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A Generic Strategy Implementation Handbook for Small to Medium Sized IT Companies

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When I started to study at Helsinki Metropolia University of Applied Sciences in autumn 2017 I did not know what to expect. The autumn turned out to be packed with assignments, projects and team works. Sometimes I was totally lost in the middle of different duties, and I am grateful to the well-structured program that I managed to undergo through the year.

First, I want to thank all the instructors of the Industrial Management Master's Program for their professionalism and continual support. The 7 Gate framework is absolutely the best way to drive us students through the writing of the Thesis. A special thank is dedicated to my instructor Dr. Thomas Rohweder for the understanding and guidance throughout the work. In addition, Zinaida Grabovskaia, PhL was tireless and persistent when kindly advising me with the text. Special thanks belong to our fellow students, the support and strength you gave to me is immense, the atmosphere for learning, and the vivid experience shared, were incredible all the time.

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Many small and mediums sized IT companies employ young and innovative millennials, who are not satisfied with conventional management methods. In addition to focusing their attention on developing sophisticated solutions, young employees want to have an impact on the company. Studies reveal that nine out of ten employees do not understand company's strategy. This applies to all companies, also to those, where management methods are somewhat conventional. This study investigated how to successfully run strategy implementation work, in the demanding competitive environment, with modern management methods. The objective of this Thesis was to develop a generic Strategy implementation handbook, which guides companies in practice through strategy implementation successfully within modern SME IT companies.

The approach to conducting the research in this Thesis was case research combined with qualitative research. Data was gathered with interviews, and results of previous strategy study was utilized. The study was conducted by first analyzing best practice at two example companies, which guided to the relevant existing knowledge and best practice. The initial version of the Strategy implementation handbook was validated and moderated in interviews with the same interviewees as on previous data rounds in addition also a specialist interview was conducted.

The final version of the Strategy implementation handbook consists of 6 steps: 1) Summarizing strategic intent, 2) Testing the feasibility of strategy, 3) Practical interpretation of strategic themes, 4) Establishing action plans, 5) Measuring performance, and finally 6) Adapting to rapid pace of change. Briefly, the Strategy implementation handbook helps SME IT companies to utilize the enormous internal power that the committed employees entail. The Handbook assists companies to adapt to the fierce competition, where decisions are made fast, and winners attract the most talented, passionate and creative work force.

The most essential findings of the Handbook are to understand that the way people work is changing, which leads to considerable changes in the company culture. The stiff, conventional top-down management is turned upside-down, to bottom-up management, where decisions are made fast and where the real-life experts have the power to make decisions, and where cooperation is valued. In this new world, the leaders' serve employees and assist them to shine. The management ideas this Thesis contain, are not widely spread yet, these ideas will eventually conquer the world.

Keywords	Strategy Implementation, Change Management, Bottom-up management, SME IT companies, the Open Organization

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1 Introduction

Small and medium sized IT companies often start their businesses around IT development. The company could be founded by a couple of nerds, who are extremely good in the substance of the company. However, managing and running of the company is not their core competence. It might be that the investors and management of the company put effort on setting up the strategy, but to assign the personnel to work according to the strategy seems to be difficult. However, business practices show that if the personnel do not understand the strategy, they cannot be fully committed to the company, and the strategic targets cannot be reached.

This Thesis studied why the implementation of strategy is so challenging, and what should be done to implement the strategy successfully. In this Thesis a generic handbook is developed to help IT companies to implement strategy successfully.

1.1 Business Context

Strategy implementation process proves to be a challenge especially in small to mediums sized enterprises (SMEs), within the IT industry. These companies often lack resources and knowledge to strategy work. Also, the strategy work from setting up the strategy to implementing it to all employees' everyday work, have similarities in this industry and company profiles chosen to this Thesis, which made it possible to develop a generic Strategy implementation handbook.

SMEs need to change, when the business grows, hence it is important to know how small and medium sized companies adapt to growth. The faster the growth is, the more important it is to know how the change can be implemented into the everyday operations of all employees (Burns 2001, 238). When companies grow the role of the company's leader needs to turn from substance knowledge to leadership knowledge. (Burns 2001, 251).

1.2 Business Challenge, Objective and Outcome

Disciplines in hundreds of universities have studied strategy issues all over the world for decades, and thousands of strategy books are launched every year, still strategy and its

implementation seem to be challenging for most of the companies. Which is also proved with a study Robert Kaplan and David Norton (2005). They found out that only five per cent of the personnel understood the contents of the strategy. Consequently, if the strategy is not understood, the employees cannot operate according to the strategy.

The main challenge for SME IT companies, was to implement strategy to employees' everyday work. The reasons why it was difficult to implement strategy were manifold; the contents of the strategy were not clear enough, and the employees did not know how to work according to the strategy. Furthermore, the employees did not see the urgency for change or constant haste in SME IT companies, limited the time assigned for strategy implementation work. A company, which was not working according to set strategy, was probably also lacking targets. Without targets, the employees were not trying their outmost and striving to better results.

The objective of the Thesis is to *develop a generic Strategy implementation handbook*. The outcome is a *Strategy implementation handbook* that consists of step-by-step templates to help companies to be successful in strategy implementation. Although companies are guided through strategy implementation process, the contents of the strategy come from the employees.

1.3 Thesis Outline

The scope of this Master's Thesis is to develop a handbook for strategy implementation. This Thesis is not covering the actual development of a strategy, as it is too wide an area and companies quite often have made at least a rough strategy plan. The situation is often totally different around strategy implementation. However, a list for the vital strategy elements is still introduced in this Thesis, as there are certain basic requirements for the contents of the strategy to be able to implement a strategy successfully.

This Thesis is written in seven sections. After introducing the general contents in Section 1, the methods and materials of the Thesis are described in Section 2. Section 3 presents the key challenges and strengths for strategy implementation typical of SMEs in IT industry. In Section 4, a Conceptual Framework (CF) is synthesized based on literature and best practice of strategy implementation. In Section 5, an initial Strategy implementation handbook is developed, based on the findings of the previous stages. Thereafter

in Section 6, the initial handbook is presented to stakeholders for a validation and evaluation. The outcome of Section 6 is the final version of Strategy implementation handbook. Finally, Section 7 wraps up the Thesis with recommendations to strategy implementation actions in SME IT companies. The end of Section 7 is also dedicated to the final evaluation of the study.

2 Method and Material

This section discusses the research design, research approach and methods utilized in the study. This section is divided into three parts. In the first part the selected research approach for this report is introduced, in the second part the research design is reviewed. The final part reveals how the data is collected and analyzed.

2.1 Research Approach

It is important to select the correct research method and strategy for an academic study. There are diverse alternative research methods available. Each method represents different approach to the question in hand. The different approaches are used, for example, for how the data is collected and analyzed. Qualitative research evaluates how people experience different situations whereas quantitative research calculates metrics and is often based on huge number of samples. Qualitative research is a descriptive way to understand how and why people behave as they behave. The conclusions of qualitative research types consist of data received as words rather than numbers. (Alasuutari 1994, 22-31; Hagan 2014: 431).

Often choosing only one research approach is not enough. To give the study a broader perspective several research methods can be combined. A case study analysis a phenomenon in the context of real-life and often the limits between the phenomenon and its connections are vague. Case study approach is also beneficial when there are many variables in the data, and the results rely on several sources. A case study approach can utilize one or multiple cases when studying problem related to an event. Furthermore, case study approach is used when different kind of sources provide information. Sources for this Theses are interviews, workshops, studies and literature (Yin 2009: 2). When different sources are used to understand a phenomenon, the researcher has a wider perspective to the case. (Baxter & Jack 2008: 544) Case study is used, when the researcher tries to find an answer to question: “how” or “why” something happened. To find an answer the researcher needs to gather data around the phenomenon. (Yin 2003, 13-14).

Research approach selected for this Thesis is qualitative case study, as the success of strategy work bases often more on understanding the behavior of employees than on

quantitative measurements and behavior patterns. Qualitative data type is often free-text format, which gives more detailed information about the question in hand. The analysis of the data bases on the interpretation of interviews and other data, mainly in free-text format. (Creswell 2005).

Regarding the selected research methods, in-depth interviews make the primary data source and essential part of this Thesis. The interviews are semi-structured, and the questions open-ended, as it was important not to limit the interviewees perspective into defined structured process but to let the interviewees discuss strategy implementation work as widely as possible. (Creswell 2005). The interviews are recorded, and field notes written to guarantee the reliability of the interviews (Riege 2003: 83) This study also relies on secondary data source from the previous study, as well as literature sources and best practice, related to the identified challenges and strengths in strategy implementation.

2.2 Research Design

The research design of this Thesis consists of five steps. Figure 1 below illustrates each step, and utilized data resources, as well as outcomes of each step.

The first step introduces the objective of the study. After that in *step 2,* analyses of strategy implementation practice are conducted. The second step is grounded in Data 1 collected for this stage (Data 1). In this data collection, interviews and data from previous study (Hoikkala, 2014) are used. The challenges and best practice for a successful strategy implementation are analyzed from five different perspectives: 1) Identifying what kind of challenges strategic intent brings. 2) Finding out which best practice can be recognized concerning strategy implementation process. 3) Identifying what is the impact of change management to successful strategy implementation. 4) Analyzing the consequences of timing to strategy implementation. 5) Analyzing resources from the competence point of view. In addition to these five perspectives the strengths in strategy implementation work are also identified. The outcome of the second step, summary of challenges and potential strengths of strategy implementation, give the outlines for the third step, which is best practice for strategy implementation.

Figure 1 below illustrates the research design of this study.

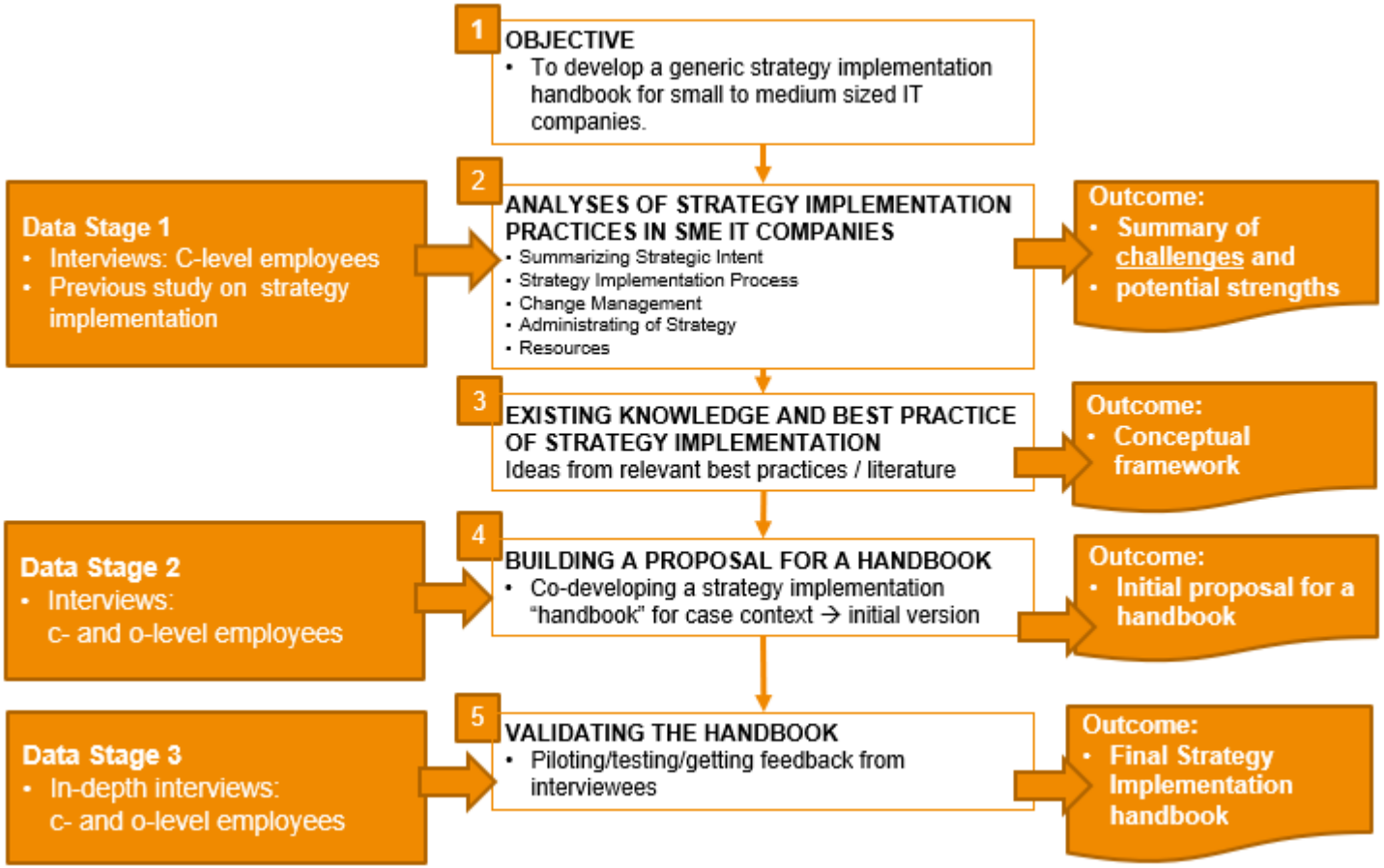


Figure 1. Research design of this study.

As Figure 1 above shows, this Thesis is divided into five consecutive steps. The research design consists of three different data collection stages (Data 1-3). Previous step always has an impact on the contents of next step.

In the third step, best practice of strategy implementation, relevant literature is studied. The previous step, analysis of strategy implementation practice, specified the areas for exploring the strategy implementation literature needed for this study. The outcome of the third step, guided by the results of the previous step, is a conceptual framework for strategy implementation within SME IT companies.

Step 4, building a proposal, is based on the conceptual framework and the results of step 2 (analyzes of strategy implementation practice), which serve as the foundation for the developing Strategy implementation handbook. In Data stage 3, interviews are conducted to outline the first version of the handbook. Data stage 3 is utilized to ensure that the initial Strategy implementation handbook contains all necessary items to guide the strategy implementation successfully.

In the final step, *step 5* of the research, the 'Strategy implementation handbook' is validated by the C-level and O-level stakeholders who are interviewed. Additional validation is made by Katariina Holmgren, who give deeper insight into bottom-up management model. Final modifications to the Strategy implementation handbook are made based on the suggestions from these interviews.

Thesis is divided in analysis of strategy implementation practice, literature review to get the best practice for strategy implementation and building the proposal for the Strategy implementation handbook

2.3 Data Collection and Analysis

Data was collected and analyzed in this Thesis in three main data gathering stages: Data 1, for the analysis of the current strategy implementation practice, Data 2, for developing a proposal and Data 3, for validation of the proposal. Data collection methods are introduced in Figure 2 below. As shown in Figure 2, the main data sources are in-depth interviews, which were conducted in each data collection stage.

Data Stage 1 Analyses of Strategy Implementation Practices	Data Stage 2 Developing a Proposal for a "Handbook"	Data Stage 3 Validating the handbook
Content • Description of current strategy implementation best practices • Challenges and potential strengths	Content • Co-developing a strategy implementation "Handbook" for case context → initial version	Content • Improvement ideas to initial proposal of handbook
Source • In-depth interviews • Previous study on strategy implementation	Source • In-depth interviews	Source • In-depth interviews • Interview of a specialist
Informant • Chief Executive Officer (CEO) • Chief Marketing Officer (CMO) • Sales Director (SD)	Informant • C-level employees • O-level employees	Informant • C-level employees • O-level employees
Timing Week4-5/2018 CMO, CEO & SD	Timing March	Timing April
Outcome: Summary of challenges and potential strengths	**Outcome:** Initial proposal of s strategy implementation handbook	**Outcome:** Final strategy implementation handbook

Figure 2. Research data content, sources, timing and outcome for four data collection stages.

As shown in Figure 2, *in Data stage 1*, three C-level (executive level) persons from two different SME IT companies were interviewed: A Chief Executive Officer (CEO) from the first example company, Chief Marketing Officer (CMO) from the same company, and Sale Director (SD) from the second example company. Each person represented a different perspective to strategy work, furthermore, all interviewees have long and vast experience of strategy implementation work. These persons were interviewed in all data collection stages. Employees from the two companies were interviewed to attain different perspectives to strategy work for this study.

The main data sources are in-depth interviews. During the in-depth interviews, time was reserved to understand how the strategy is implemented in the example companies. Strategy implementation challenges were evaluated to understand what should be done and what should be avoided in a successful strategy work. The main questions were: 1) What are the crucial contents of the strategy? 2) Who should be involved into strategy implementation work and how? 3) How the strategy implementation is administrated? 4) What are most critical actions when implementing strategy? 5) What are the strengths of strategy implementation work in the company the interviewees represent? And finally, 6) What weakness can be pinpointed in strategy implementation in the company represented? All the questions were open-end questions, and the interviewees were persuaded to talk openly about all the challenges and best practice. The interviewer only gently steered the interview and asked some additional questions when needed.

In addition to the in-depth interviews, this Thesis also relied on the interview results gathered by Hoikkala (2014) and related to the earlier Bachelor's study on strategy work of the researcher. The previous data was collected from the survey conducted to find out how the case company's employees perceived strategy work and its implementation. A questionnaire was sent to all the company's employees (60 persons), and the responses received were 39 in total (mainly from the operative level employees). The response rate was thus 66%, which is considered to be reliable. Partly, the data utilized in the previous study came from the annual employee satisfaction surveys in the case company. The data used from the previous study also gives the O-level (operative level) employees' perspective to the topic discussed in this Thesis.

The questionnaire conducted in Hoikkala (2014) consisted of the following main themes, which were chosen to evaluate personnel's opinions on the following entities: 1) How

successful was the strategy update process. 2) How the employees experienced strategy work in general. 3) What were the employee's opinion of the contents of the strategy: mission, vision and values. 4) What was the employee's opinion of strategy implementation in the case company. 5) How well the company communicated strategy issues to the personnel. And finally, 6) what was employee's opinion of the management team's ability to run daily operations, including strategy work, in the case company.

The scale for assessing the responses in the questionnaire was from 1 to 6, where 1 was the lowest grade, and 6 the highest. If the respondent gave the lowest grade, the questionnaire provided automatically an open field, where the respondents could ground the grades they gave. These open texts, as well as other open questions, provided several pages of comments about strategy and its implementation in the case company, which were also utilized in this Master's Thesis.

In Data stage 2, all the interviewees, who were interviewed for Data stage 1, were interviewed again to comment the proposal for a strategy handbook. It was important to discuss with both C- and O-level employees, to get their in-depth insight to the final version of a Strategy implementation handbook.

In Data 3 stage, C- and O-level interviews as well as an interview of a specialist from Red Hat Nordics, were conducted to validate, moderate and finalize the initial version of the Strategy implementation handbook. The target group was the same as in Data stage 2 added with the specialist interview.

Table 1 shows in more details, where the data for the Thesis came from, and what methods were used to collect data.

Table 1. Details of data collections 1-3.

	Data Type	**Informant/ Company**	**Topic**	**Data/ duration**
Data collection, stage 1				
1	In-depth Interview	Chief Executive Officer/Example company 1	How strategy is implemented. Strengths & weaknesses	24.1.2018, duration 2,5 hours
2	In-depth Interview	Chief Marketing Officer / Example company 1	How strategy is implemented. Strengths & weaknesses	31.1.2018, duration 1,5 hours

3	In-depth Interview	Sales Director/ Example company 2	How strategy is implemented. Strengths & weaknesses	31.1.2018, duration 1,5 hours
4	Data from the earlier survey / Document	A study about strategy work in a case company	How strategy is implemented. Strengths & weaknesses	Study conducted in Jan-March 2014
Data collection, stage 2				
5	In-depth interview	CEO/Example company 1	Turning CF into handbook outline.	20.3.2018 duration 1,5 hours
6	In-depth interview	CMO / Example company 1	Turning CF into handbook outline.	26.3.2018. duration 2 hours
7	In-depth interview	SD / Example company 2	Turning CF into handbook outline.	4.4.2018, duration 1,5 hours
8	In-depth interview	Two operative level persons	Turning CF into handbook outline.	10.4.2018 duration 2 hours
9	In-depth interview, 2nd round	CEO & CMO / Example company1	Initial contents of handbook	12.4.2018, duration 1 hours
10	In-depth interview, 2nd round	O-level employee/ Example company 1	Initial contents of handbook	12.4.2018, duration 1 hours
11	In-depth interview, 2nd round	O-level employee/ Example company 1	Initial contents of handbook	13.4.2018, duration 1 hours
Data collection, stage 3				
12	In-depth Interview	CPO/Red Hat Nordics	Validating the handbook, possible moderations	17.4.2018, duration 1,5 hours
13	Group Interview	CEO & CMO / Example company 1	Validating the handbook, possible moderations	16.4.2018, duration 2 hours
14	Group Interview	Two operative level persons	Validating the final Handbook	16.4.2018, duration 2 hours
15	In-depth Interview	SD / Example company 2	Validating the handbook, possible moderations	17.4.2018, duration 1 hour

As seen from Table 1, in Data collection 2, for building a proposal, also O-level employees were interviewed in addition to the three C-level interviewees. In this stage, an initial outline of the Strategy implementation handbook was co-developed in two separate interview rounds. First round concentrated in the outline of the strategy handbook. The outline is equal to a process for strategy implementation. The second interview round of

Data 2, concentrated in developing initial contents of the strategy handbook. The strategy handbook takes into account all requirements from the top management (C-level) to the operative level (O-level) people. Additionally, the initial version of the handbook was discussed and validated on in-depth interviews.

Table 1 shows that in-depth interviews were the primary data collection method for this Thesis. Most of the interviews were face-to-face interviews, but some were conducted via Skype for business and some of the interviews were group interviews. All interviews were recorded, and field notes were made to be able to analyze the outcome of the interviews. The questions for the Data 1 interviews can be found in Appendix 1. The field notes were sent to interviewees shortly after the interview to check that everything was covered in the notes. The analysis method used for analyzing the interview was case analysis.

In Data collection 3, for validating the proposal, both C- and O-level employees were interviewed, a view to leadership methods in practice at Red Hat was given by Katariina Holmgren, Head of Partners and Alliances, Red Hat Nordics. She gave a deeper insight into operation model, where decisions are made bottom-up and by the experts of the issue, instead of the tittle (Red Hat calls this method as Open Organization). Both C- and O-level interviewees were interviewed to take into account opinions from top-down and bottom-up. Last moderations were made, and final Strategy implementation handbook was reviewed by all interviewees.

3 Analysis of Strategy Implementation Practices in SME IT Companies

This section discusses the strategy implementation challenges and practices in then selected example companies. First, this section introduces how the analysis was conducted. Second, sub-sections 3.2 – 3.6 categorize and analyze challenges related to strategy implementation. Third, sub-section 3.7 lists the identified strengths of the strategy implementation practices observed in SMEs of IT industry.

3.1 Overview of the Strategy Implementation Analysis

The objective of the analysis of strategy implementation practices was to understand what challenges and strengths SME IT companies face when implementing strategy. To reach this goal, the analysis was conducted in four steps. First, strategy implementation practices were discussed in several in-depth interviews. Second step consisted of identifying the strengths and weaknesses of strategy implementation work. In the third step the findings from the in-depth interviews and the previous study (2014) were categorized. The purpose of the fourth step was to select and prioritize the findings of previous steps for zooming into in the Strategy implementation handbook.

In the first step of the strategy implementation analysis, interviews were conducted with the C-level employees from two example companies. The in-depth interview part of this section was executed in January 2018.

The first example company is a Finnish SME IT company that offers solutions for streamlining logistics processes. The core of the solution is a software, enriched with additional technical equipment, such as voice-directed work, barcodes and RFID. These solutions guarantee operational quality, accuracy and timeliness. The most important operation for the company is delivering solutions, as almost all solutions are custom made to meet companies' individual requirements. The company's headquarters are in Finland, and it has offices in Sweden, Denmark and Russia as well. The total number of employees is 60 and turnover in fiscal year 2016 was 17 million euros.

The second example company is a Swedish IT company with some 50 employees. The company's core competence is implementing and maintaining complex IT solutions

mainly for manufacturing industry. The annual turnover is about 4,5 million euros. The company has two offices in Sweden and one in Finland.

These two companies represent different perspectives. The first case company brings the perspective of developing and implementing solutions and selling hardware to support the software sales. The second case company relays on the solutions developed by their partners, but the implementation services are extensive and take months, sometimes even years.

In addition to the in-depth interviews with the two example companies, the findings from the previous data collection (Hoikkala 2014) gave more in-depth information from O-level employees' perspective about their strategy implementation practices.

Second step consisted of identifying the strengths and challenges of strategy implementation. Data from the in-depth interviews (2018) as well as from the previous study (Hoikkala 2014) were utilized for the second step.

In the third step of strategy implementation analysis, the findings from the interviews as well as from the previous data collection were categorized into five main categories. The categories are; 1) summarizing strategic intent, 2) strategy implementation process, 3) change management, 4) administration of strategy implementation and 5) resources. The information gathered with in-depth interviews and data from the previous study are separated in the results.

In the fourth step of strategy implementation analysis, the findings were selected and prioritized, and the choices grounded, for in-depth discussion in the handbook later in the study.

3.2 Challenges in Strategy Implementation Practices Related to Summarizing Strategic Intent

The analysis results of the data collection exposed how important it is to develop easy-to-implement strategy and to investigate time and resources to implement it.

As revealed from the interview data (2018), a small or medium sized IT company can often struggle with production. The company might be on its early R&D phase, and the

final solution is not ready yet. All programming resources are invested into solution development and innovation, but when a new deal is closed all the resources are re-directed to deliver a tailor-made customer solution. The agreed strategy is not abiding, and incoming cash-flow is more important than developing the final solution which can be sold to chosen customers. As one of the interviewees stated:

> "*It seems that the customers are sometime leading the strategy work; they yell, and we jump*" (Sales Director of Company 2).

Furthermore, the interview data reveals that the explicit direction the company wants to follow, is not found from the strategy material. In addition, several simultaneous internal projects, such as selecting and implementing new project management tools, take all the extra time. In general, there are too many issues going on at the same time, leading to a situation where there is no time left for strategy issues.

As revealed from the previous strategy study (2014), it does not matter how much time and effort a company has made to create a successful strategy, it will fail if it has not been implemented to all the employees' everyday operations. Often the top-management discuss strategy issues for weeks or even months to create a strategy for a company. When it is time to implement the strategy, a frequent practice is that the management invites personnel to a meeting and introduces the strategy. The personnel get in the worst case only an hour or two to understand something that the management has been working with for weeks. As the results of the analysis show, in such cases, the strategy does not seem to be clear to the employees, or the employees do not understand the big picture of the strategy. The employees think that strategic decisions are loose, and they are not connected to each other to formulate a clear and understandable strategy. One employee expressed it:

> "*Our strategy is often too complicated or vague to be understood*" (Serviceman of Company 1).

It is typical of SMEs in IT industry that various analyses are done about products and company positions and segmentations, core competences and differentiators, but no actual strategic intentions or concreate action plans are typically mentioned. As one of employee from the Swedish office indicated:

> "*Get rid of theoretical jargon and concentrate on specific guidelines how to do things and how to work according to strategy."* (Sales Manager of company1).

The results show that often O-level employees think that the strategy is created in a small inner circle, where they do not have an access. Furthermore, the operative level employees are not participating into the strategy development process and nor are they listened to. As a result, the employees often seem to be unsure what are their responsibilities, as one employee from Finnish office pointed out:

> *"I only participated in one strategy session…there was a lot of discussions, but overall it I think that everything was decided before." (Project Manager of Company 1).*

The results from the survey in the previous data collection (2014) show the following assessments. The average grade for questions concerning the contents of the strategy was between 3,44 and 4,04 (on the scale from 1 to 6). This means that the company succeeded fairly well in defining the contents of the strategy, but when analyzing the open text comments of the study from 2014, the biggest issues is to get the employees to work according to the set strategy.

Summing up, one of the basic challenges revealed in the strategy practices relates to summarizing clear and understandable strategic intent. The top management works intensively with setting up the strategy, but not enough time is reserved to implement the strategy to every employees' everyday operations. Furthermore, strategic choices are not binding, the strategy seem to change when important customers want something opposite to strategy.

3.3 Challenges in Strategy Implementation Practices Related to the Process

The analysis results of the data collection indicate that nobody is actually leading the strategy implementation work. In addition, target setting, and follow-up are issues, which raise discussions in all companies. Hence, they set the qualitative level of operations and have an impact on employees' monthly income.

As revealed from the interview data (2018), missing processes and lacking structure are mentioned as challenges. As there are no strategy processes, it takes too long time to implement strategy. Additionally, the strategy implementation process is not transparent to all stakeholders. Consequently, the interview analyses pointed out that strategy issues are discussed differently in different teams. Therefore, there are no uniform practices to discuss strategy issues in team level. The personnel are not equal, it is up to the team leader's ability how strategy issues are discussed. Some managers present strategy issues regularly to team members and receive proposals for modification from O-level employees which the manager introduces to the management team. At the same time, some of the managers avoid discussing strategy issues and the team members do not get the same information or possibility to have an impact on the strategy. As one of the C-level interviewees expressed:

> "*There are no consistent guidelines, hence strategy implementation practices are different*." (Chief Marketing Officer of Company 1).

In addition to the process related challenges the data analyses (2018) of strategy implantation practices, indicate challenges related to target setting and incentives. Some of the C-level interviewees feel that targets are not directly related to the strategy. Furthermore, the targets are difficult to measure, nor does the targets support chosen strategy. The data indicates that the company has not succeed in setting clear and easy-to-understand targets. In addition, the targets are considered to be too challenging and optimistic, as indicated by an employee from the Swedish office:

> "*Our compensation plan is so complicated that nobody really understands how it works and what we should sell." (Sales Manager of company 1)*

As revealed from the previous strategy study (2014), there are no clear instructions and action plans how to work according to the strategy. Furthermore, a lack of tools, such as Customer Relationship Management system (CRM), hinders to work according to strategy; it is difficult to improve customer experience when there is no tool to report customer encounters. As the results of the analyses indicate, all the strategy implementation work is done without too much consideration about the processes and methods. Furthermore, practices are not identified and documented. It was pointed out that there are several strategy implementation sessions, but not summaries or results are provided afterwards

to employees. Moreover, no cross-functional strategy sessions are organized. An assistant stated:

> *"We never receive summaries or results from the strategy implementation session we participate."* (Assistant at Company 1)

According to the data analysis (2014) some of the employees feel that they are measured on metrics they cannot have any influence on. An example of this is a marketing person who is measured by the leads that are turned into closed deals. Still the marketing person only generates leads and do not have any impact on closing of the deals. Consequently, the employees do not have influence on the set strategic KPI's. Furthermore, the follow-up for strategy implementation actions and targets are challenging according to the results of data analysis (2014). Often the action plans are missing, and targets are set only according to desired sales pipeline, not according to set strategy.

The results revealed from the survey in the previous data collection (2014) show the following assessments. The average grade for questions concerning strategy implementation was between 3,17 and 3,51 (on the scale from 1 to 6). These grades were the lowest of the study, which indicates that the biggest problem is the strategy implementation process.

Concluding, the basic challenge indicated in the strategy practices, is lacking defined processes and structures for strategy implementation. In addition, nobody is leading the strategy implementation process which leads to general confusion and unequal handling of strategy issues among personnel. The results of data analysis revealed that the strategy is not taken to action plan level, there are no clear instructions how to work according to the strategy. Furthermore, the target setting, and follow-up are not supporting successful operations.

3.4 Challenges in Strategy Implementation Practices Related to Change Management

The analysis results of the data collection emphasized the need of change management abilities. The results pointed out that the case companies do not put enough effort on communicating existing strategy to the personnel, hence the personnel do not understand what the strategy means to them.

As revealed from the interview data (2018), the change management issues are not taken into consideration. New strategic issues are introduced to employees, but the top-management fail to sell the ideas to the O-level employees. On the other hand, the results of the analysis point out that sometimes the subordinates are not motivated to concentrate on strategy implementation issues, but the employees prefer to stick on the old way to carry out daily operations.

One obstacle on a successful strategy implementation is considered to be the invisibility of the owner of the company. Often the top-management need support from the Board of Directors or owners, but interactions with the owners remain on quarterly reports level.

As revealed from the previous strategy study (2014), considerable number of employees do not understand what the strategy means to their daily operations. That is clearly indicated in the open answers of the survey. Direct reasons for not understanding the strategy was stated by Swedish and Finnish employees:

> "*How can we understand the strategy, when the material is in a hidden folder?*" (Programmer at company 1, Swedish office)
> "*Employees are not heard*". (Sales manager of company 1, Finnish office)

It is obvious that the communication problem is two-way; from top-down, but also from the O-level back to the top-management. Furthermore, the results of the analysis pointed out that not enough time is put to communicating existing strategy and turning the strategic intentions into detailed action plans and instructions. Nor are the achieved short-term targets communicated to the employees, the analysis of the data reveals.

The results revealed from the survey in the previous data collection (2014) indicate the following assessments. The average grade for questions concerning communicating the strategy issues was between 3,77 and 3,99. (On the scale from 1 to 6). The survey reveals that individual level communication as well as change management activities could be improved, moreover the communication between teams, is not on a sufficient level.

As a summary for the challenges identified in the analysis of strategy practices related to change management, the most important part is to improve change management activities and especially the communication between all parties. Especially the understanding of the strategy on personal level needs improving.

3.5 Challenges Related to Administrating of Strategy Implementation

The analysis results of the data collection revealed that sometimes challenges with strategy issues do not originate from lacking motivation or commitment, the desire to work according to strategy and implement new strategic intentions, is there, but constant haste and inequality prevents personnel to concentrate on strategic issues.

As revealed from the interview data (2018), in a small IT company most of the time and resources is spent on daily routines, such as securing incoming sales and customer deliveries, there is no time to strategy implementation work, the CEO of example company 1 pointed out. The analysis results indicated that constant lack of resources prevents employees to fully participate and concentrate on the strategy implementation sessions, where the strategy is discussed. Furthermore, the analysis the strategy practices revealed that the strategy issues appear suddenly, the timing and scheduling issues are not well-planned beforehand, to secure that all employees have enough time to concentrate on strategy implementation.

As revealed from the previous strategy study (2014), the personnel are constantly in a hurry, an employee of the Swedish office stated it:

> *"We are struggling with daily operations, there is no time for strategy!*" (Project Manager of Company 1)

As the results of the analysis indicate, the resources are limited, and customers' projects are prioritized first. The analysis of the data (2014) exposed that some of the employees blame top management for scarce competence to implement strategy and specially to locate resources. As one of the interviewees expressed:

> *"The sales personnel sell whatever is saleable, no matter if it fits the set strategy or not. We should instead develop a cloud based, replicable solution as the strategy states"*, (Programmer of example company 1)

The analysis of the data (2014) indicated that already limited programming resources are tied to customized deliveries, hence the R&D is suffering from limited resources. The limited resources also have an impact on strategy implementation, the employees do not

have enough time to understand what the strategy mean in practice in their daily operations.

As a summary, one of the basic challenges revealed in the strategy practices relates to timing issues. Other projects override strategy implementation issues. The strategy implementation suffers from poor scheduling and additionally, there is no overall picture when planning strategy implementation activities.

3.6 Challenges in Strategy Implementation Practices Related to Resources

The analysis results of the data collection revealed that challenges with competences of the resources are significant.

As revealed from the interview data (2018), the C-level interviewees identified concern about competences. In SME IT companies, new strategic choices, such as robotics or artificial intelligence, require improved competences, but not always time and money are invested into training. As the CEO of company 1 stated it:

> *"A strategy should be taken into competence level, what does it require from individuals."* (CEO of company 1).

The results of the analysis (2018) indicated that the company should know what the state-of-the-art technologies require from the employees. Furthermore, to be able to implement desired strategy, the competence requirements should be crystal clear when recruiting new employees.

As revealed from the previous strategy study (2014), a solid competence development path is not considered enough in the company. Furthermore, some of the employees felt that there was no systematic way to identify whether the employees' abilities support the chosen strategy. Moreover, the investments for improving employees' competence are low, the evolving IT technology requires constant and systematic training.

Summing up, one of the basic challenges revealed in the strategy practices relates to competence of the resources. Competences are, however, taken care of to certain extend in the handbook itself. The competence development is an extensive subject; hence

it is limited outside this Thesis. Furthermore, competence requirements in SME IT companies are closely tied to the business the SME IT company represents.

3.7 Strengths in Strategy Implementation Practices in SME IT Companies

The analysis results of the data collected show that the strengths in implementing strategy in SME IT companies are scarce, possibly due to the daily haste.

As revealed from the interview data (2018), most of the employees were considered to be competent, committed and motivated. The employees believed in the solutions the company provided. As one of the interviewees stated:

> "*IT specialists are intelligent, often young persons, who have new and modern ideas that could be game changers in the future*," (Sales Director of company 2).

Furthermore, the small size of the company, was considered to be a strength according to results of data analysis, as it is easier to change the course if or when needed.

As revealed from the previous strategy study (2014), the employees believe in the solutions example companies offer. The analyses of previous data collection supported the findings from in-depth interviews. Furthermore, the results indicate that employees consider strategy implementation as one of the most important operations in the company.

The results revealed from the survey in the previous data collection (2014) prove above statement. The grades given on previous data collection, for the question concerning the importance of strategy issues for employees, give following assessments. The range of the answers were between 5,32 – 6,00, (on the scale from 1 to 6), best grades in the survey. In addition, according to the results of the analysis, the personnel also believe in the management's ability, as the range of the grades were between 3,74 and 4.11. In the open text fields, the personnel indicated that it is easy to present new ideas to management.

As a summary, one of the most important strengths revealed in the strategy practices relates commitment of the employees. In addition, the small size of the company makes it easier to rapidly change the course of the strategy if needed.

3.8 Summary of Strategy Implementation Practices in SME IT Companies

The analyses of strategy implementation practices were conducted to identify the challenges and potential strengths when implementing strategy in SME IT companies. Next step is to choose the most relevant challenges and identify the strengths than should be retained in the Strategy implementation handbook.

Figure 3 below shows the results of the analysis of best practice related to strategy implementation. The main categories for challenges in strategy implementation are: 1) summarizing strategic intent, 2) strategy implementation practices, 3) change management, and 4) administration of the strategy implementation.

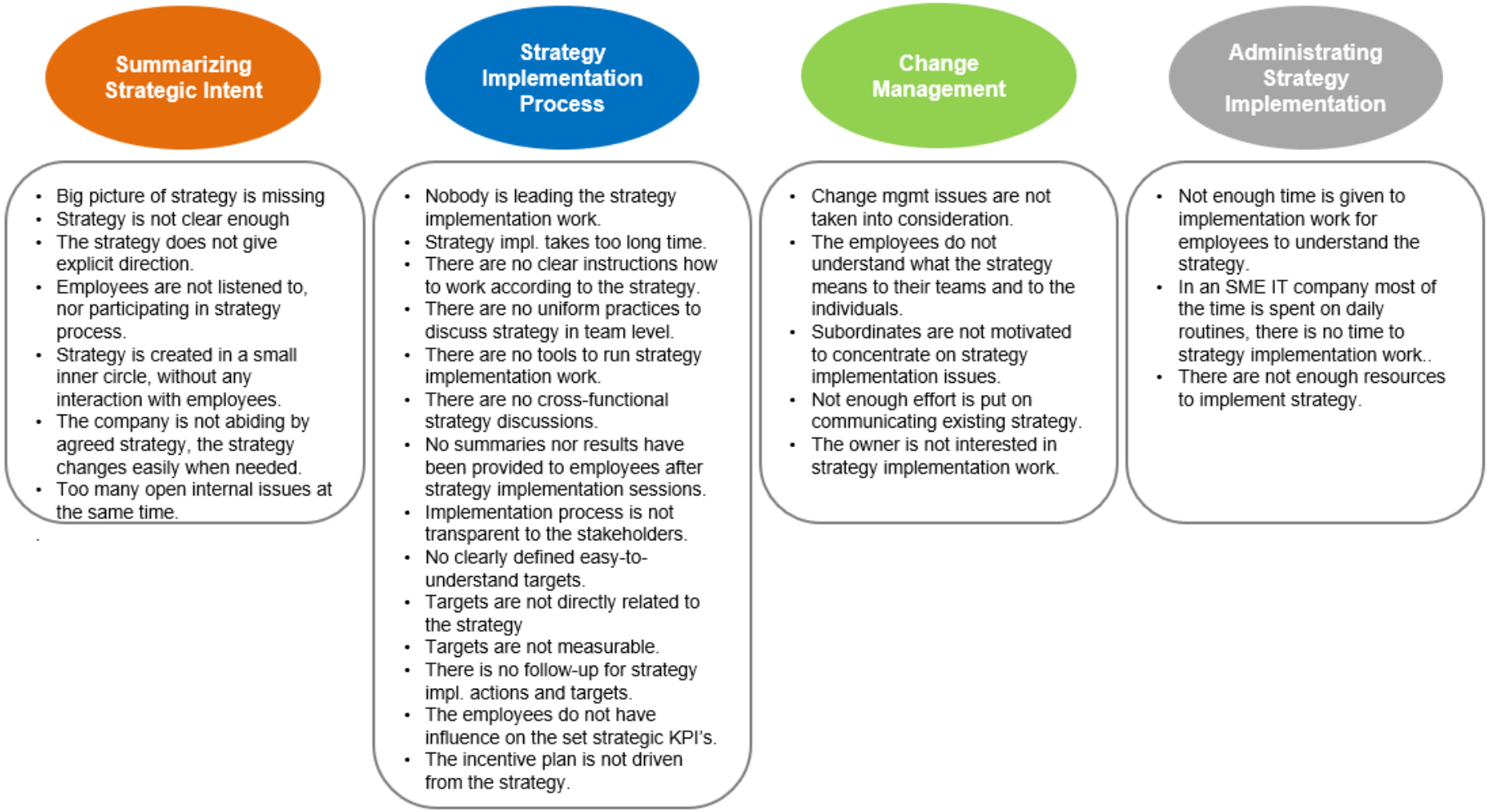


Figure 3. Categorized challenges found in in-depth interviews as well as from previous data collection material.

As Figure 3 shows, according to the analyzed and categorized data collection, summarizing clear and easy-to-implement strategic intent requires improvements. Furthermore, the contents of the strategy are unclear, and the SME IT companies are lacking concrete action plans. The results of the analysis also indicate that example companies are not always systematic enough when administrating strategy implementation process. In addition, according to the results of the data analysis, change management also requires improvements, the top management fails to sell new ideas about strategy to the employees. Additionally, difficulties with strategy relate to constant haste in the work. Hence, the results pointed out that poorly directed resources are considered as special challenges.

The challenges above indicated which issues need careful consideration when creating a Strategy implementation handbook. Next Section 4 is dedicated to exploring the existing knowledge and best practice in challenges identified above.

4 Existing Knowledge and Best Practice of Strategy Implementation

This Section discusses the best practice of strategy. First sub-section introduces the concept of strategy implementation. Next sub-sections (4.2 – 4.5) cover the four challenge areas identified in Section 3. The four challenge areas are: 1) Summarizing strategic intent, 2) Implementation process, 3) Change management and finally 4) Timing of strategy implementation. The last sub-section introduces the conceptual framework of this Thesis.

4.1 Concept of the Strategy Implementation

Several definitions for strategy and strategy implementation can be found from the literature. Strategy tells, what practical actions a company needs to take, to achieve and sustain competitive edge in the line of business company represents, defines Prof. Porter (1985: 15). Prof. Porter's definition does not separate strategy and the implementation, which is often the case. A simple definition formed by Lindroos & Lohivesi (2004: 47-48); implementing strategy means that the formulated strategy is executed according to plans. Ken Favaro has similar idea of implementing strategy, he states that strategy is about all the decisions and action plans needed to convert strategic intentions into real life operations (Favaro 2015). It does not matter, how excellent the formation of the strategy is, if it is not implemented well, it is worth nothing (Gallo 2010). It is important to define carefully, what kind of changes are required to get the organization's behavior to change.

The cornerstones of a successful strategy implementation are composed of two curial issues: 1) Managements ability to lead the strategy work (Norton & Kaplan 2007: 29) and 2) Ability to split strategy into each employee's individual targets, action points and their follow-up mechanisms (Salminen 2008: 81). The more structured strategy implementation is, the more concrete it becomes and the easier it is to implement. However, a good strategy implementation keeps an opportunity to react quickly to changing environment (Kamensky 2004: 285-295).

Strategy and its implementation definitions are vast and often cumbersome, which can lead to difficulties in strategy work. There are tens or even hundreds of different concepts

available. (Näsi & Aunola 2005: 13-14). Consider Näsi & Aunola's (2005: 14-15) summary of defining strategy: 1) Strategy is a plan, 2) Strategy is a territory, 3) Strategy is a picture of the world, 4) Strategy is a mode of action in the stream of decisions. As seen, often strategies also lack down-to-earth concretism, no wonder the management of small and medium sized IT companies are confused about implementing strategy.

Additional reasons, why implementing strategy often fail are that according to Allio (2005), considerable effort is put to formulate strategy, but the middle management, who is responsible to turn the plans into reality, is overwhelmed with their daily operations. Furthermore, the planned strategy is difficult to turn into practical action plans, with specified short-term targets, also the follow-up of the strategic actions is missing. In addition, the company has failed to report the achieved goals, to promote commitment to the strategy implementation. Sometimes the timespan between the strategy formulation and implementation is so long that important changes have happened, which make the original strategy outdated. This is an important issue especially in SME IT companies. (Ailio, 2005: 12-13)

Turning strategy into results is challenging; according to several studies 60 – 75% of organizations strive with implementing strategies (Sull et al. 2015). An Economist survey reveals that 57 percent of companies welch to implement strategy, and only 11 % of the companies consider that they have succeeded well in strategy implementation (The Economist Intelligence Unit, 2004). It is much easier to set up a strategy, the difficulties arise when companies are executing what has been planned (Allio 2005: 12.)

Legendary chairman and CEO of GE, Jack Welsh (2005: 165-166) stated that the management of companies are stuck in numbers and analyses, he advises to think less and do more. According to Welch strategy is often too complex, and should be simplified: "*In real life, strategy is actually very straightforward. You pick a general direction and implement like hell*". (Welch & Welch 2005: 166). However, Welch emphasizes continuous strategy work, he sees strategy as vague operation mode, which is specified constantly according to the changes in the market (Welch & Welch 2005: 165-167.)

As a summary, there are several definitions and concepts for strategy and its implementation. However, if the strategy is not implemented well, the whole strategy work fails. It is difficult to turn strategy into measurable results, often management dwells in analysis and financial numbers, when better results are reached with simpler actions.

4.2 Crisp Strategy Summary – Key Contents of the Strategy

Strategic intent of a company does not only tell what the company is trying to achieve, but it also tells what is leading the organization to the defined goal (Edmead 2017). Strategy bases on company's mission, vision and values. In other words, strategy defines what the company is, where it is going and how does it go there (Montgomery 2012 :94). To define unique competitive edge, the company knows its position to the surrounding world. Companies recognizes core competences today, as well as tomorrow. Organizations prepare an action plan based on these basic strategic intents. The action plans contain responsibilities, timetables and follow-up methods. (Lindroos & Lohivesi 2004: 47-48).

4.2.1 Mission, Vision and Values

Mission and values form a solid foundation, on which sometimes rapidly changing strategies and organization structures are build. Mission defines why the company exists in the first place. Mission is targeted mainly to internal and external stakeholders. Furthermore, it encapsulates the business idea. (Johnson et al. 2009: 79-80). A mission answers to a question: Why do we exist?" (Kaplan & Norton 2004: 56).

A vision provides long-term objectives for the company. A well-defined vision helps employees to strive for the same goals. A vision illustrates the future, it empowers all stakeholders, and it is reachable. Furthermore, it is easy to understand, flexible, but limited and can be measured. Also, a good vision is easy to communicate. (Kotter 1996: 63). Vision contains a timespan, otherwise it would not be measurable. (Lindroos & Lohivesi 2004: 27). A business unit of General Electric's (GE) vision is good, (even though not measurable): "*USM Vision - a total ultrasonic solution to increase productivity in new process pipework"* (GE website 2018). A vision answers a question: *"What do we want to be?"* (Kaplan & Norton 2004: 54.).

The *values* of a company indicate how the company acts when striving to achieve set targets. (Johnson et al. 2009: 79-80). To ensure that the values are part of the employees' everyday life, the values should be defined together. Best defined values are exact, significant and give ethical guidelines as well as provide down-to-earth guidance to employees' everyday operations. When values are accomplished by a set of principles which verify and define deeper what the values mean in different situations, the values

are followed better. An example of a value and its principles by Boston Consulting Group (BCG): “Integrity Value” means for example: 1) “*We only make promises we can keep*” and 2) “*We represent our capabilities honestly*”, there are totally 9 principles for “*Integrity Value*” at BCG. (Norman & Grant 2014: 24-25). Values answer to a question: “*What is important to us?”* (Kaplan & Norton 2004: 271).

Strategic mission, vision and values are the basis for company’s business idea which can be considered as strategic themes. Strategic themes form a broad and solid scope of business strategies.

4.2.2 Strategic Themes

Often vision is even too vague and short, sounding more like a generic slogan, which does not tell the employees the desired direction of the company (Karlöf 1996: 59-60). When a vision is accompanied by a carefully formulated business idea, it turns into understandable meaning. GE has defined their business idea as follows:

> ”*USM Vision offers a complete digital inspection workflow, from the inspection plan creation to the data sharing that can be done wirelessly. USM Vision has been developed to meet the market need to transition from radiographic to ultrasonic weld inspection according to the international codes and standards*”. (GE website 2018).

Business idea tells, what products and services the company is selling, to whom the company is selling its offering, and finally where, as geographical area, the company is selling its offering (Kaplan & Norton 2002: 116). When the business idea is defined, it is possible to turn it into strategic themes (e.g. broad strategy / main goals / focus areas / core ideas / strategic principles), which makes it easier for the stakeholders to understand what is expected from them. (Salminen 2008: 30-31). GE has defined four strategic themes as follows: 1) *Optimizing the use of specialized inspection personnel, 2) Increasing productivity i.e. lean manufacturing/construction, 3) Reducing the current weld inspection radiographic constraints: radiation, consumables and chemical waste management, 4) Simplifying the ultrasonic weld inspection process.* (GE website 2018.)

As seen from the GE themes, they tell exactly what is expected from the company. Linking goals to strategy is prominent way to create living strategy (Aaltonen and Ikävalko

2002: 418). The number of themes vary between 3 – 5, it there are more than 5, the implementation phase will suffer (Allio 2005: 13). Strategic themes are transformed into concrete strategy plans with detailed actions to reach the set objectives. The themes are the core of the strategy which spreads everywhere in the company. (Kaplan & Norton 2007: 124-127).

4.2.3 Competitive Advantage

"*Competitive advantage is the core of the success for a company operating in a free market*" as Michael Porter (1985: 9) writes as the first sentence of the prologue of the book: Competitive Advantage – Creating and Sustaining Superior Performance. Competitive advantage describes how the company provides such a value to the customer that is difficult or impossible for the competitors to copy. When a company formulates the strategy, special attentions is paid to future competitive advantages. (Porter 1985: 43-47)

Porter defines three basic competitive advantages: 1) Cost leadership, 2) Differentiation and 3) Focus. Cost leadership is achieved, when a company offers same products or services as competitors, but with lower prices. Differentiation requires that the company provides products or services that are unique for the market, there is no similar offering available. Focus means that the company has decided to concentrate on, for example, chosen buyer group, geographical area or product segment. Focus as a competitive advantage means that the company has decided to serve chosen target as well as possible. (Porter 1980: 35-39).

To create competitive advantage requires systematic and long-term work. Hence the company is defining essential actions plans, to maintain and strengthen competitive advantage. Therefore, it is important that the company defines measurement methods to follow-up and improve competitive advantage (Kehusmaa 2010: 81-83). Competitive advantage answers to a question: "Why customers are buying from us?" (Karlöf 2004: 13).

The ultimate competitive advantage is created by three factors: customers, company and competition (Figure 4). The company fulfills customers' requirements efficiently and uniquely with the know-how and resources available. Furthermore, this is done in an outstanding way compared to the competitors (Hakanen 2004: 104-106).

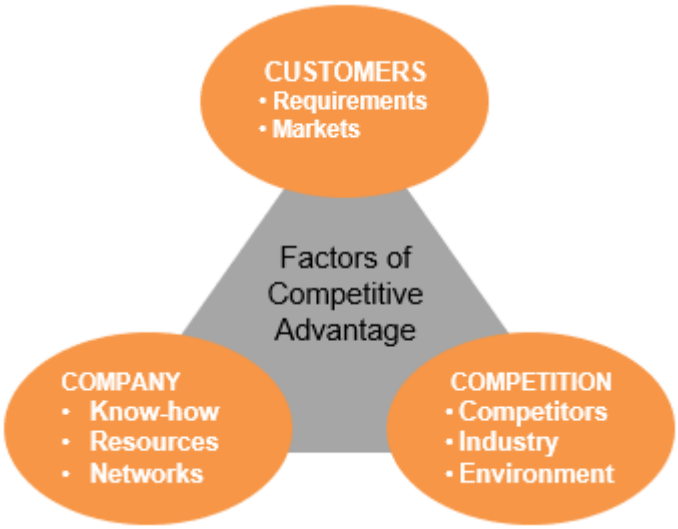


Figure 4. Factors of competitive advantage (Hakanen 2004: 105).

Competitive advantage has an impact on all functions, such as sales, marketing, production, and R&D. All functions and employees understand, what are the core competitive advantages of the company. By assimilating competitive advantage, the company ensures that all the operations done, support chosen competitive advantages by for example providing service at lower cost or in a better way that competitors provide. (Porter 1985: 51.) Furthermore, it is also essential to notice that a company can lose its competitive advantage when competitors for example develop their competences and achieve the competitive advantage. Moreover, competitive advantage can be lost when the market is saturated with the products or services the company offer. In that case, the company finds new competitive advantages or new markets. (Porter 1980: 44-46). The gap between the defined strategy and resources allocated to reach the strategy jeopardize the transformation of internal know-how to competitive advantage (Liu and Liang 2014: 1033)

The deviation between the set strategy and its supporting resource allocation has been found to be the obstacle to transforming operational capabilities efficiently into competitive advantage

4.2.4 Core Competences

Competitive advantage is built on company's core competences. Excellent core competence meets following criterium: 1) it is difficult to copy by competitors (Chen and Wu

2007: 160. 2) It can be reused to other products and services. 3) It provides added value to customers. Core competences that fulfill above mentioned criterium are scarce. (Hakanen 2005: 109.).

A company recognizes those core competences, which maintain and empower competitive advantage as well as chosen strategy. Changes in strategy means also changes in core competences. (Hrebiniak 2005: 93). Identifying core competences is important especially for IT companies, as typically high-tech companies are dependent on innovations which relay on constantly evolving technologies. In addition, the life cycle of IT-solutions is often short (Chen and Wu 2007: 160. 2). A study made by Chen and Wu (2007: 167) argues that high-tech companies' core competences are different from conventional companies e.g. manufacturing companies. High-tech companies rely more on R&D capabilities, whereas conventional manufacturing business concentrate on outstanding logistics and supply chain. Furthermore, core competences as a part of strategic planning is considered necessity for technology-based businesses. (Chen and Wu 2007: 167).

According to a study made by Ghannad and Ljungquist, (2012: 149) core competences of SME companies differ from large enterprises. Large enterprises have often patens or other IPR's when SMEs core competences rely on the knowhow and personal skills of its employees. For SMEs turning innovations into profitable business, is one of the biggest obstacles. Hence, the financial resources to protect innovations from the imitation of large enterprises, are often limited. When launching a new solution, a small company turns from technology focus to market focus company. Therefore, allocating business focused competences, on top of existing technology competences, and securing that the organization has a vivid growth plan, boost the transformation. (Ghannad and Ljungquist 2012: 161-163).

Summing up, core competences, a small and medium sized technology company requires besides state-of-the-art technology competences, also competences to turn the innovations into profitable business.

4.2.5 Positioning and Segmenting

Positioning defines the company's position in relation with other companies operating in the same industry as well as with competitors and customers. Positioning helps to identify the competitive advantages of the company. It is important that positioning is done in the early stages of strategy work, to avoid wrong sources and compromises with initial data. (Hannus 2004: 63).

Positioning answers the following questions: 1) Who are our customers? 2) What are their needs? 3) Which of our solutions fulfil customers' requirement? 4) Why customers buy from us / what are the key benefits we can offer? 5) How our offering differs from competitors? (Johnson et al. 2012: 11). However, sometimes a company overanalyzes market and competitor data with the cost of properly implemented strategy. A company should carefully consider which analyses are needed and how they are utilized. Additionally, a company needs to find a pattern, which best apply to company's strategy and goals. (Kehusmaa 2010: 69–76).

Segmenting means dividing potential customers into homogenous groups, with similar needs and desires (Brotspies & Weinstein 2017: 1). Each group is addressed with similar operational model, benefits, offering and marketing activities (Hannus 2004: 64).

When summing up strategic intent, it is vital to emphasize that it does not matter how magnificent strategy formulation is, it does not lead a company to success. Only a brilliant implementation enables a company to deliver outstanding chosen strategic intent. Vision, mission and values are important, but still the implementation is the changing power of successful strategy.

4.2.6 Intensive Change Management

Change is the one factor that has not changed over the years. Customers' requirements and behavior change, and so do the company and production structures. New opportunities, products and services emerge with ever increasing pace, while technology evolves, and the globalization is everyday business (Pekkarinen 2004). A company, who can respond to these changes, succeeds more probably than a company which is stuck on the old way of operations (Franklin 2014: 1.) The essential question about change is: "*Are we changing as fast as the world around us*?" (Hamel 2012: 86).

4.2.7 Change Process

Change means doing something differently, unlearn the way operations are done before and adopt a new way of working (Franklin 2014: 1). A change can originate from several different reasons: need to lower costs, change the competitive position, improve quality of products and services, finding new growth strategies or improving productivity, just to mention few (Kotter 1996: 3).

Far too often a change project fails, no improvements can be identified, resources are waisted, and employees are frustrated (Kotter 1996: 3). Only one third of change projects were considered as successful and lead to solid efficiency of the operations in a short and long-term perspective, whereas even over two thirds of the change projects failed shows an online survey conducted by The McKinsey Quarterly in 2006 (Vinson and Pung 2006). John Kotter, a well-known change management guru, has developed an eight-step transformation process that enables successful change (Kotter 1995: 2).

First, *emphasize the sense of necessity and urgency.* The change fails, if the company is satisfied with existing status, and the is no evitable need for a change. Another reason for failing is that the key resources are not empowered to drive the transformation. The wider awareness of the necessity of the change, the more committed personnel is to strive for the change. (Kotter 1996: 31–32).

Second, *form a team to drive the change.* It is not enough that the CEO supports the change, also most of the management team backs up and drive the change. Even Sun Tzu stated in the famous “Art of War” book that organizations, where leaders and employees work for their common target, are successful (Sunzi, Nojonen 2008: 61).

When choosing participants, it is essential, to find a group of people that ensures the creditability. Hence, part of the group leading the change, is representing management. The team consists of multiple expertise areas, as well as different perspectives to the desired change. In addition, the change team requires leadership skills, persons, who can lead both people and operations. As a successful transformation often requires change in behavior, no change team can succeed without competent people leader. Essential is that the whole change team supports and respects each other. Furthermore, the team acknowledges the same target for the change. Briefly, find right people, enhance the team’s mutual confidence, and find common target. (Kotter 1996: 45–57).

Third, *create a vision for the change.* Strategic themes, or visions as Kotter defines, help to coordinate and control the operations and encourage personnel to desired operations. The strategic themes indicate why something needs to be done. The personnel are often dubious, and they do not agree on the direction and the necessity of the change. Clear strategic themes guide personnel to the right direct and act as the vanguard of the desired strategy. (Kotter 1996: 59–63; Kaplan & Norton 2007: 123).

Fourth*, communicate the strategy.* A considerable amount of management's time is used to create the strategy. Hence, the implementation time is much shorter (Niemelä et a., 2008: 11). The management shows example and leads the desired new way of working. Furthermore, the strategy is discussed in every possible forum (Mantere et al. 2006: 38).

Kotter (1996, 76) defines that applying following rules, the communication of the change is more successful: 1) Use simple terminology, avoid jargon. 2) Utilize allegories and examples. 3) Take advantage of multiple forums, such as quarterly meeting and small team meetings. Inform on the intranet and have face-to-face meetings. 4) Repeat, repeat and repeat, the ideas are deep-rooted only when they are repeated often enough. 5) Lead by example, if key personnel fail to work according to desired strategy, the rest of the work force does the same. 6) Solve conflicts, make sure there are no real or apparent cross-purposes between chosen strategic initiatives, which can reduce credibility of the communication. 7) Give and take, two-way communication secures that the contents of the strategy are perceived in the right way. (Kotter 1996: 76)

Fifth, *empower personnel to act.* Conventional organization structure, job descriptions, extreme control or ineffective incentive system prohibit personnel to work towards new key targets. Remove all obstacles of the change. (Vuorinen 2013: 141) Ensure that the personnel have enough authority and power to work towards chosen strategy (Kotter 1996: 90.). Sometimes the most serious obstacle in the change is the middle management, as they are afraid to lose their position in the organization (Kotter 1996: 89-90.)

Provide the personnel with opportunities to develop their skills and competences, hence the personnel are motivated to even better performance. No one wants to work badly from day to day. Allow employees to manage their work independently. The management does not have to constantly tell what and how to work, when the strategic intents are carefully defined and actively followed-up. (Kawasaki 2011: 151–152).

Inadequate knowledge can disrupt the whole change process. Unlearning the old way of working takes time, a few days of strategy retreat is not enough to make the change. Instead, companies are considering thoroughly what abilities, attitudes and skills are required to make the change. The personnel is educated and trained to adopt the new way of working. Furthermore, it is important to constantly keep track on the progress the employees make, a strategic change is not over, when the training session ends. (Kotter 1996: 92–93).

Sixth, *create short-term wins.* Changes in strategies are often broad, long-term initiatives. When achieving short-term goals, such as performance improvement by x per cent, or exceeding target y by z per cent, the employees see concrete impact of the change. Broad strategy themes are split into smaller milestones, to be able to show progress and success. Communicating achieved milestones empowers the whole organization, (Kotter 1996: 101–102) and enables personal rewards to those supporting the change most (Kotter 1995: 13) Communicating short-term wins enable to fine-tune the strategy as they give feedback to continuous strategy creation (Kotter 1996: 106.)

Seventh, *do not give up.* Celebrate the achieved milestones, but do not forget that the work is still on-going. The milestones are just short-term goals that lead to the definite strategic initiatives (themes). Communicate on and on, the changed way of working is jeopardized to be forgotten if it is not talked constantly. (Kotter 1996: 115–116).

Eight, *create a new culture.* When the changed way to work is also implemented to the new generation leaders of the company, the change can turn into permanent corporate culture. One poorly chosen superior can ruin the whole change initiative. (Kotter 1995: 16). Change of the culture happens last in considerable change initiatives. Hence values and norms transform last. Changing culture is the most difficult factor, it cannot be forced to change. It implies evidence that new way to work and methods bear measurable results. (Kotter 1996: 137).

As a summary, a successful change initiative requires that above-mentioned steps are taken and in the proposed order. It is good to remember that different methods and theories do not always respond to the reality. John Kotter's ideas of change originate to the 90's, most of the ideas still apply, but divergent opinion arise also.

4.2.8 Making Decisions

There are new or additional theories how to improve strategic changes, especially among millennials, who often have crucial impact on SME IT companies. Some of these theories challenge the rather closed top-down conventional way of making changes happen. As Hamel (2012) argues, the changing world requires different characteristics from leaders. He turns the whole layout upside down. Instead of having management, who sits on the top of the decisions, which subordinates implement, Hamel sees that modern companies create a truly open atmosphere, which applies to recruitment, decision making, running operations and everything between. (Whitehurst 2015, Hamel's forewords on page XII).

According Hamel (2012), a leader is stewarding the company to outstanding results. By stewarding, Hamel means that the managers are responsible for the ethics of the company, which culminates into five aspects: 1) Employees are not tools to personal gain, but a way to create trust. 2) A top manager puts employees interest ahead of their own wealthy. 3) Managers are responsible for the inherited legacy. 4) A manager is always accountable for all the actions taken. 5) The rewards are awarded corresponding to employees' contribution rather than title or rank. (Hamel 2012: 3-5).

According to Jim Whitehurst (2015) the CEO of Red Hat, making changes require making decisions. He argues that change management happens during decision process, not when the decision is implemented. (2015: 154). To get employees to stand behind a decision, the employees are involved in the decision-making process. Often the decision-making process takes longer than in conventional companies, but the implementation of the decision is fast and efficient. Whitehurst calls this as "Transparent decision making". (Whitehurst 2015: 140). Manville and Ober (2003) stated that already the ancient Athenians thought that making decisions or managing activities are all citizens' responsibility. Expertise was valued, those who knew about the issue in hand, were expected to come forward, no matter of the person's rank or position. According to Manville and Ober (2003) volunteers participated in forums where decisions were made and executed for smaller issues or statewide initiatives. Everybody tried to find consensus and strived for the greater good of the state. While people were valued on the merit they had achieved, the Athenians also believed on accountability, people were responsible for their decisions, this made them to pursue for the best decisions and excellent execution. (Manville and Ober 2003). Hamel and Whitehurst call this meritocracy. According to them, meritocracy means that merit is earned from peers, it does not automatically come together with a title. Those, who have earned peers' respect are capable to make decisions for

the whole company. (Whitehurst 2015: 88; Hamel 2012: 173). Sull et al. introduce term “distributed leaders”, who are not only middle managers, but also persons, who have key roles in the informal network of the company, the distributed leaders are committed and get things done (Sull et al. 2015). In a public company as Red Hat, there are always decisions that law prevents to share beforehand. In such cases, it is important that the decision is grounded thoroughly, which happens as soon as possible, and the decision and its implications are discussed openly. (Whitehurst 2015: 140–141).

Whitehurst introduces a process, describing how important or strategic changes are made at Red Hat: 1) The ultimate requirement for a change, comes from inside of the company. 2) A group of volunteers, which come from all organization levels, starts to discuss and solve the issue in hand. 3) The group presents the initial findings or proposals to owner of the issue, in strategic matters, to the CEO. 4) The group of volunteers together with the issue owner, create a proposal that sounds good enough. It does not need to be carefully formulized, final version of the issue. According to Whitehurst (2015: 151) Red Hat utilizes open source technique, the engineers call: “Release early, release often”, which means that employees can have their say, when the issue is still a raw version. 5) The draft version of the proposal is published on different communication platforms to all employees at the company. Everybody is asked for opinions and improvements proposals. Normally, the discussion is lively and comprehensive. The purpose the fifth step is to engage people, the step gives the ownership of the issue to all employees. 6) The best ideas win, no matter where it comes from. The final version of the issue is based on the company wide discussion and normally the winning proposal is voted for. (Whitehurst 2015: 150-152; Holmgren 2018). Still, it is the manager, who is accountable for the final decision, but it is done transparently, involving organization and having open mindset for different proposals. (Whitehurst 2015: 141-142).

When the leader is humble enough to give the power of decisions to the group, the group members can concentrate on issues that best suits their interest, as a result, team members are highly committed to the way they have decided to reach set targets. (Hamel 2012: 162). Leaders work purposefully to raise passion within the team, and passion is created by letting people to make decisions together with the peers. Whitehurst argues, (2015: 34):

> *"What … organization leaders need to do, … is to challenge their people to take initiative, find ways to innovate, and gain an edge on the competition by getting them to all work together in pursuing a common goal".*

Giving employees more freedom to make decisions but ensuring that the decided strategy is followed by setting incentives according to strategy, ensures that the strategy is implemented well and create profitable business (Hamel 2012: 167).

Above mentioned applies to strategic decisions such as creating mission, but also to more informal decisions like how the company should celebrate important anniversaries. A good example of this is charity funding. All the employees can vote for charity associations, and the ultimate amount of charity depends on the percentage of votes gained. Before voting phase, there has been a team of volunteers to put together a list of possible charity associations. (Whitehurst 2015: 148).

Summing up, making changes means making decisions, when the power of making decision is given to those, who have the expertise, no matter of title or rank, the quality of the decisions raise. Additionally, top-management's most important role is to support employees to take initiative and to be passionate. Leaders have to help employees to shine.

4.2.9 Getting People Committed

According to a survey about employees' engagement, conducted by Towers Watson in 2014, about 60 % of employees lack the elements required to be highly engaged to the company. In addition, only about half (48 %) of the employees are satisfied with the management of the company. Most important value for an effective leader is concerned according to the survey, to be the ability to inspire and motivate employees (Towers Watson 2014). The message of the study is breaking, a company cannot perform outstanding, when employees' commitment level is as low as described above. (Hamel 2012: 138-139). Hamel created a hierarchy of employee's capabilities, Figure 5 below.

Level 6	Passion
Level 5	Creativity
Level 4	Initiative

Level 3	Expertise
Level 2	Diligence
Level 1	Obedience

Figure 5. Hierarchy of human capabilities at work (Hamel 2012: 141).

As seen in Figure 5, the lowest level is obedience, these people come to work every day, do the assigned routines and go back home. Diligent employees work hard, do the job, and have the responsibility to deliver good results. Third level consists of people who are competent and skilled. They want to learn more. The three lowest level employees are not unique – the world is packed with level 1 – 3 employees. A company cannot base their competitiveness on these 3 lowest levels. To ensure outstanding performance and unique competitive advantage, a company needs to have top three level employees, which represent *Initiative, Creativity and Passion*. *Initiative* person wants to solve problems or get active when opportunities arise. *Creativity* means that employees seek for innovations and new ways of working and supporting company's success. The top level – *Passion*, is for persons that are truly devoted for the greater good of the company. The top three levels contain characteristics that cannot be learned, they are gifts. Instead of finding persons who just do their jobs, a company creates an organization that deserve top 3 level persons. According to Hamel, the most important is to find out how a company can develop an environment, where new insights and capabilities are created to enable improved customer value. The winners are companies who attract proactive, innovative and committed employees. (Hamel 2012: 140-142). There is still much a manager can do, to turn employees to the top 3 capabilities. According to Towers Watson study (2014) three issues can be pinpointed to improve engagement in the organization: 1) Ensure that the employees have possibilities to grow. 2) The company's mission and vision are showing that the company is making difference. 3) The leaders of the company can create engagement and employees want to follow them. (Hamel 2012: 143).

According to Hamel (2012: 157-159), a way to get people committed is to create constant dialog among the whole organization, not only between top-management and employees, but also among those two groups. Commitment, or even its deeper form passion, is created, when a group of employees, from all organization levels, are asked a question of what kind of a difference the employees would make, to get this organization successful. Hamel (2012: 160) stated that turning to the group, giving responsibility to all the members, and refraining from too much control, but keeping the groups accountability,

leads to passionate employees. Furthermore, passionate employees implement decisions, which they have had impact on, almost without effort. (Hamel 2012: 157-159). This way of working fits especially well, when there is a strategy, but the real actions are not taken. (Hamel 2012: 162).

According to Whitehurst (2015: 66-67), the leaders of a company are accountable in three different aspects: 1) How well they know the strategy. 2) Their ability to listen their team members. 3) How the leaders get their team members engaged. The two first have an impact on the latter. If a leader is not able to listen to their subordinates, they cannot get them engaged. The same applies to knowing the strategy, if the leader cannot explain the strategy and especially why something is happening, the leader is not worth their position. Albert Einstein stated: "*If you can't explain it simply, you don't understand it well enough".*" According to Sull et al. (2015) it is not about number of communication events such as emails or meetings, it is about how well the strategy is understood (Sull et al. 2015). Communicating strategy is not about telling what to do, but about telling the employees reasons behind strategies, and how the employees are important to the community, how they fit in it, it is about turning the employees to passionate employees. (Whitehurst 2015: 66-67).

When taking a closer look into Kotter's eight change management steps for implementing successful changes in the strategy, a common nominator is easy to pinpoint – the management of the company. The management plays a key role when implementing strategy. Kotter emphasizes leading people instead of managing things – from management to leadership. In an evolving world it is not enough that a manager can make budgets, organize, control and solve problems. A good leader can motivate, empower and inspire personnel to carry out tasks that are crucial for the success of the company. A leader encourages personnel to exceed themselves, to contest strategic choices and to take risks. (Kotter 1996: 144–145)

As a summary, about 40 per cent of the employees are not engaged to the company, hence the success factor is that leaders can get employees committed by creating dialog with the employees, trusting on them, and giving more responsibility. It is important, that the company's culture attracts passionate and creative people who do not hesitate to take initiative. Leaders top priority is to get employees committed, for that the leader's capability to communicate strategy and actively listen to employees is important.

4.3 Robust Process for Strategy Implementation

In conventional strategy processes, implementation is just one box in the process map (Salminen 2008: 60). Often the CEO and the top-management have invested time and resources to formulate a great strategy, and implementation is left to be middle managements' responsibility without help from those who created the strategy. (Niemelä et al. 2008: 11; Salminen 2008: 63).

To ensure that strategy is a way of doing daily operations, the strategy tells the whole company what needs to be done, when, why and in which order (Hrebiniak 2005: 34). Strategy is described in a simple way, starting from vision and progressing to personal targets and meanings, what does this mean to an individual (Salminen 2008: 81).

According to Kaplan and Norton (2002: 52), a successful strategy consists of formulating a great strategy, which is implemented to every employees' everyday operations and managing those two. It is impossible to separate strategy formulation process from strategy implementation process, as the people who is implementing strategy on daily basis, are involved in the strategy creation phase also. The basic strategy implementation process in this Thesis consists of five steps as seen in Figure 6 below.

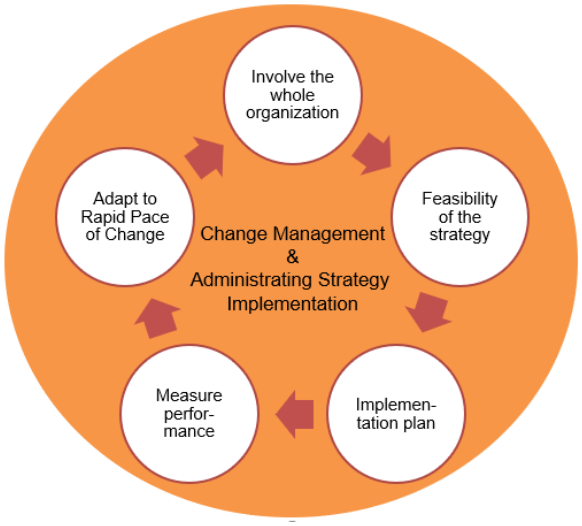


Figure 6. Strategy implementation process adapted from Salminen (2008) and Hamel (2012).

As illustrated in Figure 6, strategy implementation process starts from involving people, after that the feasibility of the strategy is evaluated, followed by an implementation plan. All actions in the implementation plan are measured and changes are done according to

the metrics, with accelerating pace of change. All these steps base on a defined management system and change management process.

Some parts of the strategy, such as products and services the company is selling, and their pricing as well as the general quota comes often from the corporate management (Holmgren 2018), but how to split the quota between different units and offering, as well as what actions are needed to reach it, is totally up to the local management to decide. (Holmgren 2018). It cannot be avoided that strategy is sometimes decided by the corporate management, but to get employees behind the strategy the leaders have to sell the ideas to the employees (Holmgren 2018; Whitehurst 2015: 17). In such cases, the feasibility phase of the strategy implementation is used to sell the ideas to the whole organization.

Summing up, implementing strategy requires involving employees to every step of the process. The feasibility is evaluated against set targets and action plans are made to define what needs to be done to reach the targets. To measure performance helps the company to follow-up that the company and its employees are operating as planned to achieve set targets. When companies take into account changing environment the success is easier to achieve.

4.3.1 Involve the Whole Organization

According to Aaltonen & Ikävalko's (2002: 416) study communicating strategy is the biggest obstacle when implementing strategy. The same communication problem can be found from several other researches (SSJS Strategiabarometri 2010: 153; Beer and Eisenstat 2000: 31). When company involves employees from all organization level to strategy formulation and decision making, the problem with communication diminishes considerably. Aaltonen and Ikävalko (2002: 415-416) stated that a successful strategy implementation requires that the planned strategies and suddenly emerged strategies, match together and strive to fulfilling company's vision. Aaltonen and Ikävalko (2002: 415-417) believe that sometimes strategies emerge, without thorough consideration, which makes company more agile. When employees take initiatives, number of emerging strategies rise (Whitehurst 22015: 163).

Involving the whole organization means that people get engaged. Furthermore, involving employees means that everybody, who want to participate in strategy process are able

to participate in it. Furthermore, it means that employees are involved in the decision-making process, as described in chapter 4.3.2. As Aaltonen and Ikävalko (2002) state: *"By encouraging personnel to develop their abilities to participate in the strategy process, strategic capabilities can be developed."* When employees at an SME IT company are encouraged to continuous two-way communication; to tell the management that there are better ways to operate that the ways the management suggest, the company is more innovative than their competitors (Whitehurst 2015: 18; Aaltonen and Ikävalko 2002: 417). The capability to keep small company's participatory dynamics while the company is growing, is difficult, but when successful, it leads company to prosperity (Whitehurst 2015: 19).

Briefly, getting employees involved in the strategy formulation and decision making, reduce problems when implementing strategy and decisions. Often problems arise, when decisions are made by the top-management, without interaction with employees, leading to failing communication. When employees are encouraged to take initiative and give opinions, the number of ad hoc decisions arise, which makes the company more agile, if all the strategic decisions are matched to set strategic intent.

4.3.2 Feasibility of the Strategy

The feasibility of the strategy is concerned with the questions if the strategy tells the real direction of the company; what the vision is; what should be developed; what requirements the surrounding environment set; if the company has enough resources to run the chosen strategy; and whether the strategy sounds clear and logical to the employees. A feasible strategy tells where the company is going, what it is doing and how it is doing it (Salminen 2008: 31-32). The "what" sets the direction of the company, and requires wide decision making in the company. The "how" describes how things are done in the company. (Whitehurst 2015: 20). Furthermore, an extraordinary strategy tells why it is doing, what it is doing (Whitehurst 2015: 19). The "why" question tells the employees the reasons behind the changes, which enhance engagement. The "why" motivates and inspires employees to work on much higher level than without knowing the why (Whitehurst 2015: 20.)

Another aspect of feasibility is alignment, which means whether the different business units, resources, policies, operations, organizational structure, best practice and community orientation, are aligned with the set strategy. If not, the possibility of successful

strategy implementation lowers. (Srivastava and Sushil 2017: 1048-1049) These different factors are prioritized according to their driving power; different business units get different strategic weights depending on if they represent core or non-core activities (Srivastava and Sushil 2017: 1056.). The same differences apply also to detailed action plans, each different factor requires unique action plans (Srivastava and Sushil 2017: 1043.). Especially important is to align strategy and incentive system, if these are in conflict major problems in strategy implementation arise (Aaltonen and Ikävalko 2002: 417).

Summing up, a feasible strategy tells if the company is proceeding towards set targets, it describes what the company is doing, how it does it and why the company is operating the way it operates. Feasible strategy is also aligned, which means that all operations and resources are synchronized to follow the set strategy.

4.3.3 Plan Implementation

A successful strategy implementation plan tells what should be done, why it should be done, who does it, how it will be done and when, on the top of these questions is the measurement of the success. The what and the why come from the vision, the rest comes from the action plans. (Salminen 2008: 78-82).

Responsibility to make an implementation plan for a strategy lies on the top management. However, all the functions are integrated into implementation of the strategy. Facilitator's function is crucial (see 4.5.1). The middle management is in the key role when implementing strategy. That is true, but the top-management's strong support and commitment to implement strategy is the defining factor that makes or breaks the strategy implementation phase. Furthermore, the subordinates also have responsibilities, their commitment and skills are evaluated and improved if necessary (Salminen 2008: 66-67). When the whole personnel have participated in the creation of the strategy, the implementation is much easier.

In Aaltonen & Ikävalko's (2002: 416) model, strategy implementation requires four components: 1) communication, 2) interpretation, 3) adaption and 4) action (Aaltonen & Ikävalko 2002: 416). In this Thesis *communication* is regarded as step 1 in the strategy implementation process "Involve people" where employees are involved to strategy creation and decision making. *Interpretation* means that the employees understand what

the strategy means in everyday operations. *Adaption* happens, when the employees understand what the strategy means and *acts* according to it. One model to make an implantation plan is defined in Figure 7 below.

Figure 7. Phases of planning strategy implementation adapted from Salmela (2008: 79) and Aaltonen & Ikävalko (2002: 416-417).

As Figure 7 shows, the planning of the strategy implementation consists of four phases: 1) The vision is the basement of all operations. 2) Strategic themes enlarge the vision and give it targets. Strategic themes ensure that the whole company with all its business units aim for the same direction. 3) Interpretation means how the themes are turned into specific strategic meanings. What the strategy stands for to the whole company, its top-management, different business units and all the way to individual levels. 4) The Action Plans are derived from interpretation of the strategy. Detailed action plans are made by employees of smaller business units during the implementation process. (Salmela 2008: 79; Aaltonen & Ikävalko 2002: 416-417).

Dismantling strategy into smaller action plans can be considered as strategic development projects that aim for fulfilling strategic themes in a smaller unit such as a department or team. The development projects need competent leader. (Lindroos and Lohivesi 2004: 169-170). Figure 8 below illustrates required components of an action plan.

Strategic Theme:

Action/ Project	Owner	Timetable	Resources	Target	KPI	Priority

Figure 8. Components of an action plan adapted from Lindroos & Lohivesi 2004, 169-170 and Kaplan & Norton 2007: 124-127.

As Figure 8 shows, an action plan consists of Project Name, which identifies the project, an Owner of the project, telling who is responsible for the project, Timetable which gives the timespan allocated for completing the action plan, Resources for the projects, expected Outcome and KPI identifies the set measurement meter the project. Priority scales different projects (action plans) in to priority order. Project leader's ability to run projects in a key competence in a company, in a typical SME IT company. (Lindroos and Lohivesi 2004: 169-171).

As a summary, planning phase of a strategy means that the strategic themes are interpreted so, that all the employees understand what they need to do to work according to the strategy. Action plans tell who is responsible for defined actions in a set timeline and with given resources. How well the action plans are proceeding is measured with KPI metrics.

4.3.4 Measure Performance

Successful strategy work requires measuring operational performance and developing operation constantly according to measurement reports. Measuring strategic operations enables real and permanent change in operations. Furthermore, measuring operations show the impact of strategic choices to operations as well as it indicates how well the changes are implemented as a lasting new way of carrying out daily operation modes. (Karlöf 1996: 199).

A crucial reason, to measure performance is to get employees to work according to set strategy. Saying: "What you measure is what you'll get" is correct, people tend to change behavior according to how they are measured. (Ariely 2010). Performance metrics, which are defined in accordance to set strategic themes give guidelines to operations and allocate available resources. When strategic themes are split into concrete department-, team and individual level objectives, everybody knows what is expected from them and where they are putting efforts. (Kaplan and Norton 2002: 116).

In a well-defined strategy, goals are derived from key strategic themes and actions plans. Furthermore, goals are defined in a way that it is easy to measure and follow-up them.

Goals can be created using SMART method. It means that goals are Specific, Measurable, Attainable, Realistic and Tangible. (Karlöf 2004: 103-104). It is essential that the measurement system is derived from existing strategy. In addition, the measurement result reflects to the strategy and initiate changes to the strategy when needed. Equally, the metrics are changed when the strategy changes. (Kaplan & Norton 1996: 147-148).

According to a research conducted by Ernst & Young (1997), investors look also to other performance metrics than financial. The research exposed that there are eight other measures that matter, when evaluating company's performance: 1) How well the strategy is implemented. 2) What is the quality of the strategy. 3) How innovative the company is. 4) How attractive the company is from talented people's perspective. 5) What is the market share of the company, is it growing or declining. 6) How the executive's incentive plans are combined with the set strategy. 7) What is the quality of key processes of the company. 8) Is the management aware of the connection between creating know-how and utilizing it. The research exposed that companies who can identify and manage these eight non-financial indicators can improve their competitive advantage. (Ernst & Young 1997: 1-16).

However, the above mentioned conventional performance measurement systems have downsides, emphasizing short-term earnings, on the cost of long-term customer driven innovation. A more holistic way to measure performance is needed, a way that takes also other meters than just financial performance into account. (Hamel 2009: 5-6). It requires fundamental change in the whole culture of the company, a change that emphasizes speed and faster reaction time, not by accelerating speed, but by utilizing the energy in the organization. Furthermore, the fundamental change requires management who understands the importance of the purpose and the passion of its employees. The change needs a community that takes initiatives. (Whitehurst 2015:188).

Summing up, measuring performance is important to follow-up that operations are carried out as planned. Additionally, continuous improvement requires measuring performance. However, a company that pays attention also to non-financial performance meters, are able to improve competitive edge. Still the winners are companies who value and cherish passionate employees and bottom-up decision-making culture.

4.3.5 Adapt to Rapid Pace of Change

Modern strategy is not a detailed operational handbook, it is a living and constantly changing way of working. It gives possibilities to change according to rapidly changing environment (Salminen 2008: 219; Sull et al. 2015). The 21st century has brought new challenges for companies to overcome, the management is facing a revolution. Hamel (2012: 172) defines that the revolution brings three different forces that are behind the change: 1) *Business environment is getting tougher*, there is no mercy anymore. The pace of change is increasing all the time. Competition is getting harsher every day. Conventional management styles are not working anymore, the companies are adapting to these changes. 2) *Web-based collaboration offers tools that changes the way companies operate.* Distributed networks and simultaneous document handling allows different organizational hierarchies and online operations. 3) *The new millennial generation changes the way of work.* The conventional corporate cultures become old-fashioned, and do not attract talented workforce, as they are seeking for companies where contributing fresh ideas are more important than the rank or title, where hierarchies are no more top-down but bottom-up. The millennials are searching for companies, where leaders are serving employees instead of managing, where talented resources are attracted to the company, not allocated to limited projects. The millennials are tempted by equality, not mediocrity. In the future, the companies, who choose to keep the conventional management styles, are suffering from lack of talented employees, these organizations lack also rapid and outstanding capability to react to accelerating pace of customer demands. (Hamel 2012: 174-177).

According to a survey by Sull et al. (2015) about difficulties in strategy execution, almost one third of the managers stated that biggest challenges related to adapting to rapid change. The survey revealed that the major barrier to successful strategy implementation is lack of agility. Being agile can also be dangerous, if the company search for all possible opportunities, without careful consideration and discipline to set strategy, the loss can be bigger, than not being agile at all. (Sull et al. 2015). Furthermore, managers cannot reallocate resources; employees and budgets when changes with market or environment occurs. Usually companies react so slowly that they lose the change to get ahead of the competitors. According to the survey 90 percent of the manager cannot close down unprofitable operations or kill poor initiatives fast enough. (Sull et al. 2015)

Briefly, the world is changing, it is getting tougher, and competition is tightening. The winners are those, who can change fast enough, but who can still make disciplined decisions among affluent opportunities. The winners collaborate internally and externally utilizing sophisticated web-based tools to operate faster. Furthermore, the talented millennials require modern, equal management styles, where they are listened to and where they can take initiative.

4.4 Systematic Administration of Strategy Implementation

Strategy is the responsibility of the whole organization. Strategy implementation work from wide objectives to concrete action plans are made often in smaller groups, such as management team or team meetings. To ensure that the strategy implementation is understood correctly and executed as planned, a company can use a facilitator to ensure that the strategy is implemented in equal way to all organization levels.

4.4.1 Facilitator

Implementing strategy means always a lot of projects, schedules and responsible persons. In the end the CEO and the top management is always responsible for the strategy and its implementation. However, the person who is in a crucial position for the success of the strategy is the facilitator, who takes care that all the stakeholders (for example management team, departments, middle management) of the strategy carry out coordinately all the actions decided in the strategy (Kaplan & Norton 2009: 325–328; Lindroos & Lohivesi 2004: 48–50).

The facilitator is not responsible for creating the strategy, but he or she takes care that the actions defined in the strategy are taken care of in agreed timetable. If, for example, something is decided to discuss in team meetings, the facilitator takes care that all the team leaders (e.g. middle management) have similar material which is discussed in the similar way. Furthermore, the facilitator ensures that all strategy and management team minutes have action point listings with timetables and responsible persons. The facilitator controls the implementation of the strategy. As strategy work is continuous and daily, it is easiest if the facilitator comes from inside the company. (Kaplan & Norton 2009: 325–328; Lindroos & Lohivesi 2004:48–50).

As a summary, facilitator takes care that strategy meetings are held when planned, with the right material. After the meeting facilitator checks that the outcome of the meeting is communicated to all stakeholders in an equal and similar way.

4.4.2 Working Methods

The method how to create strategy or action plans to implement strategy vary depending on the people handling the issue and the nature of the development project. OPERA is a team work method, Wall Chart technique is a method for wide projects with several phases, operators and milestones. Both methods are useful when designing strategy or its implementation actions on department, team or individual levels.

OPERA, which is a group work technic developed by Innotiimi Ltd. it fits well, when wide range of perspectives are needed, and when a unanimous outcome is preferred. The target is to find a consensus for the issue in hand. It also allows introvert team members to give their opinion to the question in hand. Using OPERA insures that all the team members are committed to the outcome of the teamwork that makes it a perfect tool to define action plans for strategy implementation. OPERA is in its best, when there are 8-12 members in the team.

The idea of OPERA is (Boman et al. 2007: 80–81): as follows. First, to first think about question in hand, alone, and write down ideas or lists about the question. OPERA can be used for example to create an action plan for a team to implement a chosen strategic theme. All participants list ideas or process phases that are important to carry out successfully a strategic theme.

Second, after individual lists, the team works in pairs, forms a common list of actions, and finds consensus with the pair. The pair writes down on an A4 paper one action or idea per piece paper. These papers are put up on wall.

Third, all the papers are grouped, and a common nominator is identified for the groups. Similar steps are eliminated or grouped into one group. If the team is creating an action plan, there are different groups or steps on the wall required for the action plan. One step can have lot of different ideas, which are vaguely similar. Each pair introduces and sells the idea or ideas to the rest of the audience.

Fourth, when the grouping of the ideas is done, the wall contains action plan(s) with different steps. After that phase all the team members give votes to the most important action plan steps. The outcome is a commonly formed action plan list, with prioritized steps or milestones. (Boman et al. 2007: 80–81).

Wall Chart Technique is developed by Kari Saaren-Seppälä. It is mainly used for designing wide processes with sometimes extensive sub-processes, but it fits well for designing and coordinating wide strategy implementation plans (Ahonen et al. 2002: 85). In Wall Chart Technique main phases are defined on a large paper attached on wall. Main phases and their sub-phases are written on individual papers so that they can be moved from one place to another. Different colors and shapes can be used to visualize different relations and correlations (Ahonen et al. 2002: 85).

The PICK matrix (Impact Effort Matrix) helps companies to evaluate ideas. The ideas can concern a variety of different issues: such as what should be developed first; what are the most important pain points that should be tackled or what new features a solution should contain. The Pick matrix can be used to evaluate which technological innovations should be implemented, or, which are the most attractive customer segments. Different ideas are written on PostIt stickers and placed on a 2 x 2 grid. Figure 9 below illustrates the idea of PICK matrix. (Swan 2016).

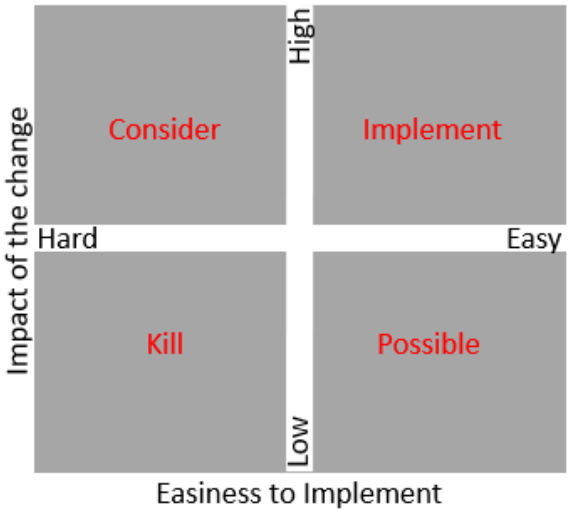


Figure 9. PICK matrix (Swan 2016).

As Figure 9 shows, ideas that are placed on the top right corner are ready to be implemented, when ideas that are in the lower left corner are those which should be killed. The PICK model helps companies to understand the impact of an idea and the effort needed to implement the idea. PICK matrix assists to prioritize challenges in a solid, transparent and logical way (Swan 2016).

There are different *internal tools* that can be utilized for implementing strategy. At Red Hat email-based memo-list is used widely for discussing various matters ranging from Christmas party arrangements to creating company's vision. The memo-list reaches all employees world widely, the idea is that employees themselves can find solutions to problems that arise. There are several other internal communication tools, where important issues are discussed. The most important is to have a culture, where employees are encouraged to take initiative instead of running the company from top-down. (Whitehurst 2015: 64; Holmgren 2018).

Summing up, OPERA, Wall Chart Technique and PICK matrix are used to find the best possible solution to a challenge and to reach consensus. It does not matter what techniques are used, if all the employees are given the opportunity to influence on both daily operations and larger strategic decisions.

4.4.3 Strategic Year Clock

The key phases of strategy implementation work are described in *Strategic Year Clock*. It helps to systematize, pre-planning and follow-up. All important milestones of strategic action plans, important management team and personnel meetings are scheduled in the Strategic Year Clock. The year clock enables to split strategy implementation actions into smaller unities. It is important to remember that a company still needs ability to react quickly into ad hoc situations. (Lindroos & Lohivesi 2004: 32–42). Briefly, strategic year clock sets the company systematic process and schedule for strategic work, still the ability to react fast to changes is important.

4.5 Conceptual Framework of This Thesis

The conceptual framework of this Thesis is presented in Figure 10 below. It consists of four main themes that together form a holistic view to a successful strategy implementation framework; 1) Forming a crisp strategy summary, which tells briefly the crucial elements of strategy in an SME IT company. 2) Intensive change management which assist companies to carry out extensive change processes. 3) Robust process for strategy implementation. 4) Systematic administration of the strategy implementation enables equal handing of strategy issues in the organization.

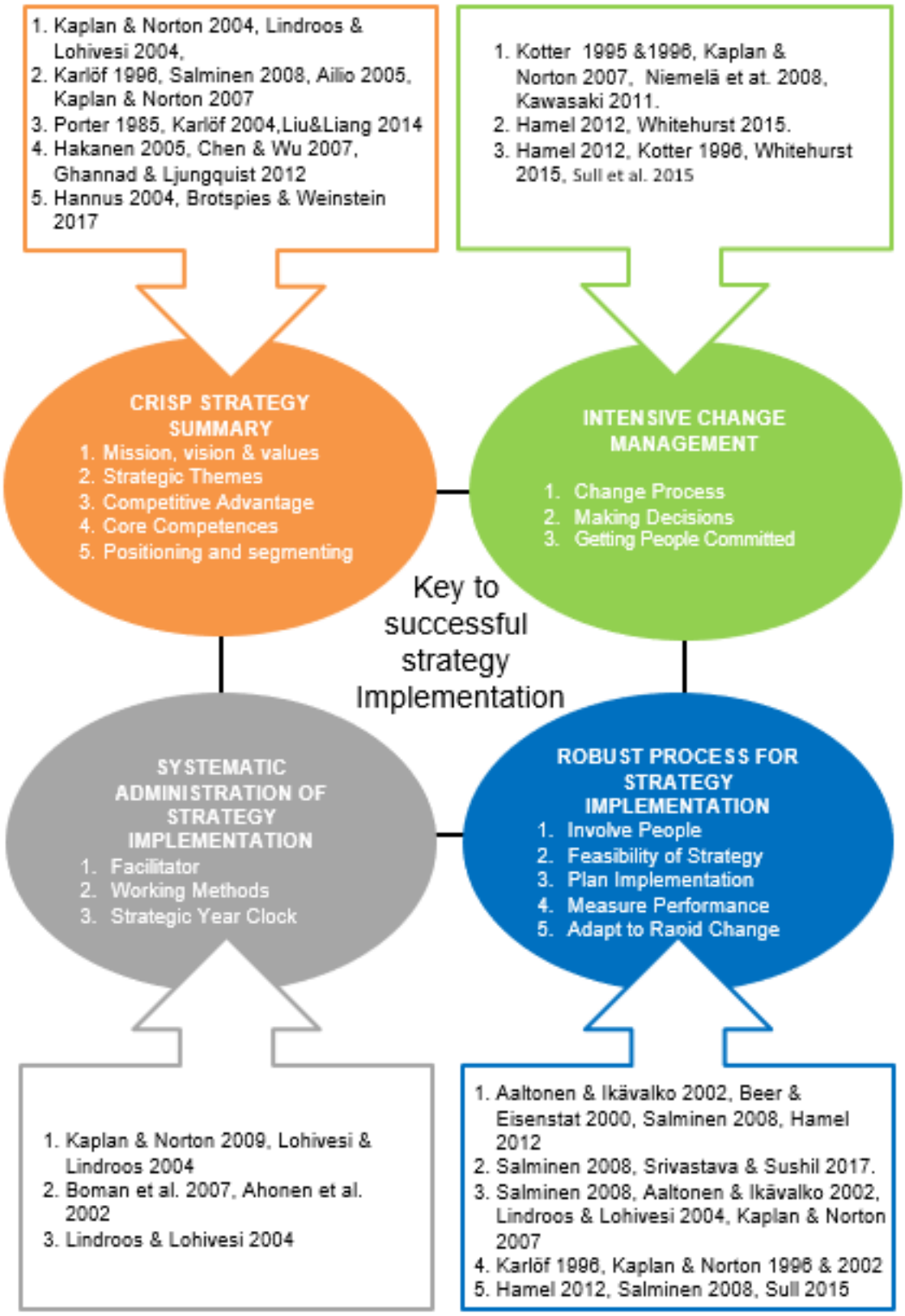


Figure 10. Conceptual framework for a successful strategy implementation.

As seen in Figure 10, each theme of the conceptual framework consists of key concepts related to successful strategy implementation. Each theme provides independent view to strategy work. Hence all parts together are required to carry out strategy implementation that results to profitable company with committed employees.

First, the strategy of the company is defined. Often companies have formulated strategies already. In this Thesis, the crucial elements of the strategy, such as mission, vision and values, strategic themes, competitive advantage, core competences and finally positioning and segmenting are carefully evaluated and updated if needed by all employees of the company.

Second theme is intensive change management, including change process adapted from Kotter, making decisions and getting people committed. These three aspects formulate successful change management. When employees can participate in decision making process, the commitment is easier and comes naturally.

Third theme is robust process for strategy implementation, which starts from involving people, in practical it means going through the summary of the strategy. Feasibility of the strategy contains evaluation of the strategy, is the strategy leading to the target defined in the vision. Only after that the planning of the strategy implementation can start. It means that each business unit, team and department as well as all the individuals make a plan how to fulfill the strategic intent. When the action plans are defined the performance can be measured to follow-up that employees are doing what they planned to do. It is important for an SME IT company, to adapt to the rapid requirement of change.

Fourth theme is a systematic administration of strategy implementation. Facilitators role is to follow-up that planned strategy implementation actions take place. Furthermore, facilitator is responsible that strategy related issues are discussed in the same way in all organization levels.

In a summary, existing knowledge and literature review concerning strategy implementation, highlights the importance of communication, commitment and turning decision making methods upside down. These unconventional ways of strategy implementation will guide the proposal building phase in the next Section of this Thesis.

5 Building Proposal for Strategy Implementation Handbook

This Section focuses on building an initial proposal of Strategy implementation handbook outline which is based on the conceptual framework as well as on the findings from analysis of strategy implementation practices from two case companies. The handbook outline provides a tool to later co-develop the initial version of the Strategy implementation handbook. This Section is divided into three sub-sections, describing the overview of proposal building phase, the draft of the initial proposal and a summary.

5.1 Overview of the Proposal Building Stage

Data for the proposal building phase (Data 2) was collected from in-depth interviews. The interviewees were the same as in first round added with two O-level interviewees. The purpose was to co-develop a list of content points for developing the Strategy implementation handbook. (describes in section 5.3), which in the next step serves when developing the text of the Strategy implementation handbook (with the text presented in Section 6).

For the development of the list of content points for the handbook, the following steps were done. First, challenge areas in strategy implementation were discussed based on the analysis of strategy implementation at example companies as well as the findings from the previous study on strategy implementation (Data 1). Second, in-depth interviews were carried out with C-level as well as O-level employees at example companies (Data 2), see the summary of stakeholder insights in Section 5.2). Third, the list of content points for the handbook was created (in Section 5.3) which was later developed further into the full text of the handbook (in Section 6).

To remind about the data collection logic in this study, it consisted of three rounds of data collections. The purpose of the first round of interviews for Data 1 (for the analysis), was to develop an outline for the Strategy implementation handbook, in other words a process to follow in the handbook. Three C-level interviews we conducted: The CEO and the CMO of example company 1 and the Sales Director of example company 2. Two O-level interviews (a programmer and a sales representative) complemented the C-level interviews and gave deeper insight to the operative level opinions. At the interviews, the conceptual framework was presented, and feedback was given. Next, the second round of

interviews (Data 2, tor the proposal building) was carried out when the outline of the handbook was visualized. At these interviews, an initial version of the strategy handbook contents was created. Finally, the third round of data collection gathered detailed feedback to the proposed text of the handbook (Data 3, discussed in Section 6).

5.2 Findings from Data Collection 2

Second round of Data 2 interviews consisted of evaluation of the big picture and suggestions for developing the outline of the contents of the Strategy implementation handbook.

The initial contents of the strategy handbook suggested to the stakeholders for discussion were as follows (Table 2).

Table 2. Initial contents of the strategy handbook.

	Handbook themes and its key content points
1	Summarizing Strategic Intent a. Mission, vision and values b. Business Idea and strategic themes c. Competitive advantage d. Core competences e. Positioning and segmenting
2	Test feasibility of strategy
3	Interpretation of strategic themes
4	Establish action plans a. List different plans required b. Define action plans
5	Measure performance
6	Adapt to rapid pace of change

The key suggestions from the stakeholders are summarized in Table 3 below and discussed in detail in Section 5.3 as part of the handbook development process.

Table 3. Key stakeholder suggestions for proposal building (Data 2) in relation to findings from the CSA (Data 1) and the key elements CF.

Table 3. Key stakeholders suggestions for Data 2 in relation to Data 1.

	Key areas from Data 1	*Suggestions from stakeholders, categorized into relevant groups (Data 2).*
1	The contents of the strategy are not clear and easy to understand	Summarize strategy, decision making a) List core contents of a strategy b) Involve employees to the core elements of the strategy. c) Let employees to decide and update strategy, as they are the real specialists of what the company is doing
2	Decisions are made somewhere high above us. We do not have any impact on the strategy	Change management; making decisions and get people committed a) Turn the top-down decision structure into bottom-up structure, where employees can have an impact on decisions. b) Encourage employees to take initiatives, make decisions and share knowledge. c) Give power of decision to those who know the issue, no matter of the rank or title.
3	Time is spent on daily routines, there is no time to strategy implementation work	Change management a) Plan solid process and let employees to take part in the strategy work. b) Strategy work is the essential part of management's responsibilities. c) The management need to get employees committed, which require that managers interactively communicate strategy, listen to employees, and trust the employees.
4	Strategy implementation process is missing	Strategy process; action plans a) Define clear process for implementing strategy. b) Evaluate step by step what needs to be done to implement strategy. Who is involved, when actions are done and how they are measured.
5	There are no clear instructions how to work according to the strategy	Process; make action plans, measure performance a) Establish action plans for bigger changes. b) See that employees create action plans themselves based on the strategic themes. c) Follow-up action plans

		The employees need to understand what is required to carry out chosen strategic intents.
6	Nobody is leading the strategy work	Administration; facilitator a) Find a person inside the company to administrate the strategy work b) To be sure, that everybody gets similar possibilities to give input to the strategy work, nominate a facilitator to administrate strategy work.

As seen from Table 3, the analysis of strategy implementation practice (Data 1) revealed the following challenges with example companies: 1) *Crisp strategy summary*. Employees are not aware of the contents of the strategy. Clear targets are vague, and daily operations do not support chosen strategy. Sometimes strategic intent gives a direction that is not considered in budgets, there are no resources for implementing chosen strategy. 2) *Intensive change management.* The biggest obstacles in implanting strategy are a) lacking communication and b) the conventional top-down management who tries to force employees to fulfil strategic intents without possibilities to give opinions about it. 3) *Robust process for strategy implementation*. Often systematic way of formulating a strategy or implementing it is lacking. When there is no systematic way to implement strategy, employees cannot prepare for strategy implementation actions, nor can they book time from daily hustle. Still the strategy process should leave room for quick changes, the competition and market situation require that sometimes strategic actions happen “by accident or ad hoc”. 4) *Systematic administration of strategy implementation* means that the strategy is discussed in similar ways throughout the organization. Everybody has similar possibilities to hear, what has been planned and give their opinion on issues in hand. One part of the administration of strategy is the working methods that can be used to evaluate and improve strategic intents.

These findings (from Data 1), coupled with the suggestions identified from best practice and literature (merged into the conceptual framework) served as a starting point for the discussion on the key contents for the Strategy implementation handbook. Table 3 above also shows the summary of key inputs from the stakeholders (Data 2) for the contents of the Strategy implementation handbook.

As seen from Table 3, the following key suggestions we made. To tackle Challenge 1, *Unclear contents of the strategy*, the stakeholders suggested, first, a) to list core contents of the strategy, and second b) to involve employees in developing, and third c) updating the strategy.

For tackling Challenge 2, *Decisions that are made far away from daily operations*, the interviewees proposed that, first a) turn the decision structure from top-down to bottom-up, second b) encourage employees to take initiative, make decision and share knowledge. In addition, c) give the power to make decisions to the real experts of the issue.

To turn down Challenge 3, *Time is spent on daily routines, no time for strategy issues*, the stakeholders advised to first, a) plan a solid process and include employees to strategy work. second, b) emphasize that strategy work is management's most important responsibility. Furthermore, they need to c) get employees committed.

To tackle Challenge 4, M*issing process for strategy implementation*, the stakeholders suggested, first, d) to define clear process for implementing strategy, and second, b) they pointed to the need to evaluate the actions for implementing it. Moreover, the actions should also point clearly by whom and when the suggested steps need to be done, and how the outcomes should be measured.

To take care of Challenge 5, N*o clear instructions how to work according to the strategy*, the stakeholders stated that first, a) action plans should be established for bigger changes, which are second, b) created by employees themselves, which base on set strategic themes, that third, c) the employees understand and translate to daily activities, and which are finally, d) followed-up actively.

For tackling Challenge 6, N*obody is leading the strategy work*, the interviewees recommended to first, a) find a facilitator inside the company to administrate the strategy work and second, see that b) everybody gets similar possibilities to give opinions to strategy work.

Importantly, in relation to the overall structure and content of the handbook, the interviewees proposed that each step of the handbook should always contain the *instructions* for the step as well as *the actual actions* of the step. They emphasized that when the final handbook also indicates the phase of the process, it is easier to the employees to perceive the whole big picture and the different phases.

A more detailed overview of how the contents (outline) of the handbook were co-created with the stakeholders can be found below.

5.3 Developing the Outline of the Handbook

The outline and key contents points of the Strategy implementation handbook were co-created with the stakeholders in the following 9 steps.

First, the conceptual framework (CF) was introduced to interviewees. It constitutes of four different themes as Figure 11 shows.

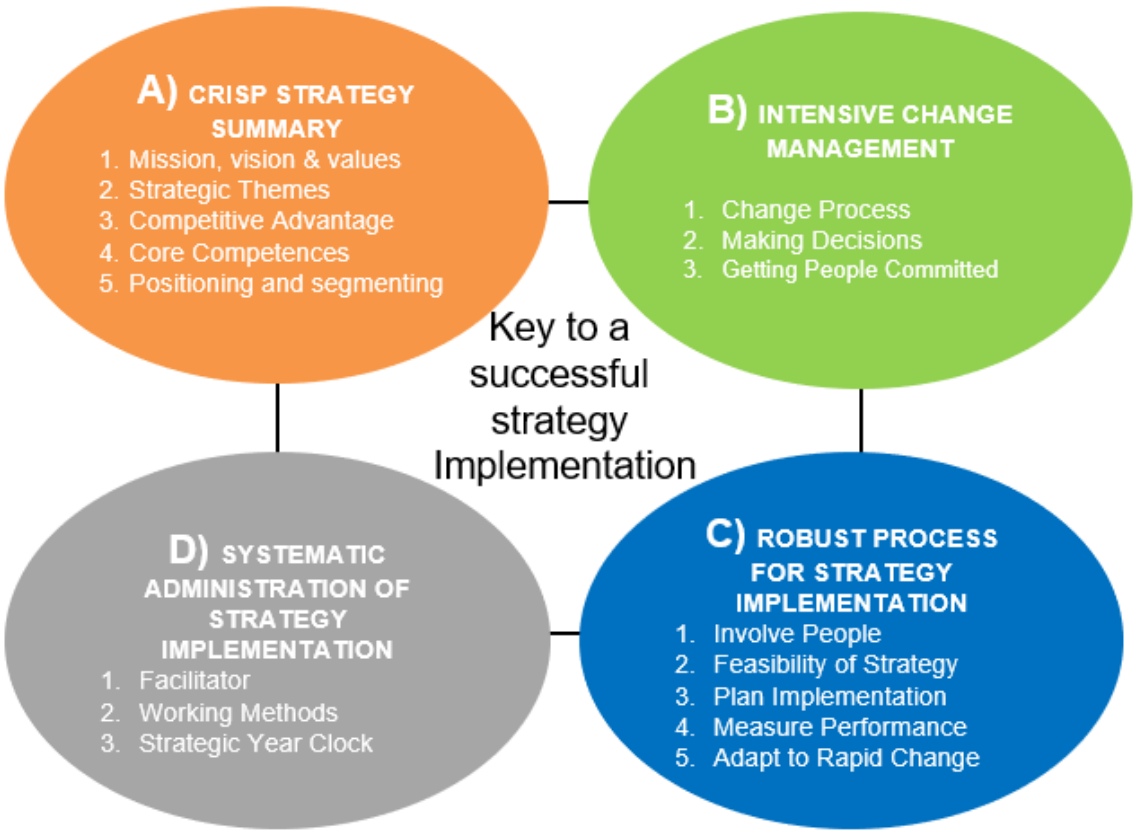


Figure 11. Conceptual framework of the study (repeated from Section 3).

As Figure 11 shows, the conceptual framework, synthesized in Section 3 and serving as starting point for the handbook development, consists of four main elements: A) Crisp strategy summary, B) Intensive change management, C) Robust process for strategy implementation and finally D) Systematic administration of strategy implementation. The interviews in Data 2 confirmed that the CF comprises the main topics that are needed for Strategy implementation handbook, but they also pointed out that CF does not give a clear outline for the handbook and are not solidly tied together. The interviews revealed that the elements contain different type of information. Two of the elements consist of

“instructions” how to work [A) administration and B) change management] when one element contain information about strategy [A)summary] and one element is a process [C) strategy implementation process]. During the interviews, the process for strategy implementation was discussed lively. It turned out that the process (the blue bubble) can be used for the Strategy implementation handbook, when altered to fit the strategy implantation handbook requirements.

Based on the input from the stakeholders, the initial version of the strategy implementation process, which makes the outline of the handbook and formulated from the blue ‘C) Robust Process for Strategy Implementation’ element, was further developed into five sub-elements, as Figure 12 below shows.

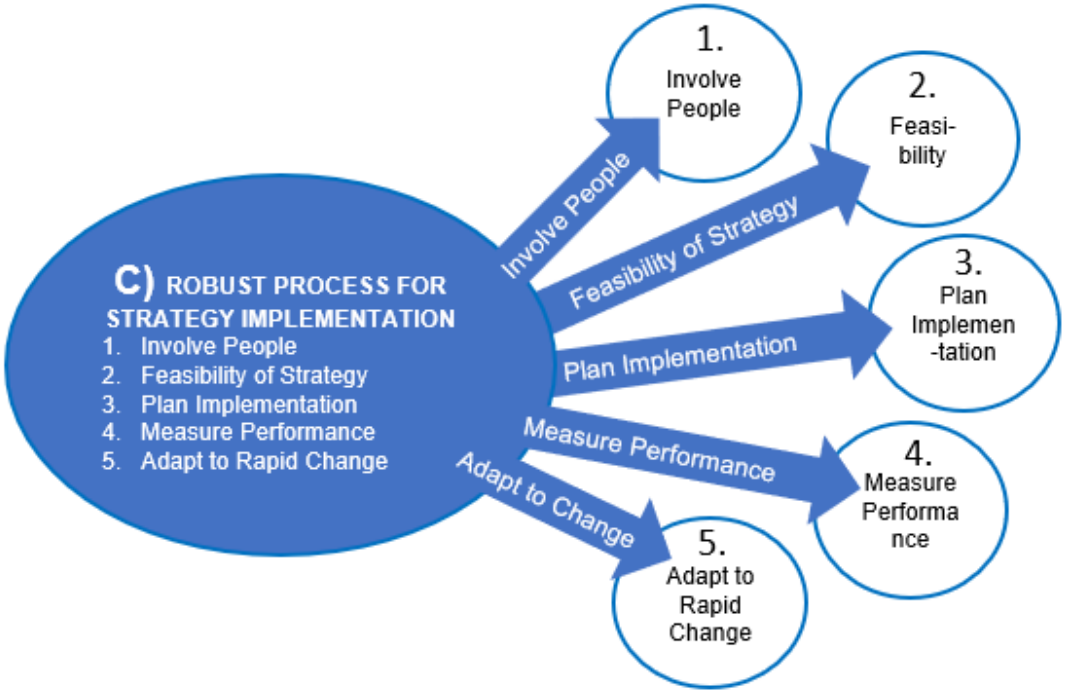


Figure 12. First version of strategy implementation outline (for the blue element).

As seen in Figure 12, the ‘Robust Process for Strategy Implementation’ starts from 1. Involving people. As CMO of the example company 1 expressed it:

> “*Employees should be involved in each and every step of the implementation”* (CMO from Example company 1)

Therefore, the stakeholders emphasized that it is important to involve employees into the strategy process from the very beginning, i.e. to the formulation of the strategy. Therefore, based on the stakeholder input, Step 1 in practice means formulating, updating or at least familiarizing the contents of the basic strategic intent as visualized in the first (orange) element of A) *Summarizing the strategic intent with all involved stakeholders*. Strategy Summary. Figure 13 below shows how the first step of the handbook outline 'Involve people' turns into 'Summarizing strategic intent together with all internal stakeholders'.

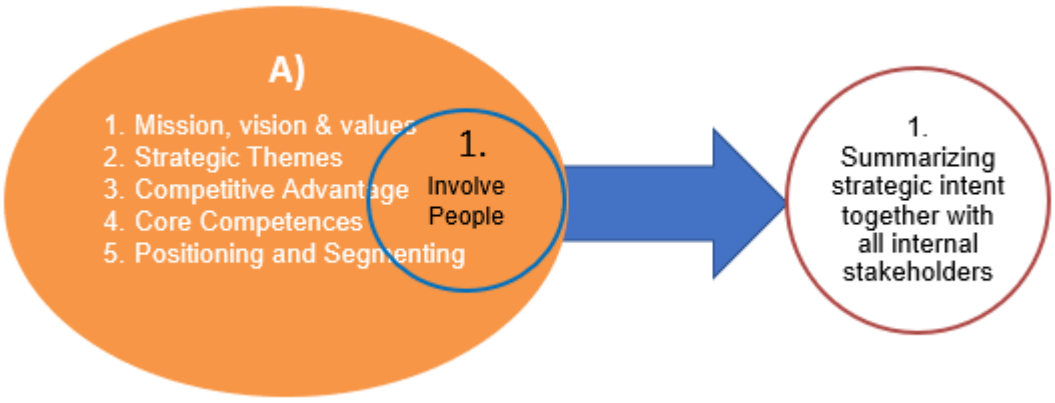


Figure 13. Step 1 for the handbook contents (outline).

Figure 13 opens up the first phase proposed by the stakeholders for the handbook contents (outline). It illustrates 'Involving people' which in practice means formulating and evaluating the core strategic intents. However, there were also some opposite opinions registered from the C-level interviewees, expressed as follows:

> "*We cannot let all employees to spend time in thinking strategy issues, we need to serve our customers*". (CEO of Example company 1)

Nevertheless, the other (especially O-level) stakeholders emphasized that if there is not enough time to thoroughly discuss all strategic issues with all employees, or if it is not possible to update the strategy, the Step 1 can only mean going through the core strategy issues. Therefore, as seen from Figure 13, this first step in the handbook content (outline) was kept as related to *Summarizing strategic intent together with all internal stakeholders.*

Next, the emphasis was put to the 2. Step of the process, *Feasibility of the strategy*. Figure 14 below shows the strategy implementation process moving to the next step, *Testing feasibility of the strategy*.

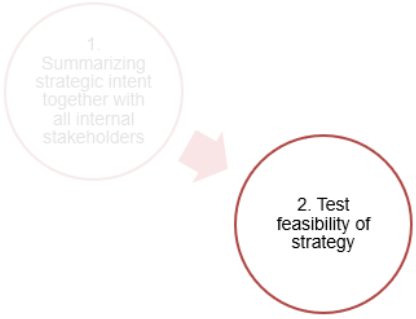


Figure 14. Step 2 of the outline of the Strategy implementation handbook.

As Figure 14 shows, Step 2, Testing feasibility of the strategy that comes after Summarizing the strategic intent. The interviewees highlighted the vital importance of this second phase. Moreover, they pointed out that if the company does not have time and/or resources to start from formulating the strategy, the importance of the Step 2 increases.

Next, Step 3 of the handbook outline relates to *Planning implementation*. Data 2 revealed that the planning of the strategy implementation is a vast step that starts from understanding the strategic themes. The interviewees considered Step 3 as a crucial, and in the end of the discussions with stakeholders, the planning of strategy implementation was divided into two steps: 1) Interpretation of the strategic themes and 2) Establishing action plans, as shown in Figure 15 below.

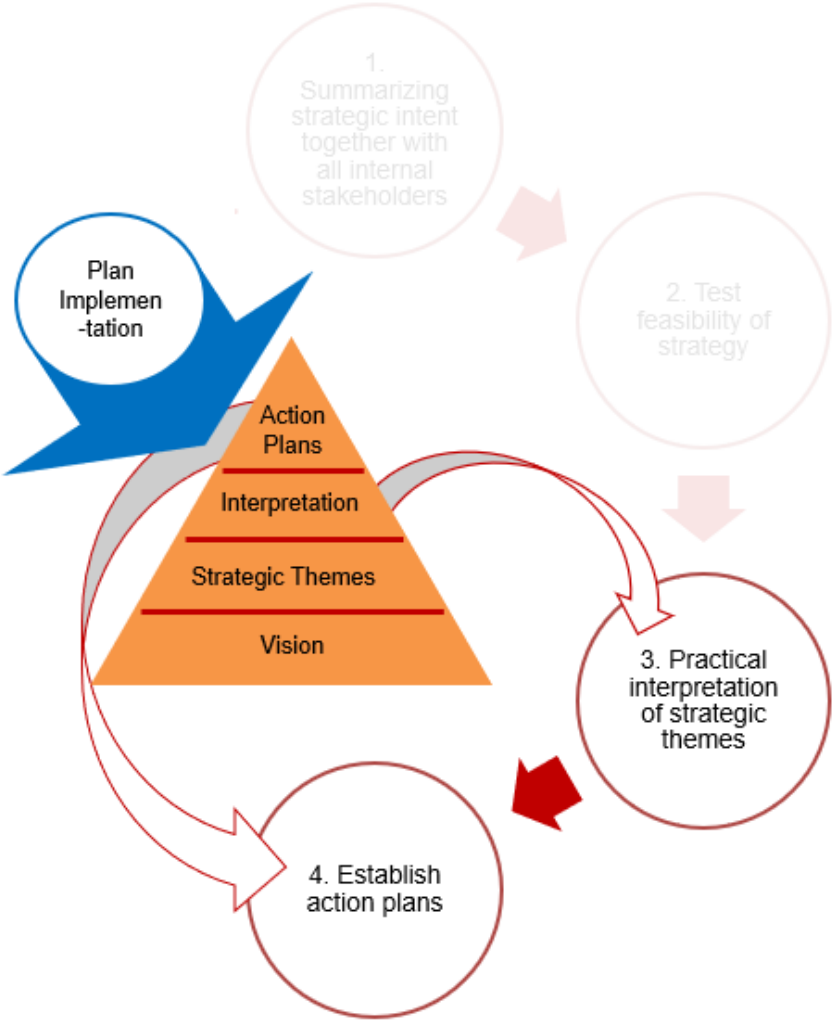


Figure 15. Step 3 and Step 4 of the outline of the Strategy implementation handbook.

As Figure 15 reveals, the plan implementation phase bases on the strategic themes, which are built on the vision. The interviews with the C-level employees stressed that before an action plan can be derived from the strategic themes, the themes need to be understood thoroughly, hence Step 3 *Practical interpretation of strategic themes*, means translating strategic themes into everyday operations. As one of the C-level employees emphasized:

> *"A strategic theme is interpreted when an employee really understands what is in it for me – what the strategy means in practice in daily operations"* (CMO from Example Company 1).

An important question in Step 3 contains a question asking the deep meaning of the theme and turning the meaning into daily actions. When a team or a department has

reached a common understanding of the core strategy themes, they can move forward to Step 4, *Establish action plans*. It is defined in an action plan what is done, by whom, when and how (Figure 15).

Next, when Step 4, the what, who, when and how are defined, the strategy implementation process proceeds to Step 5, *Measure performance*, the actions can be measured, when the action plans (Step 4) are made, indicated the interviews with C-level employees. Figure 16 shows Step 5, measure performance, in the strategy handbook outline.

Figure 16. Step 5 of the outline of the Strategy implementation handbook.

As illustrated in Figure 16, Step 5, measuring the performance follows Step 4, action plans. The Data 2 identified that when it is clearly defined, what needs to be done, measuring performance is possible. As the one of the C-level interviewees expressed it:

> "*It cannot only be about figures – other metrics, such as customer satisfaction and pipeline generation, need to have an impact also on the performance measurement".* (Sales Director, Example Company 2).

The stakeholders emphasized that it is important to set also non-financial KPI's for business units as well as for individuals.

Next step, Step 6, according to the discussions with the stakeholders, is to guarantee continuous strategy. Figure 17 below shows Step 6, *Adapting to rapid pace of change* as the final step of the outline together with the complete outline (Steps 1 – 6) for Strategy implementation handbook as defined in the interviews with the stakeholders.

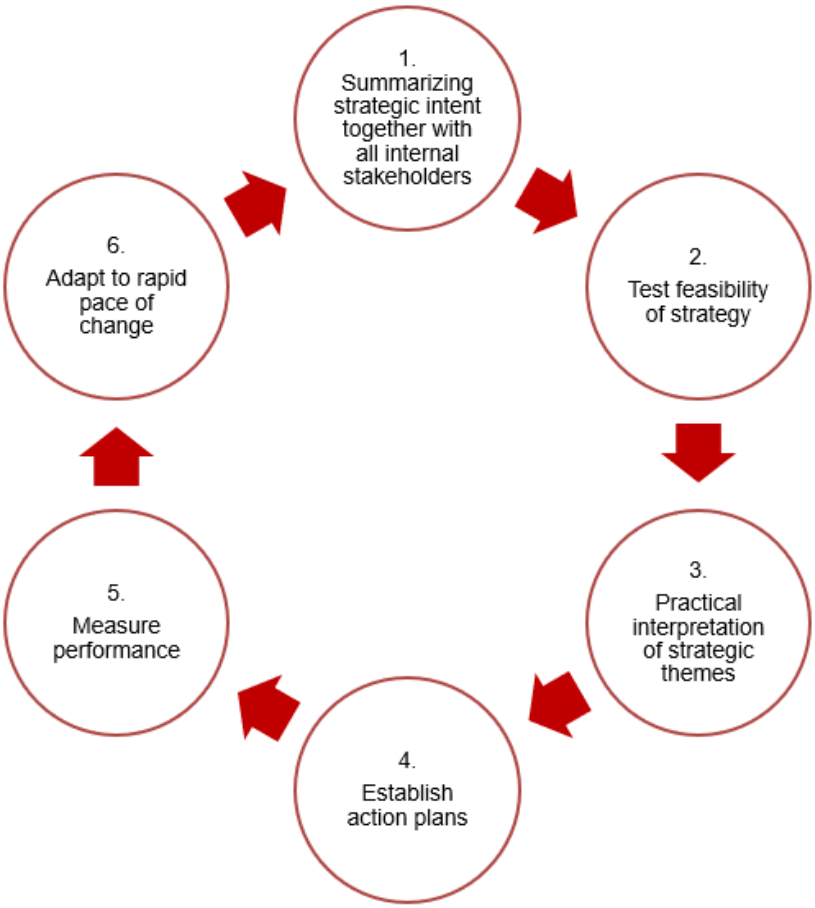


Figure 17. Step 6 as well as Steps 1 - 5 of the outline of the Strategy implementation handbook.

As seen in Figure 17, Step 6, *Adapting to change,* is the final step of the handbook outline and turns the process into a loop. These six steps consist of two elements of CF (Figure 11), A) Summarizing strategic intent and C) Process for strategy implantation.

The two remaining elements of the conceptual framework are B) *change management* and D) *systematic administration of strategy implementation*. All the interviews, especially with O-level employees, revealed that each step of the strategy implementation process needs systematic administration and propel working tools, that are easy to use. As one the O-level employees expressed it:

> *"When several hours of our time is used, everything needs to happen smoothly, the process, administration as well as working methods need to be clear to everybody."* (Programmer at Example company 1).

The two elements, B) change management and D) administration of strategy implementation effect on each step of the Strategy implementation handbook. The interviews and best practice review also indicated which were the best *working methods* when discussing and getting feedback for strategy implementation. The strategy implementation *process needs to be administrated* and planned well before. An internal *facilitator* who takes care of practical strategy implementation actions improves the process considerably.

It is also important is to get employees committed and involved into the whole change process. As one of the O-level employees stated:

> "*What do we do with an excellent strategy, if we do not understand it?"* (Sales representative of Example Company 1).

The Data 2 indicated that when a company decides to make a broader change in their strategy, *change management* actions are vital, but the process starts from *making decisions*. When all employees are given equal possibility to give opinions to the question in hand, the strategy implementation phase is easier, and employees will become more committed. When combining B) change management practices and D) systematic administration of strategy implementation the picture can be visualized as in Figure 18 below.

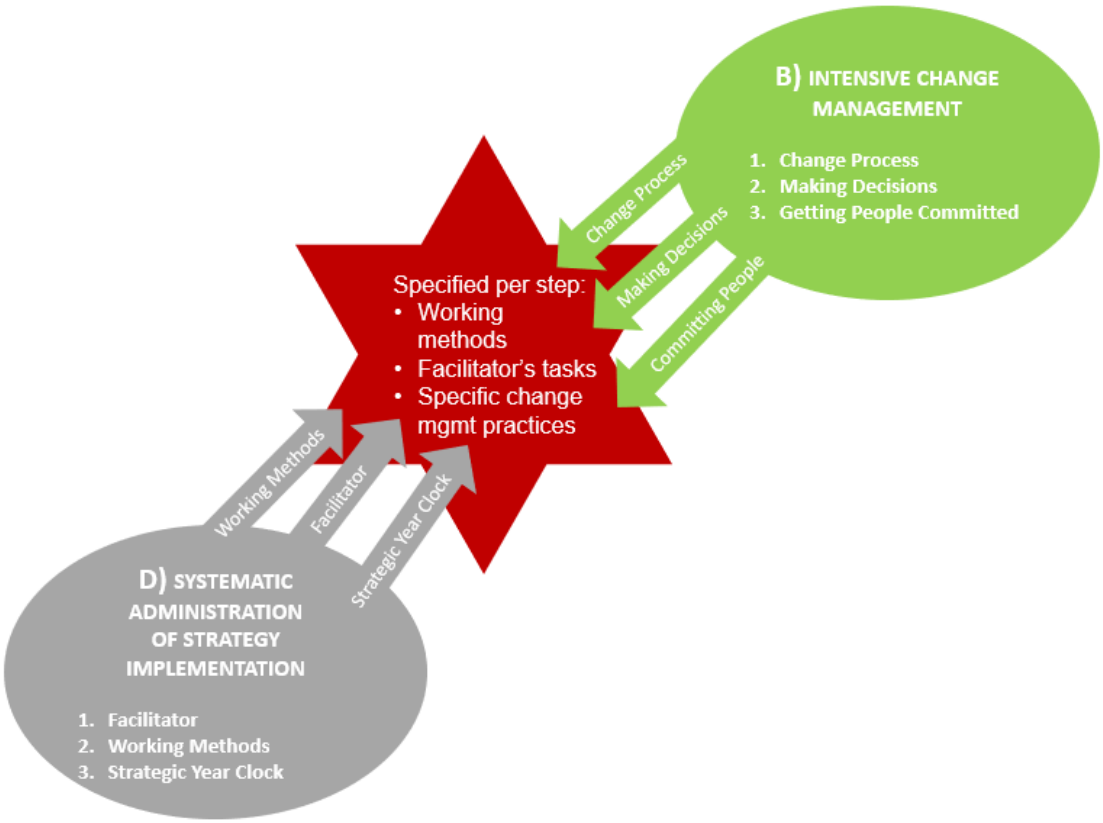


Figure 18. Adding B) change management and D) administration practices into outline of the handbook.

The star has six branches as the outline of the handbook, each branch pointing at each step of the process.

At the last and the final phase of co-creating handbook outline, the interviews with the stakeholders identified that when combining Figure 18 with the 6 Steps (Figure 17) formulating the outline of the handbook, the big picture of strategy handbook outline is ready, as Figure 19 below indicates.

Figure 19. Initial proposal of handbook outline.

As Figure 19 illustrates, different working methods, facilitator's tasks and specific change management practices have been defined for each step of the strategy handbook outline, to get a generic, easy-to-implement Strategy implementation handbook.

Summing up, each of the six strategy implementation outline steps contain actions that are described in the Strategy implementation handbook. Each step also contains chosen working methods most appropriate for the phase, defined change management actions which support each step and facilitator's tasks that are required to administrate the strategy implementation process.

Next, the initial version of the Strategy implementation handbook is introduced in detail and presented to the stakeholders for validation.

6 Validation of the Strategy Implementation Handbook

This Section introduces the initial version of the Strategy implementation handbook and presents if to the stakeholders for validation. The purpose of validating the proposed improvements was to evaluate the initial handbook and to gather feedback whether all the proposed amendments were relevant for the handbook. This Section is divided into three Sections; introduction of the handbook, proposals for moderations and the final list of moderation to the Strategy implementation handbook.

6.1 Overview of Validation Stage

The validation was done in three steps. First, initial version of the Strategy implementation handbook was introduced to all stakeholders, e.g. C- and O-level interviewees. The purpose was to provide the Strategy implementation handbook to all stakeholders and get feedback (Data 3) about the initial version of the handbook.

Second, the proposals for improving the handbook are presented (Data 3). Third, the contents of Data 3 were evaluated and appropriate moderations to the final Strategy implementation handbook were made to create a final version of the Strategy implementation handbook as an outcome of this Thesis.

6.2 Initial Version of Strategy Implementation Handbook

The Strategy implementation handbook is divided into six Steps as described on subsection 5.2. The step of each page is indicated on the right-hand side corner with orange process image (orange hoop). Always, when possible, one page of the handbook is split into two sections: on the left-hand side of the page are the instructions for the page. All instructions follow the same structure; 1) General instructions of the phase. 2) The *working method* for each phase is written in red. 3) The *Change Management practice* are written in green. 4) The *Facilitator's tasks* are written in blue. In the end of the instructions is the 5) *Outcome* of the phase, which is written in black.

6.2.1 Summarizing Strategic Intent – Mission, Vision and Values

In this Step, the mission, vision and values are discussed as they form the basics of the strategy. *Mission* answer to a question: "Why do we exist? *Vision* gives long-term objectives of the company, it answers to a question: "*What do we want to be?"* Vision gives a timeline in 3-5 years. Examples of good vision are: "*Crush [name of competitor] by year XYZ*" or "*Become an USD x billion company by year z"*. The *values* tell what the company believes in and describes how the employees what to act.

Working Method: Discussion board on intranet's strategy room (ISR) → Short list of Mission, Vision and Values → OPERA in volunteer's team → Discussion with issue owner → a draft version of the proposal introduced to all employees → Vote. Let the best proposals win, no matter who made it.

Change Management Practice: Why the strategy process is started, in the best case the original initiative comes from inside the company, not from top-management. Find enthusiastic volunteers. Inform the whole organization. Communicate about the process in all discussion channels, react according the feedback. Ensure that the whole management team supports the strategy implementation project. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. *Outcome:* Defined mission, vision and core values. Figure 20 below illustrates the easel for the first phase of the Strategy implementation handbook.

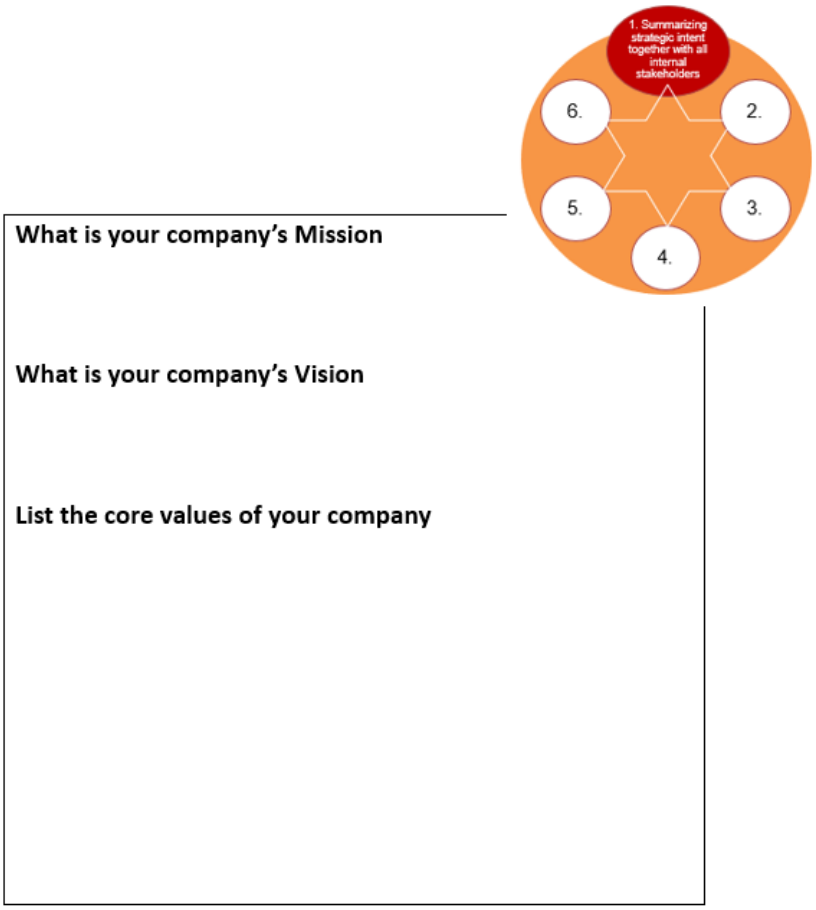


Figure 20. Step 1, summarizing strategic intent: mission, vision and values.

As seen in Figure 20, company's mission, vision and core values are discussed in both team and individual levels, starting Step 1 of strategy implementation, as the orange hoop in the right-hand corner indicates.

6.2.2 Summarizing Strategic Intent – Business Idea & Strategic Themes

In this Step, the Business Ideas and Strategic themes are introduced. The *Business Idea* bases on mission, vision and values. It describes what products and services company is selling, to whom it is selling and what is the geographical area, where the company operates.

Strategic themes are derived from business idea and vision statement. Themes tell what is expected from the company and its employees. Strategic themes mean the same as the business objectives or initiatives. Strategic themes give an idea where the company is aiming for.

Working Method: Discussion board on ISR → Short list of proposals for Business Ideas and Strategic Themes → OPERA in volunteer's team → Discussion with issue owner → a draft version of the proposal introduced to all employees → Vote → Final version of the Business Idea and a list of Strategic Themes.

Change Management Practices: Summary of previous phase (mission, vision & values) is communicated to everyone. Find volunteers to refine business ideas and themes. Inform the whole organization what has already been achieved and what still needs to be done. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it. *Facilitator's Tasks:* Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. *Outcome:* The winning business idea and a list of strategic themes. Figure 21 below illustrates the easel for creating business idea and strategic themes in the Strategy implementation handbook.

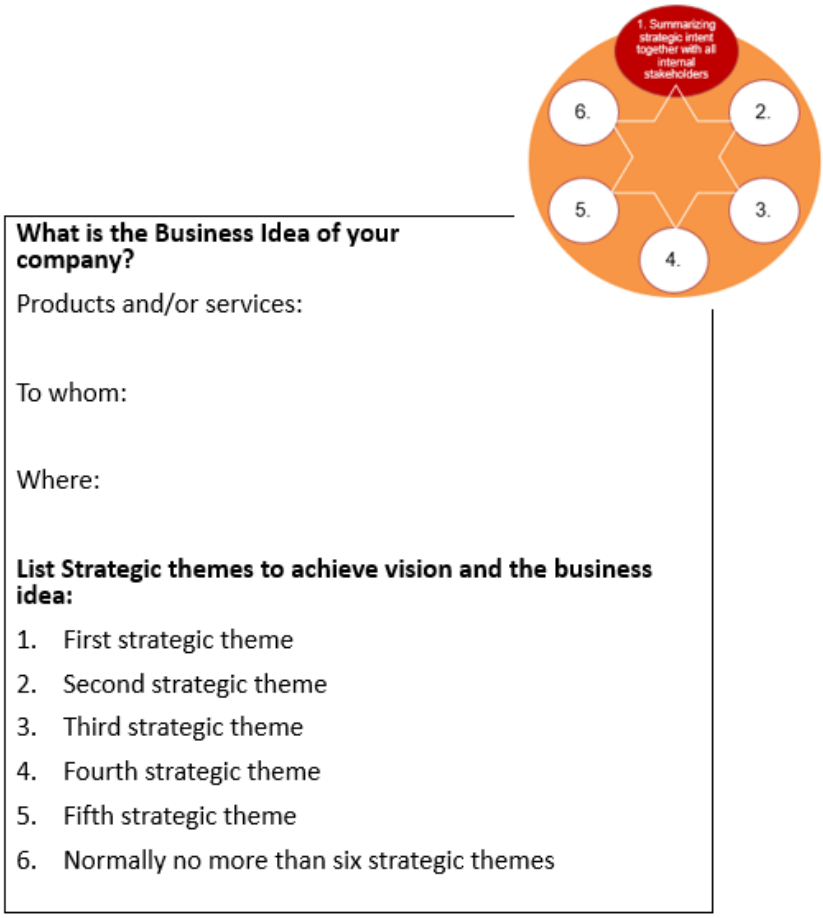


Figure 21. Step 1, business idea and strategic themes in the handbook.

As Figure 21 illustrates, the business idea and strategic themes are discussed at the second phase of summarizing strategic intent.

6.2.3 Summarizing Strategic Intent – Competitive Advantage

In this Step, the *Competitive Advantage* is considered. When the mission, vision and values as well as business idea and strategic themes are defined, the Competitive Advantage is defined**.** It describes how the company provides such value to the customer that is difficult for competitors to copy. Competitive advantage answers to a question: *Why customers are buying from us?* The competitive advantage defines, if the company competing with price, innovative and unique solutions or is the company focusing on chosen customer group, geographical area or a chosen solution segment. List Customers: requirements and markets, Competition: competitors, industries and environments and internal: know-how, resources and networks.

Working Method: Discussion board on ISR → Short list of proposals for Competitive Advantages → OPERA in volunteer's team → Discussion with issue owner → a draft version of the proposal is introduced to all employees → vote → Final list of Competitive Advantages.

Change Management Practices: Summary of previous phase, business idea & strategic themes, is communicated to everyone. Find volunteers interested in Competitive Advantage. Inform the whole organization what has already been achieved and what still needs to be done. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss and iterate proposals in more details. *Outcome:* Common understanding and definition of the competitive advantages today and in the future. Figure 22 below illustrates the easel for competitive advantage in the Strategy implementation handbook.

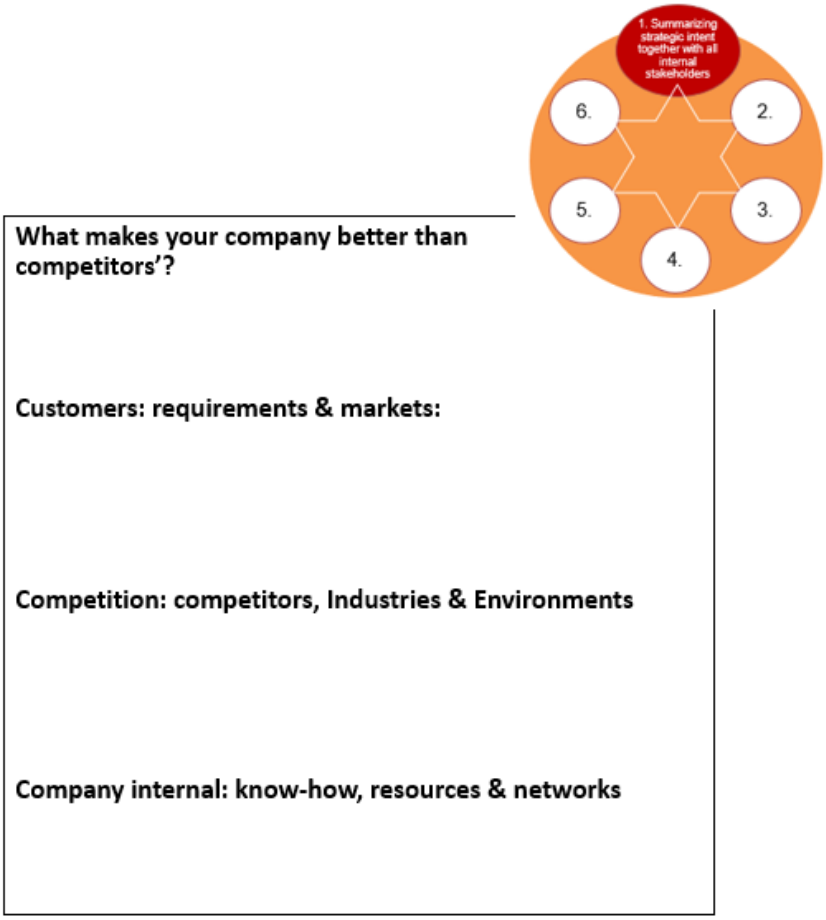


Figure 22. Step 1, competitive advantage in the Strategy implementation handbook.

As Figure 22 illustrates, competitive advantages are a part of the third phase of summarizing strategic intent.

6.2.4 Summarizing Strategic Intent – Core Competences

In this Step, the *Core Competences* are discussed as they are needed to create competitive advantage. Core competences are difficult to copy and can be re-used to innovate solutions. Core competences provide value to customers. Consider core competences today and in the future.

An SME IT company competes on technological knowledge. It is important to list what the most sophisticated technology offers and what is required to utilize new innovations and turn them into profitable business. It is not enough to be competent in turns of technology. Turning innovations into profitable business requires sales and marketing knowledge.

Working Method: Discussion board on ISR → Short list of proposals for Core Competences → OPERA in volunteer's team → Discussion with issue owner → a draft version of the proposal is introduced to all employees → Vote → Final list of Core Competences today and in the future.

Change Management Practices: Summary of previous phase, Competitive Advantages, is communicated to everyone. Find volunteers. Inform the whole organization what has already been achieved and what still needs to be done. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. *Outcome:* List of core competences today and in the future. Figure 23 below illustrates the easel for core competences in the Strategy implementation handbook.

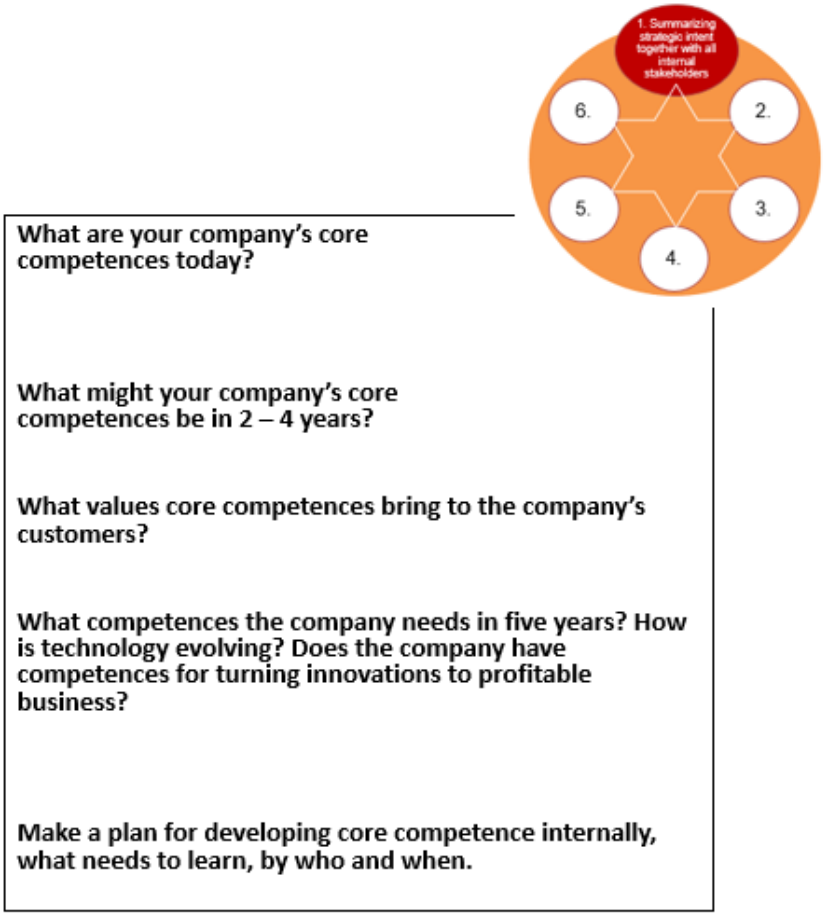


Figure 23. Step 1, core competences in the Strategy implementation handbook.

Figure 23 describes core competences, which form the fourth phase of summarizing strategic intent.

6.2.5 Summarizing Strategic Intent – Positioning

In this Step the *Positioning* is discussed, as it describes where the company is in relation with other companies in the same industry. Positioning answers to questions: Who are our customers? What are their needs? Why are our customers buying from us? How our offering differs from competitors?

Working Method: Discussion board on ISR → Short list for ideas of Positioning → OPERA in volunteer's team → Discussion with issue owner → a draft version of the proposal is introduced to all employees → Vote → Final idea of how the company is positioned in relation with competitors.

Change Management Practices: Summary of previous phase, Core Competences, is communicated to everyone. Find volunteers interested in positioning. Inform the whole organization. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give time-line, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. Inform the whole organization what has already been achieved and what still needs to be done. *Outcome:* Common understanding of the positioning of the company. Figure 24 below illustrates the easel for positioning in the Strategy implementation handbook.

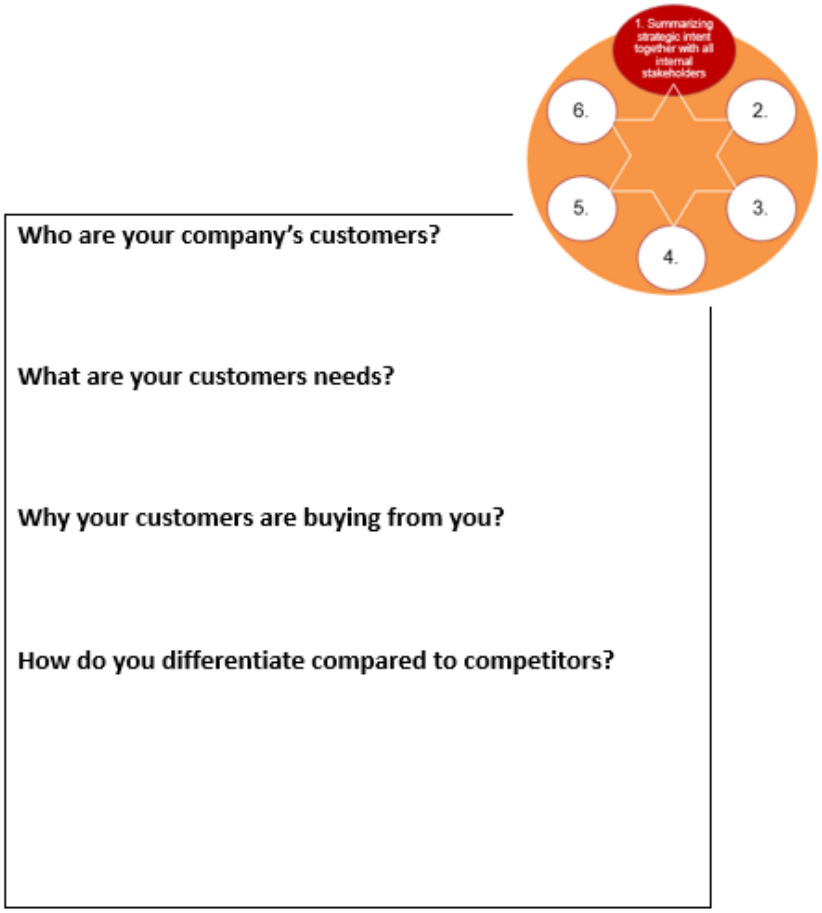


Figure 24. Step 1, positioning in the Strategy implementation handbook.

Figure 24 describes positioning, which form the fifth phase of summarizing strategic intent.

6.2.6 Summarizing Strategic Intent – Segmentation

In this Step the *Segmentation* is considered, as it means dividing potential customers into similar homogenous groups with similar needs and desires.

Working Method: Discussion board on ISR → Short list of proposals for targeted customer Segments → OPERA and/or PICK matrix in volunteer's team → Discussion with issue owner → a draft version of the proposal is introduced to all employees → vote → Final list of different target segments of the company.

Change Management Practices: Summary of previous phase, Positioning, is communicated to everyone. Find volunteers. Inform the whole organization. Communicate about

the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. Inform the whole organization what has already been achieved and what still needs to be done. *Outcome:* Common understanding of the customer segmentation of the company. Figure 25 below illustrates the easel for positioning in the Strategy implementation handbook.

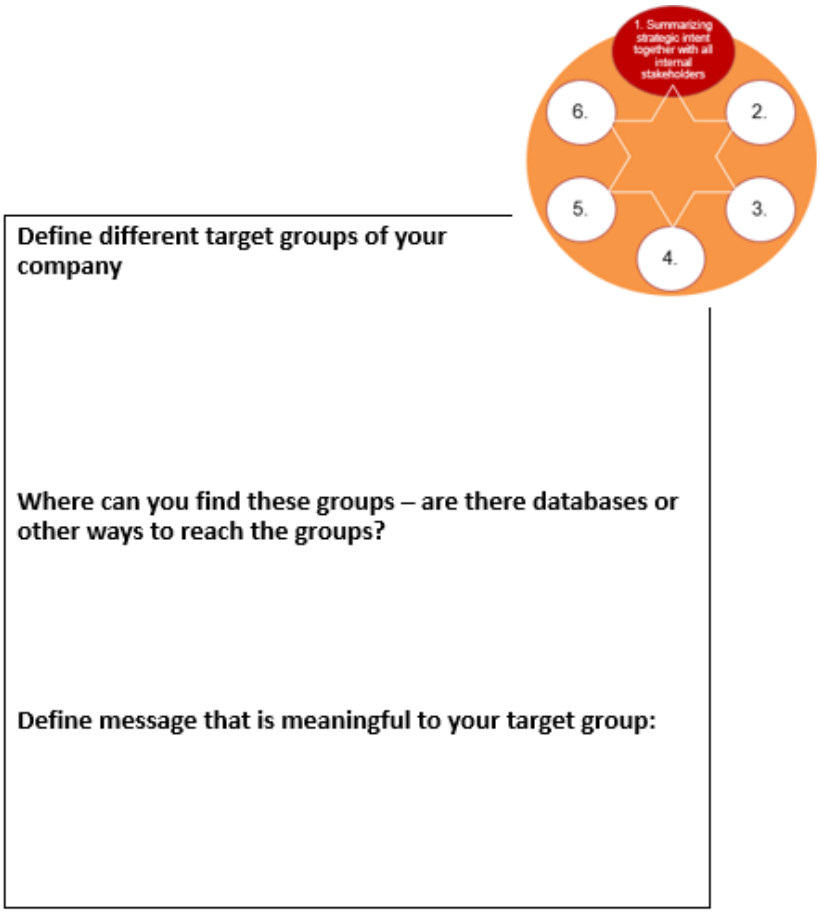


Figure 25. Step 1, segmentation in the Strategy implementation handbook.

Figure 25 describes segmentation, which form the sixth and final phase of Step 1, summarizing strategic intent.

6.2.7 Test Feasibility of Strategy

In this Step the *Feasibility of the strategy* is discussed, as it tells if the defined strategy is leading the company to the desired target. It is aligned, throughout the company, resources are reserved for the development areas. If the company already have a viable and updated Strategy, which is not possible to change considerably, this is the phase, where the strategy implementation starts. It is, however important to the employees' commitment to give them a possibility to have influence on the strategy.

Working Method: Discussion board on ISR → Gather opinions on the defined strategy → OPERA in volunteer's team → Discussion with issue owners → a draft version of the proposal is introduced to all employees → Vote → Final version the summary of strategic intent of the company.

Change Management Practices: Synopsys of all the previous phases, which formulate the summary of strategic intents is communicated to everyone. Find volunteers discuss and iterate if possible. Inform the whole organization. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details if possible. Inform the whole organization what has already been achieved and what still needs to be done. *Outcome:* A compact strategy summary, that can be implemented. It is logical, and it guides the company to defined objectives. Figure 26 below illustrates the easel for testing feasibility of the strategy in the Strategy implementation handbook.

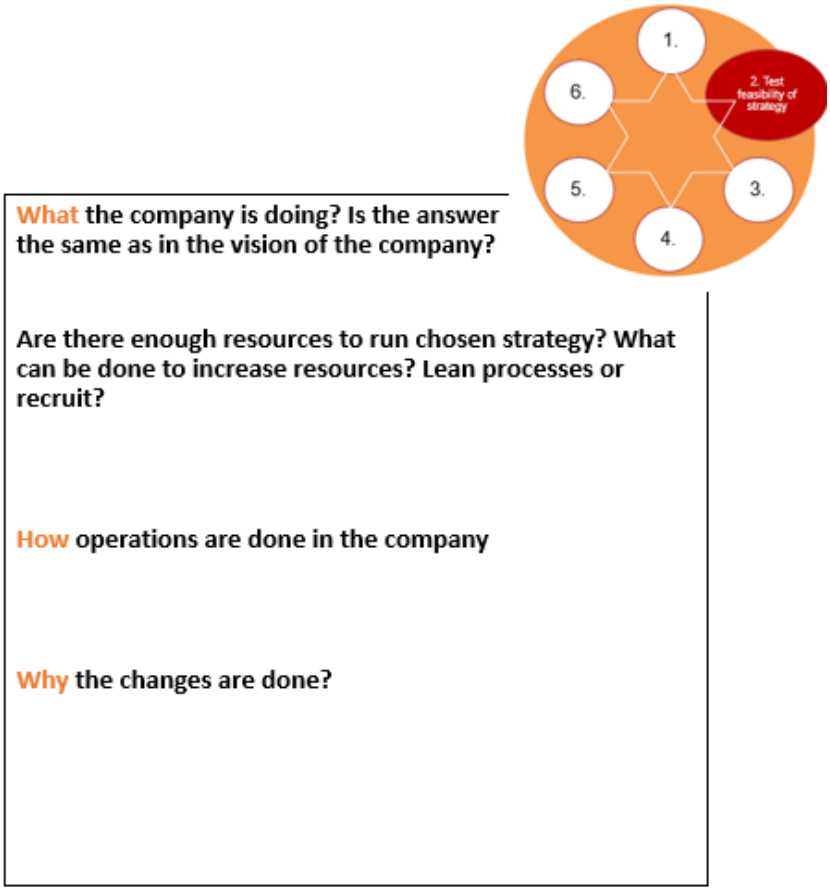


Figure 26. Step 2, testing feasibility of the strategy in the Strategy implementation handbook.

Figure 26 describes feasibility testing in the Strategy implementation handbook which form Step 2 of strategy implementation process as the orange hoop indicates.

6.2.8 Interpretation of Strategic Themes

In this Step the *Interpretation* of strategic themes is considered, as it means that employees understand what the strategy means and what is expected from them in daily operations. Interpretation happens in different organizational levels of the company: what the strategy means to our department, team and all individuals?

Working Method: Discussion in teams/departments → What the strategic themes in practical strategical meanings → OPERA in teams to find unanimous opinion.

Change Management Practices: A list of mutually agreed strategic themes are communicated to all employees. Find volunteers discuss and iterate if possible. Inform the whole

organization. Communicate about the process in all discussion channels. Let the best proposals win, no matter who made it.

Facilitator's Tasks: Invite all team members to discuss what the strategy means to the team/department/individual. Give timeline. See that summaries are drawn and presented to other teams/departments to find cross points and mutual interest. *Outcome*: An individual/team/department level interpretation of strategic themes, what do the strategic themes in practice mean and require from all stakeholders. Figure 27 below illustrates the easel for interpretation of strategic themes in the Strategy implementation handbook.

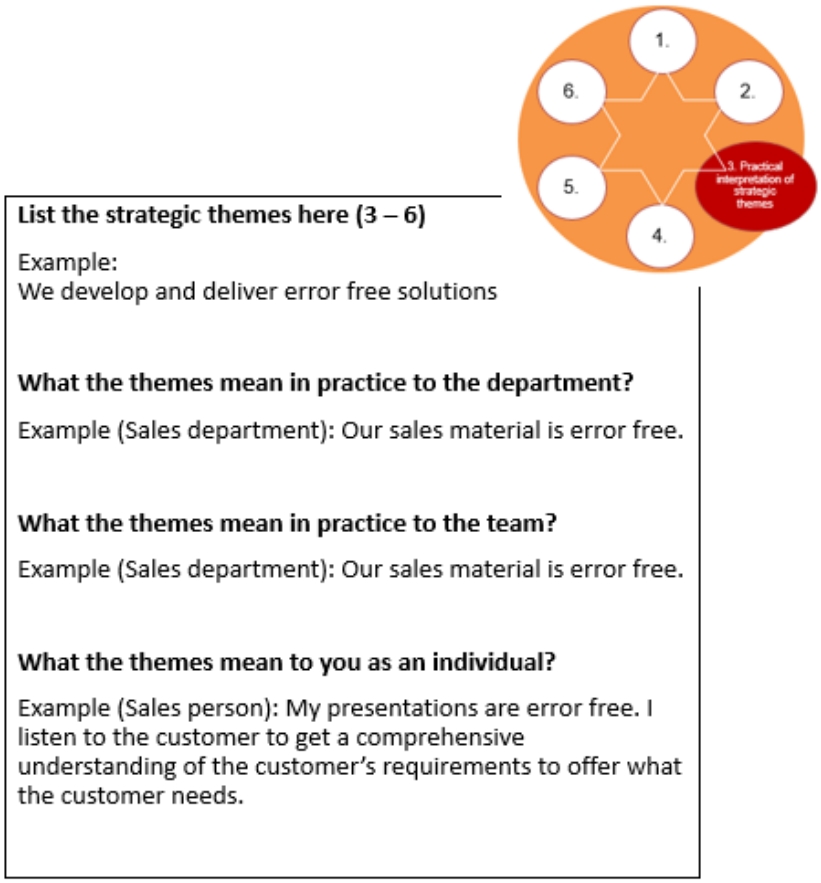


Figure 27. Step 3, interpretation of the strategic themes in the Strategy implementation handbook.

Figure 27 describes interpretation of strategic themes in the Strategy implementation handbook which form Step 3 of strategy implementation process as the orange hoop indicates.

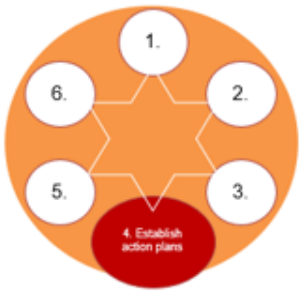
6.2.9 Establish Action Plans

In this Step *Action Plans* are discussed, as they tell what needs to be done to achieve the strategic themes (corporate objectives). A strategy often incorporates considerable changes that are required, to get where the company aims. Broader changes require project plans where many departments and individuals are involved. Strategy requires actions from all employees, the actions are planned in an action plan for individuals which enable follow-up of daily operations. Each strategic theme often generates at least one action plan to achieve the strategic theme. If a team has several action plans, prioritization of the various plans guides employees through daily operations.

Working Method: OPERA and PICK to identify different (upper and lower level) development projects with volunteers → Discussion board on ISR → Short list of development projects → Vote → Final list of different development projects.

Change Management Practices: Why change is needed → What it requires from employees → what is achieved when the target is achieved → Report short term wins → Be open to improvement ideas.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. *Outcome*: A prioritized list of development projects with nominated project leaders. Figure 28 below illustrates the easel for establishing list of action plans in the Strategy implementation handbook.



List development targets required to achieve set strategic themes.

Group the development projects into:

1. Company wide large development project that affects considerable amount of employees.
2. Development project for daily operations of the department/team
3. Individual action plans to carry out set strategy

Choose competent leaders for the various projects – limit the number of projects according to available resources.

Prioritize different action plans

Figure 28. Step 4, establish a list of action plans in the Strategy implementation handbook.

Figure 28 illustrates listing of action plans in the Strategy implementation handbook which form Step 4 of strategy implementation process as the orange hoop indicates.

Summarize various action or project plans into one table as shown in Figure 29 below.

Strategic Theme:

Action/ Project	Owner	Timetable	Resources	Target	KPI	Priority

Figure 29. List of action plans.

Figure 29 shows a list of action plans, with information about name of the plan or project, owner, timetable, resources allocated, target for the plan, key performance indicator set for the action plan and finally the priority of the action plan in relation to other action plans.

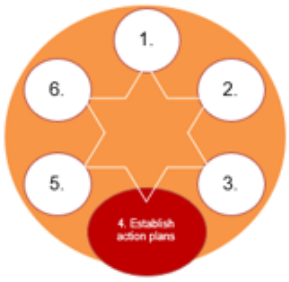
Facilitator's Tasks: Make a summary of plans as presented by different teams/departments. Publish plans on intranet. Communicate everybody. See where the team/department silos are crossed. Check cooperation. *Outcome*: A prioritized list of development projects with nominated project leaders.

When the list of action plans is defined, the actual definition of the action plans can start. An *action plan* tells what is done, who does it, and when. It also tells what resources are allocated to the carry out the plan and what is the outcome of the plan and how the actions are measured.

Working Method: Wall Chart Technique, OPERA and/or PICK to define critical action points for upper level development projects together with group of volunteers/ stakeholders → Discussion with issue owners → a draft version of the proposal is introduced to all employees → Evaluate and utilize ideas from all employees → Finalize proposals → Be open to new ideas → Execute action plans.

Change Management Practices: Communicate action plans – explain and sell the idea why something is done → Report short term wins → Be open to improvement ideas.

Facilitator's Tasks: Start from the broadest and most important development project. Invite all stakeholders and create a team from volunteers → Inform the progress to the whole organization. Follow-up that the milestones are reached as planned. *Outcome:* Several detailed action plans with all necessary information. Figure 30 below illustrates the easel for defining action plans in details in the Strategy implementation handbook.



Name of the Action Plan

Description

Actions / responsible persons

Timetable

Expected outcome

Follow-up method

Figure 30. Define action plans in detail in the Strategy implementation handbook.

Figure 30 illustrates definition of action plans in the Strategy implementation handbook which finalize Step 4 of strategy implementation process as the orange hoop indicates.

6.2.10 Measure Performance

In this Step the *Measuring of Performance* is introduced. The performance is measured against the outcome of the action plans. The goals need to be Specific, Measurable, Attainable, Realistic and Tangible. Check that strategic themes and measurement metrics support each other. Try to find additional performance metrics than only financial. Measure for example, how innovative company is, quality of processes, how attractive company is from talented people's perspective, how well the strategy is implemented. Measure initiatives taken, and decision made by O-level employees.

Working Method: Discussion board on ISR → Short list of performance measurement guidelines → OPERA in volunteer's team → Discussion with issue owner → a draft version of the performance measurement guidelines is introduced to all employees → Vote → Final version of performance measurement guidelines.

Change Management Practice: Communicate guidelines – explain and sell the idea → Report short term wins → Be open to improvement ideas.

Facilitator's Tasks: Invite employees to take part of the discussion at intranet, give timeline, create voting for best proposals. Find a team of volunteers to discuss proposals in more details. *Outcome:* Guidelines for unbiased performance measurement. Figure 31 below illustrates the easel for measuring performance in the Strategy implementation handbook.

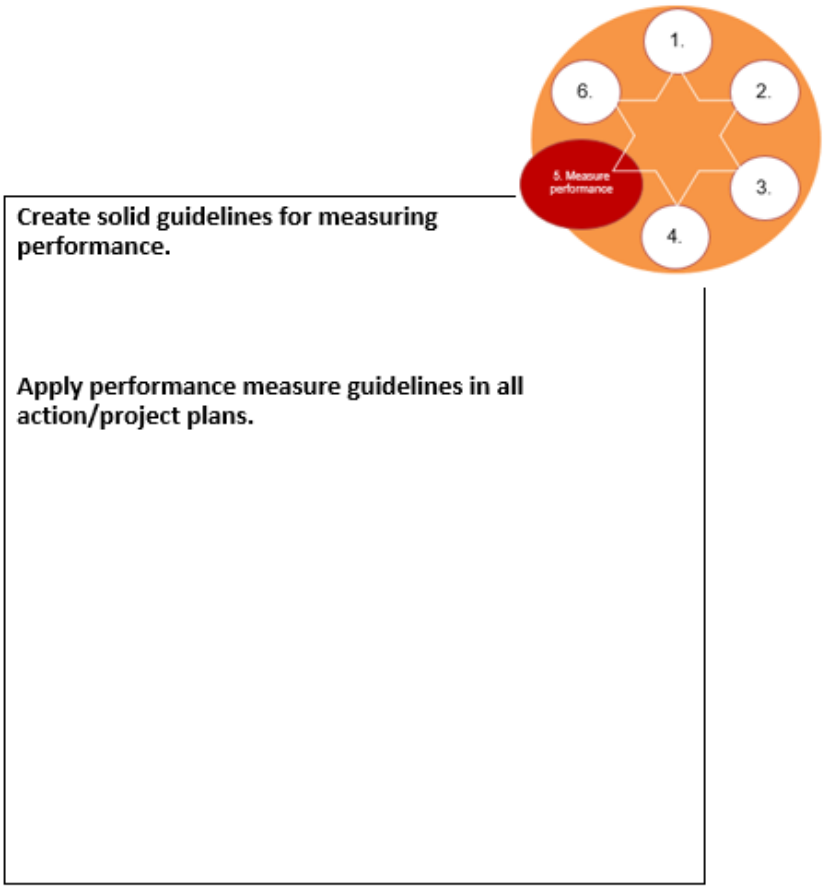


Figure 31. Step 5, define performance measurement actions in the Strategy implementation handbook.

Figure 31 shows defining performance measurement in the Strategy implementation handbook which is Step 5 of the strategy implementation process as the orange hoop indicates.

6.2.11 Adapt to Rapid Pace of Change

In this Step *Adapt to Rapid Pace of Change is* discussed, as it is obvious that the Strategy needs to be changed according to changes in surrounding environment, if you do not change, the competitors will. Internet era and the new way of working which comes together with millennials require rapid adaptation to changes. This is not learned from books or checked from action plans. The change requires considerable changes in the culture of company. Corner stones are where the decisions are made (top-down or bottom-up), what is the ultimate role of a manager – manage operations or help employees to carry out operations. Important is to encourage employees to take initiative and involve them to all operations.

Working Method: The leaders of the company need to give decision power to those, who are the real specialist around the issue. Listen to people who have shown to be most competent to the issue in hand. The rank or title does not matter anymore.

Facilitator Tasks: Help all the employees to shine! *Outcome:* Passionate employees and a company which attracts competent work force. Figure 32 below illustrates the easel for adapting to rapid pace of change in the Strategy implementation handbook.

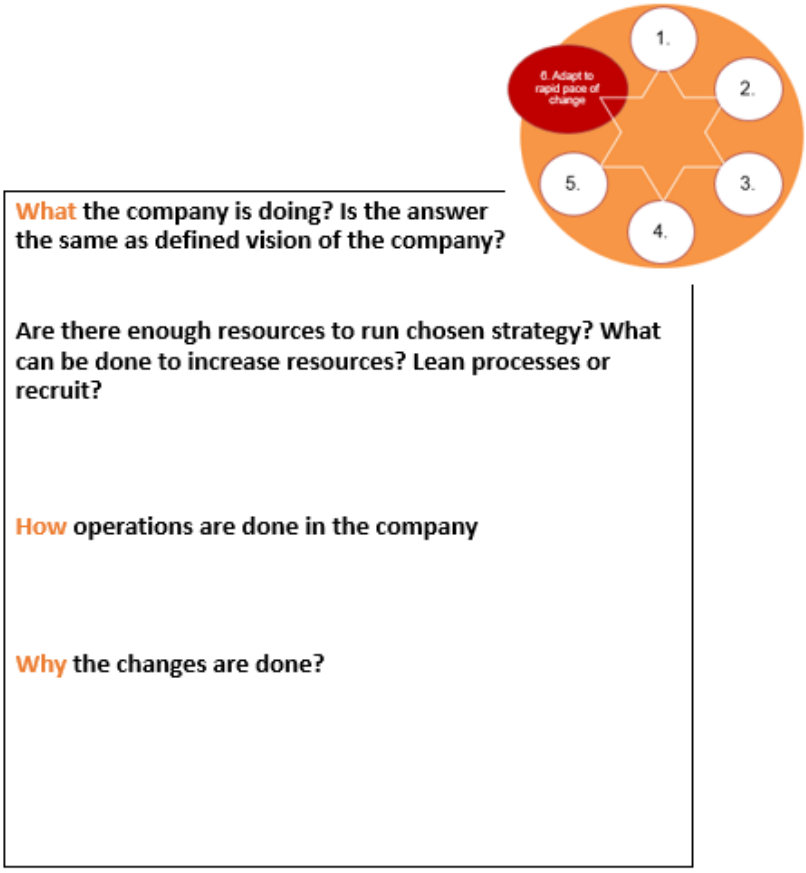


Figure 32. Step 6, adapt to the rapid pace of change in the Strategy implementation handbook.

Figure 32 illustrates the actions required to cope with the rapid pace of change in the Strategy implementation handbook which is Step 6 and the final step of the strategy implementation process as the orange hoop indicates.

When all 6 Steps of the strategy implementation process are defined and carried out, a loop is formulated, which can be synchronized with the strategy year clock of the company. It is, however, vital to remember to keep flexibility to certain level, to be able to adapt to changes in the environment and competition.

As a summary, the Strategy implementation handbook constitutes of 6 Steps with additional sub-steps or sub-phases. On each of page of the Handbook working methods, change management practices, facilitator's tasks and the desired outcome are described to create a easy-to-implement and living Strategy implementation handbook that helps SME IT companies to be more successful.

6.3 Findings of Data Collection 3

The initial version of the Strategy implementation handbook was introduced as a Power Point Presentation to all the interviewees of this Thesis to collect feedback (Data 3) for the handbook. The Strategy implementation handbook was also presented to Red Hat manager (Holmgren 2018), who also commented the handbook. Table 4 shows detailed comments on the handbook page by page.

Table 4. Key stakeholder feedback from validation (Data 3).

Nr	Handbook Step/phase	Description of the feedback
1	General contents	*Missing instructions:* Add instructions to carry out OPERA, PICK and Wall Chart Technique
2	General contents	*Define internal target groups*: Define specific target group for each phase if possible e.g. (management team, business unit, whole personnel)
3	General contents	*Find a facilitator among team members:* Facilitator's role is vital if the decision power is turned from top-management to bottom-up. a) To nominate a facilitator among team members, b) chosen by team members, c) and given him/her the opportunity to discuss strategy issues with team members, d) without manager's presence and e) only present the outcome will turn the power and enable new way of making decisions.
4	General contents	*Do not force employees to participate*: The summary of strategy takes a long time, it is important to find volunteers to discuss the issues, not force all employees to participate in strategy discussions.
5	Mission, vision & values	*Core strategy*: This is the core of the strategy, pay attention to this, use time and resources to formulate these.

6	Business Idea & strategic themes	*Core strategy*: These are also important strategic issues. Well defined strategic themes unify company operations and enables similar core targets to everybody.
7	Competitive advantage	*Secondary strategy:* This can be deleted from the handbook. Vital issue, but not absolutely necessary for the handbook.
8	Core competence	*Secondary strategy:* This can be deleted from the handbook. Vital issue, but not absolutely necessary for the handbook.
9	Positioning	*Secondary strategy:* This can be deleted from the handbook. Vital issue, but not absolutely necessary for the handbook.
10	Segmentation	*Secondary strategy:* This can be deleted from the handbook. Vital issue, but not absolutely necessary for the handbook.
11	Test feasibility of the strategy	*Emphasize feasibility:* Often strategy work starts from this point. Use enough time to discuss this thoroughly
12	Interpretation of strategic themes	*Find a facilitator among team members:* This is a good example of strategy issue that a facilitator nominated from the team members can carry out without manager's presence. The answers can be much more versatile if the issue is discussed without the manager.
13	Establish action plans	*Find a facilitator among team members:* See above, when establishing team's action plans.
14	Adapt to rapid pace of change	*Changing company culture:* This point actually requires a total change in the company's culture. Requires time and patience but pays well in the end.
15	Adapt to rapid pace of change	*Value errors:* When things are done fast, as Whitehurst expressed: "Release early, release often". It means that errors are allowed, even desired. When errors appear, it means that release early, release often happens in real life too.

These findings (from Data 3), served as proposed improvement for the Strategy implementation handbook. Table 4 above also shows the summary of key inputs from the stakeholders (Data 3) for the contents of the Strategy implementation handbook.

As seen from Table 4, the following suggestions (Data 3) were made. To tackle Challenge 1, *Missing instructions*, the CEO of example company 1 proposed, that the final version of the Strategy implementation handbook should contain instructions to utilize OPERA, PICK and Wall Chart Technique.

> "*We need to be quickly up and running, when dealing with the strategy, we do not have time to waste with instructions and working methods."* (CEO of example company 1).

For tackling Challenge 2, *Define internal target groups,* the Data 3 indicated, that at each step or phase of the strategy implementation, an internal target group, such as management team, business unit, the whole personnel could be defined beforehand, to ensure that the right people participate in each phase.

To cope with Challenges 3, 12, and 13, *Find a facilitator among team members*, Holmgren emphasized the importance of turning decision power from top-down to bottom-up. When first, a) a facilitator is nominated from the members of the team, and second, b) chosen by the team member, third c) given her the opportunity to discuss strategy issues with team members, fourth d) without manager's presence and fifth, e) only present the outcome to the manager. These team-imposed initiatives enable bottom-up leadership style and empower employees, emphasized the interviewee. As Holmgren expressed it:

> *"To turn decision making from top-down to bottom-up empowers employees and increases their commitment. The action plans made without any manager's interference have been brilliant!"* (Holmgren 2018)

Challenge 12, *Interpretation of strategic themes* and Challenge 13 *Establish action plans* are excellent examples of strategy implementation steps that facilitator nominated from the team can handle with the team and without manager's presence, stated Holmgren.

For tackling Challenge 4, *Do not force employees to participate,* the O-level interviewee emphasized, that not everybody is interested in strategy issues. Data 3 revealed that the

summary of strategy (Step 1) can take a long time, hence it is important to find volunteers to discuss strategy issues.

To tackle Challenges 5 and 6, *Core strategy*, the interviewee pointed out, that defining mission, vision, values, business idea and strategic themes are extremely important for the company's existence, as the CMO of example company 1 expressed it:

> "*The time spend for core strategy issues will definitely pay back later in a form of committed work force who is striving for the same goals*". (CMO of example company 1)

To cope with the Challenges 7, 8, 9 and 10, *Secondary strategy,* the Data 3 revealed that first, these issues are important, but second, can be deleted from the Strategy implementation handbook, as they are not absolutely necessary. These issues can be decided in smaller groups as they often are unique for a business unit or a team. These strategic issues are not often the same throughout the whole company, emphasized the CEO of example company 1.

For tackling Challenge 11, *Emphasize feasibility,* the O-level interviewees pointed out, that core strategy issues are not changed too often, usually the strategy round starts from a quick check of the core strategy issues Therefore the Sales Director of Example Company 2 stated, that enough time needs to be invested in feasibility check.

To tackle with the two final Challenges, numbers 14 and 15, *Changing company culture* and *value errors*, are probably the most difficult challenges, as Holmgren emphasized. The challenges require total change of behavior and values. To turn from error-free culture to a culture, where errors are welcomed, and considered as a token of involving employees in an early stage of change. It requires patience and time to tackle these challenges. As Holmgren stated:

> "*Changing culture is a long-term target, it requires resolution from the management and everybody needs to put their minds on it.*" (Holmgren 2018).

Summing up, the interviewees were in general satisfied with the overall structure of the Strategy implementation handbook. The visual layout and the process step indicator (the

orange hoop) were considered as describing and easy to follow. The first step was considered to be heavy and time-consuming, especially as Step 1 is not changed too often.

6.4 Final Moderations to Strategy Implementation Handbook

Based on the findings from the analysis of best practice at example companies, existing knowledge, stakeholder proposals for improvements (Data 2 and 3) the final list of amendments was formulated. The summary of the outline for the handbook is presented in Table 5.

As shown in Table 5, some moderations to the Strategy implementation handbook were made as an outcome of Data 3.

Table 5. The final outline of the Strategy implementation handbook.

	Handbook themes and its key content points
1	Table of Contents
2	Instructions for OPERA, PICK and Wall Chart Technique
3	Instructions for facilitators
3	Summarizing Strategic Intent a) Mission, vision and values b) Business Idea and strategic themes c) The rest of the summary is optional
4	Test feasibility of strategy
5	Interpretation of strategic themes
6	Establish action plans a) List different plans required b) Define action plans
7	Measure performance
8	Adapt to rapid pace of change

As seen in Table 5, the Strategy implementation handbook has been changed and some new pages for the Handbook have been added. First, the table of contents have been added. Second, instructions for different working methods (OPERA, PICK and Wall Chart Technique) have also been inserted in the Handbook. Third, general instructions for facilitators have been created and added to the Handbook. Fourth, the secondary strategy issues have been put into parenthesis, as they can be dispensed if formulated beforehand. Fifth, the importance of Step 6, *Adapt to rapid pace of change*, have been emphasized and the contents of the page have altered accordingly. Otherwise the contents of the Strategy implementation handbook are similar as in the initial version.

The contents of the added page: *Instructions for facilitator*s, is written below. The page follows the same layout as on other Strategy implementation handbook pages (6.2.1 – 6.2.11) with general instructions and working method to create a solid handbook.

Instructions for facilitators: There are two kinds of facilitators. One who has the overall responsibility of the strategy issues in the company, meaning that she/he takes care of top-managements strategic activities, writes summaries, delivers them to team meetings and follows-up that the issues discussed in the Management Team meetings, are also discussed in smaller teams or business units. The overall facilitator can participate in the team meetings and write down team's opinions and deliver them to management team as input from employees. The overall facilitator is not normally, however, a member of management team and does not have more power over strategic issues than an average employee.

The team facilitator is a member of the team and elected for the position. She/he takes care that strategic issues are discussed within the team as planned by the management team. Strategic issues can also be discussed within the team without mandate from the management team. The facilitator or a team member can initiate questions, and the team discusses the questions without manager's presence. The team can propose solutions which are carried out, if supported enough.

Strategic topics, which fit well to be discussed within the team lead by team facilitator are especially strategic themes and the interpretation of them, and action plans. However, all issues, that the team considers important for their daily operations can be discussed. The discussions should lead to a proposal for an improvement of the daily operations.

Working Method: Select Team Facilitator → Inform the organization → Discuss important topics within the team using OPERA, PICK or Wall Chart technique or any other chosen technique → Present findings/solutions to owner of the issue → Vote → Implement winning proposals. *Outcome:* A proposal for an improvement.

Summing up, there were two important proposals for moderations to Strategy implementation handbook from Data 3 stage. First, 1) the role of the facilitator. Second 2) the importance of the Step 6, Adapt to rapid pace of change. These proposals were implemented into the Strategy implementation handbook. After these alterations, the final Strategy implementation handbook is ready.

7 Conclusions

This Section concludes the finding made in this Thesis. In addition to the findings the final version of Strategy implementation handbook is ready for use. Furthermore, this Section includes also an evaluation of the Thesis.

7.1 Executive Summary

Many small and mediums sized IT companies employ young and innovative millennials, who are not satisfied with conventional management methods. In addition to focusing their attention on developing sophisticated solutions, young employees want to have an impact on the company. Studies reveal that nine out of ten employees do not understand company's strategy. This applies to all companies, also to those, where management methods are somewhat conventional. This study investigated how to successfully run strategy implementation work, in the demanding competitive environment, with modern management methods. The objective of this Thesis was to develop a generic Strategy implementation handbook, which guides companies in practice through strategy implementation successfully within modern SME IT companies.

The approach to conduct the research in this Thesis was case research combined with qualitative research. Data was gathered with in-depth and group interviews, and results of previous strategy study was utilized. The study was conducted by first analyzing best practice at two example companies, which guided to the relevant existing knowledge and best practice.

The final version of Strategy implementation handbook was developed with help of three data collection rounds (Data 1 – 3). The target of the first round, Data 1, was to create an understanding of strategy implementation challenges in SME IT companies. The second data collection round (Data 2) was conducted to build a proposal for the outline of the Strategy implementation handbook. In the third data collection round (Data 3) the initial version of the Strategy implementation handbook was validated and moderated.

The analysis of best practice and existing knowledge revealed, that strategy is not clear, and it does not guide companies to desired results. Often the change management actions are not adequate, and the new strategy is not implemented into everyday work. In

the example companies' strategy implementation work is more ad hoc actions than systematic process, which still is flexible for changes, when needed. Furthermore, the administration of the strategy implementation is not well defined, when employees gather together to discuss strategy issues, too much time is spent on working methods.

The Strategy implementation handbook is divided into 6 steps. Step 1 contains *summarizing strategic intent* with all employees. The target for this step is to give employees the opportunity to influence on the contents of the strategy. Step 2 is to *test the feasibility of strategy*. If the company does not need or have possibilities to update the core strategy, this is the right step to start the strategy work. However, step 1 is still recommended as it gives the employees an opportunity to participate and commit to the set strategy. On Step 3, which is *practical interpretation of strategic themes*, the target is to understand what the company's main objectives are, what they in practice mean to daily operations in a business unit, team and in individual level. Next follows Step 4, when the *action plans are established* according to the strategic themes (main objectives) of the company. After finishing action plans, the operations' performance can be measured. Step 6 is *measuring performance*. It is vital to include metrics that measure other than financial performance, such as for example, generating pipeline or improving customer experience. The final step, Step 6, *adapt to rapid pace of change*, concentrates on how to be a winner in tough competition and in rapidly changing environment with new era of employees, millennials, requiring different leadership practices. The sixth step forms a loop into the strategy implementation work. The essential findings of the final step are to understand that the way people work is changing, which leads to considerable changes in the company culture. The stiff, conventional top-down management is turned upside-down, to bottom-up management, where decisions are made fast and where the real-life experts have the power to make decisions. In this new world, the leaders' serve employees and assist them to shine.

Additionally, the Strategy implementation handbook contains also practical working methods (OPERA, PICK and Wall Chart Technique) for strategy implementation work. Important part of a successful strategy implementation is change management actions as well as systematic administration of strategy. Competent facilitator can help considerably implementation of the strategy. When the facilitator is nominated from team members the team-imposed thinking and personal initiative taking leads to committed, passionate employees and improved results.

Briefly, a structured Strategy implementation handbook helps SME IT companies to implement strategy successfully and utilize the enormous internal power that the committed employees entail. The Handbook assists companies to adapt to the fierce competition, where decisions are made fast, and winners attract the most talented, passionate and creative work force.

7.2 How to Put the Handbook into Practice: for Whom and How

First, when using the handbook to guide strategy implementation, the companies need to be aware of the target audience. The Strategy implementation handbook is developed for SMEs especially those within the IT field.

Second, many of the employees within SME IT field are modern millennials who no longer settle with conventional top-down management. Millennials do not want to be managed by telling what to do and measuring that the instructions are followed.

Third, a modern SME IT company cannot only rely on management thesis developed almost a hundred years ago. This Thesis challenges to certain extent the traditional model of strategy and management methods, which are often developed to large enterprises not to SMEs. Hence, this Thesis turns traditional ideas upside-down and turns decision making bottom-up, gives power to employees and widens accountability not only to employees but also to leaders of the company. Leaders' instructions are not what should be followed blindly, they are also accountable to employees. The new era of leadership turns managers into stewards whose main responsibility is to help employees to excel.

Fourth, the first-hand stakeholders are the employees of the IT SMEs, who innovate in daily bases and their expertise and competence are the key asset of the company. These resources of skilled, creative and passionate employees are scarce. Companies must turn themselves into attractive modern employers, who differentiate from the mass by up-to-date way of leading the business: by giving the power to those who are the real experts, and by turning error-free operations into error desired operations. Employers need to be fast in movements, agile in operations and ready to turn the ship when needed.

All the above is not easily reached, brave leaders are needed, who have the courage to lead differently, in other words, it requires an extensive change in the culture of the company. It is a long-term project, that requires resolution and a solid decision to challenge the conventional way of managing companies.

7.3 Thesis Evaluation

The objective of this Thesis was to develop a generic Strategy implementation handbook for small and medium sized IT companies. The outcome of the Thesis was a structured handbook with instructions on how to implement strategy systematically and successfully. Consequently, the objective and the outcome are in synchrony and proves that the study is rigorous. The data collection, as well as analysis of best practice revealed that strategy formulation and implementation are difficult to separate, as essential part of the implementation is involving people in the strategy formulation. Hence, the final outcome of this Thesis contained more formulation of strategy than anticipated in the beginning of the study.

To ensure the high quality of the Thesis outcome and valid, rigorous and reliable contents multiple methods are used. The research design is built considering validity and reliability to achieve improved logic and reliability (Yin 2009: 26). According to Yin (2009: 30-34), three aspects need to be considered to ensure validity of data: construct validity, internal validity and external validity.

Construct validity is verified by using manifold sources, such as in-depth interviews and group interviews. To increase validity, the sources for this Theses have been selected carefully, two case companies have been used and both C- and O-level interviewees have been interviewed. All interviewees received field notes for review and amendments. The initial version of Strategy implementation handbook was presented to all interviewees as well as to a specialist for the chosen leadership method, for evaluation. Based on these comments the Handbook was finalized. The *internal validity* of this Thesis is ensured by two approaches: first, the clear formulation of the business challenge that this Thesis is solving. And second, the research design that aims to build a Strategy implementation handbook utilizing case research approach combined with qualitative re-

search. The *external validity* tells how easily the findings are transferable to other context, which has been the core idea when formulating the general handbook that can be used by SME IT companies (Quinton and Smallbone 2006: 129).

The detailed description on sub-section 5.3 how the analysis of best practice and existing knowledge was turned into the outline of the Strategy implementation handbook proves the validity of the Thesis. Moreover, the extensive use of direct quotes also proves for its part the validity of the Thesis. The limited number of interviewees was compensated with extensive number of high quality literature sources.

Reliability means transparency and objectivity, reliability indicates if the same results would be reached if the study repeated or if the researcher would be changed (Quinton and Smallbone 2006: 129-130). Triangulation ensured reliability by using several different research methods to get same answers from various sources, such as a questionnaire, interviews and literature review (Quinton and Smallbone 2006: 132). The primary data collected for this study was gathered from the informants during several months and the data is clearly visible in field notes and the findings are linked to the data collected. The researcher bias was avoided by giving the informants the questions beforehand and giving them the opportunity to answer as openly as possible, the researched just asked questions in a neutral way and reported what was said. To avoid misunderstanding the researcher often repeated what was written in the field notes during the interview.

Presenting information in Figures and Tables ensures that the reader knows where the information originated from, forming a clear chain of evidence which, together with careful documentation of each step of the research, improved the reliability of the research. However, as the key stakeholders participated in the development of the Strategy implementation handbook outline as well as on the final version of the Handbook, the reliability of and replicability of the study improved considerably.

This Thesis fulfils *logic* requirements of an academic work, each Section bases systematically on previous Section's findings. The findings from the strategy implementation practices are turned into conceptual framework with the help of existing knowledge and best practice of strategy implementation. The conceptual framework is turned into logical outline of the handbook which is the foundation of the Strategy implementation handbook, which is clearly visible on the tables. The Handbook is logical as each page follows

the same pattern throughout the whole handbook. The general instructions are first, followed by working methods and change management practices. Furthermore, the facilitator's tasks are described on each Handbook page as well as the outcome of each step.

The findings of the Thesis, i.e. the Strategy implementation handbook is easy to replicate in different SME IT companies, as the contents of the strategy is formulated by the personnel of the company. The handbook only provides process, structure and tools with comprehensive instructions to run strategy work. The data for this research was gathered from reliable sources that are key stakeholders for the issue in hand. The data was transparent and objective, making this Thesis trustworthy and reliable.

7.4 Closing Words

The objective of this Thesis was to develop a generic Strategy implementation handbook for SME IT companies. The final handbook helps companies in strategy work and to cope with the changing world. The new ways to manage talented employees and especially to be attractive as an employer, will be crucial issue in the future, when competition of the best work force get tougher.

I am truly fascinated by Jim Whitehurst and his state-of-the-art ideas of leading Red Hat. Moreover, am I extremely grateful to Katariina Holmgren from Red Hat Nordics, who used hours after hours to give the insight of how Red Hat in practice turns their innovative ideas into every-day operations. She gave interviews, evaluated my Handbook, commented my texts, and provided valuable tips how to improve the Thesis as well as the Handbook during my whole trip from initial idea to finished Strategy implementation handbook – I am forever thankful to you Katariina!

The management ideas this Thesis contain are not widely spread yet, but I am truly convinced that these ideas will conquer the world. It will be captivating to see how the change happens.

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Research Interview Template (Discussion)

How to implement strategy successfully?

Information about the informant (Interview 1)

Table 1

Name (code) of the informant	
Position in the case company	
Date of the interview	
Duration of the interview	
Document	

Field notes (Interview 1)

	Topic(s) of the interview	**QUESTIONS** ***<Your questions to the informant(s)>***	**FIELD NOTES** ***<Your brief accounts of their answers>***
0	Background info	What is your role in the company	
1	Contents of the strategy	Creating an inspiring strategy (Key contents of a strategy) – What are key elements of a strategy?	
2	**People involved**	Who are involved in strategy work on each stage	
3	**Administrating strategy work**	Let's focus on administrating of strategy work (the process) who is leading in, is it from top to down?	
4	**Continuous strategy**	How do you find that continuous strategy is ensured	
5	**Implementing strategy**	How employees are committed to work according to strategy	
6	**Strengths with strategy work**	Is there something that has considerable impact on setting up or implementing strategy?	
7	**Weaknesses in strategy work**	Describe what could be the worst pitfalls in strategy work	
8	**To add**	What would you like to add that we have not yet discussed?	
9			
10			

Strategy Implementation Handbook

Confidential information