Toni Mähönen

Customized strategy process

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This research concentrates to building a practical solution for a business challenge in a case company. It provides a solution for creating a proper strategy in a small company in technology industry service sector.

I want to thank the case company for providing challenging and interesting business problem to research. Thanks to the key informants for their active participation to the research process. Thanks to the faculty, especially to Dr. Thomas Rohweder, for guiding the work and keeping the research on track. Thanks for the co-learners for the support and feedback during the process. Last but not least, I want to give special thanks to Sanni for her endless support during the research.

Toni Mähönen
Nurmijärvi
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The objective of the research is to establish a customized strategy process. The case company has grown over the years and the organization has changed to team organization. Thus, the current strategy has become obsolete. To be able to build a new strategy, a strategy process is required. Therefore the outcome of the research is a strategy process.

The research approach in this study is design research and it has four stages. The approach was chosen as the research process was straight forward and it could not include many iterative phases. In addition, the process resulted to a practical solution in a specific case through qualitative methods. In the first stage the current state of the company was analyzed by analyzing case company documents and the data from interviews and group works. The stage outcome was a list of strength and weaknesses that gave focus for the next stage. The second stage was literature research phase where best practices and frameworks were reviewed to form a conceptual framework. The results from the current state analysis, in form of strength and weaknesses list, and the conceptual framework were used to form the first proposal, which was the third stage. The outcome took form of a strategy process map and a strategy process chart. These were co-created during five workshops and one discussion session. The fourth stage focused to validate the first proposal to bring maturity to the outcome. In the first two stages there were three informants and in the last two stages there were four informants.

The outcome can be utilized to create a successful strategy. It tackles the issues found out during the current state analysis. Using the created process will increase the probability of success of the case company.

Keywords	Strategy process, Strategic framework, Strategy themes, Balanced scorecard, Strategy planning, Communication

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1 Introduction

Strategy is a shown way for people involved to some group of shared intentions through a stream of decisions towards the set long-term goals and differentiation. Johnson et al. (2014), Chandler (1963), Porter (1996), Mintzberg (2007), to whose descriptions about strategy this represented definition of strategy is based on, each have their own perspectives, along with many others, for describing strategy. The strategy process defines, in which order a company will execute the phases included in strategy work during a measurement period. Without a proper strategy, a company is vulnerable to competition and environment changes which may lead to losing customers and at the end to bankruptcy. The case company in this thesis is in a phase where growth has already led to organization change. More managers have been already nominated and there is an urgent need to formalize the company strategy process to be able to keep-up with, lead and support the company growth.

1.1 Business Context

The case company, belonging to small and medium sized category, has operated 20 years in the service sector of the technology industry. It operates on national level only and has no export activities. The organization of the company is a team organization with three teams. The team leaders lead their teams and together with the managing director they form the steering group. The purpose of the steering group is to lead the company to the right direction, i.e. to prepare and execute the strategy. A more thorough analysis of the business context is presented in Appendix A.

1.2 Business Challenge, Objective and Outcome

The company has grown steadily and the organization has changed in 2018 to the team organization. The new team leaders have managerial roles and they participate in strategy planning and execution. There is an urgent need for a strategy that supports the growth as the existing strategy has become obsolete. To be able to construct the strategy, a new strategy process is required.

Accordingly, the objective of the thesis is to create a customized strategy process in order to respond to the challenge of the case company growth and environment changes and the outcome is a strategy process, which helps the case company to utilize and understand the strategy phases required for success.

1.3 Thesis Outline

The thesis includes the analysis of the current state of the strategy process in the case company and the findings of the analysis are used to define the scope of the work. The thesis does not include development or analysis of the strategy itself as it demands more time and resources than is allocated for this work. The strategy process is given as a framework to the company and the implementation is excluded from this work.

There are 7 sections in this thesis. The first section is the introduction to the thesis, where the business problem, objective, outcome and research design are described. In the second section the research approach, research design and data collection and analysis are explained more thoroughly. In Section 3, a current state analysis (CSA) for the case company's strategy process is presented. In Section 4, ideas from the literature for the customized strategy process are presented. After the overview, the building phase of the proposal is described in Section 5. After the description, the proposal is validated in Section 6 and lastly, in Section 7, the whole thesis ends with conclusions of the whole project.

In this study, the CSA is before the literature review because there is a need to first find out the key elements to be developed so that the literature research is more focused. The data is based on company documents and interviews. The outcome of the CSA phase is a list of strengths and weaknesses in the strategy process. After the narrowing, a thorough study to literature will be executed focusing on the weaknesses listed during the CSA. The outcome of the literature phase is the conceptual framework that is used for co-creating the proposal for the customized strategy process in the next phase. The data for the building proposal phase comes from interview and group work field notes. After the first proposal, as the outcome of the building proposal for customized strategy process phase, the proposal is validated. The data for the validation comes from the feedback and group work field notes. The outcome for this phase is the final proposal.

2 Method and Material

In the previous section, the business challenge, the objective and the outcome of the thesis were introduced. In this section, the research approach, research design, data collection and analysis methods are explained to show the stages and logic in this work.

2.1 Research Approach

Choosing the right approach for research is crucial for numerous reasons. Understanding the different research approaches before doing the actual research brings credibility to the research itself. The chosen research approach guides the researcher through practices during the research with the help of research methodology material and existing research executed with the same legitimate methods working as examples. The audience can better understand the research process and methods as the research is done in a commonly agreed manner.

There are two approaches in research projects: basic, fundamental or pure research and applied research (Saunders et al. 2019). Basic, fundamental or pure research aim to serve the purposes of universities and academic agendas and they have very little to do with practical applications. An applied research aims for direct and immediate relevance to managers, it involves matters that are relevant to managers and it is presented in such a manner that the managers can understand and utilize the outcome (Saunders et al. 2019). Kothari (2004) describes applied research to be a research that aims to find a solution for an immediate problem in an industrial or business organisation. Thus, the research for this thesis is applied research as it is highly related to the practical matters of the case company.

Case study and action research are two examples of applied research. Case study is popular among sociology researchers, who study different social units in qualitative manner (Kothari 2004). It is more about understanding a phenomena rather than developing something. Action research includes iteration during the research that aims for development and change of operations of a practical instance (Kananen 2013: 40-43).

Design research is a research approach that is used for development of a product or process for example. It results as practical and functional solutions for existing business problems (Kananen 2013: 44-51).

Design research was selected for this study as the research approach. The study brings functional and practical solutions for the business problem in the case company. It combines development and research and it is conducted in the case company to improve its operations. In addition, the objective of the research includes the strategy process of the case company in the straightforward research process. It is not an action research, because it does not realize action, results and change at the same time. The research involves qualitative methods to collect the data during the research process as the research does not involve implementation of the outcome.

2.2 Research Design

In figure 1 the research design is presented, where four main stages form the study. On the left side there is the objective and on the right side there are the outcomes for each of the stages. The study process is carried out following a gate model with certain milestones. The research design includes gates three, four, five and six. Each of the gates have specific targets to be achieved before advancing to the next stage. A gate evaluation and thesis instructor feedback was given before moving from one gate to another. At the bottom of the figure, there are the data packages that were formed during each stage. These are packages include the information from the company documents and field notes gathered from the informants and during the workshops.

The case company organization has a management team that consists of four members. One of the members was not able to participate in the study as an informant due to absence. The three members of the steering group in the case company form the core of the strategy work in the case company.

The first stage of the research was the current state analysis for the strategy process of the case company. It was important to understand what the current status of the strategy process was in the case company as it brought focus to the study. The focus will enable better efficiency and quality for the study as the resources allocated are limited. Company documents were explored, interviews were held and group work was done to understand the current state of the strategy process at the case company. Data 1 consists of the field notes gathered during the interviews and group work, and of the company documentation regarding the strategy process. The interviews were held one person at a time to avoid the influence of the hierarchy in the case company and during the interviews, field notes were gathered. In addition to the interviews, group work was done to deepen the understanding of each phase of the current strategy process. The interviewing protocol was the same for all of the informants. The interviews were held to understand the current status of the strategy process in the case company. The company documents consist of strategy work material including several PowerPoint presentations. Strengths and weaknesses were analyzed and pointed out during this stage to form a summary of strengths and weaknesses as an outcome.

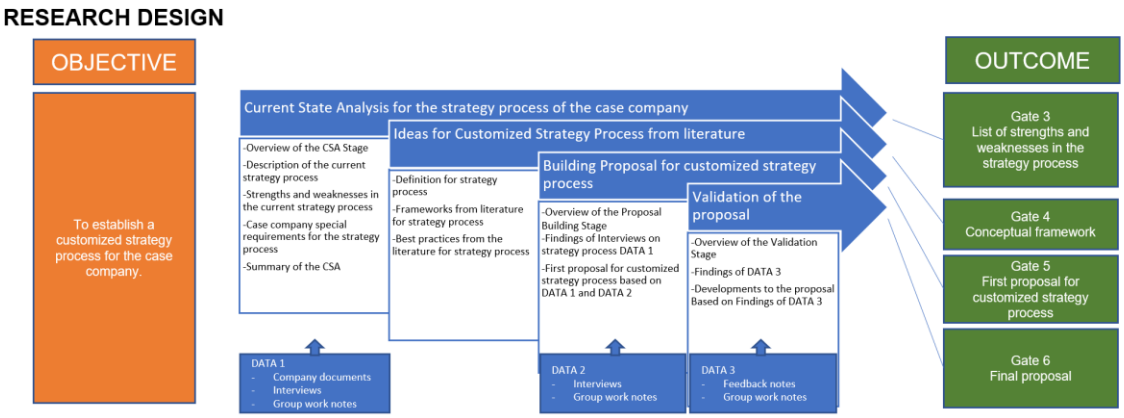

Figure 1. The illustration of the research design and its phases with data inputs and outcomes.

In the next stage, relevant literature was reviewed thoroughly with multiple sources and focus on the weaknesses revealed by the first stage. The definition for the strategy process was defined in this stage to bring common understanding about the very core subject of the study. Frameworks were studied and researched to be able to compare the current state to the common strategy process frameworks. Best practices were researched to apply the very best practices to this study. Using all this knowledge, a conceptual framework was built as an outcome to summarize the findings from the literature regarding strategy process and based on the weaknesses revealed by the CSA.

After obtaining ideas for the customized strategy process from the literature stage, the first proposal was co-created for the case company. This stage included the overview of the proposal building stage and analysis of the findings in Data 1. The Data 2 collection was included to this section that was formed through field notes written down during the interview and group work. The Data 1 and Data 2 information, with the support of the conceptual framework, were used to build the initial proposal for the customized strategy process. The definition for each process step was given to deepen the understanding of each step. Process inputs and outputs were written down and resource allocation was thoroughly thought during the workshops and interview. The outcome of this stage was the first proposal for the customized strategy process for the case company.

After co-creating the proposal for the customized strategy process, the first proposal was validated in the validation of the proposal stage. This stage included an overview of the findings in Data 3, group work and an interview regarding the validation of the proposal where feedback was gathered. The Data 3 information consisted of feedback notes and group work notes. The outcome of the last section of the research design was the final proposal as a strategy process for the case company.

2.3 Data Collection and Analysis

This study includes information from various sources and the data was collected in multiple rounds during gates three, five and six. The data packages are Data 1, Data 2 and Data 3. The tables shown below are the data plans used during the study. After each table, every input data type, data source and outcome are explained.

Table 1. The Data 1 plan for the study.

	DATA 1 Current State Analysis for the strategy process of the case company	Data type	Data source	Date, Duration	Documented as	Outcome
1	Description of the current strategy process	Description text, Group work notes, qualitative	Interviews Group work Company documents	January, 40 h	Text document, MS Word	List of strengths and weaknesses in the strategy process
2	Strengths in the current strategy process	Field notes, qualitative	Interviews	January, 8 h	Text document, MS Word	
3	Weaknesses in the current strategy process	Field notes, qualitative	Interviews	January, 8 h	Text document, MS Word	
4	Case company special requirements for the strategy process	Field notes, qualitative	Interviews	January, 4 h	Text document, MS Word	

In the Data 1 collection field notes were gathered during interviews and group work. The information is qualitative. The current stage of the strategy process in the case company and its strengths and weaknesses were documented as MS Word files. An interview protocol of structured interview was used for interviewing the informants of the case company to bring focus and comparability to the findings. The topic of strategy process can lead to discussion of multiple matters, nonbeneficial or related to the study. A high level of prioritization and focus was required as the already heavily loaded top management of the case company was involved in the study. The interview protocol can be found in Appendix B. Open questions were used to obtain different point of views about the subject.

The order of the data collection was to first form a current strategy process the company utilizes to build strategy and then deepen the understanding of each stage as a definition for those. After the defined strategy process, resources, inputs and outputs were considered and documented during the group work. After the data was available, a list of strengths and weaknesses in the strategy processes was conducted as an outcome.

The Data 1 package includes company documents. The next table shows which company documents were used in this study.

Table 2. The company documents in Data 1.

	Name of the document	Number of slides	Description
A	Strategy - 21012021	24 slides	A strategy presentation of the case company
B	Strategy - 05102020	29 slides	A strategy presentation of the case company
C	Strategy - 15112019	46 slides	A strategy presentation of the case company

The documents shown in table 2 were used to gain an understanding of the current strategy process in the case company. The presentations had a vast amount of information per slide and they provided a good view of the steps involved in the current strategy process. The presentations were collected from the last two years to understand the development and different stages of the strategy during the process.

Table 3. The Data 2 plan for the study.

	DATA 2 Building Proposal for customized strategy process	Data type	Data source	Date, Duration	Documented as	Outcome
5	Framework for customized strategy process based on DATA 1 and DATA 2	Field notes, qualitative	Interviews Group work	March, 80 h	Text document, MS Word	First proposal for customized strategy process
6	Definition for each phase of the strategy process based on DATA 1 and DATA 2	Field notes, qualitative	Group work	April, 40 h	Text document, MS Word	

The Data 2 information was collected through interview and workshops. It includes field notes from interview and groupworks that both produced qualitative information. The framework for the customized strategy process based on Data 1 and Data 2 and the definition for each phase of the strategy process based on Data 1 and Data 2 were both used to build the first proposal for the strategy process for the case company as an outcome of the building proposal for the customized strategy process stage.

Table 4. The Data 3 plan for the study.

	DATA 3 Validation of the proposal	Data type	Data source	Date, Duration	Documented as	Outcome
7	Findings of DATA 3	Field notes, qualitative	Feedback, Group work	April, 40 h	Text document, MS Word	Final proposal as a customized strategy process for the case company
8	Developments to the Proposal Based on Findings of DATA 3	Field notes, qualitative	Feedback, Group work	April, 40 h	Text document, MS Word	

Data 3 consists of field notes from workshops and feedback about the validation of the proposal. Feedback was gathered during the group work and feedback discussion. Findings and developments to the proposal based on the findings of Data 3 were used to build the final proposal as the customized strategy process for the case company.

In the next section, the Data 1 collection is utilized to define the current state of the strategy process with its strengths and weaknesses.

3 Current State Analysis for the case company’s strategy process

In the previous chapter, the methods and material for the study were presented. In this chapter, an overview of the current state analysis is given, gathered information is presented and the outcome of this phase is presented as a summary of strengths and weaknesses in the current strategy process of the case company.

3.1 Overview of the CSA stage

The current state analysis was carried out in four steps. First, interviews were held and company documents available were reviewed to gather information about the current state of the strategy process.

Structured interviews were used to gather comparable information. The information gathered was qualitative. Even though the interviews were structured, the questions were open type to get as rich information as possible from the informants. The questions were repeatedly asked in different ways to help the interviewees to get into the subject and later give an opportunity to fill in the gaps if something was forgotten to express or came to mind while discussing about other questions. The interviews were documented and can be found in Appendix C. The steering group in the case company has four members, but one member of the group was not able to attend as an informant due to absence from work. The process was co-creative with the case company and the informants were also the ones from the case company that joined in the co-creation process as they were the key personnel for the research.

A process map was created based on the material at hand, after the interviews were completed and company documents reviewed. The process mapping was done with standardized symbols for process maps. The visualisation of the process map can be found in chapter 3.4 and the description of each phase in chapter 3.5.2.

After the process mapping, a detailed description for each process phase was given in a workshop. In addition to the detailed description of each phase, resources and responsibilities were also written down for each phase even though these had not been defined in the case company before. A workshop plan was formed before the meeting to keep the workshop efficient. The filled template can be found in Appendix D.

The process map and its phases were studied in the workshop and strengths and weaknesses were described for each phase. After the identification, the different strengths and weaknesses were organized under themes. Finally, the themes to be developed were chosen to bring focus for the literature search that results in the conceptual framework for this thesis. This served the objective of creating a customized strategy process for the case company.

Additional information was always recorded during the interviews and workshops and the improvement ideas and suggestions are listed as a separate document in Appendix E.

3.1.1 Findings from the interviews of key personnel

The interviews produced a vast amount of information. This information was used, together with the company documents, to analyse the current strategy process of the case company and to prepare the strengths and weaknesses listing of this phase. The view of the informants about the current strategy process in the case company varied. This reveals the poor level of communication during the strategy work inside the steering group. There was a strategy process included in the presentation the steering group used to update the strategy, but nevertheless, only one informant remembered the existence of such a process. The unclarity was expressed by two informants out of three during the interviews. It corresponded with the findings of lack of understanding about the presented strategy process.

The process steps formed with the gathered information from the informants is shown in Figure 7.

3.1.2 Strengths and weaknesses according to the interviews

Lack of resources was pointed out during the interviews by two out of three informants. The lack of resources related to tools and time used to prepare and execute the strategy. The poor focus of the strategy work was pointed out by all the informants. The strategy work included a lot of operational matters that were mixed to strategy work and handled during the strategy meetings.

The lack of responsibilities was clearly pointed out by one of the informants and others did not see the requirement of the responsibilities during the interviews. The main responsibilities were clear but one of the informants saw the missing detailed responsibilities as a weakness of the current strategy process. Later, during the workshop, the other informants underlined this as well.

The lack of continuity in the strategy process was pointed out by all the informants. The strategy work was mixed to operational matters and was executed randomly.

The lack of focus was pointed out several times during the interviews in different contexts. The lack of focus was a result of various reasons. The communication about the general strategy process was handled poorly. The operational matters took the attention and time from the strategy work itself. The focus was not on the strategy work in the strategy meetings as the presentation, which worked as a guideline for the steering group, was not aligned with the existing strategy process.

The data was stored in one place but the data storage was not password protected or the documents were not password protected. This meant that if the folder were shared accidentally, anyone could have gotten access to the confidential material.

The main responsibilities were clear according to two of the informants. Some tools were in use but the utilization of the tools has been random. The strategy presentation worked as a guideline for the strategy meetings, but it involved non-strategy related matters also that directed the conversations in the meeting to irrelevant matters.

The interviews and the template used for it can be found in Appendices B and C. The informant roles are explained thoroughly in the interview templates.

3.1.3 Findings from the case company documents

In this chapter the findings from the company documents relevant to the strategy process in the case company are presented. The most relevant document is the strategy presentation the steering group has randomly prepared and updated during the current strategy process. These documents were stored in the MS Teams folders dedicated to the steering group of the case company.

Figure 2 shows an introductory description for steering group in the case company about strategy and what it represented. The strategy presentation started with this introduction. This was relevant as it reminded about the purpose of the strategy and brought the focus at the beginning of the strategy meeting for the whole steering group.

Strategy is a plan of actions, decisions and reactions required to reach the set targeted level in business (vision) in current and predicted cultural, economical and political environment.

Strategy shall support value creation in the business process and customer is the one who defines whether something is valuable or not.

Figure 2. Strategy definition according to the case company (2020b).

Figure 3 presents the strategy work platform and phases in it. The meaning of the illustration was to present the continuous developing of the content in the strategy and the way the actual strategy process was carried out. A Deming cycle was presented in the same slide where mission, code of ethics, vision, strategy plan, strategy communication, actions and measuring were shown. The Mission, Code of ethics and Vision statement were updated randomly. However, those were reviewed during the strategy work, but not so that it would have been part of the process.

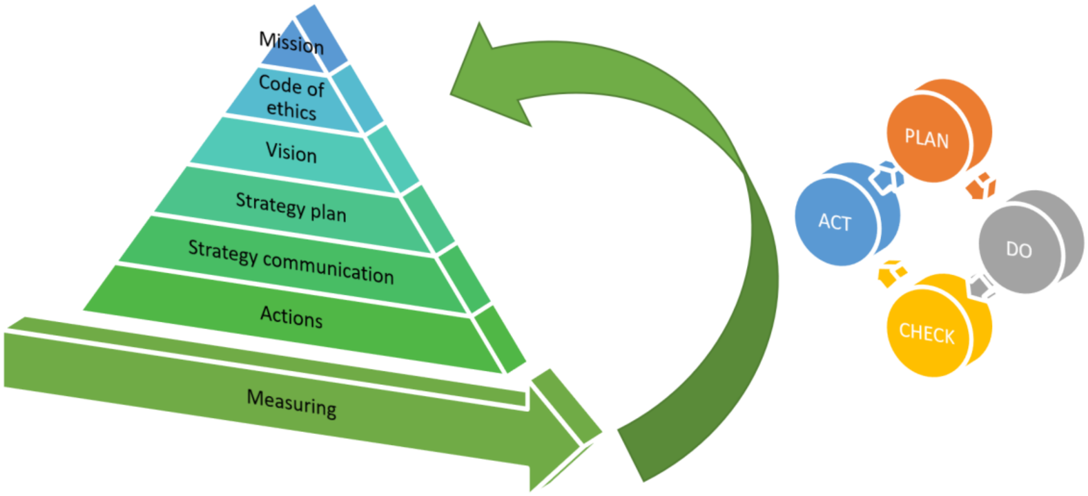

Figure 3. Visualization of the continuous strategy process in the case company strategy presentation (The case company 2020b).

The strategy development and evaluation process was included to the strategy presentation of the case company. Even though it was part of the repeatedly updated strategy presentation, only one of the informants could remember its existence.

Action planning had been divided to three separate parts in the case company: Short-Term Action Plan (STP), Medium-Term Action Plan (MTP) and Long-Term Action Plan (LTP). Previously made strategies had involved only the next year and it had not targeted further. This had been a chosen option by the case company because they had not done thorough and systematic strategy work before and they wanted to succeed first in the Medium-Term Action Plan. Short-Term Action Plan had been added to the strategy work to enable easier follow-up and execution of actions required to meet the targets. These were updated quarterly. In Figure 4, the different term plans are illustrated.

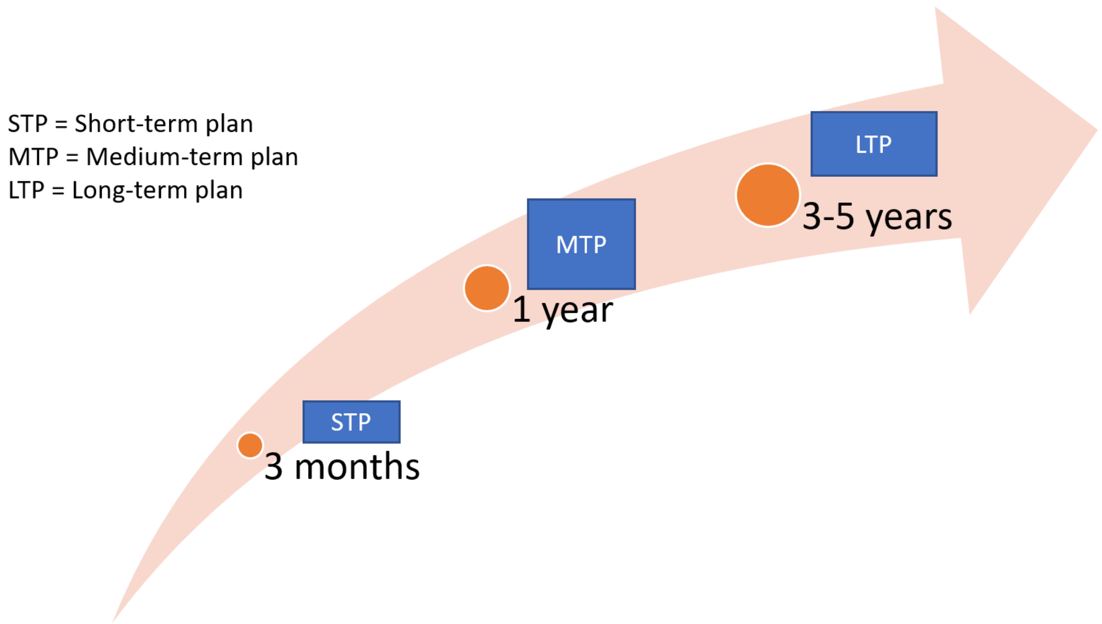

Figure 4. Strategy planning divided to STP, MTP and LTP (The case company 2020b).

The Medium-Term plan of the case company is shown in Figure 5, where three target areas aim to execute the vision. Each of the targets were separate and had own actions planned in the figure. The figure contained responsibilities and rough schedules for the execution of the actions.

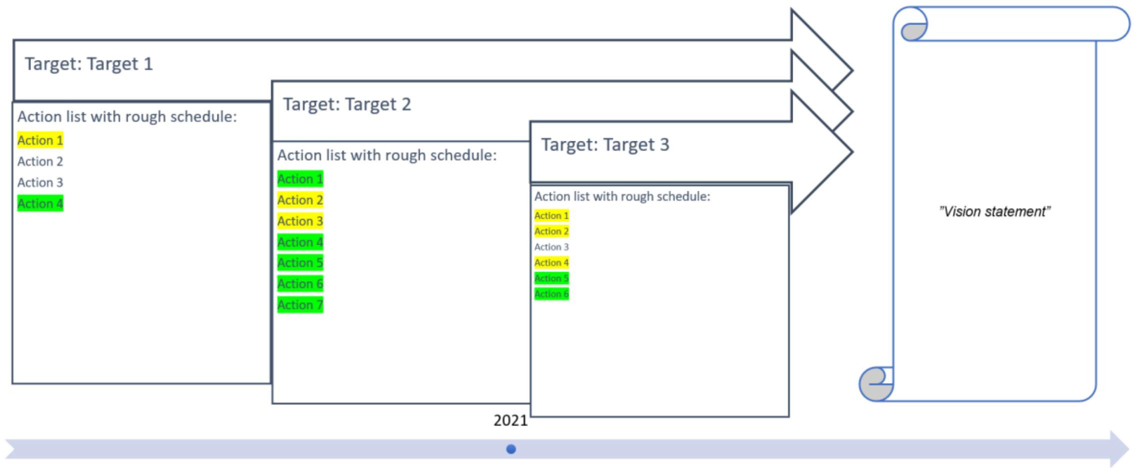

Figure 5. Medium-Term Action plan (The case company 2020b).

Strategy year clock guided the strategy work of the case company as they took actions according to it. There were monthly actions varying from organisational management tasks to marketing and sales tasks to strategy planning and budgeting. They had year clocks for individual levels and for steering group level. Individual level was limited to Managing director and the Team Leaders. In Appendix G the annual plan of the steering group is presented.

3.2 Findings from the workshop

The workshop was planned beforehand and a template for the workshop was created. The document with the information input can be found in Appendix D.

First the process map, which had been co-created with the information from the interviews and company documents, was shown to the members or the steering group. After reviewing and accepting the process, the strategy steps were defined thoroughly to deepen the understanding of each phase. Appendix F presents the definitions formed during the workshop. After the definitions, the strengths and weaknesses of each step were defined. After the strengths and weaknesses were defined for each step, themes were created to form groups about the repeatedly emerging strengths and weaknesses. The list of strengths and weaknesses are the outcome of the current state analysis and can be found in Table 5.

3.3 Description of the current strategy process

After the interviews and reviewing the company documents, the current strategy process was made in a co-creative process. The process was prepared before-hand and then presented to the key personnel that participated in the interviews as informants. The process was based at that stage to the information gathered from the informants and company documents. A workshop was held to finalize the process map and to deepen the understanding of each phase of the process. The purpose of the workshop can be found in the workshop template with the gathered information in Appendix D. The co-created strategy process is shown in Figure 6.

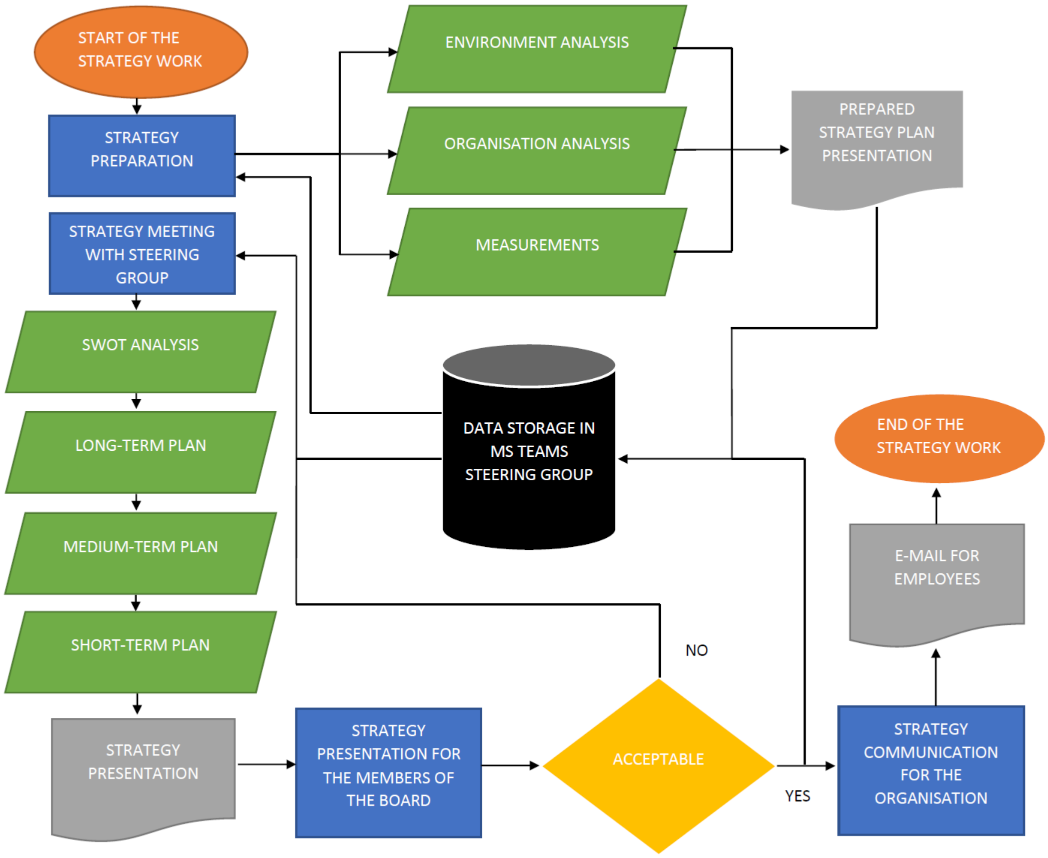

Figure 6. The current strategy process of the case company.

The strategy process started each autumn at the case company. The strategy process was either an update or a new design. The process was the same for both options. The strategy preparation was the first action of the strategy process. During the first action, the data was prepared for the strategy meeting in forms of environment analysis, organization analysis and measurements. The business director was responsible for the analysis and the managing director for the measurements. This phase resulted in a prepared strategy plan presentation that was stored to data storage in MS Teams Steering Group folder.

After the strategy presentation had been prepared, a strategy meeting was held by the steering group. In this meeting mission, vision and values were reviewed and SWOT analysis, LTP, MTP and STP were designed or updated depending on the current state of the strategy. After these parts were updated in the strategy presentation, it was ready. The managing director presented the created strategy presentation to the members of the board. This resulted either in rejection or acceptance of the proposed strategy. If the strategy was rejected by the board, a new strategy meeting with the steering group was held. If the strategy was accepted, the strategy presentation was documented to the data storage in MS Teams and the managing director started to prepare communication for the organization about the strategy. The strategy communication was done through e-mail. This phase ended the strategy work.

3.4 Strengths in the current strategy process

The case company strengths were listed as a co-creative process. First the process itself was defined, then each of the phases were described more thoroughly and finally strengths and weaknesses of each step were listed. The interviews gave input to definition of the strengths and weaknesses and were used to enrich the input of the list during the workshop. The strengths and weaknesses were listed under themes after the list was created.

The strengths were linked to the strategy presentation the company had used in preparing and planning the strategy. The data was stored in one dedicated location for the strategy work. Main responsibilities had been defined and there was some knowledge about who was responsible and for what. There were also some tools used for preparing the strategy presentation for the steering group strategy work. The strategy presentation gave a formalized path for creating or updating a strategy.

3.5 Weaknesses in the current strategy process

During the interviews and workshops, the weight of the feedback was clearly on the weaknesses side as there was more input for weaknesses than for the strengths side. The strategy process was unclear and even in the steering group there were different views about the current process itself. The tools that were used for strategy work were not sufficient and instructions were missing for using those. Although the data was in one place, it could have been accidentally shared to third parties. The focus of the strategy work was often mixed with the operational matters which lead to inefficiency in the strategy work. This was also shown as lack of resources as the allocated time was used for other matters than to strategy itself.

Communication was poor in all levels as the only output for communication during the strategy work was to the members of the board and to the company personnel as a single instances. Even in the steering group the communication was seen as poor and was visible in the different views the interviewees had about the strategy process. The responsibilities were clear in a high level, but it was not sufficient to bring clarity and clear roles for the strategy work participants. The continuity was missing and the process was based on the presentation which was updated in random occasions and with random matters.

3.6 Case company special requirements for the strategy process

There were no special requirements mentioned during the interviews and workshops. Some ideas for development were given from the informants but those were not specific requirements that would guide the development or the research. The ideas for improvements can be found in Appendix E. Confirmation for the information in the co-created documents was requested from the informants and the replies with the request e-mail can be found in Appendix I.

3.7 Summary of the CSA

The strengths and weaknesses of each process phase were described after the process phases were defined in the workshop. The original strengths and weaknesses list can be found in Appendix H. The strengths and weaknesses were listed under themes as they emerged under a certain topic. In table 5, the themes are presented shortly as the strengths and weaknesses of the current strategy process.

Table 5. The strengths and weaknesses of the current strategy process of the case company.

	STRENGTHS	WEAKNESSES
1	DATA IS IN ONE PLACE	UNCLARITY OF THE STRATEGY PROCESS
2	MAIN RESPONSIBILITES HAVE BEEN DEFINED	TOOLS ARE NOT SUFFICIENT AND INSTRUCTIONS ARE MISSING
3	SOME TOOLS ARE EXISTING AND IN USE	DATA IS IN UNSECURE PLACE
4	THE STRATEGY PRESENTATION WORKS AS A GUIDELINE FOR UPDATING THE STRATEGY	FOCUS IS MIXED TO OPERATIONAL MATTERS
5		COMMUNICATION IS POOR IN ALL LEVELS
6		RESPONSIBILITIES IN DETAIL ARE MISSING
7		CONTINUITY IS MISSING AND THE PROCESS IS RANDOM IN PRACTICE

The strengths and weaknesses were listed to bring focus to the research. The weaknesses highlighted with yellow color were chosen from the weaknesses to the literature research phase to bring focus to the research.

In Section 4 ideas from literature will be gathered to create a conceptual framework for customized strategy process. The focus will be on the matters highlighted in Table 5.

4 Ideas for Customized Strategy Process from literature

In section 3 the current state of the strategy process of the case company was analysed and the outcome of it was a list of strengths and weaknesses. This section concentrates on the selected themes of weaknesses in the current strategy process in the case company shown highlighted in Table 5 and also on more general topics that provide best practices for creating a customized strategy process. The outcome of this section is a conceptual framework for the customized strategy process.

4.1 Definition for strategy process

Strategy shows the direction to a group of people to reach the targeted results. Strategy work includes several phases that form a process. A process description and definition supports the creation of a successful strategy that enables the success of a group in a certain environment. The process often includes various steps and requires significant effort to be executed. Small companies have simple strategy processes and large companies may have very complex processes to create a successful strategy.

4.2 Frameworks from literature for strategy process

Kaplan et al. (2008) visualize the strategy planning process in a staircase process model where the process starts from vision clarification and ends as strategy plan. The steps after vision clarification are strategy development, strategy translation and plan development.

The vision clarification step includes mission and value definition creation or update with vision statements. Strategic shifts are included in this phase which describe what the company currently is and what it should be to achieve the vision. Strategic framework, which describes the strategy in a simple visual way, is also included in the vision clarification step. Value gap, strategic change agenda and enhanced vision can be the results of this phase. (Kaplan et al. 2008).

After the vision clarification, the development phase brings strategic analysis and strategy formulation to the process. Analysis can be divided to internal and external analysis. The PESTEL framework, an analysis tool to give perspective for political, economy, social, technology, environment and legal matters, can be used for external analysis and a combination of SWOT, a framework to give perspective for strengths, weaknesses, opportunities and threats, and balanced scorecard (BSC) for gaining understanding of both internal and external status. Strengths and opportunities support the organization to achieve the targeted vision and weaknesses and threats are blocking the organization to achieve the stated vision. Strengths and weaknesses concentrate on the internal aspects and opportunities and threats on the external aspects. Strategic issues and strategy direction statements can be the results of this phase. PESTEL and SWOT are just some of the tools that can be utilized in the analysis phase (Grünig et al. 2015). The strategy process should include the most suited tools to produce the required information through analysis and planning.

The strategy translation phase, after the strategy development phase, brings strategy maps and measures and targets to the process. Strategic themes and balanced scorecard (BSC) can be the results of this phase.

After the strategy translation phase, the plan is developed where strategic initiatives, strategy funding and accountability are created and enhanced. Investment portfolio, strategic expenditure (STRATEX) and theme teams can be the results of this phase. The process ends with the created strategic plan. (Kaplan et al. 2008).

Grünig et al. (2015) claim the strategy planning process to have six steps where steps 2 and 4 and 3 and 5 steps are bilateral. The first step is the strategic planning initiation. After the initiation, the strategic analysis is executed in corporate level. Some business level bilateral analysis will be done at the same time but not as a whole. The third step is the corporate strategy development which is again done bilaterally to business strategy development. The fourth step is the business level strategic analysis, which again is reflected back to the earlier step two corporate level. After the fourth level the business strategies are developed and reflected to the step three corporate strategies. The final and sixth step is the finalization of the strategic planning.

The strategy planning process is often seen as the whole strategy process. However, in chapter 4.3.11 the strategy process is presented as part of the management process which describes the role of it better as continuity is required from the process and it is in relation and dependable of the operation processes. Grünig et al. (2015) present the strategy process from large company perspective where there are numerous different responsibilities in different organizations in a company. In a smaller company the strategy process participants may execute all the operative processes also. However, it is important to recognize the interfaces between strategy and operation processes, roles and responsibilities to be effective and to bring clarity to the strategy work.

4.2.1 Typical documents in strategy process

There can be many different documents to be prepared in strategy process. Each phase of the process has its own typical documents. According to Grünig et al. (2015) typical content for mission statement include objective and value descriptions and some view for market positions. Main ingredients in corporate strategy documents are market positions and investments. The view for investments are estimates and on preliminary level at this stage. There may also be some complementary view for competitive advantage and measures in corporate strategy. Measures are included as complementary object to each phase in the rest of the process. The business strategy documents consist of market positions view and competitive advantages from offering and resources perspectives. Functional strategy phase documents concentrate to competitive advantages from resources perspective. Market positions, competitive advantages from offering perspective and measures documents may also be included to this phase. The strategic project consists of measuring and investment documents. Investment documents are detailed at this stage. Market positions and competitive advantage topics may be included to this stage as complementary information. (Grünig et al. 2015).

Documents are critical to the success of the process as the documents are important part of measurement and communication processes. Using specific documents as outputs of different phases help to keep the process clear and enable the communication and follow-up through the strategy process.

4.3 Best practices from the literature for strategy process

In the next chapters some of best practices from literature are introduced regarding the strategy process.

4.3.1 The excellence of a strategy execution process

Kaplan et al. (2008) state that using a formal strategy execution process will enable organization to outperform organizations without one. The data for this statement was based on BSCol research from 2006. The authors also emphasise the importance of the strategy execution. A formal strategy management process had been divided to nine process phases into a survey that 143 performance management professionals had answered to.

The nine process categories in the survey were: Translate, Initiatives, Align, Communicate, Reviews, Update, HR, Finance and IT. The use of formal process in each process category varied from 60 % to 77 % among the winner companies. The same figures among the loser companies vary from 26 % to 46 %. Thus, it is clear that using formal process raises the chance to reach successful business.

4.3.2 Office of strategy management

The office of strategy management (OSM) is presented by Kaplan et al. (2008) which in short covers and describes the three key roles in strategy work: The Architect, The Process Owner and The Integrator. The architect is responsible for defining and clarifying the higher level of performance management and the required processes. The Process owner is responsible for developing and planning the strategy, alignment of the organization, operations planning, strategy reviews and testing and adapting the strategy. The integrator is responsible for human resource (HR) management, strategy communications, initiative management, financial resource management, key process management and IT management. (Kaplan et al. 2008). These roles are typical for a strategy process. In large companies these roles may be divided to a large group of people. In a small company, the roles for one individual taking part into the strategy process may include many responsibilities. It is important to understand that these roles bring clarity, responsibility and ownership to the process.

4.3.3 Balanced scorecards in strategy process

Using balanced scorecards as a part of the strategy process of a company will bring focus and alignment to the process, which are required for successful strategy work (Kaplan et al. 2001). Kaplan et al. (2001) have recognized five consistent patterns from successful companies utilizing BSC in their strategy and operation processes.

The five principles consist of translation of the strategy to operation processes, alignment of the organization according to the strategy, involving the strategy to actual working tasks, keeping the strategy continuous and change management with leadership. BSC links strategy and vision objectives and measures to company level and personal scorecards (Kaplan et al. 2001).

BSC can be created using four different perspectives for strategy and vision execution support: financial, customer, internal, and learning and growth perspectives. BSC includes objectives, measures, targets and initiatives for each perspective and these give individual point of view to strategic themes (Kaplan et al. 2001).

The vision and strategy objectives and measures, along with the different perspectives, are communicated and measured through BSC. The level where BSC is used should correspond to the objectives, measures, targets and initiatives set. These levels can vary from company level to individual level. A company should determine the most suitable number of levels to be used to be able to set clear targets for groups and individuals. Using different levels for BSC enable organization members to understand what is expected from each individual in the strategy and vision. In other words, it is also a communication tool for management about strategy. (Kaplan et al. 2001).

According to Kaplan et al. (2011), the first step in the mission translation process is the mission definition itself. Then comes the core values description phase. After the values have been defined, the vision is clarified to give direction to the company. Strategy itself comes after vision. BSC is used to clarify the measures and targes to the organization after the strategy is clarified. After BSC the strategic initiatives define the actions more precisely. These actions are divided to personal objectives which will end up to strategic outcomes. (Kaplan et al. 2011).

The translation process has many steps where the BSC can be utilized to keep the focus on the strategic choices. The translation process is dependable on the organization and company structure as in large enterprises there might be several strategies due to different businesses and industries. The case company had a similar but more narrow view about the mission translation process.

4.3.4 Strategy maps in strategy process

Strategic change can be divided under themes according to Kaplan et al. (2011). The strategy map describes how organization creates value through four perspectives. Learning and growth perspective defines what intangible assets are needed for value creation according to strategy. Alignment of these assets, human, information and organization capital, is crucial for strategy success. Culture, leadership, alignment and teamwork of the organization are accounted as organization capital. Information capital consists of usable information in the organization that can be shared or used as a leverage. Human capital means the knowledge and experience of the people included to the organization.

Internal process perspective defines the processes that will change the intangible assets to customer and financial outcomes in a specific strategy. It is important that the processes that make the difference to customer value proposition are included to the strategy map. The customer perspective defines the conditions required for customer value creation. The financial perspective defines and clarifies how the intangible assets will create tangible value. (Kaplan et al. 2004).

The four perspectives, strategic themes, BSC and action plan can be shown at a glance in one paper to visualize the overall execution idea behind a theme. The relationship between each item is immediate and understandable. (Kaplan et al. 2004) Strategy map defines the process and theme with the four perspectives mentioned earlier. It translates to objectives per perspective. These are used in BSC to give measurements and targets to the objectives. Action plan is then used to put out the initiative and reserved budget for it. (Kaplan et al. 2004). This way the strategy can be translated with a simple and understandable form into actions.

4.3.5 Using catchball process with BSC

Organization involvement and process adaptation can be ensured through catchball process where BSC can be utilized (Kaplan et al. 2008). Strategy map, measures and targets in BSC and communication start the process. Communication of process objectives, measures and targets passes the ball to the next level of responsible personnel. Approval or rejection sets the flow for the rest of the process as the model is based on mutual agreement about the attainability of the targets. This brings commitment to the process through leadership as dialogue is open for the responsible personnel of BSC before setting the targets (Kaplan et al. 2008).

In strategy process this can be used in many levels as there are many levels where different roles discuss about the strategy. Board of members represent the owners who select the operative level management, a Chief Executive Officer (CEO) in most cases. CEO handles and organizes the operations management. Operations management may have different subordinates working as managers or for example team leaders. The strategy has to pass through the organization levels and catchball process can be utilized to bring leadership to the whole company.

4.3.6 Strategy Canvas in strategy process

Strategy canvas describes what qualities are typically offered at the market to customers through their products, services and solutions. It gives a more detailed view of an industry segment rivalry from produced qualities perspectives. This tool may be used to evaluate a whole specific industry, a competitor or an own business. Customers may value some qualities more than others and companies try to find these out and invest in those most important. Strategy canvas clearly shows the differentiation strategy of a product, service or solution at the market from customer value perspective (Kim et al. 2005). The idea from Kim et al. (2005) is to visualize different customer values or qualities of a product by naming those along horizontal axis and the vertical axis describes the level of the quality offered. Higher means better capability to produce such quality or value to customer.

Kim et al. (2005) also suggest that four actions, reduce, create, eliminate and raise, should be considered during the strategy work and strategy canvas creation. These actions help companies to draw strategies to canvases, how the customer value of a product or service should differentiate from industry normal or a particular competitor. The reduce element in the framework includes the qualities that should be lowered below industry or competitor level. The create part includes qualities that are not existing yet on the market and thus should be created for better competitiveness. The raise part includes the qualities that should be raised above competitors and industry standard level. The eliminate part includes qualities that should be removed from the qualities totally. (Kim et al. 2005). These are strategic choices that have to be carried out during the strategy process.

4.3.7 Generic strategies

Porter (1980) has stated that there are three generic strategies that will lead companies to success. Cost leadership strategy focuses the competition ability to operations efficiency to gain as low overall costs as possible. Differentiation strategy focuses the competition ability to unique qualities of a product, service or solution to the market. Focus strategy enables competitive advantage by choosing specific group of customers with certain qualities. This can lead to numerous focusing strategies, such as geographical area focus, buyer group focus or industry focus.

Mintzberg (1988) states that there are five broad strategy groupings. All these include multiple different strategy options to be used in the strategy work. The strategy process should include these options to bring understanding of the current status of the company in its environment and to the vision what it is expected from the company after a certain period of time. (Mintzberg 1988).

Generic strategies can be used to understand the current status of the company at the market and to determine the targets to gain competitive advantage. Understanding the maturity of the business and the competitive advantages are important to be able to make the right strategic decisions during the strategy process.

4.3.8 Growth strategy in strategy process

Growth can change the company to two directions: reduce the company size or grow the company size. Size rarely stays the same as the market is in constant change. Growth is the change of the company market share. Market share is measured by revenue in a certain period. Achieving higher revenue targets at a growing market is easier than to attain the same results at a more mature market. Mature market growth strategies can be based on merger and acquisition activities that can be horizontal or vertical. Horizontal ownership changes relate to other companies at the market competing on similar industries. Vertical ownership changes relate to supply chain companies and customer companies. Divesting non-profitable businesses is one strategy among others in growth strategies. Boston Consulting Group Portfolio Matrix and McKinsey Portfolio Matrix can be used to decide where to invest in and where to divest or harvest. Different competitive strategies affect to growth and need to be aligned with the growth expectations. (Grünig et al. 2015 pp. 97-136).

Growth strategy is one important part of strategy process and there are many success stories through growth strategies but there are also many failures. Growing with the right pace and at right time at right business areas are the main elements in growth strategies. Growing too fast without taking care of performance management and cash flow has led many companies to bankruptcy. Being too secure and hold back can lead to losing market leadership. The alignment of the four perspectives in strategy map gives perspective to growth strategies also.

4.3.9 Competitive strategy in strategy process

Porter (1980) states that five forces drive the industry competition. Market may have new entrants that take their share of the market through some competitive advantage as leverage or from the market growth. The substitutes can bring new value to customers better than the existing products, services or solutions do. Suppliers have negotiating power that may affect to supply chain performance and therefore to cost leadership status along with delivery time and quality aspects. Buyers have the power to set the requirements in most cases. Buyers set the price and suppliers set the costs in short from performance management perspective. At the core of the framework are the existing competitors that are in constant rivalry in the existing market. (Porter 1980).

Grünig et al. (2015) presents a framework, based on Ohmae's (1982) view, the relationship between three players at market rivalry. A company has a certain offering capability which can be compared to customer requirements and to competitor offering capability. The strategy planning should include the assessment of all of the presented three players. (Grünig et al 2015, Ohmae 1982).

There is no reason to offer products, services or solutions if there is no demand from the customers. On the other hand, offering has to have certain qualities that the customers await from the products, services or solutions. The competitors have their offering and doing exactly the same things as competitors gives no competitive leverage to the rivalry. This is why the assessment between the competitor and company offering has to be executed during the strategy process.

4.3.10 Budgeting and strategy process

Hope et al. (2003) state that traditional way for budgeting is an annual happening that reserves a lot of resources and does not necessarily give much value to the actual business processes. Mission statement and strategic plan set the framework for the budget. After budgeting the operations are followed and controlled. (Hope et al. 2003).

The process lacks connection between the budget, control and strategy. Thus, it is not continuous part of strategy process and lacks the ability to adapt. Hope et al. (2013) present an example of a continuous process from company Rhodia that shows how their strategy and operations are interconnected and the budgeting process is more continuous than nonrecurring. Using such process, companies can adapt better to the environment changes (Hope et al. 2003).

Problems start when budgeting is too bureaucratic and it restricts business processes instead of enabling development according to market changes. The process used in company Rhodia has many similarities to Kaplan et al. presentation about using strategy maps where four perspectives are considered in BSC system with certain strategic themes. This way strategy is translated to operation process and the feedback is gathered through the BSC system. The main idea in the mentioned process of company Rhodia is to maintain adaptivity instead of locking business decisions tightly with a fixed budget. Strategy cycle produces core values to be developed and initiatives for those. Operating cycle adapts to these and initiates the business processes and creates the value accordingly. Reviews create information for update or adapting requirements for operative level and strategy level. (Hope et al. 2003). This way the process is more continuous and can adapt to the changes. If there is no ability adapt to changes, the company can face severe difficulties from many aspects.

4.3.11 Interface between the strategy process and operations management

Kaplan et al. (2008) describe the management system as a continuous cyclic process. There are five stages that begin with the strategy development phase. The second phase is strategy translation phase. After the strategy translation phase, the responsibility of the initiatives moves to operations through the created strategic plan. Strategy map, BSC and STRATEX guide and translate the strategy in practice. The third phase of the cycle is operations planning phase where the outcome is operating plan. After the plan is done, processes and initiatives are executed inside the business processes. Performance metrics are gathered after results and the fourth phase is monitoring and learning phase. The fifth phase is for testing and adapting the strategy with the information coming from monitoring and learning phase and from the original strategic plan. After the fifth stage, the knowledge gained at fifth phase is again used in the first stage to build continuum to the strategy work. The strategic plan and especially strategy map and BSC work as the interfaces towards the operations. (Kaplan et al. 2008).

The information flow in the management cycle goes through the interfaces between the strategy process and operations processes. Output from strategy process is the strategy plan that consist of measurable and understandable and attainable targets. Operations use this guideline to do their own plan for operations and then the input to the strategy process is again coming from the review steps, where the operations report about the success with the measures required according to the strategy plan.

Using such a management cycle brings continuity and clarity to the management process which includes the strategy process. Interfaces are clear between the strategy process and operation processes and the information is gathered and communicated through agreed tools and methods.

4.3.12 Verification of processes and standardized process maps

The process mapping is relevant as the actual processes often differ from the existing ideal processes (Martinsuo et al. 2010). Keeping the strategy process as it should be, supports the organization to reach its vision. Thus, it is not enough to describe the process and it needs to be verified periodically. A standardized way of visualizing process brings clarity as everyone uses the same symbols for describing business processes and especially the strategy process.

4.4 Conceptual Framework

The best practices and ideas from literature were documented to create a conceptual framework. The framework can be seen in Figure 7. At the centre of the framework there are two processes: New strategy process and strategy update process. These processes differ from each other due to the nature of the continuous strategy process. Typical strategies last from 3 to 5 years and strategies may have to be updated during that time. New strategy presents a totally new strategy and update strategy presents a strategy update process.

The four boxes around the processes represent the weaknesses the literature research was concentrating on and give focus to the framework. Clarity focus is brought to the framework by different perspectives to support the strategy, key business advantages and the phases between the mission and strategic outcomes. Communication and responsibilities are brought to the framework through the explanation of architect, process owner and integrator roles in strategy process and by typical expected documents in strategy process. Communication, continuity and responsibilities are clarified through BSC, the four perspectives of BSC and the catchball process of BSC and the goal setting with BSC. Focus and continuity is brought to the framework with clarification about the relationship between the budget, strategy cycle and operating cycle and by strategy process interface to management cycle.

The new strategy process phase includes strategic analysis, strategic shifts, changed agendas and strategy framework. Strategic analysis includes internal and external analysis about the past, present and future to be able to evaluate what should be the strategic shifts, changed agendas and the framework. The strategic shifts are weightings on matters that should be concentrated on. These shifts can vary from small to radical changes. For example, these can be related to putting more effort to some strategic theme through investments or to divesting some businesses and investing into new ones. Changed agendas mean the themes used in BSC. Organizational, business process, customer and financial view are given to the themes that should direct and correct the business to the success story. A strategy map is viewed and evaluated already at this state, but the focus is on a very high level. The strategy framework is the boundaries of the playground for the strategy planners.

The vision setting phase includes the definition and formulation of mission, values and vision that should set the strategic direction. Mission explain the reason for the company existence, values describe the ethics of the company which guide the operations and choices to be made and vision explains what the company is awaited to be after a certain period of time.

The strategy translation phase includes the strategic initiatives, budgeting for strategy execution and alignment of human resources (HR), information technology (IT) and finance. STRATEX document and theme teams are prepared at this phase. The STRATEX document includes the amount of money to be used per strategic target. The reserved budget is only available to execute the strategic goal and it cannot be used to other matters. The theme teams are the groups of people that are responsible for executing, controlling and reporting of a certain strategic theme.

Strategy plan phase includes strategy translation, strategy mapping, measures and goals, strategic themes and BSC. The strategy is translated at this phase to be clear as it includes a lot of new information, thoughts and targets. A clear translated strategy is a short, understandable and logical version of the prepared documents during the earlier phases. The strategy may be at the beginning of this phase still a wide explanation of vision, but it should be shortened at this phase to be able to communicate and prepare clear documents for strategy map. The strategy map is filled with objectives, BSC and initiatives at this phase. BSC and initiatives give the targets and measures to the process.

After the strategy map with initiatives and BSC is prepared, the communication can start. Communication should include all the members from board to each individual of the company. Strategy should be understandable and the presentation rather simple so that the background of the receiver of information does not affect too much to the understanding of the strategy. Strategy map, including the initiatives and BSC work as a communication tool as it has strategic themes expressed with the objectives and explanation through BSC and initiatives, how those should be executed and how those are measured.

After communication, the strategy enters the operation process where the organization executes the strategy. Reviews are the next phase in the process, where the operations are reviewed to make sure that the direction is correct. If the operations are not inline or the operating environment has significantly changed, an update phase is required.

The update phase is a separate sub-process to the strategy process. The update process is lighter than the new strategy process and it concentrates and emphasises the strategic issues rising in the operations or from the environment. The process is in same order as in building the new strategy process, but there are already existing a mission and values that rarely change in an update process. Therefore, vision setting and strategy development phases change places in the process. Otherwise, the process stays the same and the matters requiring change are updated. The updated process enters the continuous loop through the review phase the same way the new strategy process does.

Figure 7. Conceptual framework for customized strategy process.

In Section 5 the conceptual framework will be used to create the first proposal as customized strategy process. The processes in the presented framework will work as a main guideline and the information inside the boxes will help to tackle the issues found during the CSA stage. The process will be co-creative and involve the key-stakeholders.

5 Building Proposal for customized strategy process

Section 5 integrates the outcomes from Section 3 CSA and Section 4 CF in a co-creative process to build the first proposal for customized strategy process as the outcome of the phase. This section includes the overview for the proposal building stage, a recap to findings of interviews on strategy process in DATA 1 to bring logic and credibility to the research, description of the co-created first proposal for customized strategy process, definitions for each of the process steps defined during the co-creative process and the visualization of the first proposal for customized strategy process. The best practices to form the first proposal were found from literature.

5.1 Overview of the Proposal Building Stage

The first proposal for customized strategy process was co-created during four workshops, one iterative discussion workshop and one interview. Three key stakeholders, that were the same as in CSA phase, participated to the workshop and iterative discussion. One additional key stakeholder who had not participated to the research before as an informant was included through an interview to this phase. The workshops were held first, then the interview was held and after the interview, the iterative discussion in the las workshop was organized between the three key stakeholders.

The discussions during the workshops were rich and those brought opinions from many different angles. An additional angle was brought to the co-creative process from outside the study as the key personnel had not participated to the earlier phases of the research. Participants were active and took their role naturally in the co-creative process. The workshops were sprint type workshops, where preparation was in key role as little time was reserved for the meetings. Main thoughts were gathered in a small time for the proposal and then a gap was purposely left between the workshops to leave time for thoughts. This resulted to be the right choice as maturity for the process could be brought in a fast pace and all of the already busy key stakeholders could participate to the process.

All the workshops and information sharing happened through MS Teams or e-mails. This was due to the COVID-19 pandemic restrictions. All key stakeholders received an overview through a presentation from the business problem to objective and from design research phases to outcomes in the beginning of each occasion to bring clarity and focus to the co-creative process. The first proposal building stage had its own process which was viewed at the beginning of each workshop or meeting.

The workshops resulted as preliminary first proposal which was then presented to the fourth participant via phone call. Feedback was gathered and then the change recommendations were thought thoroughly between the three key stakeholders in an iterative workshop. The first proposal was formed during this last iterative meeting, which is presented in section 5.3.

A more detailed view for the first proposal building stage is given in Appendix J.

5.2 Findings of Interviews on strategy process DATA 1

The findings in DATA 1 were introduced in Table 5, where strengths and weaknesses were listed. The conceptual framework concentrates on the weaknesses one, four, five, six and seven which are unclarity of the strategy process, focus is mixed to operational matters, communication is poor in all levels, responsibilities in detail are missing and continuity is missing and the process is random in practice. On the strengths side the matters were mostly related to the presentation the case company had prepared in each strategy work event. Data was in one place, main responsibilities had been defined, some tools were existing and in use and the strategy presentation worked as a guideline for the strategy work.

5.3 First proposal for customized strategy process based on DATA 1 and DATA 2

The first proposal for customized strategy process took form of a strategy process map and a strategy process chart, which includes detailed information about the process phases, inputs, outputs, allocated time, responsibilities and participation. The process map for customized strategy process and definition for each phase in the process can be found in Appendix J.

In Section 6 the first proposal for customized strategy process will be validated with the same key personnel that participated to Section 5. Preplanned validation program is used to bring different perspective for each participant of the validation phase.

6 Validation of the Proposal

Section 5 introduced the first proposal for customized strategy process as an outcome. In this section that outcome is evaluated with a preplanned method in a co-creative process. The same informants from last section participate to validate the proposal. At the end of this section the final proposal is presented.

6.1 Overview of the Validation Stage

In this section, the first proposal presented in Section 5, will be validated to form the final proposal. The first proposal focused to tackle the weaknesses found in CSA stage with the help of best practices shown in CF. In this section, the validation was done by gathering feedback by analyzing the first proposal with each of the four key stakeholders as informants with five different perspectives. These perspectives were owner, board, strategy worker, employee and customer perspectives. These perspectives were deliberately chosen as the informants represent their selves only a narrow field of perspective in their current roles. From validity perspective, this gives more mature results as an outcome of the phase. Owner, board, strategy worker, employee and customer have been recognized as influencers to the strategy process itself during the CF building phase, thus those were included in the perspectives.

There was two sessions included to this phase. The feedback from these sessions form the Data 3 which was used for the validation. The validation is based on preliminary evaluation as the process is not yet in use. Though the validation is based on preliminary evaluation, the key stakeholders represent mature perspective regarding strategy processes and different perspectives were used to give rich and different view than in first proposal co-creation. These bring maturity to the validation.

First, a discussion was held with the additional informant from Section 5. This informant represents the board. The discussion was held remotely due to COVID-19 pandemic restrictions. A phone call was used to gather feedback. Second, feedback was gathered and change suggestions were updated to the process map and process chart. Third the change recommendations were shown to the rest of the informants and additional feedback was gathered through discussion. The workshop was held remotely via MS Teams due to COVID-19 pandemic restrictions. After the feedback was gathered and the changes were co-created and added to the process map and process chart, the final version was evaluated and approved by the key informants to be used in strategy work.

6.2 Findings of DATA 3

Findings of DATA 3 were concentrating on the first proposal through the five perspectives that were given to key informants. The field notes include the information gathered during the discussions. The process map and the process chart both changed. Additional content were added to the process map and process char and nothing was taken away. The first proposal worked as a guideline and the process map steps were thought through the five different perspectives one by one. Comments from different perspectives were gathered from the key stakeholders and these can be found from Appendix M. The findings from DATA 3 affected mainly to communication, tools to be used and to relationship and co-operation between the strategy process participants.

More thorough analysis about the findings of DATA 3 can be found in Appendix L.

6.3 Developments to the Proposal Based on Findings of DATA 3

The developments to the proposal based on findings of DATA 3 can be found from Appendix L.

6.4 Final Proposal

The final proposal of the Thesis consists of a strategy process map and a process description via a process chart. These can be found in Appendix L.

This ends the validation Section. Next Section scrutinizes the research and its results and includes evaluation of the project.

7 Conclusions

In this last section of the study an executive summary is given, recommendations for the next steps are presented, the research is self-evaluated and closing words are given at the end.

7.1 Executive Summary

The objective of the research was to establish a customized strategy process for the case company. The outcome of the research is a strategy process map and a strategy process chart that supports the strategy process map. The strategy process map can be used to tackle the original issue of improper strategy process in the case company due to the growth it has faced during the last years. The visualized process map and the chart require utilization and execution as the research project did not include the implementation phase. The allocated resources are still needed to successfully benefit from the research results. The ownership of the process is critical to the success of the outcome utilization as the visualization and chart produce nothing without actions.

The research approach was design research and it was done in the four steps in the following order.

First, the current state of the case company was analyzed regarding strategy process. The current state analysis data was gathered from three key stakeholders that form the steering group in the case company that execute the strategy work and from company documents. The co-creative analysis process outcome was a list of strengths and weaknesses which was created with the help of co-created strategy process map and a strategy process chart of the current strategy process in the case company.

Second, best practices and frameworks for strategy processes were searched from literature to form the conceptual framework. The focus in the literature research was based on the selected weaknesses and more general best practices and frameworks to create the conceptual framework. The selected weaknesses were unclarity of the strategy process, focus is mixed to operational matters, communication is poor in all levels, responsibilities in detail are missing and continuity is missing and the process is random in practice. Multiple sources were used to bring broad perspective to the conceptual framework.

Third, the first proposal was built in a co-creative process, where one additional key stakeholder took part as an informant. The first proposal was created during four workshops and one discussion session. The outcome of the first proposal phase was a strategy process map and a strategy chart. The outcome was based on the current state analysis and conceptual framework, which gave focus to solve the business problem with the proposal. The strategy map was simple and clear and the chart provided information for phase definition, inputs, outputs, allocated time, responsibilities and participants to the process.

Fourth, the first proposal was validated with the same participants from first proposal phase. The validation was done in a preplanned manner and the result was co-created and accepted with the participants. The communication part and the iteration process was changed along with some of the used tools during the strategy process.

The co-created strategy process map and strategy process chart can be utilized in the case company to create successful strategies. Resource allocation is in key role as the process requires effort and does not work on its own. Though resources are needed, the process produces strategy for three to five years period and the process takes time in total just weeks. In addition, a company without a proper strategy can lead company to bankruptcy and a great strategy can enable a success story like no other.

7.2 Next Steps and Recommendations toward Implementation

Like mentioned in Section 7.1, the allocated resources are in key role in the implementation and success of the co-created strategy process. The outcome itself does not change anything in the case company. Successful results come from proper implementation of the outcome.

The strategy process requires significant effort to produce success stories. The CSA phase exposed the weaknesses that have been carefully thought and resolved with the key stakeholders during the research. These weaknesses hold the case company from growing. To enable the success of the company, first the strategy process map and strategy process chart should be presented to all to gain buy-in and understanding to the organization participating to the strategy process. Second, the resources need to be decided and agreed. The people taking part to the process are waiting allocated time information, responsibilities, information about what is awaited from them and when the deadlines are for each phases. These can be agreed in a preparation scheduling meeting. Third, the schedule for the strategy process for the autumn season needs to be decided. Allocated time for the strategy process is crucial as lack of time will produce bad results. It is important to remember that bad results in this context may refer to company bankruptcy. Fourth, the company personnel need to be informed about the new strategy according to the co-created process. Fifth, the work needs to start now for the analysis part of the process as there is little time for preparation left. Sixth, the process needs to be followed and it is important to make the process continuous as the lack of continuity was one of the weaknesses. Following the co-created process will make it continuous.

Next the implementation suggestion is shown in a bullet list.

1. Present and introduce the new strategy process map and strategy chart to all participants of the strategy process, including the members of the board.

2. Schedule a preparation meeting where the resources are decided with the help of the strategy process chart where the required allocated resources are presented.

3. Schedule the autumn season before-hand to provide allocated time to execute the strategy process.

4. Inform the company personnel about the new strategy as it is said in the strategy process map.

5. Start the work with the board and steering group immediately to form the analysis material for the autumn season and finish the analysis phase before summer vacations.

6. Follow the strategy process map with the help of strategy process chart and make the process continuous by getting the feedback from operations and by using the suggested tools.

7.3 Thesis Evaluation

Solving the business problem of the case company was crucial for the survival of the case company among rivalry and environment changes. Not only it determines whether the company can survive, it enables the company to grow as the strategy preparing authorities have a clear process with detailed step definitions, resourcing, inputs and outputs to understand where to do, what to do, who should do it and when to do it. The study includes various sources of information from interviewing the informants and working in groups to deepen the understanding and information to literature sources that brought high quality information into the design of the final proposal.

The informants were chosen from as close as possible to the strategy process. The steering group members were the key informants for this study as they were responsible for the strategy work and execute the strategy process. The literature used in this study was critically evaluated before implementing to this work. Due to the vast amount of information available about strategy processes, it was one of the key aspects for the success of the thesis. As there was a lot of information available, the focus got lost to more operations management aspect. Though it reserved some focus of the research, it also provided perspective to analyze the process from the other side of the strategy process interface.

This study was conducted according to the Responsible Conduct of Research principles. The study is evaluated according to a certain criteria. Thus, in this section, validity, reliability, logic, relevance, clarity, credibility, depth and breadth and added value for the business problem of the research are evaluated to justify the quality and success of the study.

7.3.1 Validity

Eisend et al. (2019:129) describe the study to be valid if the work is in good relation to the facts available. Data validity can have two issues that are called systematic error and random error (Blessing et al. 2009:115). A measurement is valid if the errors do not exist in the results (Eisend et al. 2019:130). Validity is with reliability the most important criteria for the credibility of the study as without validity and reliability the outcome of the study has no relation to or use in the real world.

Four types of validity have been defined by Cook et al. (1979) for verifying the study results. Statistical conclusion validity means the causality between the variables. It may be influenced by multiple matters such as unreliable measurements, non-standardized methods for measurements, statistical analysis tools that do not meet the requirements and such (Blessing et al. 2009:124-125).

Internal validity means the trustworthiness of a statement in the study as a causality of different matters. Trustworthiness may be affected by several different factors like maturing of the participants, instrumentation changes, group changes, policy changes and such (Blessing et al. 2009:125-126).

Construct validity of causes or effects means the generalisations of causality of the findings. The causality of the measurement and the construct may not be as thought as the constructs cannot be measured directly, but they can be measured through characteristics of behavior and background. Construct validity of causes or effects may be affected by inadequate definitions of constructs to conduct correct measures, bias due to using too few methods, influence of the participants, influence and expectations of the researcher and such (Blessin et al. 2009:126-127).

External validity means the ability to generalize measurements to another target group, time and setup. This is important especially when conducting analysis with quantitative methods. (Blessin et al. 2009:127-128) A qualitative method is always a prerequisite for a quantitative method (Kananen 2013:40). Thus, internal validity is predecessor of the external validity. Several matters can affect the external validity such as non-representative participant group, differences in the settings that cause variation, time effects the results of the measurements (Blessin et al. 2009:128).

Validity was brought to this study by using several informants from the case company in the study. A thorough literature research was executed during the study to include the very best knowledge to the work. Triangulation was used to increase the validity of the work as the interviews and group work methods were utilized to form the data collections.

7.3.2 Reliability

Blessing et al. (2009:124) define the reliability to be the reproducibility of a measurement. With validity it defines, whether the study is credible or not. Several types of reliabilities are presented in the literature. Test-retest reliability, parallel-test reliability and Cronbach's α can be used to evaluate and show the reliability of measurements. Test-retest reliability means executing the same measurement again in a reasonable time interval. The problem is that several matters might have changed during these measurements and the comparison is thus irrelevant. The parallel-test reliability means a measurement that is executed for two or more equal measurement instrument at the same time. Cronbach's α describes how the measures are in relation to each other as a group (Eisend et al. 2019:132-134).

Reliability was brought to this work through multiple relevant sources and fixed participants for interviews and group work during the study. The period of the study conducted was short and thus there was very little possibility for changes in the target organization during the period that would have increased variance in the results.

7.3.3 Logic

The logic of the work was supported by the gate model utilized during the whole study process. Each gate required certain qualities to be fulfilled and there was a need for continuum to pass the gates. The research design shows the logic of the work in Figure 1. Each of the data collections and outcomes led the study towards the ultimate goal, which was the final proposal for the case company. The report follows the same order as presented in Figure 1.

7.3.4 Relevance and transferability

The outcome has received much attention from the case company and the discussion is rich about how and who can be part of utilizing the outcome. The outcome of the research is a solution to the practical business problem and not just a text report. The approach to the business problem was broad and the issue is general in small companies. Though the research is case specific, the outcome might benefit some companies struggling with the same business problem.

7.3.5 Clarity

Clarity was brought to the study by executing the process presented in Figure 1 and forming the research report in the same order. The gate model followed the outcomes in the shown order in the Figure 1 process and the findings during the co-creative process are evidence-based. The link between the findings, literature best practices and outcomes are presented in the report. Terminology was fixed to give clear relationship between different matters.

7.3.6 Credibility

Validity and reliability of the study define the credibility of the study (Kananen 2013: 212). The credibility of the study, including validity and reliability, were thought thoroughly with the help of quality literature resources already during the planning phase of the study. Thus, the credibility was evaluated before the actual research work and it enabled the author to understand through familiarization the credibility and possible issues in it. The data plan was done before the research and updated during the research process. The outcomes are evidence-based as the data was collected during the co-creative processes. The data was recorded in field notes and are presented in the Appendices. Multiple informants and company documents were used as sources. The methods for gathering information varied from interviews to discussions and workshops. The literature research part gave a broad perspective for creating the CF. Triangulation was present during the whole research process.

7.3.7 Depth and breadth

The approach for the research will be broad as the focus will be on a process that has multiple phases that require maturity and understanding of each individual phase to be able to bring depth to the subjects. The approach has to be broad also to present and cover all relevant areas of the objective. Thus, the depth of the research has to be on a limited level to succeed in the research in the given schedule with the allocated resources.

7.3.8 Added value to the business problem

The research has revealed weaknesses in the strategy process of the case company and provided practical solution to tackle the issues by providing strategy process map and strategy process chart to be utilized. The strategy process map and the strategy process charts are thorough enough to guide the strategy work in the case company. Best practices from literature are utilized in the process and the outcome has been built on evidence-based methods.

7.4 Closing Words

The research project was challenging but rewarding. The business challenge is common among companies and it gave understanding to the case company about the root causes and the outcome enables the path to success with a good strategy.

Strategy processes are presented in literature often from large enterprise perspective. There is a clear need to make research from small and medium-sized company perspective for strategy, strategy process and strategy execution even though some of the same principles can be utilized from larger companies to smaller ones. Large enterprises may have multiple businesses, industry sectors and departments involved and thus, it is clear that the processes are different and more complicated. This leads to situation where the frameworks and models have to be adapted and there are no ready solutions to be utilized for smaller companies and groups. Large companies have also more resources available for strategy work. Small businesses do not have separate strategy departments that have allocated people and time to do the strategy work. A path to simple, clear and effective strategies and processes is needed to small and medium sized companies. 93 % of the companies in Finland have less than 10 employees and 57,5 % of the turnover of all companies is created in under 250 people employing companies. (Yrittäjät 2021). Successful strategy through strategy process, would enable these companies to grow and bring wealth to society.

Strategy process is often seen as strategy planning. Doing the research has proved the strategy process to be more than just planning. Planning strategy is important, but it is even more important to connect the strategy to the business processes and execution of the initiatives. Thus, the strategy process begins from analysis of the business and environment and ends at the interface to the operations planning and execution which then interconnects back through feedback to the strategy process to bring continuity to the overall management process.

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