolved into “*a series of temporary advantages*” (D’Aveni, 1994, p.7) where organizations focus on organizational sustainability by seeking to “*perpetually regenerate themselves*” (Walton, 1995, p.122). These changes are giving rise to new models of production based on community, collaboration, and self-organization (Tapscott & Williams, 2006). As we move through this silent revolution, we must rethink our models, concepts, frameworks, and cognitive schemes for competing in today's

postindustrial society (Hamel & Prahalad, 1994, 1996; Hitt, Keats & DeMarie, 1998; Lowendahl & Revang, 1998; Prahalad & Hamel 1994; Walton, 1995). Hamel (1997) is calling for “new voices, new conversations, new perspectives, and new passions” (pp. 73-74).

Table 2.1 *Defining Characteristics of the Industrial Age vs. the Information Age*

Industrial Age (Modern)	Information age (Postindustrial)
<i>Organization and Management Principles</i> <ul style="list-style-type: none"> • National and international orientation • Vertical integration • Own vs. buy • Standardize • Specialize and segment • Vertical hierarchy • Command and control • Rules and regulations • Focus on hard facts • Use of historical data 	<i>Organization and Management Principles</i> <ul style="list-style-type: none"> • Global and transnational orientation • Value chains • Virtual organizations and outsourcing • Customize • Multi-functional and end-to-end • Horizontal networks and teams • Commitment and collaboration • Values and visions • Focus on “soft” aspects • Use real time data
<i>Keys to Success</i> <ul style="list-style-type: none"> • Productive or technological capacity • Analysis, certainty and stability • Independence and autonomy 	<i>Keys to Success</i> <ul style="list-style-type: none"> • Market or customer orientation • Speed, flexibility and innovation • Interdependence and partnership

Note. From Marshak, R. (2004). Morphing: the leading edge of organizational change in the 21st Century. *Organizational Development Journal*, 22(3) p.10.

The exemplars cited in this study are identifying the need for strategic flexibility (Hitt et al., 1998), widespread strategic thinking (Liedtka & Rosenbum, 1996), continuous renewal (Chakravarthy & Henderson, 2007), strategy innovation (Hamel, 1997), and the ability to build and maintain relationships both internally and externally (Lowendahl & Revang, 1998).

Important capabilities required for organizational sustainability as identified throughout the literature are: relationships, learning, innovation, speed, and flexibility. In order to address these conditions, strategy must become more fluid, innovative, and dynamic allowing organizations to reconfigure their resources and capabilities (both internal and external) in real time to leverage opportunities that present themselves. This suggests a need for strategy to become more generative.

Proposition 2.1: Generative (postindustrial) strategy is a multi-dimensional, dynamic, construct involving relationships, learning, innovation, flexibility, and fluidity to enable building dynamic capabilities at all levels of the organization.

Current Perspectives in Strategy

The field of strategy research is very diverse and empirically complex with many different theoretical paradigms (Pettigrew, 1992). As Pettigrew, Thomas, and Whittington (2002) notes, "...the sheer complexity of the subject matter of the strategy field, the historical pathway of eclecticism of theory and method, and the field's roots in practice, have all created a rich body of theory and practice" (p. 11). Some scholars claim that strategy research is in crisis (Chakravarthy, 2005; Elfring & Volberda, 2001; Hutzschenreuter & Kleindienst, 2006; Pettigrew, Thomas & Whittington, 2002; Tsoukas & Knudson, 2002). The strategy field has been characterized by an ever-increasing multitude of partly overlapping, partly conflicting concepts and frameworks. This characterization may contribute to the crisis-thinking paradigm.

This proliferation of concepts and frameworks has created a bewildering situation for the practitioner. Foss (1996, p. 5) characterizes the hegemonious state of the strategy field as a "fragmented adhocracy," while Chaharbaghi (2007, p. 330) likens the strategy literature to a "fashion show" contending that the growth and complexity of the literature is creating a situation of "provoking more and more uncertainty while communicating less and less meaning." Finally, Hambrick (2004) asserts that the big breakthroughs in strategy research in the future will come from the integration and reconciliation of the 'cacophony of perspectives'.

Facing this bewildering array of options, practitioners in recent years have resorted to substituting 'best practices' (operational effectiveness) for strategy (Porter, 1996). Utilization of management tools in place of strategy creates a situation of mutually destructive competition. Ultimately, it leads to competitive convergence due to the ease of diffusion of generic 'best practices' within an industry (Porter, 1996). The result of this type of 'red queen' competition

(Derfus, Grimm & Smith, 2008) is a zero sum game. In the end, strategy is about doing things differently to create a unique value proposition (Porter, 1996).

Strategy research has historically been viewed from two perspectives: strategy content and strategy process. Strategy content is concerned with what strategies are developed, while process is concerned with how they are developed. Within the realm of strategy process literature there is very little research concerning strategy implementation. Hutzschenreuter and Kleindienst (2006) in their recent survey of strategy process research note a strong imbalance in this realm; yet, Barney and Zajac (1994) assert that strategy implementation skills are a source of competitive advantage. This suggests a strong relationship to resource-based view theory, (discussed in Chapter Three).

According to Huff and Reger (1987), the more significant contribution to research progress in the strategic management field will be made by studies that cross the boundaries that have been created between content and process research. They argue that this bifurcation has become an impediment to progress in the field. Pettigrew (1992) contends that in order to advance the field, strategy researchers need to abandon the ‘intellectual trap’ of classifying strategy research into content and process domains--both of which have different focuses, disciplinary bases, and methodologies. Both content and process should be considered as inseparable. Unfortunately, not much progress has been made in this realm as Hutzschenreuter and Kleindienst (2006) reconfirm that this divide is alive and well in their subsequent 2006 review of strategy process research.

Orthodox Strategy

Historical ways of thinking about strategy limit its ability to contend with new conditions and contexts. The dominant (orthodox) strategy paradigm no longer addresses the needs of today’s postindustrial society (Selsky, Goes & Baburoglu, 2007; Kenny, 2006). This orthodox classical (Whittington, 2001) approach has been around for thirty years and reflects a thoroughly modernist epistemology focused on efficiency, stability seeking, and the avoidance of

uncertainty. Lowendahl and Revang (1998) contend, “.....we need to develop, discover, and invent new concepts grounded in the postmodern context” (p. 768). They posit:

If postmodern competitiveness has to do with the ability to manage talent, creativity, expertise, relationships, and technology in global and rapidly changing markets, frameworks developed under the assumptions of competition for superior cost efficiency through productivity and capital allocation are likely to be limited in their applicability. Hence we need to reassess existing theories and their underlying assumptions.... (p. 764)

Orthodox strategy lacks reflexivity. Instead, it adopts a grand metanarrative of ‘one best way’ (Franklin, 2004) which serves as an encumbrance to more holistic perspectives. Creativity is stifled by the modernist assumption of managers as superior beings who own strategy and the bulk of strategy theory does not address creativity (Spender, 1993). Subject to its own “intellectual path dependence” (Foss, 1996, p. 9), the classical strategy literature with its positivist, structuralist roots is steeped in Industrial/Organizational (I/O) economics (Spender, 1993; Foss, 1996).

Key modernist assumptions that serve as the foundation of orthodox strategy are as follows:

- Reality is out there waiting to be discovered
- There is one objective truth
- Progress is linear, incremental and unceasing
- Organizations are machines in a closed loop environment
- There is one best way to achieve any strategy
- Strategies are objectified nouns
- The top management team (TMT) sets strategy
- Employees are objects
- Managers are rational, profit maximizing beings
- A bias towards thinking to the detriment of learning from experience, creative intuition and feeling
- The world of strategy is static

A Generative Perspective of Strategy

These key modernist assumptions, which comprise the dominant logic (Prahalad & Hamel, 1994) of the strategic management field, have limited the ability of orthodox strategy to address the need for reinventing strategy arising from today’s postindustrial requirements. One-

dimensional thinking of what is in reality a multi-dimensional, dynamic construct has reduced strategy to a “meaningless, inert concept” (Chaharbaghi, 2007, p. 328). For example, multi-dimensional thinking suggests organizations embrace a duality of both exploitation *and* exploration (Chaharbaghi, 2007); discipline *and* imagination (Szulanski & Amin, 2001); planned *and* emergent strategies (Mintzberg & Waters, 1985); coordination of internal *and* external complexity (Lowendahl & Revang, 1998); and finally, bottom-up *and* top-down participation, while orthodox strategies are portrayed as binary either/or phenomena (Calori, 1998). In addition, most studies of strategy assume it is possible to condition something that is in fact non-linear, uncontrollable, and emergent in a way that is portrayed as objective, linear, and controllable (Chaharbaghi, 2007).

According to Feurer and Chaharbaghi (1995b), successful strategies are driven by the possibilities of the future instead of the dominant logic (Prahalad & Hamel, 1994) of the past. Looking at the key premises of orthodox strategy potentially opens up an avenue to explore other perspectives related to symbolic-interpretive and postmodern paradigms which are better suited to postindustrial society and its challenges. In this postindustrial view, the future is unknowable and unpredictable and differences are important. Truth is a product of social construction and dialect. The world is socially constructed where the future can be co-created. The pluralistic viewpoints of the marginalized are valued (Gergen, 1993).

Powell (2001) asserts that “...our prevailing concepts—competitive advantages, barriers to resource imitation—constitute the language game through which strategy researchers and managers presently solve their problems” (p. 886). New language for strategy formulation opens up new possibilities suggesting that utilizing different questions poses new possibilities and methodologies for strategizing. How can strategy become more *generative*? What if strategy is about *becoming*? New possibilities for strategizing are enabled with more generative language:

- Static to *flowing*
- Top Management Team to *community*
- One best way to *pluralism*

- Predictive to *co-creation*
- Implementing to *enacting*
- Mechanistic to *organic*
- Competing to *becoming*
- Content to *context*
- Process to *embedded capability*
- Incremental to *revolutionary*
- One approach to a “*bricolage*” (i.e., *using a multiplicity of what is at hand to create something*)
- Seeking congruence to *embracing paradox*
- Problems to *possibilities*
- Employees as objects to employees as “*members*” (Seiling, 1997)
- Bounded rationality to *bounded emotionality* (Mumby & Putnam, 1992)

Paradoxically, while strategy is one of the most studied concepts, it is the least understood (Chaharbaghi, 2007). According to Cockburn, Henderson, and Stern (2000), there is no generally accepted theory for the origin of strategy. Hamel (1997), contends that the “dirty little secret” of the strategy world is that it has no theory of strategy creation and the (strategy) industry has no idea how to create revolutionary strategies. Hamel (2002) characterizes this phenomenon as a “failure of collective imagination” (p. 12). Hamel (1997) argues that good strategies can be recognized after-the-fact but the industry has little idea of where strategies actually come from. The strategy field needs to develop a “deep theory of strategy creation” which must become a “deeply embedded capability” (p. 73). Hamel (1997) cites the following:

.....innovative strategies are always....the result of lucky foresight. Foresight, however, doesn't emerge in a sterile vacuum; it emerges in the fertile loam of experience, coincident trends, unexpected conversations, random musing, career detours, and unfulfilled aspirations. But the question remains, can we do anything to increase the fertility of the soil out of which strategy grows? (p.72)

The preceding discussion suggests a need for strategy research to move from an ex-post, modernist perspective, to one of understanding the origins of strategy on an ex-ante basis, as a deeply embedded capability. Liedtka and Rosenblum (1996) describe strategy making that operates at both the individual and organizational levels as a metacapability comprised of the following competencies: learning, collaboration, ability to redesign processes, and a widely distributed capacity for strategy making embedded throughout the organization. These

phenomena suggest the need for an organization to build capacity as opposed to merely developing strategic processes, practices, and positions. Building a *capacity for strategy* enables an organization to close the gap between its current performance and its potentiality.

This study poses a possibility to explore a capacity building perspective of strategy that is generative in nature. Capacity building is generative (Barrett & Fry, 2005a, 2005b) fostering relationships, learning, speed, and flexibility, thus better addressing the dynamic and fluid needs of today's postindustrial strategy. The assumption here is that the capacity for exceptional performance is already embedded in an organization within its cooperative capacity (Barrett & Fry, 2005a, 2005b). A capacity building perspective supports the need for the strategy field to develop new language, concepts, and tools in order to better ground strategy research in a postindustrial context. Finally, a capacity building perspective enables a more holistic consideration of the origin of strategies uniting the process, content, and implementation streams of the strategy literature.

This re-conceptualization of strategy literature compels organizations to build *strategic capacity* enabling the opportunity to close the gap between their current performance and their potentiality, thus strategic capacity is about becoming.

Proposition 2.2: The opportunity exists to re-conceptualization the strategy literature utilizing a capacity building perspective to enable more generative and dynamic approaches to strategizing i.e., the creation of *strategic capacity*. This conceptualization will enable a more holistic and integrative approach to strategizing. Strategic capacity is an embedded metacapability that enables an organization to bridge the gap between its performance and its potentiality. In this respect, strategic capacity is about *becoming*.

According to Lowendahl and Revang (1998), "The research agenda for the context of discovery involves inventing new concepts....." (p. 767). Lowendahl and Revang (1998) suggest that concepts are more important than positivist research because they help focus action and attention of management, representing fruitful opportunities for practice. Schendel (1994) stresses the importance of seeking to define the elemental issues in the field of strategic management then refocusing research to address these issues instead of seeking a unifying

paradigm of strategy. A fundamental issue in the field of strategic management presently is the inability of the orthodox strategy paradigm to address the requirements of postindustrial strategy. We must focus our research to address this need for generative strategy.

The concept of strategic capacity represents an opportunity to reframe strategy creating new perspectives and new frames leading to the generation of new opportunities for strategizing. According to Carroll (2000), strategy can be reframed as "...an adventure story--an enchanted quest. It skirts danger in a symbolic universe with whatever equipment and foresight it can muster" (p. 185). Carroll (2000) contends that this is a very different perspective than one of simply adapting to environmental conditions. Furthermore, "...strategy is about creation. It is an assertive and creative enactment of new patterns" (p. 185). Carroll (2000) asserts that seeing strategy as an "enactment" suggests the metaphor of a play with a plot, actors, and props. Reframing strategy in a postindustrial frame can result in creative re-enactment with a new plot, actors, and scenery representing a "re-symbolization" (Carroll, 2000, p. 190) that evokes new ways of strategizing leading to new outcomes.

Utilizing a capacity building perspective may evoke a re-symbolization of the strategy field. This 'creative re-enactment' challenges the guiding assumptions and provides new alternatives for strategizing. Lowendahl and Revang (1998) caution that we are severely constricted by the language that we use to describe a phenomenon. According to Gergen (1978), theories should be evaluated in terms of their 'generative capacity' which can be defined as their "capacity to challenge the guiding assumptions of the culture, to raise fundamental questions regarding contemporary social life, to foster reconsideration of that which is taken for granted and thereby to furnish new alternatives for social action" (p. 1346). In this regard, strategic capacity represents a generative theory of strategy. Gergen (1978) contends that generative theory reduces the 'strangling biases' imbedded in conceptual structures thereby enhancing adaptive capacity. Thus, strategic capacity poses important new possibilities for the strategy field.

Proposition 2. 3: Strategic capacity embodies the creation of a new concept using new language to reframe the strategy literature, and as such, poses a “generative theory” of strategy, leading to new possibilities for strategizing.

Exploring the Construct of Strategic Capacity: A New Approach

To date, very little can be found in the literature concerning strategic capacity except as it relates to manufacturing capacity. Searches of both the popular press via Google and the extant literature utilizing several article search resources such as “*Business Source Complete*” employing the exact phrase ‘strategic capacity’ yields just a handful of articles that mention this phrase in passing. Nowhere is it defined or discussed explicitly within the context of strategy research other than as noted above, one article addressing strategic capacity in the unionization of California Agriculture from 1959 to 1966 (Ganz, 2000, 2005, 2009) and one unpublished resource report from the Monash University in Melbourne Australia (Pekarek & Gahan, 2008).

Ganz (2000, 2005, 2009) examines via case study methodology why the insurgent United Farm Workers (UFW) succeeded in unionizing California’s farm workers in the 1950’s and 1960’s versus its better resourced rival—The Agricultural Workers Organizing Committee (AWOC). In his article, Ganz (2000, 2005, 2009) defines strategic capacity as the ability of an organization to “develop a series of more effective tactics” (Ganz, 2000, p. 1005) than others. He considers strategy to be the “target, timing, and tactics through which they deploy their resources” (p. 1005). He theorizes that greater strategic capacity is likely to yield better strategy which is likely to lead to more successful outcomes. Ganz (2000, 2005, 2009) views strategy as creative thinking and attributes strategic capacity to the elements of organizational structure and leadership characteristics such as: amount of salient information possessed, the ability to heuristically use this information, and leaders’ motivation to act. These individual characteristics contribute to creative thinking and thus individual strategic capacity.

Ganz (2000) attributes differences in strategic capacity to disparities in leaders’ life experience, networks, and repertoires of collective action and the deliberative processes, resource

flows, and accountability structures of their organizations. Strategic capacity is greater if a leadership team includes insiders and outsiders, strong and weak network ties, and access to diverse, yet salient, repertoires of collective action. In addition, strategic capacity strengthens if an organization conducts regular, open, authoritative deliberation, and draws resources from multiple constituencies, rooting accountability in those constituencies.

Ganz (2000, 2005, 2009) contends social movements represent emergent situations requiring creative thinking in interaction with an ever-changing environment while including the actions and reactions of other actors. This requires an ongoing process of understanding and creatively adapting the new conditions to organizational goals. In his case study, the UFW engaged in a series of small, responsive tactics that continually strengthened their strategic capacity, i.e., managements' salient information, heuristics and their motivation which ultimately allowed them to be successful against the more powerful AWOC. Differences in strategic capacity can explain how insurgent social movements can overcome better resourced opponents, overcoming the 'liability of newness' (Stinchcombe, 1965). Strategic capacity allows organizations in social movements to reconfigure their resources and organizations at 'focal moments' producing extraordinary results. Ganz (2005) contends:

Strategic capacity is thus more useful explaining outcomes in turbulent environments where rules, resources, and interest are emergent and links between ends and means are uncertain. This suggests that although it was developed in the context of social movement insurgency, strategic capacity as an analytic concept could be useful in explaining outcomes in any such environment—political, economic, or social. (p. 230)

Finally, an unpublished research report from Monash University in Melbourne, Australia (Pekarek & Gahan, 2008) contends that strategic capacity is “the capacity to develop and utilize different repertoires of collective action” (p. 2).

Pekarek and Gahan (2008) highlight the need to better understand the processes by which social movements transform resources into collective action and suggest the application of the resource-based view of strategy to social movement theory in this regard. They propose a two

dimensional matrix based upon institutional embeddedness and the social movement marketplace that specifies a typology of four different ‘ideal type’ social movement ecosystems. Each of these four ecosystems requires different types of capabilities that ultimately result in repertoires of collective action.

The Ganz (2000, 2005, 2009) work on strategic capacity represents one qualitative case study in a non-profit setting utilizing social movement and strategy theory and, as such, is not generalizable to other settings. In addition, no underlying theoretical framework is identified to ground his work. However, the concept of social movements represents a fruitful metaphor for strategizing. This exploratory dissertation extends Ganz’s research into the non-profit, government, and for-profit realms, further substantiating the concepts and definitions of strategic capacity. In addition, this dissertation creates an underlying theoretical justification through review and application of the strategy, capacity building, organizational learning, and positive organizational scholarship literatures. Finally, this dissertation study proposes a new framework for creating and sustaining strategic capacity. All of these goals extend and greatly strengthen the construct of strategic capacity.

Towards a Definition of Strategic Capacity

This section explores the meaning of the terms *strategy* and *capacity* to develop a deeper understanding of the construct of strategic capacity, define its dimensions, and create a working definition to guide this study.

The meaning of strategy. Strategy is a commonly used word that means different things to different people. According to Chaharbaghi (2007), strategy has become an inert term today with no substance or meaning due to misuse and overuse. Even though strategy is of vital importance to today’s organizations (Edersheim, 2007; Hamel & Prahalad, 1994; Nohria, Joyce & Roberson, 2003; Prahalad & Hamel, 1994), there exists virtually no consensus on the definition of strategy in the literature today (Chaffee, 1985). Thus, it is the essential goal of this section to

build a working definition of strategy grounded in the literature that can be applied in developing a deeper meaning of strategic capacity.

The term *strategy*, which derives from the Greek word *strategos*, means “the art of the general” which in turn has its roots in words meaning “army” and “lead” (Bracker, 1980, p. 219).

Strategy is defined by *Webster’s New World Dictionary* (2008, p. 1416) as follows:

- a) The science of planning and directing large-scale military operations, specifically (as distinguished from tactics) of maneuvering forces into the most advantageous position prior to actual engagement with the enemy. (b) A plan or action based on this.
- b) Skill in managing or planning, especially by using stratagem. (b) A stratagem or artful means to some end. A *stratagem* is defined as:
 - (i) A trick, scheme, or plan for deceiving an enemy in war.
 - (ii) Any trick or scheme for achieving some purpose.

The concept of strategy from a military perspective has been around for centuries and has been written about by Shakespeare, Montesquieu, Kant, Mill, Hegel, and Tolstoy and has been used by such militarists and political theorists as Machiavelli, Napoleon, Bismarck, Yamamoto, and Hitler (Bracker, 1980). Sun Tzu wrote his *Art of War* around the fourth century B.C. The concept of developing a strategy to guide actions was first outlined by Greek philosophers. Since then, a proliferation of definitions and concepts has developed. This literature review explores a number of these definitions in order to gain a richer understanding of the strategy construct.

Mintzberg (1987) suggests that there is no one definition for strategy, but rather strategy is a: *plan, ploy, pattern, position, and perspective*. He distinguishes between deliberate and emergent strategies to delineate the difference between plans and patterns. A *deliberate strategy* is one where collective intentions existed and were then realized as intended. An *emergent strategy* is one where consistent patterns developed in the absence of intention. In reality, most strategies possess both deliberate and emergent characteristics falling somewhere into a continuum between the two.

In his description of strategy as a *position*, Mintzberg (1987) refers to military studies and game theory to seek and maintain a sustainable advantage through the determination of particular

products in particular markets. Strategy as a *perspective*, looks inside the organization to develop an understanding that all strategies are abstractions which exist in the minds of the people involved in strategy setting. What is important is that people in an organization share the same perspective “through their intentions and/or by their actions” (p. 17). Mintzberg (1987) uses the terms the “realm of the collective mind” (p. 17) and notes that reading the mind (of an organization) is essential if we are to understand how intentions become shared, and how action is exercised on a collective basis. It is strategy as a perspective that “molds decisions into patterns” (Mintzberg, 1987, p. 17). Considering Mintzberg’s (1987) definitions and terms as a whole, Mintzberg argues that no one definition should be preferred to others, but rather they are complementary contributions to enrich our understanding of the strategic process.

In his comprehensive strategy analysis, Grant (2005a) states that *strategic decisions* share three common characteristics: “they are important, they involve a significant commitment of resources, and they are not easily reversible” (p.14). Grant (2005a) argues that only the general notion of strategy as “planning how an organization will achieve its goals” (p. 18) applies to all situations with more precise definitions depending upon the context in which the strategy is ultimately being deployed. He goes on to distill a basic commonality from all the different views of strategy that he found in the literature making an important statement regarding commonality. “Among all the different definitions of strategy, there is one basic commonality—strategy is about *choice*. These key strategic choices revolve around two fundamental choices: Where to compete? [And] How to compete?” (p. 21).

Perhaps the most recent definition of strategy comes from Peter Drucker. In his book about Peter Drucker, *The Definitive Drucker*, (Edersheim, 2007) defines strategy as focusing critical resources on tasks aimed at producing results. According to Drucker (Edersheim, 2007):

Strategy is not a goal; it is a direction, a blueprint for putting the pieces together and building. It must have continuous feedback to translate real-time results into refinements and changes as appropriate. In a Lego® world, the fluid design and the ability to connect and reconnect provide a new agility that is a central element of the twenty-first-century enterprise. (p. 40)

Over the years, as business conditions changed from the stability of the 1960s to the turbulent conditions of more recent years, the concept of strategy has evolved from the notion of detailed formal plans designed for certainty to the view of an overall general direction, potentially able to contend with uncertainty. This evolution has placed a premium on flexibility, opportunism, and responsiveness (Grant, 2005a). Table 2.2 below illustrates the dominant paradigms of the historical evolution of strategy.

Table 2.2 *The Historical Evolution of Strategy*

Period	1950s	1960s-1970s	Late 1970s – Mid 1980s	Late 1980s – 1990s	2000s
<i>Dominant theme</i>	Budgetary planning and control	Corporate planning	Positioning	Competitive advantage	Strategic & organizational innovation
<i>Main issues</i>	Financial control	Planning growth and portfolio analysis	Selecting industries & markets, positioning	Sources of competitive advantage and new business development	Flexibility and responsiveness
<i>Principal concepts and tools</i>	Financial budgeting and investment planning	Forecasting, strategic planning and synergy	Industry Analysis, segmentation, experience curves, SBUs	Resources & capabilities, shareholder value, knowledge mgmnt, information technology	Cooperative strategies, complexity and self-organization, corporate social responsibility
<i>Organization implications</i>	Capital budgeting	Corporate planning departments	Multi-Division structures	Restructuring & reengineering, outsourcing, e-business	Alliances and networks, emergence, informal structures

Note. From *Contemporary Strategy Analysis*, Grant (2005a), Blackwell Publishing, p. 19.

The evolution of strategy has been driven more by the practical needs of business than the development of theory. Rumelt, Schendel, and Teece (1994) contend “Strategic management as a field of inquiry is firmly grounded in practice and exists because of the importance of the subject” (p. 9). Strategic management as a discipline originated in the 1950s and 1960s when it was first known as ‘business policy’. Since then, the field has evolved from a heavy emphasis on planning in the 60s and 70s (strategic planning) to a focus on market positioning in the 80s (Market-Based View), competitive advantage and core competencies in the 90s (Resource-Based

View) finally arriving at approaches in the new millennium that focus on the capabilities of innovation and flexibility. The classic strategies of the planning and positioning eras still dominate practice and teaching in the present era. Table 2.3 captures the various definitions of strategy catalogued from a review of the literature which are characteristic of the historical progression of the field.

Table 2.3 *Scholarly Definitions of Strategy*

Scholar	Definition of Strategy
Chandler, 1962	The determination of the basic long-term goals and objectives of an enterprise, and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals.
Porter, 1980	A broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals.
Tregoe and Zimmerman, 1980	The answer to two questions: 1. <i>what</i> the organization wants to be, and: 2. <i>how</i> it intends to get there. Strategy is concerned with the organization's basic purpose and the choices involving products, markets, key capabilities, growth, returns, and allocation of resources.
Abell, 1980	Defining the business in a way that leads to competitive superiority as seen from the customer's perspective.
Quinn, 1980	The pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole. It helps to organize a business's resources into a unique and viable posture based upon its strengths, weaknesses, anticipated changes in the market and moves of its competitors.
Rumelt, 1986	The determination of the basic long-term goals and objectives of an organization and the adoption of courses of action and allocation of resources necessary to accomplish them.
Hofer and Schendel, 1986	Efficiently and effectively matching organizational competencies with the opportunities and risks created by environmental change.
Andrews, 1987	The pattern of decisions in a company that reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business to pursue, the kind of organization it intends to be, and the nature of the contribution it intends to make to its shareholders, employees, customers and communities.
Buzzell and Gale, 1987	The policies and key decisions adopted by management involving significant resource commitments and not easily reversible that have major impacts on financial performance.
Galbraith and Kazanjian, 1987	The fundamental pattern of present and planned resource deployments and environmental interactions that direct how the organization will achieve its objectives.
Mintzberg, 1987	A plan, ploy, pattern, position, perspective.
Pearce and Robinson, 1988	Large scale, future-oriented plans for interacting with the competitive environment to optimize the achievement of organization objectives.
Digman, 1990	The organization's pre-selected means or approach to achieving its goals or objectives, while coping with current and future external conditions.
Hamel and Prahalad, 1989	Creating future competitive advantages faster than present strategies can be mimicked by competitors. Involves stretch and leverage.
De Kare-Silver, 1997	Setting the direction for managing the business's resources and identifying the conditions that will give the most market advantages. Strategy is about "future

	intentions” and “competitive advantage”.
Luehrman, 1998	A series of related options nested in a portfolio.
Brown and Eisenhardt, 1998	The relentless flow of competitive advantages that taken together form a semi-coherent direction.
De Kluyver, 2000	Positioning an organization to achieve a sustainable competitive advantage. It involves making decisions about markets and product offerings and the allocation of resources.
Grant, 2005a	Planning how an organization will achieve its goals. Strategy is ultimately about choice revolving around where and how to compete.
Thompson and Strickland, 2007	Competitive moves and business approaches used to grow the business, please customers, operate, compete successfully and achieve targeted levels of organizational performance.
Drucker, (Edersheim) 2007	Strategy is a direction, a blueprint for putting the pieces together and building. It must have continuous feedback to translate real-time results into refinements and changes as appropriate. In a Leg® world, the fluid design and the ability to connect and reconnect provide a new agility that is a central element of the twenty-first-century enterprise.

The multitude of strategy definitions presented so far can appear confusing due to their partly conflicting, partly overlapping nature. However, Wilbur (1996) contends that there are “orienting generalizations” (p. 24) which unite a large amount of seemingly conflicting knowledge by focusing on the broad, general themes of agreement. He believes that these generalizations “show us, with a great deal of agreement, where the important forests are located, even if we can’t agree on how many trees they contain” (p. 24). Wilbur states:

If we string these orienting generalizations together, we will arrive at some astonishing and often profound conclusions, conclusions that, as extraordinary as they might be, nonetheless embody nothing more than our already agreed upon knowledge. (p. 24)

These *orienting generalizations* form a broad map of the body of knowledge under review enabling a better understanding of the many facets of information. A synthesis of the congruencies in the definitions presented in this section results in some key themes for defining the construct of strategy:

- A plan: a purposeful course of action into the future
- A (consistent) pattern in a stream of actions, decisions and resource deployments
- A direction, blueprint or broad formula for what the organization wants to be (its purpose) and how it intends to compete i.e., its aspirations and future intentions
- Involving choices about where and how to compete
- In pursuit of competitive advantage
- Entailing the adoption of policies and courses of action
- Fluid and adaptive competitive moves

- Requiring a significant allocation of resources
- To achieve goals and objectives (ambitions)
- Defining the contribution the organization intends to make to shareholders, employees, customers and communities

From this rough listing of key themes a more elegant construct of strategy to guide this research is proposed:

Proposition 2.4: Strategy entails the establishment of a purposeful direction for achieving an organization's future intentions. It involves defining the contribution the organization intends to make to its shareholders, employees, customers, and communities. Strategy is a pattern of collective choices about where and how to compete in uniquely positioning an organization to attain a flow of competitive advantages. These choices require the organization to build competencies and deploy critical resources in a dynamic manner in order to achieve its aspirations.

The meaning of capacity and capacity building. To date, little research has been done on capacity building in the for-profit sector. Most research on capacity building has occurred in the non-profit sector which has been focused on this topic for the past fifteen years (Stavros, Seiling & Castelli, 2007). To date, Stavros (1998) has developed the most comprehensive framework for building capacity. In looking at the non-profit sector, Stavros, Seiling, and Castelli (2007) define *capacity* as: “the ability or potential to mobilize resources and achieve objectives. It provides all that is necessary to construct the relationships and locate resources needed to achieve an organization's vision, mission and goals” (p. 2).

Stavros (1998) defines *capacity building* as “building the internal relational components of the organization so it can better use its resources (i.e., people, time and money) to achieve its mission, attain its vision and goals/objectives to sustain these over time” (p. 43). Capacity involves every individual member of an organization and the organization as a whole since organizations are more than just the sum of their individual parts (Stavros, 1998). Stavros (1998) posits that “It [organizational capacity] deals with how the individuals of a NGO organize themselves and interact with others to deliver the NGO's mission and sustain its existence....” (p. 43). In this respect, capacity involves every individual member acting in *relationship* with others in the organization.

This research study extends Stavros' (1998) Relational Framework of Capacity Building to the for-profit sector. This framework is explored further in Chapter Three of this proposal.

The meaning of strategic capacity. In extending and applying the deeper meanings of the concepts of strategy and capacity to strategic capacity, the following proposition can be developed as a definition for this construct:

Proposition 2.5: Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting *in relationship* with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices and dynamically building and deploying critical resources necessary to successfully deliver the organization's contribution to its shareholders, employees, customers, and communities.

Strategic Capacity and Organizational Effectiveness

How does strategic capacity connect to organizational performance? Strong organizational performance can be characterized as an organization's ability to achieve its vision, mission, and goals. Thus, an organization that is able to accomplish this is exhibiting strategic capacity. What characteristics signify effective organizations? Furthermore, what is required for an organization to compete effectively in today's turbulent competitive environment? This section of the literature review focuses on longitudinal studies of organizational performance as well as requirements for future sustainability as espoused by the exemplars mentioned in the introduction to this study.

Studies of high performing organizations. Why do some organizations perform better than others? This important question is at the core of strategic management but no definitive answer exists. Based upon a study of 160 companies called the 'Evergreen Project' Nohria, Joyce and Roberson (2003) outlined management practices that are imperative for sustained superior financial performance. Without exception, the winners excelled in utilizing the four primary management practices of strategy, execution, culture, and structure along with a mastery of two out of four secondary management practices in the areas of talent, leadership, innovation,

and mergers and partnerships. The authors assert that this “4 + 2” formula has a better than 90% chance of sustaining superior business performance.

This finding is supported by an earlier study of 60 *Fortune 100* firms representing 300 different SIC codes conducted by Hansen and Wernerfelt (1989) who concluded that both economic external factors (i.e., industry characteristics and position) and organizational factors (i.e., structures, systems, and people) have a highly significant influence on firm performance. Interestingly enough, the organizational factors explained twice as much performance variance as the economic factors. Other studies followed:

In the illuminating books *Built to Last* (Collins & Porras, 1994) and *Good to Great* (Collins, 2001) Collins et al. performed extensive research of companies that either had exhibited extraordinary long term performance over the entire course of their histories or had risen from mediocrity to achieve greatness at some later time. The companies that Collins studied had the following characteristics: “level 5” leadership defined as the highest level of leadership in a hierarchy of executive capabilities; (2001, p.21), strong cultures that fostered experimentation and learning, focused direction, discipline, a concentration on building the organization’s capabilities, a solid core ideology (mission, and values), a powerful and compelling vision, and a relentless drive for progress. Most importantly, Collins found that the visionary companies he studied had a very powerful alignment between their visions, core ideologies, strategies, and structures.

From their two-year study of highly performing organizations, Fuchs, Mifflin, Miller, and Whitney (2000) assert that the best firms do not excel at any one thing, but rather possess the ability for ‘strategic integration’ consisting of the qualities of comprehensiveness, alignment, and thematic emphasis. *Strategic integration* involves a comprehensive understanding of the key elements of strategy (as positioning *and* execution), aligning of these strategies to achieve synergies, and emphasis on strategies that are most critical to the strategic theme of the organization. *Positioning* is described by Fuchs, Mifflin, Miller and Whitney (2000) as direction and a product-market focus and “execution” as the composition of resources, capabilities, and

organization culture used in implementing strategies. The firms studied exhibited a clear direction (vision and values) and product market focus coupled with the ability to execute, all synergistically aligned with strategic ‘elements’ or themes. The researchers contend that this integration depends on four elements of the strategy formulation process: prioritization, communication, collaboration, and boundary spanning.

The thrust of these studies is that effective, high performing organizations need comprehensiveness and alignment of key organizational components as follows: strategy, execution, culture, structure, and leadership. In addition, effective organizations focus on building capabilities and fostering innovative cultures characterized by learning and experimentation.

Effective organizations in the future. A weakness of these longitudinal studies is that they focus on behaviors that have occurred in the past, most likely when the competitive landscape was less turbulent. It cannot necessarily be assumed that the future is a simple extension of the past. Many scholars have contended that the future cannot be predicted (Hamel, 2002; Hamel & Prahalad 1994, 1996; Chaharbaghi, 2007). Therefore, this literature review will examine what exemplars are calling for in successful organizations of the future: the concepts of *strategic flexibility* (Hitt, Keats & DeMarie, 1998), and *strategic thinking* (Liedtka & Rosenblum, 1996).

Hitt et al. (1998) define “strategic flexibility” as—a continuous rethinking of current strategy, structure, resource allocations, and culture. This requires exercising strategic leadership, building dynamic core competencies, leveraging human capital, effectively using new technologies, executing valuable strategies, designing the right organization structure, and developing a learning and innovative culture.

Liedtka and Rosenblum (1996) advocate wide spread *strategic thinking* at all levels of the organization combined with the empowerment to act, ultimately fostering continuous adaptation. This requires the metacapabilities of learning, collaboration, the ability to redesign processes, and

a widely distributed capacity for strategy making. These metacapabilities depend upon strategic conversations at all levels of the firm aimed at furthering existing strategies as well as identifying new opportunities for emergent strategies.

The concept of strategic thinking is not well understood or defined in the literature (Liedtka, 1998). Goldman (2007) defines strategic thinking as:

...a distinctive management activity whose purpose is to discover novel, imaginative strategies which can rewrite the rules of the competitive game; and to envision potential futures significantly different from the present. Furthermore, strategic thinking is conceptual, systems-oriented, directional and opportunistic. (p. 48)

Liedtka and Rosenblum (1996) adopt a design metaphor in characterizing strategic thinking as “an individual’s conversation with his local environment about designing a future” (p. 153). Liedtka (2000) further elaborates on this construct by describing strategic thinking as: synthetic, adductive, dialectical, hypothesis-driven, opportunistic, inquiring, and value driven” (p.23). Sloan (2006) describes strategic thinking as a non-linear, continuous learning process rather than a series of logical rational steps.

Sloan (2006) credits informal learning as the primary driver of strategic thinking. According to Sloan (2006), informal learning encompasses self-directed learning, social learning, mentoring, coaching, networking, and learning from mistakes. Masifern and Vila (1998) view strategic thinking as a frame of reference acting as a shared framework for strategy. This frame of reference gets refined through the process of learning consisting of reflection, new insights, and reconsideration.

Lindell, Ericson, and Melin (1998) contend that strategic thinking and acting are socially constructed realities created through the actions of individuals involved in the process of strategic change. This process is shaped by the individual’s interpretations and sensemaking efforts of preceding and succeeding events and actions. Sensemaking becomes more important in dynamic and turbulent environments due to greater levels of uncertainty and ambiguity leading to new efforts to make sense of things (Weick, 1993). Maitlis (2005) maintains: “Organizational

sensemaking is fundamentally a social process; organization members interpret their environment in and through interactions with others, constructing accounts that allow them to comprehend the world and act collectively” (p. 21). This collective action is preceded by patterns of shared thinking that Lindell et al. (1998) call *collective thinking*.

Collective thinking is a “supra-individual phenomenon (Lindell et al., 1998) because it can be carried outside the individual in “organizational memory” (Walsh & Ungson, 1991). According to Walsh and Ungson (1991) five “retention facilities” comprise the structure of organizational memory to include: *individuals*, *culture*, *transformations* (standard operating procedures, work design, socialization, budgeting), *structures* (roles), *ecology* (physical setting), and *external archives* (former employees, news articles, customers and competitors). Collective thinking can also be characterized as collective learning if a change in this thinking results in new knowledge.

Weick and Roberts (1993) call this phenomenon the *collective mind* and assert that the more heedful the interrelations of the actors, the greater the capability of the collective mind to grasp unexpected events. Weick and Roberts (1993) describe heedful behaviors as “people act[ing] more or less carefully, critically, consistently, purposefully, attentively, studiously, vigilantly, conscientiously, pertinaciously” (p. 361). The behaviors of contributing, representing, and subordinating are the medium through which collective mind is created. Weick and Roberts view narrative skills, cooperation, dense interrelations, and well developed social skills as imperative to the development of collective mind. According to Liang (2007), collective intelligence is characterized by high awareness, high mindfulness, quality relationships, a supportive culture, continuous learning, knowledge management, autopoiesis, self-organization, and smart evolution.

The research presented here clearly suggests that organizational success does not depend on the ability to do one thing well, but to do many things well and to integrate them such that the whole is worth more than the sum of the individual parts. This requires a holistic paradigm. As

these studies illustrate, the ability to achieve an organization's vision, mission, and objectives is more than implementing a suite of best practices; it's about dynamically crafting and executing strategies, building organizational capabilities, and harnessing a 'collective intelligence' all aligned and underpinned by a 'strategic infrastructure' of leadership, culture, structure, and systems whose configuration can be fluidly adapted to address new opportunities.

According to Kenny (2006), "There needs to be a 'holistic' approach to the strategic process to address the structural flexibility and learning aspects of change. This involves the creation of strategies and structures that can continually respond to the environment" (p. 355). In short, effective organizations exhibit a *strategic capacity* which seems to enable creativity, innovativeness, learning, and flexibility. Finally, if we extend the findings of Hansen and Wernerfelt (1989), we may find that strategic capacity (as an organizational factor) may have twice the ability of outside market factors to influence an organization's performance.

Strategic capacity must assume the requirements of organizational effectiveness in order to remain connected and ensure a holistic approach to addressing the needs of postindustrial society. From this understanding of organizational effectiveness comes the following proposition for strategic capacity:

Proposition 2.6: Strategic capacity is a multi-dimensional construct involving learning, innovation, building organizational capabilities, and continuous strategy development, leading to a "collective intelligence" that is supported by an aligned infrastructure consisting of leadership, culture, structure, and systems, all of which can be dynamically re-configured to address new opportunities as needed. Collective intelligence involves continuous organizational learning, mindfulness, sensemaking, and heedful interrelating.

Summary and Conclusion

In conclusion, this chapter has argued for strategic capacity as a *generative theory of strategy* because it poses a re-conceptualization, using new language and creating new possibilities and outcomes for strategizing more suitable to a postindustrial context. Thus, strategic capacity represents a significant and fruitful opportunity for research. In addition, this study extends the work of Ganz (2000) and Stavros (1998) in important ways.

Six propositions have emerged from a thorough review and synthesis of the literature that help describe how strategic capacity is related to strategy research and organizational effectiveness. These propositions (summarized in Appendix Five) offer opportunities for further research and qualification of this important construct. Powell (2001) notes that from a pragmatic perspective “a true proposition is one that facilitates fruitful paths of human discovery” (p. 884) and, as such, this is the spirit of the propositions presented thus far.

These propositions answer the questions that originally guided this chapter in the following way:

1. What is strategic capacity?

Proposition 2.5: Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting *in relationship* with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices and dynamically building and deploying critical resources necessary to successfully deliver the organization’s contribution to its shareholders, employees, customers, and communities.

Proposition 2.4: Strategy entails the establishment of a purposeful direction for achieving an organization’s future intentions. It involves defining the contribution the organization intends to make to its shareholders, employees, customers, and communities. Strategy is a pattern of collective choices about where and how to compete in uniquely positioning an organization to attain a flow of competitive advantages. These choices require the organization to build competencies and deploy critical resources in a dynamic manner in order to achieve its aspirations.

2. How does strategic capacity connect to strategy research?

Proposition 2.1: Generative (postindustrial) strategy is a multi-dimensional, dynamic, construct involving relationships, learning, innovation, flexibility, and fluidity to enable building dynamic capabilities at all levels of the organization.

Proposition 2.2: The opportunity exists to re-conceptualization the strategy literature utilizing a capacity building perspective to enable more generative and dynamic approaches to strategizing i.e., the creation of *strategic capacity*. This conceptualization will enable a more holistic and integrative approach to strategizing. Strategic capacity is an embedded metacapability that enables an organization to bridge the gap between its performance and its potentiality. In this respect, strategic capacity is about *becoming*.

3. How does strategic capacity connect to organizational performance?

Proposition 2.6: Strategic capacity is a multi-dimensional construct involving learning, innovation, building organizational capabilities, and continuous strategy development,

leading to a “collective intelligence” that is supported by an aligned infrastructure consisting of leadership, culture, structure, and systems, all of which can be dynamically re-configured to address new opportunities as needed. Collective intelligence involves continuous organizational learning, mindfulness, sensemaking, and heedful interrelating.

4. How can this research study inform practice to create organizations that are more effective?

Proposition 2.3: Strategic capacity embodies the creation of a new concept using new language to reframe the strategy literature, and as such, poses a “generative theory” of strategy, leading to new possibilities for strategizing.

Chapter Three: Literature Review Supporting the Theoretical Foundation of Strategic Capacity

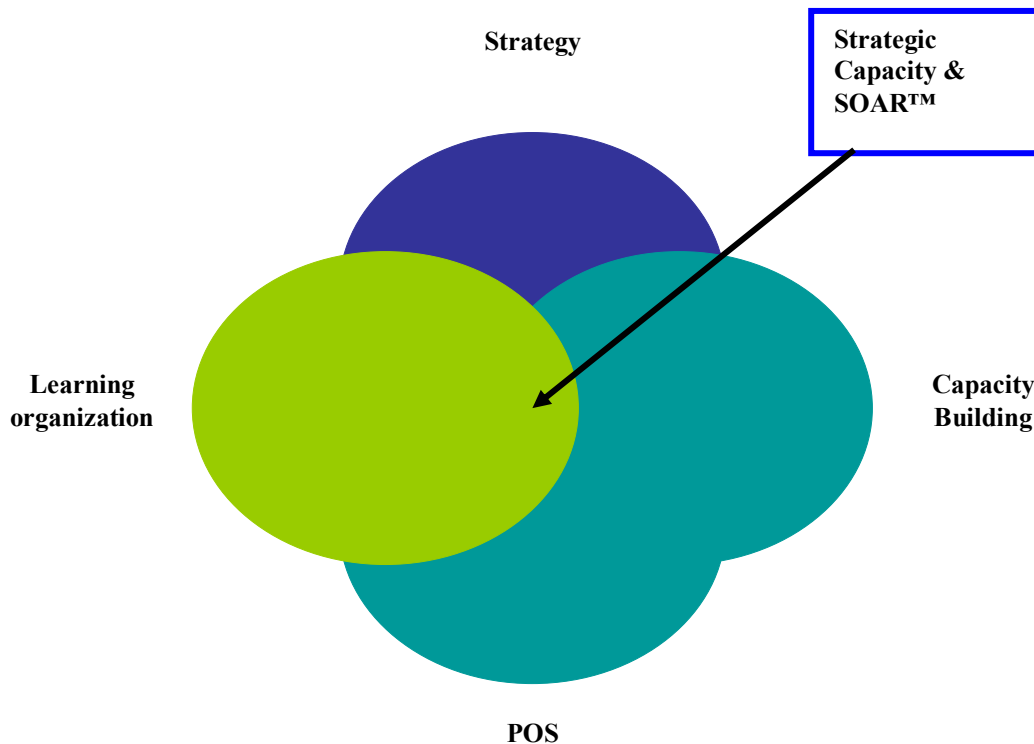
*Let a thousand ideas blossom; Let a thousand talents emerge; Let a thousand mistakes be made;
Let a thousand lessons be learned; Let a thousand voices be heard; Let a thousand stories be told;
Let a thousand eyes be opened*

From: BBC Television “Just Imagine” program

Introduction

How can organizations build strategic capacity? Given limited theory or research on the construct of strategic capacity, this chapter utilizes five different literature domains—strategic management, capacity building, learning organizations, positive organizational scholarship (POS), and SOAR to develop the theoretical underpinnings for this construct and identify a framework for building strategic capacity. **Figure 3.1** illustrates this theoretical framework.

Figure 3.1. Four Perspectives for Theorizing about Strategic Capacity



According to Strauss and Corbin (1998), “developing an idea into a theory still necessitates that an idea be explored fully and explained from many different angles or perspectives” (p. 22). They go on to denote that understanding the literature up front can provide a source for comparison during the analysis phase, enhance sensitivity to nuances in the data, generate new categories for analysis, and stimulate questions to ask of the data. Weick (2007) declares that going into studying a phenomenon with theories at hand increases “requisite variety” (p. 16) of the researcher’s capabilities due to increasing the researcher’s sensitivity to a variety of complex variations in the area of study. In other words, “it takes richness to grasp richness” (Weick, 2007, p. 16).

To that end, each of the theoretical perspectives illustrated in Figure 3.1 emphasizes different facets of strategic capacity. Strategic management theory informs what it means to be strategic and identifies various processes involved in strategy process and content. Capacity building theory provides the framework for applying key constructs and tools of capacity building to strategy in order to reframe this literature and provide new possibilities for strategizing. Organization learning theory represents a capability identified as critical for success in the organizational effectiveness literature and serves as one of the foundations of Stavros’ “Relational Capacity Building Framework.”

Finally, POS is a promising stream of literature that enables organizations to achieve their potentiality and increase their efficacy. Stavros (1998) contends that Appreciative Inquiry (a significant topic in the POS literature stream) builds capacity and as such represents an important foundation for this research. Therefore, strategic capacity and the SOAR framework reside in the center of these four theoretical perspectives. Thus, SOAR supports building strategic capacity. This chapter concludes with a thorough review of the SOAR framework and its present use by organizations and practitioners in the field.

Key Research Questions for this Chapter

The following research questions are answered in this Chapter:

1. How can organizations build strategic capacity?
2. How can SOAR be utilized as a framework in building strategic capacity?
3. How can SOAR contribute to Strategy Research?
4. How can this research study inform practice to create organizations that are more effective?

Strategic Management Review

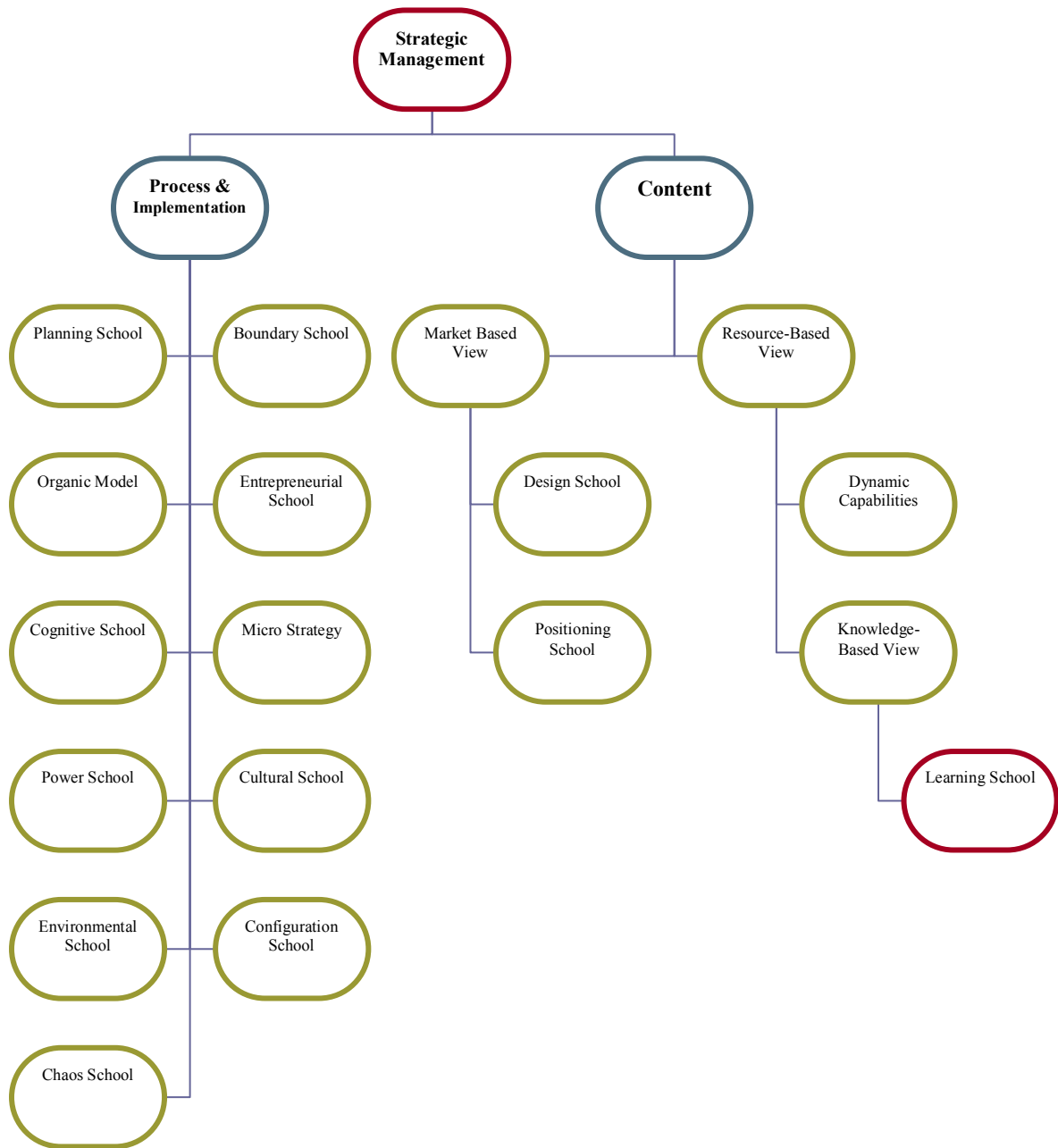
Strategic management concerns the ongoing process of planning, resource allocation and control, and evaluation processes to achieve strategic objectives. Gluck, Kaufman, and Walleck (1982) contend that strategic management is a system that links strategic planning and decision making with the daily management of operations, while Chakravarthy and Doz (1992) define strategic management as a process of continual adaptation. The field of strategic management overlaps with many other fields (Nag, Hambrick & Chen, 2007). A recent study of the strategic management literature (Nag, Hambrick & Chen, 2007) identifies a consensus definition representing the shared identity of the field as follows:

The field of strategic management deals with (a) the major intended and emergent initiatives (b) taken by general managers on behalf of owners, (c) involving utilization of resources (d) to enhance the performance (e) of firms (f) in their external environments. (p. 942)

Gluck et al. (1982) identify four stages of strategic management maturity development through which organizations evolve. The first phase is characterized by financial planning consisting of developing an annual budget. The second phase is forecast based planning which extends the annual budget out to some longer horizon. The third phase represents a quantum leap by extending planning externally to understand market factors such as trends, customers, and competitors. Finally, the fourth stage represents a culture of widespread strategic thinking, opportunistic decision making, and comprehensive strategic planning.

The strategic management literature is divided into two camps: content and process/implementation and will be reviewed as such. Figure 3.2 outlines the strategy literature.

Figure 3.2. Map of the Strategic Management Literature



Strategy Content

An elemental question in the field of strategic management is how firms achieve and sustain competitive advantage (Teese, Pisano & Shuen, 1997). The ultimate purpose of strategic management has been to enable organizations to achieve superior economic performance, caused by the creation of a sustainable competitive advantage (Porter, 1985). Over time, given the

presence of hypercompetition (D'Aveni, 1994), this focus has moved from the achievement of a single durable, sustainable competitive advantage to a series of competitive advantages (Wiggins & Ruefli, 2005). Three paradigms for sources of competitive advantages have dominated the strategic management field to date. These paradigms (rooted in economic theory) have evolved over the history of strategic management and make up the strategy content branch of the literature. These paradigms are: the competitive forces approach, the strategic conflict approach (game theory), and the resource-based view theory (RBV). Each of these paradigms implies an embedded theory of the firm.

Market based view. First developed in the 1980s by Porter (1980), *the competitive forces approach* focuses on the achievement of a privileged market position in order to create a competitive advantage. This approach emphasizes an economic analysis of the structural forces in an industrial organization (IO) that inhibit competition in order to create defensible positions. IO analysis focuses on the structural reasons why some industries are more profitable (and therefore more attractive) than others (Ghemawat, 2002).

Similar to the competitive forces approach, *the strategic conflict approach* first emerged in the 1990s when Brandenburger and Nalebuff (1995) introduced game theory, which focuses on the dynamics of strategic actions and the role of commitment. This approach emphasizes manipulating the market environment through strategic moves in order to gain increased profits. Grounded in IO, the strategic conflict approach centers on competitive advantages achieved as a function of keeping rivals off balance through the adoption of tactics such as signaling, controlling information, and pricing strategies. Both the competitive forces and strategic conflict approaches concentrate on external or exogenous forces as being central to the creation of competitive advantages. These paradigms *together form a market-based view* (MBV) of the theory of the firm and along with the planning and design schools of strategy (Mintzberg, Ahlstrand, & Lampel, 1998), represent the orthodox strategy that dominates the field.

Resource-based view. Unlike the first two approaches, the third paradigm shifts thinking about strategy from an external product/market/industry (*IO*) focus to an internal resource-based view (RBV) of the firm. Strongly influenced by Wernerfelt (1984); Hamel and Prahalad (1993); Barney (1991); and Grant (1991), the RBV focuses attention on an organization's distinctive core competencies and how they are leveraged in seeking a sustainable competitive advantage. The RBV seeks to explain why organizations in the same industry, with similar competitive forces, resources, and strategies, are able to perform differently (Segal-Horn, 2004).

The RBV emphasizes the idiosyncratic nature of a firm's resources and capabilities. According to this view, organizations are 'bundles of resources' which are configured into distinctive valuable capabilities that are considered to be rare, inimitable, and not substitutable (Barney, 1991) resulting in superior performance leading to the ultimate achievement of a sustainable competitive advantage. How these resources are developed and configured depends on the organization's leadership and management capabilities and strategic choices. Recent extensions of the RBV paradigm have resulted in the research sub-streams of dynamic capabilities and the knowledge-based view of the firm.

Dynamic capabilities. The RBV has two major weaknesses (Cavusgil, Seggie & Talay, 2007). First, this paradigm does not address the dynamic nature of today's business climate. Because they are hard to imitate, resources can be "sticky" and thus difficult to reconfigure in dynamic situations (Teese, Pisano & Shuen, 1997). Second, the RBV does not explain how organizations can recognize and build new capabilities. The development of capabilities into core competencies remains a black box. Recognizing these weaknesses, dynamic capabilities attempt to address these issues by extending the RBV. Dynamic capabilities argues that competitive advantage arises from how an organization's resources are configured as opposed to their mere existence (Montealegre, 2002; Teece, 2009; Teece, Pisano & Shuen, 1997). This perspective is concerned with how an organization builds and reconfigures its competencies.

According to Teece et al. (2007), and Teece (2009), dynamic capabilities are “the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments” (p. 516). This approach concerns itself with the questions of how capabilities are developed, how these capabilities evolve over time and how an organization can determine or measure their collective capabilities. The cognitive and social processes of managers will determine the capabilities that the firm develops. According to this perspective, competitive advantage arises from the organization’s distinctive ways of coordinating and combining its competencies. The dynamic capability framework emphasizes processes as opposed to resources and incorporates dynamic elements such as learning.

This extension of the RBV is still new and evolving. To date, most studies have focused on factor models (Montealegre, 2002) but, as of yet, there have been few studies that develop a model for the process of developing dynamic capabilities. Montealegre (2002) contends that capability development is a lengthy, complex, and multi-dimensional process. His case study research shows that capability development is a path dependent, cumulative, and expansive process that happens gradually over time. This process involves learning and is represented by both planned and emergent actions. Montealegre’s study represents just one case study in the body of research of this nature and, as such, is not generalizeable. The process perspective of dynamic capabilities remains understudied. More recently, Menon (2008) articulated a second order model for the process of dynamic capabilities consisting of: learning, reconfiguration, coordination, and integration. Menon believes that reconfiguration represents changes in interactions (praxis) and that integration involves sensemaking. As of yet, Menon’s theory has not been empirically tested. The question of where dynamic capabilities come from represents a compelling area of future research.

Knowledge-based view. The knowledge-based view of the firm extends the RBV to conceptualize firms as heterogeneous, knowledge-bearing entities. The knowledge perspective was fostered by Polanyi in 1966. Polanyi’s (1966) seminal work classified knowledge into two

categories: explicit or codified knowledge which refers to knowledge that is codified in a formal manner, and tacit knowledge which is difficult to formalize and communicate. Dierickx and Cool (1989) conceptualized knowledge in terms of stocks and flows. Stocks of knowledge are accumulated knowledge assets, while flows are knowledge streams within and across organizations that contribute to the accumulation of knowledge. Kogut and Zander (1992) later divided the construct of knowledge into five dimensions: codifiability, teachability, complexity, system dependence, and product observability. In addition, they contended that a firm's stock of knowledge can lead to a competitive advantage. In their view, knowledge is held by individuals but is also embedded in the organization via organizing principles which people choose to adopt. The knowledge of the firm evolves in a path dependent way, through the replication and recombination of existing knowledge.

Cohen and Levinthal (1990) introduced the term *absorptive capacity*, (ACAP) which refers to an organization's ability to adapt, a set of routines and processes within their particular environment (Zahra & George, 2002) through recognition of (external) new knowledge and assimilation of this knowledge into the current context and need, and apply this knowledge to create new opportunities. Ease of absorption relates to the organization's previous degree of related knowledge. Pisano (1994) posited that there is no one-best-way to learn, but different knowledge environments may require different approaches. Focusing on the knowledge creation process, Nonaka (1994) argued that the interactive amplification of tacit and explicit knowledge through socialization, combination, externalization, and internalization enlarges and enriches knowledge, leading to a sustainable competitive advantage. Finally, Lei, Hitt and Bettis (1996) contended that core competencies, as defined by the RBV, can only be maintained through continuous development. This dynamic capacity is developed through metalearning—the ability to learn continuously. Zahra and George (2002) assert that ACAP is a dynamic capability that influences an organization's ability to build other (dynamic) organizational capabilities. In

addition, ACAP is identified as a potential primary source for obtaining a competitive advantage because of its connection to strategic change and flexibility.

While there has been considerable debate in the strategy field regarding the importance of the MBV versus RBV paradigms in achieving competitive advantage, there are thematic complementarities between the two frameworks (Foss, 1996). The MBV is exogenously focused on industry structure and competitive moves (the opportunities and threats of SWOT), while the RBV is endogenously focused on the attainment of valuable and rare capabilities (the strengths and weaknesses of SWOT). Both organization and competition are important in developing strategy and sustaining performance (Foss, 1996). In addition, there are intervening effects in the relationships between the two frameworks. The market environment shapes the competencies of the organization and the organization's competencies in turn shape the market environment. Unfortunately, there has been little research on these interacting effects (Henderson & Mitchell, 1997). The integration of both perspectives may provide a more complete view of how organizations achieve and sustain competitive advantages (Foss, 1996).

Porter (1991) contends that any successful dynamic theory of strategy must deal simultaneously with the organization and the industry and environment in which it operates. It is important to recognize the incompleteness of each of these two paradigms in explaining how firms obtain and sustain competitive advantage. By its very definition, strategic capacity builds competencies and capabilities and thus can be situated in the RBV of the strategic management field. Furthermore, given its dynamic nature as conveyed in the propositions put forth so far, strategic capacity enables dynamic capabilities. Thus, strategic capacity represents an opportunity to open up the "black box" of how dynamic capabilities are developed and configured.

The dynamic capabilities framework supports interactions in response to environmental changes and thus may be a more integrative approach to the three paradigms previously explored. This stream of research is still in its infancy and as the field progresses in better understanding of

how capabilities are developed and configured given the interaction between both endogenous and exogenous factors of competitive advantage, this stream of research may develop into a new theory of the firm at some point in the future. Furthermore, learning is essential to the development of capabilities (Stacy, 1993; Lei, Hitt & Bettis, 1996) and central to the notion of dynamic capabilities. Thus, the study of strategic capacity represents fruitful opportunities for both streams of research.

Proposition 3.1: Strategic capacity enables dynamic capabilities and thus, studying this topic may lead to a better understanding of where dynamic capabilities come from, extending the literature on the RBV and KBV of the firm.

Strategy Process

A survey of the extensive literature on the strategy formation process surfaces a multitude of approaches in organizing the vast amount of theories, models, and frameworks. Schendel (1994) professes in his introduction to the Summer, 1994, special issue of *Strategic Management Journal* that “[there is] much disagreement about models, methods, assumptions, issues, and challenges, and little agreement” (p. 2). Hutzschenreuter and Kleindienst (2006) reconfirm this situation in their review of the current state and progress of strategy process research: “...the field is characterized by an ever-increasing plurality of concepts and frameworks” (p. 673) and “the result is an amazing set of partly competing, partly overlapping models” (p. 674).

Many have attempted to reduce this confusion, including:

1. Mintzberg, Ahlstrand, and Lampel (1998) grouped the field into ten schools of strategy formation.
2. Chaffee (1985) identified a hierarchy of three models of strategy.
3. Hart and Banbury (1994) developed an integrative framework of five modes of strategy making.
4. Volberda and Elfring (2001) built upon this previous work through identification of three additional synthesizing schools of thought.
5. Farjoun (2002) divided the research streams into “mechanistic” and “organic” perspectives.

The literature review for this study, explores these schools, models and frameworks as well as, other newly emergent theories of strategy.

Schools of strategy formulation. After an extensive field review, Mintzberg et al. (1998) identified ten different views of the strategy process each focusing on one major aspect of strategy formation. Table 3.1 provides a summary of the core premises of each school. Each of these schools of thought considers themselves to be the “one best way” of strategy process.

Table 3.1 *Mintzberg, Ahlstrand, and Lampel's. Schools of Strategy Formulation*

School	Sources	Key Words	Core Premises
<i>Design</i>	Selznick 1957, Andrews 1987	Congruence/fit, distinctive competence, competitive advantage, SWOT, formulation, implementation	<ul style="list-style-type: none"> • Deliberate process • CEO responsible • Informal model • Individualized design • Grand explicit strategy • Implementation follows
<i>Planning</i>	Ansoff 1965	Programming, budgeting, scheduling, scenarios	<ul style="list-style-type: none"> • Formal planning • Checklists and techniques • Owned by CEO • Objectives, budgets, & operating plans
<i>Positioning</i>	Schendel & Hoffer 1979 Porter 1980	Generic strategy, strategic group, competitive analysis, portfolio, experience curve	<ul style="list-style-type: none"> • Generic strategies • Identifiable positions • Competitive markets • Analytical selection • Strategies drive structure
<i>Entrepreneurial</i>	Schumpeter 1950 Cole 1959	Bold stroke, vision, insight	<ul style="list-style-type: none"> • Vision held by leader • Semiconscious • Obsessive promotion of vision • Deliberate vision and emergent action • Visionary leader directs organization
<i>Cognitive</i>	Simon 1947 March & Simon 1958	Map, frame, concept, schema, perception, interpretation, bounded rationality, cognitive style	<ul style="list-style-type: none"> • Cognitive process in mind of strategist • Strategies = perspectives • Seen world is modeled, framed, and constructed • Difficult to obtain and change
<i>Learning</i>	Lindblom 1959 Cyert & March 1963 Weick 1969 Prahalad & Hamel 1990	Incrementalism, emergent strategy, sensemaking, entrepreneurship, venturing, champion, core competence	<ul style="list-style-type: none"> • Strategy = learning over time • Formulation and implementation are merged • Learning = retrospective sensemaking • Leader manages process of strategic learning • Patterns to plans to perspectives
<i>Power</i>	Allison 1971, Pfeffer & Salancik 1978 Astley 1984	Bargaining, conflict, coalition, stakeholders, political game, collective strategy, network, alliance	<ul style="list-style-type: none"> • Strategy shaped by power and politics • Emergent positions and ploys • Political games among parochial interests and coalitions • Strategic maneuvering and collective strategies in networks and alliances

<i>Cultural</i>	Rhenman 1973 Normann 1977	Values, beliefs, myths, culture, ideology, symbolism	<ul style="list-style-type: none"> • Strategy formation as a process of social interaction based upon beliefs and shared understandings by members • Beliefs acquired by socialization • Origins of culture are obscure • Strategy as perspective rooted in collective intentions. Culture restricts strategic change
<i>Environmental</i>	Hannan & Freeman 1977 Pugh, Hickson & Hinings, 1969	Adaptation, evolution, contingency, selection, complexity, niche	<ul style="list-style-type: none"> • The environment is the central actor in the strategy process • The organization must respond or be “selected out” • Leadership reads the environment and adapts effective responses • Organizations cluster into distinct niches until they die
<i>Configurational</i>	Chandler 1962, Mintzberg 1978, 1979 Miles & Snow 1978	Configuration, archetype, period, stage, life cycle, transformation, revolution, turnaround, revitalization	<ul style="list-style-type: none"> • Organizations represent a stable configuration of structure and strategies • Stability interrupted by periods of transformation—a quantum leap to another configuration • These successive patterns of stability and transformation = life cycles of organization • Organizations adopt particular schools of strategy depending upon time and situation

Note. From Mintzberg et al. (1998) *Strategy Safari*, New York, N.Y: Free Press, pp. 354-359.

Mintzberg et al.’s first three schools are prescriptive in nature focusing on prescribing how strategy should be formulated. These are the schools of Design, Planning, and Positioning. The Design and Positioning schools lie in the content realm of the strategy literature. The Design school sees strategy as a fit between an organization’s internal strengths and weaknesses with its external threats and opportunities (SWOT) as part of a conceptual design formulated by senior management. The Planning school adopts the concepts of the design school except that strategy formulation is seen as a formal process with specific steps and techniques (such as objectives, budgets, and operating plans) controlled by planners instead of senior management. Finally, the Positioning school focuses on the content of strategy as choosing generic positions based upon a formal analysis of industry factors, such as industry, competition, and markets. Thus, in this school, the planner becomes an analyst.

The next six schools of strategy are focused on describing (rather than prescribing) how strategies are actually formulated. These schools are: Entrepreneurial, Cognitive, Learning, Power, Cultural, and Environmental. In the Entrepreneurial school, strategy is guided by the vision of the chief executive. In this case, strategy is a perspective of the great leader who guides the organization. The Cognitive school focuses on the mental process of the individual who makes strategic decisions. This school draws on the field of cognitive psychology to understand how strategies form as creative interpretations subjected to cognitive biases. The Learning school sees strategy as an emergent process conducted by all members of an organization who collectively ‘muddle along’ Lindblom (1959) as they attempt to learn about a situation and their organization’s capability to deal with it. This involves the process of retrospective ‘sensemaking’ (Wieck, 1995) where individuals try something, see the consequences, then explain them, and continue along. Eventually, the collective strategists find a pattern of behavior that works; therefore, the organization learns.

The Power school sees strategy as a political process of negotiation between individuals within an organization (or organizations) networking together. The process potentially involves bargaining, persuasion, and confrontation to negotiate strategies favorable to particular interests of those in power. The Cultural school sees strategy formulation as a social process rooted in culture. This school concerns itself with the influence of culture in decision making style, resisting change, dominant values, and culture clash in seeking strategic change. Finally, the Environmental school focuses on the factors in the environment that set the agenda for an organization’s actions. In this school of thought, the organization is seen as a passive entity reacting to constraints in the environment. The organization’s ultimate strategy depends upon its size, technology, environmental stability and complexity, and competitive hostility.

Mintzberg et al.’s last school of strategy encompasses many of the previous schools whereby organizations apply the various perspectives depending upon their particular stage in the organizational life cycle (characterized by periods of stability interrupted periodically by some

process of transformation). This school has two viewpoints. One viewpoint considers states of the organization and its surrounding context as ‘configurations’. The other viewpoint sees strategy making as a process of ‘transformation’. Different schools of thought on strategy formulation apply to each type of organizational configuration depending upon its stage within a sequence of stages. For example, a start-up organization may choose an entrepreneurial approach until they reach the next stage of development where they may choose a planning approach more appropriate to stable, mature industries and ‘machinelike’ organizations. The Configurational school mainly focuses on the research questions of: (1) which specific strategy configurations are most effective in which environments, (2) the relevant dimensions to explain each configuration, and (3) how an organization can pass through a transition from one configuration to another (Volberda & Elfring, 2001).

Mintzberg et al.’s (1998) key point is that strategies are both deliberate and emergent. Some deliberate strategies go unrealized, while some realized strategies are not deliberate. Effective strategists are able to mix both deliberate and emergent strategies in “ways that reflect the conditions at hand, notably the ability to predict as well as the need to react to unexpected events” (p. 12). Furthermore, high performing firms “...appear capable of blending competing frames of reference in strategy making. They are simultaneously planful *and* incremental, directive *and* participative, controlling *and* empowering, visionary *and* detailed” (p. 20).

This observation is supported by the empirical work of Andersen (2004) who found that the presence of *both* decentralized strategy making and formal strategic planning processes in organizations significantly improves economic performance, especially in dynamic industries. In this case, both emergent and planned strategies are complementary strategy modes that can co-exist and enhance organizational performance. This phenomena is better described in Grant’s (2003) research using longitudinal case studies of the oil majors (as examples of firms operating in very turbulent environments) to study their planning processes. Grant (2003) identified them as processes of ‘planned emergence.’ According to Grant (2003), planned emergence brings

together bottom-up and top-down initiatives through dialog, debate, and compromise. In this case, strategy planning processes serve the role of creating a context for decision making, and providing mechanisms for control and coordination.

Unfortunately, Mintzberg et al.'s ten schools of strategy are focused on either the assumption that strategies are planned and deliberate or completely emergent, but not both/and. None of these schools define an approach that includes both deliberate and emergent strategy making. In addition, these schools assume either top-down or bottom-up strategy making. Finally, except for the Configurational school of strategy, none of the thinking in the field as portrayed by these ten schools, addresses the dynamic nature of strategy making required for today's postindustrial society.

Recognizing a need for synthesis and dynamism in the field of strategy process research, Volberda and Elfring (2001) identified three emerging synthesizing schools of strategy: the Configurational school (Mintzberg et al., 1998), the Boundary school, and the Dynamic Capability school. The Boundary school addresses the issues of where a firm should draw its boundaries and how it should manage across the partition. This school is concerned with how an organization should draw its boundaries to achieve a competitive advantage. An organization must decide which activities should be handled within its boundaries, which should be relegated to more intermediate forms such as partnerships, alliances, or joint ventures, and which should be handled by the broader market. This involves decisions about outsourcing, vertical integration, make or buy, and partner selection. The Dynamic Capabilities and Configurational schools are discussed earlier in this literature review.

Other emerging concepts of the strategy process. Recently the theories of complexity and chaos have been applied to strategy (Brown & Eisenhardt (1997); Stacey, 1993, 1996a, 1996b). Complexity theory compares the nature of organizations to living organisms considering an organization to be a "complex adaptive system" (Stacey, 1993, 1996a, 1996b). Complex adaptive systems (CAS) consist of agents interacting with each other according to a set of simple

rules that require them to examine and respond to each other's behavior in a way that improves the behavior of the individual agent and the system as a whole. Stacey (1993, 1996a, 1996b) contends that this is akin to learning. Complexity theory assumes that the future is unknowable and therefore cannot be planned. Human organizations survive by chance much along the lines of Darwin's theory of evolution where only the most adaptable organizations will thrive.

CAS are not stable but rather, exist in a state of change and transformation (or nonequilibrium). The evolution of nonequilibrium systems is influenced by a combination of a complex network of nonlinear system relationships and random developments which combine to create new systems in a way which is largely indeterminate (Macintosh & Maclean, 1999). At times, these systems can move so far from equilibrium that they degenerate into chaos. At this point, the operation of simple rules in conjunction with nonlinear processes can give rise to new, qualitatively different structures. Thus, creativity resides 'at the edge of chaos' where order emerges through a process of 'spontaneous self-organization' as supported by the interaction of rules, deep structures (i.e., the "dominant logic"), and organizational processes (Brown & Eisenhardt, 1998, Stacey, 1996a, 1996b). According to Stacey (1996b):

There is inherent order in complex adaptive systems simply waiting to unfold through the experience of the system, but no one can know what that experience will be until, in fact, it does unfold in real time. There are deep reasons why, under certain conditions, agents interacting in a system can produce, not anarchy, but creative new outcomes that none of them ever dreamt of, if they are left to self-organize in what looks like a mess, most unlikely to contain within it an implicit order. (p. 3)

Stacey (1996b) contends that the creative process is often messy and paradoxical and should not be interfered with via shared visions and detailed blueprints. A space for creativity is produced by certain parameters reaching a critical point. These parameters are: information flow, degree of difference between agents, level of network connectivity, power use, and the management of anxiety levels. Organizations must be enabled to self organize via such mechanisms as decentralization, individual expression, and the elimination of top down controls allowing a multitude of minds to contribute new ideas (Sloan, 2006). Self reflection (Mezirow,

1994), dialogue (Bohm, 1996), and the consideration of how anxiety is managed (Stacey, 1996a) are important tools in the CAS view of organizational life. Therefore, strategic plans should be focused on creating the appropriate psychological and emotional conditions to encourage self-organization (Stacey, 1996a).

In an exploration of continuous change in the high velocity computer industry, Brown and Eisenhardt (1997) developed several theoretical insights which may be situated in the “chaos school” of strategy. They contend that successful organizations (i.e., they can continually change and sustain themselves) combine limited structure with extensive interaction and freedom to improvise at all levels in the organization. These limited structures or ‘semi-structures’ are characterized by fluid job descriptions, loose organization charts, high communication and few rules. Brown and Eisenhardt (1997) assert that these properties along with experimentation or numerous probes of the future, may be conducive to innovation.

Microstrategy. More recently the concept of microstrategizing or strategy as ‘praxis’ (i.e., activity) has come to the forefront. Whittington (2007) contends that this arm of the strategy literature is distinct and separate from strategy content or strategy process research streams requiring different methodologies such as ethnographic research from a sociological perspective. Therefore, the present competitive environment requires that strategizing become a distributed and continuous process. This increases the importance of actions of individuals at the microlevel. The *activity-based view* is concerned with the details of everyday life of organizational work and practice (Johnson, Melin & Whittington, 2003).

Organizations are collections of individuals whose underlying nature consists of “choices, abilities, propensities, heterogeneity, purposes, expectations and motivations” (Felin & Foss, 2005, p. 441) which drive the organization’s collective choices. Strategizing is something that individual actors do within the realm of their social practices and, as such, strategy can be considered a social practice (Jarzabkowski, Balogun & Seidl, 2007). This refers to both the ‘situated doings’ of each individual and their social practices, which defines how individuals act.

Practices include everyday routines like decision making or workshops, and tools such as SWOT. Strategic conversations simultaneously enact and create strategy as an interpretative system (Westley, 1990).

Jarzabkowski (2004) identifies two themes from studies of strategy as a socially constructed practice: recursiveness and adaptation, both representing a duality of stability and change. Recursiveness, expressed through organizational routines, is socially complex, embedded, and interlocked which can lead to organizational path dependence in an organization's inability to adapt. On the other hand, adaptation can be construed as practices (i.e., social events) undertaken during the process of becoming. Jarzabkowski (2004) identifies communities of practice as central to the theory of strategy praxis. These 'microcommunities of activity' act as the engine of strategy generation. Westly (1990) contends that middle managers want to be included in strategic conversations in order to give them access to power structures and organizational sensemaking. This inclusion is necessary for middle management responsiveness and successful implementation.

An extension of the "*strategy-as-praxis school*" includes some interesting research on middle management. Middle managers make important contributions to the strategy process such as selling issues and coordinating organizational resources. Floyd and Woodridge (1997) contend that middle management activity is central to organizational renewal. Therefore, middle managers should be a central element of strategizing. Dutton and Ashford (1993) identified middle management issue selling as a critical activity for emergent strategy, contending that top management should find a way to promote this activity in their organizations to improve performance.

A hierarchy of strategy making. Chaffee (1985) suggests there is a hierarchy of strategy-making types whereby each successive level encompasses the previous less complex levels. This is in line with Boulding's (1956) General Systems Theory. Boulding's framework consists of nine levels of increasingly complex organization and units of behavior. These units of

behavior can be utilized to classify theoretical and empirical knowledge across numerous scientific disciplines and to identify gaps in development. In general, these levels can be portrayed as a *hierarchy of complexity* moving from machine (information processing) to biological (awareness of the environment) to cultural (symbol processing), then ultimately to transcendence. Each successive level builds on the base of the levels below it. Table 3.2 describes this model.

Table 3.2 *Chaffee's Hierarchy of Strategy*

Variable	Linear Strategy	Adaptive Strategy	Interpretive Strategy
Definition	Determine long term goals and plan to achieve	Developing a match between opportunities in the environment and the organization's capabilities and resources	Orienting metaphors
Nature	Decisions, actions, plans integrated	Achieving a match, multi-faceted	Metaphor, interpretive
Focus	Means, ends	Means	All members in the organization
Goal	Goal achievement	Co-alignment with the environment	Legitimacy
Behaviors	Formal planning, implementation	Change style, marketing, quality	Develop symbols, improve relationships and interactions

Note. Adapted from Chaffee, E. (1985). Three models of strategy. *Academy of Management Review*, 10 (1), pp.89-98.

Chaffee (1985) has adapted framework to explain the state of strategy research. The first level is the *linear strategy model* that focuses on planning characterized by methodical, directed sequential actions. According to this model, strategy consists of integrated decisions or plans set by top managers to achieve the organization's objectives then subsequently implemented through detailed budgets and operating plans.

The second level in Chaffee's (1985) hierarchy is the *adaptive strategy model*. This model is concerned with the match between an organization's capabilities and the opportunities and risks in its environment. This level differs from the previous level in that internal and external conditions are continuously monitored and changes are made simultaneously to create 'satisfactory alignment.' In addition, the adaptive model is noted as an evolutionary biological model of organizations. This suggests the boundary between the organization and its

environment is highly permeable and the environment is a major focus of attention in determining organizational action.

Finally, Chaffee's (1985) third level is represented by the *interpretive strategy model*. Unlike the adaptive model, strategy is based upon a social contract. The organization is viewed as a collection of cooperative agreements, whose reality is socially constructed. Strategy is viewed as orienting frames of reference shared by the stakeholders of an organization that allow them to act in ways that produce favorable results for the organization. This model of strategy depends upon symbols and norms to motivate people towards strategic behaviors.

According to Chaffee (1985), each of these models has been treated as separate themes in the literature, ignoring each other instead of building upon each successive level to obtain a sophisticated construct that equals the true complexities of an organization. Chaffee (1985) contends, "Each may have value as far as it goes, but none integrates all levels of complexity and options for action that are inherent in an organization" (p. 96). Chaffee (1985) goes on to suggest that an integrative theory may be approached by specifying a hierarchy that contains a model of strategy for each of Boulding's nine levels of system complexity. In addition, organizations may progress along this hierarchy of strategy making as they develop more skills. Finally, different models of strategy making may be adopted for different situations

Building upon Chaffee's (1985) work, Hart and Banbury (1994) developed an integrative framework of strategy making by focusing on the role interrelationships of top managers and organizational members in the strategy making process (see Table 3.3). They contend that "organizational members can assume a variety of postures and roles in strategy making" (p. 252). Furthermore, organizations can build skills in several of the levels over time, resulting in varying levels of strategy-making capability. Organizations using the Symbolic, Transactive, and/or Generative modes of strategy making are able to demonstrate a more complex, deeply embedded capability leading them to outperform less "process-capable" organizations.

Table 3.3 Hart's Integrative Framework of Strategy-making Processes

Type	Style	Top Management Role	Organizational member role
<i>Command</i>	Imperial. Strategy driven by top managers.	Commander: provide direction.	Soldier: obey.
<i>Symbolic</i>	Cultural. Strategy driven by mission and vision.	Coach: motivate and inspire.	Player: respond.
<i>Rational</i>	Analytical. Strategy driven by formal planning systems.	Boss: evaluate and control.	Subordinate: follow.
<i>Transactive</i>	Procedural. Strategy driven by internal process and mutual adjustment.	Facilitator: empower and enable.	Participant: learn and improve.
<i>Generative</i>	Organic. Strategy driven by individual initiative.	Sponsor: endorse and sponsor.	Entrepreneur: experiment & take risks.

Note. From Hart, S. and Banbury, C. (1994). How strategy-making processes can make a difference. *Strategic Management Journal*, 15, p. 254.

Hart and Banbury (1994) point to the emerging paradox perspective of organizational effectiveness whereby high performance requires the simultaneous mastery of seemingly conflicting organizational skills, i.e., decisiveness *and* reflectiveness, broad vision *and* detail orientation, specific objectives *and* incrementalism, etc. They contend that organizations that are simultaneously able to adapt paradoxical strategy-making processes (e.g., Command and Transactive or Symbolic and Generative) should demonstrate higher performance than organizations using one or two similar strategy-making processes.

Hart and Banbury (1994) conducted a study to explore this construct. Their empirical work supported the proposition that, "The more firms are able to develop strategy-making process capability, combining skills in all five modes of strategy-making, the higher their performance" (p. 261). The highest performing organizations utilized strategy processes that were complex and deeply rooted in the organization, involving people at all levels. They conclude:

To achieve high performance, top managers must provide a strong sense of strategic direction and organizational members must be active players in the strategy-making process. In fact, firms which combine high levels of competence in multiple modes of strategy making appear to be the highest performers. Purity of process thus appears to be much less the objective than the nurturing of multiple, competing processes of strategy-making deep within the organization. (p. 266)

Hart and Banbury (1994) assert that this type of complex strategy process, combining multiple modes of strategy making, is difficult to imitate and thus provides an organization with a sustainable competitive advantage. This conclusion is further supported by Snyman and Drew (2003) who maintain that a well-crafted strategic-decision process can be rare, costly to imitate, valuable, and non-substitutable (Barney, 1991), therefore, constituting a competitive advantage. Building on this work, both Anderson (2004) and Brews and Hunt (1999) conducted empirical studies which supported the premise that organizations using multiple forms of strategy making, reflecting both planned and emergent modes, enjoyed greater performance than those who used just one type of mode or no mode at all.

Finally, Brews and Purohit (2007) conducted a study measuring four of Hart's five modes. They found that Rational, Transactive, and Generative planning modes are positively correlated with organizational performance, with Generative planning being most strongly associated to performance. Transactive and Generative planning were found to be most closely associated with turbulent competitive environments and should co-exist within organizations in this type of environment. This finding supports the notion that strategy should be performed both in a processual and organic manner. This is further supported by Szulanski and Amin's (2001) contention that successful strategy generation in dynamic environments involves both discipline and imagination.

The organic model of strategic management. Of all the models presented thus far, Farjoun's (2002) organic perspective represents the most integrated approach. Farjoun (2002) maintains that strategy research has moved along the continuum from a simple, mechanistic perspective to a more complex organic perspective which is better suited to the multifaceted, continuously changing nature of organizations in today's world. Critics of the mechanistic perspective cite it as static (Pettigrew, 1992), linear (Henderson & Mitchell, 1997), and fragmented (Schendel, 1994). The organic perspective has introduced more dynamic and eclectic views of the strategy process, viewing strategy as a continuous co-alignment of an organization

with its environment. This concept of strategy stresses action, coordination, and adaptation.

Farjoun (2002) cites, “Moreover they have shifted the focus from strategic choice to strategic change, and given much more recognition to ‘soft’ variables and to the messy side of reality” (p. 562). Table 3.4 summarizes the key constructs of each perspective.

Table 3.4 *The Mechanistic and Organic Perspectives of Strategy*

Concept of:	Mechanistic (Modern)	Organic (Post Modern)
<i>Strategy</i>	A plan and a posture.	Co-aligning planned or actual coordination of goals and actions.
<i>Context</i>	Stable and predictable environment.	Dynamic and uncertain environment.
<i>Models</i>	Design model: SWOT, rational unitary actor.	Organic model.
<i>Time</i>	Discrete: strategic management is viewed as a one time sequence of formulating and implementing a single choice rather than a continuous process. Learning, history and processes are downplayed.	Diachronic: focus on sequences, history, evolution, voluntarism, and the creation of new entities. Continuous process highlighting learning and duration.
<i>Flow</i>	Directional: linear, deterministic and sequential view of events and causality. Sequential activities of formulation and implementation.	Reciprocal causation: interaction and feedback. Adaptation through influencing the environment. Multi-causality, co-evolution.
<i>Construct Coupling</i>	Differentiated from other models of strategy. Narrowly defined and poorly integrated constructs. Fragmented focus on different elements: environment, resources and organizational structure. Formulation and implementation are separate.	Integrated constructs. Includes traditional and novel definitions. Emphasizes multiple coordinating modes. Includes internal and external actions. Emphasis on linkages and integrated process. Managing internal and external change.

Note: Adapted from Farjoun, M. (2002). Towards an organic perspective on strategy. *Strategic Management Journal*, 23, pp. 561-594

According to Farjoun (2002), the strategic management process, as defined by the organic perspective, is, “...the super ordinate and continuous organizational process for maintaining and improving the firm’s performance by managing, that is, enabling, formulating, and realizing its strategies” (p. 578). In this view, strategic management consists of both one-time modes where particular strategies or decisions are dealt with and recurrent modes where a continuous stream of strategies and decisions are managed. Strategies are planned *and* emergent. Strategy formulation is nonlinear and involves analysis and synthesis as well as invention, intuition, persuasion, and negotiation. Strategy implementation includes change management both internally and externally. Organic strategic management systems need to focus on

facilitating both strategy formulation *and* strategy emergence. Furthermore, these systems must place a priority on enhancing the ability of the organization to implement strategies through delegating responsibilities, encouraging participation and building a capacity for change.

The organic model of strategic management is focused on four themes. First, external action as well as internal cognitive, social, political, and cultural processes play a role in strategy formulation. Furthermore, formulation and implementation need to be integrated with content which should include strategic moves and paths. Thus, strategic management becomes a process of change management which engages the whole system. Second, strategy must be planned with its effects in mind. Organizations need to ensure that the strategies they select are a good fit between the internal capabilities and external context *after* the strategy is implemented and sustained, thus taking a “path-dependent” perspective. Third, attention must be given to developing a system capable of supporting both planned and emergent strategies as opposed to a focus on strategy formulation. Finally, strategic management when practiced from an organic perspective becomes a core firm *capability*. Indeed, “strategic management rather than one-time strategies may have more enduring effects on the firm’s long-term performance” (Farjourn, 2002, p. 583).

Multiple taxonomies of strategy have been developed to describe the vast strategy literature. Most of these taxonomies present uni-dimensional, “one best way” approaches to the strategy process and do not share common languages or theoretical bases. Studies have shown that utilizing multiple (potentially conflicting) approaches to strategy process is most successful. Embracing the paradox of the dualities of strategy is important to be able to execute in a “both/and” fashion.

Proposition 3.2: Strategic capacity as a multi-dimensional construct utilizes multiple, seemingly conflicting and paradoxical, approaches to strategy generation in order to ensure success at both the planned *and* emergent levels.

Strategy implementation. Per an article in *Harvard Business Review*, Mankins and Steele (2005) reveal that the average company delivers only 63% of the results that their strategies originally pledged, despite extensive time spent on strategy development. Companies that address this strategy-to-performance gap, pay attention to both planning *and* execution, developing clear links between the two elements. Nutt (1986) defines implementation as: “a series of steps taken by responsible organizational agents in planned change processes to elicit compliance needed to install changes” (p. 230). Nutt (1986) conducted a meta-analysis of 91 case studies of planned change utilizing a framework of five stages consisting of: formulation, concept development, detailing, evaluation, and installation. Nutt identified four distinct implementation tactics which appeared in 93% of the cases. These tactics were termed (in order of effectiveness): intervention, participation, persuasion, and edict. Of all of these approaches, intervention was found to be successful in 100% of the cases. In this approach, key executives identify the need for change, new norms are developed to judge performance, ways to improve performance are identified, and performance is monitored.

In the same vein, Bryson and Bromiley (1993) examined 68 cases of major projects utilizing qualitative analysis, discovering that the planning process strongly influences outcomes. Furthermore, using the implementation tactics of forcing and mandating changes are not correlated with success. Finally, skilled planning staffs were found to make a significant positive difference due to their efforts to foster communication and promote problem-solving behaviors.

Bates, Amundson, Schroeder, and Morris (1995) conducted a survey involving 822 respondents from 41 manufacturing plants to determine the relationship between manufacturing strategy implementation and organizational culture. Their findings strongly suggested that the combination of a well aligned, communicated manufacturing strategy making a clear contribution to competitive position, combined with formal planning processes and a long-range orientation, is most effective when it co-exists with a clan oriented organizational culture. This type of culture is characterized by the use of groups and teams, little emphasis on hierarchy/authority,

high levels of loyalty, and a plant-wide shared philosophy. Clan cultures exercise control via shared values and beliefs. These researchers go on to suggest that multiple levels of decision makers should be involved in implementing manufacturing strategy and these decision makers need to pay attention to the organizational culture when considering implementation.

Kim and Mauborgne (1998) contend that trust and commitment are essential attitudes in collective knowledge building. When individuals feel that decision-making processes are fair (i.e., procedural justice is evident), they display a high degree of voluntary cooperation consisting of commitment and trust. The opposite effect is experienced when procedural justice is perceived to be absent. Three conditions are necessary for procedural justice to be evident: engagement, explanation, and clarity of expectations. An empirical link was found between compliance and procedural justice. In addition, the exercise of procedural justice in strategic decision making results in better decisions and improved implementation. Finally, procedural justice can greatly enhance strategic capability due to its focus on simultaneous strategy content and execution. A summary of implementation literature reviewed appears in Table 3.5 below.

Table 3.5 *Summary of Implementation Literature reviewed*

Author	Conclusions
Beer and Eisenstat (2004)	<ul style="list-style-type: none"> • Strategic fitness intervention. • Engage organization in conversation. • Communicate results. • Diagnose organization.
Okumus (2003)	<ul style="list-style-type: none"> • Consider multiple factors. • Strategic content, context, operational process, and outcome.
Dooley, Fryxell and Judge (2000)	<ul style="list-style-type: none"> • Decision commitment is important.
Sparrow, (2000)	<ul style="list-style-type: none"> • Intelligent unconscious is important to implementation.
Dromgoole and Mullins (2000)	<ul style="list-style-type: none"> • Paradox management using polarity mapping.
Chesley and Wenger, 1999	<ul style="list-style-type: none"> • Using balanced scorecard (Kaplan & Norton, 1996).
Gottschalk, (1999)	<ul style="list-style-type: none"> • Resources, users, analysis, environment, resistance, technology, relevance, responsibility and management all important factors in IT implementations.
Kim & Mauborgne (1998)	<ul style="list-style-type: none"> • Procedural justice is key to successful implementation. • Three factors: engagement, explanation, & clarity of expectations.
Lorange, (1998)	<ul style="list-style-type: none"> • The use of four different archetypes for implementation to be decided upon based on the context of the implementation. • Four types: pioneer, restructure, rapid expansion and dominate.

Beer and Eisenstat (1996)	<ul style="list-style-type: none"> • Three principles of the change process (CP): the CP should be systemic; the CP should encourage open discussion of barriers to implementation and the CP should develop a partnership among all relevant stakeholders. • CP must target all elements of the system including structure and system as well as skill, values and leadership.
Feurer, Chaharbaghi and Wargin (1995a)	<ul style="list-style-type: none"> • Hoshin kanri planning is very successful. • Five processes: establish a purpose, shared vision, shared plans, lead the action, evaluate results i.e., the Plan Do Check Act cycle.
Pellegrinelli and Bowman, (1994)	<ul style="list-style-type: none"> • Projects and project management should be utilized to implement strategies.
Bates, Amundson, Schroeder and Morris (1995)	<ul style="list-style-type: none"> • Study supported the importance of the alignment of a plant's strategy and its culture. • Clan culture association more successful with manufacturing strategy. • Multiple decision makers should be involved at different organizational levels. • Managers must be cognizant of their cultures.
Veliyath and Shortell, (1993)	<ul style="list-style-type: none"> • Planning implantation significantly greater in Miles and Snow's prospector typology. • Well developed planning process was important. • More involvement at all levels engenders greater commitment.
Bryson and Bromily, (1993)	<ul style="list-style-type: none"> • Context makes a difference in the choice of planning and implementation processes. • Use of communication, problem-solving and avoiding forcing to resolve major problems is important to success. • Effective planning includes the ability to think, analyze and synthesize data, communicate effectively, and engage in constructive conflict resolution strategies.
Grundy and King (1992)	<ul style="list-style-type: none"> • Strategy, structure, and culture are all important in managing strategy change. • Mission, paradigm, and leadership also important.
Floyd and Wooldridge (1992)	<ul style="list-style-type: none"> • Identified implementation gap. • Engage managers at many levels. • Understand consensus. • Structure and systems are strategy. • Consensus should be managed according to the stage of the decision. • Increase quality of strategic conversations (daily). • Align rewards, systems, and structures to enhance commitment.
Nutt, (1986)	<ul style="list-style-type: none"> • Four approaches identified: intervention, participation, persuasion, and audit. • Intervention is most successful. • Management active participation impacts success.
Sproull and Ramsay (1986)	<ul style="list-style-type: none"> • Cognitive processes of interpretation, attribution, and inference on the part of actors. • Participants are strongly influenced by their scripts. • Degree of congruence among members should be assessed. • Managers attempting new programs should arrange for positive surprises.

Overall, Hutzschenreuter and Kleindienst (2006) conclude in their recent review of the strategy process literature that, while this area is understudied, it appears that successful

implementation is contingent upon decision commitment, learning, and involvement of key persons. In addition, the review above has highlighted the additional need for widespread communication, planning, and procedural justice in decision making.

Proposition 3.3: Implementation skills are important to strategic capacity and should focus on the skills of decision commitment, learning, communication, involvement of key individuals, and procedural justice in decision making. Implementation and formulation should be considered as simultaneous activities.

Towards a more integrated and holistic view of strategy. It is widely acknowledged in the literature that the field of strategy research is extremely fragmented and there is no underlying agreement concerning the theoretical dimensions or the methodological approaches (Elfring & Volberda, 2001). Using Pfeffer's (1993) metaphor, the strategy field is "...more like a weed patch than a well-tended garden. Theories...proliferate along with measures, terms, concepts, and research paradigms" (p. 616). The debate rages. Should the fragmentation be accepted and celebrated as a sign of the early pre-paradigmatic stages of strategy research (Mahoney, 1993)? Or, should we move towards integration (Bowman & Hurry, 1993; Chakravarthy & Doz, 1992; Schoemaker, 1993) and synthesis (Elfring & Volberda, 2001)?

On the one hand, fragmentation is necessary in the early stages of any science as researchers need to describe the various frameworks and taxonomies (much like biologists). However, once the classification stage matures, the time is ripe for re-conceptualization, much as Darwin did in the field of biology or Einstein in the field of physics (Schoemaker, 2001). Elfring and Volberda (2001) contend that the field has moved well past the classification stage and is now ready for some focusing. Lowendahl and Revang (1998) argue that the field of strategic management is on the verge of a 'scientific revolution' as characterized by a proliferation of competing views, the willingness to try anything, the expression of frustration and discontent, and debates over fundamentals (Kuhn, 1996). This scientific revolution calls for new concepts, language, models, and metaphors. Even more importantly, managers need new pragmatic concepts that focus attention and guide action (Lowendahl & Revang, 1998).

To date, the field has taken a reductionist approach to understanding and researching strategy. In their book, *Strategy Safari*, Mintzberg, Ahlstrand, and Lampel (1998) utilize the fable of the blind men and the elephant to depict the state of strategy process fieldwork. Strategy formation is the elephant and each of the schools of strategy focus on only one part of the elephant to the detriment of the whole. Mintzberg et al. (1998) contends that all the individual schools make up the entire “beast” of strategy and it is necessary to understand each part in order to comprehend the whole. Mintzberg et al. state:

Each person standing at one part of the elephant can make his own limited, analytic assessment of the situation, but we do not obtain an elephant by adding “scaly”, “long and soft”, “massive and cylindrical” together in any conceivable proportion. Without the development of an over-all perspective, we remain lost in our individual investigations. Such a perspective is a province of another mode of knowledge, and cannot be achieved in the same way that individual parts are explored. It does not arise out of a linear sum of independent observations. (p. 350)

In this case, the whole of strategy research is more than the sum of its individual parts. Bohm (1980) contends that theories are mainly insights or ways of looking at the world rather than absolute true knowledge. Theories are neither true nor false, but rather “clear in certain domains, and unclear when extended beyond these domains” (p. 6). Different theories are simply different ways of looking at one reality. Bohm states:

One may indeed compare a theory to a particular view of some object. Each view gives only an appearance of the object in some aspect. The whole object is not perceived in any one view but rather, it is grasped only implicitly as that single reality which is shown in all those views. When we deeply understand that our theories also work in this way, then we will not fall into the habit of seeing reality and acting toward it as if it were constituted of separately existing fragments corresponding to how it appears in our thought and in our imagination when we take our theories to be ‘direct descriptions of reality as it is. (p. 10)

Are all of these theoretical perspectives of strategy 100% true or 100% false? No. All have something to offer to the rich tapestry of our understanding of strategy. According to Hambrick (2004), “...the big insights, the big breakthroughs may only arise if and when multiple perspectives are reconciled or integrated” (p. 93). How shall these various perspectives be oriented so as to identify gaps and create new meaning in search of a more holistic perspective? Hambrick (2004) asserts that we have no idea about the rank order or any other measure of

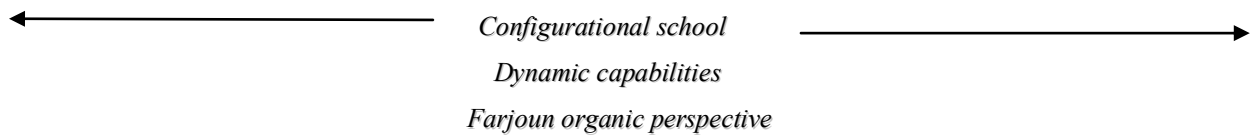
predictive strength for the multiplicity of theories in the field. A framework is needed to help organize these many approaches and connect them in a pragmatic way that respects the unique insights of each approach. According to Porter (1991), frameworks can be seen as ‘expert systems’ that help orient the questions the end user may have regarding a situation and identify the variables and their relationship to each other.

Building on Hart et al.’s (1998) and others’ work recognizing the importance of multiple modes of strategy making, Wilbur’s (1996, 2000) work on Holism and Integral Theory and the organizational effectiveness literature citing strategy, execution, culture and structure as critical elements of organizational effectiveness; the researcher of this study created a four quadrant view of important elements in organizational effectiveness and holism in Figure 3.3. If we slot each of Mintzberg et al.’s (1998) ten schools of strategy in the quadrant analysis as well as Hart et al.’s (1998) various modes of strategy making and a few other more recent streams of literature in the strategy field, a more holistic perspective can be gained. Since multiple modes of strategy making are necessary for success, strategic capacity as a multi-dimensional construct entails simultaneous consideration of some form of strategy making in each quadrant. Dynamic capabilities, Mintzberg et al.’s (1998) Configurational school and Farjoun’s organic approach to strategy appear to cover multiple quadrants as illustrated in Figure 3.3.

Carroll (2000) contends that new ideas emerge from the interplay of potentially conflicting and paradoxical theories and that, “maintaining the tension of ‘both/and’ contains the promise of a new syntheses” (p. 191). This four quadrant analysis represents a new synthesis of the strategy literature, allowing a more holistic and integrative view, and recognizing that all ‘schools of strategy’ represent an important perspective. In addition, this four quadrant analysis may be utilized to recognize where some quadrants are under-represented in the literature, such as individual emotion (affect) in strategy making. Finally, aligning activity in all four quadrants fosters comprehensiveness and strategic integration cited in the organizational effectiveness literature stream previously reviewed.

Figure 3.3. *A Holistic View of Strategy*

<p><i>People & Leadership</i> <i>How is strategy experienced?</i></p> <p>Cognitive school Microstrategizing & strategy praxis Strategic thinking Top management team</p> <p><i>Generative mode</i></p>	<p><i>Strategy & Execution</i> <i>How is strategy implemented?</i></p> <p>Strategic decision making Strategy implementation Achieving vision, mission, objectives Strategy content: positioning school</p>
<p><i>Culture</i> <i>How are strategies collectively created?</i></p> <p>Power school Cultural school Entrepreneurial school Learning school Strategic change</p> <p><i>Command mode</i> <i>Symbolic mode</i></p>	<p><i>Systems/Structure</i> <i>How is strategy distributed across systems?</i></p> <p>Boundary school Environmental school Design school Planning school</p> <p><i>Rational mode</i> <i>Transactional mode</i></p>



Extending Chaffee's (1985) work and Wilbur's integral theory (1996, 2000), a hierarchy of strategizing could be created in each quadrant representing a capability maturity model of strategy making. This extension represents a provocative possibility for future work in operationalizing the construct of strategic capacity.

Summary strategic management review. The proposed holistic view of the strategy literature can serve as the starting point for operationalizing the construct of strategic capacity. All levels of strategy should be considered simultaneously in each quadrant. Strategizing must be performed concurrently at the individual, behavioral, cultural, and process levels of the organization. In order to accomplish this, a deep understanding of each school and approach to strategizing must be developed. In addition, each quadrant must be analyzed in the context of the

organization undertaking the strategizing in order to utilize the combination of approaches most suitable to that particular organization. Furthermore, a hierarchy of various strategy approaches may be developed when considering each quadrant.

Proposition 3.4: Strategic capacity considers the interplay between all theories of strategy within four realms: individual, cultural, processual, and behavioral and attempts to adopt strategy development approaches that address each quadrant of the holistic view of strategy as described in **Figure 3.3**. This approach enables both emergent and planned strategies, as well as, the management of tensions between the many dualities of strategy.

Overview of Capacity Building

According to Wikipedia, a reference in the popular press, “Capacity building is the elements that give fluidity, flexibility, and functionality of an organization to adapt to changing needs of the population that is served” (retrieved from: http://en.wikipedia.org/wiki/Capacity_building, March, 2010). A review of the capacity building literature indicates that there are a wide range of approaches that includes various techniques such as peer-to-peer learning, facilitated interventions, training programs, and grant making programs. Overall, Backer (2001) describes three main activities: assessment (the measurement of internal needs and readiness for change), intervention (i.e., management consulting, training and technical assistance), and direct financial support (grants for infrastructure or interventions). According to a recent McKinsey research study (Wagner, 2003), organizations that experience the greatest gains in capacity are those that reassess their aspirations and strategy at the outset of capacity building initiatives. Wagner (2003) asserts that what leads to organizational capacity is not any one thing but a deliberate program to enhance capabilities at all levels of the organization including processes and structures thus, enhancing strategic capacity. While there are many techniques and models, there are few frameworks for capacity building and virtually no research on capacity building in the for-profit realm.

Carroll (2000) asserts that fundamental creative breakthroughs occur when taking practices from one area and walking them over to another to arrive at new insights. In utilizing

this concept to apply key premises of capacity building to strategy, an extension can be made from the research undertaken by Stavros (1998) and Stavros, Seiling, and Castelli (2007).

Stavros (1998) developed a conceptual framework for building organizational capacity in the non-profit sector which is potentially useful to the for-profit sector as a starting point for building strategic capacity. Stavros conceives capacity building as a dynamic, socially constructed process involving individual engagement and sensemaking. Furthermore, the framework represents the embedded institutionalization of capacity building in the every day practices of an organization. To date, no other framework has been articulated in the capacity building literature (Stavros, Seiling & Castelli, 2007) and, as such, this represents the most comprehensive approach to date in developing “multi-faceted” organizational capacity (Stavros, 1998; Stavros et al., 2007).

This “Relational Capacity Building Framework” (Stavros, 1998) as depicted in Figure 3.4 was derived from over 100 field interviews and a meta-ethnography of six published case studies in the area of organizational capacity in non-profit organizations. Its foundation consists of four central propositions:

1. Capacity building is a multi-faceted process occurring at all levels of an organization’s environment including the organization, its constituents, and the greater global context.
2. At its core, capacity building is relational.
3. Capacity building involves organizational learning where action and learning occur simultaneously.
4. Appreciative Inquiry (Cooperrider, 1986) builds organizational capacity.

To date, only one article has been published regarding this framework (Stavros, Seiling & Castelli, 2007) and its central constructs have yet to be operationalized and empirically tested.

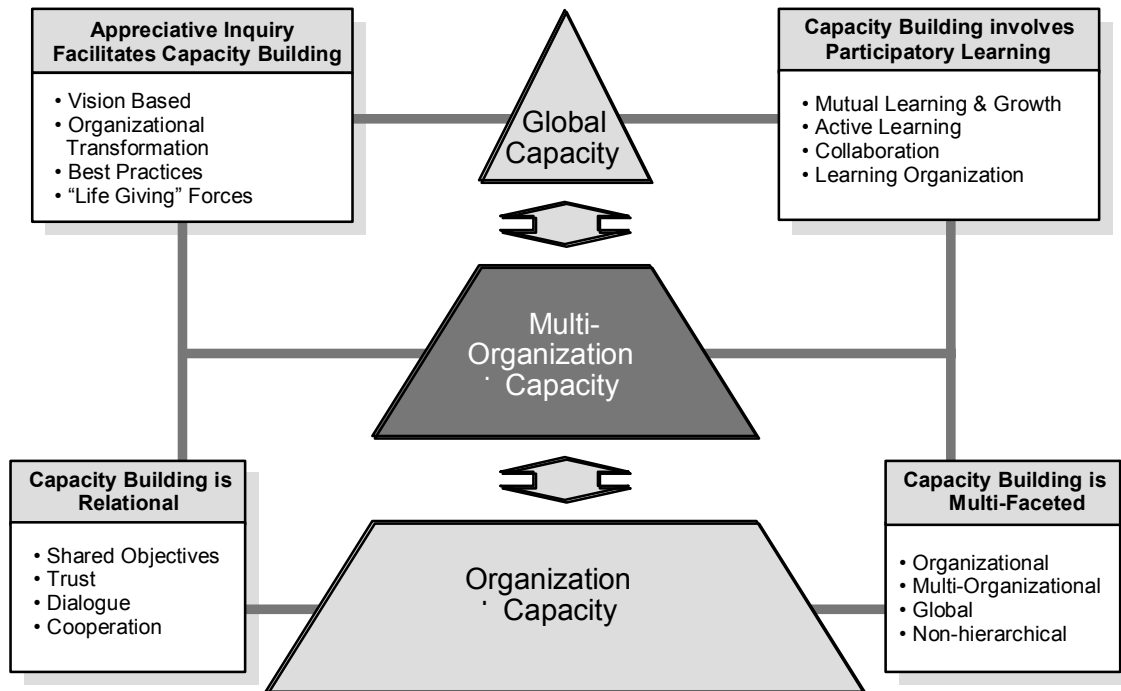
However, these propositions gain support from the literature reviewed in this dissertation (both previously and in the following text) in the domains of organizational effectiveness, strategy, organizational learning, and POS as follows:

1. Organizational effectiveness is a multi-faceted concept involving learning as one of many key elements.
2. Capacity building creates dynamism identified as a key gap in the strategy literature.
3. Relationships are critical to organizational learning and competitive advantage.
4. Learning organizations must exhibit a widely distributed capacity for learning at all levels among the various “communities” both internal and external to the organization. Constructing a shared

future and underpinning this with a culture of collaboration, empowerment and inclusion are critical factors to this capability.

5. Appreciative Inquiry and positivity foster generativity and thus builds strategic capacity.

Figure 3.4. *A Relational Framework of Capacity Building*



Note: From Stavros, (1998). *Capacity Building Using a Positive Approach to Accelerate change*, unpublished dissertation, Case Western Reserve University. (Republished by permission of the author).

Relationship building. Relationships are critical in the non-profit sector. Organizations in the for-profit sector are social communities of knowledge systems (Kogut & Zander, 1992; Zander & Kogut, 1995) where social capital is critical to knowledge creation and intellectual capital (Nahapiet & Goshal, 1998). Social capital can be defined as, “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet & Goshal, 1998, p. 243). Organizations with a large degree of social capital exhibit high levels of interdependent interactions, both within and outside their boundaries. Nahapiet and Goshal (1998) contend that the co-evolution of social capital and intellectual capital leads to competitive advantage.

Relationships are primary to social capital, thus, we may theorize that relationships are a source of competitive advantage in the for-profit sector.

In addition, Carmeli, Brueller, and Dutton (2009) found in a survey of 235 respondents that high quality interpersonal relationships foster organizational learning. Karakas (2009) asserts that creating high quality relationships involves seven key practices which can be construed as critical to relational capacity:

1. Deep caring, concern, love and compassion for individuals in the organization.
2. Using art and storytelling to convey compelling messages and for individual expression.
3. Fostering the positive traits of hope, faith, self-discovery, reflection and optimism.
4. Enabling the dreams of employees.
5. Emotional and spiritual engagement and connection.
6. Engaging employees' minds, bodies and spirits.
7. Connecting employees' analytical, creative, reflective, artistic and spiritual selves to enable their highest potentiality.

Appreciative Inquiry (AI). Identified by Stavros (1998) as a key element in building capacity, Appreciative Inquiry (Cooperrider & Srivastva, 1987) is one of the more recent significant movements in the organization development arena (Karakas, 2009). Used as a tool in many widespread applications in both the for-profit and non-profit realms, including such applications as culture change, organizational design, community and leadership development, and conflict resolution among others, AI focuses on building upon an organization's strengths in order to create exceptional performance (Barrett & Fry, 2005a, 2005b). AI creates new questions leading to compelling metaphors, stories, and generative conversations that allow individuals and organizations to reframe situations enabling new possibilities. AI builds cooperative capacity (Barrett & Fry, 2005a, 2005b). This capacity represents a critical component of strategy implementation. Barrett and Fry (2005a, 2005b) contend that, "AI is inherently about creating learning relationships that are generative" (p. 95). Table 3.6 outlines key characteristics of this approach.

Table 3.6 *Key Characteristics of Appreciative Inquiry*

Characteristic	Description
<i>Strength based</i>	Assumes every organization already has strengths deliberately initiating a search for best practices, dreams, metaphors, and aspirations that bring out the organization's vitality and create potency for "what gives life?" Using a strength-based approach accelerates learning and increases innovation.
<i>Artful search</i>	Utilizing the "art of appreciation" to discover what gives life to an organization primarily through interviewing and storytelling to discover the best of "what is" and provide a basis for imagining "what could be". Positive images create positive futures and organizational members are drawn towards cooperating to achieve these visions. AI uses the 4D cycle of: <i>Discovery, Dream, Design</i> and <i>Destiny</i> to accomplish this objective.
<i>Collaborative</i>	Involves multiple people at all levels of an organization conversing together to discover peak experiences, exceptional moments, or intriguing opportunities.
<i>Inclusive</i>	Invites a wide circle of voices to create forums for discovering the best of the organization and what might be. All stakeholder voices come together to co-imagine, co-discover, co-create, and implement positive change cooperatively.
<i>Generative</i>	Generates new words, images, and metaphors for the organization's best possible future creating energy for cooperative implementation and a positive spiral of new ideas generating new possibilities and strengthening relationships.

Note. Adapted from Barrett, F. and Fry, R. (2005a). *Appreciative Inquiry. A Positive Approach to Building Cooperative Capacity*, Chagrin Falls, Ohio: Taos Institute Publications, pp. 25-27.

To date, there has been little published empirical research beyond case studies of AI, with two notable exceptions. Bushe and Kassam (2005) performed a metacase analysis of published AI cases and discovered that 35% showed transformative outcomes. These outcomes were related to: (1) changing how people think instead of what they do in order to create new generative metaphors, and (2) supporting self-organizing, improvisational activities in support of implementing new ideas generated from the AI intervention(s). Jones (1998) performed a field experiment in the restaurant business utilizing AI as an intervention to improve manager level retention. The findings were significantly positive for the AI test group which had a 30% higher retention rate than the other control groups.

The above discussion has identified support for the notion of adopting the *Relational Capacity Building Framework* as a fundamental tool in building strategic capacity and represents

a provocative extension of this work to the for-profit sector. Typically, this sector is characterized as using an individualistic, competitive approach to strategy. This framework can serve to refocus attention of for-profit organizations on the elements of the organization as it interacts with its suppliers and customers and the greater global industry in building collective capacity.

In addition to relationships and AI, learning is an important facet of this model which is further explored as a for-profit application in this theoretical development of strategic capacity. Finally, key relational attributes such as a shared vision and mission, trust, dialogue, and cooperation are cited as critical components of building organizational capacity. Many of these elements are supported by the research on organizational effectiveness cited previously and, as such, this literature stream's results represent additional important support for the Relational Capacity Building Framework.

Summary overview of capacity building. The Relational Capacity Building Framework is the most current, comprehensive framework for dynamically building organizational capacity (Stavros et al., 2007) in the capacity building literature and can be utilized as a starting point in creating a framework for building strategic capacity. Strategic capacity represents an important extension of Stavros et al. (2007) work to the for-profit sector. Many elements of the framework such as learning, Appreciative Inquiry, and relational factors, such as trust, shared objectives, cooperation, and dialogue, are supported by various streams of literature in the for-profit sector. These streams of literature include such topics as the learning organization, positive organizational scholarship, strategy as praxis, the learning school of strategy, strategy as discourse, procedural justice, and organization effectiveness. These streams of literature represent important support for this extension to the for-profit world.

Proposition 3.5: The Relational Capacity Building Framework (Stavros, 1998) can inform strategic capacity and how to build it. This framework describes the fundamental characteristics of capacity building which constitute its essence. Key tenants of this framework as applied to strategic capacity are:

- Strategic capacity involves participatory learning

- Strategic capacity building is multi-faceted at all levels from organizational through multi-organizational and the grater global environment
- Strategic capacity building includes relational aspects such as: trust, dialogue, cooperation, and shared objectives
- Appreciative Inquiry facilitates strategic capacity building

Organizational Learning and the Learning Organization

Senge (1990) first popularized the learning organization in his foundational book, *The Fifth Discipline: The Art and Practice of Learning Organization*. Senge (1990) defines a learning organization as “an organization that is continually expanding its capacity to create its future” (p. 14). There is a subtle distinction between “organizational learning” and “the learning organization.” Both are process oriented, however, organizational learning is focused on theory of how organizations learn independent of individuals, while “learning organization” is situated in the realm of practice—specifically focused on how organizations can become more adaptive (Edmondson & Moingeon, 1998).

Organizational learning is a dynamic process occurring over time and across organizational levels and boundaries (Crossan, Lane, & White., 1999). This topic has been studied extensively over the past thirty years (Azmi, 2008), but only during the past ten years, has it come to the forefront as a critical element in achieving competitive advantage. Table 3.7 illustrates the dominant perspectives of this stream of research in each era.

Table 3.7 *Dominant Perspectives in Organizational Learning*

Era	Perspective
Pre-1980	<ul style="list-style-type: none"> • Learning results from changes in procedures, rules, and routines. • Learning curves. • Interpretative processes are a form of learning.
1980-89	<ul style="list-style-type: none"> • Organizational learning = sum of individual learning. • Learning is a systematic change in the mental models and cognition of organizational members.
1990-94	<ul style="list-style-type: none"> • Organizational learning is essential in achieving a sustainable competitive advantage. • Effective organizations learn.

	<ul style="list-style-type: none"> • Shared vision leads to organizational learning.
1995-99	<ul style="list-style-type: none"> • Learning must be considered holistically and recognized as a self-organizing phenomenon. • Learning is essential to organizational sustainability.
Post-2000	<ul style="list-style-type: none"> • Group learning is superior to individual learning. • Learning is vital to organizational success. • Learning should be viewed through a dynamic systems lens.

Note: From Azmi, F. (2008). Organizational learning: crafting a strategic framework. *The Icfai University Journal of Business Strategy*, 2, p. 60.

Organizational learning has been studied at both the individual (mental models, cognition) and organizational (routines, interpretative processes) levels with the organization being the primary unit of analysis. Edmonson and Moingeon (1998) created a typology of the literature based on unit of analysis (individual vs. organizational) and research goal (descriptive vs. intervention). Their typology classifies the research into four quadrants of which the learning organization is a subset:

1. Organizations as “residues of past learning” (p. 7).
2. Organizations as “collections of individuals” (p. 9) in a learning community.
3. Organizational improvement (intervention) through “intelligent activity of individual members” (p. 9).
4. Organizational improvement (intervention) through “developing individual mental models” (p. 10).

While a great deal of attention has been paid in the literature to defining organizational learning, there is a gap in understanding how organizations might learn and the process involved in organizational learning (Jones, 2001). Abstract thinking and action research are key facets of the literature with links to management practice being ill defined (Scarbrough & Swan, 2003).

In their quantitative review of the learning organizations literature to define the primary discourse of learning organizations theory, Scarbrough and Swan (2003) noted the dominance of Senge’s (1990) work which is based on five disciplines for achieving a learning organization: personal mastery, mental models, shared vision, team learning, and systems thinking. This seminal work forms the basis for the intellectual foundation of the literature. Overall, the

learning organization literature takes a constructivist perspective of knowledge. Constructionists argue that knowledge is socially constructed through collaboration and dialogue (Plaskoff, 2003), and knowledge is considered to be embedded in an organization's culture via artifacts, patterns of behavior, routines, and language. This knowledge is situated in practice (Lave & Wenger, 1991), contextual, and recursive between individual action and thinking.

From their review of the learning organization literature, Scarbrough and Swan (2003) identified the main theme of, "creating the conditions in which individual and collective creativity may flourish with the management of people—that is their values, attitudes, collective beliefs, languages and discourses being at the core...." (p. 502). This theme is approached via culture change. Additional important elements identified are visioning, leadership, and the management of meaning via symbol and other artifacts (Scarbrough & Swan, 2003). These elements are supported by training and development of human resources and creating a culture of empowerment, inclusion, and collaboration. Scarbrough and Swan (2003) contend from their review of the learning organization literature that this discourse has been devolved through a "management fashion setting" colonization process which has enabled organizations to adopt a "suitably simple, yet ambiguous package of concepts and tools" (p. 510).

Tsang (1997) highlights a dichotomy between descriptive and prescriptive research on organizational learning and the learning organization. The descriptive research is focused on how organizations *actually* learn while prescriptive research is focused on how organizations *should* learn (i.e., a best practices approach). It follows that if organizational learning can be defined, organizations that show a proficiency in this capability can become learning organizations. The prescriptive approach has been criticized for its lack of empirical support while the descriptive approach has not yet identified best practice leading to high performance. Senge's seminal work clearly falls into the prescriptive category in that abstract terms may not be generalized to 'one best way' for all organizations or clearly operationalized (Tsang, 1997) for management practice.

Tsang (1997) points out there has been a paucity of descriptive research on how organizations learn and the existing literature is fragmented and non-cumulative. In addition, the field lacks an overarching framework that embodies a unified theory of how organizations learn. This is further substantiated by Crossan, Lane, and White (1999) who contend that no general theory of organizational theory exists and Lahteenmaki, Toivonen and Matila (2001) assert that little testing has been done to validate the theories developed so far. Sun and Scott (2003) reconfirm this prescriptive/descriptive divide is alive and well and maintain a theoretical framework linking these two streams needs to be developed. Tsang (1997) recommends three approaches to address this dichotomy: (1) formulate prescriptions from descriptive studies, (2) find evidence to support prescriptive claims, and (3) develop action research to study the outcomes of implementing the prescriptions. This review starts with a few important descriptive studies to postulate some areas of interest in developing a framework for the construct of strategic capacity.

An important concept that has gained popularity within the organizational learning literature is *communities of practice* (COP). First articulated by Lave and Wenger (1991) and extended by Brown and Duguid (1991, 1998), Wenger (1998), and Wenger and Snyder (2000), COP are self-organizing, informal groups of people with combined expertise working together with a common fervor for a joint undertaking (Wenger & Snyder, 2000). COP can be used in a wide variety of organizational situations (Roberts, 2006). Wenger (1998), who has studied this phenomenon intensively, contends that organizations can be construed as a constellation of various COP, however, the boundaries of COP can extend beyond the organization to the global community (Roberts, 2006). Research on COP has focused on the social-interactive dimensions of situated learning (Roberts, 2006). Wenger and Snyder (2000) contend that communities of practice help drive strategy and represent the core engine of organizational learning. COP are self-renewing suggesting that, “As they generate knowledge, they reinforce and renew themselves” (Wenger & Snyder, 2000, p. 143).

In order to cultivate such communities, managers are advised to design organizations to nourish COP and to support their interconnections (Brown & Duguid, 1991; Wenger & Snyder, 2000), provide enabling technology to communicate COP knowledge throughout the organization (Brown & Duguid, 1991), understand the power relations between COPs within the organization (Brown & Duguid, 1991; Roberts, 2006), develop a process to identify and create potential communities (Wenger & Snyder 2000), establish an environment of trust (Roberts, 2006), understand the path dependent variables that limit change within a COP (Roberts, 2006), and circulate stories in order to measure value (Brown & Duguid, 1991; Wenger & Snyder, 2000).

The notion of COP has come into question lately regarding its application by organizations in highly dynamic and changing situations (Roberts, 2006; Lindkvist, 2005). COP require trust and mutual understanding, all of which take time to form. Dynamic environments call for temporary teams of highly specialized expertise with short timelines to accomplish joint goals, making it difficult to create a shared understanding in these circumstances. Lindkvist (2005, p. 1190) calls these groups “collectivity-of-practice” (CIP). A key distinction is the term ‘community’ vs. ‘collective.’ While communities derive knowledge from socialized activities resulting in shared repertoires (Wenger, 1998), a collective operates in a problem-solving mode based on individual expertise and a widely distributed knowledge base (Lindkvist, 2005). Lindkvist suggests that CIP is a second type of group within organizations that can be construed as a *constellation* of COP and CIPs. As yet, there has been no further research to extend this construct.

Recent organizational learning frameworks. Crossan, Lane, and White (1999) created a framework for organizational learning based upon the perspective of strategic renewal. This dynamic framework is based upon four assumptions:

- 1) Organizational learning involves managing the tension of exploration (learning) and exploitation (using what is learned).
- 2) Organizational learning involves the individual, group and organization.
- 3) Four processes link these levels of learning: intuiting, interpreting, integrating, and institutionalizing (4-I process).

- 4) Cognition affects action (and vice versa).

This dynamic framework embodies a ‘feed forward’ flow mechanism from individual learning (exploration) to organizational institutionalizing and a ‘feedback’ flow mechanism from institutionalized organizational knowledge (exploitation) back to the individual. This flow of learning goes through the 4-I process defined above. Table 3.8 illustrates key aspects of the framework.

Table 3.8 *Organizational Learning/Renewal Framework*

Level	4I Process	Inputs/Outcomes
Individual	<i>Intuiting</i>	Experiences Images Metaphors
Individual and group	<i>Interpreting</i>	Language Cognitive map Conversations/dialogue
Group and organization	<i>Integrating</i>	Shared understandings Mutual adjustment Interactive systems
Organization	<i>Institutionalizing</i>	Routines Diagnostic systems Rules and procedures

Note. From Crossan, M., Lane, H. and White, R. (1999). An organizational learning framework: from intuition to institution. *Academy of Management Review*, 24(3), p. 525.

Bontis, Crossan, and Hulland (2002) extended this framework to consider the stocks of knowledge at each level and the flows of this knowledge in the feed-forward and feed-back loops. Their quantitative research with 32 mutual fund companies, showed a positive relationship between stocks of information at each level and organizational performance. In addition, the misalignment of stocks and flows in the overall system was negatively associated with performance. This suggests that organizations need to pay attention to learning at the organizational level making sure they don’t over-invest in individual *stocks* of knowledge and under-invest in mechanisms that promote the *flow* of this knowledge to the organizational level.

Lahteenmaki, Toivonen, and Mattila (2001) derived a dynamic model of organizational learning from their review of the literature, empirical testing, and the application of change management research to organizational learning. Their model utilizes three steps to promote a learning organization: (1) building the ability to learn, (2) collaborative setting of missions and strategies, and (3) building the future together. Each step has individual indicators which were used to develop a model for testing an organization to determine at which stage they might be in the process and the extent of organizational learning. Each step and its corresponding individual indicators appear in Table 3.9 below.

Table 3.9 *Dynamic Organizational Learning Model*

<p>Step 1: Building the ability to learn.</p> <ul style="list-style-type: none"> • Open minded and positive attitude towards risk taking. • Learning by mistakes. • Open communication. • Willingness to develop oneself. • Challenging and meaningful work. • Preconditions for taking initiatives. • Encouraging activeness in ones work. • Minimal distress of personnel.
<p>Step 2: Collaborative setting of missions and strategies.</p> <ul style="list-style-type: none"> • Commitment to change purpose and process. • Awareness of business objectives. • Commitment to objectives. • Active participation in decision making.
<p>Step 3: Building the future together.</p> <ul style="list-style-type: none"> • Ability/opportunity to cooperate and collaborate. • Effective and efficient decision making. • Fluent and efficient information flow. • Ability/opportunity to use teamwork. • Business oriented operational culture. • Efficient strategic planning. • Fluent work process.

- Personal commitment to self-development.
- Management support of personal development.

Note. From Lahteenmaki, S., Toivonen, J. and Mattila, M. (2001). Critical aspects of organizational learning research and proposals for its measurement. *British Journal of Management*, 12, p. 125.

Organizational learning and strategy. Recently, the construct of a “learning or knowledge strategy” has developed. Vera and Crossan (2003) propose that organizational performance will be favorably impacted when its learning strategy and business strategy are co-aligned. According to Bierly and Chakrabarti (1996), “the management of knowledge can be considered the preeminent dynamic capability of the firm and the principle driver of all other competencies and capabilities” (p. 123). They construe knowledge strategies as the explicit or implicit strategic choices that organizations make regarding the trade offs between, external and internal learning, radical vs. incremental learning, breadth vs. depth of their knowledge base, and the desired speed of learning (i.e., fast or slow).

In their quantitative study of the U.S. Pharmaceutical industry, Bierly and Chakrabarti (1996) identified four (implicit or explicit) generic knowledge strategies as follows: Innovator, Exploiter, Explorer, and Loner. All of these generic styles represent different configurations of the trade-offs described above. More recently, Zack (1999) extended this work to describe a framework for creating a knowledge strategy based on SWOT which aligns an organization’s knowledge assets and capabilities with their business strategy and creates a plan to address the gaps.

Kenny (2006) created a maturity model for strategy formulation which connects the learning organization and strategy streams of literature. Senge (1990) identified three forms of organizational learning cultures: generative (or “learning that enhances our capacity to create” (p. 14)), adaptive, and incremental. Kemmis and McTaggart (2000) identified three styles of individual learning: technical, practical, and critical. Lahteenmaki et al. (2001) identifies these models as the most prominent in organizational learning research. Kenny (2006) contends that

these levels of organizational and individual learning correspond to Chaffee's (1985) hierarchy of strategy models and makes a connection to form a maturity model framework of strategy formulation as identified in Table 3.10.

Table 3.10 *Kenny's Maturity Model of Strategy Formulation*

Uncertainty Level	Chaffee's Hierarchy of Strategy Models	Senge's Learning Cultures	Kemmis & McTaggart's Individual Learning
Low (well understood)	Linear strategy: decisions and plans.	Incremental: improvement and efficiency.	Technical: efficiency and incremental improvement. Single loop learning.
Medium (decision to implement is made)	Adaptive strategy: achieving a match between the environment and organization capabilities.	Adaptive: adapt existing practices.	Practical: acknowledges multiple perspectives. Double loop learning.
High (poorly understood)	Interpretive strategy: orienting metaphors.	Generative: renewal and research.	Critical: question the status quo. Triple loop learning.

Note. Adapted from Kenny, J. (2006). Strategy and the learning organization: a maturity model for the formation of strategy. *The Learning Organization*, 13(4), pp. 353-368.

Kenny (2006) argues that all three approaches must show holistic alignment across the strategy, culture, and individual learning realms in order to promote effective organizational learning and strategy formulation. Initially, a generative learning culture underpins this framework. Managers must consciously choose an approach depending upon the strategic circumstances. A high degree of uncertainty corresponds with the interpretive/generative/critical approach. This approach may be adopted when a strategic situation first presents itself. As organizations learn more about a situation, the strategy matures enough to make a decision regarding implementation, moving the approach to the adaptive realm. Once implemented, the strategy becomes a normal part of operations, moving into the linear realm. Kenny's (2006) framework has yet to be empirically tested.

Along the same lines, Barrett and Peterson (2000) contend that the only enduring advantage in our postindustrial society is to create a culture that embodies learning, renewal and innovation. This type of "appreciative learning culture" requires ongoing *generative learning* which Barrett and Peterson (2000) define as "an ability to see radical possibilities beyond the

boundaries of problems as they present themselves in conventional terms” (p. 11). Key competencies identified in order to create an appreciative learning culture are: an affirmative focus on what is going well in an organization, expansive thinking leading to provocative commitments, feedback on progress towards goals, and cross organizational collaboration through forums of ongoing dialogue.

Future research. In their review of progress in the organizational learning research stream, Miner and Mezias (1996) identify the need for more systematic empirical research with emphasis on longitudinal studies. They contend that new research tools such as learning models, qualitative research, simulation, and better linkages between prescriptive and descriptive research, can supplement traditional organizational learning research. Lyles and Easterby-Smith (2003) reconfirm that empirical research is still a vital necessity for developing better methods of measurement and research designs for organizational learning and its impact on performance. Other areas of future research identified by Lyles and Easterby-Smith (2003) include: socio-political aspects of cognition, knowledge creation and transfer, learning capabilities, organizational unlearning and innovation, organizational learning across boundaries, and specific contexts of organizational learning.

Summary organizational learning and the learning organization. The organizational learning research stream supports many aspects of Stavros’ Relational Capacity Building Framework, as a result, they seem to be mutually reinforcing. In addition, knowledge management is considered to be a preeminent dynamic capability (Bierly & Chakrabarti, 1996), thus, creating a learning organization is a critical component of strategic capacity. Organizations must pay conscious attention to creating the conditions for a learning organization through creation and alignment of their learning strategy with their business strategy. Learning occurs in everyday praxis among communities and collectivities both within and outside the boundaries of an organization. Both stocks and flows of knowledge are important to consider in the organizational learning process as well as the management of meaning through language,

artifacts, and symbols. A critical element in fostering a learning organization is building a shared future. All of this must be underpinned by a culture of collaboration, empowerment, and inclusion.

Proposition 3.6: Learning organizations must exhibit a widely distributed capacity for learning. Strategic capacity requires mindful attention to the creation of a learning strategy to foster individual, group, organizational, and inter-organizational learning among the various “communities” and “collectivities” both internal and external to an organization. Constructing a shared future and underpinning this with a culture of collaboration, empowerment, and inclusion are critical factors to this endeavor.

Spirals of Efficacy: Positive Organizational Scholarship

Positive organizational scholarship (POS) is the study of how organizations ‘flourish.’ The goal of POS is to “identify the dynamics leading to exceptional individual and organizational performance” (Cameron & Caza, 2004, p. 1). The focus of POS is on positive deviance, i.e., extraordinary outcomes, and the underlying generative processes that produce these outcomes, leading to an organizations highest potential (Quinn & Quinn, 2002). First established in 2001, POS represents a new area of research that includes the arena of Positive Organizational Behavior (POB), and has its early roots in appreciative inquiry and positive psychology. POB is “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement in today’s workplace” (Luthans, 2002, p. 59). Cameron, Dutton and Quinn (2003) summarize four key themes in the POS literature which lead to new ways of looking at organizations and their performance:

- 1) Institutionalized virtuousness leads to individual, organizational and society advantages.
- 2) A focus on strengths is more effective than problem-solving in attempting to achieve individual and organizational change.
- 3) Positive emotions, energy and human connections lead to positive spirals of efficacy.
- 4) Organizations can enable the achievement of positive deviance or they can inhibit it primarily through the creation and management of meaning.

To date affirmative studies have been overwhelmed in the literature by deficit-focused traditional approaches (Walsh, 1999) and it is the goal of POS to redress this imbalance.

Focusing on the positive can open up new approaches to organizing (Caza & Caza, 2008; Roberts, 2006). According to Roberts (2006), “A great deal of research is oriented toward identifying the mechanisms that prevent organizations from reaching optimal functioning, rather than highlighting those that push beyond” (p. 294). To date, there has been very little empirical research in the area of POS as most studies have been focused on conceptual development and definitions (Cameron & Caza, 2004). The field is still quite young and fragmented, representing a multiplicity of various methods and epistemologies geared towards better understanding the ‘life giving dynamics’ within organizations (Roberts, 2006). As such, there are many areas of future research.

POS and performance. According to Fredrickson (2009), positivity as characterized by joy, gratitude, serenity, interest, hope, pride, amusement, inspiration, awe, and love broadens creative potential, builds resources, and transforms individuals and organizations. Positivity has been empirically linked with higher performance. Losada and Heaphy (2004) in their quantitative study of high performing teams found a 5:1 ratio in positivity to negativity in team interactions for high performing teams. This finding is further substantiated by Frederickson and Losada (2005), who found a 3:1 ratio of positive to negative experience and emotions in highly functioning teams.

Cameron, Dutton and Quinn (2003) and Cameron, Caza, and Bright (2008), empirically studied the effects of virtuous organizations (i.e., they demonstrate a high degree of forgiveness, integrity, optimism, compassion, and trust) in the case of downsizing in numerous settings and found that virtuous characteristics are positively related to performance. Virtuous characteristics create an amplifying and buffering self-reinforcing phenomenon leading to a positive spiral of virtuousness (Cameron et al., 2008, 2003; Fredrickson, 2009) and collective efficacy (Lindsley, Brass and Thomas, 1995). Collective efficacy can be defined as an organization’s belief that it can successfully perform a specific task (Lindsley et al., 1995). This amplifying and buffering

effect can be attributed to: positive emotions, the development of social capital, pro-social behavior, and the creation of resiliency (Cameron et al., 2008).

POS and strategy. To date a paucity of empirical studies exist that link POS and strategy, however, organizational resilience and humanistic practices have been linked with dynamic capabilities. In their case study research, Wooten and Crane (2004) found that a humanistic work ideology leads to dynamic capabilities. Humanistic practices encompass relationships, compassion, and virtuous actions (Wooten & Crane, 2004). Dynamic capabilities require positive adaptability that arises from organizational resilience which is anchored by processes that support an organization's overall competence *as well as* its growth. In other words, organizational resilience represents the ability to manage the trade-off between building an organization's overall competence and fostering its growth (Sutcliffe & Vogus, 2003).

In particular, competencies such as mindfulness, the ability to recombine resources in dynamic ways, and learning have been linked with resiliency. All of these activities lead to an extended range of action which increases collective efficacy (Sutcliffe & Vogus, 2003). Table 3.11 summarizes the key antecedents to managing the competence/growth trade off from their review of the literature. To date no empirical research has been undertaken to extend this construct.

Table 3.11 *Antecedents of Resilience in Managing the Tradeoff between Competence and Growth*

Level	Build overall competence	Foster Growth and Efficacy
Individual	<ul style="list-style-type: none"> • Increase human, social, and material resources available. • Build specific knowledge through training and other experiences. 	<ul style="list-style-type: none"> • Create structures that enable individuals to exercise judgment, discretion, and making mistakes. • Put people in roles where they are set up for success.
Group	<ul style="list-style-type: none"> • Flexible structures and respectful interaction. • Members with broad repertoires and experiences. 	<ul style="list-style-type: none"> • Foster structures for learning and skill-building. Reinforce a learning orientation. • Leadership that fosters a belief in a group's conjoint capabilities.
Organization	<ul style="list-style-type: none"> • Foster improvisation and 	<ul style="list-style-type: none"> • Foster structures that allow groups to

	recombination. <ul style="list-style-type: none"> • Develop and maintain conceptual slack. 	flexibly rearrange and transfer experience and resources (i.e., ad hoc problem-solving networks, social capital). <ul style="list-style-type: none"> • Enhance capabilities to quickly process feedback.
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Note: From Sutcliffe and Vogus (2003). Organizing for resilience from Cameron, K., Dutton, J. and Quinn, R. (2003). *Positive Organizational Scholarship*. San Francisco, CA; Berrett-Koehler, p. 106.

POS and capacity building. The antecedents for building resilience above link to capacity building in that capacity is built for improving overall organizational competency and for increasing efficacy in introducing the growth of new capabilities. Again, there appears to be very little research linking capacity building and POS specifically. Feldman and Khademian (2003) studied the city of Grand Rapids, Michigan, in their development of a master plan which was the first in four decades. This case study resulted in a model of cascading vitality which links individual employee empowerment to community empowerment and vitality through inclusive processes. Feldman and Khademian (2003) view this model as a system of energy. In their model, increasing individual vitality (defined as “the capacity to grow, flex, and develop” p. 344) resulted in a cascading spiral of increasing organizational capacity and community engagement and vitality.

Improving individual capacity, ultimately leading to increased organizational capacity, is a key theme of POS literature. Spreitzer, Lam, and Fritz (2009) and Spreitzer et al. (2005) have extensively studied human thriving at work and contend that employee thriving and engagement are both necessary for higher employee performance and customer loyalty, leading to greater organizational performance. Employee engagement involves vigor, dedication, and absorption, while thriving is the joint experience of learning and vitality. Engagement is more present focused, while thriving affects future oriented outcomes. Spreitzer et al. (2009) contend that enhanced sensemaking, including mindful operating and the development of behavioral repertoires, act as mechanisms to foster these outcomes. Thriving is socially embedded and individual agentic work behaviors, such as individual task focus, exploration, and heedful

relating, along with organizational characteristics, such as decision making discretion, broad information sharing, and a climate of trust and respect, all act as enablers of this phenomenon (Spreitzer et al., 2005). A gap exists in the literature that makes the connection between individual and organizational thriving (Cameron et al., 2003).

Framework for extraordinary performance. How does extraordinary performance occur and what frameworks are available to explain it? In their remarkable case study, Cameron and Lavine (2006) explored the extraordinary success achieved in the clean up and closure of the Rocky Flats nuclear weapon production facility, which was termed by the media as the “most dangerous buildings in America” (p. 2). Four basic enablers were found for this success, which Cameron and Lavine (2006) called “an abundance approach to change” as they describe:

An abundance approach to change....refers to the striving for positive deviance, pursuing the best of the human condition, and working to fulfill the highest potential of organizations and individuals. An abundance approach focuses on resilience, flourishing, and vitality rather than mere goal achievement....An abundance approach stands in contrast to a problem-solving or a deficit based approach to change. Rather than being consumed by difficulties and obstacles, an abundance approach is consumed by strengths and human flourishing. Rather than an exclusive focus on problem-solving, an abundance approach pursues possibility finding. Rather than addressing change that is motivated by challenges, crises, or threats...the abundance approach addresses affirmative possibilities, potentialities, and elevating processes and outcomes. (p. 6)

Table 3.12 compares the abundance approach with traditional problem-solving.

Table 3.12 *Problem-Solving vs. Abundance Approach*

Problem-Solving Approach	Abundance Approach
<ul style="list-style-type: none"> • Identify problems and challenges. • Generative alternative solutions based on root cause analysis. • Evaluate and select the most optimal alternative. • Implement the solution and follow up. • Basic assumption: our job is to overcome problems and challenges. 	<ul style="list-style-type: none"> • Describe peak experiences. • Identify enablers of the highest past performance. • Identify what could be continued and replicated in the future. • Design interventions that create an ideal future with extraordinary performance. • Basic assumption: our job is to embrace and enable our highest potential.

Note: From Cameron, K. and Lavine, M. (2006). *Making the Impossible Possible. Leading Extraordinary Performance. The Rocky Flats Story*. San Francisco, CA: Berrett-Koehler, p. 29.

The four themes identified by Cameron and Lavine (2006) are embedded in their ‘Competing Values Framework’ representing the dualities of: fostering innovation vs. seeking stability, and developing relationships/human capital vs. managing power/politics. Cameron and Lavine (2006) attribute Rocky Flat’s extraordinary success to placing an integrated emphasis on *each* of the four quadrants of their framework. Table 3.13 illustrates this framework and applicable enablers. Cameron and Lavine (2006) conclude that, “The successful leadership of extraordinary change requires the pursuit of simultaneously conflicting strategies” (p. 99).

Table 3.13 *Competing Values Framework*

<p>High Flexibility, Efficient Internal processes</p> <p>Theme: supportive interpersonal relationships, developing human capital, openness, and nurturing a collaborative culture.</p> <p>Key Enablers: culture change, collaboration, trust, human capital, and social relationships.</p>	<p>High Flexibility, High External Positioning</p> <p>Theme: innovation, risk taking, visionary thinking, and symbolic leadership.</p> <p>Key enablers: shared vision, symbolic leadership, innovation, creativity, and meaningful work.</p>
<p>High Stability/Control, High Internal Efficiency</p> <p>Theme: maintaining stability, controlling processes, objectives, and financial discipline.</p> <p>Key enablers: clear goals, new contacts, detailed planning with key measurements and milestones, stable funding.</p>	<p>High Stability/Control, High External Positioning</p> <p>Theme: power and politics, pressure to perform, striving for wealth, and external stakeholders.</p> <p>Key enablers: external stakeholder connections, positive external political strategies, bold action, pressure to succeed, and incentives to perform.</p>

Note. Adapted from Cameron, K. and Lavine, M. (2006). *Making the Impossible Possible. Leading Extraordinary Performance. The Rocky Flats Story*. San Francisco, CA; Berrett-Koehler, p. 98.

Finally, Cameron and Lavine, (2006) compare and contrast conventional leadership principles with abundance principles as summarized in Table 3.14 below:

Table 3.14 *Comparison of Conventional Leadership Principles with the Abundance Principles.*

Conventional Principles	Abundance Principles
<ul style="list-style-type: none"> • Problem-solving and deficit gaps. • A single, heroic, leader. • One leader from beginning to end 	<ul style="list-style-type: none"> • Virtuousness and abundance gaps. • Multiple leaders with multiple roles. • A continuity of leaders.

<ul style="list-style-type: none"> • Congruence and consistency. • Logical, rational, and sensible leading to SMART goals. • Consistency, stability, and predictability. • Personal benefits and advantages. • Organizations absorb the risk of failure and benefits of success. • Downsizing at the expense of the people. • Commitments and priorities based on demands in the environment. • Managing the contractor and attaching resources to performance. • Ultimate accountability for success at the top. • Adapting and addressing challenges as they arise. • Building and reinforcing the current culture. • Decision making and leadership at the top. • Need to know information sharing. • Long-term employment, personal relations, and the use of specialists. • Managing the media. • Keeping adversaries at a distance. • Clear, stable performance targets coming from the top. • Organizational financial benefit from outstanding success. 	<ul style="list-style-type: none"> • Paradox and contradiction. • Symbolic, emotional, meaningful, leading to profound purpose. • Revolution and positive deviance. • Meaningfulness beyond personal benefits. • Employees share the risk of failure and benefits of success. • Downsizing for the benefit of the people. • Unalterable commitments and integrity at all costs. • Managing the contract and ensuring stable funding. • Responsibility and accountability for success applies to everyone. • Engaging only in value-adding activities. • Introducing challenges that the culture cannot address. • Employee and union partnerships in planning, decision making, training, evaluation, and discipline. • Early, frequent, and abundant information sharing. • Long term employability, professional relations, and retraining. • Openness with the media. • Making adversaries stakeholders. • Escalating performance, virtuousness, and positive deviance targets from multiple sources. • Financial generosity and benevolence with employees.
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Note. Adapted from Cameron, K. and Lavine, M. (2006). *Making the Impossible Possible. Leading Extraordinary Performance. The Rocky Flats Story.* San Francisco, CA; Berrett-Koehler, pp. 226-243.

Although Cameron and Lavine's (2006) research represents just one case study, and as such, cannot be generalized, there are some interesting propositions from the Rocky Flats case study that can potentially inform strategic capacity. Recurrent themes from this and a review of the literature on strategic management, organizational learning, and capacity building suggest the

themes of: inclusiveness, relationships, collaboration, using multiple conflicting and seemingly paradoxical approaches, collective learning, competence building, and utilizing an appreciative paradigm to explore and achieve an organization's highest potential.

Summary positive organizational scholarship. The application of POS to strategic management provides the advantages of: helping an organization tap into its latent potential, and building organizational efficacy to achieve this potential, leading to more generative ways of strategizing and ultimately, to sustainability. Cameron et al. (2003) contend that "POS seeks to be a generative lens for linking theories in organizational studies" (p. 10). As such, the application of POS theory can offer a generative approach for helping organization's bridge the gap between their current performance and their potentiality.

Proposition 3.7: Positivity and the key underlying themes of POS represent a core generative element of strategic capacity. Strategic capacity focuses on individual and organizational strengths and thriving to generate strategies that enable achievement of the highest collective potential. Strategic capacity builds on opportunities to create self-reinforcing, positive spirals of efficacy and fosters organizational resiliency, aimed at the achievement of the collective potential of the organization and the individuals that comprise it. This study represents an extension of the positive organizational scholarship literature in better understanding the impact of positivity on strategy generation.

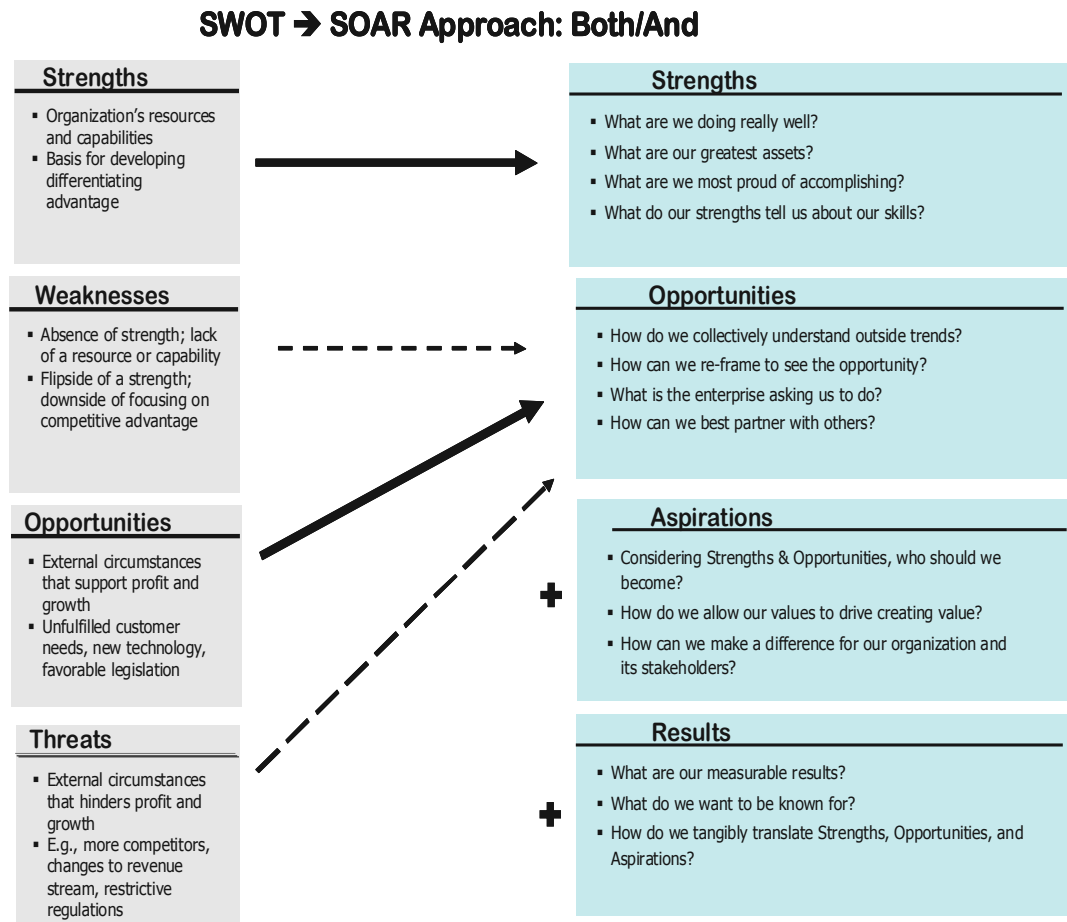
SOAR utilizes an appreciative stance to bring individuals at all levels in an organization together to collaborate on strategies for reaching their highest potential. Thus, SOAR presents a generative approach to strategy. The study of strategic capacity can potentially extend this stream of research to the application of strategic management.

Introducing the SOAR Framework

SOAR is an innovative, strengths-based framework for strategizing that invites the whole system (stakeholders) into the process to propel an organization forward to its most preferred future with measurable results (Stavros, 1998; Stavros & Hinrichs, 2007, 2009). This approach integrates Appreciative Inquiry (AI) with a strategic planning framework to create a transformational process that inspires organizations to reach their aspirations and results (Stavros, 1998; Stavros & Hinrichs, 2007, 2009). SOAR is a collaborative framework that taps into the

intellectual and social capital of the organization. Because SOAR resides at the center of the strategy, POS, learning organization, and capacity building literature streams, SOAR has the potential to build strategic capacity.

SOAR signifies a generative approach to strategy, engaging the whole system in changing the language of strategy through asking new questions (Stavros & Hinrichs, 2009). SOAR transforms the SWOT paradigm of orthodox strategy (which has been around for 30 years) through the integration of strategy content, process, and implementation, thus, posing an alternative to traditional strategizing that evokes new possibilities for strategizing, helping organizations bridge the gap between their current performance, and their potentiality. This framework, using AI principles, reframes the traditional strategic planning SWOT (Strengths, Weaknesses, Opportunities and Threats) into SOAR (Strengths, Opportunities, Aspirations, and Results) and accelerates the strategic planning efforts by focusing directly on those elements that give life energy to the organization's future. Figure 3.5 illustrates the transformation and connections of SWOT to SOAR.

Figure 3.5. *SWOT and SOAR Approach*

Note: From Stavros and Hinrichs (2009). *The Thin Book of SOAR. Building Strengths-Based Strategy*. Bend OR: Thin Book Publishing, p. 11.

First established by Stavros, Cooperrider, and Kelley in 2003, the SOAR framework has been discussed in only a handful of published articles in the *International AI Practitioner* and several book chapters (Saint & Stavros, 2003; Stavros & Hinrichs, 2009; Stavros & Saint, 2009; Stavros & Sprangel, 2008; Stavros, Cooperrider & Kelley, 2003; Stavros & Sprangel, 2008; Sutherland & Stavros, 2003). SOAR continues to emerge as an effective and flexible strategic framework that fosters the energy, creativity, and engagement within the organization (Stavros & Hinrichs, 2007, 2009). SOAR builds relationships among stakeholders (Stavros, Cooperrider & Kelly, 2007) resulting in greater innovation and speed to results (Stavros & Hinrichs, 2007,

2009). A recent quantitative study of the use of the SOAR framework with Chemical Management Services Suppliers concludes that SOAR has a positive effect on trust, environmental management systems, and supplier performance (Sprangel, 2009). This study represents the second empirical research study on the application and efficacy of the SOAR framework.

SOAR has been used in a wide range of applications in both for-profit and non-profit settings, at all levels in an organization and its wider social context. SOAR has been applied to strategic planning, organizational change management, organizational strategic alignment, team building, coaching, and implementing strategic initiatives such as mergers and outsourcing. Appendix One contains a listing of known cases where SOAR has been utilized to date with a brief description of how it was used. Table 3.15 summarizes how SOAR has been used in the cases identified in Appendix One. Since the SOAR framework is newly emergent, many more organizations are now using it beyond what is described in Appendix One.

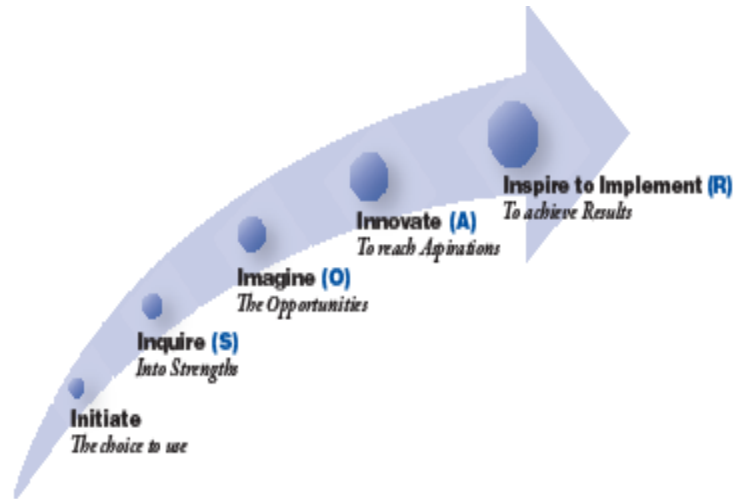
Table 3.15 *SOAR Framework Applications*

Industry	Purpose
Manufacturing	<ul style="list-style-type: none"> • To create a strategic plan. • To discover sustainable manufacturing solutions. • To discover a strategy for improved supply chain management and quality. • Improve plant profitability and efficiency. • To align strategy at all levels. • Growth and redefinition of commodity products. • Align new technology center with corporate strategy.
Non-profit and government	<ul style="list-style-type: none"> • To create a strategic plan with priorities that served as a living document. • To design a plan to serve all community members. • To create a strategy for outsourcing. • To foster strategic integration of multiple entities. • To plan how businesses can come together with world government leaders.
Health Care	<ul style="list-style-type: none"> • To create a shared vision. • To make a strategic decision regarding closure of a facility. • To build strategic capacity for better work and care. • Increase census.
Education	<ul style="list-style-type: none"> • To create a strategic plan and new brand identity. • Build capacity for future action towards compliance with “no child left behind”. • Identify the core values, mission, and strategic initiatives of the

	university. <ul style="list-style-type: none"> • To bring a community together to improve the school system through constructive accountability. • To build collaborative alliances with private and public educational groups that best supports a vision of “moving every child forward”.
Transportation	<ul style="list-style-type: none"> • Engage a unionized workforce in strategy creation.
Consulting	<ul style="list-style-type: none"> • Create one page strategy mind maps. • Engage the entire practice in strategy development and execution. • To create a future focused approach to strategy.

SOAR draws on the theory bases of Dialogue (Bohm, 1996), Whole Systems Approach to Change (Adams, 1997), Preferred Futuring (Van Deusen, 1996), Strengths-based theory (Clifton & Nelson, 1996); Social Construction (Gergen, 2004); and Positive Organizational Scholarship (Cameron, Dutton & Quinn, 2003). SOAR nurtures a culture of *strategic learning* and *leadership* building a widespread *appreciative intelligence* (Thatchenkery & Metzker, 2006) within an organization. SOAR relies on a scalable 5-I framework consisting of the phases: *Initiate, Inquire, Imagine, Innovate, and Implement* (or to Inspire) as illustrated in Figure 3.6 and described in Table 3.16.

Figure 3.6. The Five “I” Model of SOAR



Note. From Stavros and Hinrichs (2009,). *The Thin Book of SOAR. Building Strengths-Based Strategy*, Bend OR: Thin Book Publishing, p. 29.

Table 3.16 SOAR Framework: The Five I Model

Phase	Key Activities	Goal
<i>Initiate</i>	Identify topics and plan the intervention: identify stakeholders, facilitation structure, and logistics.	Plan for the intervention.
<i>Inquire</i>	Inquire into the organizations strengths, opportunities, values, vision, and mission in order to surface aspirations for the future.	Surfacing of key elements of strategic planning: values, mission, strengths, and opportunities.
<i>Imagine</i>	Using the power of positive images of the future, dialogue together in creating a shared vision that harnesses the strengths and opportunities of the organization. This activity creates energy and commitment to implement changes.	Vision for the future.
<i>Innovate</i>	Strategic initiatives in support of the vision are identified and prioritized.	Key initiatives.
<i>Implement</i>	Action plans are developed. The previous phases synergistically support individual alignment, commitment, and energy for implementation. A positive spiral of results builds organizational efficacy and momentum.	Action/project plans.

A key element of the SOAR framework is that it creates the confidence and momentum (Stavros, Cooperrider & Kelly, 2007) critical to high performing teams and whole systems

learning, leading to a “positive spiral” of collective efficacy (Kanter, 2006). SOAR nurtures a culture of *strategic learning* and *leadership* building a widespread *appreciative intelligence* (Thatchenkery & Metzker, 2006) within an organization. Appreciative intelligence (Thatchenkery & Metzker, 2006) has emerged as a powerful construct for high performance, creativity, and innovation in people and organizations, which involves reframing the present view, appreciating the *positive possibilities* in any situation, and envisioning how the future unfolds from the present. According to Thatchenkery and Metzker (2006,) appreciative intelligence is:

...the ability to perceive the *positive inherent generative potential* within the present. Put in a simple way, appreciative intelligence is the ability to see the mighty oak in the acorn. Metaphorically, it is the ability to see more than the present existence of a small capped nut. It is the capacity to see a strong trunk and countless leaves emerging from the nut as time unfolds. In a business sense, it is the ability to see a breakthrough product, top talent, or a valuable solution of the future that is currently hidden in the present situation. (p. 6)

SOAR is dialectical, creating energy for action. From their case study research, Jacobs and Heracleous (2005) assert that dialogue leads to strategic innovation. Recent research by McKinsey & Co (Isern & Pung, 2007) supports the contention that organizational energy creates transformation. Organizations can be thought of as a network of conversations where organizations are constituted through language (Ludema & Di Virgilio, 2007). According to Quinn and Dutton (2005), “People use narratives and narrative structures to solve problems, suspend irreconcilable alternatives, socialize, generate commitment, learn, make sense, symbolize, control, and create meaning” (p. 53).

Strategic decision making has been characterized as discourse and strategy as a form of social practice enabling ongoing change (Hendry, 2000; Knights & Morgan, 1991). Ludema and Di Virgilio (2007) assert that the role of the change agent in a continuously changing environment involves the management of language, dialogue, and identity. Narratives that generate a sense of autonomy, relatedness, or competence lead to positive emotions such as joy, interest, hope, and pride (Fredrickson, 2003). Narratives that produce positive affect result in

energy for action, ultimately leading to increasing an organization's collective "intelligence, creativity, resilience, and cooperative capacity" (Ludema & Di Virgilio, 2007, p. 26). Thus, the SOAR framework creates positive emotions and energy for action, leading to increased organizational capacity for strategy.

This supposition is further substantiated by the recent research of Ferdig and Ludema (2002). Their case study of a three-year change initiative in the nuclear power industry discovered that the conversational principles embodying the spirits of freedom, inclusion, inquiry, spontaneity, and possibility led to increased levels of collective capacity, which enabled emergent solutions supporting deep transformation. The SOAR framework embodies and/or evokes all of these principles, and thus, enables the opportunity for building organizational capability leading to profound transformation.

Summary introducing the SOAR framework. SOAR represents an innovative approach to strategizing that reframes orthodox SWOT to enable new possibilities for strategizing. SOAR fosters organizational energy, creativity, and engagement, building relationships and trust (Sprangel, 2009) that in turn enables greater innovation and speed to results. SOAR also facilitates organizational learning through focus on collaboration, inclusion, and building a shared future—all critical elements of the learning organization. In addition, a key theoretical underpinning of SOAR is Appreciative Inquiry which is a core element of Stavros' Relational Capacity Building Framework (1998). These factors, along with SOAR's promotion of relationships and learning (other core components of the Stavros framework) and SOAR's focus on strategic goals, enable the following proposition:

Proposition 3.8: SOAR resides at the center of the strategy, organizational learning, capacity building, and POS streams of research, enabling many elements of capacity building, learning, and strategy, thus SOAR builds strategic capacity.

Summary and Conclusions

The strategic management, capacity building, organizational learning, and positive organizational scholarship (POS) literature reviewed surfaced the key elements of a framework for building strategic capacity and its theoretical underpinnings. Eight propositions emerged through this exploration, ultimately defining the theoretical underpinnings of strategic capacity and how it can be built. All propositions are summarized in Appendix Five.

SOAR was identified an important framework for building strategic capacity. The propositions identified answer the questions at the beginning of this chapter in the following ways:

1. How can organizations build strategic capacity?

Proposition 3.2: Strategic capacity as a multi-dimensional construct utilizes multiple, seemingly conflicting, and paradoxical approaches to strategy generation in order to ensure success at both the planned *and* emergent levels.

Proposition 3.3: Implementation skills are important to strategic capacity and should focus on the skills of decision commitment, learning, communication, involvement of key individuals, and procedural justice in decision making. Implementation and formulation should be considered as simultaneous activities.

Proposition 3.4: Strategic capacity considers the interplay between all theories of strategy within four realms: individual, cultural, processual, and behavioral and attempts to adopt strategy development approaches that address each quadrant of the holistic view of strategy as described in *Figure 3.3*. This approach enables both emergent and planned strategies, as well as, the management of tensions between the many dualities of strategy.

Proposition 3.5: The Relational Capacity Building Framework (Stavros, 1998) can inform strategic capacity and how to build it. This framework describes the fundamental characteristics of capacity building which constitute its essence. Key tenants of this framework as applied to strategic capacity are:

- Strategic capacity involves participatory learning
- Strategic capacity building is multi-faceted at all levels from organizational through multi-organizational and the grater global environment
- Strategic capacity building includes relational aspects such as: trust, dialogue, cooperation and shared objectives
- Appreciative Inquiry facilitates strategic capacity building

Proposition 3.6: Learning organizations must exhibit a widely distributed capacity for learning. Strategic capacity requires mindful attention to the creation of a learning strategy to foster individual, group, organizational, and inter-organizational learning among the various “communities” and “collectivities” both internal and external to an organization. Constructing a shared future and underpinning this with a culture of collaboration, empowerment, and inclusion are critical factors to this endeavor.

Proposition 3.7: Positivity and the key underlying themes of POS represent a core, generative element of strategic capacity. Strategic capacity focuses on individual and organizational strengths and thriving to generate strategies that enable achievement of the highest collective potential. Strategic capacity builds on opportunities to create self-reinforcing positive spirals of efficacy and fosters organizational resiliency, aimed at the achievement of the collective potential of the organization and the individuals that comprise it. This study represents an extension of the positive organizational scholarship literature in better understanding the impact of positivity on strategy generation.

2. How can SOAR be utilized as a framework in building strategic capacity?

Proposition 3.8: SOAR resides at the center of the strategy, organizational learning, capacity building, and POS streams of research, enabling many elements of capacity building, learning, and strategy, thus SOAR builds strategic capacity.

3. How can SOAR contribute to strategy research?

Proposition 3.8: SOAR resides at the center of the strategy, organizational learning, capacity building, and POS streams of research, enabling many elements of capacity building, learning, and strategy, thus SOAR builds strategic capacity.

4. How can this research study inform practice to create organizations that are more effective?

Proposition 3.1: Strategic capacity enables dynamic capabilities and thus, studying this topic may lead to a better understanding of where dynamic capabilities come from, extending the literature on the RBV and KBV of the firm.

The propositions developed in Chapters Two and Three will be utilized to triangulate the results from this research study, whose methodology is described in Chapter Four, as well as provide an empirical foundation for the theoretical development of the construct of strategic capacity and its framework for how it can be developed.

Chapter Four: Methodology

Theory based on data is destined to last....Grounded theories are worth the precious time and focus.

Barney Glaser and Strauss (1967)

Introduction

This chapter describes the research methodology that constitutes the design for this study. A *research design* is a plan that guides the process of collecting, analyzing, and interpreting data. The ultimate goal of research is to add to knowledge and improve practice. Overall, three research design frameworks dominate the field of research: quantitative, qualitative, and mixed methods. Each of these design frameworks accomplishes very different purposes. Researchers must choose among these frameworks based upon the objectives of the research undertaken. In order to promote ‘good research’ researchers must concern themselves with factors such as validity, reliability, and generalizability. Each of these frameworks impacts these factors in different ways.

Quantitative methods (the “scientific method”) are used for research problems which require a description of trends or explanation of relationships between variables (i.e., cause and effect) typically utilize various statistical methods to test and perhaps extend existing theories. Examples of quantitative research techniques include surveys and experiments. This type of research is considered generalizable to other settings due to its statistical nature.

Qualitative research is adopted for research problems requiring exploration and understanding of a central phenomenon. Qualitative research is undertaken to develop theories in situations where none already exist. Examples of qualitative techniques include case studies, grounded theory, and ethnographies. Qualitative research is flexible and emergent in nature, enabling the researcher to modify the design as necessary during the research process to strengthen the study. Typically, qualitative research is context specific and not generalizable to other settings.

Finally, mixed methods studies adopt a mixture of both qualitative and quantitative methods to address different research problems within the same study. For example, a mixed methods approach may use surveys and interviews in sequential or concurrent order. In viewing research as a continuum, qualitative methods can be utilized to develop a theory and quantitative methods to test a theory. A mixed methods approach may be used to support a more holistic perspective that addresses both ends of the research continuum. It is widely accepted that the research problem will drive the selection of research approach (Creswell, 2003; Merriam, 1998; Newman & Benz, 1998; Poggenpoel, Myburgh & Van der Linde, 2001). The research questions for this study presented below drove the ultimate selection of its design.

Research Questions

The research questions supported by the design for this study are as follows:

1. What is strategic capacity?
 - a. How does strategic capacity connect to strategy research?
 - b. How does strategic capacity connect to organizational performance?
2. How can organizations build strategic capacity?
3. How can SOAR be utilized as a framework in building strategic capacity?
4. How can SOAR contribute to strategy research?
5. How can this research study inform practice to create organizations that are more effective?

The goal of this study was to enliven current theory and develop new insights by exploring the meaning of strategic capacity and development of a theory and framework for strategic capacity building. In addition, this study explored the application of an emergent framework, SOAR, as a promising approach for building strategic capacity. The goal of qualitative research is to explore and understand a central phenomenon. As such, the goal of this study best supports the qualitative design selected. Creswell (1998) contends that research questions reflecting “what” or “how” point to the need for a qualitative study. The nature of these questions lend themselves to exploratory research calling for a qualitative design because all of the research questions driving this study start with a ‘what’ or ‘how’ supporting this contention.

This study utilized an appreciative grounded theory to discover and understand strategic capacity and the potential for the application of an emergent framework, SOAR (Stavros, Seiling

& Castelli, 2007; Stavros, Cooperrider & Kelley, 2003; Stavros & Hinrichs, 2009) as a promising approach for building strategic capacity in organizations. A grounded theory analysis was employed, in conjunction with appreciative interviews of 39 participants, encompassing both SOAR and strategy exemplars, as well as, published practitioner case stories of organizations that have used the SOAR framework to create organizations that are more effective. These stories included various articles from the *International Journal of Appreciative Inquiry* and other anecdotal applications in the SOAR literature. In addition, published articles and case stories of organizations considered to be exhibiting strategic capacity by these exemplars were analyzed. According to *The Merriam-Webster Dictionary* (2004), an exemplar is “(1) one that serves as a model or example; (2) a typical instance or example” (p. 250). SOAR and strategy exemplars are individuals who have used the SOAR framework and are active practitioners and scholars in the strategy field. These exemplars are familiar with strategy and/or SOAR and its use in practice and can serve as models for others in strategy best practices.

Rationale for Qualitative Design

Quantitative and qualitative research techniques represent valuable approaches on the interactive continuum of holistic research (Newman & Benz, 1998). Both strategies complement each other in the research process. According to a recent *Academy of Management Journal* survey, most of the articles identified as ‘interesting research’ resulted from qualitative studies (Suddaby, 2006). Qualitative research is best suited to developing theories or propositions, which then become testable utilizing quantitative techniques grounded in the positivist tradition. The starting point for quantitative research is a theory that must be tested utilizing hypotheses in conjunction with experimental designs under tightly controlled conditions (deductive approach). Alternately, a qualitative approach is utilized when there is no theory to explain a phenomenon, which needs to be explored, and interpreted with the ultimate goal being theory generation (inductive approach). Mintzberg (1979) asserts:

Theory building seems to require a rich description, the richness that comes from anecdote. We uncover all kinds of relationships in our ‘hard’ data, but it is only through the use of this ‘soft’ data that we are able to ‘explain’ them, and explanation is, of course, the purpose of research. I believe that the researcher who never goes near the water, who collects quantitative data from a distance without anecdote to support them, will always have difficulty explaining interesting relationships....(p. 113)

Qualitative research is a loose term covering multiple methods of inquiry such as narratives, phenomenologies, ethnographies, grounded theory, and case studies (Merriam, 1998). This form of research is rooted in constructivism, which holds that, based on past experiences, individuals interacting with their environments socially construct reality. Theory is generated by interpreting the pattern of individual meanings of a phenomenon (Creswell, 2003). By contrast, quantitative research falls under the category of empirical studies utilizing scientific methods characterized by experimental and non-experimental designs (surveys) utilizing control groups and statistical measures. This empirical or positivist approach holds that there are deterministic causes of outcomes which can be reduced to the smallest subset of ideas. These ideas are then testable (Creswell, 2003). The matrix at Table 4.1 illustrates the main characteristics of qualitative and quantitative research.

Table 4.1 *Qualitative vs. Quantitative Research Matrix*

Characteristic	Qualitative Research	Quantitative Research
<i>Knowledge claim</i>	<ul style="list-style-type: none"> • Constructivism: understanding individual development of meaning. Social construction: learning and meaning is socially developed. Theory generation. • Advocacy/participatory: political, empowerment, change-oriented. 	<ul style="list-style-type: none"> • Positivism: determination, reductionism, empirical observation, and measurement, theory verification.
<i>Strategies of inquiry</i>	<ul style="list-style-type: none"> • Narratives, phenomenologies, ethnographies, grounded theory, case studies. 	<ul style="list-style-type: none"> • Experimental and non-experimental designs (i.e., surveys).
<i>Procedures</i>	<ul style="list-style-type: none"> • Emerging methods, open-ended questions, observations, interviews, documents, audio/visual data. 	<ul style="list-style-type: none"> • Predetermined instruments, performance data, attitude data, observational data, and census data; statistical analysis.
<i>Researcher role</i>	<ul style="list-style-type: none"> • Positions him or herself. • Collects participant meanings. • Focuses on single phenomenon. 	<ul style="list-style-type: none"> • Tests or verifies theories or explanations. • Identifies variables to study.

	<ul style="list-style-type: none"> • Brings personal values to study. • Studies context of participants. • Makes interpretations of the data. • Creates agendas for change. • Collaborates with participants. 	<ul style="list-style-type: none"> • Relates variables to hypotheses. • Uses standards of validity and reliability. • Observes and measures information numerically. • Uses unbiased approaches. • Employs statistical procedures.
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Note. Compiled from Creswell, J. (2003). *Qualitative, Quantitative, and Mixed Methods Approaches*. Thousand Oaks, CA: Sage Publications.

It is widely accepted that the research problem drives the selection of a research approach (Creswell, 2003; Merriam, 1998; Newman & Benz, 1998; Poggenpoel, Myburgh & Van der Linde, 2001). The exploratory nature of this study was most suited to a qualitative design. According to Marshall and Rossman (2006), the primary purpose of qualitative research is to *explore, explain, or describe* a phenomenon (p. 33). The purpose of this study was to explore and develop theory for building strategic capacity and the contribution of SOAR to building this capacity. To date, little empirical evidence can be found in the literature on SOAR or strategic capacity. For this reason, a qualitative design was selected for this study utilizing the grounded theory methodology to analyze appreciative interviews with users of the SOAR framework, as well as published practitioner stories of the application of SOAR in various organizations associated with the interview participants.

Grounded Theory

Grounded theory was important to this study as a mechanism for building a theory from the data that is grounded in fieldwork. According to Denzin (1997), “The grounded theory approach is the most influential paradigm for qualitative research in the social sciences today” (p. 18). Grounded theory is best suited to research questions that explore new areas, discover processes, understand little understood phenomena, or examine variables that cannot be studied via experimentation (Shah & Corley, 2006). According to Shah and Corley (2006), the proper use of grounded theory “can result in the creation of novel and illuminating theoretical concepts” (p. 1826), representing a very widely used approach in organizational research.

Originally developed by Glaser and Strauss in 1967, grounded theory is an inductive approach that provides qualitative researchers with standard coding procedures to enable them to systematically analyze large quantities of qualitative data in such a way that builds theories which “offer insight, enhance understanding, and provide a meaningful guide to action” (Strauss & Corbin, 1998, p. 12). These coding procedures,

- 1) Are designed to build theory.
- 2) Provide tools for dealing with large quantities of raw data.
- 3) Help researchers consider alternative meanings of phenomena.
- 4) Simultaneously enable creativity and systematic analysis.
- 5) Identify key concepts as building blocks of theory.

Grounded theory is well suited for the analysis of data collected through observation, interviews, and case studies (Turner, 1983). The end result of the grounded theory process is “a logically compelling analysis that identifies and describes key constructs, explains the relationships among them, and contextualizes the findings in a way that allows for future theory testing” (Shah & Corley, 2006, p. 1822).

In order to provide rich data for the grounded theory analysis, this study utilized an appreciative lens in the data collection instrument to explore and discover strategic capacity and the contribution of the SOAR framework in building this capacity.

Appreciative Inquiry as Qualitative Research

This study adopts an “appreciative approach as the research instrument,” (Micheal, 2005) using an Appreciative Inquiry protocol to create “appreciative interviews” for data collection purposes. Appreciative Inquiry was originally conceived as a qualitative action research methodology that creates generative theory and develops organizations. Therefore, AI “...refers to both a search for knowledge and a theory of intentional collective action...” (Cooperrider & Srivastva, 1987, p. 159). Cooperrider and Srivastva posit four principles of AI that advance generative theorizing and research that should be appreciation focused, applicable, provocative, and collaborative. According to Reed (2007), AI is a research methodology that “focuses on

supporting people getting together to tell stories of positive development in their work that they can build on” (p. 47). Conducting an appreciative study involves collaboration, a focus on the positive, and story-telling to develop narratives “rich in detail and insights” (Reed, 2007, p. 124). Bushe and Pittman (1991) contend that Appreciative Inquiry (AI) is one of the more important advances in action research in the past decade.

The goal of this study was to explore a generative theory of strategy. It is for this reason that an appreciative lens was selected as the primary research instrument. A recent edition of the *AI Practitioner* (November 2007) on the topic of the impact of Appreciative Inquiry on research, yields many insights regarding the contribution of AI in developing generative theories. According to Bushe (2007), generative theories are those that “produce useful new ideas that provoke new actions” (p. 5). In this issue, Emery, Bregendahl, Fernandex-Baca, and Fey (2007) from their research using AI in six case studies, cite that “...the AI process lends itself to deeper, richer, more accurate, complete, and representative data. It is therefore more useful in helping us understand community, organizational change, and capacity building” (p. 28). Ludema and Cox (2007) contend that the AI research methodology is ideal for building generative theory because it engages the ‘collective imagination’ to discover new possibilities, ultimately leading to the generation of new knowledge. AI is an effective tool for listening and learning (Michael, 2005) that works well in a “narrative rich” environment to generate new knowledge (Cooperrider & Whitney, 1999, p. 256).

Utilizing an appreciative lens in the interview protocol promotes profound engagement, richer data, and a deeper understanding of the nuances around a phenomenon under study. According to Liebling, Price, and Elliot (1999), the utilization of Appreciative Inquiry in their research design of relationships in prison “stimulates articulation of valuable perspectives which lie beyond the imaginative horizons reached by standard evaluation research” (p. 76). They also contend that an appreciative stance fosters “self-confidence, energy, and faith” (p. 76).

Appreciative conversations enabled interviewees to speak out of their best experiences rather than adopt a defensive posture in justifying their worst experiences.

This contention is also supported by the work of Michael (2005) who asserts that utilizing Appreciative Inquiry as an interview tool for sixty African NGO Directors for her field research on the power of local African NGOs, had the advantage of creating an environment where interviewees were “...eager to tell their stories, offered dynamic and unrehearsed information, and spoke more openly, with less defensiveness or fear of reprisal” (p. 226). In addition, Michael was able to create a bond with her interviewees that empowered them to share their stories as “experts whose experiences were being appreciated” (p. 227). Finally, Michael was able to gain a more nuanced understanding of the negatives facing each NGO director as they highlighted how their exceptional experiences compared with the norms of their every day organizational lives.

Michael (2005) posits:

Impressed with the ideology (and dare I say, science) behind it, and with the increasing evidence of its usefulness as a research tool in a multitude of environments, I chose to use AI as my interview protocol. By the time I returned home from the field, I was lucky enough to have a volume and quality of information which exceeded both my expectations and my needs for this study, and is still continuing to provide me with additional avenues of research to occupy my energies. Having conducted far less successful interviews in the field on other occasions, I am convinced that AI played a key role in the success of this research. (p. 8)

The appreciative interviews utilized in this study were grounded in the positive and structured along the lines of the 4-D cycle of *Discovery* (what is strategic capacity?); *Dreaming* (how can we build strategic capacity?); *Designing* (how can SOAR contribute to strategic capacity?); and *Delivery* (developing a framework for strategic capacity). In the tradition of utilizing storytelling during the Discovery Phase of AI applications, participants were given the opportunity to tell stories about when an organization was at its best in exhibiting strategic capacity and applying the SOAR framework (can you tell me a story about how an organization builds strategic capacity?), (if applicable). These interviews expanded upon the interview

protocol developed by Stavros (1998) in her original exploration of capacity building in the non-profit sector.

Research Design Summary

In summary, this research design employed an appreciative lens to discover a theory of strategic capacity and the contribution of the SOAR framework in building this capacity. A grounded theory methodology was utilized in conjunction with appreciative interview data with SOAR and strategy exemplars and published anecdotal practitioner “case stories” documenting the application of the SOAR framework in various organizations as well as published articles and case studies concerning organizations that exhibit strategic capacity. MaxQDA Plus software was utilized as a tool to help manage and document this project as well as support a more efficient grounded theory analysis of the data. The matrix at Table 4.2 (as suggested by Maxwell, 2005) illustrates how this research design addressed each of the research questions in this study.

Each “What do I need to know?” question was answered from a review of the literature and fieldwork. These results came together in Chapter Seven.

Table 4.2 *Research Design Matrix*

What Do I need to Know?	Why do I need to know this?	What kind of data will answer the questions?
What is strategic capacity and its connection to strategy research and organizational performance?	<ul style="list-style-type: none"> To <i>discover</i> a definition of strategic capacity and framework for developing this capacity. 	<ul style="list-style-type: none"> Literature review. Grounded theory development of appreciative interviews and published practitioner stories.
How can organizations build strategic capacity? - (b) What other existing strategic tools constructs and methods can be used in conjunction with SOAR?	<ul style="list-style-type: none"> To explore how organizations can create strategic capacity using the SOAR framework, ultimately helping them to become more effective and sustainable. 	<ul style="list-style-type: none"> Literature review. Grounded Theory Development of appreciative interviews and published practitioner stories. Appreciative interviews.
What is SOAR and how can it be utilized as a framework in building strategic capacity?	<ul style="list-style-type: none"> Explore the use of SOAR, understand its methods, results, and its ability to build strategic capacity. 	<ul style="list-style-type: none"> Grounded theory development of appreciative interviews and published practitioner stories. Cross “case” comparison.
How can SOAR contribute to the strategy research field?	<ul style="list-style-type: none"> Connect SOAR to strategy literature/theory. 	<ul style="list-style-type: none"> Literature review.
How can this research study inform practice to create organizations that are more	<ul style="list-style-type: none"> Bridge gap in strategy literature. Inform practice. 	<ul style="list-style-type: none"> Grounded theory findings. Theory of strategic capacity. Framework for development.

effective?		
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A good research design must include a thoughtful description of critical components. These components include the unit of analysis, population, sampling approach, data collection instrument and process, techniques for data analysis, and methods for assuring validity of the study. Each of these components will be discussed in detail throughout the remainder of this chapter.

Unit of Analysis and Population

The primary unit of analysis was twenty-three individuals who have used SOAR over some period of time (longitudinal use) within their organizations and/or client organizations in the strategy realm as well as fifteen strategy exemplars who were teaching, writing, and consulting in the strategy field or executives responsible for strategy within successful organizations at the time of this study. In addition, one interview was conducted with an informant researcher working in the realm of social movement theory and strategic capacity. In combination, all 39 interviewees represented experts in the strategy field. These individuals embodied business leaders, scholars, and consultants working with successful organizations in for-profit, government, and non-profit settings, and/or teaching in top universities. Many of these exemplars held doctoral degrees, and represented experts in organization development as well as strategy development and implementation. Interview candidates were selected utilizing purposeful, theoretical sampling (Strauss & Corbin, 1998) of persons who facilitated and/or sponsored utilization of the SOAR framework in various organizations, published books and articles in the strategy field, or were top executives leading successful organizations.

Published practitioner anecdotal case stories from the *International Journal of Appreciative Inquiry* were selected for each organization associated with a key SOAR exemplar interview participant (if available). Appendix One illustrates the individual organizations with published SOAR case stories. In addition, published articles, books, and case studies mentioned

by the strategy exemplars as part of their interview, as an example of strategic capacity and how to build it, were reviewed and analyzed as applicable. These short anecdotal accounts of the use of the SOAR framework and published examples of case studies, books, or articles describing organizations that were exhibiting strategic capacity were utilized for each interviewee (as applicable) to provide additional rich, thick description for use in theory building and triangulation of interview results. Attributes of these participants are summarized in the findings presented in Chapters Five and Six. These findings have been presented separately in order to provide triangulation between the two groups in minimizing bias in the application of the SOAR framework to building strategic capacity.

Theoretical Sampling

Theoretical sampling involves choosing individuals for theoretical reasons to replicate previous cases, extend emergent theory, complete theoretical categories, or provide an example of opposite types (Eisenhardt, 1989). In this study, individuals who have directly experienced the application of the SOAR framework, or represent experts in the field of strategic management, were selected because of their familiarity with strategy and/or the SOAR framework. In addition, many of these individuals have worked with organizations that have successfully achieved their vision and mission, i.e., they have exhibited strategic capacity as defined by the literature review of this study. The sample of individuals selected included published stories which represent ‘cases’ encompassing a wide variety of contexts where SOAR has been employed in order to build a model applicable across diverse organizations. In addition, published articles, case studies, and books were used, as described by the strategy exemplars during their interviews and as examples of organizations or capabilities in building strategic capacity. These materials were utilized to provide a deeper understanding of the perspectives expressed during the interviews.

Theoretical sampling is a cumulative, evolving process based upon categories and themes emerging from the data (Thomson, n.d.). Strauss and Corbin (2008) defined theoretical sampling as:

A method of data collection based on concepts/themes derived from data. The purpose of theoretical sampling is to collect data from places, people, and events that will maximize opportunities to develop concepts in terms of their properties and dimensions, uncover variations, and identify relationships between concepts. (p. 143)

Thomson (n.d.) contends that “by using theoretical sampling and targeting the most knowledgeable participants, one can increase the quality of the data gathered in each interview” (p. 4). This results in a reduced need for a large sample and a sample selection that is representative of the phenomena (Glaser & Strauss, 1967; Strauss and Corbin, 1998, 2008). Strauss and Corbin (2008) posit that theoretical sampling is ideally suited to discovering new constructs because it permits discovery.

SOAR exemplars were contacted via key contacts associated with various known SOAR applications (see Appendix One for a description of sites and applications). Strategy exemplars were contacted via email and/or personal contacts, as applicable. Some strategy exemplars were already known to the members of the research committee or the researcher of this study based upon an established relationship. Other strategy exemplars were contacted via email, based upon their presence in the strategy field as esteemed scholars who have published books on strategy and articles in peer reviewed journals.

Multiple rounds of interviews were conducted with some of the participants in order to receive additional clarification. Additional individuals were added during the data collection process to better explore other categories or to extend the emergent theory in line with theoretical sampling techniques. Data collection and analysis was iterative and continuous over a two year-time period.

This study was divided into two phases. The first phase included collection and analysis of 13 interviews with SOAR exemplars and their corresponding published ‘case’ stories (if applicable). The data collection for this phase occurred during the early part of 2008. Table 5.1 provides key descriptive attributes of these SOAR exemplars. The analysis of this data was

utilized to develop initial concepts, categories, and theories that guided subsequent data sampling and procedures.

The second phase of this study was the result of the theoretical sampling process, occurring from the first phase, and utilized to extend theory, further develop categories and dimensions, and validate results. It became clear through analysis of the Phase One interviews that the SOAR exemplars viewed strategic capacity as *strengths-based* and *positive*. The decision was made to include strategy exemplars that had never used the SOAR framework. This was done to provide a balanced perspective of strategic capacity and minimize bias in understanding the application of the SOAR framework in building strategic capacity. During this phase, fifteen interviews were conducted with strategy exemplars. Another ten interviews were conducted with additional SOAR exemplars, until theoretical saturation was reached. Finally, one additional interview was conducted with a key informant (i.e., scholar) working with the construct of strategic capacity. The results of the strategy exemplar interviews were utilized to triangulate with the SOAR interview results (lending additional credibility to this study) to ensure a rich collection of perspectives regarding strategic capacity as presented in this study. The specific attributes for these samples are described in Chapters Five (SOAR Exemplars) and Six (Strategy Exemplars).

Data Collection Process

The interviewing process began in December 2007 and resulted in an initial transcription of 39 interviews with SOAR and strategy exemplars (see profile of sample at Tables 5.1 and 6.1). Interview candidates were first contacted by Dr. Stavros (who was the primary gatekeeper of the SOAR contacts) or the researcher of this study (in the case of the strategy exemplars) to see if they had some interest in participating. Prior to interviewing, all participants were sent an executive summary (see Appendix Three) which defined the purpose of the study and questions to be asked. The interviews were conducted over the telephone, lasting anywhere from one to two hours each. Interviews were tape recorded (with permission), and transcribed word-for-word

as soon as possible after their completion. Extensive notes served as back up to the interview process and as a record of the interviewer's impressions of the interview.

Rich, thick descriptions developed a better understanding of strategic capacity and the contribution of the SOAR framework to building strategic capacity. According to Charmaz (2006), rich data is "detailed, focused and full" (p. 14). Weick (2007) contends, "richness begets richness" (p. 16). Obtaining rich data involves 'thick description' resulting from compiling detailed narratives and also resulting from transcribed interviews. Supplemental data was obtained supporting each person's interview via published SOAR case stories (if available) or other published case studies and articles (as previously described) which led to additional thick descriptions of the application of the SOAR framework and its results. The interviews conducted during Phase One and Phase Two were analyzed along with any applicable published case stories, articles, or books throughout this study. The results from these interviews and their resultant published materials guided further data collection procedures that included multiple rounds of interviews. Overall, 39 interviews were conducted in order to reach theoretical saturation.

Interviewing as a source of data collection. Intensive interviewing lends itself particularly well to grounded theory (Charmaz, 2006). Semi-structured appreciative interviews were the primary means of data collection for this study. Semi-structured appreciative interviews allowed the researcher to control the data in accordance with the requirements of grounded theory, while enabling the flexibility of exploring emergent ideas and new themes. Qualitative interviewing provides an in-depth exploration of a phenomenon about which an interviewee has a great deal of experience and insight. According to Weiss (1994), qualitative interviewing addresses the goals of developing in-depth, holistic, depictions of the phenomenon under study, integrating multiple perspectives, providing insights, describing processes, and identifying elements of theory for later testing.

Open-ended interview questions were selected to support the key research questions of this study utilizing an appreciative framework. Dr. Stavros piloted the resultant interview guide

during two initial interviews with SOAR exemplars and Dr. Hinrichs reviewed the interview technique during an initial interview with this researcher in order to validate the guide and interview approach. All feedback supported improvement of the interview questions and technique. Appendix Two contains the interview guide along with an illustration of how each question supports the research topic identified in this study. While the questions in this guide were semi-structured, a great deal of latitude was permitted to explore themes that emerged from the interviews. One additional question emerged during the first round of interviews which was incorporated during Phase Two of the interviewing process for all interviewees. This question is described in Chapter Six.

Termination of data collection and theoretical saturation. Data collection continued until theoretical saturation (Glaser & Strauss, 1967; Strauss and Corbin, 1998, 2008) was accomplished. Theoretical saturation occurs when no new or relevant data emerges around categories which become well established with clear relationships to other categories. There is no ideal sample size as this is unique to each study, however, a study conducted by Thomson (n.d.) of fifty different grounded theory studies over a two-year period from 2002-2004 (which utilized interviews as their primary data collection) revealed that saturation normally occurs between 10 and 30 interviews. This study reached saturation at 39 interviews.

Transforming interviews into data. Each of the 39 interviews lasted sixty to ninety minutes. All interviews were transcribed verbatim by the researcher into word documents from audio files (per written permission of the participants). Extensive notes provided back up to the tapes and gave the researcher additional perspectives regarding the interviews. Transcribing the interviews enabled the researcher to begin data analysis during collection as recommended by Charmaz (2006). Comparison of audio files to the Word documents occurred multiple times, ensuring a complete transcription. The participants verified the recordings were transcribed accurately through a verification process. Comparison of each transcription to the interview notes ensured accuracy. As necessary, follow up emails achieved clarification. Almost all of the

interviews received written approval from each participant that the transcription was complete and accurate. Hard copy transcripts were generated and filed with all background information (including applicable published practitioner stories) for each participant in individualized folders. In total, 408 pages of single-spaced text emerged from the interview stage of the research.

All Word and applicable PDM files were converted into a rich text (.rtf) format and stored in the MaxQDA software application in one file along with all previous research notes from the literature, published practitioner stories of the application of the SOAR framework, and other relevant background information for each participant. Key articles were employed during the coding process. All coding and memo writing occurred in the MaxQDA software. Interviews were coded paragraph-by-paragraph producing over 2,000 codes. Memos were written for every participant answer, as well as, summary memos for each interview, and other more over-arching memos were generated that applied across the interviews. Handwritten note cards catalogued the dimensions of each of the major categories and their properties and outcomes. In total, over 123 note cards were created answering the questions of “why?”; “how come?”; “when?”; “how?”; “what?” and “with what results?” The following section discusses the methodology used to analyze the data using grounded theory.

Data Analysis Procedures

Grounded theory (Strauss & Corbin, 1998) was employed in analyzing the data from the interviews and published ‘case’ stories to develop theoretical propositions. According to Charmaz (1995, pp. 5-6), the defining elements of grounded theory are:

- Simultaneous involvement in data collection and analysis
- Constructing analytic codes and categories from data, not from preconceived logically deduced hypotheses
- Using the constant comparative method, which involves making comparisons during each stage of the analysis
- Advancing theory development during each step of data collection and analysis
- Memo-writing to elaborate categories, specify their properties, define relationships between categories, and identify gaps
- Sampling aimed toward theory construction, not for the population representativeness

Grounded theory analysis involves distinct yet interrelated steps that often occur in parallel. The grounded theory analysis for this study used three types of coding in conjunction with the interviews and practitioner stories to develop a theory and framework for the construct of strategic capacity. According to Strauss and Corbin (1998):

A theory denotes a set of well developed categories (e.g., themes, concepts) that are systematically interrelated through statements of relationship to form a theoretical framework that explains some relevant social, psychological, educational, nursing, or other phenomenon. (p. 22)

Open coding of the data from each interview and published story (or other published materials) was utilized involving microanalysis, conceptual coding, asking questions (of the data), making theoretical comparisons, and writing memos in order to derive concepts, create categories, and define their properties and dimensions. These properties and dimensions were able to “give precision” (Strauss & Corbin, 1998, p.117) to the categories enabling differentiation. Axial coding linked the various categories, subcategories, and dimensions together to form explanations of the phenomenon of strategic capacity and the impact of the SOAR framework.

Finally, selective coding integrated and refined the categories resulting in a theory that was validated against the data collected, including published practitioner stories. During this phase, key themes emerged in support of theoretic propositions leading to a theoretical framework. In total, over 2000 codes were subsequently consolidated into twenty-five categories. Multiple rounds of interviews of each participant were conducted, as necessary, to better understand key categories until all categories were saturated. In one situation, a negative case shed further light on theory development. In order to identify similarities and contradictions in the findings to increase confidence and provide deeper and sharper insights, extant literature provided deeper and sharper insights. Ultimately, this literature comparison enhanced the internal validity, generalizability, and theoretical level of the emergent theory (Eisenhardt, 1989)

The in-depth analysis was iterative in nature involving constant comparison that is key to effective grounded theory analysis. By reading interviews many times and printing and sorting coded segments into various configurations, a deeper understanding of the data, connections to other categories, and the resultant properties and dimensions became evident. According to Charmaz,

The constant comparative method of grounded theory means (a) comparing different people (such as their views, situations, actions, accounts and experiences), (b) comparing data from the same individuals themselves at different points in time, (c) comparing incident with incident, (d) comparing data with category, and (e) comparing a category with other categories. (Charmaz, 1998, 1995c; Glaser, 1978, 1992 in Denzin & Lincoln, 2000, p. 515)

In particular, comparison of the resultant theory and framework to every published practitioner story (or other published materials), as well as in every story told during the interviews, ensured application across the board. In addition, further questions were asked of certain participants in subsequent interviews in order to gain a better understanding of certain categories and their properties and dimensions, as well as, find out how certain projects underway during the initial phase of interviewing turned out. These additional questions enabled a better understanding of how the process for building strategic capacity developed over time. The final results of this study were sent to every participant as further verification/corroboration. An example of the coding process that illustrates the key steps utilized in the grounded theory process is discussed in the next section.

Open, axial, and selective coding—the emergence of key themes. In general, grounded theory provides a set of tools and procedures for identifying concepts in data (*open coding*). Relating the various concepts together into categories (*axial coding*), developing a “story” that connects the categories (*selective coding*), and ending with a theory and framework as portrayed by a set of theoretical propositions (Corbin & Strauss, 2008). The following provides an example of how a concept developed into a category and key theme during the grounded theory process. The main research question represented in this example is “what is

strategic capacity?” The specific question asked during the interview was: In one sentence “how do you best define strategic capacity?”

An excerpt from one interview transcript follows.

RES 4: I think it's an organization's optimal capabilities or possibilities—I like the word possibilities---for strategic thinking, planning, it's dynamic, it's flexible and it's able to grow beyond one's imagination.

In the above example, four concepts emerged from the open coding process: conscious intentionality, strategic plans as flexible frameworks, optimal capabilities, and growing beyond one's imagination. Below is a memo regarding this paragraph that was written by the researcher:

This participant is talking about an organization growing towards its ultimate possibilities based upon a foundation of its combined capabilities (strengths). I like the concept of growing beyond one's imagination. It seems to imply that the combined result of the cacophony of strengths results in something far greater than imagined. The outcome is greater than imagined due to the synchronistic actions of the group and perhaps taking advantage of opportunities created that were not foreseen. Ganz's pivotal moments. This also suggests spirals of growing efficacy and capacity or capabilities that create new unforeseen opportunities. A system that results in an organization achieving its optimal possibilities. Wow!!!

This theme is coming out of all the interviews so far. Unfolding into the future, creating the road you are driving on. Organizations are creating their future not choosing a position ala the red queen effect of competition. Doing something different. Creating a new game, new industries based upon possibilities both seen and unforeseen that arise from competitive actions. This also touches on the Ganz' (2000, 2005, 2009) pivotal moment thing.

How does this relate to dynamic capabilities? No one knows where dynamic capabilities came from or how to create them exactly. It seems that this is an evolving concept also. Not just looking for possibilities but creating possibilities based upon capabilities and growing spirals of activities that strengthen those capabilities.

Ultimately, the four concepts developed above during open coding combined during axial coding into the key categories of a dynamic and flexible system and combination capability. Each of the categories was assessed in terms of its properties (i.e., characteristics) and dimensions (ranges reflecting variability). Using the category of combination capability to illustrate, the subcategories, properties, and outcomes of combination capability are illustrated below in Table 4.3. The dimensions of combination capability can be distinguished on a continuum from high to low.

Table 4.3 *Properties, Sub-categories, and Outcomes of Combination Capability*

Properties
<ul style="list-style-type: none"> • Having the skills in place to combine with others. • The willingness to promote self as a capable person who is willing to collaborate with others [self-advocacy]. • Building capabilities at the individual, organizational and industry levels. • Maximizing team effectiveness—leveraging the most significant capabilities on the team. • Being resourceful with resources. • People must be willing to develop capacity to promote and support the organization [organizational advocacy]. • Pro-activeness at every level. • A deep, rich domain expertise supported at every stage of the product life cycle. • Experiential knowledge and customer affirmation over a long time period. • Long range competency development. • Specialties: multiple facets of skills making a contribution. • Process approach. • People must be “in relationship” with each other to combine capabilities. • People must be willing to promote others as capable individuals. • Verifying gaps and providing training. • Informal training processes such as peer training. • Communities of practice. • Mentoring systems. • Coaching. • Strengthening the entire system. • Ability to together expand capabilities. • Repertoires of collective action. • Bringing best strengths to the situation at hand. • Becoming empowered to fulfill your own role. Self-organizing. • Genetic expression i.e., 26 pairs creates infinite possibilities. • Cross organizational respect. • Teams acting in concert and supporting each other. • Motivation, power, and affiliation create drive to achievement. • A full and deep capacity that is enduring, comprehensive, and complete. • Deep domain expertise with capabilities aligned to support every facet. • Modules of capabilities combined interchangeably and synergistically to address new opportunities and possibilities. • Strengths as Lego®. • Process approach to building capacity through combination capability.
Sub-categories
<ul style="list-style-type: none"> • Partnership. • Domain expertise. • Flexibility. • Accountability for group and individual capacity. • Group capability. • Team cohesiveness. • Respect. • Individual capacity. • Skill sets. • Optimal capabilities.
Outcomes
<ul style="list-style-type: none"> • Fosters ability to combine skills in new ways to take advantage of possibilities.

- Creates repertoires of collective action.
- People are deeply committed to the team and the cause.
- Creates dynamic capabilities.

The interplay of the two axial categories of a dynamic and flexible system and combination capability, along with others that emerged from the data, resulted in an overarching theme of *strategic capacity*--a spiral of becoming of which combination capability is a key competency (or property). This and other propositions formed the theory of strategic capacity and framework for how it is built (further discussed in Chapter Seven).

As was shown in this example, developing a theory for strategic capacity utilizing grounded theory methodology is more than a simple categorization of answers to each of the interview questions. The resultant theory and framework emerged from the analysis in a gestalt of analytic tools, such as questioning, making comparisons, thinking about the meanings of words, relating situations to personal experience, and using a flip flop technique (among many), questioning the data, coding, writing memos, performing constant comparisons, and continued theoretical sampling (Corbin & Strauss, 2008). The example above illustrates how one participant's response to one interview question was transformed into a property of strategic capacity.

Verification and Validation

Qualitative research calls for different approaches to truth (or validity) than does quantitative research, entailing different ways of thinking about assessing the quality of qualitative research (Hammersley, 1992; Newman & Benz, 1998). Kvale (1995) has identified three types of validity: investigation validity, communicative validity, and action validity. *Investigation validity* is the quality of the research and how theories derive from the data. *Communicative validity* is the truth of knowledge claims of the participants in their argument through dialog. Finally, *action validity* is if the knowledge works and is used by decision makers. Newman and Benz (1998) identified a number of methods to improve the validity and

legitimization of qualitative research. Defined in Table 4.3, these methods and their application appear in this study. Creswell (1998) identifies eight of the methods, illustrated below, asserting that at least two should be utilized in a qualitative research study. This study utilized ten of the approaches recommended in Table 4.4.

Table 4.4 *Methods to Ensure Validity and Validation in Qualitative Research*

Method	Definition	Utilized in this Study?
Prolonged engagement and persistent observation	Prolonged observation at the site. Observing long enough to see the full range of the phenomenon.	√
Triangulation	Using a variety of data sources in order to gain a complete perspective of some setting or phenomenon. Understanding inconsistencies in findings.	√
Peer review and debriefing	Using other professionals in order to gain their perspective combating researcher bias.	√
Negative case analysis	Continuous evaluation of the data until all known cases are explained by the theory. Reviewing cases that do not fit with patterns and trends identified.	
Referential adequacy	Using enough supporting material to validate the results. Documenting all sources and indicating which sources were used and why others were not used.	√
Member checking	Utilizing participants to validate the data.	√
Rich, thick description	Full, detailed, robust descriptions.	√
Audit trail	Complete and transparent documentation for the study.	√
Reflexive journal writing	The researcher keeps a reflexive journal in order to surface bias and understand how this impacts their research.	√
Theoretical sampling	Following where the data leads in sample selection.	√
Structural relationships	Ensuring logical consistency between different data sets.	√

Note. Compiled from Newman, I. and Benz, C. (1998). *Qualitative-Quantitative Research Methodology. Exploring the Interactive Continuum*. Carbondale IL: Southern Illinois University Press.

Prolonged engagement and persistent observation. In order to ensure an adequate amount of time spent in the field, multiple rounds of interviews occurred over a two-year period. The intent was to create an “ongoing dialogue” with participants in order to support the credibility of the results from this study.

Triangulation. Published practitioner ‘case stories’ and other supporting documents submitted by the participant were utilized to triangulate results and provide support for each participant’s interview perspective as well as provide a more complete picture of each person’s experience. Results were compared between the documents and the interviews to support

consistency and thematic completeness. Multiple rounds of interviews provided additional support for consistency of participant observations and meaning making over time. In addition, interviews with strategy exemplars were triangulated against the SOAR exemplar interviews in order to ensure the minimization of bias in discovering the ability of the SOAR framework to build strategic capacity. The results of this triangulation are discussed in Chapter Seven. Finally, Fernandez (2004) contends that the notion of triangulation as embedded in the grounded theory method occurs because of the use of multiple sources of data representing varying perspectives in analyzing the data to develop emergent theory.

Peer review and debriefing. According to Creswell (1998), peer reviews and debriefings are the equivalent of inter-rater reviews in quantitative research. The goal of these reviews is to “question, challenge, and engage the researcher into deeper thought, discovery, and evaluation” (Felker, 2008, p. 123). Dr. Jacqueline Stavros continually evaluated the research design and results/analysis throughout this study. Dr. Stavros is an expert in qualitative research methods and her continuous input was utilized to strengthen this study. In addition, many of the Strategy and SOAR exemplars are doctorally trained who are presently teaching strategy in well respected universities and have published in peer-reviewed journals.

Referential adequacy. An extensive literature review for this study covered a two-year period. Over 500 pages of research notes resulted in the documentation of each article and the summarization of key points. Interviews were transcribed verbatim producing 408 pages of transcript data. Every interview participant had their own folder with all back up material generated from a public search of the web and interview résumé’s and other supporting documentation submitted by the participant. In addition, all published ‘case stories’ and other relevant published archival data were surfaced for each interview participant. These stories and archival data were compared with the theory and framework that emerged from this study to ensure consistency. The 14 propositions that surfaced during the literature review were utilized

to fill in additional details that ultimately provided the comprehensive framework discussed in Chapter Seven. All of these activities ensured referential adequacy.

Member checking. According to Creswell (1998), member checking is one of the most critical techniques for validation of qualitative studies. Member checking involves taking results of the study back to the participants for evaluation and confirmation. Participant approval of the transcribed interviews occurred before incorporation into this study.

Rich, thick description. Multiple rounds of interviews were conducted utilizing a theoretical sampling approach with 39 participants as a primary basis for this study. These interviews utilized an “appreciative lens” which employed story telling to engage participants in describing their experiences. Emery, Bregendahl, Fernandex-Baca, and Fey. (2007) contend that “deeper, richer, more accurate, complete, and representative data” (p. 28) can be created through utilizing Appreciative Inquiry as a research methodology. Interviews were transcribed in verbatim producing 408 pages of single-spaced description. In addition, 130 pages of practitioner published ‘case stories’ were utilized to provide additional description and support for the interviews. The findings from this data are described in Chapters Five and Six portraying the rich, thick nature of the data.

Audit trail. Newman and Benz (1998) describe this method as documenting all elements of the study such that it could be replicated to confirm the findings based upon the same data. This chapter has described in detail this study and all its aspects in order to support replication of its design. In addition, filing of transcripts and supplemental data for each participant includes published ‘case stories’ and other archival data. A computer-assisted qualitative data management and analysis (MaxQDA) software program supported record management and documentation of the coding, diagrams, and memoing, resulting from the grounded theory analysis of all data gathered. In addition, Dr. Jacqueline Stavros served as a proxy for an inter-rater review of the coding technique and actual coding.

Reflexive journal writing. According to Suddaby (2006), researchers must “engage in ongoing self-reflection to ensure that they take personal biases, world-views, and assumptions into account while collecting, interpreting, and analyzing data” (p. 640). The researcher’s background and current literature review predisposes the perception of SOAR in a very favorable light. Therefore, this researcher wants to better understand this phenomenon and why people are so engaged in SOAR. In order to combat this potential bias, this researcher identified all possible areas of personal bias related to this project and kept a journal of observations and views with these biases in mind. In addition, this researcher scrupulously let the data speak for itself in performing all analysis. The findings presented in Chapters Five and Six and results in Chapter Seven reflect this scrupulous integrity.

Theoretical sampling. Theoretical sampling is a key element of this study design. In the sampling discussion in this chapter, discussion of this topic occurred in greater detail. Theoretical sampling leads to greater data quality and representativeness (Glaser & Strauss, 1967; Strauss & Corbin, 1998, 2008).

Structural relationships. Newman and Benz (1998) define this method as ensuring logical consistency between different data sets. They describe this as:

When attempting to interpret data and formalize conclusions, the researcher should support these insights, to the extent possible, by interweaving different data sets, which may come from different perspectives while supporting the common underlying and emerging meaning. (p. 53)

The integrity of structural relationships is embedded in the grounded theory method. This occurs throughout the coding process, however, it is most apparent during axial and selective coding phases of the methodology. In these phases, categories are linked together and further refined to form a coherent theory. In addition, all data sets were subject to grounded theory analysis such that the result included all perspectives of the data in a holistic, coherent theory, and framework as presented in Chapter Seven. Finally, the propositions developed from the exhaustive literature

review were utilized to provide a comprehensive theory and framework of strategic capacity and how it can be built as presented in Chapter Seven.

The Researcher's Role

As the principle investigator in this study, the researcher conducted interviews and reviewed archival documents as dictated by the necessity for data gathering and need for additional analysis/exploration. These activities were minimally intrusive to the participants selected. The researcher conducted 39 interviews to adequately saturate the key categories and address the goals of this study. Almost all interviews were conducted by telephone. Additional clarification was received via email correspondence or a second phone interview as necessary.

Because an extensive literature review resulted in 14 propositions regarding strategic capacity, the researcher took extra care regarding propositions of bias in the analysis of the findings. In addition, the researcher remained vigilant towards personal bias against orthodox strategy—especially when interviewing strategy exemplars who are not Organization Development practitioners. As discussed in Chapter Seven, many of exemplar perspectives are grounded in orthodox strategy and thus reflect a continuum of strategic capacity. These perspectives were honored during the interviews and when analyzing the data as supported in Chapters Six and Seven.

Ethical and political considerations. All interviews were undertaken with individuals who volunteered to participate in this study. All participants were asked to sign a written informed consent form providing a statement of confidentiality, prior to interviews. This form appears in Appendix Four. All interviews were confidential with numbers being utilized as a pseudo for interview candidates as agreed. All interview transcripts were re-circulated to the participants for review and comment

Summary and Conclusions

This chapter provided a detailed discussion of all elements of the design for this study. In line with the desire to explore and explain a new phenomenon, the application of a qualitative

perspective utilizing grounded theory analysis in conjunction with appreciative interviews and published practitioner case stories allowed exploration the following research questions:

1. What is strategic capacity?
 - a. How does strategic capacity connect to strategy research?
 - b. How does strategic capacity connect to organizational performance?
2. How can organizations build strategic capacity?
3. How can SOAR be utilized as a framework in building strategic capacity?
4. How can SOAR contribute to strategy research?
5. How can this research study inform practice to create organizations that are more effective?

The goal of this chapter was to make all research procedures in this study design transparent, such that replication of the findings from the data analysis could be confirmed. To that end, the activities of sampling, data collection, and analysis were discussed in detail. In addition, a majority of techniques prescribed by qualitative research exemplars support the validity and credibility of this study. These techniques include prolonged engagement and observation, peer debriefing, triangulation, member checking, referential materials, structural relationships, theoretical sampling, and providing an audit trail. Finally, discussion occurred regarding the role of the researcher and ethical and political considerations for this study. The findings and emergent theory from the fieldwork (interviews) are presented in Chapters Five and Six and discussed in Chapter Seven along with the literature review and emergent propositions from Chapters Two and Three. The limitations of this research are discussed in Chapters One and Seven.

Chapter Five: Findings SOAR Exemplars

The life each of us lives is the life within the limits of our own thinking. To have life more abundant, we must think in limitless terms of abundance.

~Thomas Dreier

Introduction

The goal of this research study is to extend current theory and develop new insights by discovering the meaning of strategic capacity and developing a framework for building strategic capacity. In addition, this study explores the potential for the application of an emergent framework, SOAR, as a promising approach for building strategic capacity in organizations. The key questions answered by the findings in this chapter are:

1. What is strategic capacity?
2. How can organizations build strategic capacity?
3. How can this research study inform practice to create organizations that are more effective?

Specifically, this study set out to (1) discover the meaning of strategic capacity, (2) understand what process is utilized to build strategic capacity, (3) define what competencies are needed to develop strategic capacity and what factors accelerate strategic capacity building, and (4) explore the application of the SOAR framework and how it might build strategic capacity. The results of the analysis from twenty-three qualitative interviews with SOAR exemplars (i.e., individuals that have used SOAR and can serve as a model to others), presented in a narrative format, conveys key themes from the findings as they relate to the primary research questions. Relevant published SOAR practitioner stories and case studies informed these findings. Findings from the analysis of sixteen qualitative interviews with strategy exemplars and one informant are summarized in Chapter Six.

Data captured from these interviews and those of the strategy exemplars presented in Chapter Six resulted in over 408 pages of single spaced transcription and 130 pages of corresponding stories and other archival information. During the data analysis, over two thousand codes and 520 memos facilitated the emergence of the key themes discussed in Chapters

Five and Six. In qualitative analysis, all ideas are relevant and, as such, these themes are indicative of the full range of responses (as opposed to frequency of responses). Support of the key themes occurred throughout the interviews.

Comparison followed of the key themes and framework that emerged from the data, to all stories related during the interviews and published practitioner stories (if applicable), in order to corroborate consistency of the pattern of activities (i.e., the process of building strategic capacity) in all cases. Chapter Seven will present a discussion of the findings, the relationship of these findings to the propositions developed from the literature review of this study (as conveyed in Chapters Two and Three), and the implication of these findings for organizational effectiveness in practice.

The profiles of the SOAR exemplars who were interviewed for this study are described in Table 5.1. These exemplars represent consultants, scholars and senior executives with years of experience in teaching and consulting roles in both for-profit and non-profit organizations. Some of these SOAR scholars have authored articles in peer reviewed journals and published popular books in the strategy or organization development realms. Many of these exemplars have consulted for numerous organizations across multiple industries throughout their careers. Almost all of these exemplars have at least two years of experience with using the SOAR framework with many clients, and can serve as models to others in implementing the SOAR framework.

Table 5.1 *Descriptive Attributes of Phase One Interviewees*

RES. No	Role/sector	Specialty	Yrs Prof Exp	Yrs Used SOAR & no clients	Published "Case Story"?
1	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Interactive strategic change ▪ OD ▪ Project management ▪ Appreciative Inquiry 	>25	5 yrs	No
2	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Leadership coaching ▪ Innovation & collaboration ▪ Team building 	> 25	6 yrs	No

3	PhD Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> Strength based (OD) Continuous improvement Strategic planning OD Team building Researcher and author 	>25	7yrs 10 clients	Yes
4	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> Appreciative Inquiry Trainer & facilitator Team building 	>25	>7 yrs 2 Clients	No
5	Consultant	<ul style="list-style-type: none"> Strategic change Collaboration and leadership development 	>20	5 Years 8 clients	Yes
6	Consultant	<ul style="list-style-type: none"> Human resources Diversity training OD 	>15	9 yrs 10 clients	Yes
7	Consultant Healthcare	<ul style="list-style-type: none"> Collaborative systems Innovation Leadership OD Strategic planning Team building Change Author 	>25	7 yrs 1 client	Yes
8	PhD Retired Consultant For-profit Non-profit Schools Churches	<ul style="list-style-type: none"> OD consulting Author Leadership Communication Constructive accountability 	>20	N/a yrs N/a clients	Yes
9	PhD Retired Director Mfg	<ul style="list-style-type: none"> OD manager Employee relationship Training and development 	>35	4 yrs 1 employer	Yes
10	PhD Professor Consultant Education	<ul style="list-style-type: none"> Educational leadership Social network theory 	>20	7 yrs 1 client	Yes
11	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> Change management OD Human resources 	>25	4 yrs 1 Client	No
12	Consultant Non-profit & government	<ul style="list-style-type: none"> Strategic planning OD Grant writing 	>20	4 yrs 1 client	No
13	PhD Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> Coaching Collaborative systems Innovation Leadership Organizational learning Strategic planning 	>20	0 yrs N/a clients	Yes

		<ul style="list-style-type: none"> ▪ Team building 			
14	PhD Professor Education	<ul style="list-style-type: none"> ▪ Education ▪ Consulting 	>15	2 yrs	Yes
15	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Consulting ▪ Strategic planning ▪ Team building ▪ OD ▪ Change leadership ▪ Training design & delivery 	>20	5 yrs >30 clients	No
16	DBA Professor Education	<ul style="list-style-type: none"> ▪ Education ▪ Consulting 	>15	4 yrs Employer	No
17	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Project management ▪ Team development ▪ Training design & implementation ▪ Strategic planning 		2 yrs < 10 clients	No
18	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Strategic planning ▪ Executive coaching ▪ Team building 	>25	5 yrs	No
19	Consultant Non-profit & government	<ul style="list-style-type: none"> ▪ Strategic planning ▪ Training design & delivery 	>30	5 yrs 3 clients	No
20	Consultant For-profit & non-profits	<ul style="list-style-type: none"> ▪ Strategic planning ▪ Lean, Six Sigma ▪ Training design & delivery 	15 yrs	2 yrs	No
21	PhD Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Branding ▪ Consulting ▪ Creative 	20 yrs	2 yrs	No
22	Consultant for-profit, government & non-profits	<ul style="list-style-type: none"> ▪ Strategic planning ▪ Change management ▪ Training design & delivery ▪ Executive coaching 	>30 yrs	3 yrs >30	No
23	Training coordinator	<ul style="list-style-type: none"> ▪ Training design & development 	< 10 yrs	2 yrs Employer	No

Exploring the Meaning of Strategic Capacity

Participants of this study were asked the following questions:

1. What does strategy mean to you?
2. In one sentence how can you best define strategic capacity?

The following themes emerged from this exploration of strategic capacity:

- *Strategic capacity as a dynamic, flexible system*
- *Strategic capacity is about becoming*
- *Strategic capacity is context specific blending both process and content*
- *Strategic capacity is generative*
- *Strategic plans as flexible frameworks*
- *Strategic capacity as a deeply embedded capability*
- *Strategic capacity as process*
- *Strategic capacity is multi-level and inclusive*
- *Strategic capacity is strength based and positive*

These themes represent the multiplicity of perspectives expressed in the interviews. Each theme is supported by quotes from the interviewees illustrating how the findings connect with the data.

Strategic capacity as a dynamic, flexible system. Strategic capacity is a dynamic system that allows an organization to achieve its vision and mission and reach its optimal potentiality. *Webster's New World Dictionary* (2008), defines a system as, "a set or arrangement of things so related or connected as to form a unity or organic whole" (p. 1453). Strategic capacity is a holistic, dynamically changing, enduring system of interconnected parts aligned towards a strategic purpose. All actors are acting in accordance with an overarching plan or purpose. All actions support the system as a whole and the system is flexible and expansive. The system represents an organized framework with a range of potentiality or expression aligned towards a strategic purpose. This system is multi-dimensional, involving the organization's strategic framework (i.e., vision, mission, values) as well as its policies, processes, routines, structure, culture, and capabilities/resources.

RES 4: When I think of strategy I think of a system. I think of a dynamic system, something that's flexible. Strategy brings to mind models, tasks; these are ways of achieving this. Doing something so that it's connected rather than just having the next item here and the next item there, and they don't have a relational link that supports the system as a whole.

RES 6: I see it as aligning the organization's mission, their vision, their goals, and objectives, their intent, their policies, and culture, along with the values, and of course, human capital. And to me strategy keeps you focused, so you can decide as an organization where to invest your critical resources. And for a strategic process you have to have a broad big picture view of your organization and think about how the organization, will utilize the resources to gain that competitive advantage.

Strategic capacity as becoming. Strategic capacity is about becoming. As a system that allows an organization to tap into its latent potentiality, it grows beyond a particular vision or set of known strengths and resources (i.e., critical competencies). This system allows an organization to expand beyond what is conscious (i.e., its consciousness) to reach levels that cannot be construed at the outset. This combined cacophony of strengths results in something far greater than imagined. This suggests spirals of growing efficacy and capacity that create new unforeseen opportunities. Ultimately, strategic capacity enables an organization to fulfill its mission.

RES 4: I think it's an organization's optimal capabilities or possibilities—I like the word possibilities--- for strategic thinking, planning, it's dynamic, it's flexible and it's able to grow beyond one's imagination

RES 13: The ability to expand capabilities, so it's not just capacity – how do we make capacity bigger? Increasing capacity, but not doing it in the form of the Greyhound and rabbit. – Consider rate busting in the old days the way unions controlled workers with piece rates. Gray Hounds and Rabbits and the unions --both have had ways you can't win. It can't be not pushing the bar too high. Because we also know with the minute we know something can be done more of us can do it. It enhances capability. For example, consider the one minute mile. Everyone believed it couldn't be done until Roger Bannister actually did it. After that many people were able to accomplish it. Resilience, expanding capabilities, but not by setting the bar beyond a conceivable/imaginable high. Expanded consciousness. So if Roger can do a mile. So can the rest of us.

RES 16: To maximize the capacity of the organization to fulfill their mission.

Strategic capacity is context specific blending both process and content. Strategic capacity is about doing something *different*. Strategy is context specific in a postindustrial sense as opposed to adopting a generic position (i.e., 'low cost provider' or 'customer intimate'). It depends on (1) an organization's own unique internal and external environment; (2) how it frames opportunities; and (3) how it builds strategic capabilities that support strategic capacity. Strategic capacity encompasses the processes for creating and implementing strategy as well as the actual unique content of the strategies adopted.

RES 10: ...this unique blend of process and content that is – that changes depending on the context in which you're working and then you've got to honor that context to help that organization be strategic in its action.

RES 1: Does the “it” refer to “strategy”? “It” refers to the context; the situation that one finds oneself in. What is going on around you, what is the context in which you are operating? Once you get grounded in the context, then what is the strategy for addressing it... the BIG picture solution. Who should be part of the “solution-finding”; what questions should be addressed? How can the questions be structured to achieve innovative and creative solutions?

RES 12: Strategy to me means a process and a product I guess. The process is shifting through the present and the past information in order to (and some indications of future information), but in order to identify what is going to move the organization or the group forward the farthest and perhaps the fastest. So strategy is for me, that process of shifting through and deciding what to focus on and then the product of strategy would be that topic, that focus, the wording that getsstakeholders aligned to focus, or to move towards realizing that strategic focus, that topic, that they decided upon.

Strategic capacity is generative. Strategic capacity involves seeing things differently, *reframing* situations and asking new questions in order to enable new possibilities (Bolman & Deal, 1991). This reframing fosters creativity and innovation leading to new repertoires of collective possibilities, action, and hope (Fredrickson, 2003).

RES 1: We will constantly have to reframe what we do and how we evolve. For example, Xerox went from a copy company to a document company. New products and services are constantly being invented. Twenty years ago, who would have thought that cell phones would become pervasive or that they would evolve to become into an all-inclusive communication device called the IPHONE.

RES 11: Strategic Capacity is the power in an organization to think, and act, and be at a higher level that allows the people in the organization to see opportunities, to see ways to leverage their strengths, and ways to develop the capacity in the organization that are not available, if what you're thinking is problem-solving. Period.

Strategic plans as flexible frameworks. Strategic plans are sensemanaging tools that enable organizations to flexibly maintain a range of expression as they progress up the spiral of reframing, capacity building, and enactment. This range of expression enables new possibilities and strategic actions while keeping the organization focused and in alignment.

RES 1: It needs to demonstrate that strategic plans (capacity) are like a “radar screens” that provide frameworks for making organizational activities visible and connected to each other. This flexible framework allows and even encourages organizational shifts to accommodate an ever-changing environment.

Strategy can be construed as a *short-term purpose*. A purpose in this sense is a framing tool that helps individuals in an organization frame what they pay attention to in the world around

them. This sensemaking then filters through this frame and people become attuned to elements in the context that speak to this filter. Strategy is a way of carrying out the purpose of the organization, and strategic capacity is an ability to create a short-term purpose, make sense of the organization's environment, and connect individual actions to this purpose and carry it out. This involves *sensemaking, planning, and implementing*.

RES 3: Responding to what's going on in the outside environment: first, making sense of what's going on out there and then saying, "How do we most effectively make a plan to achieve our ultimate purpose as an organization?" So strategy in the end is a short-term purpose.

Strategic capacity as a deeply embedded capability. Strategic capacity involves building and blending individual and collective capabilities within an organization and adopting a *mindfulness* or *intentionality* (Liang, 2007; Weick & Roberts, 1993) concerning the process of becoming---represented by an upward spiral of continual capability development, and implementation, leading to additional capabilities, and possibilities for strategic action. This mindfulness supports widespread strategic thinking that becomes second nature.

RES 11: I would distinguish it as being related to--particularly to people-- that your strategic capacity is tied to increasing the competency of your staff to be thinking differently, creating differently, interacting differently, (and) contributing differently than they have in the past.

RES 9: Strategic Capacity is the dynamic potential of combined competencies including motivation, power, affiliation, and effort to accomplish or actualize the steps necessary to achieve the goal. The ability to mount a sustained effort.....Strategic capacity is really combined competencies. A concept that applies strongly is integration. Integrate all competencies and you really have your team in alignment.

RES 4: A conscious effort of those who become exposed to thinking strategically so that it becomes a norm. That it happens without--- I wouldn't say without thought-- it becomes a norm for your behavior for meetings. It's an intention. It's an intentionality I guess. A consciousness, you can bring it into any meeting. For me I think anything that you do, any action that you take, the decisions that are going to be made...I think if you go about it somehow in your thought processes... if you have intentionality about whether it (the thought, the action, the decision, etc.) fits the mission, vision, values and ask is it taking us where we want to go or it is taking us away from where we want to go. Does that make sense? So I think becoming intentionally aware and building that awareness so that it becomes second nature is just a given.

Strategic capacity represents an embedded individual and organizational ability for strategy. This ability relates to having a vision (or seeing the big picture), being able to make

sense of the unique context in which an organization is operating, connecting this vision to individual strategies through planning, then mobilizing resources, implementing, learning, and attaining results. These activities can be construed as broad capabilities requiring different skill sets. Organizations must be able to toggle among these skill sets in order to achieve strategic capacity.

RES 1: Strategic capacity equals the word ability “strategic ability”. The ability to first understand what the big picture is (the context) and have the ability to design and carry out a plan that implements the strategy. There are skill sets required to do this. Broadly defined these skills revolve around three areas: (1) see it; (2) plan it; (3) do it. All three require different capabilities to achieve a strategic capacity.

RES 12: Strategic capacity would be that ability, having the knowledge, the skills and the ability, as an individual as well as a group or organization, to sift through all that information that keeps coming in and figuring out how it relates to what your focus is, that strategic focus how all that information relates to the path that you select for the immediate term. The path that's going to increase your effectiveness, whether and how it relates to whatever your mission, your bottom line is going to be. I work with non-profits, so the fulfillment of the mission is one of those bottom line issues. So I guess strategic capacity for me would be the presence of the knowledge, skills, and abilities to relate information, current information to your future focus.

RES 15: So in terms of what are the types of capacities needed to implement a strategic plan or to, to be a strategic; to create a strategic culture. I define these capacities as strategic action, strategic learning, strategic thinking, and strategic innovation. So these are sort of the four areas, ...at the center is the strategic essence ...because I think when I do strategic planning the outcome of the strategic planning is that sort of strategic essence (i.e., shared vision).

RES 22: So capacity is a very strong word, and it really means enabling the people within your organization, giving them the tools and the competencies in order to do what it is you're trying to do. And so as strategic; if you want people to think strategically within an organization, you have to help them build that strategic capacity. You have to have them trained and developed in such a way that everyone in the organization is thinking strategically. Not just you, if you're the leader of the organization you can't be the only one thinking strategically. You need people to be thinking and acting strategically all the time. Doing environmental scanning and dealing with problems and how you deal with problems, and reframing problems, and defining transformational topics and conversation, and holding conversations, and moving toward that image of the future that you're trying to paint. So, capacity is really all about developing the skills and the competencies in your people, so that they can be strategic.

Strategic capacity as process. The *Oxford English Dictionary* defines process as “the course of becoming as opposed to static being” (Retrieved from: <http://dictionary.oed.com>.) Strategic capacity involves implementing processes for strategy as well as a “process capability” to develop processes that support the content of the strategies created. These processes for strategy need to support creating and implementing strategies, managing change, capacity

building, and learning. The process capability that supports execution promotes alignment and ensures results.

RES 10: ...it's a process orientation. That understanding that there's some real need for concrete outcomes and content and knowledge. There's equally strong need to be oriented towards a process approach to – enacting change and building capacity.

RES 2: There needs to be ability to differentiate and embrace both process and task of the organization and recognize that strategic capacity building will require some level of engagement of process and competency around “process” and the organizational members build it ... I come from healthcare background because they freak out from process and skill building around process versus tasks.

Strategic capacity is multi-level and inclusive. Strategic capacity involves all levels of an organization and its greater environment. Strategic capacity operates both internally, incorporating the individual and the collective, as well as in the greater external environment to encompass suppliers, customers, and institutions with which the organization interacts. Strategic capacity builds across the entire value network of an organization enabling organizations to partner with suppliers, customers, and institutions in the greater society.

RES 1: By including the whole system in the room when it comes to strategic thinking and planning, we can begin to see possibilities and create an environment that promotes anticipatory planning, doing, and learning in an ongoing iterative process.

RES 2: The way to build strategic capacity is ... essential ... not just a limited number of constituents – it must be inclusive that people at all levels must be engaged so individuals can focus on the strategy they build together.

RES 22: The ability to bring people together in dialogue and to facilitate that dialogue is a competency. Some people just can't do that effectively and so the whole idea of getting everybody involved in the planning effort is important. Some people just want to do the planning themselves. Some people just want to have a very small group doing the planning. I think the planning that lasts, the planning that sustains is the planning that takes place when you have everyone involved in the effort. From the very top of the organization to the bottom and laterally and then also reaching out externally to bring in key external stakeholders into that process, I think is important.

Strategic capacity is strengths-based and positive. Positivity is expansive, promoting generativity (i.e., new frames and new possibilities for action) and energy for implementation. Building from a position of strengths leverages what is already working in an organization and focuses the best of the best capabilities and thinking on taking advantage of latent opportunities.

RES 1: I believe we are an evolving species and that we are entering a new world. We have to join with the young people, scientists, artists, storytellers, writers, thinkers of all stripes to see differently and create new tools that promote expansive thinking with a positive approach like Appreciative Inquiry, etc. There is an emerging and growing body of knowledge and tools to help us see differently.

RES 10: So, one of the things that drove me crazy about traditional strategic thinking, is that it's...this warlike analogy, right? And that ...didn't feel right for me for the work that I was doing in the organizations, because to me I didn't envision the world as a battlefield. It was rather a playground--a place where you could go and discover and learn and really reflect on where you are. Another component is... envisioning a world that's full of opportunities, as opposed to filled with obstacles and threats that we have to try to avoid or work through. You've got to start where people are at their best. And say "how is it that -- where is it that we are at our best and how do we more of that, how do we create like this epidemic of success throughout our organization?"

Summary of the meaning of strategic capacity. In summary, strategic capacity is a holistic, dynamic, enduring, and flexible system that allows an organization to envision new realities, expand its capabilities, take action, focus, make decisions, be generative, and choose a direction enabling an organization to achieve their ultimate potentiality. This suggests that strategic capacity is a multi-dimensional construct that represents a unique blend of process and content that changes depending upon the context in which an organization is operating. Strategic plans represent flexible frameworks that serve as sensemanaging tools that control an organization's range of expression as they travel an upward spiral of efficacy and capacity that allows for taking advantage of unforeseen opportunities. Ultimately, as noted, ultimately, strategic capacity is about *becoming*.

How Organizations Build Strategic Capacity

Participants in this study were asked:

1. How can organizations build strategic capacity? Can you share a story with me about how your organization builds strategic capacity?

The results from their answers to these questions and analysis of their rich, engaging stories yielded a theory and framework for building strategic capacity. This framework is discussed in more detail in Chapter Seven. The resultant theory and framework was compared to what happened in all the stories in order to verify its existence and fill in gaps in its various

properties and dimensions. Although in grounded theory, every response is important, the stories were remarkably similar in how strategic capacity unfolds and the competencies noted as necessary to build strategic capacity. These findings are presented as general themes, the findings are:

- Strategic capacity represents *an upward spiral of becoming*
- This spiral consists of *possibility thinking, enacting, and learning*
- Strategic capacity can be supported and accelerated via a *strategic governance structure* that supports strategic thinking, enacting, learning, and innovation

An upward spiral of becoming. Building strategic capacity represents a positive, iterative, dynamic, recursive, reflexive, enduring, and self-reinforcing spiral of *becoming*. The spiral never ends but represents a continual journey as an organization moves towards its highest potentiality. This spiral is intentionally enacted with the collective.

RES 10: The other piece around strategy is this iterative approach to strategy. That strategy is never really done, that it's this cyclical, iterative, recursive, reflexive process that we engage in, in order to really move ourselves to the next level. And it's done collectively and it's done with intentionality and integrity. And as we work through this together, we understand that we're never really arriving but it's about the journey that we're taking to get to where we want to go.

Organizations must create their own futures by “building the road as they drive on it.” This implies a continual cycle of reflecting, framing, doing, and learning---continually building capabilities that enable new opportunities that the organization is able to create as they move forward. This represents a continual planning, learning, and harvesting approach as opposed to an annual planning exercise, or the creation of a five-year plan with a definitive destination. A deep sense of collective purpose guides this effort which creates individual commitment and purpose that transcends individual needs.

RES 1: We need to change the way we plan ... it is not linear anymore. Planning is a new skill set to re-think. “Build the road as you drive on it” and “put the wings on the plane as you fly it” -- - you need a sense of foresight; an ability see down the road and engage in participatory leadership.

RES 21: But, you know, to the idea we create strategies and we implement those strategies, we execute, we measure, and we determine whether or not, what worked and what didn't work. We adjust and we come back and we learn. And so part of capacity is really building in these

principles of learning cultures in our organizations and again intentionally doing that. And that takes time and focus and energy.

This spiral becomes self-reinforcing as the organization achieves vertical and horizontal alignment—all in coherence with the highest aspirations of the organization. This alignment creates focus. This spiral of becoming is embedded in an organization's capabilities (both individual and organizational), all characterized by a sense of expansiveness—a continual growth and evolvment of capabilities into ever higher levels. The spiral occurs through the energy resulting from dialogue, action, and full system engagement. As organizations implement possibilities, they reinforce the upward momentum of the cycle—building efficacy as well as new strengths, leading to ever-expanding repertoires of capabilities that in turn lead to new possibilities.

RES 4: Strategic capacity grows dynamically and it continues to build all capacities, competencies, strengths, and talents as a whole rather than just in parts. You build it by entertaining other people's inputs and finding value in a discovery process. Some of the greatest ideas come out of just kind-of brainstorming; sometimes it comes from a person you wouldn't have expected to contribute. It comes from being resourceful. Again, of course we are trained in AI so I think it's always the inquiry into possibilities even with strategic thinking.

This spiral consists of possibility thinking, enacting, and learning. The continual spiral of reflecting, reframing, doing, and learning requires different skill sets. Organizations must be able to 'toggle the switch' from the more creative possibility thinking mode to the more structured enacting mode to the more reflective learning mode. Possibility thinking is not valuable without the ability to act in implementing those possibilities and get results that then continue to build efficacy and new repertoires of skill sets. The term 'double loop strategy' as conveyed by the participant in the following quote, implies that organizations must imagine, perform, and then reflect upon this performance in continually leveraging the results from this upward spiral of becoming.

RES 5: The first thing is just engagement--- how people build strategic capacity. By engaged I mean getting everybody on the same page as to you know where do they want to go, or what does strategy or strategic capacity building look like and being able to dialogue about possibilities.

And not only dialogue but also get to a point of making a decision. So it's almost like a *double loop strategy* the ability to be very generative and open about possibilities and innovation, but then also, will it come down to making a decision, not necessarily what is the best plan but what's the one choice that we as a team are going to make.

Possibility thinking is an engaging discovery process that fosters imagination, exploration, innovation, and creativity. This expansive thinking mode involves the full system in positively reframing the current situation, building from strengths, and using possibility thinking (i.e., thinking together about possibilities for the future) to come up with new and fresh ideas for action to take advantage of new previously unforeseen opportunities. Collective wisdom, collective strengths, and collective possibilities lead to the creation of new frames, new ideas, and expanded repertoires of action. Deep reflection by organizations on the current situation and what they want to achieve in the future, and reframing their situation with a positive lens, makes it possible to ask new questions that enable new opportunities. Success creates confidence and efficacy to stretch and grow, reinforcing the positive spiral. Strength-based approaches are more engaging reducing fear and resistance to change.

RES 1: See the world differently – possibility thinking--create ways to engage creativity especially with the use of storytelling ... organizations are built on stories organizational cultures are created by the stories we tell. It is important to create a “YES/AND” culture instead of a “NO/BUT” culture. If we want to engage in “solution finding” and possibility thinking then we have to encourage and add to each other's offerings.

RES 7: Finding new information and ideas...always scanning, seeking, questioning---the constant search for new information; secondly conversations, creating new possibilities and realities among people.

RES 10: It's an organization really reflecting and thinking deeply around where it is they see themselves going. So it's involved with really being clear about what your core values are and what you really believe about the world, and recognizing that sometimes some of the assumptions and values that we hold, while at one time they may have been really successful for us, often times get in our way in order to make – in order to reach the kind of goals we want to move to. So, for me, strategies involve just being really clear about your values and your beliefs, and also recognizing what your assumptions are, and being clear about where it is - your vision, where it is that you want to go as an organization.

RES 15: One is possibility focus. That has to be there, and that is probably been the thing that I hear most about when I do strategic planning. The possibility focus that they don't get stuck in the problem focus that creates downward spirals of thought, action and behavior. A fundamental thing in strategic planning, you don't want to be in that downward spiral of thought, action and behavior when you need to be creative around where you would most like to go. When you're worried

about fixing all the problems in your head; you limit your ability to see possibilities when you squash possibilities too early. So, this unconditional possibility focus is a key aptitude.

Enacting entails a sustained effort of planning and implementing strategies in support of the outcomes of possibility thinking. Action creates energy, moving the organization up the spiral of becoming. This mode involves not only planning but also making decisions, prioritizing, allocating resources, setting SMART goals, measuring, and holding organizational members accountable for achieving results. All of these activities lead to the resourceful use of critical assets by investing them in activities that yield the highest opportunities. Organizations must exhibit a 'drive for achievement' which is about successfully achieving goals over time and being confident that they have a deep ability in their defined domain of expertise. This drive for achievement builds organizational efficacy and confidence in capabilities that reinforces the positive spiral by creating new repertoires of capabilities and opportunities for action.

RES 14: It entails also implementing and executing so do you have the right people on board, do you have a plan about how they're going to do it? Do they have the resources that are needed? A big part of developing strategic capacity is not only bringing the right people on board but training. And not only formal training, but on-the-job training, so that everyone understands the mission and the line of site and gets the big picture. Third, is goal setting. Along with that goal setting, develop systems and processes so that people can get their job done. You can have all the vision in the world that you want, but if you don't have the operational competencies to go with that vision and goal it's not going to come to fruition.

RES 22: Then you have strategic competence. That you can do, with clarity, what you are going to do and then you do it. You can execute. (*So, execution is also critical.*) Well, accountability to deliver on what you need to get done is, ...there's some people that talk about execution and they are always talking about other people's execution. It's a culture of execution, getting it done. It's culture of accountability. You know, if I agree with everybody on my team that we are going to get this done. You get the weakest link effect.

Individuals must have a clear line of sight to the strategies, understanding how their actions affect the overarching organizational strategies and taking the appropriate actions.

RES 6: Another competency is to plan and achieve results. They've got to be able to see, understand what you need to do to get to the end result. And they need to be held accountable in achieving those results.

RES 15: Then the implementation and the capacities required to deliver on that promise is that their; the ability to continually take action so that it's not analysis paralysis. So to act strategically and understand the individual's impact--their impact at a strategic level. So I am just thinking that piece is related to, I think it's either Gartner's or McKinsey's article, talking about why employees

are dissatisfied. And one of the top reasons is that they don't see or understand their role or impact on the organization from a strategic perspective. So the strategic action is: understanding my role as an individual and how I help move the organization forward.

Learning involves experimenting, building competencies, and deeply reflecting on achievements as well as the assumptions that underlie an organization's strategic framework. Learning enables the development of new capabilities, allows an organization to be flexible, and promotes reframing that leads to new opportunities for collective action. Capability development and exploitation is critical to the spiral of becoming. Experiential learning around strategy and the strategic planning process promotes the ability of individuals to better recognize opportunities and make sense of their environments as they relate to an organization's strategic framework.

RES 10: Some of the key competencies are ... orientation towards learning is the really key one in the sense that if you're looking at facilitators, you're looking for the organization to have all the right answers, and you're not willing to do the deep work to try and figure out what's actually going on, it's the learning that's required. You know how the organization learns and moves forward. Then I think it's hard to develop strategic capacity. So it's framed in the positive. It's critical that people have a learning orientation.

RES 12: How can it be built? I think that there has to be some learning, and I think there has to be some experiential learning. That part I feel is experiential learning would be by taking a group, a team, an organization, through a strategic planning process so that they have a sense of what is entailed in sifting through that information and what's entailed in making the decisions that are strategic that are going to move them forward the farthest and fastest so I think that when they experience that process then they will have a better sense of what to keep their eyes open for, what to look for, and how to use that new information coming in. Then, capacity can be built.

RES 14: It's building an inclusive learning culture. So strategic capacity and competencies always center around how the leaders learn, how do they create learning organizations.

Strategic capacity can be supported and accelerated via a strategic governance

structure. All of these modes support a high engagement *strategic governance structure* that enables and accelerates strategic capacity. This governance structure administers strategy implementation and ensures that strategic learning feeds back into the generative cycle of potentiality, enacting, and learning modes. This governance structure consists of regularly scheduled high engagement meetings to develop, refresh, and implement strategies. Goal area

leads and innovation teams ensure effective implementation. Regular strategy summit and refreshment meetings ensure continual revisiting of the strategies and learning.

RES 15: The strategic learning is exactly what you would think and if you're good at the strategic action that means you're trying out things. Some things will work and some things won't. How are you learning from what's working and what's not working and how do you feed that back to the larger organization in a governance structure that's managing the implementation of a strategy? So there is a lot embedded in the actually how you do that in terms of a governance structure after the strategic plan is created that ensures strategic learning? So I think having regularly scheduled, high engagement governance for all of the goal area leads and whoever is responsible for the strategic plan. And so having those kinds of regular meetings, as well as, strategy goal area innovation team meetings expands again, who else is in the conversation. And then I've been doing a lot of what I'm calling Strategy Refreshes. So whether it's an annual thing or again, the things that I think flex the muscle and help the organizations with the strategic action, learning, thinking, and innovation are some of these regular containers for these kinds of conversations that are different from the typical problem-solving, action-planning type meetings.

In addition, flexible organization designs support strategy implementation where the organization redesigns itself along the major goal areas of the strategy, to accommodate this situation. In this case, the organization stays adaptable to the changing strategy landscape. Finally, this strategic governance structure ensures that individuals within the organization receive training in the key competencies of strategic thinking, acting, learning, and innovating.

RES 15: And simultaneously with that, was working on an organizational redesign that was biggest on the strategic plan. So this is the other area of learning for me. I'm playing with, and I'm interested to see where it goes, because there are a lot of conversations about organizational design, functional, vertical matrix, and all that kind of stuff. But I haven't seen much around designing the organization around the strategic plans. So if you've got four goal areas, actually having organizational entities so, that story, of aligning the organization design around the strategy I think, is something that is emergent and working and helps to support strategic capacity. They've got an organization design that aligns with the strategy, which should be driving the operational activities. And then the notion that, if you do a strategy refresh and these goal areas change you can change the organization design.

Accelerators and Key Competencies for Building Strategic Capacity

Participants of this study were asked:

1. What do you think are some of the competencies needed to build strategic capacity?
2. What accelerates strategic capacity?

Themes around key competencies and conditions that enable and accelerate strategic capacity as identified in the interviews are:

- *Combination capability*
- *Full system engagement*
- *Conscious intentionality*
- *Sensemanaging*
- *Systems thinking*
- *Relational generativity*
- *Engaged and engaging leadership*
- *Enabling culture*

Key accelerators of strategic capacity. The SOAR exemplars cited several factors as contributing to accelerating strategic capacity. Table 5.2 summarizes these findings. Several exemplars cited the SOAR framework as being able to accelerate development of strategic capacity. Leadership, learning, and strategic dialogue were also cited as important to accelerating strategic capacity. All of these factors are embedded in the discussion of key themes throughout the SOAR exemplar findings. The following is an example from one participant regarding the ability of the SOAR framework to accelerate strategic capacity:

RES 22: I think it's (SOAR) very comprehensive. If you follow the cycle, to really plan and to have everyone involved. And then you're going right from the planning right into implementation and moving forward. I think it's a very fast and rapid strategic planning tool.

Table 5.2 *Accelerators of Strategic Capacity*

What Accelerates Strategic Capacity Building?
1. Learning---environmental scanning from the outside in—crisis.
2. More dialogue across different levels of the organization.
3. Strategic governance structure.
4. SOAR accelerates. Important factors: whole system engagement; incentives.
5. Imminent threat or recognized opportunity.
6. SOAR accelerates. It gives full participation, and ownership and accountability. It has to do with passion, energy and commitment.
7. A clear vision that everyone understands.
8. Stories—they tap into imagination and people's creativity.
9. SOAR accelerates—it builds trust, it provides a framework to guide the dialogue of the team towards their possibilities. It fosters creativity and imagination.
10. The engagement of a core group of leaders.
11. Bringing in the whole system.

12. Support and delegation from the perceived authority. Cultural conditions of openness and appreciation and valuing every human being. A culture where it is safe to experiment. SOAR accelerates due to the flexibility and powerful information gathering aspects of the framework.
13. Trust and committing resources.
14. Leadership alignment, commitment, and holding people accountable.
15. Always scanning, seeking, and questioning; conversations creating new possibilities and realities among people.
16. Developing the necessary capabilities which require a learning competence; communication; adaptiveness; and innovation.
17. Leadership that supports and enables distributed leadership. Staying in touch with trends and events in the environment. Investment in capabilities and resources.
18. Diversity, building individual capabilities, a sense of urgency to move to the next level.
19. Facilitation competency and systems thinking.
20. Experiential learning.
21. SOAR accelerates—it is a comprehensive framework for involving the whole system in generative conversations.
22. Groups begin developing strategy at the smaller unit of the organization then pair up with senior representatives to use them as an example. Transparency is evident in what they are doing, how they are thinking, and how they got there.
23. Leadership's intentionality and focus to building strategic capacity then doing it.

Combination capability. Individual and organizational strengths are combined in a ‘Lego®’ fashion (i.e., viewing capabilities as modules that can be synergistically combined) to address new possibilities that present themselves during the spiral of becoming. In order to accomplish this, an organization must exhibit a *combination capability* that enables it to combine its capabilities in new ways to address opportunities identified during the possibility-thinking phase. Organizations must perform a gap analysis between what capabilities they have now and future needs then move to develop these capabilities. A critical part of this is assessing the strengths and capabilities already resident in the organization and then extending and developing those strengths

RES 8: And the ability to recognize the importance of the different capacities that have to be developed. I'm really interested in combination capability, that's the capability of people in an organization to combine together in the ways that come up with ways to develop strategy for one thing, ways to do things in different ways that can create a way to execute the strategy...

RES 16: Then define what it should be, then do a look at the organization and find out where are some of our shortcomings and what are some of our opportunities for improvement and if we can further develop resources that we have within our organization. But at the same time, also understand what those resources are that maybe we are not tapping into at that point in time. I look at my own past experience--- here I was a doctorate student dealing with some pretty neat research. But most people in the organization didn't know anything about what I was doing or what I might be able to bring to the table. I'm sure there were lots of other stories of people that had similar background and experience that could help the organization to become more strategic at developing the capacity of the organization to excel beyond its current situation.

Individuals in the organization must have the understanding, motivation, skills, relationships, and training necessary to identify and build the capacities required to achieve the organization's vision.

RES 16: But also ...you have to be able to look at yourself and say okay there's things that individuals in the organization need to understand what their true competencies are and if there are areas that they can improve upon. They need to be able to look at those and the organization may need to help individuals to build on that by either gaining education, giving them a particular assignment or whatever the case may be, so that you are able to, to build the individuals at the same time you're collectively building the organization.

RES 8: But the point of it being – it really is something that people do. They have to have the capacity to do it; they have to have the training, the understanding, the willingness, and the resources to develop any capacity that the organization requires to perform well into the future. And if I look back in my life, one of the things for me around capacity, is that no-one can build my capacity. I have to do it. Which has always been a belief on my part that I need to set my goals for learning and growth and deal with it myself. And that those things that I focus on, have to meet the needs of the company I'm working in at the time.

Combination capability involves blending and integrating capabilities such that you get a full and deep capacity that is enduring, comprehensive, and complete (i.e., supported by many facets of the organization). Individuals must proactively be willing and motivated to contribute, experience a sense of affiliation towards each other (i.e., in relationship with each other), and feel committed to the goal as a worthwhile endeavor in order to effectively combine and develop capabilities. The organization aligns itself along some competency (*deep domain expertise*) as a central theme, and capabilities combine in such a way as to support every facet of this theme, from cradle to grave in the life cycle of this competency.

RES 8: In order to get anything across to the group, they have to be willing to listen. And they have to have the capability to use skills to exercise that, the strategic capacity and make - so there's a need to really build into the understanding and skills of the organization. But now assigning the resources they need to have and the willingness to use those towards strategic -

aligned to the strategic capacity or capability of the organization. You cannot implement any strategy and get it done, without having the skills and capabilities in place. So you have to accelerate strategic capacity building, through the energies of the people as a whole---people who are convinced that they have to build capacities for the future.

RES 9: A prime one is domain expertise. That is like if we decided to develop better buttons for white shirts. It's not our domain expertise. Better canisters are our domain expertise which ties you in terms of marketing and technological development to your customer. For example, the Navy awarded (ABC Company) an award for systems engineering integration. How does this apply to the market? This is what we want--experiential knowledge and affirmation by the customer over a long time.

These capabilities consist of generalists and specialists, both internal and external to the organization, working together to accomplish goals. This deep domain expertise is accomplished by planning, investment, quality, innovation, problem-solving, and a systematic development of individual and organizational capabilities. Individuals must be accountable to each other and balance individual skill with teamwork (Seiling, 2001).

RES 9: The goal, objectives, election (selection of people) can also mean selection of people you bring into the organization; also, who you would have to add offsite, you might deselect because of lack of contribution. How can we capture that person's capacity? You might assign some research to that individual. They may do competitive analysis i.e., pick someone adept at this. Alignment and a combination of generalists and specialists development activities. Assignment to projects in order to develop an individual's capacity. Both management and technical. It is so powerful when you really experience the blending of people's capacities or competencies. Planning, problem-solving, commitment, quality, innovation. Selection of resources and then integration in systematic development of competencies. In order for the bigger picture of competency development it must be long range, i.e., you can't figure it out in one month. I need financial people, HR people developed and financial skills and HR skills for people not in those departments also developed. Specialties-- "ilities", (include reliability and maintainability) from design to product transition. It can't be "we are really good at software"-- if we don't have support to develop this, it really lags. Inside this, what are the human factors? Your engineer isn't going to be thinking of this, but someone with psychology and human factors background can make a contribution here

RES 18: The ability to work in that team environment not without taking individual responsibility and not blending it so that there is no---it's both a combination of individual accountability, capability, capability being, you know, you need an accountant to be a darn good accountant. You need the marketing person to know how the market works and be able to go out there. You need the sales people to be generally good at the sales side or product development ---whatever it is. You need all of those specific skills. This is the "uber" layer if you will of capability that so often goes missing. You get the person who's the great accountant or the great IT person and they can't work with anybody.

Full system engagement. Strategic capacity must engage the *full system* in developing and enacting strategy and building capabilities. The *Oxford English Dictionary* defines "full" as

“complete, state of the greatest strengths and abundance of capabilities” and “engage” as

“employing a person’s powers, thoughts, actions; to commit; to persuade, attract, induce”

(retrieved from: <http://dictionary.oed.com>.) Engagement involves an individual committing to bring their talents, abilities, and actions to a cause. Engaging the full system entails bringing the full strength of a system into the process of building strategic capacity. In engaging the full system, everyone has a role to play and everyone’s voice is heard.

RES 3: A competency within a system is to have ...the full strength-focused whole system’s pools, so the ability to bring full groups in. In my mind, since it is to me about making sense of the entire world, and then responding appropriately and executing the engagement of a broader group of people to me, is important. That’s the way to go to speak to results, by engaging the full system.

RES 1: People began to feel like they were all in “it” together, even though everyone had a different role to play and they began to see the value that they all have to offer to each other and the organization.

RES 21: Not just strategy being something that lives in the third desk of the sixth drawer, somewhere in the back of some file cabinet. But rather, something that is alive in the organization. It has to be alive in the minds of the people in the organization. And the way that you do that is to engage them in the very beginning, helping define strategy as well as tactics.

Involving the full system builds relationships and creates new potential arising from new perspectives and capabilities. When the full system co-creates the future together, energy expands. People take accountability for their own actions in making their highest potential happen and become co-engaged in executing strategies. People become self-motivated and self-organizing in this respect. Full system engagement builds alignment, trust, and commitment for strategies; supports sensemaking; and allows organizational members to experience a sense of control over their destinies. Full system engagement is multi-level—extending to an organization’s suppliers, customers, industry, and the larger institutional environment.

RES 13: --we always put M&M’s on the table when we have gatherings trying to show “maximum mix is magic.” Organizations can build strategic capacity through maximum mix monitoring. We know from research that some of the most important ideas come from outliers, i.e., young people, art department people etc. – it is important then to monitor divergent ideas i.e., the things we never thought about before. Really look at people from a maximum mix, including suppliers and clients. Our operating principle has been “don’t do anything about me without me” This expands to “don’t even talk about me without me”. Strategic Capability starts with capacity building for individuals and that starts with people talking and listening to each other. We used to

say who ever is in the room are the right people. The “yes /and” to that is when talking about teachers, talk with teachers. When talking about youth, talk with youth.

RES 16: One of the things that you certainly have to break down is that no one individual can have a complete answer, or a complete strategy, or a complete plan to improve the organization. Collectively, by bringing in individuals from all levels, and then all areas of an organization, as well as, external stakeholders, suppliers, governmental agencies, whatever the case may be. If you don't have that ability to listen to others and figure out a way to kind of ferret out the wheat from the chaff, but at the same time continue to build on, you know, one person has a great idea, but then the next person builds a little, you know, adds another block to that structure, and then somebody else adds another block.

Conscious intentionality. Organizations must adopt a *conscious intentionality* towards creating strategic capacity and building both individual and organizational capacity in support of its strategies. This includes the concept of intentional resourcefulness in the way that resources are allocated and leveraged. Organizations must be willing to commit time and money in making an investment in the process of building strategic capacity. This requires conscious planning to address gaps in strategic processes and capabilities. Conscious intentionality also involves cultivating emergent ideas, curiosity, and leadership at all levels. In addition, it entails designing processes to support an ongoing focus on the organization’s strategy and strategic change. Adopting a conscious intentionality ensures that strategy remains a focus for the organization and that strategic capacity becomes an embedded capability creating an organizational mindfulness about the organization’s strategic framework. Conscious intentionality can be exhibited in the way that meetings are run, people are assigned to teams, strategies are implemented, conversations are held, and all aspects of an organization’s daily life.

RES 2: Ultimately I think how the system is designed ... processes to support an ongoing focus on the organization’s strategy ... how are meetings conducted ... who gets involved and how these meetings are run.

RES 21: But I think there is an intentionality to doing these things. And leaders who understand that and either seek help in doing it, or have, or are willing to bring that focus and intention to what they're doing is probably the key factor.

Organizations must be *intentionally resourceful* in maximizing and utilizing their resources on the things that will allow the organization to reach its highest potential. This

involves understanding the strengths and capabilities of the resources and leveraging these resources in such a manner that the whole is more than the sum of the individual parts. This entails the ability to build upon core competencies and extend them to new opportunities and enterprises. *Webster's New World Dictionary* (2008) defines resourcefulness as “full of resource; able to deal creatively and effectively with problems, difficulties, etc. (p. 1221)” Organizations must pay attention to where they use their resources---utilizing them to their utmost potential.

This intentional resourcefulness leads to organizational focus.

RES 6: Also ...maximizing team effectiveness. Because as people are bringing their teams along, I think they need to understand what their teams need to make sure they are leveraging the most significant abilities and knowledge and skills from their folks. Of course, being able to leverage resources, what do you have available, what do you need, and how do you do the most with what you have if you are limited.

RES 14: Resourcefulness. How do I take the positive core and launch and develop it into multiple services and products? So resourcefulness. How do I generate my resources into new things to expand them? You know, when we teach strategy to undergrads, or even MBAs, we talk about how Disney took their core competency of animation and launched it into movies and hotels and theme parks and toys; therefore, their resourcefulness competence.

Sensemanaging. This capability animates the spiral of strategic capacity.

Sensemanaging (Seiling & Hinrichs, 2005) is more than sensemaking but rather facilitation of the ability of the full system to understand the context i.e., the ‘big picture’ and connect how their actions will further a short-term purpose or vision as defined by the organization’s strategic framework. This involves facilitating sensegiving, as well as, environmental scanning, questioning, communicating, connecting, and listening. Sensemanaging is defined as the role of the leader to enhance the ability of him and others to make sense of the usual and unusual occurrences in their work (Seiling & Hinrichs, 2005). It is the role of the leader to provide tools, opportunities, and encouragement for sensemaking throughout the organization that ultimately turns individuals into strategic receptors for new opportunities and helps them to develop systems thinking.

RES 3: Basic things, like communication, like the whole listening thing. I don’t know if that’s too basic. And of course, you know my focus on sensemaking and the ability – communication is

a piece of that, but the whole sensemaking thing is people's ability of people to make sense. So there'd have to be a facilitation capacity, and it goes...beyond facilitation to sensemanaging.

RES 6: When I talk about strategic capacity being built, I definitely want to make sure that we are looking at verifying gaps that the organization feels might be there. I think you do it through training. I think you do it through leadership communicating the strategy and not only communicating it, but having like a 360 so people find out if people really understand it. It's one thing for leadership to come up with their strategic position, but I think until they have the feedback from those, even at the lowest level and that the ones at the lowest levels being able to articulate what that vision is. Only then can you have that strategic capability.

Sensemanaging facilitates a deep sense of collective purpose and creates a context for moving the organization forward enabling all levels of the organization to become 'strategically tuned-in.' In addition, sensemanaging fosters organizational alignment and the ability of individuals to make connections between their environment, the organization's strategy, and their actions. Finally, sensemanaging allows individuals to see opportunities and ways to leverage strengths in order to develop the capacity of self, others, and their organization. Storytelling, as relayed by the participant below, is a powerful tool for sensemanaging that clearly communicates the strategic intent.

RES 2: The capacity to cultivate greater curiosity and emergent ideas can come from others and a shift in leadership and cultivate leadership at every level to be strategically tuned in.

RES 15: So it's being able to communicate the notion of getting on the same page. Everyone says we want to get everyone on the same page noses headed in the same direction. How do, you know, I can't remember where I read this, whether it's like *Blue Ocean Strategy* or one of those. It talked about the commander's intent. So the commander's intent is we want to take that hill or whatever it is. So everyone understands what the ultimate goal is regardless of the ways in which you're going to achieve that through the use of these resources. So, I've linked together closely strategic essence, which is similar to what would be the commander's intent with storytelling. So how does that message get told and I use storytelling, not just from a narrative perspective, but from a graphical visual perspective. So a lot of times, people--strategic planning creates credenza wear----you know, those big, big documents that; a hundred pages or so that sit on the credenza, until it's time to do the next strategic planning. So there is, I think people, always in my fundamental assumption is, that people are always trying to do their best in bringing the organizational goals to fruition. The challenge is in the interpretation. So, how I interpret a strategy or strategic plan and how you, especially if you're not involved in it, can be quite different. So having something that clearly articulates it and gets to the essence or intent leaves the ways that people go about open to, open to interpretation but while still achieving the intent.

Systems thinking. Systems thinking is the ability for individuals to think holistically about the information they are receiving, or the actions they are taking, such that they see the

impact on the entire system instead of just their local area of interest. This enables looking at situations from a variety of angles and implementing holistic solutions that address the issues of the entire system instead of the local individual. Holistic solutions foster organizational alignment. Systems' thinking promotes an understanding of how the inter-relationships of individual parts of a system interact together in the entirety of the system. Various frameworks, such as ISO 9000, McKenzie Seven S, and the CMM model, can serve as powerful tools to promote systems thinking leading to more holistic solutions.

RES 12: Understanding how everything is interconnected with everything else in an organization. Sometimes I use the Mackenzie Seven S. So if one has a good understanding of those seven S's and how it plays out in the organization then they have, I think, an easier time of figuring out how the new information coming in can be used so that they're not just taking each bit of information in isolation or in a vacuum and figuring out what to do with it. If they can lay it out within a certain organizational framework with some kind of a tool that helps them see how things can be connected in the organization. Then, I think it's easier for them to use that information, sift through it and then align it with their strategic focus. So... having an understanding of systems theory or systems thinking and how it's applied in organizations. I think that would be an important competency to have.

RES 4: They were able to reflect on the past and the present while being futuristic in thought. They were able to see where things connect and how all items were relational. It (the process) is kind of like systems thinking I guess. Being able to see where the dots all go and how they do affect each other. It's like looking at a map, being able to see where each of the pieces can move you in the direction you want to head. And how any kind of a--- even small, tiny action in any kind of area or a decision, or whatever, can affect so many other places and how supporting each other is so important.

RES 18: For a ton of years I've said that I've met half a dozen or a dozen people, who I would start any business. I would start any religion or church. I would start any NGO non-profit, if I had those six and I know I would be successful, because I had those six people with me. I would start off with the one thing I think they all have. They have great peripheral vision. They are really good at what they do specifically. They have terrific ability to see how what they do has an impact on the other parts of the working organization including the clients and everybody---that peripheral vision.

Relational generativity. Individuals must build relationships with internal and external stakeholders. These relationships are characterized by openness, willingness to listen, trust, cross-organizational respect, and an appreciation for the strengths that each individual brings to the 'value network.'

RES 7: I have a word that I put together "*relational generativity*". Generating those-- being able to generate relationships. So go find somebody, ask somebody, have a conversation. And I think that's a lot of what we did in this ABC Project is these people came in and they were a little shy

and they were a little protective and they didn't want to tell everybody how bad things were. And it's hard for people to brag too. To be able to make contact and I know I got a lot of resistance at first to this whole conversational approach. So we've gotten so used to so little human contact. Well once we got through that argument, they did it; of course they loved it, of course it worked. And then it just got more and more but it's that, it's being more and more in relationship and it's generating stronger relationships, so to me if you really want to do strategic planning or develop your people you have to be able to have people talk to each other and relate.

RES 23: I think it's important because if a person has the relationship built at all levels. So kind of going upward, downward and sideways if you will. Then they are more attuned to what is really going on within the organization and with the external environment. So I think it keeps things more realistic and more informed and aware than maybe too idealistic. And I think then it also helps long term with the, kind of the selling process of this is what we're going to do going forward. When those relationships are built, and it's much easier to roll those out.

Each actor in the network must be able to exhibit the emotional intelligence (Goleman, 1998) necessary to turn each person's social networks (Nahapiet & Goshal, 1998) into an asset that can be leveraged as part of the organization's repertoire of capabilities. Emotional intelligence also involves skills in self-awareness, self-management, and relationship management that lead to the ability to inspire, influence, develop others, and manage conflicts. Relational generativity increases the ability of an individual to combine capabilities, implement strategies, gain new information and perspectives, and build new strengths. In addition, relational generativity fosters collaboration and learning.

RES 10: ...and I also think that there's sort-of a host of those skills that Goleman talks about when you talk about emotional intelligence and the ability to really listen well. And those kind-of "soft skills", that are increasingly becoming the most important skills in any of our organizations. I think those kind-of capacities are really useful in this kind-of work. Because at the end of the day this is people working with people, right? And people enacting whatever these plans are, so your ability to really have this cyclical process of emotional intelligence to work that you're doing; I think is a really important capacity, important competence.

RES 13: First, relationships. Most of what you hear me saying suggests a combination of systems and humans is what we need to talk about. Real people and relationships based on an acknowledgement of strengths. Organizations build strategic capacity when we see each other through an appreciative eye.

Engaged and engaging leadership. Leaders are able to create a 'container for strategy' and facilitate the strategic thought and change required by the spiral of becoming. These leaders authentically walk the talk of the vision, mission, and values, and actively engage at the individual, group, and organizational levels.

RES 18: So strategic capacity and for me; it doesn't; it has to run through the organization, but it starts with the senior leadership team. If they're not a team and they're not working together, and it's not well lead, no strategy will work. It's the commitment.

RES 5: Again, you have to have a visionary leader or visionary team members. Somewhere in there, there has to be somebody that's a visionary and they have to be able to hold the space to build the capacity.they have to get the audience so whether it's other people on the leadership team they have to be able to hold the space so that the team or the organization can build some capacity. Sometimes almost like they need to slow the organization down to really have the dialogue and build the competency. And it doesn't necessarily have to be the top person at the C- level. But somebody that has influence and can hold space, that you know kind of build that container.

RES 6: First of all leading with vision. The leadership, most definitely has to be able to see at a much higher level where the organization needs to be going. And that could be through the environmental scan with explicit external and internally you know what the capacities are of the human capital. But also I think leadership needs to be able to facilitate and lead change. Change we know is always happening, always going on, but we need to make sure that people aren't racing to new approaches and they're doing it more from the standpoint of being committed. So as not to derail where the organization is looking to go.

RES 6: I thought that that would be based on the alignment of leadership to the organizational strategy. In other words, do they walk the talk? Are they really committed to what they're saying they want the organization to do? The other is the excitement of leadership, their knowledge, their accountability because, if it's more of a "program of the month" or "flavor of the month" type of thing, people will see through that and they will not be committed or sincere about where it is the organization wants to go because they just feel it's more rhetoric that they are hearing.

These leaders must facilitate leadership at all levels by empowering individuals to plan, act, and learn as part of the upward spiral of becoming. Leaders must be able to inspire, listen, build trust, and engage the full system; they must value the contribution of each person and be able to not have all the answers.

RES 2: To develop ... what leadership is ... and to build leadership capacity like ownership and inspiring others to engaging, getting others involved in conversation and to do it.

RES 19: The leadership piece is, that first you have to have someone that, you know, that gets the vision. So they have to be the interpreter of the vision. And then they have to be able to communicate it by sharing it with other people so that they get it. And then they have to create the relationships with the team, be it internal or external or both so that they want to be able to do it. Well let me think of another word----so that they are implementing it. They have to be, they have to be interested in implementing the vision. And then they have to be inspired. So they have to be inspired to implement it, but they have to understand it. But in order for them to understand it, not only does it have to be interpreted, but it has to be shared so that people get it.

RES 16: ...developing leadership at all levels of the organization so that, people can, can see what needs to be done. And they're able to kind of bring everybody in line with what the strategy is and ensure that this is actually going to happen.

Enabling culture. A culture of trust, collaboration, openness, curiosity, and appreciation that creates an environment of safety enables people to engage, build capacity, learn, experiment, and be willingly contributive. This type of culture enables flexibility, innovation, learning, empowerment, and engagement.

RES 3: Innovation would be another competency, to have a culture where innovation is allowed. You know our failure is, kind of like that story I told you about, it isn't going to all go smoothly. It's got to be where, you try something, well okay, it doesn't work and then you learn from that and you try something else. To me that's a kind of innovation.

RES 4: The ability to listen, the ability or the willingness I guess to explore, and the willingness to be flexible even when it might be a good plan to go for a great plan. So the flexibility in thinking how this is good enough, and to say we want to go up here-- the higher level. So flexibility. I'm not real sure this is a competency or I can't think of a word-- is being okay with being wrong. Being okay with being wrong and being open, saying ok I am wrong and where do we go from here?

RES 21: And then there's another type of culture that I more accustomed to working with, which is much more of a culture of engagement. Where the leader is open to and willing to listen to the organizational members' perspectives on how we get from point A to point B. So, if I look at it from my perspective, and I say, if this were a culture that I believe would be healthy as well as, has the capacity to create execution or capacity. I would tell you that the thing we would see here would be a culture where collaboration with valued diversity accepted and embraced the ability to fail, would be certainly embedded and accepted that failure is part of growth.

In addition, there must be a sense of urgency to make changes, try new things, take risks, and implement. Finally, an enabling culture values every human being, fostering relationships that listen, are caring, and encourage commitment, and accountability.

RES 22: Some of the same things I mentioned previously like the sort-of building up people strengths, recognizing different perspectives, allowing opportunities for – allowing and valuing opportunities for diverse opinions to be shared and heard. I think a commitment of people that people start to do this. Maybe a sense of urgency to be able to move to the next level right? So I mean I haven't had this experience yet but I was working in an organization that was under a lot of potential sanction and there was an urgency to do something. And they really had the choice to make whether they wanted to do more traditional sort-of role, to do something or to try something completely different. And luckily for me, they decided to do something completely different. And so I think, the sense of urgency is also another key component that accelerates capacity.

RES 4: The cultural conditions of openness and appreciation and valuing every human being there allows that organization to speed the capacity building and get acceptance of any new processes or goals that are introduced. Again, I think a culture where you're not punished for mistakes, but you learn from them speeds up the building and maintaining the capacity building. I think this type of environment opens up the willingness of people to contribute.

Story Snippets Strategic Capacity

Overall, the powerful and engaging stories told by the participants followed the theory and framework presented in this study and discussed in detail in Chapter Seven. The following are snippets of stories from the interviews that express various facets of how strategic capacity occurs.

Snippet 5.1 is describing how an organization involved the full system, built from their strengths, utilized the possibility thinking enacting, and learning in multiple cycles, and empowered their organizational members to create their own destiny. This was a yearlong effort on the part of an organization, ultimately resulting in reinvention and sustainability.

SNIPPET 5.1 (RES 10): So, we first met with the school district and we said “I know you’re interested in this, we’re interested in facilitating this for you. Here’s what it would look like, a general overview.” Of course, it was never really completely built because the idea is one that we’re kind-of co-constructing as we go. So it was never really sort-of completely built. But there were a few things that we wanted them to agree to. Sort-of parameters, non-negotiable values that we held and that would be that there would be a process approach. They had to dedicate the time and the resources to this--we wouldn’t move forward unless there was representation from all the stakeholders across the organization and outside the organization. And that they’re willing to really engage the broader community in this work. So they agreed to these parameters.

And then we brought folks together. We did sessions with them around values and vision and that sort-of thing. And then we spent some time with people teaching them – having them interview one another around the excellence that they in saw the organization. They in turn went out and interviewed scores of people out in the community around excellence the people in the community saw the organization. And then they brought all of that together and sort-of posted that throughout the walls, and people reviewed it and talked about it. And it was from that kind-of core place that we looked at our beliefs and then we said “what is it we want to grow here in Lancaster? What can we build on that already exists and what do we want more of essentially?”

And from there they worked through some strategies and some objectives and some of the more typical kind-of strategic planning kind-of of stuff that they typically would do. And then they sort-of broke out into smaller groups. And then these groups worked collaboratively there was like a phased school committee. There was an academic excellence committee, all these different kind of committees. And then they did another level of interviews around their particular interest area and brought that data back, and then from that they built the strategic plan.

Snippet 5.2 illustrates an environment of openness, trust, inclusion, and support; and utilization of both possibility and systems thinking.

SNIPPET 5.2 (RES 4): I used the parallel thinking process with them and it worked well. It allowed the participants to be open, and it was an openness that exuded trust. It was evident that every opinion and every contribution was appreciated and valued as important. They were able to reflect on the past and the present while being futuristic in thought. They were able to see where

things connect and how all items were relational. It (the process) is kind of like systems thinking I guess. Being able to see where the dots all go and how they do affect each other. It's like looking at a map, being able to see where each of the pieces can move you in the direction you want to head. And how any kind of a even small, tiny action in any kind of area or a decision, or whatever, can affect so many other places and how supporting each other is so important.

Snippet 5.3 illustrates the concept of sensemanaging, engaged and engaging leadership, full system engagement, energy, trust, and transparency. In addition, this snippet reinforces the concept that an organization's vision, mission, and values act as a sensemanaging tool that controls the range of expression of the organization as it moves up the spiral of becoming. This particular story started with a large group Summit of all the key stakeholders who engaged in the potentiality and enactment modes of the generative cycle.

SNIPPET 5.3 (RES 1): As comments came in from around the room, the team began to see emerging themes. They posted the top 10 themes/issues/concerns...all done in real time. The whole room could see everything as it was unfolding, so it was truly transparent. They saw that the leadership team was willing to hear everything, even negative comments. Everything was posted as it was happening and everything was anonymous. When the participants saw that everything was going up without censorship and that the leadership team was willing to hear even the "bad" stuff, the energy in the room shifted. All of a sudden people began to think that maybe this time, it was "for real" and that their voices would be heard. This was the beginning of re-building trust.

We posted design questions and asked them to start offering ways for "how" solutions could be implemented. This was a great exercise because instead of staff just griping about what the managers did or did not do right, they could no longer be passive....they had to come up with ideas and plans for changing things....a task they found not quite so easy. I think they may have discovered that it is easier to throw rocks than help build and do the work of creating a system. Also the leadership team learned that they did not have to carry the full responsibility for do it all by themselves. People began to feel like they were all in "it" together, even though everyone had a different role to play and they began to see the value that they all have to offer to each other and the organization.

The outcome of the Summit provided valuable information that was then used by the leadership to shape a high level Strategic Plan. The leadership team created a context for moving the organization forward by defining: the Vision, the Mission, the Values, and the Organizational Priorities. Once these were defined the leadership team reported out to a group of about 40 people (the managers and senior staff) on these elements. The Leadership team asked for comments and validation as well as any glaring need to make modifications. Once the leadership team and managers all agreed to these elements, everyone signed off...literally. We asked everyone to sign the flip chart paper, photographed it and made it part of the Strategic Plan.

All of this work was made available and transparent throughout the strategic planning and organizational re-design process. Repeated meetings were held with all staff involved in various processes, regular newsletters were distributed, the director met with branch chiefs on a regular basis, and an open-door policy was put in place.

Snippet 5.4 exemplifies the concept of alignment. In this particular story, the team restructured the organization, redesigned key processes to support the new strategy, built individual capacity in key areas identified to achieve the organization's vision, and created a new culture of inclusion, listening, transparency, and sensemaking. In addition, the team led the organization in a large group process that allowed them to reframe their situation, creating new opportunities for action. Finally, the organizational energy shifted enabling the organization to move up the spiral of strategic capacity.

SNIPPET 5.4 (RES 1): Our team compiled the final Strategic Plan comprised of two parts, the outcome of the work, and an appendix with all of the detail on the process for creating it. Our client was extremely pleased with the outcome; the organizational energy seems to have changed as a result of planting a "positive" seed and giving them a new way to think.....moving from problem-solving to solution finding. Our process drove the new re-organization and everyone seems satisfied that they have been heard. The new organization now makes sense; it aligns the demands of the work, the skills of the staff and the new culture of communication and strength-based change.

Snippet 5.5 focuses on developing individual and team competencies, leading to expanding an organization's capabilities and capacity to be strategic. This particular team is in the enacting and learning phases of the spiral of becoming. Various approaches to building individual competencies discussed mentoring, and informal help that might come from participating on a team or in a community of practice.

SNIPPET 5.5 (RES 11): Where I am today it's a federal agency and I have been working with them. They had their summit a year ago end of February, first of March, so about 11 months ago. And we have been working through initiatives and we're at the point of really starting to implement, integrate practice with specific things, even though there have been changes going on in the organization all year long as a result of some of the things we did, indirectly at least. And a lot of what came out of the summit was focused on career development, creating a national talent pool and a source of finding jobs, and a training initiative which we are working on all day tomorrow. Working on developing in-house, informal training processes and systems, some of which just happen automatically when one person says to the person in the next cubicle, "Hey I'm stuck doing this. Can you help me?" All the way to having a more formalized mentoring process and side-by-side teaching and coaching and things like that. Some of which happens equally, and some of which could be happening and isn't.

So out of the seven initiatives that we developed in the summit, three of them were work process initiatives and the other four were people process or people focused. So, those are the ones that to me, because they pretty much involve focus on increasing competencies and skills for employees. To me that's more of a strategic capacity focus than let's just figure out how to do this process faster. And it's more about how people are-- it's how they work together as teams, strengthening the capacity of a team to be a team is an effort. Increasing individual competencies and it just

seems to me that that's what defines Strategic Capacity in that situation. Because they should then be able to do more quality work faster by increasing staff competency.

Snippet 5.6 illustrates the learning phase of the generative cycle. In this case, the management team went through a possibility and enacting phase and began experimenting with different actions and learning from this experimentation. They used this new knowledge to build a better relationship with their Board of Directors.

SNIPPET 5.6 (RES 4): And they approached their Board of Directors with their new knowledge and understandings and now have an awesome relationship with these folks. They did not have any relationship with them before because the previous director limited the communication between the Board and the managers and staff. They have used the whole process as they continue to plan and develop. They just started trying some things and kept me up to date with what they were doing. I just went back in December to do the same kind of process (a little more condensed) with their Board of Directors and now they're moving forward with not only their future plans but also in a search for their new director.....

Snippet 5.7 reflects how a deep abiding purpose and affiliation for each team member can transcend individual needs. The organizational members in this excerpt believed so deeply in the original mission of their organization that they willing undertook the personal hardships of holding down two jobs to continue supporting it. In this case, the team utilized their social networks to keep the old model operating.

SNIPPET 5.7 (RES 1): It is important to note that we were selected because of our unique approach; one based on a positive, inclusive "what's working" model rather than a "fix it" crisis management model. The leadership team was open to choosing us and seeking an alternative approach because they had had a disastrous re-organization two years prior to this effort to fix what went wrong. That re-organization was done behind closed doors, without input from people who do the day-to-day work, and was simply announced one day at an All Hands meeting. It resulted in a demoralized staff and a broken organization. Despite creating a dysfunctional organization, the people still cared deeply about the agency's mission and valued their co-workers. They continued to keep the organization going and did not really abide by the new organizational structure. They continued to keep things going through the known social networks. This meant that people were now doing two jobs; their old one and the new one according to the organizational chart.

Summary of how organizations can build strategic capacity. In summary, strategic capacity built through possibility thinking, enacting, and learning is embodied by an *upward spiral of becoming*. All of these modes occur through a high engagement *strategic governance*

structure that enables and accelerates strategic capacity. The range of expression in this spiral, controlled by an organization's highest aspirations as identified in their strategic framework of vision, mission, and values, is iterative, dynamic, recursive, reflective, and self-reinforcing--driven by energy that results from full system engagement and action. Key conditions required for building strategic capacity are: *sensemanaging, combination capability, relational generativity, conscious intentionality, systems thinking, engaged and engaging leadership, and an enabling culture.*

Exploring the SOAR Framework

Participants in this study responded to the following questions:

1. In one sentence how do you define SOAR?
2. Tell me a story when and how you first learned about SOAR. What was the situation? What attracted you to the SOAR framework? What were your initial impressions?
3. What was your first experience using SOAR? What other experiences have you had with SOAR?
4. Describe a peak experience using SOAR. What was exciting? What did you and others do to make it effective?
5. Were there times when you said to yourself, "this is working!"? When did you know it was working? How did you know it? What was happening at those times?
6. What in your view has been the greatest achievement of using the SOAR framework? What made it outstanding?
7. What makes SOAR unique or different from other practices you have tried? What other methods, tools or techniques have you used with the SOAR framework?
8. What intrigues you most about SOAR today? What do you most value about the SOAR framework?
9. If an organization was just starting out with the SOAR framework and wanted to learn from your experiences, what's the best piece of advice that you could give them?

When asked to describe the SOAR framework in one sentence, interview participants summarized as follows in table 5.3:

Table 5.3: *One Sentence Descriptions of the SOAR Framework*

In one sentence how do you define SOAR?
RES 2: SOAR is a framework for focusing and catalyzing energy around what you have done well and how to build upon it going forward ... it is framework that will help you leverage your strengths, create opportunities, and build on the greatest future aspirations you can envision.
RES 4: A dynamic framework that is broad enough to kick something off yet can be specific enough to follow it to the end.
RES 5: SOAR is a philosophy, an appreciative philosophy for strategic thinking.
RES 11: A strengths-based, forward focused, results oriented process for expanding strategic capacity.

RES 18: Engaging stakeholders in a structured, positive, significant conversation about the future.

RES 15: It's a useful framework for unleashing or helping the organization to find where it wants to go.

RES 23: I think that SOAR is a framework or a model that gets you really open to creating the future.

RES 21: It is a practical tool that businesses can easily implement based on strong and well researched theory.

Table 5.4 describes the applications that emerged from the exploration of how the SOAR framework is being used. These applications derived from the 23 interviews with SOAR exemplars and a review of published case stories of SOAR implementations.

Table 5.4 *Applications of the SOAR Framework*

Sector	Purpose	Application
Non-profit <i>Colorado Access Mt. Plain St.</i>	<ul style="list-style-type: none"> Designed a survey instrument Developed strategic vision, initiatives, and objectives 	<ul style="list-style-type: none"> On-line surveys (40% response rate) SOAR structure
Non-profit <i>One Heart Research</i>	<ul style="list-style-type: none"> Developed strategic vision 	<ul style="list-style-type: none"> SOAR structure
Non-profit <i>Huntsman Project</i>	<ul style="list-style-type: none"> 0-5yr strategic plan Building collaborative and strategic capacity 	<ul style="list-style-type: none"> Half-day kick-off followed by 15 focus groups 263 on-line surveys (50% response rate) 60 phone interviews Two day planning retreat
Global Manufacturer <i>John Deere</i>	<ul style="list-style-type: none"> Multiple departments/levels Strategic plans Strategy action planning 	<ul style="list-style-type: none"> 250 people five day Summit One day strategic sensemaking Team self-selection 15 projects Project management methodology Longitudinal study over seven years
Pharmaceutical	<ul style="list-style-type: none"> Strategic plan Safety managers 	<ul style="list-style-type: none"> Experiential learning AI interviews SOAR Summit
Manufacturer Mexican products	<ul style="list-style-type: none"> Strategic plan Top management team 	<ul style="list-style-type: none"> SOAR Positive thinking---themes to address challenges
Every day life	<ul style="list-style-type: none"> Planning conversations, meetings Decision making 	<ul style="list-style-type: none"> SOAR Parallel thinking
Multiple clients: Schools Libraries Museums Religious	<ul style="list-style-type: none"> Vision and mission Action planning Building strategic thinking capacity Resolving team 	<ul style="list-style-type: none"> Four hour workshops SOAR structure

	conflicts	
Student project <i>Illinois Food bank</i>	<ul style="list-style-type: none"> Strategic planning 	<ul style="list-style-type: none"> SOAR structure
Non-profit Community foundations	<ul style="list-style-type: none"> Strategic planning Created a strategic plan that was approved by the Board 	<ul style="list-style-type: none"> Two day design conference Three hour mini-summit with several different focus groups AI interviews with clients, partners, staff, funders, employees, board members 20 p. story book of interview highlights SOAR structure Three day Summit that started with strengths and opportunities, training on strategy Balanced scorecard Teams working on action items utilizing self-selection Creative skits
Government IT team	<ul style="list-style-type: none"> Organizational redesign Strategic plan 	<ul style="list-style-type: none"> 105 AI interviews Findings at one day Summit SOAR structure SMART goals SEI/CMMI frameworks Training programs Process redesigns
Non-profit <i>Experiential Learning Center</i>	<ul style="list-style-type: none"> Strategic visioning 	<ul style="list-style-type: none"> Reflective practice Parallel thinking SOAR structure SOAR on the wall—stickies Two different meetings with same team Grove Visual framing—cover story vision
Non-profit <i>American Dietetic Assoc</i>	<ul style="list-style-type: none"> Strategic planning 	<ul style="list-style-type: none"> Three day training with 400 people Two to three days visioning work with different teams throughout the system
Non-profit Healthcare <i>Magnet & HRSA Hospital Project</i>	<ul style="list-style-type: none"> Strategic planning 	<ul style="list-style-type: none"> SOAR structure Large group Summit Focus groups Longitudinal study over 5 years
Non-profit School Lancaster	<ul style="list-style-type: none"> Strategic planning Strategic visioning 	<ul style="list-style-type: none"> SOAR structure AI interviews Widespread involvement in community and school Committees self-selected and collaborated One Year effort 15 days total large group work
Operating companies <i>Four CEOs</i>	<ul style="list-style-type: none"> Strategic planning Team building 	<ul style="list-style-type: none"> AI interviews SOAR structure 1 day event
Library <i>Metropolitan Library System</i>	<ul style="list-style-type: none"> Strategic planning 	<ul style="list-style-type: none"> SOAR structure 100 people one day Summit AI process Longitudinal study over three years
School <i>Lisle School District</i>	<ul style="list-style-type: none"> Strategic planning 	<ul style="list-style-type: none"> Focus groups SOAR structure AI interviews

		<ul style="list-style-type: none"> • Three year process
Manufacturer <i>BAE Systems</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • 35 interviews, 924 responses, whole system interviewees, customers and managers • Mini summit with 13 leaders to present data • Round robin of positive feedback for each team member • Cooking exercise: serving each other • Three day summit with 55 people • Self-selected into topical groups • SOAR structure
Manufacturer <i>J&J</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • AI interviews • Half day summit with 30 people
Multiple non-profit organizations <i>Youth development</i> <i>Mt. Luther King Assoc.</i> <i>Merrymakers</i>	<ul style="list-style-type: none"> • Strategic planning • Training 	<ul style="list-style-type: none"> • SOAR structure
Not-profit <i>NGO medical supplies;</i> <i>Emergency response;</i> <i>Disaster response</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • AI interviews • Intranet conversations, dialogue, interviews • SOAR structure
Manufacturing <i>Automobile</i>	<ul style="list-style-type: none"> • Improving productivity • Improving supplier relationships 	<ul style="list-style-type: none"> • SOAR structure
Multiple for-profit and non-profit organizations (>20)	<ul style="list-style-type: none"> • Brand planning • Strategic planning 	<ul style="list-style-type: none"> • SOAR structure • Large group Summit 1-4 day events • AI interviews • Surveys (data gathering) • Rapid proto-typing
Non-profit <i>Leadership Coalition</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • SOAR structure • AI interviews
Non-profit (2) <i>Homeless Shelter</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • SOAR structure
Marketing consulting firm	<ul style="list-style-type: none"> • Strategic planning • Brand planning 	<ul style="list-style-type: none"> • SOAR structure
Manufacturer <i>Monsanto</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • SOAR structure
Non-profit <i>Autism New Jersey</i>	<ul style="list-style-type: none"> • Strategic planning 	<ul style="list-style-type: none"> • SOAR structure • Large group Summit 1-4 day events • Appreciative interviews

As per the table, the SOAR framework used in conjunction with AI interviews, and large group summit events at many of the applications identified, where, in many instances, the SOAR framework was used with very large groups. It also applied to small teams. Some interviewees used it for their own decision-making process. Participants also cited other applications such as leadership development, training, continuous improvement methodologies, environmental

management, supplier management, brand planning, and coaching. Other tools used in combination with SOAR identified during the interviews are: Parallel Thinking, Open Space, Good to Great, Experiential Learning Activities, World Café, Balanced Scorecard, Strengths Inventory, Histograms, Mind mapping, Future Search, Technology of Participation (TOP) method, Real Time Strategic Change, Guided Imagery, Lean, Six Sigma, Solutions Focus, Blue Ocean Strategy, Branding from the Core™, Asset Based Thinking™, and Reflective Practice. The SOAR framework, as a very flexible and versatile approach that can be used in many different situations, combined with many different tools and frameworks was noted as very effective. SOAR can serve as a platform for many applications.

RES 19: So use an intro to SOAR in all of my training now. Because I really believe that adults learn because they need to solve problems and so it's like, as an adult you don't come into very many situations where you don't have a clue. So let's take what you know, and then let's build on that. So even in that capacity, I just think that SOAR is a platform.

RES 21: So, it provided a, or it provides a little more an application of Appreciative Inquiry to strategy. Therefore, when we are doing marketing plans it's a way to bring the AI approach into marketing planning. Not just the brand platform stuff. So it's a nice bridge.

The following themes emerged from an analysis of the interviews regarding the impact and characteristics of the SOAR framework:

- *SOAR is a powerful framework*
- *SOAR is versatile and simple to use*
- *SOAR is strength based*
- *SOAR provides a safe environment*
- *SOAR builds trust*
- *SOAR promotes relationships*
- *SOAR enables innovative thinking*
- *SOAR creates a deeply committed purpose leading to organizational alignment*
- *SOAR fosters engagement and energy*
- *SOAR evokes action and accountability*
- *SOAR accelerates*
- *SOAR empowers*
- *SOAR creates efficacy*
- *SOAR is generative*
- *SOAR consistently delivers results*
- *SOAR promotes learning*
- *SOAR builds capacity*
- *SOAR transforms*

These themes are explored below and connected with the findings excavated from an analysis of the interviews. Story snippets are also included in order to illustrate these themes in action.

SOAR is a powerful framework. Frameworks are conceptual structures that help solve complex problems. The SOAR framework promotes a systematic, holistic approach to strategy that has a built in ‘toggle switch’ that allows an organization to switch from aspirations to results while keeping the focus on strengths. In this respect, it provides a simple yet powerful framework that transforms and extends SWOT.

RES 6: I’m looking at its need to be intrinsic. It needs to be growing you know, there needs to be more. I’m more excited since I’ve used it as often as I’ve used it but I truly see that it is a way for people to get the whole picture. And again, looking at okay, what are we going to do, where do we want to go, and how will it look when we get there and then how do we—what do we have to do to make sure that it happens? So that’s all about that forward thinking.

RES4: SOAR was able to take the information and get more explicit with “what are we going to do with the info that we gathered?” And I can see more clearly where things could go. I see where things can be moved by using the framework. Data attracts me to see it and how it works. In using SOAR, I could identify specifics and details that are necessary for getting to the goal/objective’s outcome. And plus SOAR really helped me move others through the AI Design and Delivery/ Destiny phases of AI. SOAR made it a nice framework to hang things on so people could see it clearly and I think it helps define it better for folks

SOAR is versatile and simple to use. The SOAR framework is simple to apply yet elegant in its application. As noted below, many different applications such as strategic planning, marketing, leadership development, conflict resolution, continuous improvement methodologies, and individual coaching bring a response.

RES 5: It’s simple but it’s big. I mean it’s very simple to integrate it into any kind of marketing, transformational learning, development program. You see lots of people using it in coaching. I don’t do coaching but I know there are people doing it. What I like is that it is so adaptable to so many different situations that I find myself in with a client. I also love the fact that you know I can use AI or I can use SOAR and I’m still doing the same thing.

RES 20: What intrigues me is how to make it more sustainable and repeatable in the organization. Something that people do on a regular basis and use it in a lot of different ways. So it's not just to do strategy, but to do project management or to do problem-solving or to do anything that happens daily in the organization. Why not use SOAR?

RES 21: So, what I really like about it is that it is applicable to not only a summit kind of format where you have a bunch of people coming together. But if I have three people and are trying to help them think through strategy. If I have my people, and my organization where we’re trying to

figure out some strategies for our clients we can bring the framework in, in a very easy and practical way. So it's extremely flexible.

SOAR is strengths-based. The SOAR framework utilizes a positive approach that is based upon strengths. Weaknesses and threats (SWOT) are reframed into challenges that represent new opportunities. Organizations start with what is presently working instead of focusing on deficits. This builds confidence and creates energy for implementation.

RES 7: Well the greatest achievement is the aspirations and results piece of it. Strengths, aspirations, opportunities and results. I mean just eliminating the deficit questions and inquiries, oh, that's the magic. That is the magic. And people will say "Well when are we going to talk about why we screwed up or what's missing?" "Well we're not." And just not going there is what keeps people moving forward. Just missing that, I mean to me that's, --it's so big.

RES10: Without question the greatest achievement of the SOAR framework was that it started from a place of strength. That it was a belief that the world isn't the battleground ... it's a place of opportunity and hope right? And I keep using that word but I really feel that, that was ... that was the most powerful element, is that it's a hopeful approach and it's an approach that honors and validates where people find themselves in the world.

RES 16: But then beyond that, it is the focus on framing issues in a positive manner, and even if it's something that others would perceive in the negative issue. You can reframe that to make it an opportunity for growth and development instead of an opportunity to blame somebody for the failings of an organization. Beyond that, the other thing was that most of the organizations that I've worked in; we'd focus a large percentage of the organizational resources on the 3% of what we did poorly. And we didn't really spend any time working on the stuff that we did well. For the most part, that was another one of the strengths to me and why it had such a strong impact on me was that, up until; people for years; you know, you should have a few people that are focused on fixing these problems. But, at that the same time, if you never do anything to improve what you do right, you're just going to continue to have these same issues and you just, kind of like, this spiral that we were in all the time. It was a whirlpool and you swam and swam and swam and you just about got out of the whirlpool and the next thing you know you get tired and you get sucked back into the middle of it and then you swam and swam and swam again. And it just felt like you were never getting anywhere. To me the SOAR framework, the strength of it is, that you, you are building upon what it is that you do really well.

SOAR provides a safe environment. An environment structured such that everyone's voice can be heard and each person's input is valued and honored makes it possible for people to feel safe and encouraged to contribute. A safe environment builds relationships and leads to more creative and powerful ideas.

RES 4: Everyone's contributions were equal and validated. There was a tremendous amount of respect there. There was respect present for each other. We set up the environment to be emotionally safe so that they could speak their mind and every opinion was respected. If anyone had questions or asked for explanations and a better understanding, they did not judge each other. And they set that up at the very beginning, which was one of their group norms that they wanted.

What I value the most about SOAR, is its ability to put people at ease, and provide a safe environment for openness and it generates tons of information and ideas.

SOAR builds trust. Using the SOAR framework builds trust. Greater trust leads to stronger relationships and improved performance in generating and implementing strategies.

RES 16: (In his quantitative dissertation) I was looking at what is it that impacts customer satisfaction? So I was able to show that SOAR had a direct impact on customer satisfaction. But at the same time it actually had an impact on developing greater trust, which then also helped the suppliers' level of satisfaction. And then I was also able to show that by using SOAR we were able to have greater impact on improving environmental management within the organization which then also improved customer satisfaction and sales. By using, you know, there's different ways that you could develop greater trust in the organization, but the SOAR framework was shown to have a pretty; I mean was able to explain like 67% of why trust was built in an organization. So it was having a huge impact, not only on the actual strategic plan, but it was also changing how the organization was, you know; it was a more trusting organization. It was having more success with the environmental implementation.

SOAR promotes relationships. Because the application of the SOAR framework involves the full system working together in a safe environment to share aspirations and create their future, and because SOAR builds trust, cross-organizational relationships are fostered. SOAR enables people to reach a common ground on the goals they want to achieve. Reaching a common ground allows individuals to build relationships and work together better as a team in implementing their strategies. This common ground understanding also serves as a tool for sensemanaging.

RES 11: And on beyond that, the evening that we spent together over dinner, they just were very - --even though we didn't talk about it--- the relationship among them was just comfortable and it was fun, and they enjoyed one another and they felt that they knew each other in a way that is going to benefit all of them and that they had really uncovered a way to strengthen some leadership potential, among them that it was a great attribute for the organization. So it was really fun to see that they were excited and they felt that they accomplished something at the end of the day.

RES 17: One of the things that as a group, as we were reviewing the results, and when I presented at the following meeting everybody was so like-minded on what everybody wanted that it was like there were no big differences. You know, you take a conservative Republican and a liberal Democrat and the initial thing you're going to think of it is that they're going to be butting heads. So when I looked at the results. It was like, either one of them could have answered the questions and 90% of it would have been the same. So it was a great way to show a common ground.

RES 23: Because I think it's just really neat to see the energy in the room because of the ideas that are generated. So you get some really different and creative ones. But you also get a lot of commonalities but that can be very teambuilding if you will. Or very, so I think it was really good

for; I think it would be great for our employees to go through as well because it would really connect them with the mission and the vision of the organization. And you really would get, I would think that it would really tie in to some of their engagement.

SOAR enables innovative thinking. The SOAR framework allows individuals and organizations to reframe their situation in the positive, asking different questions and promoting new ways of looking at things leading to new ideas for strategic action.

RES 1: It causes a shift to think differently about what is possible. ... Now thinking differently planted a seed to nurture and it is counter-culture to dominate bureaucratic organization.

RES 4: I think what makes SOAR different, is that it has got some of the aspects of SWOT like specificity but it is different in that it focuses more on where we want to be, takes the threats and reframes them into opportunities and creates more energy and motivation for getting to measurable results. How can we reframe something we see as a threat and motivate ourselves to use it for the best for our organization?

RES 16: To me, it's a new way of thinking, going in there and the outstanding thing about it, is, it takes people to new heights that they weren't able to realize before because they were you know, that small executive management group making those decisions as opposed to bringing in all these different representative groups to, to make it as good as could be. So much better than what it had been in the past.

SOAR creates a deeply committed purpose leading to organizational alignment.

When the full system is involved in developing aspirations for the future, they become engaged.

Aspirations, deeply held and collectively shared, build purpose. This purpose can transcend individual needs to create a deeply held collective purpose that aligns the organization.

RES 3:noticing the click, I guess. I get juiced with the innovation, and when I see people being engaged and being innovative and something clicking, I get that – it's that moment of click. It's like what just happened with this Hispanic food company when they realized, "We have to go to this new model," and they clicked, and it's a collective click. It's not just a click, it's a collective click. When the collective click occurs, it's most exciting. And you see the power of, like, the sensemaking thing, is where people understand the world the same way, and they see a possibility, and it's like they're committed to creating that possibility together. And so to me that's the click, the collective click.

SOAR fosters engagement and energy. Engagement creates energy critical to implementing change

RES 7: The SOAR framework I mean to me is just like why would you not use it? It's just so obvious. I would not do a deficit based thing anyway, anymore. I mean, I just wouldn't do it. But SOAR is just a great tool to be able to use and design from. So I guess that's what I value about it

is, I think you just get more out of it. And you get the engagement and the excitement of people involved in it. That's just so critical to make anything to happen.

RES 12: Well similar to what I talked about before, but I think that it ---also because of the way it is--- its appreciative approach. There's more energy to implement the actions, the strategies that were identified, because they are identified based on people being at their best. So there's more energy to implement, more energy to see it through.

RES 18: It's more that there is a--- and I will use the word "joy". There's something else going on, and you're having a real good time. The energy is just palpable and that's like saying. It's exciting because it's exciting, you know it's tautology you have to get; and I think that's when, when you're really involved with the heart and where you know, it's not just a technique. And there's authenticity to that.

Engagement enables all voices to be heard, and this diversity contributes to new ideas and new opportunities.

RES 18: In every organization, in every group of stakeholders you've got the quiet ones. You get the loud ones and the loud ones tend to dominate. They are always the salespeople, they are always the ones who are the extroverts and the extroverts talk a lot and are out there and the appearances that they are the best and are in the brightest. When in fact, sometimes the quiet ones, the introverts, have that key notion or idea or concept or set of words that come, that have an opportunity to come out and do so in the process. And when it does, I think that's one of the incredible accomplishments, and it feels like, you know. Mary never talks. Did you hear what Mary said? It's like wow! There is a lot going on inside of Mary.

SOAR evokes action and accountability. Many traditional strategic planning processes do not address implementation. For example, the orthodox SWOT framework does not incorporate action and this may be why plans sit on the shelf unused. The SOAR framework incorporates action planning, holding people accountable, and moving teams forward from dreaming to results. It provides life to strategic plans because it incorporates the planning and implementation phases of strategy into one framework.

Participants, energized by the aspirations, confidence in strengths and deep commitment to a shared purpose and vision generated during the aspirations phase, move automatically into implementation. In the stories told by the interview participants, many teams self-selected during the implementation phase and began implementing projects without the prodding and pushing normally associated with traditional strategic planning.

RES 6: Well for me it was just the effect that it had on transformational organizational change. I looked at it both as SOAR versus SWOT. And to me SOAR is the more positive approach to strategic planning. When you look at SWOT I always identify it with deficit based thinking. You put a plan in the drawer, and you don't look at it again for another year. With SOAR you hold people accountable and it is a living document. You are involved in putting in milestones, checkpoints, who is accountable for what, and it tends to be more of something people can really commit to and be excited about.

SOAR accelerates. Using the SOAR framework accelerates results. This is because the results focus is built right into the framework and the energy that emerges from the aspirations and strengths speeds the results.

RES 3: To me the greatest achievement is the speed to result. And that's like a true engineer. I really appreciate and I'm happy that people are happy and that they're treated better, and all that's really good. But that's not the end game. The end game is, did it make a difference? Did the organization change? Did we get the results? So it does achieve results.

RES 5: But I think what was really great about that is people got turned on so quickly in such a short period of time. So the dialogue was much deeper and we just did more the team or more the organizational assets. We actually started with the individual assets of the Board members. It was like wow! I mean that was phenomenal. And then also integrating, you know we utilized, I can't even think of this stuff, some other models, a visual graphic by The Grove. And that just really accelerated the conversation very quickly. People you know it was visual framing so it really moved them to action planning. We got a lot done in a very short period of time.

RES 18: I think in my case in the work I've done with that SOAR. I think that helps to accelerate it. Because what you end up with is, you get full participation, and ownership and accountability, because there is participation, buy-in if you will.

RES 21: Yes, and I think are going to have to make, I mean, obviously, we're having to make very quick decisions. We are having to make things move a lot faster. And of course these processes really do that. So, you know, what may have taken six months before may take one meeting. If you do it well.

SOAR empowers. When using the SOAR framework, individuals self-organize around strategic thrusts of interest and become empowered to action. The SOAR framework is simple to use such that individuals can manage the process without extensive facilitation skills or consulting. In this manner, the framework can be populated throughout an organization with very little intervention or training.

RES 9: I think the fact that they really took it over, you know, which is the dream of an organizational development consultant. When you can just stand on the sidelines and just guide it. And they're excited. It's amazing how they developed their PowerPoint (presentations) and I mean they really got into it and their belief in the model.

RES 10: Without question, a high point is seeing the district members that I worked with really owning the process. And seeing them really move forward. And then looking at some of the data that they've had subsequently showing their steady improvement. That's been the best part of it. And I think the most exciting part for me, has just been knowing that I've been some small part in this.

RES 1: It's just the basic concept of strength, opportunity, aspirations, results, and now we also use resources for results. You can also have the freedom to develop in many different ways, so it's not something, like, "Oh, I need the step-by-step manual and four persons to teach me how to do it." I would just say, "Jump in and do it."

SOAR creates efficacy. Starting from an organization's strengths and co-creating a future together creates excitement and energy. When organizational members feel energized, and empowered it leads to increased efficacy. Reframing a situation in the positive leads to new ways of acting and a sense of confidence in the organization's capabilities. This confidence contributes to increased morale and successful implementation.

RES 10: And essentially, I think what happens in schools taking a more deficit based approach is, I've noticed it affecting three things: the sense of morale in the organization, you know, people kind-of feeling lowly. Then the second one is the most important one for me. It was sort-of like a loss of the sense of efficacy both at a personal level like, "I don't know if I can really do this" and at a collective level, "I don't know if we can do this anymore." And so that's what I've been noticing in these other approaches. And quite the contrast in terms of SOAR, was about how do we build the efficacy and how do we recognize that we're efficacious to do things that are really hard. And I think what SOAR – and building on strengths and co-constructed together and taking a positive approach, all of those things combined, I think, builds the efficacy of the people that are really doing the hard work.

RES 4: The highlight is facilitating the process up on the wall and seeing those six people "soar" with their own ideas and knowledge. Stepping back and watching them as they processed their ideas, encourage each other, and take ownership was inspiring for me. They knew exactly what to do and seeing them discover that they did have the knowledge, skills, talents, ideas, and that they had had them all along, was a rewarding experience. We were in a great setting, a horse farm. Literally, I just stepped back and kind of leaned against the wall and watched. So it was being able to facilitate someone else stepping into their own power and smiling while they did it.

SOAR is generative. SOAR allows organizations to reframe situations and utilize innovative thinking in order to develop new possibilities stemming from new realities. It engages people, resulting in individual and organizational transformation.

RES 5: I think the greatest achievement... is changing the way people do strategic planning. And it's moving, spending more time forward than in the past. I think it's also... it's kind of, you know, people talk about generative processes and it is actually a generative process for strategy. I really think it is a bridge between OD and strategy. Well, it's unique because I think it's an appreciative framing. I also think it's also unique because it tends to be very generative not only at an organizational level but at an individual level.

RES 21: When you're in that moment and you hear and you see things that you'd never seen before, because of the way questions are asked. I think that's valuable.

RES 5: It's really about teaching these teams to have dialogue about strategic issues so they can get to the decisions, they can move to a position or more the action planning and see some results. You see more and more of that blending. When I look at the information, I see how the two blend. But I think the AI community needs to really pull that together. I also see, SOAR is really an engagement tool, and it transforms at the individual level and results in the whole organization transforming.

RES 19: To say this is really who we are and these are really our core values-- I mean that is just exciting work. It was a matter of seeing the energy and recognizing that there was new synergy within these groups. It is like the light bulb went off with some of them and they began to think out of the box. It really wasn't just business as usual, because these were some things that we could do that we never even thought about doing

SOAR consistently delivers results. The SOAR framework consistently delivers valuable outcomes. The framework defines the process that takes individuals and organizations from strengths, through opportunities and aspirations, to results planning. Orthodox SWOT is different in that in 'doing' strategy it usually only involves small groups of high level managers (i.e., top management teams). As strategic plans activate, the people that must implement them are not typically in the loop. In addition, action planning is not part of the SWOT framework which contributes to strategic plans sitting on the shelf unused. The SWOT framework is deficit based, focusing on weaknesses and threats. This focus saps energy needed for implementation and impedes commitment.

RES 3: What SOAR does and all we do, is we create the container, the safe space. It's kind of like the recipe for cookies. You've got the recipe there. Do you know it's always going to turn out? No. It always kind of depends. So that's why it's magic. That's the art part. The science part is the fact that you have a process, and it's a consistent process, and you know certain things that work and don't work. And I use that as the framework. The framework for me is the process, the approach, etc. Then it just happens.

RES 16: Obviously, historically, two things were done. We would have a lot of our strategic planning was done where it was almost kind of a worthless engagement because to a certain extent, we would go in and we would develop a strategic plan. Things would kind of unravel during the year. The things that had been part of our strategy had not been done. And so items like capital expenditures had not been done in the past year. So the new strategic plan for the next year was basically the old strategic plan from the previous year. With SOAR, it seems to break you out of that endless cycle of just doing the same thing over and over again. By kind of envisioning what's the best the organization can be? And what do we aspire to be as opposed to, okay, we're just going to move from point A to point B. From one year to the next. With SOAR, you can move from A to Z in a year's time if you really wanted to do that. It also kind of takes off the shackles of, some of like SWOT for instance, that it builds off of with such a focus on

weakness and threats. SOAR, obviously is more focused on strengths, opportunities, aspirations and results. But then also tying that loop back where it's an ever evolving situation, you don't just stop. Whatever you aspire to be and you attract the results. If the results are what you expected then you loop back and say okay, what is it that our new strengths are, what are our new opportunities, what are our new aspirations, what is our next set of results that we're trying to achieve? So, for me it's that continual loop but also breaking the shackles of some of the more narrow focus of the past.

Additionally, the SOAR framework typically brings the entire system together to engage in dialogue that creates and sustains dynamic capabilities. This brings forth new possibilities and builds relationships that lead to more generative results. SOAR provides organizational members with a voice and creates a deep sense of belonging leading to greater alignment.

RES 8: Well.... intrigues me is that it works! I'm still intrigued with that about AI. And the result that you get with it, I mean it's always amazing. And what I most value about it is the fact that the results ... are valuable and useful. Just by getting people to sit down and talk to each other. Of course people don't do that very often.

RES 22: I've not had an experience where it hasn't worked. So I go into every job that I do, every consulting job, knowing that it is going to work. So, I've not, I don't know that I've, I think I've been in various facilitating situations where, as things are going on, and people are talking and people are reporting out, and a lot of and the positive core is becoming clear. And I just sit back and I just say, wow this is just; this is happening all over again. I don't know that I specifically say this is working. I just know it's going to work every time. It does, because I haven't had a failed situation that I can recall.

RES 18: But to feel like I belong I'm going to have to feel that I have a voice. That I'm not just, chopped liver. Just doing my job. Getting paid, and I'm not a commodity. I think that SOAR does, ties into that deepest value of what some people would call democracy, some would call it other things. But it's just a deep sense of belonging. A lot of people don't have that very much anymore. They don't go to church very much. They don't have the Elks club anymore and they spend most of their time at their work. When you have the opportunity to be listened to, to be heard, to be involved or, you see your buddy at the next desk or down the line being involved. You say, "This is a place that makes sense to me." That's what I think that alignment, that deeply felt need in the culture is right there.

Finally, the SOAR framework incorporates individual aspirations, which may lead to fresh, brilliant, and different ideas, and a shared sense of purpose, whereas SWOT, does not incorporate aspirations in its framework. According to the *Longman (2002) of American English*, aspirations are "a strong desire to have or achieve something" (p. 38). Incorporating visions of what individuals want to achieve in the SOAR framework may transcend simple opportunities creating fresh new approaches and energy for implementation.

RES 2: In the midst of the sacred (watching these people) creating the vision on these wall maps and creating this zero to five year vision. Four groups and four brilliant visions and the energy shifted and everyone had fun and was engaged.

SOAR promotes learning. SOAR provides a shared learning system that enables the full system to engage in conversations that result in organizational learning. These new perspectives lead to new possibilities and repertoires of action.

RES 22: We are getting to hear firsthand what people are saying. “And I thought I knew everything that I needed to know about autism, because my son has autism. But, my gosh! I've learned so much just by talking to these people about what they are dealing with and what their hopes and wishes are.” And they were the ones that were talking about the process and how much they had learned from the process and how they extended their thinking and their perspectives. So, it was good to just sit back and not have to say a word and just watch this thing unfold. I guess it's, as I listened to it, I was thinking, boy they are learning as they go. This is an organization that is in ABC State, the premier organization for autism. You come to Autism ABC State for information, reliable information, credible information, to get information about everything autism. But as they were doing these interviews, they were learning things that were completely new to them. And, and so the, the learning aspect that SOAR advances is just huge. You learn new things, and different things, and new perspectives as you engage in conversations with others in a positive generative kind of way.

SOAR builds capacity. SOAR is an expansive framework that strengthens an organization's ability for developing and implementing strategies.

RES 11: What makes it different from what I have used in the past with strategic planning is that we skip the weaknesses and threats part. So it focused on what's possible, what's available, on opportunities and so I guess what's unique about it is it strengthens.

RES 12: The SOAR process gives you better information and gives you better conversations and gives you more creativity and generates better approaches. It gets you making better decisions about where the organization wants to be three years down the road. So it gives you better information I think. It is just because the way it is it has additional benefits to developing strategic plans. It has additional benefits of increasing the value or having the value appreciate within an organization. More stories are shared, better stories are shared conversations occur, while people are developing a strategic plan so relationships start to change for the better. So that intrigues me more because you get more out of a SOAR process that you would in any other process that really is just going to give you a plan along the way you kind of leave some bruises, and some bumps along the way so with SOAR it's the opposite. You get the plan but along the way to get people to see things they would not have seen before they recognize things that can leveraged instead of taking them for granted so in ways that are not immediately relevant to a strategic plan, but can nonetheless be useful in other parts of their work that's what intrigues me is that you get more than just a plan.

RES 19: I believe it enables an entity to perceive greater capacity.

SOAR transforms. All of these dimensions of the SOAR framework transform both the individual and the organization to think, act, and learn differently. SOAR changes the way that people and organizations interact with each other. If an organization can get people thinking, acting, and talking appreciatively, the entire organization becomes more generative.

RES 22: If everybody is thinking and acting and doing and talking appreciatively, and they're just not doing it when you come together as a group, but there doing it one-on-one, face-to-face conversations, it just changes the whole environment of conversations that are going on internally within an organization. To the point where you're always holding these very positive generative types of conversations toward a future or an outcome that you are trying to achieve. Both on an individual level and then on an organizational level, even on a team level. So I think that's where real power of it is, is when you can get, you can build the capacity of everyone organizationally to be that way.

RES 23: What intrigues me the most is how it has the ability to change a person's mindset or their frame of reference from just kind of ordinary to extraordinary.

Story Snippets SOAR Framework

The following are a few snippets from the profound, powerful, and engaging stories told by participants during the interviews. These stories illustrate various facets of the SOAR framework. Snippet 5.8 illustrates the power of collective aspirations:

SNIPPET 5.8 (RES 12): In particular, during the future scenario presentation. If I recall correctly it was the morning of the second day. When they were presenting what the organization will be doing three years down the road. I encouraged them to do a creative presentation like a skit, or a new skit or something like that, as they were going through these presentations. And it was powerful because it was staff, board members, and clients together doing their skits, so that was cool, but it was as we were getting through the presentations and were coming to the last couple that we were all in the room starting to recognize that we all kind of wanted the same thing. Those things showed up in the strategic direction the four attractions that we ended up with on the third day so it was in those future scenarios that I realized oh this is working, because when the room started to realize that they were all kind of pointing in the same direction. And they all realized I guess they all experienced the uniqueness in that fact, you have a room full of people that didn't know each other just a couple days prior. But here they all have the same hopes, they all have the same aspirations for this organization so that was meaningful for them and for me so I think at that time I said "oh this is working. They're all realizing that they have a similar focus."

Snippet 5.9 illustrates the energy and excitement created through using an approach based upon an organization's strengths. Energy is important for the change effort and carries over to implementation. All of these factors build confidence and organizational efficacy, leading to increased capacity.

SNIPPET 5.9 (RES 10): When I knew it was working was when we spent an entire day just in the team thinking through and analyzing and reveling in all the interview data that they collected around the excellence in their own organization. I mean I had these guys from 7:30 A.M. and we worked them until 6:00 PM and they were just on fire. It was cool. It was exhausting and draining and all of those things but it was incredibly uplifting and hopeful. And there was just that energy in the air that seems to me only gets captured when you really focusing on what's working really well. So I knew at that moment that even if everything went to hell after this, that moment of that intensity of being able to really stand-up proud - because they are members of a district who had been told time and time and time again that they're failures. So for them to have the opportunity to stand up and feel proud legitimately through the work that they had done was fabulous for me.

Snippet 5.10 shows the results that were enjoyed by a school district that used the SOAR framework over a three-year period. Storytelling is noted as a powerful component of the framework.

SNIPPET 5.10 (RES 6): We had put together a committee of representatives from the community from the school administrative staff, from teachers and the Board of Education. It was a part of the strategic planning process over a three-year period and it was the ability to be energized and excited for the future because again, they recognized that they were feeling different, they were looking at things differently and they acknowledged these successes. And they envisioned the future, which was different than they had before. They had done focus groups, and had the interviews, received feedback which was again, different from anything they had done in the past. They were excited about the conversations and the information they were getting at. So basically it worked more being-- having people engaged. And having people being asked, and really being concerned, and knowing you were concerned about what they were saying. And also the stories. We picked up so many themes in the stories that were told. The storytelling is a powerful part of AI and SOAR.

Summary of exploring the SOAR framework. The SOAR framework is a dynamic, simple, versatile, and powerful conceptual structure (i.e., framework) that strengthens an organization's capacity for strategy. Its strengths-based focus and utilization of the full system, within a safe environment, to explore strengths, opportunities, and aspirations that create, engagement, energy, and a shared purpose that speeds results and promotes both individual and organizational transformation. The following quote from one of the interviews exemplifies the power of the SOAR framework:

RES 7: Just know that you're going to unleash more ideas, energy, and creativity than you expect and get ready! It's going to be bigger than to think.

Summary of Results

The primary objective of this research was to gain a profound understanding of the construct of strategic capacity and the application of a new emergent SOAR framework in building strategic capacity. Twenty-three in depth interviews with SOAR exemplars, supported by published practitioner stories of SOAR applications were the rich sources of the findings discussed in this Chapter. These findings are organized along three lines in order to support the research questions undertaken by this study;

1. What is strategic capacity?
2. How can organizations build strategic capacity?
3. How can SOAR be utilized as a framework in building strategic capacity? Since SOAR is an emergent framework to strategic planning, what organizations are using SOAR, how are they using it and what is the impact of the SOAR framework?

The collected data was profoundly diverse and provided the insights described in these findings. Chapter Seven will discuss how the SOAR framework builds strategic capacity and analyzes how the implications from this study inform practice to create organizations that are more effective.

Chapter Six: Findings Strategy Exemplars

A good traveler has no fixed plans and is not intent upon arriving. A good artist lets his intuition lead him wherever he wants. A good scientist has freed himself of concepts and keeps his mind open to what is. Thus the master is available to all people and doesn't reject anyone. He is ready to use all situations and doesn't waste anything. This is called embodying the light.

~ Tao Te Ching.

Introduction

The goal of this chapter is to present the findings from the analysis of fifteen qualitative interviews conducted with strategy exemplars. The interview protocol utilized for the strategy exemplar interviews was identical to the SOAR exemplar interview protocol (see Appendix Two) utilized in the first round of interviewing except for the omission of questions related to the SOAR framework. Two additional questions were asked as follows: (1) How can an organization build strategic capacity over time? and (2) Have you heard of the SOAR framework? If so, what do you know about SOAR? This interview protocol is captured in Appendix Six. These results, presented in a narrative format, convey key themes from the findings as they relate to the primary research questions. Relevant literature also informed these findings.

The profiles of the strategy exemplars interviewed for this study are described in Table 6.1. These exemplars represent Chief Executive Officers and key leaders with years of experience in leadership roles in for-profit or non-profit organizations and strategy scholars teaching and researching at top universities. Most of the strategy scholars have authored articles in peer-reviewed journals and published popular books in the strategy realm. Many of these strategy exemplars have consulted for numerous organizations, across multiple industries, throughout their careers and served as CEOs for successful corporations.

Table 6.1 *Profile of Strategy Exemplars Interviewed for this Study*

RES #	Industry	Position	Published Materials
RES 24	Manufacturing	VP Strategy, large manufacturer	No
RES 25	Non-profit	Executive Director Lean Consortium	No
RES 26	Manufacturing	VP Human Resources, large manufacturer	No
RES 27	Education	Lawrence Technological University, PhD	No
RES 28	Consulting	Lean Consultant/Executive	No
RES 29	Education	Lawrence Technological University, PhD	No
RES 30	Education	The Ohio State University, PhD	No
RES 31	Consulting	CEO, Consulting company	No
RES 32	Consulting	CEO Consulting company	No
RES 33	Education	Duke University, PhD	Yes
RES 34	Manufacturing	Director E-Development, large manufacturer	No
RES 35	Education	Harvard University PhD	Yes
RES 36	Education	Pepperdine University, PhD	Yes
RES 37	Consulting	CEO, Columbia Business School PhD	Yes
RES 38	Manufacturing	Chairman of the Board, Large manufacturer.	No

The goal of this chapter is to describe the findings that discover the meaning of strategic capacity and develop a framework for building strategic capacity. The key questions answered by the findings in this chapter are:

1. What is strategic capacity?
2. How can organizations build strategic capacity?
3. How can this research study inform practice to create organizations that are more effective?

In qualitative analysis, all ideas are relevant and, as such, these themes are indicative of the full range of responses, as opposed to frequency of responses, although the key themes were strongly supported throughout the interviews. The key themes and framework that emerged from the data was compared to all stories related during the interviews and published case studies (if applicable) or books authored by the participant in order to gain a deeper perspective or corroborate that the pattern of activities (i.e., the process of building strategic capacity) was consistent in all cases. Chapter Seven will present a discussion of the findings, the relationship of these findings to the propositions developed from the literature review of this study (as conveyed in Chapters Two and Three), and the implication of these findings for organizational effectiveness in practice.

Exploring the Meaning of Strategic Capacity and How Organizations Can Build It

Participants of this study were asked the following questions:

1. What does strategy mean to you?
2. In one sentence how can you best define strategic capacity?
3. How can organizations build strategic capacity? Can you share a story with me about how your organization builds strategic capacity?
4. How can an organization build strategic capacity over time?

Strategy was defined by the interview participants from various perspectives to be a means to an end, a plan, a vision, setting goals and objectives, and making decisions or choices about allocating resources. Almost all of the strategy exemplars interviewed used a competitive worldview when discussing strategy as targeted towards achieving a competitive advantage or being able to compete successfully. One participant identified strategy employing a mindset of abundance as enabling an organization to meet their ultimate purpose.

RES 28: Strategy is a high-level, long-range plan to achieve the purpose of an organization. To me the purpose of an organization has to be defined and out there for everybody to understand. This is more than just profits. It is participation in the community and how to support the community around them, developing all their associates to their full potential. The long-range viability of a company so people have jobs and job security. So that to me is really the purpose of strategy.

Many of the participants defined strategic capacity as an ability, capability, or a capacity for strategy development and execution. Strategic capacity was generally perceived as one unified approach that enabled a dynamic, often iterative, ongoing assessment of the organization's strategies, implementation plans and progress in reaching strategic goals, along with other key dimensions such as change management, capability development, innovation, and learning. All of these key dimensions support organizational agility. This perspective is grouped and discussed under the theme of: *Strategic capacity as a deeply embedded capability for thinking and functioning strategically*. Other themes that emerged from the interviews were:

- *Strategic capacity as the alignment of capabilities with strategic objectives*
- *Strategic capacity as a foundation for achieving sustainability*
- *Strategic capacity as a plan*
- *Strategic capacity as an "Observe, Orient, Decide, Act loop"*
- *Strategic capacity as a governance process*

These themes represent the multiplicity of perspectives expressed in the interviews. Tables 6.2 and 6.3 summarize the responses to questions one and two by key themes. All findings are grouped by these themes in order to retain a coherent sense of the respondent's worldview. In addition some general themes are discussed which are present in almost all findings.

Table 6.2 *Summary of Responses to Defining Strategy*

What does Strategy Mean to You?
<p><u><i>A deeply embedded capability for thinking and functioning strategically</i></u></p> <ol style="list-style-type: none"> 1. A means to an end. The "how". 2. Actions and decisions regarding how to compete. 3. High level long range plan to achieve the purpose of an organization. 4. (Omitted) 5. Developing the plans to compete successfully. 6. Making choices about how you will use your scarce resources in order to create competitive advantage. <p><u><i>Alignment of capabilities with Strategic Objectives</i></u></p> <ol style="list-style-type: none"> 7. A plan.

A foundation for achieving sustainability

8. Achieve a significant objective.
9. Figuring out a way to maintain a competitive advantage.

A Plan

10. Look out three to five years.
11. The basis of your business plan, from strategy you develop how you approach the market and where you will invest.
12. Strategy helps everyone organize their thoughts and what have you for the future and to take advantage of those things that an organization does well, and amplify them.

The Observe, Orient, Decide, Act Loop

13. The setting of goals and objectives to accomplish the end state.

A Governance Process

14. Results.
15. A statement of how the company is going to; the game it is going to play in its competitive environment. What it is planning, how it is planning to compete. What is the offering they have, for what customer segment, and of course, why, and how that relates to the capabilities of the company. And how; so that's really what it is. What's the game we're going to play in order to, in order to succeed in our market, in our various marketplaces? Is it going to be on cost? Is it going to be on product innovation? Is it going to be on service? Is it going to be, on whatever it is, or some combination of those obviously. And it's a definition of how, how are they going to win in the marketplace? What the factors are going to differentiate them from other folks and are distinctive to some extent. Hopefully distinctive in their space. And the second part of that is, once you define that; what are the key strategic tasks that have to be accomplished in order to achieve that end result?

Table 6.3 *Summary of Responses to Defining Strategic Capacity*

How do you Define Strategic Capacity?
<u><i>A deeply embedded capability for thinking and functioning strategically</i></u> <ol style="list-style-type: none"> 1. The capability to formulate and execute strategy. 2. Capability to formulate and execute strategy. 3. Capability for the leaders of the organization to develop and execute their strategy. 4. The firm's resources and capabilities that enable it to choose and implement strategies. 5. The ability to develop and execute effective business plans and have all the systems in place and all the processes and all of the incentives for developing business plans, reviewing them and then executing them. There is just a lot involved in that capacity. 6. It's the ability to think and function strategically. <u><i>Alignment of Capabilities with Strategic Objectives</i></u>

7. Planned capacity to align with your business objectives.

A foundation for achieving sustainability

8. The foundation of achieving sustainable success in a changing environment.
9. The ability to develop a strategy in constantly changing conditions so that you not only survive but prosper. The ability to look forward out in time to analyze what is going on in the rest of the world and how you or we or I will be affected by all the changes that are going on in the world and to develop plans to not only survive but to grow and prosper.

A Plan

10. An organizational plan. Everyone looking out three to five years and projecting where we are going to be and what we need to do to.
11. The ability to see, understand and shape the market.
12. A capacity for planning strategy that involves being highly organized, pro-active, and forward thinking.

The Observe, Orient, Decide, Act Loop

13. The ability to strategize and come up with ways of improving or leading your organization. The OODA loop—doing the unexpected and how can we be different than everyone else.

A Governance Process

14. An organization's ability to ensure that members see, feel, and hear the strategy process and strategic dynamics in the organization. It's consistent execution of a process that allows for ongoing assessment.
15. The organizational capability of the organization to implement that strategy.

Strategic capacity as a deeply embedded capability. Strategic capacity as a deeply embedded, full bodied, capability for formulating, choosing, and implementing strategies, supports thinking and functioning strategically. This perspective represents a holistic approach to strategy which includes content, process, and implementation all in a unified whole. This capability, consciously and systematically developed over time, is supported by many facets of the organization including structure, systems, resources, knowledge, and culture.

RES 37: It's the ability to think and function strategically is the way I would translate that. I think it does have the two components. If you can't think strategically, it's going to be very hard to function strategically.

RES 27: Strategic capacity is the ability to develop and execute effective business plans. And have all the systems in place and all the processes and all of the incentives for developing business plans reviewing them, and then executing them. There is just a lot involved in that capacity.

Thinking strategically involves holding strategic dialogues, asking the right questions, running scenarios, benchmarking, deeply understanding the organization's unique context from the outside in i.e., from the perspective of customers, stakeholders, and competitors, and using synthetic reasoning and other innovative thinking techniques to arrive at novel and effective strategies. The organization must have the capacity to look into the future and ask key strategic questions based upon a deep awareness of what is going on around them that allows them to make connections and develop strategies that will enable the organization to flourish. Organizations must be able to reframe the future to enable new possibilities by thinking outside of the box and not permitting path dependent mindsets and strategies to impact their vision of future possibilities. Once developed, organizations must extrapolate the future back to the present to determine what capabilities are going to be necessary to be successful.

RES 37: And if I go underneath those two ideas then thinking strategically is thinking outside in, not inside out, so that they become a sense and respond organization, rather than make and sell inside out which really means you think first and foremost about customers and their needs. And you're able to ask good questions about that and about competitors in the industry, environment and so on. So the ability to think strategically in that way, and asking the right questions is profoundly important.

RES 27: They need to set some long-term goals based on a really thorough analysis of the industry in which they're in and where the industry's going. What the industry is likely to look like 10 years down the road in terms of technology and consumer demands. A big factor today with consumer demands in most countries is, changing demographics i.e., the aging of the workforce, and the movement of the workforce. So, you really have to have a pretty good awareness of what your industry is going to look like down the road. In terms of both demand for your product, what types of customers you are going to be facing, and in terms of supply of your product, which means, what types of technologies are likely to be out there. Who are some new, perhaps foreign competitors that will be in the industry? I think it all starts with that with a thorough recognition of what external environment you're going to be competing in. Then to build that capacity, you got to determine what type of skills you're going to need to be successful.

RES 33: So you have to understand how your business and your markets are changing. And you have to then understand that in the context of the capabilities that you have and the capabilities that you don't have and what these require. So that is a cognitive strategic thinking notion. Which is you are externally focused, you're looking at the markets and you're looking at your organization. And you're doing sort of a real time gap analysis, as you see how the market is changing and what your capabilities are.

Outside in thinking involves developing a strategic dialogue with customers and suppliers and building relationships that allow the organization to learn from these stakeholders and to

expand the total capabilities of the value chain. These relationships are *generative* in that they create new opportunities and enable learning. The organization partners with customers and suppliers to create a unique collective value proposition leading to distinctive competencies.

RES 38: I talk directly to the end user and the customer. And my typical scenario is; who does it better than we do? Not in that general a term, I asked them specifically. Who has a better customer service department than we do? Who has better delivery? Who has better marketing? Why? Who's got the best website? Who is dealing with the cyber world better than we are? Why? And that has been my guiding principle since I started the company. Is we were the only company in the industry that had a direct line—a direct track to the customer through me. That was what I did. I was on the road a lot. When I would come back, everybody would just, you know, oh no, here he comes, because it's going to be our next mission. But it was always in bite sizes. You know, I would take on customer service or I would take on delivery. It's just simply having a relationship with your customers. Understanding what it is they need and what they want. Seeing also what your competitors are doing; that they're buying, and why. And it becomes just crystal clear to you what you need to do.

Strategic capacity in this (deeply embedded capability) perspective entails the development of capabilities that enable the organization to meet their strategic objectives. These capabilities, developed internally or acquired through alliances, joint ventures and acquisitions, triggers capability development through gap analysis of skills needed for the future. A capability is more than a simple ability but rather represents a higher order construct. Dosi, Nelson, and Winter (2000) contend that “the term ‘capabilities’ float in the literature like an iceberg in a foggy Arctic sea, one iceberg among many, not easily recognized as different from several icebergs near by” (p. 3). According to Gruchman (2009), capabilities accumulate and evolve over time and represent “a collective capacity to do something exceptionally well” (p. 8).

In order for transformation of an aptitude or ability into a capability (or a competence) organizational systems, structures, culture, and resources must support it. In addition, it must be practiced over time employing a *conscious intentionality* through deliberate practice (Ericsson, Prietula, & Cokely, 2007). Capability development is a lengthy complex process influenced by many factors (Dosi, Nelson, & Winter, 2000). Several of the strategy exemplars commented on this distinction.

RES 37: A competence to me is the ability to do something. For example, I might theoretically know how to play the piano or read music. The competency is what occurs when I myself master

that and can play the piano. So the competency is an action based idea for me. It goes beyond the aptitude or the capacity. A competency occurs when you translate the capacity into practice.

RES 36: I think if you're going to build the capability, right, the capability has three pieces. One is skills and knowledge or competence. The second one is an architecture and infrastructure, which is an organization design issue. And the third one, which I think is where everybody keeps screwing up, is you've got to have experience. Capabilities—capacities....is they don't come out fully baked. You have to learn

RES 29: The next one is McKinsey's seven S model. If you look at all of seven S's that would be all of these components competencies you need. Their shared values. Their style, staff, skills, structure. You need every competence, every one of the seven S's to have some competency before you can develop your strategic capability.

RES 33: I tend to use the word capability not capacity. It is sort of an interesting discussion as to what the difference is. To me capability is, I think of capability as along the lines of development. And someone who is more capable or developed or an organization that is more capable or developed is able to do different things. So capability is part and parcel with competence.

Over time, organizations must make systematic investments in capabilities developing a *greenhouse of capabilities*. This capability greenhouse, is built in an experimental fashion through making multiple, small bets and knowing that these bets are not all going to result in new game changing strategies. Organizations must first recognize that they need to invest in capabilities then create appropriate settings under which these small investments encourage exploration of alternatives.

RES 30: That you have to make systematic investments over long periods of time. That you have to be willing to make multiple bets that if they all don't come true that's okay, that's part of the story here, and then go forward that way. So that is step one is to recognize that you need to do it and then create settings under which you can then make these small investments to explore alternatives.

Internal capability development is supported by the literature on *dynamic capabilities*. Dynamic capability is the ability to develop new capabilities. According to Helfat et al., (2007), *dynamic capabilities* can be defined as: “the capacity of an organization to purposefully create, extend or modify its resource base” (p. 4). Dynamic capabilities are a function of an organization's motivation (desire or willingness) and their ability to learn. This motivation is often the result of some kind of crisis or competitive situation that creates a sense of urgency.

RES 30: The literature in this area is called dynamic capabilities literature. Dynamic capability is the ability to develop new capabilities, basically. It is primarily a function of, from an actual point

of view, the extent to which there is a motivation to learn and then internally the extent to which there is an ability to learn. The motivation to learn normally comes from competitive problems either changes in technology changes in consumer demand or preferences or something like that. That makes your current resources or capabilities either no longer valuable or maybe even destroying value. And then, the ability to develop this capability and capabilities is really a function of the level off absorptive capacity in the company which is the ability to learn. To know how to learn. Absorptive capacity is developed in companies in sort of in conjunction with those other dynamic capabilities, with the need to learn as well. So absorptive capacity is what I would focus on primarily in that context.

Alliances and joint ventures represent another approach to capability development. By forming an alliance, an organization can develop capabilities with less risk than acquiring them or starting from scratch. The alliance formed to learn about a new capability, gives the organization an option to delay acquisition or internal development. Capabilities, combined across organizations to create new, novel value streams in new markets and industries, represents a venue for combining capabilities that may be more rapid and lower risk then developing them internally.

RES 30: ...if they start forming alliances with other companies that they think they might be able to learn something from. Why then they might be able to use those firms ultimately as a platform for acquisitions. That would enable them to enter into new markets or new industries, if they turn out to be valuable in that sense. So I would say the specific mechanism that I've seen a lot is some form of alliance. But the alliances is to learn about a new capability, and then ultimately to make a decision about entering or not.

A core process that is cyclical, iterative, and continual supports functioning strategically. This process takes strategy from insight to action, unifying strategy formulation and implementation. The continual cycle allows the organization to learn and continually develop organizational capabilities, leading to new possibilities and opportunities for strategies, resulting in some form of competitive advantage or a stream of temporary competitive advantages. This core process provides strategic coherence by aligning the organization at all levels to the overarching strategies. This occurs when everyone in the organization has a clear line of sight of the overarching strategic framework of mission, vision, and values, and is able to translate this into compelling strategies within their own domain.

RES 37: Well, what the second part means is that you really need a robust process for acting on these insights for acting on this thinking. Otherwise it is rhetoric and it's very nice to have a strategic dialogue, but essentially my framework is an insight to action model. So it begins with insight which is driven by the right questions. And those resulting insights enable you to make great choices, but you have to have a robust process to put all that into action to translate it into organized collective action. That's what really makes it hard in large organizations; is to produce collective action which is strategically coherent. And without a core process, it's just not going to happen. So it's part of capacity or functioning strategically, to have a process.....If you want to function strategically ad hoc just doesn't work. It needs to be driven by a core process and you get better and better at doing that through practice. Just like any other process.

RES 37: So that each level of the organization has a clear line of sight of the over arching strategy of the company and is able to translate that overarching strategic goals of the organization into compelling strategies within their own domain all in alignment with the overarching one. That is strategic coherence. So it's all a process of line of sight and translation throughout the organization, everybody acting in concert, if you like.

RES 27: Then to be able to consolidate those plans and then to execute them, execution requires the effective allocation of resources, monitoring, appropriate rewards and incentives. It's easy to put words on a paper and say well we are going to do this that and the other thing. Anybody can do that. Capacity is really the ability to carry them out.

RES 37: So for me the issue of functioning strategically; the only answer that you can give yourself is; do I have a powerful process that delivers the outputs I need to ensure that I have an adaptive organization? If you don't have a process and it's all ad hoc, then it's grossly unlikely that you will be able to function strategically.

Several different models were articulated for how this core process manifests itself in exhibiting and building strategic capacity over time. In general, the models discussed in this chapter embody varying forms of structure from very structured to very unstructured. One largely unstructured model identified in this perspective consists of ongoing cycles of learn---act---learn---act exhibiting the properties of controlled chaos. Leadership who manages the balance between stability and change guides this controlled chaos. This involves leadership assessing the organization's change capability maturity then not over-taxing it with too much change such that the organization shuts down.

RES 33: It's an ongoing cycle of learn, act, learn, act. What it looks like over time is it looks like people, not getting in their comfort zone for too long. So that actually it looks a little bit like controlled chaos---semi-controlled chaos. I think, you know, the leaders have to manage the balance between change and stability. So yes, I suppose the systems create some stability, but I think leaders act to make sure that there is the right balance. You don't want too much stability, and you don't want too much change. And I think leaders have to have to you know, take a pulse to figure out where the organization is. And by the way the capacity to deal with change is going to vary depending on the development of the organization. So that the leader has to understand not just how much change is needed, but at every moment, and over time, what's the capacity of

the organization to deal with change. Once you've achieved the organization's capacity, things kind of shut down.

Another model was articulated that was very similar to the learn—act approach except it was learning---orchestration---experience---learning---orchestration---experience and so forth. This dynamic and iterative process, guided through a *triumvirate* of future focus, identity and change capability, combine to provide an “invisible hand” guiding and fostering organizational agility. *Webster's New World Dictionary* (2008) defines triumvirate as “a government of three magistrates functioning jointly” (p. 1553). Organizations must be able to play with the future in order to thrive over a long period. They must also have an identity that embodies a future focus and a “change friendly” perspective that recognizes change as normal and desirable. Finally, an organization must have a deeply embedded change capability that includes learning and experience with change.

RES 36: You got to have future focus, you've got to have a core identity that supports it, and then you've got to have a change capability that's says, you know, we know and understand how to move the, how to move the deck chairs around on the Titanic.

Playing with the future involves envisioning various scenarios and running experiments to identify new opportunities for temporary competitive advantages. Organizations must spend more time thinking about the future than they do focusing on current operational objectives.

RES 36: I just can't imagine an organization thriving over a long period of time. Not just surviving, but thriving over a long period of time if they don't have some ability to play with the future. And to look at it and to say, what might be going on out there. What are these alternative scenarios? What happens if such and such policy gets enacted? What happens if the economic crisis extends for another year? What happens if we get job creation in the next three months, and unemployment drops from 10% to 6% or whatever. One thing for capacity; for capacity to respond, is to have some sense about what might happen in the future. So that there is, there is less surprise when unpredictable things happen. And we've thought about how we might respond if something crazy happened.

Identity is an embodiment of the organization's strategy. It represents the intersection of an organization's strategy, culture, and brand. A future focused identity serves as a guiding factor for all behaviors of the members of the organization. Externally focused, change friendly

identities view change as normal and natural within an organization. Organizations must consciously manage their identity in order to build agility and strategic coherence.

RES 36: And I think the distinction is sort of around; identity is a long term value proposition that integrates cultural values and image, brand and reputation. So if you think about Microsoft, they are persistent. That persistence is a long term value proposition strategy. It explains why they've been successful as a strong follower for years and years. It leverages their internal cultural values. They hire smart people. They ship stuff they want to get it out the door. They want to build cool stuff, and they are self-critical right. Everything they send out they think is crappy anyways, but they have to get it out, because that's the nature of the marketplace. On the other hand, their reputation is they're kind of a bully, they're aggressive. They've got these software glitches that happen and so all the messaging about where do you want to go today and your potential is our passion and all that marketing garbage tends to interact and doesn't match up with the experience people have with the software that has some glitches in it every once in a while. And so how do you rationalize that internal and external issue? It's around persistence. If you send them an error message when the thing comes up on your screen and says were going to shut everything down. Somebody's in there mining that stuff and they're self critical, and they're trying to figure out what's wrong with the software, and they eventually fix it. Once you get version to 3.0 it's pretty good. That's their identity. Now that's a long term; and it's change friendly. It allows them to just get better at things all the time. It always encourages them to keep trying new things and innovating and figuring out what to do.

Finally, a change and learning capability enables an organization to implement strategic opportunities, which are flushed out of the experimentation process of the future focus capability. Here the organization must quickly reconfigure various organizational design components i.e., the structures, reward systems, human capital, resources etc. in order to monetize these new opportunities. This capability requires an embedded change architecture that utilizes a standard change methodology that creates a shared language and mindset for change management. In addition, capability develops over time through deliberate practice in order to achieve the levels necessary to support agility.

RES 36: The other capacity the organization has to have is the change and learning. Right, how do you; if you're going to be offering new products, entering new markets, shifting your aggressiveness and things, you're going to have to be able to move the organization's design, the structures, the reward systems and all that stuff. You're going to have to be able to shift and move that around over and over again. So if you're going to execute strategy well when it does change or when it changes in its dimensions, if not its core. You've got to have the capacity to make that change. And if an organization is going to have a change capability, they don't just teach people how to do change and then give everybody a change model and create a center of excellence around organization development. They actually have to lean into change and do it awhile and screw up at it a few times and be conscious about learning from those experiences, to build the capability.

Another cyclical model for the core process is an ongoing semi-structured cycle of learn--focus---align---execute---learn----focus----align---execute---repeat. Here the organization participates in a cycle of strategic learning such that they engage in a futuring process that enables them to arrive at a set of strategic alternatives. From this, they develop their vision and choose how to allocate their resources to the highest opportunities. Next, they align the organization through ensuring that structures, systems, people, process, and culture support the strategies selected then they implement their strategies utilizing an experimental approach then they repeat this process in an iterative fashion. The consistent execution and deliberate practice of this core process builds strategic capacity.

RES 37: So that strategic learning, really at its heart is; changes gear from strategy as planning to strategy as learning and unifies strategy creation and implementation into one iterative cycle.

Finally, a semi-structured model for the core process of strategic capacity was identified that works much like the metaphor of a plant that grows and flourishes. The organization has a compelling shared vision that evokes a vivid picture of a desired future. The powerful vision and values (i.e., guiding principles) serve as the guiding force to achieve the objectives of the organization. This picture is so compelling that individuals naturally gravitate towards implementing it because their current state becomes unacceptable. This vision evokes energy and drives the organization to grow towards its ultimate purpose that is more in line with an abundance worldview. The organization strives to reach the highest potential for individuals, organizations, the community, and society. Building the capabilities of every individual in the organization leads to increased organizational efficacy and resultant capabilities, which lead to new individual, group, and organizational opportunities. An organizational culture that genuinely cares about employees ultimately leads to increased employee loyalty and engagement. All of these factors create an upward spiral of capability development towards a powerful vision much like a plant unfolds towards the sun. As the individuals in the organization become self-actualized so does the organization.

RES 28: People cannot separate a very strong vision from what is reality. It is like watching a scary movie. People get frightened. So with more people participating and the more vivid it is. It really becomes a strong vision and they follow it. What was surprising was that the goals we set five years out in the future were exceeded in two years. That is the strength of a vision and a strategy doesn't have to be the details of how you get there. It's what you want to achieve and generally the guidelines of the direction we want to go. The tactical approach to it had to be filled in by the local operations and the lower in the organization the tactical executions is completed the more effective you are, and the quicker you can move forward.

RES 28: The more vivid that vision of what you want it to be in the future. The more the current reality is not acceptable. So it really creates a drive and energy and focus to make it better. So it's like what you want to achieve. It's like teaching people 5S you can talk about it and show them pictures and everything but if they walk through a facility that really has implemented 5S and they have a vision of what it looks like. And then they go back to their site, and they say wow this is a mess we need to clean it up. Then they understand. You think you understand, and you try to communicate. You really can't. People can't imagine what you're talking about. It's the same thing with a real good strategy. If the vision is very, very strong and vivid it will pull people toward it because current reality is not acceptable.

RES 28: Toyota says when you come in don't check your head and hearts at the door. That's what we are paying for. If it was just your hands and back robots are cheap. We want you to help us run this business to problem-solve, and then develop the skills for people to problem-solve. Give them the opportunity to do it, provide recognition, and really a clearly defined path to how people can move up through the organization and advance and make themselves better, if they want to. But the most important thing is people feel valued. They feel they make a difference. They are helping the company, and if they help the company to be successful. They will be successful, and that was the difference between the two. To advance at Ford, the best way you could do that was to make somebody else look worse than you and try to move up and be political about it and just take advantage of the people around you to make yourself look good. At Toyota it was really, and I'm talking about particularly inside the manufacturing, not so much the sales organization but the manufacturing organization. There was a genuine valuing of people, caring about them, and helping them to develop their skills. So they were more valuable, even to the point where some of them left and went somewhere else, because their skills were good enough that they could make more money doing something else.

Strategic capacity as a foundation for sustainability. According to this perspective, strategic capacity entails building a foundation that enables the organization to achieve long-term sustainability and growth. This theme encompasses some key elements of strategy content. One aspect of this sustainability theme is developing a resilient business model that is capable of weathering downturns in the marketplace. This model may arise from eliminating or dramatically reducing fixed costs, or increasing the amount and diversity of revenue flows that are impervious to challenges in the marketplace. Conservative financing is another important dimension of financial strength. Resilient companies tend to avoid making big bets but rather, focus on more incremental, lower risk strategies. A resilient business model combined with conservative

financial practices serves to provide increased financial stability therefore, enabling greater resourcefulness during strategic inflection points.

RES 25: Strategic capacity is....the ability to develop a strategy in constantly changing conditions so that you not only survive but prosper.....The one achievement in my life that I had that I thought was really neat was at General Electric. When I took over this new department, it was in its infancy and growing. A new general manager came in and assigned me to take over the department. In the space of eight months I turned it around from a research and development facility to a high volume full production facility. I took it from a significant loss position to a significant profit in eight short months. (*What do you attribute that to?*) Well, strategy, for one thing. The strategy was to transform the department from an R&D facility to a high volume production facility. I then developed action plans to get it done and then implemented those plans. I just recognized where the opportunities were. By that time I was familiar very familiar with manufacturing costs of the operation. One large opportunity was to implement a new low cost formula that the R&D chemist had developed. In over a year's time, there was not one single failure of the lower cost version. Getting the Bureau of Mines to accept the new formula was a key component of the plan. Within, a few months the Bureau did accept the new formula and costs were dramatically reduced. That was a good project for me.

RES 29: The key success factors including the financial models. I asked them to look at the financial model is that sustainable or not sustainable? Do you rely primarily on tuition or should we rely on endowment or on other things? That is just one example of key success factor is stabilizing, stable financial model, which can thrive or survive any changing economics. That is just one example of developing strategy. So now they're getting putting a lot more effort into trying to get endowments. That is just one example, one component of the strategic capability capacity.

RES 36: And then there are the consistently high performers. What's interesting--and all this is compared to the average i.e., the industry average return on assets over these 20 years, how they compare to that. The interesting thing about the consistently high performers is that they're not, way over they are just sort of a little bit over above average. And those are the people we think are that agile firms and we're trying to find out if that's; if these elements of agility sort of hold up there. Organizations that build strategic capacity over time don't shoot for the moon. They are conservative. I don't know if you've ever read a book by Arie de Geus, called *The Living Company*? Okay, so one of his key findings is conservative financing. And I think that's what's going to show up in this data too is that, if you want to build agile capacity over time, you don't go off and you know, try and double size in seven years and then at the end of the seven years say, okay, we need to double it again.

Another aspect of the foundational perspective is the establishment of key strategic building blocks that facilitate strategic thinking, visioning, and implementing. These building blocks comprise elements such as an analysis of key success factors, stakeholders' value, scenario planning, and distinctive competences, coupled with rigorous implementation approaches that include the use of initiatives, programs, and champions to roll out strategies. All of these elements lead to a core strategic framework within which the organization can operate. There is an educational element to the development of these building blocks---bringing the organization

along by getting them thinking about these foundational elements. Finally, a feedback loop incorporated through continuous scanning of the environment from an outside-in perspective, responds in an agile manner to conditions in the environment.

RES 29: I started with, I call the stakeholders. Who are the stakeholders? What are their values? Their value system, look at a company. So picking up in this case, University ABC. So first list who are the stakeholders, what they value University ABC? And then getting to key success factors. What are the key success factors for the company and then what would be the distinct competencies of the organization? What initiatives we need to do, what programs that we need to have and who are the champions for each program? So that's a very short story of what I've been doing the last couple years with University ABC.

RES 25: But before that the strategy has to be developed for determining where we are going to go. What markets are we going to tackle, what business arenas are we going to compete in, what are we not going to compete in? I think all of that falls into strategy. And then it kind of goes back to what business are we in. What are we really in? Let's say people that develop cell phones, are they in the cell phone business? Not really. They are in the communication business. So what if communication changes are they going to be out of business or are they going to adopt strategize on how to survive and prosper with all the changes. I think you've hit the nail on the head--this is a really important part of business more so now, than ever, because changes are occurring so fast. What's our strategy?

A final aspect of this perspective is that the set of strategies implemented are *synergistic*.

The Merriam Webster Dictionary (2004) defines this as: “the interaction of discrete agencies, agents or conditions such that the total effect is greater than the sum of the individual effects” (p. 726). Synergistic strategies work together to continually build opportunities and create strengths that turn into additional opportunities. The following is a story snippet 6.1 that illustrates this dimension. In this story, the set of strategies employed all built upon each other in a synergistic fashion to create combined value ultimately leading to business model resilience.

SNIPPET 6.1 (RES 25): When I was first brought on board as full time paid executive director, I soon discovered that the organization did not have the money to pay me. That the membership fees were not high enough and they were gradually going to eat into the remainder of the grant that we got. So I had to strategize on how to overcome this cash flow problem and the answer to me was to develop more revenue streams. And those revenue streams, took many forms. The first six were: first of all interest on the CD the remaining cash, which I made the decision to never, touch that we would not use that. That would be the reserve. Second was to start developing partnerships with other people that would result in revenue stream. One was with ABC. The second one was with (State) MEP. The third thing was to develop a web site and start a company store. Fourth, on the website, charge for ads. Recognizing this was still not enough revenue. Fifth, I worked a new agreement with (State) MEP where instead of giving us cash and in kind money they would pick up my salary, and all my benefits. So this was not so much a revenue stream, as a (it was a) cost avoidance. Then I recognized that other opportunities were sponsorships and endowments

which I am working on. The sixth one was another grant from Workforce that's turned out to be quite lucrative.

Strategic capacity as the alignment of capabilities with strategic objectives. In this view, strategic capacity is the alignment of an organization's capacity or capabilities with its business objectives, which present themselves to the organization in the form of a clear strategy. This implies a systematic view with an effective feedback loop to enable the organization to orchestrate its strategy and combine or build capabilities as needed. Strategic capacity viewed as flexible and just in time, reacts to changing conditions in the market with just-in-time capabilities. This implies a learning and change management capability, as well as, strong coordination throughout the entire value chain. In this system teamwork and communication are important in making all activities flow and ensuring strategic coherence and coordination.

RES 34: And capacity needs to stay with it, follow it and I think rise and fall. It should be aligned and I also see it as a variable rather than a constant. Strategic capacity to me implies flexibility. It implies flexibility; just-in-time capacity and also, you know, reactive, you know, you're back office, your factory floor can react to rapidly changing business conditions and demands.

RES 34: Well, certainly one of the key competencies is to have a clear strategy and feedback loop so that you can plan capacity. Without a near real time feedback loop on market conditions and sales you know, manufacturing is in the dark. Those two have to work hand-in-hand without the dashboard, you know, you can't fly the plane.

Orchestration is important to this just in time perspective. According to *Longman's Dictionary of American English* (2002), orchestration means, "the way a piece of music is arranged for an Orchestra or the act of arranging it" (p. 563). Webster's New World Dictionary (2008) defines orchestrate as: "to coordinate or arrange something so as to achieve a desired result" (p. 1014). Orchestration is the way that strategies are played out and organizational capabilities are developed to support these strategies. In order to orchestrate effectively, an organization must be able to coordinate communications, actions, decisions, and events (Lawler & Worley, 2006). Change capability is a critical aspect of orchestration (Lawler & Worley, 2006).

The following (abbreviated) story snippet 6.2 represents a beautiful example of orchestration of a set of synergistic strategies. The organization in this story developed a new fishing wire line that was wildly successful. They first marketed the product before they had capacity to produce it. Then they used the value created from the marketing activities to finance the capacity. They focused on differentiation instead of commoditization despite a great deal of pressure. Their differentiation focus enabled them to sustain higher prices and margins. Ultimately, they sold the product line for a great deal of cash. In this story, strategies as orchestrated, played a critical part in ultimate success. The timing of the way that strategies rolled out and capabilities were built lead to greater opportunities and resources for investment.

SNIPPET 6.2 (RES 34): I launched a fishing line product that was very successful and strategically we went into it and we made the decision early on that we were only going to sell 25% of our manufacturing capacity to the big-box stores to Wal-Mart and Kmart and those. This was fishing line, and so we wanted to make sure that we had continuous capacity for the small fishing tackle stores. And then we also wanted capacity for the Bass Pro's, the Cabellas and the sporting big boxes, and we wanted capacity also for the big-boxes Walmart, Kmart and whatnot. And then we wanted capacity for new customers. So it was like a 25, 25, 25 mix to where any one of those groups was willing to take all of our capacity. But if we did that, you know, the Walmarts and Kmart's can turn on a dime and if your product doesn't sell through or the trends change in the marketplace, they will drop you. If they drop you, you've got no more market.

(We were) very disciplined. It was very hard to do. To have Walmart sitting there looking in the eye and saying we are willing to give a purchase order for all of your capacity for the entire year and to walk away and say no. You can only have 25%. Well, we knew that also we were never going to be able to control price and margins if we sold out to Wal-Mart, because then they are in the drivers seat, and once they have all of our capacity and then they also have the ability to have a big rock over us and you know, in their hand and sit there and say hey, here is what were going to pay for your product. And they tried that several time's. And we said that also pricing the products low is going to affect our other channels, and we could not let them do it.

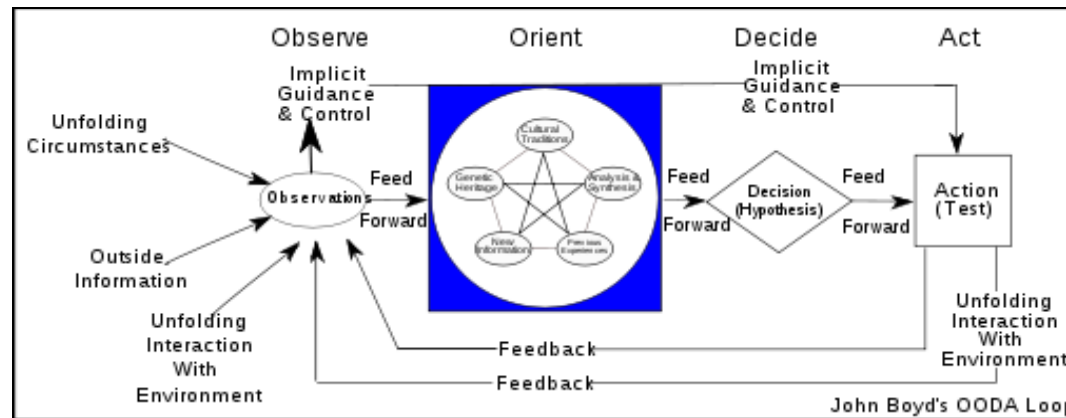
One of the things we were limited by, was the equipment that you would use to make our product was based upon antiquated braiding machines that were really not used much anymore. There was no quick fix on bringing braiding up because not only is it a you know, required capital for the equipment. It was more an art form than it was a science in that the people that knew braiding were few and far between. I marketed the product; we went into the market before; four months without any product. We launched it. We ran national advertising, and we had a strategy where we did not publish the phone number or any way to get in touch with us. What was happening is, people were going into the dealers and asking for the product and to the big boxes, and nobody had it and nobody knew where to get it. And so by the time our sales force showed up. It was come on in and sit down we're going to write an order. Fortunately, or unfortunately, our capacity was such that we couldn't get ahead of demand, and we would run consistently about \$14 to \$15 million backlog which represented by the way, at least six months of production. (Ultimately) we sold. We ran up the interest in the product. What was interesting was we licensed the brand just a few months, a couple months into the launch of the product for almost \$1 million. And so that gave us quite a bit of capital to buy more equipment to manufacture more products

Strategic capacity as a plan. This theme expresses strategic capacity as the development of an organizational plan that achieves strategic objectives. This plan is derived from a visioning process where executive leadership in the organization look out over a 3-5 year span. The organization scans their environment then looks at marketing, technology and customer drivers to decide where the organization needs to be. From there, an assessment is made of what organizational capabilities will be necessary and a strategic plan is developed to achieve the objectives identified during this process. Each individual on the team is responsible to ensure deep domain expertise is reflected during the visioning process. The leadership team then engages the organization in dialogue such that everyone understands the strategic objectives and buys into their implementation. This comprises the traditional annual cycle for strategic management.

RES 26: We as an executive group determine as I said previously what we want to do in three to five years. Then look at those items and decide if those items could be a definition for a business area. And then we look at specific drivers: marketing, technology, and customer expectations. What is it that drives the particular business share and what is the expectation of what the drivers will be in three to five years? The more often you can do it, the more often you can strategize with your team to build strategic capacity. It also allows people to get out of their tactical world

Strategic capacity as an OODA loop. Strategic capacity represents better tactics through a rapidly recurring, iterative cycle of observe---orient---decide---act (OODA). Developed for military operations by military strategist USAF Colonel John Boyd, the OODA loop functions as a sensemanaging tool for individuals and organizations. Figure 6.1 illustrates this concept.

Figure 6.1. OODA Loop



Note: Retrieved from: http://en.wikipedia.org/wiki/File:OODA_Boyd.svg by permission of Patrick Edwin Moran on January 16, 2010.

An organization that can process this cycle quickly--observing and reacting to unfolding events more quickly than their opponent can "get inside" the opponents decision cycle and gain the advantage. Decisions, based on observations of the evolving situation, respond to implicit filtering of the problem being addressed. The orientation is the repository of genetic heritage, cultural tradition, and previous experiences as this shapes the way organizations observe, decide and act. The idea is to execute the OODA loops more quickly than the opponent such that the organization is able to get inside the opponent's OODA loop (i.e., they are consciously aware of their moves and the opponents countermoves) and short circuit the opponents decision making through the creation of chaos and confusion.

RES 31: And the idea was that you observe the situation. You orient based on your culture and your belief system and the things that are going on around you. Then you decide how to respond, how to act, and then you actually do act. And the whole concept was, if you can get inside, what they call inside someone else's OODA loop. You can short-circuit it. So what you do is, while there you know, they observe and while they're trying to orient you change again. So I'm a big believer in that. So when I look at strategic capacity or the ability to strategize and come up with ways of improving or leading your organization. I'm a big believer in doing the unexpected and figuring out how can we be different from everybody else? Because I think that with the preponderance of consulting firms out there all going and doing the same thing. It's almost commoditized strategy.

The OODA cycle involves looking into the future and really trying to see where the future is going. Then coming up with a better strategy to get to the future first and do it much better, quicker, and faster than the organization's competitors, while raising the high bar on the customer delighters, ultimately making the competition irrelevant. Competitors who are not as conscious of the situation become confused and surprised. This perspective calls for a conscious intentionality for the organization to think strategically about the future and what its competitors are doing. It is about doing the unexpected and doing things differently as opposed to commoditized strategies. This also implies an orchestration capability.

RES 31: I am a big fan of-- listening very, very closely to the customers and understanding what their needs are and then figuring out some way to just really surprise and delight them. We always talk about these table stakes and delighters so when I think about strategic capacity. I think about, what are going to be the bare bones basic, the table stakes that we have to achieve? I would like it to be those delighters that take us to the next level, and just blow people away. Then how do we get there from here. I like to formulate strategy around that. And then the OODA loop is all around how do we, how do we pivot so quickly that we're going the direction we want to go, but we're throwing the other guy off their game.

Observing and orienting requires an understanding of the context of the organization then utilizing an innovative thinking process to visualize the future. This involves sensemaking utilizing a strategic filter in order to orient and arrive at the decision phase. Then deciding and acting all in rapid succession. This visioning/orienting process involves bringing a group of people from a wide range of organizations and giving them some education regarding systems thinking/strategy and brainstorming around the future. Having strategic conversations and thinking strategically together. Sensemaking is employed to help individuals build a filter of global thinking or systems thinking, creating an understanding of how their decisions impact the whole and the design strategy. Strategies are then rolled out in an agile implementation fashion with the intent of failing fast to both ensure that strategies are being constantly re-planned and that the probability for success is increased due to constant revisiting and adjusting to ensure success. This agile implementation plan *accelerates* strategic capacity because it allows the organization to adopt successful strategies, quickly determining their ultimate success.

RES 31: First, you develop a "minimum viable plan" - the smallest, least obtrusive strategy plan you can build that achieves your goals (good place to start is develop a plan/set of plans, then cut it by half or more). Second, I use "continuous deployment/development" cycles — that is, you develop, rollout, modify, rollout, etc — all in very short order. The idea is to fail fast to improve the chances of success. When you see that a plan isn't exactly right, you immediately re-assess and redeploy. This gives you plans that are constantly changing with the needs of the business, plans that are re-visited more than once per quarter/year, plans that are more likely to succeed.

One of the primary guiding forces for this approach beyond the strategic objectives is the use of a few simple rules and daily *reinforcement* on the part of the organization's leadership. These simple rules serve as everyday guidance and enable a range of flexibility of expression for organization members in achieving the daily operational and strategic objectives of the organization. These rules are then reinforced via modeling and coaching. Organizational members who cannot work with the rules are removed from the team. Others that remain develop over time, building the capacity of the individual and the organization going forward.

RES 31: We talk about a flock of birds, where, you know the flock of birds doesn't have a leader. Nobody's got an MBA, yet they managed to go from, fly three quarters of the way across the country some will fly 3,000 miles in their migration each year and how do they do that? The way they do that is by having a couple of simple rules. They all stay two wings distance between myself and my neighbor and when they react I'll react etc. and I think it's the same thing with people. When you get everybody going in kind of the same direction, and you've got these guiding principles they use those to fall back on. And it becomes this reinforcing cycle. As they interact with their peers and their peers give them feedback and you give them feedback and they get more comfortable with that and they get a little bit bolder which is what you want. You want them to really be taking the initiative, and I think over time. It's those guiding principles we set up with people that really start to drive behavior. And the great thing about it is. You get them into an unknown situation and they know how to respond.

Strategic capacity as a governance process. Finally, according to this perspective strategic capacity represents a strategic governance process that assures that strategy lives within the organization. According to *Webster's New World Dictionary* (2008) governance is: "the action, manner, function, or power of government" (p. 614). According to the same source, government is: (1) "the exercise of authority over a state, district, organization, institution etc.; direction; control; rule, management"; and (2) "a system of ruling, controlling" (p. 614). This governance process supports ongoing, dynamic assessment of the organization's strategies, innovative practices that support continuous improvement, and communication to make sure that

continual dialogue occurs around strategy such that everyone has a full and complete understanding of the strategic framework.

This strategic governance system enables everyone in the organization to see, feel, and hear the strategy process. Communication of the strategy is widespread. Strategy is a conscious process of strategic dialogue, writing plans to support strategic initiatives, communicating, and continual assessment—all embedded in a culture of innovative practices focused on achieving results. This dynamic assessment results in plans that continually adjust to reflect new opportunities and developments. A cycle of assessment—reflection---adjustment---implementation occurs throughout the year in support of a dynamic, rolling plan aligned with the organization and its overarching objectives.

RES 32: Results achieved through a combination of dynamic assessment. So in that regard, I am always thinking about, is strategy living are we assessing it? Are we on the right path, are we talking about it? Is it bringing us the results that we want? Are we communicating about what the strategy is internally and externally? Are we reinventing ourselves both personally and from a process standpoint inside of the organization? So a big part of ensuring that people's response to that question is within that framework is the communication process of the leadership within the organization. Relative to, how do we talk about strategy. We do it when we sit around and chat with our team at lunch. Or do we do it in the formal processes that we have, that I will talk a little bit about in another one of the other questions. You know, how are we communicating?

RES 32: And then to make it living in the organization, to make it dynamic, to make it a process; this is what we're going to do. This growth plan is going to be written for the coming year. It is going to have the detail, but then, 10 days after the end of every quarter. We are going to take a look at what we said we were going to do in the first quarter. So by April 15 prox. we are going to have our strategy review session, and we are going to look at the first quarter of 2010 and we are going to figure out what we did well. And what we've got to do better. Then in that session after that assessment we are going to write the growth plan for the first quarter of 2011. And we are going to repeat that cycle every quarter without fail. So that we have a rolling dynamic growth plan that we can, you know, we can shake a shimmer if we need to because we know that it's scheduled, it's on the books, and we are all looking forward to it.

RES 32: Every year every company goes through a strategy session, and they never really go through it again. And it's like you're teaching the same skills sets of team building, of listening to everybody, and communicating effectively and seeking for consensus. You go through that same teaching, you go through that same strategy crap every year, versus building the capacity through an ongoing process of assessing and doing it every quarter. Then you're building, you know, whether it's a manager on the phone or a senior VP, then people are starting to get what strategy means. Okay this stuff lives in the organization. I get it.

An interesting aspect of this perspective is that, enabled through honest strategic dialogue at all levels of the organization (particularly within the senior team and between the senior team), the governance process serves as a vehicle for *collective learning* within the organization. Questions are asked of the organization as to if the strategy is understood and what strengths and barriers exist that may impede implementation. Dialogue raises issues, that then turn into action plans to address these issues, which in turn, builds the capacity of the organization to formulate and execute strategy.

RES 35: It's to create an ongoing; create some kind of a learning and governance process that brings out; that puts the strategic intent of the senior team in front of a representative sample of the organization, across all parts of the organization, and ask them to identify what the barriers are. And then I think it takes an active role on the senior team usually with the help of a consultant. Although it doesn't have to be I mean, I just talked to a company where they've done this on their own, but usually with the help of a consultant particularly if they're having a lot of difficulty. And basically in turning whatever they learn into action plans to improve the, you know, build the capacity. So I'm really arguing that at the metalevel it's a learning process that's essential.

Over time, this collective learning process as part of an annual cycle, results in ongoing dialogue and a long-term road map of projects. This provides continuous improvement to aspects that build the organization's strategic capacity. These actions involve making changes to ensure effective leadership, alignment of key organizational factors to support strategies (i.e., structure, systems, skills, culture, etc.), and the development of new capabilities that enable them to better formulate and implement strategy. The following story snippet 6.3 illustrates what this process looks like over time:

SNIPPET 6.3 (RES 35): Well again I will use the ABC Systems Division at ABC Company as an example. We went through this process, and once they finished the process the general manager and his senior team realized that it was an extremely powerful process. They learned an awful lot about what they needed to do to change. And they instituted this process every year, connected to their strategic planning process. So, basically every year when they redefined their strategy three to four years out, whatever the number of years where. They constituted a task force to go and interview; in the same manner they did the first time around the capacity of the organization to implement that strategy.

And then they got the feedback and then they developed whatever action plans were necessary and, and worked with the task force to resolve any differences, to get the task force's critique, that's part of the process and then implement further change. So, and every year they learned something different. They either revisited old problems, old issues, that they had not resolved effectively or they visited new issues that came out. So for example, they had decided to put in a matrix to get the kind of coordination across several different businesses that they needed.

Through year three, they recognized that they hadn't been implementing effectively a dual performance appraisal process that was essential for making the matrix work. So they began to work on developing that capability. The second year, actually they did find, they realized that they; which came out in the first year, but they didn't have time or, or focus to work on it, that their order fulfillment process was broken. And they really had to redevelop that capability to be successful. So they went to work on that.

So that's how I think over time, to me over time, it's a learning process. Part of it of course; so it's a learning process that identifies a set of issues, some of which they've continued to; for example, you identified leadership development as a problem. Because that's one of the barriers and you can't, you can't do that overnight. That's a continuing process. So the action plans, often sometimes go well beyond the initial learning about it.

General Themes

Embedded in all of these findings is the notion that *strategic capacity is inclusive and multi-level*. In addition, organizations must adopt a *conscious intentionality* towards systematically building strategic capacity.

Strategic capacity is inclusive. Employees at all levels are involved in building strategic capacity through widespread strategic dialogue, line of sight strategic planning and individual capability development. Organizations must *engage the full system* in various aspects of building strategic capacity. Most strategy exemplars believed that all employees should be involved in tactical planning and implementation of strategies. In this perspective, the executive team may develop the vision but afterwards it is widely communicated throughout the organization and employees at all levels are involved in the implementation and learning phases of strategy. Other exemplars brought all employees in throughout the entire system from insight to implementation. In this perspective, employees may have different roles such as brainstorming possibilities vs. providing feedback, but strategic capacity enjoyed widespread involvement at all levels of the organization.

RES 29: The strategic capability is really at every different level. So if you say that it's at every different level then everyone should be involved. That's why I defined strategy as a means to achieve some objective. Everyone has some objective. The Corporation has one, the functions have one, the common has one, the individual has one. So therefore, there is no way to avoid getting everyone involved. But in terms of setting of the vision it should have come from the leaders. Setting the vision and communicate and get people excited that's the leader's job. We cannot have a million visions coming from everybody. I was involved in ABC Motors and a lot of strategic planning, strategy development. One example is helping ABC Motors to develop a

manufacturing strategy. It literally took me two years, several thousand people--not only just a few but several thousand people. Now everyone got involved, but in a different extent. It may be a hundred people involved very extensively, but literally a few thousand people involved.

RES 32: And certainly two, is the ability for everybody in the organization to have a voice, either through like I said, a blog or a webinar or whatever the case may be. So that everybody can give input to the core team, who is then engaged in defining and developing the strategy. But then it is pushed back now to everybody that gave some input.

RES 31: But then I think you bring your team together and you do a lot of brainstorming and you go okay. Where do we want to be? I mean, what does this look like in a couple of years? Are we the same size or are we larger or smaller? Are we, do we have more customers or do we have fewer customers, and you start to figure out what is this---what does this thing looked like? It is the same as if you are going to build a house and you sit down and you kind of craft this together. If you are familiar with the competencies of design thinking it is similar to that where you're bringing in people from all different organizations and you go. Okay, here's where we want to be as an organization with our products and IT, what are you thinking? Well, yeah that would be great if we could put that on the web the self-service portal. You start to get all the different pieces and you get people talking. I think the talking, and the interaction the more different parts of the organization can touch each other. I think that closer you are going to get to building a good strategic capacity because what you get is instead of everybody going their own direction. You get everybody going well yeah, I guess we could do that.

Strategic capacity is multi-level. Strengths and opportunities are leveraged throughout the value stream by partnering with suppliers, customers, and stakeholders in the greater global environment. Strategic capacity extends to alliances in the industry or across industries. Alliances enable organizations to extend current capabilities or develop new ones at lower risk. Leveraging relationships in the vendor community increases the capability of the organization and value delivered to the customer. Suppliers are important partners in multiplying research and development capacity. In addition, making customers successful is a critical component of understanding their needs and developing a customer-focused strategy. Finally the organization must leverage global opportunities to produce and sell product using the most efficient channels.

RES 27: It certainly has to take advantage of global economies. You know, you've got to produce around the world, where it's most cost-effective. You've got to out source around the world, and you've got to sell around the world. You have a path to the markets around the world and that requires tremendous competencies to go beyond your domestic market, and you've got to understand the economic and political and social conditions in all these different countries, different legal systems. So it's much more challenging than just working in a domestic industry.

RES 38: I think that there is not enough expertise, at least in our organization on how to work with vendors and leverage relationships with vendors to bring capacity, technology and assistance with strategy to the table. Well, I see it over and over again and people don't realize. They think that vendors are a source of supply. That's to be abused basically and the ground down to the lowest possible price, as opposed to looking at them as a partner in whatever endeavor you are

involved in and saying A, how can they help, what do they have to offer us? And B, how am I going to make sure that they are successful in this partnership?

The following story snippet 6.4 illustrates the power of leveraging suppliers in the value chain.

SNIPPET 6.4 (RES 38): You can't give better service or quality than you get. So I am out there dealing with suppliers as much as I was with customers to. And inviting them; and this increased our capacity to create and to be innovative, dramatically. When I would go to a supplier, not with asking him; what we will call it a fastener. I wouldn't come in there with a blueprint of a fastener I wanted. I wouldn't tell him I want a screw number 32. I would tell him. Here's what I'm trying to build. Here's the product I have in my mind that I want to create. And I need a very efficient fastening device. Something that's innovative, not bulky, not heavy, and really engage them in the solution of a problem, that I had to create a new product. I want to create an innovative new product and if you come up with that solution in a cost-effective way or in a much higher performance way. I promise I am not going to go out and get somebody else to make it cheaper. I want to partner with you on this. So help me get there. You are the expert at putting things together and fastening things together. That's not what I do every day, I create end products. So help me create the best end products. So I want your innovative team, your research people to solve my problem for me. Help me get there. And if you do, you will be rewarded.

So I would get our suppliers. It took a lot of time, a lot of articulation on my part to explain what our goals and objectives were as a company. Then, however, our R and D team was multiplied tenfold. We had all these people working toward helping us create this ultimate product that was really innovative and different and special, that nobody else had ever seen. If you go to the supplier and say, look I just want to know what my price is on this screw that I think is what I need to do this. That's all you got. And now you have a little bit of a contentious relationship because it became strictly; how much are you going to charge me for it? As opposed to, help me get there. This went on and on and on and if you go back into Spider Wire, again one of the greatest case studies I have ever seen; it was, again, it was the supplier that hit a home run.

Conscious intentionality. Embedded in the findings is the notion of *conscious intentionality*. Organizations must adopt a *conscious intentionality* towards establishing strategic capacity, consistently executing the processes that build strategic capacity, and making systematic investments in capability building. This requires conscious planning to address gaps in strategic processes and capabilities. Conscious intentionality includes fostering strategic thinking and utilizing practices that support and accelerate strategic capacity in a disciplined fashion.

Summary of the construct of strategic capacity and how it can be built. In summary, strategic capacity is a deeply embedded capability for thinking and functioning strategically. Developed over time, this capability is consciously and systematically aligned including systems, structures, resources, knowledge, and culture. Strategic thinking involves deeply understanding

the organization's unique context from the outside in, asking key questions, holding strategic dialogues, and using innovative thinking to develop strategies to take advantage of opportunities and develop a vivid vision for the future. Critical strategic building blocks facilitate this futuring capability. Organizations must then extrapolate back from the future to identify and develop critical capabilities that allow them to meet their strategic objectives. These capabilities develop over time and require deliberate practice and systematic investment in order to turn them into competitive advantages.

Organizations function strategically through exercising a core process that consists of various approaches. This core process embodies a strategic governance system that fosters cycles of learning, reflection, and action--all executed in rapid succession in order to build organizational efficacy and ensure that strategies are continually assessed and adjusted. A synergistic set of strategies roll out in an orchestrated fashion, building the organization's capabilities, which in turn lead to new opportunities. A powerful compelling vision, change friendly identity, and set of simple rules guides the organization in achieving the highest potential at all levels--individuals, organizations, the community, and the greater society within its sphere of influence. All of these factors create an upward spiral of capability development and abundance. Employees at all levels are involved in building strategic capacity through widespread strategic dialogue, line of sight strategic planning, and individual capability development. All of these activities are exercised with conscious intentionality.

Accelerators and Key Competencies for Building Strategic Capacity

The strategy exemplars in this study were asked:

1. What accelerates strategic capacity?
2. What do you think are some of the key competencies needed to develop strategic capacity?

What accelerates strategic capacity? Many of the strategy exemplars cited having a fierce rival, competitive pressures, a burning platform, a crisis, dynamic markets, or a large untapped opportunity as a factor in accelerating strategic capacity. All of these situations create a

sense of urgency in the organization and motivation to innovate and change to address whatever situation they are facing. Companies that have been successful over long periods of time find it difficult to take risks and innovate, leading to a sense of complacency and competitive demise. These companies often become fossilized through long term obligations with suppliers, employees, and marketing channels; cultures that do not support risk taking and innovation; government protection and regulation; or organization structures that do not allow for new ideas and experimentation.

RES 27: It's difficult to change. When you're an older industry, and let's say you've got these long term contracts. You got them with suppliers you got them with the dealers. The dealer franchise laws. Look at the problems today the auto companies are having just trying to close inefficient dealers. They have contracts. The dealers go to Congress, their local and state representatives for legal protection. And so, again, I am not making excuses. But you know, when people say change. It is hard. There is no question about it. You find a lot of obstacles. I think especially if you're more of an older company. That's, you know, got a lot of baggage built up, a lot of obligations and contracts that are, you know, cannot be revoked overnight. You know, a younger startup company probably can respond more quickly. Hopefully companies learn from that and think twice before they enter (into) long-term obligations.

The managed conundrum is that all of the behaviors, systems, and structures that support a deeply embedded capability impede an organization's ability to be flexible, change, innovate, and take advantage of new opportunities in different venues. Facing competitive pressures or a crisis which threatens an organization's survival is often enough to wake the organization from its stupor and create the sense of urgency and energy necessary to overcome its straight jacket of strategy, structures, systems, and culture. Ongoing competitive pressures and dynamic markets create a continual focus on innovating, improving, and growing--- all factors (among others) that lead to organizational agility.

Agility as a key competence. In general, agility, cited as a key competence for the development of strategic capacity by many of the strategy exemplars, resolves the conundrum of managing the duality of developing deeply embedded capabilities and the need for agility through the development of agile practices. These practices encompass: (1) a focus on agile implementation, (2) experimentation, (3) building a change capability, (4) learning, (5)

innovation, (6) flexible organization structures, (7) change friendly identities, (8) making small bets on a greenhouse of capabilities, and (9) continual ongoing cycles of *generativity* as discussed throughout these findings.

Other dimensions identified that accelerate strategic capacity are: *leadership, discussion dialogue and debate, shared learning practices, and teamwork*. Many of the other key competencies specifically identified by the strategy exemplars and evident in their rich stories and case studies fall within the leadership umbrella.

Leadership as a critical accelerator. Visionary leadership is of critical importance in building and accelerating strategic capacity. Leaders must be truly engaged and committed to the strategic process. Everything that leaders do is symbolic and their actions need to support the strategic framework of vision, mission, and values. The leaders must have a capability for systems thinking and a visionary focus.

RES 37: But an interesting thing is that if the leadership of the organization, i.e., Chief Executive Officer, Executive Committee-- are not committed to any process or culture or approach in a business, nor will the organization. And so it's really a question of serving as a role model. Everything that leaders do is symbolic. Nothing is without symbolism. How we spend our time. How we make decisions. All of these elements, who we spend our time with, how we construct meetings and run meetings, etc. how we make decisions, all have symbolic fall out in an organization, and the organization will gradually adopt those approaches. So it's just like culture. Culture is something leaders cannot delegate, they are the culture.

RES 31: I think the way you build strategic capacity is you have the right leader in place first of all. And that's a non-negotiable must-have. If you don't have the right leader in place, then you're going to have problems. Ideally, it is somebody who has got kind of this broad thinking, they've got a vision for where they want to take this now. It might not be the most technologically deep person, but they've got this breadth of knowledge, and they can see how things relate to each other.

RES 28: The other thing that is real important is for the leadership to really walk the talk and give meaning to the stuff they put out. Because you can develop all these things the vision, the mission, and the values, but if you don't exhibit them it is meaningless. So to support that you really need to walk the talk. And when they make decisions, hold it up to the vision and mission and values and say: Is, what we're doing supporting this or moving a way from it? It will give it strength and other people will place value on it as well.

Leaders must exercise a *conscious intentionality* towards focusing on a core strategic process and building capabilities in the organization. Leaders are aggressive champions for change and act to remove obstacles in managing that change. These leaders act as stewards for

the organization's resources and capabilities. They authentically care about the employees and empower them to make everyday decisions regarding the operation

RES 33: Leaders who are aggressive champions for change. Let me add one other thing. It's something that accelerates the development of capacity, is to remove obstacles in the organization. And sometimes those obstacles are people who engage in old think, which confuses people and causes people to not move forward.

RES 28: First of all, I think for the leadership is their genuine concern for the long term viability of the organization and the people in the organization. If they are only worried about their career and imagine themselves moving ahead or how they look good. Then I don't believe that they can develop effective strategy.

RES 28: I think one thing is really empowering the associates, so they can execute and make decisions at the appropriate level in the organization. And I think that's important, because it gives the leadership the freedom from day to day activities that they can really start to focus on the overall direction of the organization. If there are managing the day-to-day activities, then they're down in the engine room, and nobody's up in the bridge looking where the organization's going. They need to trust their organization and their employees to give them the ability and the authority to make the decisions at the lowest level possible

Leaders are *committed* to building strategic capacity and they *consistently execute* the core processes and investments that support it. Leaders continually adjust the process to enable the outcomes they are seeking and build critical competencies over time—using deliberate practice to continually improve and reach ever-higher goals.

RES 37: And the interesting thing about excelling at it is that the senior leadership of the organization is committed. And not only committed to it; they are excited and motivated if you like and keeps as role models, keeps this language and these concepts alive all the time through conversations, etc. etc. Then there is one other thing. Like any other core process, though not the ones I just mentioned; it is doing them over and over again that builds capacity. And it's not just being wedded to the process, it's being wedded to the outcomes of the process--- just going through the motions is not enough. Otherwise you're just filling out a passport application form right? There is sometimes a temptation, if people are just going through the motions to say "well, we've been very busy this year, we'll just skip this year". And then that is deadly. Because what it does is send a message that this is optional, and if we don't feel like it, we won't do it. And it's a bit like Walmart saying, "oh, well I'm tired of global supply chain management we'll just skip it for a year", or, Toyota's production system, or Exxon Mobil's safety protocol. The commitment to it says we can do it, we keep doing it, we will always have time for it, and it constantly increases our competitive advantage. So that's building it over time, a deliberate practice if you like, a commitment. So that the core process that you know never switch the lights out on it.

Leaders use *sensemanaging* to help the organization deeply understand the vision and key strategies that enables organizational members to filter events in the environment, that ultimately allows them to develop new capabilities, or recognize new opportunities. This involves

facilitating sensegiving as well as environmental scanning, questioning, communicating, connecting, and listening leading to shared meaning. Leaders must be able to enroll organizational members in the strategic process and gain their buy-in to implement the strategies.

RES 31: You get everybody going “well yeah, I guess we could do that.” But that doesn't match what we're trying to do as a business. Because what you're trying to do I think is build a filter that allows people to view everything with a global type of a view. So when people are evaluating decisions. You want them not just to be saying is this good for my particular group? But is this good for my particular group, and does it move us forward as an organization the way we have talked about when we had all those meetings and discussions?

RES 31: The second one is communication. You've got to be able to communicate this information out to your team. If you had these great ideas and these great strategies, and they all sit in your head and you can't let anybody know about them. Then they are just that. They are just schemes at this point. You know they are grand plans and nobody else knows about them and nobody else can execute them because you as the leader are not going to be the one who executes this stuff. You've got to get the folks internalizing this position. If you just get up there and say in five years we are going to grow from a \$100,000 company to a \$5 million company, and you can't explain to people how that's going to happen and you can't get them to internalize this and make them feel like yes. You know what. This is something I can believe in. I can get behind. And I can really see it happening. Well, it's just going to become a joke. People are just going to laugh at it. They are not going to believe it. And even worse they will ridicule it. So I think communicating it out in a convincing manner is pretty key.

RES 32: On the communication piece. Does strategy live within the organization so that you know, if I'm out on a consulting gig. And I ask three VPs, in fact the question you're talking about, and I get three very, very different responses relative to what strategy mean to them relative to the organization that they're all working within. And I get three very different responses; something is not right in the communication process. Okay, they can all define strategy from a textbook standpoint, but I expect that these, their comments relative to the organization to be within a certain framework of the organization's goals and objectives. So a big part of ensuring that people's response to that question is within that framework is the communication process of the leadership within the organization. Relative to, how do we talk about strategy. We do it when we sit around and chat with our team at lunch. Or do we do it in the formal processes that we have, that I will talk a little bit about in another one of the other questions. You know, how are we communicating?

Leaders *develop others* and build teams that *combine and leverage unique strengths* that enable the organization to build capabilities and address opportunities. An organization is only as good as its weakest link and leaders must surround themselves with excellence—defined as people who meet their commitments—and establish a system of accountability throughout the entire value stream. These leaders need to foster the right environments that allow the harnessing of human potential within the organization. Leaders develop an *enabling culture* of openness to new ideas and approaches, and communication. In addition, leaders need to pay attention to the

mix of capabilities within their organizations, building upon strengths, and developing capabilities to address gaps.

RES 38: Because none of us can perform. None of us can make commitments, if we haven't surrounded ourselves with people that do the same thing. We will fail. We are going to make commitments based upon what maybe we will do, but we don't operate in a vacuum. We have people that we rely on in order to meet our commitments. So if we surround ourselves with people that aren't excellent, that don't do what they say we are going to fail. It sounds easy. It isn't easy to accomplish.

RES 25: Well, to me it's people bring in people and you've got to develop them and recognize their talents and abilities make the best use of their talents and abilities create an environment where they are free to express opinions ask questions. Be concerned and make them part of the decision-making process.

RES 32: Key competencies, key competencies is really the job of the CEO or the leader of the strategy process. It's to ensure that there is the right combination of skills sets in terms of the team that is participating in the process. (Following Excerpt).....Then I put it on a metric and I share it with everybody. So we can see our common strengths and our unique strengths and things of that nature. But, using that type of template in that framework that helps guide me to make sure that you know I have the right mix of strengths, available on the team. That's responsible for helping me develop and define the strategy for the company.

The following story snippet 6.5 illustrates this concept of openness to new ideas and ways of doing things:

STORY SNIPPET 6.5 (RES 31): Well, first one, I think is an aptitude-- a willingness to look beyond what you already know. So you've got to be open. I used to work for this vice president, at one point in my career. This person had been with the company for 20 some years, and they just, were kind of riding it in. They weren't interested in hearing any other ways of doing things. And they were you know, this is the way were going to do it. This is the way we've always done it. Why are you even coming to me with this question? And they'd get very upset when you broke through that pattern. And God forbid, you did any kind of go talk to somebody that was that person's peer. Because you weren't following the chain of command, which is the way we've always done it.

So I think the first thing is you got to have a pretty open minded person who can go if our goal is to get something done. If our objective is to improve customer satisfaction to 99% or 100% from where it is today does it particularly matter how I get there? Does it particularly matter if I came up with the idea or my team came up with the idea or somebody else's team came up with the idea? Nope. The one place I see this all the time is IT organizations where a lot of them had to be very resistant to things that are built outside their organization. They get into this not invented here mentality and their filter is they discard anything that wasn't developed by their group and didn't follow their exact procedures and my answer to that is.

Who cares? Did it advance the ball down the field? Yes it does. Okay, then we ought to seriously consider that. Maybe there are reasons we don't want to do it and maybe there are mitigating strategies we could put in place to eliminate some of the risks. But don't just discard that. So I think the first one is this willingness to be open to learn to look at different ways of doing things. To look at other industries and draw analogies to those other industries in the way they do things.

Discussion dialogue and debate. Strategic dialogue, discussion, and debate accelerate transformation. Any type of discussion facilitates sensemaking and learning, enabling individuals to develop shared meaning. Interestingly, it is the quantity of discussion versus the quality of discussions and debates that accelerates strategic capacity. Leaders are able to take any type of conversation (positive or negative) and turn it into an opportunity for sensegiving.

RES 36: Is the more conversation people have about what's working? Does that facilitate acceleration (of transformation)? What they found was, no. It was the total amount of conversation, good and bad. And the kind of stories we were telling were, you know, managers don't want to get everybody together to talk about the change because they'll just bitch about it. And what's going wrong. And the answer is yes, they are. Are you just going to let them bitch or you're going to actually use the data and facilitate a conversation about okay, now what do we do? In the context of all those leader behaviors and those practices getting people together to talk about it, it helps them develop shared meaning. They begin to develop a systemic model of how things fit together. They get to talk about what they're learning and share best practices, and all that. On the leadership side, it gives the leaders a chance to reinforce the vision, it's consistent. It gives them a chance to say, yes, go ahead and go do that. It gives them an opportunity to say here's the new employment deal and these are the behaviors I'm looking for. It's the amount of conversation that you have about the change that accelerates the transformation.

Shared learning practices. Learning systems and accelerated learning practices speed up strategic capacity. Methods for helping people develop shared meaning and models that give everyone a sense for how things fit together enable *systems thinking* and *sensemaking* which fosters *collective learning*. Allowing the organization latitude in self-organizing enables them to speed up the changes necessary to support the development of new capabilities and the implementation of strategies.

RES 36: On the practices side it was methods for helping people develop shared meaning. Models that gave everybody a sense of how things fit together. Giving different parts of the organization the ability to self design within some constraints. In other words, they didn't do it top-down and prescribe everything. They said here are the boundaries of the change and you go do what you need to do inside of your organization to fit in this.

RES 33: Another piece around learning, it would be to; it's a socialization of that insight into the organization. Which means that it's not adequate for just one person to have the insight about what we're lacking. We have to then influence other people in the organization and mobilize groups of people to get on board with the fact that we are missing some capability that's essential for our future. So that's really a sort of shared learning notion.

Teamwork and relationships. Having good relationships across the organization in support of teamwork ensures functional alignment around building the capabilities necessary to implement strategies. This functional alignment supports orchestration of strategies. Good relationships enable teams to get things accomplished in an accelerated fashion. This also provides energy for the organization to implement. Relationships also build upon each other, creating a generative situation that contributes to an upward spiral of building and leveraging capabilities that enable new opportunities. This also involves learning. Relationships are a key aspect of learning, accomplishing, and generating new capabilities and possibilities.

RES 34: I think it is teamwork. I think if you don't have a good relationship among your marketing, your sales, your management and your manufacturing, you can't even begin to execute strategic capacity. Because, I mean the very nature of strategic capacity implies that you're running against a well-informed plan.

Table 6.4 summarizes all the key dimensions identified in building strategic capacity. All of these dimensions have been discussed throughout these findings.

Table 6.4 *Summary of Responses to Key Competencies for Building Strategic Capacity*

What do you think are some of the key competencies needed to develop strategic capacity?
<p><u><i>A deeply embedded capability for thinking and functioning strategically</i></u></p> <ol style="list-style-type: none"> 1. Strategic capacity equates with agility. Agility can be developed through the development of future focus, adaptable organizational design, a change friendly identity, shared leadership, and the appropriate mix of technical, economic, and organizational change, and learning capabilities within the organization. 2. Ability to learn and perform a gap analysis of critical capabilities needed in the future as part of that, and socialization into the organization of the need to fill the gaps. Letting go of old competencies. 3. Leaderships' genuine concern for long term viability of the organization and its members. Ability the see the big picture and use systems thinking. Boundary-less thinking or that ability to think outside the box. 4. Leveraging knowledge, technology, and global capabilities. Being flexible and quick to market. 5. Ability to learn i.e., absorptive capacity. Developing valuable, rare, inimitable, and distinctive capabilities. 6. Ability to frame great questions and use innovative thinking, including synthetic approaches to developing strategies. A core process for translating insight to action that is consistently executed. <p><u><i>Alignment of Capabilities with Strategic Objectives</i></u></p> <ol style="list-style-type: none"> 7. Clear strategy and real time feedback look so that you can plan capacity. This serves as a dashboard that helps to fly the plane.

A foundation for achieving sustainability

8. External scanning and interpretation from an “outside in” perspective. Agility, McKenzie 7S (i.e., alignment), ability to visualize the future, scenario planning, decision process, diversity, entrepreneur spirit, and corporate discipline.
9. Having a global awareness of what is going on around you and recognizing that things are changing. Being able to extrapolate from the future and put together plans. Ability to pick the right people to mentor with.

A Plan

10. People need to know their own subject matter area very well. They need to have an up to date knowledge of what is going on in their field.
11. Market understanding, openness, courage to execute, flexibility, and agility to stay ahead of the market.
12. People who do what they say they are going to do and a system of accountability.

The Observe, Orient, Decide, Act Loop

13. Leadership’s openness to new ideas and approaches, communication, and ability to enroll organization members.

A Strategic Governance Process

14. Leadership’s communication of the goals, ongoing dynamic assessment of the strategies, and developing the right recipe of ability, aptitude, and capacity on the team.
15. Clear strategy, priorities, and values; effective senior leadership team; strong coordination, and collaboration across the value chain; honest dialogue and communication vertically and horizontally.

Summary of accelerators and key competencies for building strategic capacity.

Organizations must manage the duality of the need for deeply embedded capabilities versus the need for flexibility. This is achieved by the strategy exemplars in this study through the development of agile practices such as: (1) agile implementation, (2) experimentation, (3) nurturing a green house of organizational capabilities, (4) building a change capability, (5) learning, (6) innovation, (7) flexible organization structures, (8) change friendly identities, and (9) continual ongoing cycles of generativity as discussed throughout these findings. Leadership is critically important to the development of strategic capacity. Leadership practices such as (1) commitment, (2) conscious intentionality, (4) empowerment, (5) building and combining capabilities, (6) sensemanaging, and (7) creating enabling cultures, all contribute to building and accelerating strategic capacity. Finally, the amount of discussion, dialogue, and debate, and the presence of shared learning processes, are also critical factors in accelerating strategic capacity.

Story Snippets

Overall, the powerful and engaging stories or examples of case studies told by the participants followed the theory and framework presented in these findings and discussed in more detail in Chapter Seven. Some of these story snippets are presented in the body of these findings. The following are snippets of stories from the interviews that express various facets of strategic capacity and how it can be built.

Snippet 6.6 describes how an organization utilized the power of a vivid mission and vision, simple guidelines, and full system engagement to evoke a collective future that was reached far earlier than expected. This approach follows the abundance model of strategic capacity where all capabilities of the organization are developed in support of a powerful vision and guiding principles that ultimately, enable an organization to achieve its purpose.

SNIPPET 6.6 (RES 28): We wanted to develop our vision, mission and guiding principles of the organization. So I brought together the top operations and key personnel from all the sites around the country. The national staff, and brought them together. There must have been maybe 30 people involved in this process.And so we brought this group together and brought in an outside facilitator. We broke up into four different groups. The assignment was to write an article that would appear in Time magazine about our organization five years into the future. Each of the groups was to write: the first group was to write the start. Then there were two groups to write the middle, or the body of it then the last group, the ending of it. In preparation for it we had some preliminary work we would write up. It was about, they had to have their ideas and input on what they consider the strengths of the organization, the areas that needed to be improved, what the greatest external challenge was or threat to competition. The areas they felt we worked on and built would make us strong and overcome any competition we had. When we talked in the different categories people would just write on post-its, their ideas and we categorized those in the different areas so that we decided, what would be the start the middle and the end of it to cover all of those ideas.

We wrote up the article, and then what we did is we actually created what was like the glossy inserts you can buy if you have an article about your company in one of those magazines. So it looked like it was an insert in a magazine and had a picture of the organization on it and the different activities on there and talking about what the future looked like five years from there. Included in that, what the mission was, what our vision; this article was the vision of the organization and then the guiding principles were woven throughout. Those guiding principles were values of the organization that were really, really important because that sets the boundaries for your organization moving forward.

So we printed up this article and we distributed it through our entire organization. But then we asked each of the local operations people to go back to their sites and get their entire team, as many people in which they could, so they had all their management all of their supervisors and in many cases, team leaders participate in it. They repeated the same process, basically and used that article as a basis for it. But they developed their own individual vision, mission and guiding principles that supported locally, because if you don't participate in the process you don't have any ownership. There is a zero value of handing people a written vision or mission or even guiding

principles, if they don't participate in creating those. Those are just words, but if they really do participate in developing that. Then, they have emotional connection with it.

In fact, some of the local sites actually did video tapes, and edited them and came out which were far superior to what we did, because there was music, vivid pictures, and people actually experienced it. As you know, people can not separate a very strong vision from what is reality. It is like watching a scary movie. People get frightened. So with more people participating and the more vivid it is. It really becomes a strong vision and they follow it. What was surprising was that the goals we set five years out in the future were exceeded in two years.

Story snippet 6.7 illustrates the beauty of making systematic investments in capabilities that are not required today but lead to a synergistic set of strategies and new opportunities in the future. In this story, the organization works with its supplier to improve the value of the entire supply chain. The ISO 9000 model stretches the organization beyond their current capabilities to a new level of capabilities, and resultant opportunities.

SNIPPET 6.7 (RES 38): In automotive, Toyota led the whole world with there just in time inventory situation with their suppliers. They also lead the world in their pursuit of excellence with their demands on their suppliers from the standpoint of quality and on-time delivery. But they worked with the suppliers without expecting it or demanding unrealistic goals. But a car isn't any better than its worst part. If you don't demand quality out of your suppliers you are going to have junk. If cost is all you care about you are going to wind with a piece of junk.

When we started our automotive division it became very apparent to me, when I saw what demands were being put on us for quality by the different companies; like GM could care less, just give us a price. Ford started that Q1, that quality is job one thing and they meant it and their cars improved dramatically. Toyota was the leader in that sort of thing as far as working with the supplier and demanding quality, on time and high quality. So the Toyota product was the finest because every supplier met those quality standards. GM ground to a halt; what they are today. I love Toyotas or Lexis, whatever is the relentless pursuit of perfection. And they helped us dramatically in our business when we started manufacturing for them.

What I thought was initially going to be really a giant pain trying to achieve an ISO 9001 rating for our company. When we were a very unsophisticated company, making very unsophisticated products. I thought holy cow, the cost of implementing such a thing just to meet this new little division of ours for automotive is too burdensome. And then I thought you know what, maybe, maybe it has huge potential for us. In that; you have to realize that where we make most of our sales is to government agencies that are in this treadmill of; I think you get the; go to a bid process. How do you, how do you differentiate one belt from another, one holster from another? You know, is very complicated to define quality, when you are in a bid. Because they've got to buy 5,000 holsters for 5,000 Smith & Wesson model 39's, and how do they; they can't say Company ABC's name. That's not legal. So they have to try and define, somehow, who's going to supply their product.

So we never would win as the low price bidder, we couldn't. We put way too much in the product. We were far too high a quality. So we were being frustrated dramatically with a high quality product in a market that demanded lowest-cost. So when Toyota came along, and Ford, and started asking for this ISO thing. I thought, you know, it could only make us just a lot more proactive as a company. It can cut our in-process inventory down. It could be a great thing for

our whole company. So let's go for it companywide and then we'll use that advantage in the marketplace. And so when we actually achieve it, we then would then go to a police department and say all right, this is the best holster in the world, right? "Yes". Is this the way, you really want to put it? "Yes, but we've got this problem of bid. So we will inject into the bid specification: must be manufactured by a company that is ISO 9001 certified". So they had repeatable quality.

We knew nobody else in the industry could meet that standard. (It made us) a better company, and give us a marketing tool that no one else could achieve--at least not for several years, because to become certified was going to take two or three years for anybody if they made that commitment. So our competition was all of a sudden caught with their mouth open. They're going "Oh well wait a minute". And they would go, "well are you an ISO 9001 certified". "No". "Well, the bid specs call for that." And can you imagine the advantage we had back in those days, with an ISO 9001 certified body armor? And we were the only company that had that certification. You know that quality, repeatable quality is the most important thing in the world when you are making body armor. Your life is on the line there. (It was a) huge strategic marketing success. But beyond that, way beyond that was, of course, it made us a far more sophisticated manufacturer. It cut our cost and our rejected products, you know, relative to quality issues went way, way down--went to nothing. Our work in process inventory costs went way, way down. The whole program that Toyota had was outstanding.

In closing, the following Eastern philosophy, as relayed during one of the interviews, describes a beautiful system that runs so smoothly that the leader becomes invisible. Such a philosophy may comprise an underlying principle for building and sustaining strategic capacity:

RES 29: Leaders showed not be visible i.e., "invisible leaders". This is counter to any Western teaching you can think about. Invisible leaders. While they define different levels of leaders. The lowest level of leaders are the leaders people despise. The next level of leaders are (ones) people (are) afraid of. Then the next level of leaders people love. And then a higher one is people respect. The highest one is people don't even know you exist. Because you do two things: one is, you pick the right person to do things. You train them well, right, show them how to do it. You set up a beautiful system so system is so smooth. There is no intervention required. Right? And then they work on other things, like maybe developing audacious vision.

Summary of Results

The primary objective of this research was to gain a profound understanding of the construct of strategic capacity from the perspective of strategy exemplars such as consultants, Chief Executive Officers, and key leaders in for-profit and non-profit organizations and published scholars teaching at top universities. Fifteen in-depth, semi-structured interviews, supported by published articles or books authored by these exemplars, were the rich sources of the findings discussed in this chapter. The collected data was profoundly diverse and provided the insights described in these findings supporting the research questions undertaken by this study:

1. What is strategic capacity?
2. How can organizations build strategic capacity?

The findings from this chapter will be triangulated against the findings from the SOAR exemplars in Chapter Five. This ensures minimization of bias in defining utilization of the SOAR framework in building strategic capacity. Chapter Seven will discuss this topic further and outline how the implications from this study inform practice to create more effective organizations

Chapter Seven: Interpretation and Implications

Theories are nets cast to catch what we call 'the world': to rationalize, to explain and to master it. We endeavor to make the mesh ever finer and finer.

~ (Popper, 1959, p. 59)

Introduction

This study extends current theory and develops new insights on strategic capacity. The research approach included (1) exploration of the meaning of the construct of strategic capacity; (2) development of a theoretical supporting framework for building strategic capacity from Stavros' (1998) original capacity building framework; and (3) exploration of the potential for the application of the SOAR framework as an approach for building strategic capacity in organizations. The findings from the 39 interviews, resultant case stories and other archival data, as presented in Chapters Five and Six, and the 14 propositions developed from an exhaustive, comprehensive literature review, represent a complex interaction of variables to be summarized and understood in order to gain a complete picture of strategic capacity and the impact of the SOAR framework.

In this chapter, research questions are reframed in more conceptual terms based upon key themes that emerged from the findings. Grounded theory research methodology was utilized to develop an integrated theoretical framework for building strategic capacity, extending Stavros' (1998) original capacity building framework to the metacapabilities needed to support this endeavor. Table 7.13 compares the theoretical frameworks for capacity building to date. In addition, this study extends the original work of Ganz (2000, 2005, 2009) on the construct of strategic capacity. Table 7.12 compares Ganz's (2000, 2005, 2009) seminal work with the results of this study. Two frameworks are discussed which encompass how strategic capacity is built and the supporting metacapabilities. Table 7.4 and Figures 7.1 and 7.2 represent key facets of building strategic capacity (the first framework) which represent new findings derived from this study. Figure 7.4 (the second framework) is an extension of Stavros' original research with new findings based on this study. These two frameworks help to clarify the direction, views, values,

conditions, and capabilities of building strategic capacity. These frameworks also help readers of this study gain a better understanding of this complex subject.

Specified properties and dimensions as developed through grounded theory analysis, along with the 14 propositions developed during the extensive literature review, provided additional precision for the frameworks presented. The application of these elements enabled a comprehensive and theoretically grounded view of strategic capacity and how it can be built. In all cases, the propositions were supported by the findings of this study (at least at a high level). In some cases, the propositions provided additional direction and precision for a key finding, connecting it to the literature and existent theory. The result is a holistic, comprehensive view of strategic capacity.

In the beginning of this study the participants were asked “What would you like to learn from this study that would enhance an organization’s ability to build strategic capacity?”

Responses include the following:

RES 14: I would like to see a modelthat brings in a positive organizational scholarship AI lens. So you know this is a model of how you build strategic capacity. These are the sequential steps. These are the competencies that you need. These are mini case studies of examples, of other organizations that have done it or maybe an assessment of building strategic capacity also. Assess where they are strong where they are weak.

RES 33: One value would be to bring together the disparate literature that talks about these things. You bring together the literature on change, on resilience, on learning at the individual and organizational level and connect it with strategic capability and success in marketplace. Some organizations flounder as they try to develop capabilities. And other organizations seem to be able to do it and then do it again. I think the value add would be to help organizations gain some insight in terms of how to do it well.

RES 30: I would like to know how we could-- we can begin to see firms build capability and capacity without a burning platform. I think it has to do with the development of a much better theory of how to change organizations than we currently have. Our current theories work in the area is very problematic. To me when I see someone come in as a turnaround artist or as a big change agent and they change an organization with a burning platform. I'm actually not very impressed because okay if we don't change we will go out of business. Most people, sometimes it gets their attention. It's, how do you change before there is a burning platform? How do you change before there is a disaster?

RES 1: Use this study to transform how we typically think of strategic planning. It is not a static process that results in a study that stays on a shelf. It is an engaging, dynamic, on-going process that taps into the best of the best thinking and skills from people throughout the organization. It needs to demonstrate that strategic plans (capacity) are like a “radar screens” that provide frameworks for making organizational activities visible and connected to each other. This flexible

framework allows and even encourages organizational shifts to accommodate an ever-changing environment.

The results from this study represent a starting point for the development of a shared language and common basis for understanding the construct of strategic capacity for continued discussion, implementation, and research of strategic capacity. Strategic capacity embodies the creation of a new perspective using new language to reframe the strategy literature and as such, poses provocative possibilities for strategy.

SOAR vs. Strategy Exemplar Results

The findings from the strategy and SOAR exemplars were triangulated to ensure that bias regarding the contribution of the SOAR framework to building strategic capacity was minimized. This was accomplished through tabular comparisons, memo writing, and reflection upon the literature and findings for the two different groups of exemplars. Overall, both sets of findings were very similar in their view of the basic construct of strategic capacity. Strategic capacity emerged as a deeply embedded capability and cycles of building strategic capacity through a strategic governance process, but held within different fundamental worldviews. This fundamental difference in worldviews emerged, represented by the inclusion of strengths-based, high engagement approaches by the SOAR exemplars in their perception of building strategic capacity. Table 7.1 illustrates the main features of the findings between the two groups along key dimensions.

Table 7.1 Key Findings of Strategy vs. SOAR Exemplars

Dimension	Strategy Exemplars	SOAR Exemplars
Strategic capacity perception	Deeply embedded capability	Deeply embedded capability
Positive Organizational Scholarship	Low	High
Leadership owns strategy	Medium - High	Low- Medium
Full System Involvement	Low -Medium	High
Generative cycles & strategic governance system	Yes	Yes
Metaphor	Journey	Plant
Shape and direction	Forward cycles	Upward spiral
Model	Learning	Abundance

Capabilities	Capability combinations and new capability development or acquisition	Capability combinations and extensions of strengths
Focus	Value	Enrichment
Who Benefits	Shareholders	Everyone
Mindset	Compete	Collaborate
Energy for action	Sense of urgency resulting from a burning platform, aggressive competitor or financial disaster	Full system engagement, deeply held sense of purpose, co-creating the future, focus on the positive

Both groups noted above viewed strategic capacity as a deeply embedded capability for thinking and functioning strategically. This joint perspective involved continuous generative cycles of potentiality and enacting with learning as a major part of each cycle. These cycles were part of a strategic governance system that supported and coordinated these modes and resultant capability building. A primary difference between the two groups was the focus on positivity, extraordinary positive deviance, and building upon strengths. The SOAR exemplars all incorporated key tenants of Positive Organizational Scholarship in their view of strategic capacity and their approach to building strategic capacity. The strategy exemplars cited the centrality of building capabilities but starting from what was required in the future then extrapolating backwards, assessing gaps, addressing threats, and developing new capabilities as needed.

In addition, the strategy exemplars saw a much larger role for leadership in creating and owning strategy development and building strategic capacity. Many of the strategy exemplars believed that leadership should develop the strategic framework for the organization (i.e., mission, vision, and values) then engage the rest of the organization in carrying out these strategies, whereas the SOAR exemplars believed that the full system should be involved in building all aspects of strategic capacity. In addition, the strategy exemplars cited leadership as the central factor in building strategic capacity, whereas the SOAR exemplars cited leadership as an important (but not central) factor. The SOAR exemplars place more emphasis upon participatory leadership. Consequently, the SOAR exemplar perspective reflected much higher

whole system engagement, participatory leadership, and focus on building upon strengths and positive flourishing.

The net result of these two different perspectives is that the SOAR exemplars perceive strategic capacity as an upward continuous spiral of abundance that builds upon strengths and works to *enrich* everyone in the entire value chain including suppliers, employees, customers, and participants in the greater global environment. This spiral consists of cycles of futuring, enacting, and learning. This view is much like a plant that unfolds and grows towards its highest potential. Every cell in the plant is enacting its own genetic picture and self-actualizing the functioning of itself and the plant as a whole. The strategy exemplars viewed strategic capacity as continuous, linear, progressing cycles of futuring, acting, and learning much like the metaphor of a journey where an organization experiments and moves forward based upon the results of previous experiments then repeats this process until it has arrived at its desired destination. An example of this metaphor would be the story of Christopher Columbus who journeyed to the Americas based upon a learning process of trial and error.

In conjunction with the basic tenants of Positive Organizational Scholarship, neither of these perspectives is right or wrong, but simply represent different, complementary worldviews along a continuum of organizational effectiveness from negative deviance, through normal (healthy functioning), to positive deviance (extraordinary performance) (Cameron et al., 2003).

Per Cameron and Lavine (2006, p. 6):

An abundance approach focuses on resilience, flourishing, and vitality, rather than mere goal achievement. It pursues extraordinarily positive individual and organizational outcomes. An abundance approach stands in contrast to a problem-solving or a deficit-based approach to change. Rather than being consumed by difficulties and obstacles, an abundance approach is consumed by strengths, and human flourishing. Rather than an exclusive approach on problem-solving, an abundance approach pursues possibility finding. Rather than addressing change that is motivated by challenges, crises, or threats—in which the role of the leader is to effectively address problems or deficiencies---the abundance approach addresses affirmative possibilities, potentialities, and elevating processes and out-comes. (p.6)

Table 7.2 illustrates these different worldviews.

Table 7.2 *A Problem-Solving Approach Compared with an Abundance Approach*

Problem-Solving Approach	Abundance Approach
<i>Identify Problems and Challenges</i> <ul style="list-style-type: none"> Identify key problems and challenges. 	<i>Identify Extraordinary Success</i> <ul style="list-style-type: none"> Describe peak experiences.
<i>Identify Alternatives and Cause Analysis</i> <ul style="list-style-type: none"> Generate alternative solutions based on root causes. 	<i>Conduct an Analysis of Enablers</i> <ul style="list-style-type: none"> Identify enabler of the highest past performance.
<i>Select Optimal Solution</i> <ul style="list-style-type: none"> Evaluate and select the most optimal alternative. 	<i>Identify How to Create Sustainability</i> <ul style="list-style-type: none"> Identify what could be continued and replicated in the future.
<i>Implementing and Following Up</i> <ul style="list-style-type: none"> Implement the solution and follow up to ensure problem solution. 	<i>Designing a Positive Future</i> <ul style="list-style-type: none"> Design interventions that create an ideal future with extraordinary performance.
<i>Basic Assumption</i> <ul style="list-style-type: none"> Our job is to overcome major problems and challenges. 	<i>Basic Assumption</i> <ul style="list-style-type: none"> Our job is to embrace and enable our highest potential.

Note. From Cameron and Lavine (2006). *Making the Impossible Possible. Leading Extraordinary Performance*. San Francisco, CA: Berrett-Koehler Publishers, Inc., p. 29.

In keeping with this perspective, the strategy exemplar worldview (i.e., metaphor of a journey) is based more upon a problem-solving approach to move an organization from negative deviance to healthy functioning. The SOAR exemplar worldview (i.e., metaphor of a plant) focuses on positive deviance (extraordinary functioning) via an abundance approach. This continuum as originally described by Cameron (2003) is depicted in Table 7.3.

Table 7.3 *A Continuum Illustrating Organizational Positive Deviance*

	Negative Deviance	Normal	Positive Deviance
Effectiveness	Ineffective	Effective	Excellence
Efficiency	Inefficient	Efficient	Extraordinary
Quality	Error-prone	Reliable	Flawless
Ethics	Unethical	Ethical	Benevolence
Relationships	Harmful	Helpful	Honoring
Adaptation	Threat-rigidity	Coping	Flourishing
Revenues	Losses	Profits	Generosity
Orientation	Strategy Exemplars Problem-Solving Gaps Fix Problems (Metaphor: Journey)	SOAR Exemplars Virtuousness Gaps Build Capacity (Metaphor: Plant)	

Note. Adapted from Cameron, Dutton and Quinn (2003). *Virtuousness and Performance, Positive Organizational Scholarship. Foundations of a New Discipline*. San Francisco, CA: Berrett-Koehler Publishers, Inc, p. 53.

Cameron and Lavine (2006) contend that *both* the abundance and problem-solving approaches are necessary in achieving extraordinary performance. The key conclusions outlined in the remainder of this chapter are reflective of the combined perspectives of the Strategy and SOAR exemplars. The primary difference between the two groups is how they use the levers of positivity, participatory leadership, and full system engagement. An organization may choose to build strategic capacity along either end of the continuum of these levers depending upon its own unique context (i.e., leadership, worldview, culture, and identity). However, the probability of *extraordinary* performance is greater with the abundance approach. These conclusions only partly support the following proposition developed during the exhaustive literature review for this study as strategic capacity can be built without the introduction of positivity as the strategy exemplars expressed.

Proposition 3.7: Positivity and the key underlying themes of POS represent a core, generative element of strategic capacity. Strategic capacity focuses on individual and organizational strengths and thriving to generate strategies that enable achievement of the highest collective potential. Strategic capacity builds on opportunities to create self-reinforcing, positive spirals of efficacy and foster organizational resiliency aimed at the achievement of the collective potential of the organization and the individuals that

comprise it. This study represents an extension of the positive organizational scholarship literature in better understanding the impact of positivity on strategy generation.

Summary of Results and Discussion of Strategic Capacity

Strategic capacity is a multi-dimensional, holistic, enduring, dynamic, and flexible system that allows an organization to achieve its vision and mission and reach its optimal potentiality. Strategic capacity represents a deeply embedded organizational *capability* for thinking and functioning strategically. This perspective represents a holistic approach to strategy which includes content, process, and implementation--all in a unified whole. This capability, consciously and systematically developed over time, is supported by many facets of the organization, including structure, systems, resources, knowledge, and culture. Organizations are more than collections of individuals and this capability for strategy exists at all levels of the organization—individual, group, and organizational. These findings support the following proposition generated by the literature review:

Proposition 2.5: Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting *in relationship* with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices and dynamically building and deploying critical resources necessary to successfully deliver the organization's contribution to its shareholders, employees, customers, and communities.

Strategic capacity enables an organization to achieve its latent potentiality, bridging the gap between its current performance and its potential. In its most generative state, strategic capacity is represented by a continual upward *spiral of becoming*. Organizations start with their strengths and reframe possibilities, then they act/reflect/learn/reframe/act in a continual spiral of 'double loop' (i.e., the ability to imagine, perform, reflect, and build upon strategy) strategy as part of enacting multiple *cycles of generativity*. In this regard, the organization moves forward towards its ultimate potential. These cycles of generativity consist of the following two modes: *potentiality mode* and *enactment mode*. Both of these modes embody reflection, dialogue, and

learning. These generative cycles are iterative, dynamic, recursive, and self-reinforcing, driven by energy resulting from emotion, action, and full system engagement.

The range of expression of individuals in the spiral of becoming is controlled by aspirations of the organization's highest potential expressed as mission and vision. Strategic plans act as sensemaking devices that enable individuals to frame what they pay attention to and keep the organization focused and aligned. Simple rules, such as values, and organizational identity, enable flexibility in individual action. A deep sense of collective purpose guides this effort, which creates individual commitment. This spiral, embedded in an organization's capabilities (both individual and organizational), is characterized by a sense of expansiveness—a continual growth and evolution of capabilities into ever higher levels. This spiral becomes self-reinforcing as the organization achieves vertical and horizontal alignment—all in coherence with the highest aspirations, mission, and values of the organization and its constituents. These findings support the following proposition that surfaced from the literature review:

Proposition 2.2: The opportunity exists to re-conceptualization the strategy literature utilizing a capacity building perspective to enable more generative and dynamic approaches to strategizing i.e., the creation of *strategic capacity*. This conceptualization will enable a more holistic and integrative approach to strategizing. Strategic capacity is an embedded metacapability that enables an organization to bridge the gap between its performance and its potentiality. In this respect, strategic capacity is about *becoming*.

Individual and organizational strengths are combined in a Lego® fashion (*combination capability*) or developed (internally or externally via alliances and acquisitions) to address new possibilities that present themselves as the spiral unfolds through ongoing generative cycles. This spiral is continual, dynamic, and ever evolving--organizations can move both up and down the spiral depending upon their reactions. (An example of moving down the spiral is the threat-rigidity mode.) As organizations implement possibilities, they reinforce the upward momentum of the cycle—building efficacy as well as new strengths, leading to ever expanding repertoires of capabilities, which in turn lead to new possibilities. This spiral is multi-level—extending to an organization's suppliers, customers, industry, and the larger global/institutional environment. At

its highest (most generative) state, strategic capacity focuses on *enrichment* at all levels of the value chain, building capabilities for all stakeholders including suppliers, employees, customers, and the greater community.

How strategic capacity is built. Capacity building is a deliberate endeavor to enhance the capability for thinking and functioning strategically at all levels of the organization including individuals, groups, and the systems, culture, processes, routines, and structures of the organization. This holistic approach to building strategic capacity depicted by Table 7.4, illustrates the salient dimensions of building strategic capacity at all levels. Strategic capacity, is consciously and intentionally built simultaneously in each of the four (holistic) quadrants, using multiple (potentially paradoxical) methods of strategy making and competency development approaches applicable to each quadrant.

As with any capability, strategic capacity builds over time through deliberate practice and systematic investments. The actual methods and strategy approaches employed in each quadrant depend on the particular context and culture of the organization. Multiple empirical studies support the premise that organizations using multiple forms of strategy making, reflecting both planned and emergent modes, enjoy greater performance (Anderson 2004; Brews & Hunt, 1999; Hart & Banbury, 1994). Strategic capacity supports strategy at both the planned and emergent levels. Table 7.4 depicts the various approaches to strategy per the literature and the findings of this study that come into play in each quadrant.

Table 7.4 *Integrative Framework for Building Strategic Capacity*

<p><i>People & Leadership</i> <i>How is strategy experienced?</i></p> <ul style="list-style-type: none"> ▪ Sensemaking ▪ Stocks of capabilities ▪ Capability development ▪ Latitude to self organize ▪ Systems thinking ▪ Emotional Intelligence ▪ Communities of practice ▪ Engaged and engaging leadership ▪ Membership theory <p><i>Generative Mode, Command Mode Microstrategy, Power School Entrepreneurial School, Cognitive School</i></p>	<p><i>Strategy & Execution</i> <i>How is strategy implemented?</i></p> <ul style="list-style-type: none"> ▪ Combining capabilities ▪ SMART goals ▪ Balanced Scorecard ▪ Project management methodologies ▪ Champions ▪ Agile implementation practices ▪ Measures ▪ Synergistic strategies ▪ Sustainable business model ▪ Systematic investment in capabilities ▪ Experimentation ▪ Collaborate across boundaries <p><i>Positioning School, Dynamic Capabilities Boundary School, Linear Strategy</i></p>
<p><i>Culture</i> <i>How is strategy collectively created?</i></p> <ul style="list-style-type: none"> ▪ Enabling culture: safety, inclusion, openness to new ideas, and collaboration ▪ Powerful mission, vision, values, and identity ▪ Discussion, dialogue, and debate ▪ Full system engagement ▪ Innovation ▪ Mindfulness ▪ Simple rules (values) <p><i>Symbolic Mode, Cultural School, Complexity School, Interpretive Strategy</i></p>	<p><i>Systems/Structure</i> <i>How is strategy distributed across systems?</i></p> <ul style="list-style-type: none"> ▪ Shared learning systems ▪ Organizational capability development ▪ Strategic governance system ▪ Flexible organization structures ▪ Strong incentives for reward and recognition ▪ Supportive hiring and performance management systems <p><i>Rational Mode, Transactional Mode Learning School, Design School Planning School, Environmental School, Adaptive Strategy</i></p>

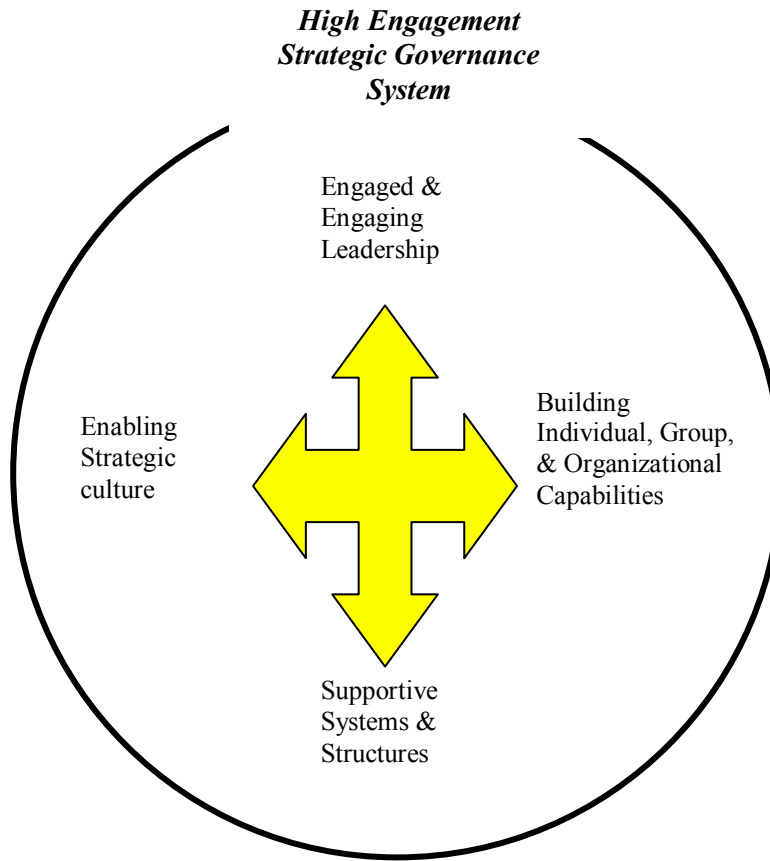
The framework specified in Table 7.4 presents a holistic approach to strategy which takes into consideration the interplay between the various taxonomies/theories of strategy as discussed in the literature review as well as the need for strategy at all levels of the organization which emerged from the themes in the findings for this study. The following propositions that surfaced from the literature review provided additional precision for this overarching theme and contributed to the framework illustrated in Table 7.4. The result is a holistic and comprehensive approach to building strategic capacity that is grounded in theory and findings.

Proposition 3.2: Strategic capacity as a multi-dimensional construct utilizes multiple, seemingly conflicting and paradoxical approaches to strategy generation in order to ensure success at both the planned *and* emergent levels.

Proposition 3.4: Strategic capacity considers the interplay between all theories of strategy within four realms: individual, cultural, process, and behavioral and attempts to adopt strategy development approaches that address each quadrant of the holistic view of strategy as described in Figure 3.3 and Table 7.4. This approach enables both emergent *and* planned strategies as well as the management of tensions between the many dualities of strategy.

Key facets of building strategic capacity. The capacity building strategies identified in Table 7.4 are discussed throughout these conclusions. A central theme for coordinating and building strategic capacity is the development of a *high engagement strategic governance system*. This system operates in all four quadrants of the organization as depicted in Table 7.4 and governs many of the activities of building and supporting strategic capacity. Other key facets of strategic capacity are creating an *enabling strategic culture*, *building individual, group, and organizational capabilities*, *engaged and engaging leadership*, and aligning the organization via *supportive systems and structures*. Figure 7.1 illustrates these key facets which are discussed throughout this section in greater detail.

Figure 7.1. Key Facets of Building Strategic Capacity



High engagement strategic governance system. The high-engagement strategic governance system is the overarching coordinating mechanism through which generative cycles are accomplished and stocks and flows of capabilities are created, aligned, and allocated. According to Bontis, Crossan, and Hulland (2002), the alignment of stocks *and* flows of learning, and capabilities from the individual to the organization levels and back via feedback mechanisms is critical to business performance. The strategic governance system ensures development of capabilities at all levels of the organization to promote resourcefulness.

This core strategic governance process provides *strategic coherence* by aligning the organization at all levels to the overarching strategies, providing ongoing dynamic assessment of the organization's strategies, and ensuring effective leadership. Organizational systems, policies,

structures, resources and processes support the strategic governance system. *Webster's New*

World Dictionary (2008) defines “govern” as:

To exercise authority over; rule, administer, direct, control, manage, etc. ---govern implies the exercise of authority in controlling the actions of the members of a body politic and directing the affairs of state, and generally connotes as its purpose the maintenance of public order and the promotion of the common welfare; rule now usually signifies the exercise of arbitrary or autocratic power; administer implies the orderly management of governmental affairs by executive officials (p. 614).

The strategic governance system engages the full system and serves as a means for shared/collective learning where reflection, dialogue, and higher order learning cycle back through the potentiality and enactment modes. Engaging the full system involves people at all levels of the enrichment chain having a voice. *The Oxford English Dictionary* defines full as: “a complete state of the greatest strength and abundance of capabilities; having clearness volume, and depth; complete, thorough; absolute; and rich or abounding” (retrieved from: <http://dictionary.oed.com>). Involving the full system brings diverse perspectives leading to rich outcomes, engagement, and empowerment. Table 7.5 details the benefits of full system engagement.

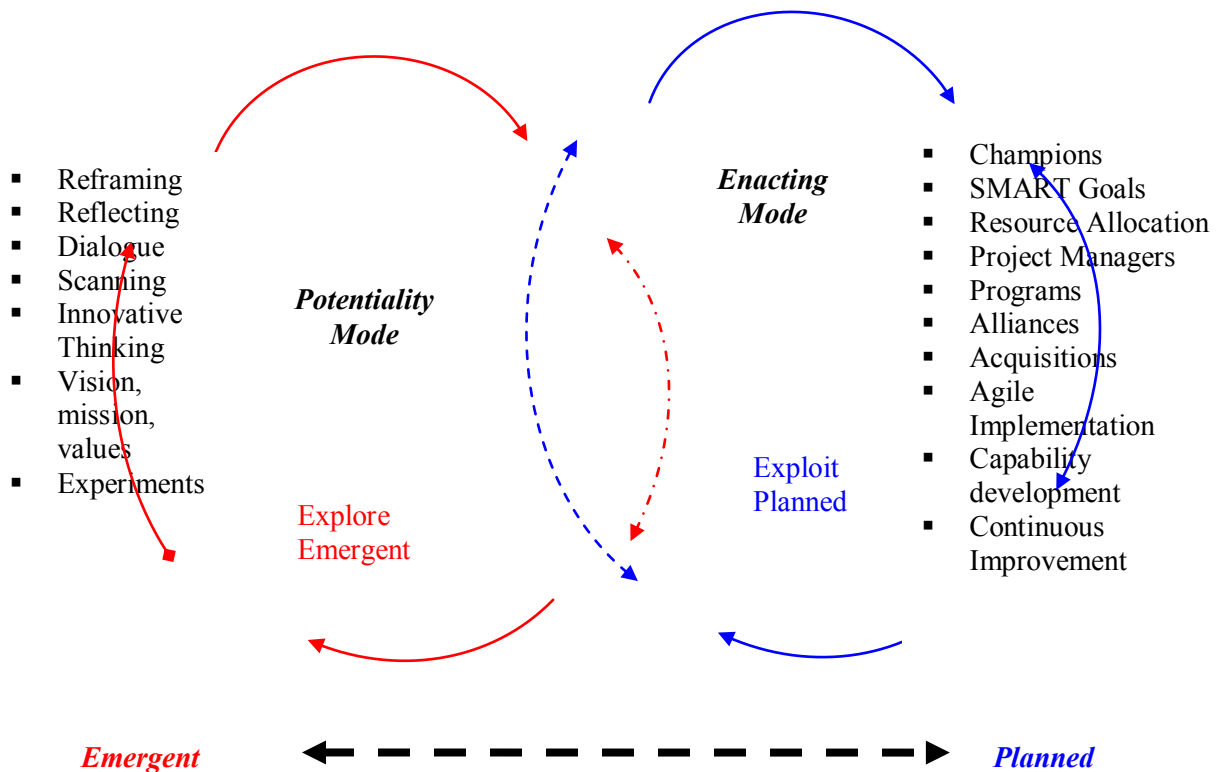
Table 7.5 *Benefits of Engaging the Full System*

Benefits of Engaging the Full System	
<ul style="list-style-type: none"> ▪ Creates energy and commitment. ▪ Enables shared understanding of strategies and how they connect to individual actions. ▪ Creates sense-making machines at all levels of the organization. ▪ Promotes alignment. ▪ Builds trust. ▪ Creates ownership/agency. ▪ Fosters dialogue and building relationships. ▪ Promotes diverse perspectives i.e., “maximum mix is magic”. ▪ Fosters systems thinking. ▪ Builds cross-organizational respect. ▪ Taps into “the best of the best” pool of capabilities, thinking, and skills. ▪ Fosters inclusion and engagement. ▪ Builds solidarity. ▪ Promotes transparency. ▪ Increases information flow. ▪ Creates shared learning throughout the enrichment chain. ▪ Builds efficacy and organizational confidence. ▪ Creates collaboration. ▪ Builds momentum. ▪ Generates buy-in. 	

The strategic governance system simultaneously encompasses and extends Hart's (1992) Rational and Transactive modes of strategy generation. According to Hart (1992), the Rational mode utilizes comprehensive analysis to develop detailed plans while the Transactive mode is an iterative and participative learning approach to strategy generation. Other very similar strategy approaches/taxonomies encompassed and extended here are Mintzberg, Ahlstrand, and Lampel's (1998) Planning, Learning, Environmental, and Design Schools of strategy as well as Chaffee's (1985) notion of linear and adaptive strategy.

A core aspect of this strategic governance system, as described in these findings, is the adoption of a *collective mindfulness* through fostering an ability to think and function strategically at all levels of the organization in all four quadrants defined in Table 7.4. This collective mindfulness involves becoming intentionally aware of every action and how it connects to an organization's strategic framework, i.e., its strategic meaning. The goal is to build this awareness so that it becomes second nature within the organization. Collective mindfulness embodies systems thinking such that individuals are able to see the connections to the big picture and the interactions between them such that they understand how their decisions and actions affect the whole system. Mintzberg et al.'s (1998) cognitive school comes into play in helping understand how individuals think and conceive of strategies. Figure 7.2 illustrates the salient dimensions of this strategic governance system arising from the themes in the findings.

Figure 7.2 Strategic Governance System



The strategic governance system operates at both the planned and emergent levels of strategy and consists of *generative cycles* embodied by potentiality and enactment modes. These modes encompass activities potentially construed as broad capabilities requiring different skill sets. Organizations must be able to toggle among these skill sets to develop and implement strategies. These modes overlap each other and cycle at different speeds, supporting a continual flow of formulating, implementing, and reassessing strategies, and developing capabilities. Consistent execution and continuous improvement of this system over time accelerates strategic capacity.

Generative cycles involve experiments and rapid implementation to prove out results quickly and build success for various strategies. Organizations engage in a potentiality mode that fosters widespread strategic thinking. As the potentiality mode unearths possibilities, they cycle

into the enactment mode, which focuses on rapid implementation and monetization of these emergent possibilities. As learning occurs and capabilities develop through enactment, they cycle back through the potentiality mode as fodder for new opportunities and new capability combinations, or development that leads to organizational growth.

The potentiality mode ensures that mindful possibility thinking occurs at all levels of the organization. Possibility thinking is an engaging discovery process that fosters imagination, exploration, innovation, and creativity. Everyone's voice is heard and everyone throughout the *enrichment* chain participates in this process. In this regard, strategy becomes generative because it involves the full system in co-creating a preferred future. The potentiality mode produces new language and possibilities for strategy because it involves the many diverse viewpoints of all stakeholders. Collective wisdom, collective strengths, and collective possibilities lead to the creation of new frames, new ideas, and expanded repertoires of action. Strategy is not just within the purview of the top management team but, becomes alive within the organization's system.

The potentiality mode functions at the planned level of strategy through various structured mechanisms and approaches to futuring. This may be accomplished through multiple mechanisms that involve strategic dialogue and are compatible within the context and culture of a specific organization. These approaches include using innovative thinking, continuous scanning of the environment, stakeholder analysis, key success factor identification, transformational topics (Appreciative Inquiry), benchmarking, scenario analysis, SOAR, SWOT, large group Summits (Appreciative Inquiry/SOAR), creative visioning, etc. within a strategic planning framework with multiple stakeholders.

To enable new possibilities, organizations must deeply understand the context of their market, and their internal strengths from the outside in, then ask good questions and *reframe* situations. This involves reflecting and thinking deeply around where the organization wants to go in the future. Creation of a shared vision makes development of possibilities for achieving this vision. Organizations must develop a picture of the future, then, extrapolate back to the present

to identify future capabilities, or organizations may also start from their strengths and combine or extend these in new ways. Proto-typing and experimentation may be utilized in this mode to help the organization decide which opportunities to pursue. After a decision has been reached, the achievement of possibilities occurs through the enactment mode.

The potentiality mode operates at the emergent level through distributed processes such as fostering strategic conversations throughout the organization, promoting middle management issues selling (Dutton & Ashford, 1993), fostering and managing communities of practice (Brown & Duguid, 1991, 1998; Jarzabkowski, 2004; Lave & Wenger, 1991; Wenger, 1998), and encouraging intrapreneurship (Hart, 1992; Pinchot, 1983). In the realm of microstrategy, strategizing is a social practice (Jarzabkowski, Balogun & Seidl, 2007) and strategic conversations simultaneously enact and create strategy as an interpretative system (Westley, 1990). Middle managers become a central facet of strategizing (Floyd & Woodridge, 1997) and middle management issue selling is a critical activity for emergent strategy.

In addition, communities of practice can be considered a core engine of learning and strategy generation (Wenger & Snyder, 2000) and must be nurtured and supported via organization designs (Wenger & Snyder, 2000), enabling technology (Brown & Duguid, 1991), and processes for their creation (Wenger & Snyder, 2000). Finally, as in Hart's (1992) Generative mode of strategy making, innovative, intrapreneurial ideas are championed and selected through various approaches in the potentiality mode then cycled through the enactment mode as appropriate. Accomplished through separate innovation teams, innovative organizational roles, skunkworks, or other means (Hart, 1992); experimentation and risk-taking locate and nurture new ideas critical to this process.

The enacting mode entails a sustained effort of planning and implementing strategies in support of the outcomes of possibility thinking. The enactment mode enables individuals to connect the organization's shared vision to individual strategies through planning, mobilizing resources, and holding organizational members accountable in order to achieve results. This

mode embodies the organization's performance management system. The enactment mode ensures robust systems, processes, and structures for successfully implementing strategies and building (or acquiring) capabilities. This includes the use of program management methodologies, champions, agile implementation practices, SMART goals, measurements, business process management, and continuous improvement frameworks. These approaches operate at the planned level of strategy and focus on exploiting opportunities surfaced during the potentiality mode. These findings support the following proposition regarding implementation that surfaced during the literature review:

Proposition 3.3: Implementation skills are important to strategic capacity and should focus on the skills of decision commitment, learning, communication, involvement of key individuals, and procedural justice in decision making. Implementation and formulation should be considered as simultaneous activities.

Another key function that the strategic governance system serves is in the realm of strategy orchestration. Orchestration involves the way that strategies are played out and organizational capabilities that support these strategies are developed. The orchestration of strategies plays a critical role in the ultimate value achieved. In order to orchestrate effectively, an organization must be able to coordinate communications, actions, decisions, and events (Lawler & Worley, 2006). Change capability is also a critical aspect of orchestration (Lawler & Worley, 2006). The strategic governance system operates to ensure strong coordination, learning, and change management in support of effective strategy orchestration.

Both the potentiality and enacting modes of the generativity cycle are interconnected via strategic governance mechanisms for shared learning, enabling dialogue, reflection, and knowledge management, ultimately promoting balanced stocks and flows of capabilities and knowledge across all levels of the organization. This system also serves as a sensemanaging instrument and a shared learning system that ensures everyone has a full and complete understanding of the organization's strategic framework (i.e., mission, vision, values). These mechanisms may include multiple forums and knowledge sharing systems to support these

endeavors where learning and capabilities, acquired or developed through continuous generative cycles, serve as inputs to future generative cycles (of potentiality and enactment modes). Some examples identified in the findings for this study are focus groups, strategic reviews, strategy refreshes, surveys, SOAR events, AI transformational topics, project performance reviews, and stakeholder interviews. All of these mechanisms move towards the development and exploitation of the “collective intelligence” of the entire enrichment chain.

An important consideration to this strategic governance system is the contribution of Mintzberg et al.’s (1998) Power School. As Mintzberg et al. (1998, p.236) indicates, “organizations consist of individuals with dreams, hopes, jealousies, interests, and fears.” Bargaining and compromise between different individuals, groups, and coalitions in the strategic governance system will be central to the prioritization of strategic initiatives and resultant resource allocations. An effective governance system must manage the duality between ensuring all perspectives are adequately represented and making effective, timely decisions that optimize the whole. This requires understanding and effectively managing politics. These actions may include managing coalitions, stakeholder analysis, including middle management, and cooperative strategy making (i.e., networks, alliances, and strategic sourcing) (Mintzberg et al., 1998).

Finally, a central role for the strategic governance system is to cultivate the factors that enable resiliency. Resilience reflects the ability of an organization to bounce back after a hardship or during challenging conditions (Fredrickson, Tugade, Waugh, & Larkin, 2003). One aspect of fostering resilience is the creation of a sustainable business model and conservative financing. These two elements provide financial slack and enable an organization to be resourceful during market inflections. Another aspect of resilience is persistence--a relentless, continual focus on maintaining and continuously improving the strategic governance system and building strategic capacity despite challenges. Finally, Sutcliffe and Vogus (2003) have cited the

importance of mindfulness, the ability to dynamically recombine resources and learning in fostering resilience. All of these elements reflect the goals of the strategic governance system.

The creation and maintenance of a strategic governance system as described in these findings supports the following proposition previously developed through an exhaustive literature review:

Proposition 2.6: Strategic capacity is a multi-dimensional construct involving learning, innovation, building organizational capabilities, and continuous strategy development, leading to a “collective intelligence” that is supported by an aligned infrastructure consisting of leadership, culture, structure, and systems, all of which can be dynamically re-configured to address new opportunities as needed. Collective intelligence involves continuous organizational learning, mindfulness, sensemaking, and heedful interrelating.

Enabling strategic culture. A central element to an effective strategic governance system is the creation of an *enabling strategic culture*. A strategic culture, created through a strong, shared, mission, vision, values, and identity, evoke a powerful sense of purpose in organizational members, motivating them to act in achieving the organization’s highest potential. Strategic plans act as a flexible framework in making organizational activities visible and connected. This encourages organizational shifts to reflect changing environmental conditions. Strategies are socially constructed and strategic conversations at all levels, create and sustain a strategic culture. A strategic culture serves to surface emergent opportunities and controls the range of expression within the organization as each person enacts a shared vision for the organization using a few simple rules (i.e., values, purpose, and identity) to guide them. Individuals practice the latitude to self-organize via supportive organizational structures and empowering leadership.

Mintzberg, Ahlstrand, and Lampel’s (1998) cultural school of strategy, Hart’s (1992) Symbolic mode of strategy, and Chaffee’s (1985) Interpretive Model of strategy supports the concept of a strategic culture as described in the literature. According to Chaffee (1985), the interpretive mode resides at the highest order of the strategy hierarchy and encompasses symbols, shared meaning, and cooperative actions of individuals within an organization. In general, these

constructs emphasize that reality is socially constructed and stakeholders utilize orienting metaphors, norms, and symbols to interpret the meaning of the intersection of the organization and its environment. These metaphors and symbols guide individual action and promote individual motivation to achieve the organization's objectives.

In addition, creating a strategic culture encompasses some key tenants of the chaos school of strategy (Brown & Eisenhardt, 1997; Macintosh & Maclean, 1999; Stacey, 1993, 1996a, 1996b) where simple rules (i.e., purpose, value, and identity) guide decision making and considerable latitude is given for improvisation and self organization via flexible organization 'semi-structures' (Brown & Eisenhardt, 1997). Fluid job descriptions, loose organization charts, high communication, and few rules characterize these limited structures. According to the Chaos School of strategy, information flows, agent connections, power, and individual anxiety levels are important parameters to this self-organization and represent the levers for its management.

A strategic culture functions at the emergent level of strategy and encourages dynamism as individual members react to changing conditions to take advantage of new insights, capabilities and opportunities. Individuals can use these simple rules to filter and frame events as they arise within their sphere of influence to inform action. A strategic culture enables flexibility, innovation, learning, empowerment, and engagement. Other facets of this *enabling* culture include: inclusiveness, trust, appreciative valuing of diversity, openness to new ideas, innovativeness, and safety. An enabling culture values every human being, fostering relationships, characterized by listening, caring, commitment, and accountability. Table 7.6 describes the salient characteristics of this enabling culture as discovered in the findings that emerged from this study.

Table 7.6 *Key Characteristics of an Enabling Strategic Culture*

Key Characteristics of an Enabling Strategic Culture	
<ul style="list-style-type: none"> ▪ Willingness to stretch, think fresh, and innovate. ▪ Openness to new ideas and doing things differently. ▪ Trust and cross-organizational respect. ▪ Collaboration and teamwork. ▪ Positive and appreciative. ▪ Cultivating curiosity and emergent ideas. ▪ Inclusive ---values diversity. ▪ Leadership at all levels. ▪ Valuing of every human being. ▪ Listening. ▪ Willingness to be flexible. ▪ Caring, commitment, and accountability. ▪ Safety—people feel their ideas are important and respected—ability to fail. ▪ Members feel they can control their own destiny. ▪ Values transparency. ▪ Honesty and integrity. ▪ Drive for results---performance. ▪ Strategic coherence---everyone has a clear line of sight to the organization’s strategic framework and is able to translate this into individual actions. ▪ Ownership and empowerment of individuals to make decisions and act. ▪ Mindfulness and heedful inter-relating. ▪ Encourages risk taking, innovation, and creativity. 	

Building individual, group, and organizational capabilities. A major facet of strategic capacity (as with any capacity building effort) is intentionally building individual, group, and organizational capabilities. This involves building skills and competencies over time so individuals, groups, and organizations can be strategic. Hitt, Keats, and DeMaire (1998), posit that in order to be successful in the 21st Century, strategic organizations must continuously and significantly invest in ongoing training and development to build the capabilities of its human capital. These investments provide strategic flexibility via the creation of dynamic competencies.

According to Franklin (2004), within any organization, “there is a vast reservoir of knowledge, skills, capabilities, and experience waiting to be tapped and enhanced” (p. 387). In this regard, the entire intellectual capital of the organization actively builds competencies important to development and enacting of strategies. According to Rastogi (2000), a new competitive paradigm has been created by the emphasis on knowledge management and intellectual capital as follows:

This paradigm is based on competing through the collective intelligence or brainpower of people in an organization. Competitive success of an enterprise is seen to stem from the individual and collective creativity and innovation, learning, and knowledge, skills and capabilities of its people. The whole organization, in fact, is expected to function like a cohesive team; or a symphony orchestra where individuals play different instruments but according to a common musical score. (p. 47)

Stavros (1998) defines individual capacity building as “being able to realize one’s potential capabilities that can contribute to organizational effectiveness. An individual must continuously develop his or her capabilities to best serve the organization” (p. 89). Stocks of individual capabilities are developed through various avenues of learning (see Table 7.7) and involve individual competence, capability, and motivation to undertake the required tasks (Bontis, Crossan, & Hulland, 2002) as well as emotional intelligence (Goleman, 1998). These stocks of knowledge and capabilities are then turned into group capabilities via group dynamics and the development of shared understanding, and organizational capabilities via systems, structures, procedures, culture, and strategy (Bontis, Crossan, & Hulland, 2002). In order to effectively build strategic capacity, efforts must be made to build capabilities for thinking and functioning strategically in each quadrant of Table 7.4.

According to Stavros (1998), organizational capacity building is: “building the internal relational components of the organization so it can better use its resources (i.e., people, time, and money) to achieve its mission, attain its vision and goals/objectives to sustain these over time” (p. 93). A primary approach to building organizational capabilities is through the establishment of a strategic governance system, strategic culture, and other forums for shared learning as discussed elsewhere in these findings. Group dynamics such as teamwork, effective meetings, diverse perspectives, and successful conflict resolution (Bontis, Crossan, & Hulland, 2002) are important to group capability development. Ultimately, organizational capacities are developed through maximizing the potential of *all* individuals and organizations within the enrichment chain.

Individual capability for being strategic is reflected in the conversations that individuals have, in the way they frame and solve problems and make decisions; and in the way that they

contribute their capabilities to achieve strategic objectives. This involves developing both mindsets and skill sets at all levels in thinking strategically, planning, and delivering capabilities/services in support of strategic objectives. Individuals must have the capacity, training, understanding, willingness, and resources to develop any capability that the organization requires.

In order to accomplish this competency development, individuals must first be able to understand the overarching strategic framework of the organization, then make connections to the types of skill sets and knowledge that must be developed in order to achieve the organization's vision. This requires systems thinking and emotional maturity. These individuals must then be motivated and committed to take the initiative to develop the knowledge and skill sets identified in both a proactive and reactive fashion to address the required capability of the organization. Finally, the organization must be willing to provide the resources required to accomplish this individual development through systematic investments over time. Table 7.7 identifies the potential avenues that were identified in this study through which individual capabilities can be developed. This list is not exhaustive but simply representative of the findings.

Table 7.7 *Avenues for Individual Capability Development*

Avenues for Individual Capability Development
<ul style="list-style-type: none"> ▪ Developmental activities and assignments. ▪ Gap analysis and specific training plan to address. ▪ Ambassador program (internal mentoring). ▪ Train the trainer for incubation of specific skills. ▪ Mentorship programs---side by side teaching and coaching. ▪ Professional Associations i.e., Young Presidents for example. ▪ College, certificate programs. ▪ Seminars. ▪ Twinning---one organization mentors another example: Magnet Hospital Program. ▪ Problem-solving. ▪ On the job training in specific skills. ▪ Orientation programs to instill mission, vision, and values. ▪ Internal colleges or universities to develop skills over time specific to the organization's core competencies---i.e., customer service. ▪ Frameworks such as ISO 9001, Continuous Improvement or CMM models. ▪ Special projects. ▪ Rotating stretch assignments (every 2-3 years). These assignments represent completely new opportunities outside of the person's primary skill set or functional area. ▪ Research Projects. ▪ Subscriptions to key journals and trade association communications.

- Trade shows.
- Community involvement i.e., Board membership opportunities for example.
- Individual social networks.
- Communities of practice.
- Consultants.
- Organizational interventions (SOAR, AI, Future Search etc.).
- Partnerships and alliances.
- Benchmarking.
- Teambuilding.
- Coaching.

Both generalist and specialist skills were mentioned by the participants of this study as being important to building strategy capacity. Generalist skills identified included: problem-solving, change management, teamwork, communication, leadership, strategic planning, program management, collaboration, and Appreciative Inquiry. Specialist skills involve the functional area in which the individual is an expert. Here individuals are expected to keep up with events and new trends in their field of specialty and bring a high level of expertise/technical skills to their specific specialist assignment. A key finding is that each individual is accountable to ensure competence/excellence in the delivery of their services to the organization.

Capability development is a cumulative, evolving, expansive process (Montealegre, 2002). Capability development involves people talking and listening to each other. Capacity building is highly relational (Stavros, 1998; Rastogi, 2000), and knowledge creation and integration is a social process (Stacy, 1996a, 1996b). Individuals must feel a sense of affiliation towards the organization and other members they work with in order to develop capabilities.

An important construct to individual capacity building is the notion of *community*. According to Rastogi (2000) the collective capacity of people can only be harnessed through relationships based upon “sincerity and goodwill, trust and cooperation, shared beliefs and ideas, commitment, and responsibility” (p. 47). This is only possible in a community of people. Also according to Rastogi (2000), a community is a group of people with a shared sense of purpose and meaning characterized by cooperation, trust, and “an ethics of care” (p. 47). This ethics of

care intends the helpful development of everyone in the organization and is characterized by the following:

This mode of behavior is characterized by attributes of interpersonal trust, empathy, sensitivity to others' difficulties and concerns, authentic helpfulness, open communication and dialogue. These attributes by themselves and through their interplay, engender rich patterns of creative, co-operative, achievement oriented and emotionally fulfilling behavior. (Rastogi, 2000, p. 47)

The notion of community implies the duty of each individual to act as a *member* of the community in acquiring and enacting capabilities. According to Seiling (1997, 2001) each member and their "work affiliations" is responsible for individual, group, and organizational achievement. True *membership contribution* requires that members be motivated, connected via effective relationships, competent (i.e., making choices beneficial to the well-being of the organization), and trustworthy (i.e., offering and engendering trust). A key finding for this study is that individuals must be motivated, competent, and trustworthy in their performance, holding themselves and each other accountable for achieving individual and organizational excellence. This requires that each organizational member exercise a duty of care towards each other and the organization in acquiring and enacting capabilities.

Finally, another theme that emerged from the findings was the need to build efficacy in order to enable individuals to reach their highest potential. Here, individuals are helped to evoke limitless thinking in envisioning their opportunities and ultimate achievement potential which in turn leads to organizational achievement. An individual's self-efficacy (Bandura, 1982), i.e., belief in their capability to perform a task, influences what challenges an individual will undertake, how much effort they will devote to mastering a skill, and how long they will persist in their efforts in the face of obstacles (Pearlmutter, 1998). According to Bandura (1986), individuals will develop self-efficacy through performance accomplishments (actual success at mastering skills through gradual performance via practice, and experiential learning), vicarious experiences (watching others without risk, i.e., modeling), verbal persuasion (clear, consistent feedback and encouragement), and emotional arousal (managing anxiety and fear). This implies

that efficacy can be increased through deliberate practice, modeling behaviors on the part of others, clear feedback, and the management of fear and anxiety. Additionally, Gist and Mitchell (1992) contend that an increase in positive feedback (or decrease in negative feedback) leads to higher task performance. This suggests that positivity has amplifying effects on building efficacy and higher performance.

This work complements the findings of Sutcliffe and Vogus (2003) who contend that resilient organizations must manage the tradeoff between building competence and fostering growth and efficacy. Table 7.8 details these requirements.

Table 7.8 *Antecedents of Resilience in Managing the Tradeoff Between Competence and Growth*

Level	Build overall competence	Foster Growth and Efficacy
Individual	<ul style="list-style-type: none"> • Increase human, social, and material resources available. • Build specific knowledge through training and other experiences. 	<ul style="list-style-type: none"> • Create structures that enable individuals to exercise judgment, discretion, and making mistakes. • Put people in roles where they are set up for success.
Group	<ul style="list-style-type: none"> • Flexible structures and respectful interaction. • Members with broad repertoires and experiences. 	<ul style="list-style-type: none"> • Foster structures for learning and skill-building. Reinforce a learning orientation. • Leadership that fosters a belief in a group's conjoint capabilities.
Organization	<ul style="list-style-type: none"> • Foster improvisation and recombination. • Develop and maintain conceptual slack. 	<ul style="list-style-type: none"> • Foster structures that allow groups to flexibly rearrange and transfer experience and resources (i.e., ad hoc problem-solving networks, social capital). • Enhance capabilities to quickly process feedback.

Note. Adapted from Sutcliffe and Vogus (2003). Organizing for resilience from Cameron, K., Dutton, J. and Quinn, R. (2003). *Positive Organizational Scholarship*. San Francisco, CA; Berrett-Koehler, p. 106.

Engaged and engaging leadership. Leadership is another critical dimension of building and sustaining strategic capacity. According to Ireland and Hitt (1999), the collective intellect of the top management team is required for effective strategic leadership. The findings of this study indicate that leadership must be committed to building strategic capacity over time and be

authentic in their support and modeling of the behaviors that create strategic capacity. Everything that leaders do is symbolic suggesting their actions and decisions must support the critical elements of strategic capacity. Leaders' symbolic behaviors reinforce desired behaviors in the organization and ensure that the right mix of people remain in the organization.

Leaders must engage the full system and ensure that the system understands and buys in to the organization's strategic framework (i.e., vision, mission, and values) via sensemanaging. Leaders must hold people accountable to achieving strategic results. Leadership is widespread and participatory. Organizational members are empowered to act via self-organizing mechanisms. Leaders build and sustain a strategic culture and ensure the effectiveness of the strategic governance system. Engaged and engaging leadership accelerates strategic capacity. Table 7.9 details the key characteristics of leadership that enable the development of strategic capacity.

Table 7.9 Key Characteristics of Engaged and Engaging Leadership

Key Characteristics of Engaged and Engaging Leadership
<ul style="list-style-type: none"> ▪ Build trust. ▪ Hold organizational members accountable. ▪ Develop people—build capabilities. ▪ Openness to new ideas and respect for others. ▪ Build a strategic culture. ▪ Facilitate sensemanaging. ▪ Employ a conscious intentionality towards building and sustaining strategic capacity. ▪ Motivated, engaged, committed, and aligned with organizational strategic framework. ▪ Passionate about the organization's mission, vision, and values. ▪ Role model for desired behaviors---coherent with values of the organization. ▪ Confident but without hubris. ▪ Authentic---high integrity. ▪ Transparent. ▪ Supportive---provide resources and remove obstacles. ▪ Engage the organization—inspire others. ▪ Stewards of the organization's capabilities and resources. ▪ Ability to listen. ▪ Visionary---systems thinking. ▪ Drive change---aggressive champions for change. ▪ Values diversity. ▪ Create and foster relationships across the organization. ▪ Genuinely care about the organization and its stakeholders. ▪ Mentor others—builds leadership capabilities at all levels. ▪ Foster participatory leadership. ▪ Improvisation and storytelling skills.

In this case, Hart's (1992) Command mode of strategy and Mintzberg, Ahlstrand, and Lampel's (1998) Entrepreneurial School of strategy represent starting points for the type of engaged and engaging leadership required to build strategic capacity. In organizations that are less participatory, these modes dominate; however, when involving the full system, these modes are extended to other organizational participants beyond the top management team or to just one visionary 'great leader'. These engaged and engaging leaders must be visionary in order to engage the full system and provide direction but they are more participatory in allowing latitude for self-organization.

Supportive systems and structures. A final facet of strategic capacity involves aligning the organization via supportive systems and structures. This alignment needs to occur on a dynamic basis as the organization monetizes opportunities and experiments with new capabilities. Organizations must be adaptive, agile, and flexible in accomplishing this dynamic alignment. Flexible organizational structures and change-friendly identities help to enable this dynamic alignment. In addition, systems that promote shared learning were found to accelerate strategic capacity.

Another key finding is that incentive systems must be structured to reward and recognize behaviors that support the critical elements of building and sustaining strategic capacity. Incentives count and appropriate incentive systems also accelerate strategic capacity. These reward and recognition systems must be aligned with the organization's strategic framework and desired culture; if the organization becomes successful, the individual become successful. Finally, a supportive human resource hiring and performance management system ensures the alignment of human capital with desired culture and capabilities, where individuals are selected and evaluated based upon their fit with these dimensions. The performance management process allows removal of individuals who cannot align with the organization's desired culture and strategic framework and who cannot consistently perform. In addition, an effective performance

management system provides a clearly defined path for individual advancement such that individuals will clearly understand what capabilities they need to master in order to advance within the organization.

Summary of key facets of building strategic capacity. Strategic capacity must be built at the individual, leadership, cultural, systems, processes, and behavioral levels concurrently as illustrated by Table 7.4 and Figures 7.1 and 7.2. Key elements of building strategic capacity involve the consistent execution of a strategic governance system; building individual, group, and organizational capabilities; creating an enabling strategic culture; involving engaged and engaging leadership; and dynamically aligning supportive systems and structures

A Framework of Metacapabilities Supporting Strategic Capacity

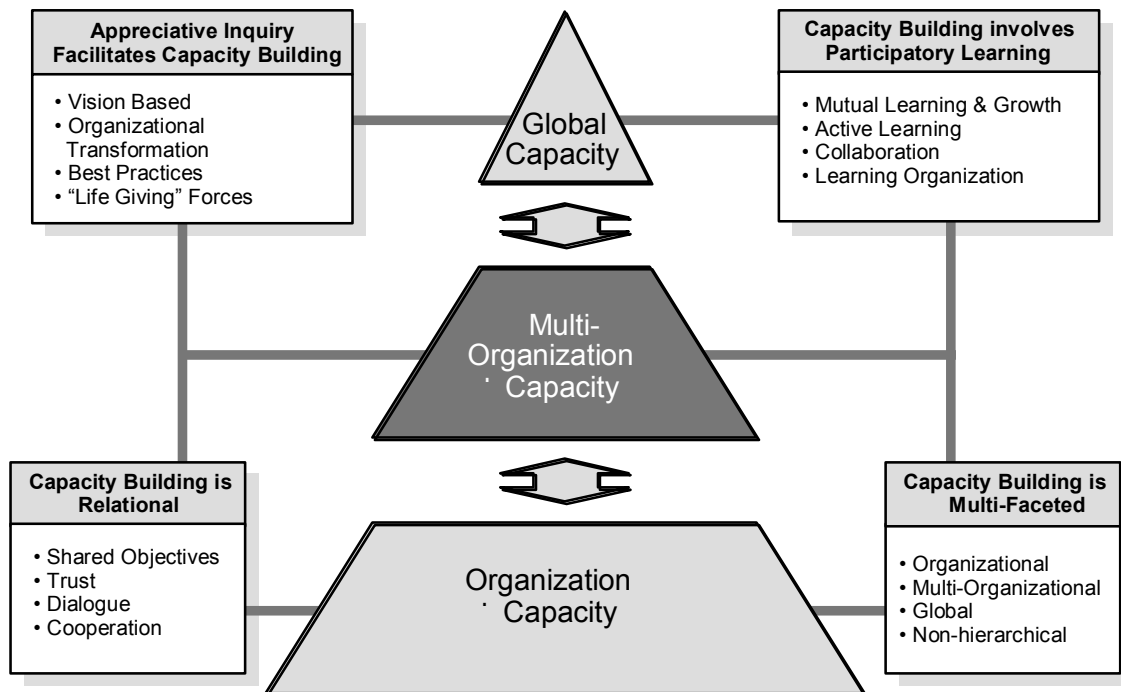
Strategic capacity functions as an umbrella for a set of metacapabilities that support an organization's ability to formulate, choose, and implement strategies. Liedtka and Rosenblum (1996) define a metacapability as "the skills and knowledge that underlie the process of capability-building itself. Metacapabilities enable the continuous recreation of specific business-related capabilities over time (p. 21)." Specifically, this study has found that the following metacapabilities support strategic capacity: (1) relational generativity, (2) learning, (3) sensemanaging, (4) change capability, (5) combination capability, and finally, (6) the SOAR framework builds strategic capacity. The findings from this study strongly support and extend Stavros' (1998) Relational Framework of Capacity Building, as reproduced in Figure 7.3.

Therefore, the following proposition was upheld:

Proposition 3.5: The Relational Capacity Building Framework (Stavros, 1998) can inform strategic capacity and how to build it. This framework describes the fundamental characteristics of capacity building which constitute its essence. Key tenants of this framework as applied to strategic capacity are:

- Strategic capacity involves participatory learning
- Strategic capacity building is multi-faceted at all levels from organizational through multi-organizational and the grater global environment
- Strategic capacity building includes relational aspects such as: trust, dialogue, cooperation, and shared objectives
- Appreciative Inquiry facilitates strategic capacity building

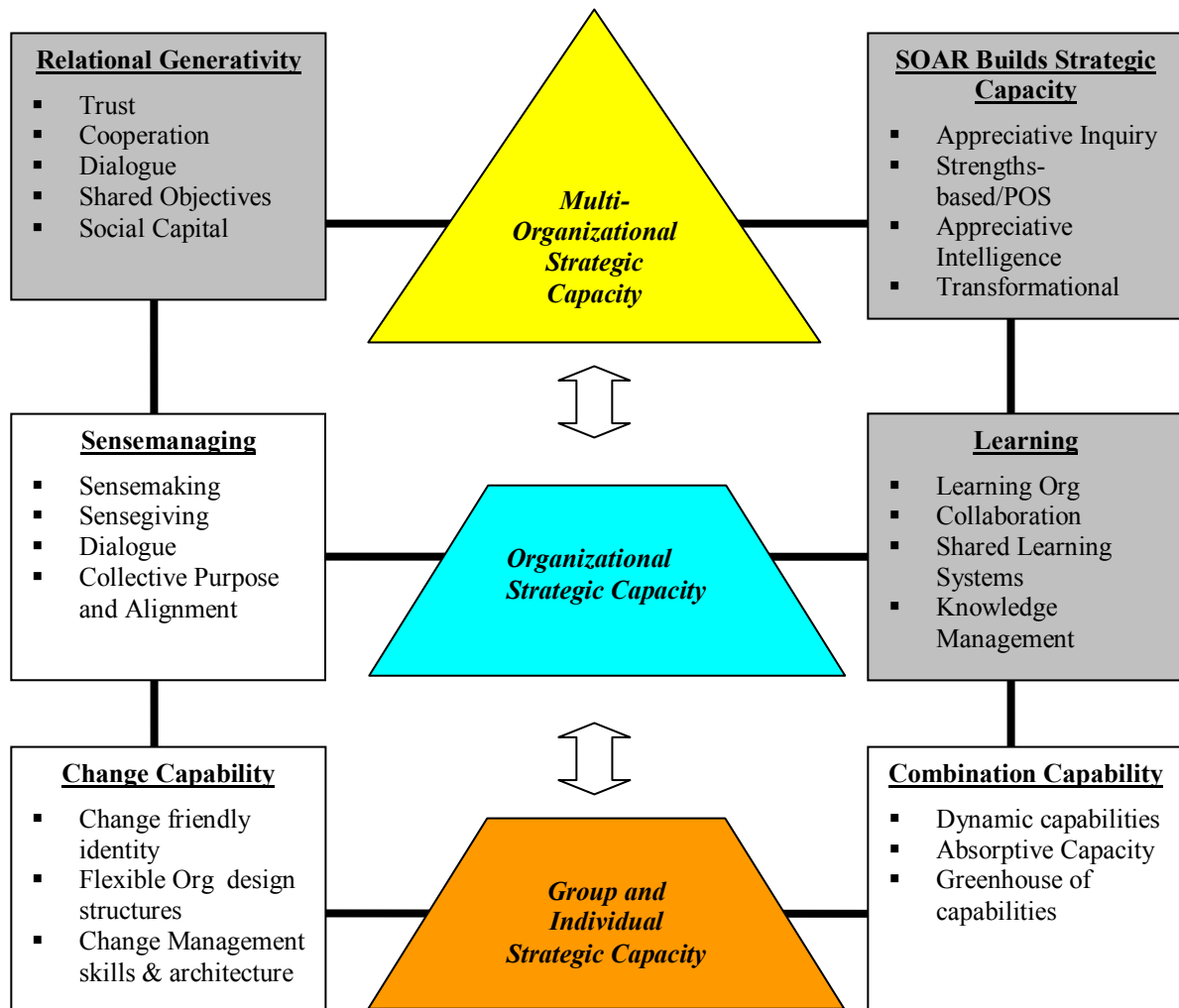
Figure 7.3. Stavros' (1998) Relational Framework of Capacity Building



Note. From Stavros, (1998). *Capacity Building Using a Positive Approach to Accelerate change*, unpublished dissertation, Case Western Reserve University. Republished by permission of the author)

Per Figure 7.3, Stavros' (1998) Relational Framework, Capacity Building is (1) relational, and (2) multi-faceted; it involves (3) participatory learning; and finally, (4) Appreciative Inquiry facilitates capacity building. The metacapabilities for building strategic capacity strongly correlate with Stavros' (1998) framework in these four realms. This correlation is further discussed in each of the following sections describing the metacapabilities for building strategic capacity. In addition, the findings of this study extend and elevate Stavros' (1998) framework into the realms of sensemaking, change capability, and combination capability. Because of this strong correlation and clear extension, the framework of metacapabilities for building strategic capacity as depicted in Figure 7.4 is adapted from Stavros' (1998) Relational Framework for Capacity Building.

Figure 7.4. Framework of Metacapabilities for Building Strategic Capacity



Note: Adapted from Stavros's (1998) Relational Framework of Capacity Building. Boxes highlighted in gray represent the overlap with Stavros' framework. Because SOAR is an extension of Appreciative Inquiry, this correlates with Stavros' (1998) seminal framework.

These metacapabilities, as illustrated in Figure 7.4 and discussed further in this section, support strategic capacity as a whole, enabling strategic capacity to be flexible and expansive. In addition, many of these metacapabilities are mutually reinforcing, creating amplifying and buffering effects for the organization. Strategic capacity is *multi-level and inclusive*, occurring in a nonlinear and dynamic process at the individual, group, organization, and multi-organization levels in a non-hierarchical fashion. Much as Stavros (1998) described in her seminal work,

individual capabilities do not necessarily build to organizational or multi-organizational capabilities in a hierarchical fashion, but rather these capabilities contribute synergistically to strategic capacity and are built simultaneously in all quadrants, as depicted in Table 7.4. This confirms Stavros' (1998) earlier work in capacity building at multiple levels. The findings of this study do not, however, confirm that strategic capacity extends to the global level. (This is an area for future research.)

Strategic capacity seeks to build the potential of all participants in the enrichment chain—suppliers, employees, customers, and institutions in the organization's environment. Strategic capacity grows when the full system is engaged in building capacity, collectively co-creating a shared vision and enacting strategies. Engaging the full system facilitates sense-making and learning at all levels of the value chain. Relational generativity fosters learning and change. SOAR fosters generativity, relationships, and learning. Finally, all of these metacapabilities together lead to an increased capacity for change management and the combination and generation of new capabilities enabling organizational fluidity and flexibility. The findings of this study support the following proposition developed during the literature review:

Proposition 2.1: Generative (postindustrial) strategy is a multi-dimensional, dynamic construct involving relationships, learning, innovation, flexibility, and fluidity to enable building dynamic capabilities at all levels of the organization.

Relational generativity. Capacity building is highly relational (Stavros, 1998; Rastogi, 2000), and knowledge creation and integration is a social dialectical process (Nahapiet & Ghoshal, 1998; Stacy, 1996a, 1996b). Relational generativity involves the capability to generate and nurture relationships across the entire enrichment chain. These relationships are characterized by openness, willingness to listen, trust, cooperation, and an appreciation for the strengths that each entity brings to the relationship. Individuals and organizations must talk and listen to each other, connect, cooperate, and engender trust in order to build relationships. This

requires a level of individual emotional intelligence (Goleman, 1998) and an affiliation for others. Goleman (1998) contends that emotional intelligence requires self awareness, self management, social awareness, and an ability to manage relationships. Relationship management involves the ability to inspire, influence and develop others, and manage conflicts. According to Lane and Maxfield (1996), fostering generative relationships requires common interests, heterogeneity (i.e., different competencies), recurring interactions, permissions to interact, and joint action.

Social capital can be defined as the “sum of the actual resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet & Ghoshal, 1998, p. 243). Social capital leads to the creation of intellectual capital (Nahapiet & Ghoshal, 1998) and dynamic capabilities (Blyler & Coff, 2003), thus, individual and organizational social networks are important resources for new opportunities, change, combining capabilities, and learning (Daly, 2008; Lane and Maxfield, 1996; Nahapiet & Ghoshal, 1998).

Relational generativity extends to alliances and partnerships which enable organizations to extend and develop capabilities providing greater enrichment to all stakeholders. Close relationships with customers enable an organization to develop unique value propositions that are difficult to imitate (Barney, 1991). Relational generativity increases the ability of individuals, groups, and organizations to combine capabilities, implement strategies, gain new information and perspectives, and build new strengths. Relational generativity fosters collaboration and learning. Effective relationships create cross-organizational respect which leads to improved teamwork and results.

These findings confirm Stavros’ (1998) Relational Framework of Capacity Building in that capacity building is relational in nature. Stavros (1998) describes this as “a series of relationships based upon trust and shared objectives” (p. 178). Relationships build over time, and involve dialogue, openness, mutual respect, cooperation, transparency, and exchange of

resources. Stavros (1998) defines capacity as “everything involved to construct relations to pursue an organization’s vision, mission, goals, and objectives” (p. 178).

Learning. Learning is a central theme in these findings and is at the heart of building strategic capacity. Individuals, groups, and organizations must learn as new capabilities, are built and institutionalized into the organization. In addition, experimentation and collective learning are integral to the strategic governance system. Organizations must adopt a learning orientation that includes collaboration, shared learning systems, knowledge management, and an inclusive learning culture. Senge (1990) defines a *learning organization* as “an organization that is continually expanding its capacity to create its future” (p. 14). According to Senge (1990), this requires (1) personal mastery, (2) mental models, (3) shared vision, (4) team learning, and (5) systems thinking. Lahteenmaki, Torvonen, and Mattila (2001) contend that a learning organization can be promoted through: (1) building the ability to learn, (2) a collaborative setting of missions and strategies, and (3) building the future together.

Collaboration and dialogue socially construct knowledge (Plaskoff, 2003). Many recent scholars (Blomqvist & Levy, 2006; Liedtka & Rosenblum, 1996; Miles, Snow & Miles, 2000) have considered collaboration as a metacapability. Liedtka (2006, p. 21) defines collaboration as “a process of decision making among interdependent parties; it involves joint ownership of decisions and collective responsibility for outcomes”. Collaboration requires a collaborative mindset, skill set, and supportive context (i.e., organizational architecture) (Liedtka, 2006). This requires common values, goals, communication, commitment, and strong relationships characterized by trust (Blomqvist & Levy, 2006). Management must consciously nurture this capability through purposeful investments and skill development.

Shared learning systems are avenues that enable the creation of shared meaning and collective learning. These avenues may consist of expert frameworks, such as SOAR, and problem-solving models such as ISO 9001 and CMM, IT systems, organizational processes, and visual devices such as mind maps, written material such as surveys and ethnographies, and the

multitude of forums available for collective dialogue. Communities of practice (Lave & Wenger, 1991) represent shared learning systems where informal groups with combined expertise come together for a joint undertaking. Finally, the strategic governance system, as discussed in these findings, represents a shared learning system.

Knowledge management is also a critical aspect of learning. Rastogi (2000) defines knowledge management as “a dynamic nexus of organizational learning, innovation, skills, competencies, expertise and capabilities” (Rastogi, 2000, p. 39). Knowledge management is a process for coordinating all activities related to the creation and deployment of collective knowledge that encompasses organizational learning, knowledge production, and knowledge distribution (Rastogi, 2000). To effectively implement, knowledge management, purposeful operations, IT infrastructure, and organizational structure are required

Finally, an inclusive learning culture underpins the learning organization. This culture supports “generative learning” as defined by Barrett (2005) as learning that places an emphasis on continuous experimentation, systems thinking, and an ability to reframe situations and think outside the normal limitations of a problem. These attributes have been discussed throughout these conclusions. These findings support the following proposition:

Proposition 3.6: Learning organizations must exhibit a widely distributed capacity for learning. Strategic capacity requires mindful attention to the creation of a learning strategy to foster individual, group, organizational, and inter-organizational learning among the various “communities” and “collectivities” both internal and external to an organization. Constructing a shared future and underpinning this with a culture of collaboration, empowerment, and inclusion are critical factors to this endeavor.

This finding confirms the work of Stavros (1998) in her Relational Framework of Capacity Building. Stavros found that capacity building is a participatory learning process characterized by mutual learning and growth, active learning, self-reflection, and multi-organization collaboration. All of these attributes are characteristics of a learning organization.

SOAR builds strategic capacity. SOAR is a dynamic, powerful framework that supports many aspects of building strategic capacity, strengthening an organization’s ability for

developing and implementing strategies. SOAR is strengths-based, utilizing a positive approach to reframe weaknesses and threats into challenges representing new opportunities. In addition, SOAR is an extension of Appreciative Inquiry. This connects to Stavros' (1998) Relational Framework of Capacity Building which specifies that Appreciative Inquiry facilitates and accelerates capacity building. According to Stavros, Seiling, and Castelli (2008), "the AI process mirrors the multi-faceted and relational framework of building capacity because it moves members of an organization beyond organizational boundaries to form new relationships to get things done" (p. 49).

Frameworks are conceptual 'expert systems' that help solve complex problems. The SOAR framework provides a systematic, holistic approach to strategy that engages the entire system and allows an organization to switch from aspirations to results while keeping the focus on strengths. In this respect, SOAR provides a simple, yet powerful framework that embodies the potentiality and enacting modes of the strategic governance system. SOAR is versatile, allowing for many different types of applications including strategic planning, leadership development, individual coaching, and conflict resolution. Table 7.10 summarizes the key findings and how they support strategic capacity.

Table 7.10 *How SOAR Builds Strategic Capacity*

Key Finding	Dimension of Building Strategy Capacity
Relationship building: <ul style="list-style-type: none"> ▪ <i>SOAR builds trust</i> ▪ <i>SOAR promotes relationships</i> ▪ <i>SOAR provides a safe environment</i> 	<ul style="list-style-type: none"> ▪ SOAR fosters relationship--creating a safe, collaborative, environment where everyone's voice is heard. ▪ SOAR creates trust which is critical to relational generativity, learning, and capability development. ▪ SOAR is inclusive, supporting many aspects of an enabling strategic culture. ▪ SOAR creates positive emotions and human connections which lead to individual and organizational transformation. ▪ Trust, safety, and relational generativity represent key foundations for change management and combination capability. ▪ Trust builds teamwork which fosters improved coordination and strategy implementation. ▪ All of these aspects lead to participatory leadership at all levels of the organization.
Capability building: <ul style="list-style-type: none"> ▪ <i>SOAR empowers</i> 	<ul style="list-style-type: none"> ▪ Empowerment supports an enabling strategic culture and promotes the development of individual efficacy.

<ul style="list-style-type: none"> ▪ <i>SOAR creates efficacy</i> ▪ <i>SOAR is strength based</i> 	<ul style="list-style-type: none"> ▪ Efficacy and empowerment enable individuals, groups, and organizations to build capabilities, leading to cascading repertoires of capabilities. ▪ Positivity and a focus on strengths fosters expansiveness and upward spirals of collective efficacy. ▪ This strengths based approach fosters individual appreciative intelligence (Thatchenkery & Metzker, 2006) through reframing, appreciating the positive, and seeing how the future unfolds from the present. ▪ All of these elements support learning, change, and combination capability.
<p>Thinking strategically:</p> <ul style="list-style-type: none"> ▪ <i>SOAR enables innovative thinking</i> ▪ <i>SOAR is generative</i> 	<ul style="list-style-type: none"> ▪ Innovative thinking allows reframing which supports the potentiality mode of the strategic governance system, ultimately leading to new possibilities. ▪ Innovative thinking and generative strategies lead to learning. ▪ SOAR captures the power of positivity by building upon strengths. Positivity leads to ever increasing spirals of capabilities. ▪ SOAR fosters generativity, leading to more generative and ultimately, sustainable organizations.
<p>Functioning strategically:</p> <ul style="list-style-type: none"> ▪ <i>SOAR creates a deeply committed purpose leading to organizational alignment</i> ▪ <i>SOAR evokes action and accountability</i> ▪ <i>SOAR fosters engagement and energy</i> 	<ul style="list-style-type: none"> ▪ Full system engagement and a deeply committed purpose evoke action and leads to energy for implementation. This supports many aspects of strategic capacity such as: an enabling culture, building capabilities, creating supportive systems, and learning. ▪ These combined findings lead to greater momentum and more successful implementation. ▪ These findings also foster change management and combination capability through motivating change and the development of new capabilities.
<p>Sensemanaging and Learning:</p> <ul style="list-style-type: none"> ▪ <i>SOAR promotes learning</i> 	<ul style="list-style-type: none"> ▪ Through full system engagement and dialogue, SOAR creates shared meaning thus, serving as a system of shared learning. ▪ SOAR acts as a sensemanaging mechanism which enables individuals to connect their actions to the strategic framework of the organization resulting in a shared vision.
<p>Enabling strategic culture</p> <ul style="list-style-type: none"> ▪ <i>SOAR is versatile and simple to use</i> 	<ul style="list-style-type: none"> ▪ SOAR can be utilized in many different applications at all levels of the organization, fostering widespread positivity, an enabling strategic culture, and participatory leadership. ▪ SOAR embodies many aspects of creating an appreciative learning culture (Barrett, 2005) through supporting affirmative, expansive, generative, and collaborative competencies.

The findings of this study support that the SOAR framework consistently delivers valuable outcomes, while building the capacities of the individual and the organization. All of these elements of the SOAR framework combine to create complementarities, accelerating strategic capacity, and transforming individuals and organizations. The findings of this study support the following proposition:

Proposition 3.8: SOAR™ resides at the center of the strategy, organizational learning, capacity building and POS, streams of research enabling many elements of capacity building, learning, and strategy, thus SOAR™ builds strategic capacity.

Sensemanaging. Sensemanaging involves facilitating the ability of the full system to understand the organization's context (i.e., markets, customers, economic and technological trends, strengths etc.) and connect how specific actions will further the vision, and mission of the organization. This involves facilitating sensemaking and sensegiving as well as environmental scanning, questioning, communicating, connecting, and listening. Sensemanaging is defined as the role of the leader to enhance the ability of themselves and others to make sense of the usual and unusual occurrences in their work (Seiling & Hinrichs, 2005).

It is the role of the leader to provide the tools, opportunities, and encouragement for sensemaking throughout the organization that helps individuals turn into strategic receptors for new opportunities while facilitating systems thinking. Sensemanaging enables a deep sense of collective purpose and engagement which leads to energy and action for participants. Sensemanaging represents a foundation of facilitative practices using multiple channels to engage the entire system in sensemaking and sensegiving activities of which dialogue represents a core component. Sensemanaging can be accomplished through meetings, focus groups, surveys, newsletters, and models that help individuals connect things. Sensemanagers engage in open-door management policies, and utilize 360 degree feedback, experiential learning, strategic plans, mission, vision, values statements, corporate identity, brand management, blogging, storytelling, visual depictions such as mind maps, slogans, performance reviews, and many other elements embedded in the strategic governance system. Table 7.11 details the benefits of sensemanaging that emerged from this study.

Table 7.11 *Benefits of Sensemanaging*

The Benefits of Sensemanaging	
▪	Enables people to make connections between their environment and the organization's strategic framework and respond accordingly, creating a context for moving the organization forward.
	Enables the creation of a shared vision, and collective sense of purpose.
	Controls the range of expression of the organization.
	Creates alignment and momentum of everyone moving in the same direction.
	Develops business acumen of the organization.
	Allows individuals to see opportunities and ways to leverage their strengths and develop the capacity of the organization.
	Creates buy-in and engagement.
	Key component of collective learning.
	Enables transformational reframing.
	Enables enacting and improvisation.
	Creates focus and energy which leads to more effective prioritization.
	Fosters strategic thinking.
	Enables the creation of an enabling strategic culture.
	Creates shared meaning.
	Fosters teamwork.
	Supports/enables change and adaptation.

Change capability. Key findings of this study are important dimensions to developing a change capability. They include: a change friendly identity, a continual future focus, the ability for dynamic reconfiguration of organizational design components, i.e., structures, reward systems, human capital, resources etc., with a focus on agile implementation to rapidly proto-type and test the effectiveness of strategies. With the existence of an embedded change architecture that enables widespread change management, change capability expands. Identity is constituted in culture (Hatch & Schultz, 2002). Organizational identity tells an organization who they are, what they believe, how to act, and what the organization's personality is all about. In this regard, identity is more than mission or vision--it embodies many other things like values, what participants stand for, and how others perceive the organization as a whole—as well as the members inside the organization. Change-friendly organization identities are externally focused and view change as normal and natural within an organization. A change friendly identity, coupled with a future focus, supports a culture that can more easily change (Worley & Lawler, 2009).

In addition, as discussed previously, organizations must be able to dynamically reconfigure key organizational design elements to align with new opportunities. This requires flexible, change-friendly, organization design elements such as: flat organizations, supportive hiring practices (i.e., for change friendly/competent individuals), reward for change competencies, adaptable reward systems, frequent stretch assignments for high potential managers, cross organizational teams, and flexible job roles. Widespread change management, enabled through the creation of a center of excellence to nurture a change capability, and the adoption of a standard change methodology that incorporates best practices with shared language and models for change. Change management also includes widespread training and mentoring in change management at all levels of the organization.

There are many change management models in the literature but the example cited in this study is the ADKAR (Hiatt, 2006) model for change. This model involves the following steps:

- (1) Create awareness of why change is needed.
- (2) Having the desire to support the change.
- (3) Possessing the knowledge of how to change.
- (4) Having the ability to implement new skills and behaviors.
- (5) Reinforcement to sustain change.

Another change management model is Kotter's (1996) described in *Leading Change*. Kotter addresses change through eight-steps with emphasis on establishing urgency for change and empowerment of members for participation in the change process. Deliberate practice and long term experience with change management through multiple change projects and capturing and incorporating lessons learned is necessary to realize a deeply embedded change capability.

Combination capability. Combination capability enables organizations to dynamically combine their capabilities (including capabilities across the entire value chain) in a "Lego®" fashion (i.e., interchangeably and synergistically) or to extend current capabilities and develop new ones in order to address new possibilities that present themselves in the emergent realm. In this view, capabilities are combined or created in such a way as to create new *repertoires of collective actions*. According to Webster's New World Dictionary (2008) repertoire is: "(1) the

stock of special skills, devices, techniques, etc. of a particular person or field of endeavor; (2) all the musical or theatrical works of a particular category....etc. available for performance” (p. 1215). Combination capability involves blending and integrating capabilities as well as developing new ones both internally and externally through acquisitions, strategic alliances, joint ventures, technology exchanges, and licensing agreements. Alliances and joint ventures allow an organization to incrementally experiment with the development of new capabilities with less risk and cost through leveraging the combined strengths of the entire enrichment chain.

A key theme that emerged from this study is the notion of ‘just in time’ capabilities. Here capabilities, are combined across the entire enrichment chain in a resourceful manner (i.e., in the right place and the right time) to address opportunities as they emerge. This involves flexible capacity of all participants, multi-skilled employees and partners, collaboration, and strong coordination and teamwork or partnerships across all levels. Effective blending involves the right mix of technical, economic (i.e., market), and organizational skills (i.e., change management) as well as generalists and specialists in both the management and technical realms. Team effectiveness maximizes when the most significant abilities, knowledge, and skills at all levels leverage in ways that enable new repertoires of action. This entails the purposeful establishment of the right recipe of ability, aptitude, and capacity when creating and combining teams. A genetic metaphor for this phenomenon is the expression of 26 pairs of human genes into an infinite range of new possibilities.

Another key finding of this study is that in order to combine and extend capabilities effectively organizations must proactively and systematically invest in the development of new capabilities. This requires that organizations notice what capabilities they need for the future via a gap analysis, then socialize this recognition into the organization. Resources then mobilize to develop the needed capabilities. Often this requires letting go of old models and mindsets and embracing new ways of operating. An organization may choose to experiment by creating a portfolio of future capabilities through making small investments in appropriate settings to

explore alternatives for new capabilities (note 3M's ongoing abilities in this area: see 3M.com).

This may be accomplished through nurturing a *greenhouse of capabilities*. This capability greenhouse builds through making multiple small bets and knowing that these bets are not all going to result in new game changing strategies

Finally, another important theme that emerged from this study is the notion of *positive expansiveness* or an organization's ability to expand individual and organizational capabilities to their optimal level. In this view, an organization builds upon the strengths of all participants, continually expanding its core competencies into new markets and channels in order to create new opportunities. A core competence represents a full and deep domain expertise that is enduring, comprehensive (i.e., supported at every stage of the life cycle), and acquired through experimentation, experiential knowledge, and customer affirmation over a long period. Experience builds social capital. Experience and customer affirmation results in competencies built up over long period, ultimately reflecting the organization's unique history.

Competencies are socially complex and are ambiguous as to their cause. These competencies often make an organization ideally suited for the needs of certain customers giving them a distinctive competence that is hard to imitate. In an expansive frame, core competencies (i.e., positive core of strengths) extend to multiple services and products much like Disney extends their animation capability into movies, hotels, theme parks, and toys. Another example of this expansiveness is Zingerman's Community of Businesses based in Ann Arbor, MI (Gunderson, 2009). This famous, award winning, delicatessen expanded its capabilities in artesian sandwiches to create other businesses in mail order, baking, catering, creamery, coffees, and casual dining. This organization accomplished this expansion through focusing on enrichment of all stakeholders at all levels of its value chain.

Key to this theme of expansiveness is the contribution of positivity which broadens thinking and builds resources (Fredrickson, 2009), also leading to new capabilities and creating upward spirals of collective efficacy toward optimal potentiality (Cameron, Dutton & Quinn,

2003; Fredrickson, 2009; Lindsley, Brass & Thomas, 1995). Positive emotions, energy, and human connections are generative (Cameron, Dutton & Quinn, 2003; Fredrickson, 2002, 2009), leading to more expansive thinking and social capital which enables greater repertoires of capabilities and resultant opportunities throughout the enrichment chain. According to Fredrickson, positivity is characterized by joy, gratitude, serenity, interest, hope, pride, amusement, inspiration, awe, and love. The findings of this study suggest that positivity is a key component of combination capability, increasing an organization's ability to combine and extend their positive core of strengths through amplifying and buffering effects.

Dynamic capabilities. Supported by literature, combination capability, defined by this study, as including *dynamic capabilities*, entails the ability to develop new capabilities. According to Helfat et al. (2007), dynamic capabilities can be defined as: “the capacity of an organization to purposefully create, extend or modify its resource base” (p. 4). Dynamic capabilities, a function of an organization's motivation (desire or willingness) and their ability to learn, often results from a crisis or competitive situation that creates a sense of urgency.

Absorptive capacity. The ability to develop new dynamic capabilities from resources outside the organization is a function of the organization's *absorptive capacity*, “a firm's ability to utilize external knowledge through the sequential processes of exploratory, transformative, and exploitative learning” (Lichtenthaler 2009, p. 822). These processes refer to an organization's ability to acquire knowledge from others and transform it for internal use. Absorptive capacity results from an extended process of investing in and accumulating knowledge (Tsai, 2001).

Combinative capability. Van den Bosch, Volberda, and Boer (1999) identify combinative capabilities as one determinant of absorptive capacity. Kogut and Zander (1992) defined combinative capabilities as the ability: “to generate new applications from existing knowledge (p. 391).” Van den Bosch, Volberda, and Boer (1999) identify three types of combinative capabilities: (1) systems capabilities, (2) coordination capabilities, and (3) socialization capabilities. High scope and flexibility of knowledge absorption relates to

coordination capabilities while high efficiency of knowledge absorption relates to systems and socialization capabilities. Combinative capability is different from combination capability in that combination capability operates as an umbrella for the activities of orchestration and blending of current capabilities, developing new capabilities and positively expanding capabilities. Whereas, combinative capability represents one aspect of absorptive capacity which is concerned with the absorption of external knowledge. In this sense, combination capability represents a much broader view than combinative capability.

Teece, Pisano, and Shuen (1997) contend that the process of developing dynamic capabilities involves cyclic learning (acquiring knowledge), reconfiguration (recombining, redeploying capabilities), coordination (assigning resources and tasks), and integration (cross-functional routines). According to Spanos and Prastacos (2004) capability building represents a purposeful and persistent weaving (i.e., synthesis and integration) of a hierarchy of individual, group, and organizational stocks of resources and knowledge. According to Stavros (1998), capacity building is a “social process involving interdependent relationships”. Lavie (2006) identified three mechanisms of capability reconfiguration: (1) capability substitution, (2) capability evolution, and (3) capability transformation. All three of these mechanisms involve considerable commitments in time and cost.

Wooten and Crane (2004) assert that a humanistic work ideology contributes to the generation of dynamic capabilities. A *humanistic work ideology* is characterized by a concern for the well-being, growth, and development of organization members. Collins and Smith (2006) found that commitment-based human resource practices lead to more effective knowledge exchange and combination. These practices consist of a combination of approaches that foster employee development and growth. The findings of this study on strategic capacity support the contention that individual's must proactively be willing and motivated to contribute, experience a sense of affiliation towards each other and feel committed to the goal as a worthwhile endeavor in order to effectively combine and develop capabilities.

Summary of the framework of metacapabilities for building strategic capacity.

Strategic capacity is supported by the metacapabilities of: sensemanaging, relational generativity, learning, change capability, and combination capability. In addition, SOAR builds strategic capacity. Strategic capacity is multi-level and inclusive seeking to engage the full system in building the potential of all participants---employees, suppliers, customers, institutions, and those in the organization's greater environment. Complementarities among all of these capabilities, including positivity, result in a mutually reinforcing upward spiral of collective efficacy leading to new possibilities and more generative organizations. With the exception of global capacity, these findings support Stavros' (1998) Relational Framework of Capacity Building in all realms which specifies that capacity building is relational and multi-faceted involving participatory learning and that Appreciative Inquiry facilitates capacity building. These findings extend Stavros' (1998) work to encompass the metacapabilities of sensemanaging, change capability and combination capability within many internal and external realms of organizations. In addition, this work extends Stavros' (1998) seminal work to the realm of for-profit organizations. Table 7.12 compares the frameworks for capacity building discussed in these conclusions.

Implications for Further Research

The goal of this exploratory research was to develop new insights leading to a generative approach to strategy that better addresses the dynamic requirements of today's competitive landscape. Strategic capacity is a construct which has been little studied to date. Ganz (2000, 2005, 2009) first defined this construct in his seminal work on California Unionization in the 1950's and 1960's. According to *Webster's New World Dictionary* (2008) a construct is: "(1) a concept or theory devised to integrate in an orderly way the diverse data on a phenomenon; (2) something built or put together systematically" (p. 313). In this study, the theory and frameworks presented for building strategic capacity, developed from a grounded theory analysis of 39 interviews, applicable published case stories and archival data, and an extensive literature review, which resulted 14 propositions regarding the key dimensions of strategic capacity and how it can

be built. The theoretical frameworks and propositions developed through this study are intended to be a springboard from which future research can be built. A multitude of areas that would benefit from future research resulted in interpretation of the existence of strategic capacity.

Constructs are mechanisms that help us make sense of complex phenomena as observed and measured. This permits prediction about the cause and effect of independent and dependent variables. A major area for future research would be quantitative and mixed methods studies that allow for the linkage of strategic capacity to organizational performance. In addition, these studies would facilitate the assessment of relative strength in each of the metacapabilities in building strategic capacity. For example, how much does the combination of all metacapabilities identified in this study contribute to building strategic capacity and ultimately to organizational performance? Are some metacapabilities stronger contributors to building strategic capacity than others? This could be accomplished through surveys, regression analysis, interviews and case studies going forward.

Additionally, no studies exist to date of strategic capacity development at the multi-organizational and global levels. A fruitful area for future research would be to better understand the specific capabilities that support strategic capacity between multiple organizations and also how this capacity may contribute to the support and advancement of global society. Future qualitative studies may further specify specific strategies for building strategic capacity at the global and multi-organizational levels across for-profit, governmental, and non-profit organizations. This may be accomplished through case studies of organizations achieving their missions and visions across multi-organizational and global boundaries.

Another interesting area for future research would be to understand the maturity development model of strategic capacity over time. The primary research question here would be: how does strategic capacity develop over time and how can it be measured? The primary goal for this research would be to develop a capability maturity model for building strategic capacity that would enable its measurement and development. This would involve longitudinal

case studies of organizations using the approaches and frameworks identified in this study. From this work, a configurational approach to building strategic capacity could be developed which would enable organizations to develop strategic capacity using general approaches, dependent upon their present context. Salient contextual features of interest may be market dynamism, and size, or culture of the specific organization.

A considerable range of latitude is described in this study for how organizations can implement an effective strategic governance system that promotes thinking and functioning strategically at the planned and emergent levels in all four quadrants of the organization as depicted in Table 7.4. As Stavros (1998) indicates, capacity building is an ongoing and dynamic process that is very context specific. An area for future research here would be the development of a better understanding of the various approaches that could be utilized in accomplishing the objective of an effective strategic governance system. A key research question would be: what does an effective strategic governance system look like and how is it implemented? What components are necessary for an effective strategic governance system to manage strategic capacity at both the planned and emergent levels? This objective could be accomplished via case study analysis of organizations utilizing an effective strategic governance system.

Finally, the SOAR framework was found to be a versatile, simple, and powerful framework that can be utilized in a multitude of ways for applications such as strategic planning, leadership development, coaching, conflict resolution, and continuous improvement among others. It would be very interesting and compelling to explore these other applications in order to assess the specific practices and ability of the SOAR framework to achieve more successful outcomes as compared to other alternatives. This could be accomplished through various qualitative, quantitative, and mixed methods approaches such as case studies, ethnographies, experiments, surveys, and interviews. A specific next step could be follow up interviews of SOAR exemplars presently utilizing the SOAR framework in other applications as well as experiments designed to identify the key competencies and results of other applications of the

SOAR framework as compared to more traditional approaches. One such experiment could be comparing a SWOT facilitation with a SOAR facilitation to assess results.

Implications for Practice and Recommendations

This research has culminated in a comprehensive and holistic approach to strategy that integrates the many diverse, seemingly conflicting, and often bewildering streams of the strategy content, process, and implementation literatures of the field of Strategic Management. The theoretical frameworks and propositions presented in this study provide a skeleton for practitioners to think about managing strategy at both the planned *and* emergent levels, as well as identifying the metacapabilities supporting building strategic capacity leading to organizations that are more effective. Practitioners can utilize these theoretical frameworks to begin experimenting with building strategic capacity and the SOAR framework. As with any capability, this involves purposeful experimentation, building capabilities, deliberate practice, and continuous learning and improvement. Capacity building is very contextual (Stavros, 1998) and different organizations will require a different mix of approaches to strategy generation and enactment, full system engagement, participatory leadership, and positivity depending upon their unique context. In general, a high engagement, high abundance model will lead to extraordinary performance but lower levels of engagement and participation will still result in successful organizations. Maturity levels in developing strategic capacity will increase over time with deliberate practice and continuous improvement.

SOAR is a generative framework that supports and accelerates building strategic capacity, ultimately transforming individuals and organizations. As such, the SOAR framework can be utilized in large groups and small groups to support strategy generation, and implementation planning. Ideally, SOAR engages the entire system (including all stakeholders) to build upon strengths, engage in possibility thinking, and expand participation in the development of SMART goals and objectives for strategy implementation. SOAR creates energy that informs action. The SOAR framework is very versatile, and can be utilized for many

applications such as individual coaching, leadership development, brand management, problem-solving, continuous improvement, and conflict management. SOAR crates energy that informs action. SOAR also fosters learning and engagement and can be utilized as a shared learning system in many different applications. One example may be to better understand the voice of the customer through appreciative interviews and utilization of the SOAR framework. SOAR can also function as a sensemanaging tool that enables individuals across the organization and multi-organizations to better understand the mission, vision, and strategies of the organization and relate them back to individual actions. Finally, SOAR elements have been tested based on suppliers' perceptions of their customers (Sprangel, 2009) and SOAR was found to build trust and promote better supplier development and partnership. SOAR can be utilized throughout an organization to foster trust and relational generativity.

Many of the SOAR exemplars in this study expressed the desire to get together with other study participants to share ideas and create a forum for documenting best practices. It was originally hoped that a focus group could be part of this study but, time constraints relegated this to the realm of future research. A near-term goal for future research would be to host a focus group for the participants of this study to further validate the construct of strategic capacity and the contribution of the SOAR framework. In addition, a future goal would be the establishment of a community of SOAR users to provide help and support for future practice.

Relationship between Results and Theory

Strategic capacity. The construct of strategic capacity is supported by previous work of Ganz (2000, 2005, 2009) in his case study of why the insurgent United Farm Workers (UFW) succeeded in unionizing California's farm workers in the 1950's and 1960's versus its better resourced rival, The Agricultural Workers Organizing Committee (AWOC). It is important to note that Ganz (2000, 2005, 2009) studied the actions of these unions during the 1950's and 1960's time period. This was a very modernist period, so the results of the Ganz case study reflect this *modernist perspective*. In addition, the study for this dissertation, was approached

through a *capacity building perspective* representing an entirely different theory base than that utilized by Ganz. Even though the two studies supporting strategic capacity utilized entirely independent approaches, the results of this study validate and extend Ganz's findings in many ways. Table 7.12 summarizes the major findings of both studies to date.

Table 7.12 *Summary of Major Findings for Strategic Capacity to date*

Category	Ganz Study (2000, 2005, 2009)	Malone Study (2010)
Setting and methodology.	Case study of two Unions in the social movement realm in the 1950's and 1960's.	Grounded theory analysis in the non-profit, government, and for-profit realms of 39 interviews with SOAR and strategy exemplars.
What is strategy?	Framing specific choices about targets, timing, and tactics through which organizations deploy their resources.	Strategy entails the establishment of a purposeful direction for achieving an organization's future intentions. It involves defining the contribution the organization intends to make to its shareholders, employees, customers, and communities. Strategy is a pattern of collective choices about where and how to compete in uniquely positioning an organization to attain a flow of competitive advantages. These choices require the organization to build competencies and deploy critical resources in a dynamic manner in order to achieve its aspirations.
What is strategic capacity?	A series of more effective tactics.	Strategic capacity is a deeply embedded capability for strategy. Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting <i>in relationship</i> with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices and dynamically building and deploying critical resources necessary to successfully deliver the organization's contribution to its shareholders, employees, customers, and communities.
How can strategic capacity be built?	<p>Leadership: biography, network ties, repertoires.</p> <p>Leadership motivation, salient information and heuristic processes.</p> <p>Organization: deliberative structures, resource flows, accountability.</p>	<p>Strategic governance system operating at the planned and emergent levels.</p> <p>Engaged and engaging leadership.</p> <p>Supportive systems and structures. Enabling strategic culture.</p> <p>Building capabilities at all levels.</p> <p>Key levers: full system engagement, participatory</p>

		leadership, and positive organizational scholarship.
What metacapabilities enable strategic capacity?		Sensemanaging. Relational generativity. Change capability. SOAR builds strategic capacity. Learning. Combination capability.

Capacity building. The results of this study contribute to the capacity building literature on providing a framework for building capacity in non-profit, for-profit, and governmental agencies. As discussed elsewhere in these conclusions, these findings support and extend the Stavros (1998) Relational Capacity Building Framework, which specifies that capacity building is relational, it involves participatory learning, it is multi-faceted, and Appreciative Inquiry facilitates capacity building as depicted in Figure 7.3. Given that SOAR represents an extension of Appreciative Inquiry, the findings of this study support Stavros (1998) framework and extend them to include the contributions of SOAR, sense-managing, combination capability, and change capability in the for-profit, government, and non-profit realms. Table 7.13 compares and contrasts these two streams of research.

Table 7.13 *Summary of Major Findings of Stavros (1998) and Malone Frameworks*

Category	Stavros Study (1998) Stavros, Seiling and Hinrichs (2008)	Malone Study (2010)
Setting and methodology.	Case study of four NGOs and Meta-ethnography of six SNGOs including over 100 interviews.	Grounded theory analysis in non-profit, government and for-profit realms of 39 interviews with SOAR and strategy exemplars.
What is capacity?	Capacity is the ability or potential to mobilize resources and achieve objectives. It is everything necessary to construct the relationships required to achieve an organization's vision, mission, and goals.	Strategic capacity is a deeply embedded capability for strategy. Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting <i>in relationship</i> with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices and dynamically building and deploying critical resources necessary to successfully deliver the organization's contribution to its shareholders,

		employees, customers, and communities.
What key organizational capacities are required?	<p>Achieving a strategic focus.</p> <p>Financial.</p> <p>Governance.</p> <p>Information Sharing and use of technology.</p> <p>Service delivery and Social/human capital.</p> <p>Appreciative inquiry accelerates capacity building.</p>	<p>Strategic governance system operating at the planed and emergent levels.</p> <p>Engaged and engaging leadership.</p> <p>Supportive systems and structures.</p> <p>Enabling strategic culture.</p> <p>Building capabilities at all levels.</p> <p>Key levers: full system engagement, participatory leadership, positive organizational scholarship.</p>
What metacapabilities enable strategic capacity?	<p>Capacity building is multi-faceted extending from organizations to multi-organizations to the global realms.</p> <p><u>Propositions for capacity building:</u></p> <p>Capacity building is relational.</p> <p>Capacity is a participatory, mutual learning process.</p> <p>Appreciative Inquiry can facilitate capacity building.</p>	<p>Capacity building is multi-faceted extending from individuals to groups to organizations to multi-organizations.</p> <p><u>Key metacapabilities for strategic capacity:</u></p> <p>Relational generativity.</p> <p>Learning.</p> <p>SOAR builds strategic capacity.</p> <p>Sensemanaging.</p> <p>Change capability.</p> <p>Combination capability.</p>

Positive organizational scholarship. This study makes a contribution in the realm of positive organizational scholarship (POS) through connection of POS to strategy and capacity building. To date, only one study was found that extends POS to strategy (Wooten & Crane, 2004) which suggested that a humanistic work ideology leads to dynamic capabilities. The findings from this study support utilization of the strengths-based SOAR framework, noting that it builds strategic capacity of which positivity is a key accelerator. Thus, this study extends POS as a critical component for generative strategy. Specifically, the findings in this study support and build upon the work of Sutcliffe and Vogus (2003) in the research stream of organizational resilience.

According to Sutcliffe and Vogus (2003), organizational resilience represents the ability to manage the trade-offs between building an organization's overall competence and fostering its growth. In particular, competencies such as mindfulness, the ability to recombine resources in dynamic ways, generative relationships, and learning are linked to resilience which ultimately fosters positive adaptability and dynamic capabilities. The findings from this study support and extend this work in that the metacapabilities for building strategic capacity are (1) relational generativity, (2) learning, (3) SOAR, (4) sensemanaging, (5) change capability, and (6) combination capability. In addition, the framework for building strategic capacity and the strategic governance system as depicted in Figures 7.1 and 7.2 provide an approach to managing the tradeoffs for building competencies and fostering growth which is key to organizational resilience.

Dynamic capabilities. Another important finding of this study is that an outcome of strategic capacity is the creation of dynamic capabilities suggesting that the theoretical frameworks and propositions presented in this study may overlap key elements of the 'black box' of the process for building dynamic capabilities. This overlap is supported by the longitudinal case study work of Montealegre (2002) in developing a process model for capability development. According to Montealegre (2002), this serial process consists of: (1) establishing a direction, (2) focusing on strategy development, and (3) institutionalizing the strategy. All of these phases embody the theory and frameworks presented in this study for building strategic capacity. Thus, studying strategic capacity represents a fruitful opportunity for understanding how organizations can create dynamic capabilities. These findings support the following proposition:

Proposition 3.1: Strategic capacity enables dynamic capabilities and thus, studying this topic may lead to a better understanding of where dynamic capabilities come from, extending the literature on the RBV and KBV of the firm.

Strategic management. This study synthesizes and integrates various strategy content, process, and implementation literature streams to provide a more comprehensive and holistic view that builds strategy in the four quadrants. The quadrants include: (1) people and leadership, (2) culture, (3) systems and structures, and (4) strategic behaviors as depicted in Table 7.4, involving strategic management at both the emergent and planned levels, as illustrated in Figure 7.2. More specifically, the findings presented in this study build upon and extend the work of Hart and Banbury, (1994); Brews and Hunt, (1999); and Anderson, (2004), by illustrating how multiple modes of strategy making can be employed through the utilization of a strategic governance system.

In addition, this study supports and extends the fourth (and most mature) stage of the maturity model for a strategically managed company developed by Gluck, Kaufman and Walleck (1982). This phase is characterized by (1) a well defined strategic framework, (2) a strategically focused organization, (3) widespread strategic thinking capability, (4) a coherent reinforcing management processes, and (4) a supportive value system and climate. The findings from this study define two theoretical frameworks and propositions for developing a strategically managed company as noted above.

Limitations of this Study

In general, qualitative studies are considered to be context specific and not generalizable to other settings. Newman and Benz (1998) discuss this phenomenon in their book *Qualitative-Quantitative Research Methodology: Exploring the Interactive Continuum* and identify considerations that may increase the ability to generalize qualitative studies. The concepts of *applicability*, *transferability*, and *replicability* are identified as the kinds of questions a researcher may ask in order to discern if a study can be applied to wider audiences. Table 7.14 provides more detail for these conceptions.

Table 7.14 *Questions to Ask to Identify the Possibility of Qualitative Research Generalization*

Question Topic	Application to this Study
<i>Applicability:</i> can this research be applied to other samples?	To the extent that samples are similar, applying the results can be done comfortably.
<i>Transferability:</i> do the findings of this research hold up in other settings or situations?	If what is being observed is not dependent on the context in which it is being observed it can be generalized to wider audiences.
<i>Replicability:</i> what is the outcome that a given event will happen again if given the same circumstances?	In order to support replication of results, changes that are due to identified effects and the frequency of these effects at different points in time and in different settings is necessary.

Note: Adapted from Newman, I. and Benz, C. (1998); *Qualitative-Quantitative Research Methodology. Exploring the Interactive Continuum*, Carbondale, IL: Southern Illinois University Press, , pp. 54-55.

According to Patton (2002), the degree of transferability of qualitative research depends on the similarity of the compared contexts. Patton (2002) notes that, rather than generalizing findings, they may be able to “extrapolate” which he considers to be:

Extrapolations are modest speculations on the likely applicability of findings to other situations under similar, but not identical conditions. Extrapolations are logical, thoughtful case derived, and problem oriented rather than statistical and probabilistic. Extrapolations can be particularly useful when based on information-rich samples and designs that is studies that produce relevant information carefully targeted to specific concerns about both the present and the future. (p. 584)

Given the preceding discussion, this study is very context specific, difficult to replicate and, although the research procedures have been specified in detail, the grounded theory analysis was subject to researcher interpretation. The sample population is reflective of practitioners and scholars (consultants, scholars, and leaders) who are experts in strategy and/or have implemented the SOAR framework in various organizations. Many of these participants have wide business experience with many organizations utilizing many different types of other tools. In addition, many of these exemplars are scholars, consultants, teachers, and business executives, thus their dual experience makes them uniquely suited to inform the exploration of strategic capacity and

the SOAR framework. This wide experience in many settings may lend itself to extrapolation within for-profit, government, and non-profit settings.

Ultimately, the purpose of this study is to explore and describe rather than explain and generalize. Chosen for its ability to provide informative, rich data, in-depth and detail, the qualitative design of this study enabled the understanding and illumination of the construct of strategic capacity and the application of the SOAR framework in building that capacity. The theory and framework that emerged from this research can then be developed into testable hypotheses for future quantitative research methodologies.

Finally, because the qualitative researcher is the instrument of the research (Patton, 2002), research results can be subject to researcher bias. Grounded theory analysis involves the creation of many subjective categories and making connections based on what the researcher sees utilizing the researcher's own worldview. Patton (2002) suggests that, from a postindustrial view, there is no real truth and every thing is subjective, even quantitative research. Another approach for the qualitative researcher, according to Patton (2002), is to seek "*trustworthiness* and *authenticity* by being balanced, fair, and conscientious in taking account of multiple perspectives, multiple interests, and multiple realities (p. 575)". The results from this study as presented in Chapters Five and Six and the conclusions derived in this chapter, reflect the scrupulous conscientiousness of this researcher in ensuring that the multiple perspectives were fairly represented and illuminated in a balanced manner.

Summary and Conclusion

This study set out to discover and map out a framework for a more generative approach to strategy, enabling new language and possibilities for strategizing. The goal was to better meet the imperatives of today's dynamic environment. The construct of strategic capacity was explored as a generative approach to strategy that could potentially enable the successful generation and implementation of strategies, facilitate dynamic reconfiguration of an organization's capabilities, and harness employee creativity and potential, ultimately leading to

more effective and sustainable organizations. The construct of strategic capacity addresses the need for a post industrial perspective of strategy, leading to more generative possibilities for strategizing as illustrated in Table 7.15:

Table 7.15 *Strategic Capacity as a Generative Approach to Strategy*

Generative Perspective	Strategic Capacity Perspectives
1. Static to <i>flowing</i> .	1. Strategies flow from the potentiality mode to the enactment mode on a cyclical, continual, dynamic basis.
2. Top management team to <i>community</i> .	2. The full system is engaged in developing and implementing strategies. Each individual acts as a member of a community in this regard.
3. One best way to <i>pluralism</i> .	3. Multiple strategies are articulated and explored in an experimental fashion.
4. Predictive to <i>co-creation</i> .	4. By involving the full system, the future is co-created with customers, employees, and suppliers as well as other supra-ordinate stakeholders.
5. Implementing to <i>enacting</i> .	5. Strategies are enacted through co-creating the future.
6. Mechanistic to <i>organic</i> .	6. Because the full system is engaged, and strategy making is supported at all levels, strategy becomes a living force within the organization.
7. Competing to <i>becoming</i> .	7. Strategic capacity is an upward spiral of becoming.
8. Content to <i>context</i> .	8. Strategies are based upon strengths and capability development at all levels.
9. Process to <i>embedded capability</i> .	9. Strategic capacity is a deeply embedded capability for strategy supported by systems, structures, and processes of the organization.
10. Incremental to <i>revolutionary</i> .	10. Strategic capacity is generative leading to innovative thinking and new possibilities moving towards an organization's ultimate potential.
11. One approach to a " <i>bricolage</i> " (i.e., using a multiplicity of what is at hand to create something).	11. Strengths are leveraged in a Lego® fashion to create new repertoires of capabilities.
12. Seeking congruence to <i>embracing paradox</i> .	12. Multiple, seemingly paradoxical, approaches are utilized in building strategic capacity, which is managed at both the planned and emergent levels.
13. Problems to <i>possibilities</i> .	13. Problems and challenges are reframed leading to new possibilities.
14. Employees as objects to employees as	

<p><i>“members”</i> (Seiling, 1997).</p> <p>15. Bounded rationality to <i>bounded emotionality</i> (Mumby & Putnam, 1992).</p>	<p>14. Employees are members of a community.</p> <p>15. Members are emotional beings and positive emotion leads to broader thinking and building of new capabilities which in turn enables new possibilities.</p>
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Strategic capacity addresses the fundamental issues of the field of strategic management by promoting dynamism, human engagement, fresh and innovative strategies, and a focus on dynamically building capabilities at all levels. Thus the conclusions from this study support the following proposition:

Proposition 2.3: Strategic capacity embodies the creation of a new concept, using new language to reframe the strategy literature and, as such, poses a “generative theory” of strategy leading to new possibilities for strategizing.

The framework for building strategic capacity as described in Table 7.4, and Figures 7.1, 7.2, and 7.4, provide an integrated, comprehensive and holistic approach to strategizing. Building strategic capacity opens up new avenues for strategizing and the field of strategic management.

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Appendix One

Summary of SOAR Applications as of December 2007

Selected Information	Client	Brief Description of Work
BAE Systems		To create a division wide strategic plan.
Biological Conservation Charity		To create a strategic plan with priorities that served as a living document.
CASE University		To create a strategic plan and new brand identity for the university.
Cathedral Foundation		To bring stakeholders together to design a plan to serve all its community members.
DBC – National Healthcare Board		To apply appreciative strategy to co-create an engaging leadership team to create a shared vision for its national planning board.
Department of Justice		To create a strategy to outsource IT and restructure.
Esperanza School District		Transformative strategic design process to build capacity for sustained future action.
Fairmont Manufacturers		To discover sustainable manufacturing solutions.
FCI Automotive		To discover a strategy to improve supply chain management and inventory quality.
Girl Scouts USA		To create a strategic plan without the position of the President being filled based on the involvement of its stakeholder.
Haverwood Healthcare		To decide whether to sell or close an assisted living center.
Hayes-Lemmerz – Cadillac		To discover how the plant can be profitable while decreasing operational costs and improving plant efficiencies. Plant sales are flat.
Hospital and Health Association of PA		To build strategic capacity for better work and care in six hospital project.
Innovation Partners International		To create strategy mind maps and strategy on a page.
Jefferson Wells		To engage the whole practice in strategy development and execution.
John Deere		To align strategy at corporate, business, and functional areas.
Lawrence Tech University		To identify the core values, vision, mission, and strategic initiatives of the university to support the Master Campus Plan.
Metropolitan Library System		To strategic integrated a Chicago metro library system.
NECC		To create a three year strategic plan for a community college.
Orbseal Plymouth Tech Center		To align a newly created technology center with corporate strategy. This is the first division created that is physically relocated into a new state next to its OEM customers.
Private Equity Firm		To create a more future focused approach to strategy development and test ideas during strategy sessions.
Roadway		To engage its unionized workforce and management into strategizing about the company's future.
San Diego School System		To bring a community together to create constructive accountability to improve the school system.
Tendercare		To identify the positive care core to increase census while placing the residents, family members, and community in the center of the circle of quality care.
Textron		To discover the positive core of its Textron Fastening Division to

	create a strategic plan focused for growth and redefinition of its commodity products.
United Nations—global compact	To plan the strategic growth of the UN and how business can come together with world government leaders.
United States Agency for International Development	To launch a strategic planning session and three day strategic planning retreat.
Utah – Education Association	To build collaborative alliances with private and public educational groups that best supports a vision of ‘Moving Every Child Forward’.

Source: Created by Jackie Stavros from internal documents and stories on SOAR, 2000 - Present

Appendix Two

First Round Interview Guide

Welcome to the interviewee

Welcome the interviewee and let them know how important their responses will be to the study. Chat informally for a few minutes to help the interviewee relax and get both parties comfortable.

Informing the interviewee

Before beginning the interview:

1. This interview will be strictly confidential. No names will be identified on any transcriptions and no one else other than the transcriber will hear the tape.
2. The interview candidate will receive a copy of the transcription for review.
3. Review the consent form and ask the interviewee to sign it. A copy will be retained by the interviewee.
4. The interviewee may stop the interview and/or the tape recorder at any time.
5. There may be up to three rounds of interviews. The first round will be based upon the following questions. Their responses along with others will be analyzed and used as the basis for developing another interview guide. After this second interview there may be subsequent follow up questions.

The interview

The following questions will be asked and probes will be utilized only to gain clarification, illumination and depth (note the below lists represents a range of possible questions):

Interest Topic: Definition of Strategic Capacity

- 1) What does strategy mean to you?
- 2) What does strategic capacity mean to you?
- 3) How can strategic capacity be built? Can you share a story with me about how your organization builds strategic capacity?
- 4) A competence can be viewed as ability, aptitude, or a capacity. What do you think are some of the key competencies needed to develop strategic capacity?
- 5) What accelerates strategic capacity building in your organization?
- 6) What would you like to learn from this study that would enhance your organization's ability to build strategic capacity?

Interest Topic: SOAR

- 7) Please describe the process you have been through as a SOAR participant. How did you hear about SOAR? What first attracted you to SOAR? What were your initial impressions?
- 8) Based on your experience so far, what do you value most about the SOAR framework? What would you define as the core characteristics of SOAR (without these SOAR would not be what it is)? What are the strengths of this framework?
- 9) As you reflect on your experiences with SOAR, tell me a story about a high point.
 - a) What made the exceptional experience possible?
 - b) What did you do to make it possible? Who else contributed to it?
 - c) What decisions led to this peak experience? How were these decisions made?

- d) When did you know it was working? How did you know it?
- e) Were there times when you said to yourself, “this is working!” What was happening during those times?
- 10) When did you feel most successful in terms of your own contributions to the project?
- 11) What in your view has been the greatest achievement of using the SOAR framework? What made it outstanding?
- 12) What makes SOAR unique or different from other practices you have tried?
- 13) What other methods, tools or techniques have you used with the SOAR framework?
- 14) What results i.e., products, knowledge etc. have come out of this project? How have they been disseminated?
- 15) Please give me two or three specific examples of how you have implemented strategic initiatives that came out of the SOAR project.
- 16) What has surprised participants the most over the course of using the SOAR framework?
- 17) Based on your best experiences with SOAR, what are some wishes you have for how you might have more exceptional experiences with the SOAR framework?
- 18) If an organization was just starting out with the SOAR framework and wanted to learn from your experiences, what’s the best piece of advice that you could give them?
- 19) If you could transform the ways in which you do your work, what would it look like and what would it take to happen?

Probes and follow-up questions

To deepen the response to the questions, the following techniques can be used (Patton, 2002):

- a) A conversational probe to get more detail
 - When did it happen?
 - Who else was involved?
 - Where were you during that time?
 - How did that come about?
 - What was your involvement in that situation?
- b) An elaboration probe to get the interviewee to talk more about the topic:
 - Making a quiet “uh-huh” and nodding your head
 - Would you elaborate on that?
 - Could you say more about that?
 - I’m beginning to get the picture. Can you expand more on what you are saying?
- c) Clarification probes:
 - What do you mean by (insert issue here)?
 - I am not sure I understand what you meant by that. Let me repeat to you what I think you said then you can correct me or further explain.
 - Can you repeat what you said so I can make sure I understand?

Appendix Three Executive Summary

Purpose of Study

This research utilizes an appreciative lens to explore the meaning of strategic capacity and the potential for application of an emergent framework, SOAR (Strengths, Opportunities, Aspirations, Results) as a promising approach for building and sustaining strategic capacity in organizations. This study will be focused on participants who have used the SOAR framework.

The benefits to organizations of participating in this study include:

- The development of a framework for building strategic capacity.
- An understanding of how SOAR can contribute to building strategic capacity.
- A compendium of SOAR best practices improving the SOAR framework
- Becoming a stronger, more effective and higher performing organization

Research Questions

The following research questions will be explored through in-depth interviews of key organizational leaders who have implemented the SOAR framework within their organizations, case studies of organizations who have utilized SOAR and a comprehensive review and analysis of the academic literature. Broadly, these questions explore the meaning of strategic capacity and the contribution of the SOAR framework to its development.

1. What is strategic capacity?
 - How does strategic capacity connect to strategy research?
 - How does strategic capacity connect to organizational performance?
2. How can organizations build strategic capacity?
3. What is SOAR and how can it be utilized as a framework in building and sustaining strategic capacity?
4. How can SOAR contribute to the Strategy Research field?
 - Based on a thorough review of the field of strategy and strategic planning literature, how does “SOAR” support both traditional and newly emergent theories, principles, methods, and constructs for a more effective dynamic approach to strategy?
5. How can this research study inform practice to create more effective organizations?
 - Since SOAR is an emergent framework to strategic planning, what organizations are using SOAR, how are they using it and what is the impact of the SOAR framework?

Appendix Four
Informed Consent Form
Certificate of Informed Consent

Research Project: SOAR and its contribution to the development of strategic capacity.

Researcher: Patricia Malone
 Doctorate in Business Administration Program
 Lawrence Technological University, Michigan, USA

Description of Research:

The main purpose of this exploratory research is to discover strategic capacity and the contribution of a newly emergent framework, SOAR (Strengths, Opportunities, Aspirations, Results) in building and sustaining this capacity.

Human Subject Involvement:

The research will be conducted using face to face, small group, or phone interviews. The duration of each interview is approximately 60-90 minutes. Follow up discussions via telephone, email or Blackboard may be involved. There is no adverse risk or physical discomfort associated with these interviews. Participation in this research is totally voluntary.

Benefits of Research:

The benefits to firms of exploring strategic capacity and discovering SOAR's contribution to building and sustaining this capacity are:

- The development of a definition and framework for building strategic capacity.
- The understanding of how SOAR contributes to developing and sustaining this capacity.
- Improvement of the ability of the organization to employ strategies ultimately leading to sustainability.

There is no direct benefit to research subjects individually.

Costs: Interview candidates may incur transportation costs to the interview site location.

Confidentiality:

Interviews will be tape recorded and discussions transcribed into text. Transcribed interviews will be returned to the interview candidate for validation. When the dissertation is complete the audio records will be destroyed. Individual responses will be used in the dissertation; however no names will be used to identify interviewees.

Please sign below if you are willing to have this interview audio recorded.

Signature

Date

Consent:

I have read the information given above. Patricia Malone has offered to answer any questions I have about the study. I consent to participate in this study.

Participant's Name (Print)
Date

Participant's Signature

Interviewer's Signature

Patricia Malone:

Date

pritzlermalone@yahoo.com

231-544-4223

Appendix Five: Propositions Regarding Strategic Capacity

Proposition 2.1: Generative (postindustrial) strategy is a multi-dimensional, dynamic construct involving relationships, learning, innovation, flexibility, and fluidity to enable building dynamic capabilities at all levels of the organization.

Proposition 2.2: The opportunity exists to re-conceptualization the strategy literature utilizing a capacity building perspective to enable more generative and dynamic approaches to strategizing i.e., the creation of *strategic capacity*. This conceptualization will enable a more holistic and integrative approach to strategizing. Strategic capacity is an embedded metacapability that enables an organization to bridge the gap between its performance and its potentiality. In this respect, strategic capacity is about *becoming*.

Proposition 2.3: Strategic capacity embodies the creation of a new concept using new language to reframe the strategy literature and as such, poses a “generative theory” of strategy leading to new possibilities for strategizing.

Proposition 2.4: Strategy entails the establishment of a purposeful direction for achieving an organization’s future intentions. It involves defining the contribution the organization intends to make to its shareholders, employees, customers and communities. Strategy is a pattern of collective choices about where and how to compete in uniquely positioning an organization to attain a flow of competitive advantages. These choices require the organization to build competencies and deploy critical resources in a dynamic manner in order to achieve its aspirations.

Proposition 2.5: Strategic capacity can be defined as the ability of an organization to obtain its vision, mission, and goals, leading to its ultimate sustainability. It involves every individual member in the organization acting *in relationship* with others and the organization (i.e., systems, structures, culture, leadership) in collectively making strategic choices, and dynamically building and deploying critical resources necessary to successfully deliver the organization’s contribution to its shareholders, employees, customers, and communities.

Proposition 2.6: Strategic capacity is a multi-dimensional construct involving learning, innovation, building organizational capabilities, and continuous strategy development, leading to a “collective intelligence” that is supported by an aligned infrastructure consisting of leadership, culture, structure, and systems, all of which can be dynamically re-configured to address new opportunities as needed. Collective intelligence involves continuous organizational learning, mindfulness, sensemaking, and heedful interrelating.

Proposition 3.1: Strategic capacity enables dynamic capabilities and thus studying this topic may lead to a better understanding of where dynamic capabilities come from extending the literature on the RBV and KBV of the firm.

Proposition 3.2: Strategic capacity as a multi-dimensional construct utilizes multiple, seemingly conflicting and paradoxical approaches to strategy generation in order to ensure success at both the planned *and* emergent levels.

Proposition 3.3: Implementation skills are important to strategic capacity and should focus on the skills of decision commitment, learning, communication, involvement of key individuals, and procedural justice in decision making. Implementation and formulation should be considered as simultaneous activities.

Proposition 3.4: Strategic capacity considers the interplay between all theories of strategy within four realms: individual, cultural, processual, and behavioral and attempts to adopt strategy development approaches that address each quadrant of the holistic view of strategy as described in Figure 3.3. This approach enables both emergent and planned strategies as well as the management of tensions between the many dualities of strategy.

Proposition 3.5: The Relational Capacity Building Framework (Stavros, 1998) can inform strategic capacity and how to build it. This framework describes the fundamental characteristics of capacity building which constitute its essence. Key tenants of this framework as applied to strategic capacity are:

- Strategic capacity involves participatory learning
- Strategic capacity building is multi-faceted at all levels from organizational through multi-organizational and the grater global environment.
- Strategic capacity building includes relational aspects such as: trust, dialogue, cooperation and shared objectives
- Appreciative Inquiry facilitates strategic capacity building.

Proposition 3.6: Learning organizations must exhibit a widely distributed capacity for learning. Strategic capacity requires mindful attention to the creation of a learning strategy to foster individual, group, organizational, and inter-organizational learning among the various “communities” and “collectivities” both internal and external to an organization. Constructing a shared future and underpinning this with a culture of collaboration, empowerment, and inclusion are critical factors to this endeavor.

Proposition 3.7: Positivity and the key underlying themes of POS represent a core generative element of strategic capacity. Strategic capacity focuses on individual and organizational strengths and thriving to generate strategies that enable achievement of the highest collective potential. Strategic capacity builds on opportunities to create self-reinforcing, positive, spirals of efficacy and foster organizational resiliency aimed at the achievement of the collective potential of the organization and the individuals that comprise it. This study represents an extension of the positive organizational scholarship literature in better understanding the impact of positivity on strategy generation.

Proposition 3.8: SOAR resides at the center of the strategy, organizational learning, capacity building, and POS streams of research, enabling many elements of capacity building, learning, and strategy, thus SOAR builds strategic capacity.

Appendix Six: Interview Questions Strategy Exemplars

Welcome to the interviewee

Welcome the interviewee and let them know how important their responses will be to the study. Chat informally for a few minutes to help the interviewee relax and get both parties comfortable.

Informing the interviewee

Before beginning the interview:

- This interview will be strictly confidential. No names will be identified on any transcriptions and no one else other than the transcriber will hear the tape.
- The interview candidate will receive a copy of the transcription for review.
- Review the consent form and ask the interviewee to sign it. A copy will be retained by the interviewee.
- The interviewee may stop the interview and/or the tape recorder at any time.
- There may be up to three rounds of interviews. The first round will be based upon the following questions. Their responses along with others will be analyzed and used as the basis for developing another interview guide. After this second interview there may be subsequent follow up questions.

The interview

The following questions will be asked and probes will be utilized only to gain clarification, illumination and depth (note the below lists represents a range of possible questions):

Interest Topic: Strategic Capacity

1. What does strategy mean to you?
2. In one sentence how do you best define strategic capacity?
3. How can strategic capacity be built? Can you share a story with me about how your organization or client builds strategic capacity?
4. A competence can be viewed as an: ability, aptitude, or a capacity. What do you think are some of the key competencies needed to develop strategic capacity?
5. What accelerates strategic capacity building?
6. How can an organization build strategic capacity over time?
7. What would you like to learn from this study that would enhance an organization's ability to build strategic capacity?
8. Have you ever heard of the SOAR framework? If so, what do you know about SOAR?

Profile Questions:

1. How many years have you been working in the strategy field?
2. What is the name and position of the organization you work for?
3. Can you email me your resume/CV or bio?
4. What is your educational background?
5. What professional associations do you belong to?
6. Who is your mentor(s) in the field of strategy? Why?

7. What knowledge base (i.e., relevant theories, concepts, and models) do you use that most support your interpretation of strategic capacity?
8. What key journals do you read in strategy?
9. What key journals do you read in OD?
10. What conferences do you attend?
11. Can you list two or three meaningful or engaging books that connect to strategic capacity?
12. Are there any other questions I should have asked or comments you would like to make?

Probes and follow-up questions

To deepen the response to the questions, the following techniques can be used (Patton, 2002):

- A conversational probe to get more detail
 - When did it happen?
 - Who else was involved?
 - Where were you during that time?
 - How did that come about?
 - What was your involvement in that situation?
- An elaboration probe to get the interviewee to talk more about the topic:
 - Making a quiet “uh-huh” and nodding your head
 - Would you elaborate on that?
 - Could you say more about that?
 - I’m beginning to get the picture. Can you expand more on what you are saying?
- Clarification probes:
 - What do you mean by (insert issue here)?
 - I am not sure I understand what you meant by that. Let me repeat to you what I think you said then you can correct me or further explain.
 - Can you repeat what you said so I can make sure I understand?