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Strategy Process and Practice: Case Studies from the Irish Independent Television Production Sector

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Strategy Process and Practice:
Case Studies from the Irish Independent Television Production Sector

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Abstract

The purpose of this study is to review and empirically examine the literature on the strategy processes and the emerging strategy as practice perspective. The study is set in the Irish independent television production sector, bringing a significant contextual dimension to the analysis of strategy in practice. Working within the interpretive paradigm qualitative case studies are chosen as the means of inquiry, employing in-depth interviews and documentary evidence. The method proved to be both flexible and inventive, allowing for a depth of understanding and a holistic view of the research question. This research examines the strategy formation process and seeks to gain an understanding of the managerial, cultural, political and environment influences on this process; the periods of absence, evolution, crisis and revolution; the individuals involved in strategy, their role in the process and the routines and procedures used to enact strategy in practice.

The primary contribution of the study is the endorsement of prior empirical studies in the strategy formation literature. The study confirms that strategy emerges entrepreneurially; incrementally; is absent in transition; and is an outcome of a process involving bargaining, persuasion, and negotiation. In addition, the findings suggest strategy is largely undemocratic, management possess hegemonic control over decision making. In some cases management choice was constrained by a reactive process in which the environment sets the agenda. Other cases highlighted a more pro-active approach to strategy and development. A further contribution of the study relates to an increased understanding of strategic management in the small business context, where the senior executive and/or founders experience is influential. The study also highlights distinct challenges faced by managers in the culture industries. The role of outsiders was influential in supplementing the process. One of the most interesting contributions is that strategising activity draws on established social practices and the language of strategy is adopted as a form of rhetoric that makes sense of, legitimates and produces certain activities.
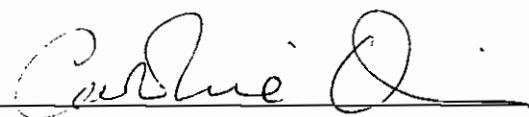
Declaration

I certify that this thesis which I now submit for examination for the award of Master of Philosophy degree (*MPhil*), is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

This thesis was prepared according to the regulations for postgraduate study by research of the Dublin Institute of Technology and has not been submitted in whole or in part for an award in any other Institute or University.

The work reported on in this thesis conforms to the principles and requirements of the Institute's guidelines for ethics in research.

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Signature _____ Date _____

Candidate

iii

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Table of Contents

List of Tables

List of Figures

Chapter 1- Introduction

1.0 RATIONALE

The objective of this thesis is an examination of the strategy process and practices in the context of independent television production companies. This study draws on the existing body of research in the area of strategy process and the developing research perspective, strategy as practice. The justification for choice of strategic management literature and context follows.

The tradition of process research has evolved to examine the dynamic study of behaviour in organisations. This sub discipline of strategy has moved away from its basic foundations in economics and a predominantly positivistic stance. Process research critically focuses upon the sequences of incidents, activities and actions as they unfold, and a careful analysis of the contexts in which they are situated (Pettigrew, 1992; Van de Ven, 1992). This approach has opened up the 'black box' of the organisation and 'humanised' the field (Pettigrew et al., 2002: 12). Strategy is now recognised as an organisational phenomenon rather that a macro problem detached from the internal dynamics of the organisation.

Academics within the strategy field argue that all the constituents of the strategy debate warrant a more micro level of explanation and therefore analysis (Johnson et al., 2003). Strategy as practice may be considered to complement and extend the field of strategy process: 'thus, rather than sustaining distinctions between the two, it is useful to draw upon practice to examine how the process of strategy is constructed in context' (Jarzabkowski and Wilson, 2000: 358). It turns a sociological eye upon a practice that has, within the space of a few decades, obtained remarkable influence within our societies. The emphasis is placed on engaging directly with the practice of strategy. The research agenda focuses on the strategist and their place in the strategy making process. It seeks to explain, with recourse to various social theoretical resources, how skilled and knowledgeable strategic actors constitute and reconstitute a system of shared strategic practice that they also draw upon as a set of resources in the everyday activities of strategising (Wilson and Jarzabkowski, 2004: 15).

The focus of strategy process research is on action and context, where time and history play a critical role. This study is located in the context of the independent television production sector. Little is known in any great depth of how companies in this sector are developing strategies and planning within the complexity of the context. A number of weaknesses characterise independent production sector: it is highly fragmented and in a fragile stage of development and reports have identified a serious lack of business and management skills. Growth requires high quality strategic thinking and must envisage fundamentally different patterns of development. Additionally, little research exists in the area of management practice in the culture industries, of which the television sector is a part. Research conducted on the practices of Irish companies in this sector has been minimal, which makes a study of strategy process and practice even more valuable in this context.

1.1 OBJECTIVES OF THE RESEARCH

From a thorough analysis of the literature gaps were identified, which made it easier to conceptualise the research problem and adopt an appropriate methodology. The literature reveals a transition from the normative models of strategy making. The process school of strategy reveals the managerial, cultural, political and environmental influences on strategy process and change. More recently the strategy as practice perspective highlighted a clear gap within strategic management literature on the strategist and their place within strategy making processes.

Consequently, the overall objective of this study is to examine the strategising practices of firms. The practice of strategy may be viewed as the medium by which actors enact strategic management within an organisational context and the outcome or realised strategic actions arising from this process of interaction (Jarzabkowski and Wilson, 2002: 358).

The first objective of the study is to examine the characteristics of participating companies in relation to the sector; how they have developed and their current activities. The purpose is to establish the cases for analysing their strategy.

Secondly, the study examines the strategic management process and practices: how strategising has developed; influences on formation; who is involved in strategy making and what is their role in the process; role of formal strategy making in the process; use of tools and routines to generate strategy; and an exploration of strategy discourse. It also considers the absence of strategy in the examination of process.

Finally, this research aims to attain an understanding of the influence of industry context on strategy formation by exploring manager interpretations of the operating environment and what is deemed appropriate practice.

In conducting the research the case study approach is adopted as the preferred methodology as it demonstrates its flexibility and inventiveness in the study of strategy and other processes of interest to business researchers. It also allows for a depth of understanding and a holistic view of the case studied. The adoption of multiple cases is deemed appropriate as more than one case aids comparative analysis within a relatively unexplored context and makes a significant contribution to management research and practice.

1.2 OVERVIEW OF THE CHAPTERS

Chapter 2 – This chapter presents the theoretical and empirical literature available on strategy process, paying particular attention to strategy formation. It explores the concept of strategy, traces the evolution of the strategic management field in terms of ten schools of strategy formation. The apparent paradoxes within the literature are discussed, revealing a number of tensions which comprise the essence of every set of strategic issues. The desired outcomes of a engaging in strategic processes are explored. Strategy absence is then considered, a perspective that diverges from strategy as all pervasive, valid in the context of this study as the research involves a search for patterns in the strategy process that may or may not reveal consistent interconnectedness. A review of strategy formation in the context of the small business concludes this chapter.

Chapter 3 – This chapter extends the literature review to examine the emerging strategy as practice perspective and the work of the strategist. The perspective builds on the process

tradition, focusing on procedures, tools and technologies used in strategising. The agenda is evaluated by exploring the theoretical underpinnings of the perspective; the turn in strategic management to the social theory of practice; the place of practice among the process and content traditions; discursive approaches to strategy and finally the implications of the agenda.

Chapter 4 – Following a thorough examination of the literature, chapter 4 sets the context for this study by providing a detailed account of the industry under investigation – the Irish independent television production sector. The background to Television Broadcasting in Ireland is explored followed by developments within the audiovisual arena, focusing on the indigenous television and animation sectors. The challenges to growth are considered as well as the future of the sector; producing for a global market and into the digital age. The independent production sector in the UK is then discussed as it provides an indication of the development of the market. As television is an integral part of the culture industry the literature on cultural goods and managing in the culture industries is then examined. The chapter concludes by discussing management and strategy issues in the context of the industry.

Chapter 5 – The research problem is identified by exploring the gaps in the literature. The methodology employed in order to fulfil this studies objectives is then outlined. The research objectives are discussed with reference to the literature. The choice of research philosophy and approach are considered, contributing to a more informed decision on the design of the research. From an analysis of qualitative and quantitative perspectives, the choice of qualitative research is justified. Issues of validity and reliability are then considered. A range of strategies of inquiry are put forward and the choice of multiple case studies are rationalised in the context of the literature and research objectives. The rationale for interview and documentation as sources of evidence are then discussed. The mode of analysis and interpretation is set out in relation to case studies. Finally research ethics are considered and the limitations of the research are put forward.

Chapter 6 – After a consideration of the research methodology this chapter applies, the data analysis procedure specified is implemented. This involved compiling the case study for each company and a categorisation of the data from company material, in-depth interviews and secondary data. Each case is examined in turn to provide the reader with a story of the company under the following headings: company description; management and structure; strategy development process; strategising activities; and challenges. Following the case studies, the research objectives are used to frame the key findings with reference to the literature. Finally the areas of foremost significance will be discussed.

Chapter 7 – This chapter presents the main conclusions of the research. The key areas of strategy process and practice are identified and presented. This is followed by an analysis of the study's contribution to current literature and recommendations for practising managers. Limitations of the study are then reviewed and the chapter concludes with some suggestions for further avenues of research.

Chapter 2 - Strategy Process

2.0 INTRODUCTION

This chapter presents the theoretical and empirical literature on the strategy process, paying particular attention to strategy formation. It explores the concept of strategy and traces the evolution of the strategic management field in terms of ten schools of strategy formation. Tensions within the literature are explored and reveal how strategists much cope with contradictory forces in managing strategy. In addition to the identification and classification of strategy development this chapter considers where strategy is expected but is not – strategy absence. An examination of strategic management in the small business context and outsider influence in the process, conclude this chapter.

Traditionally, strategic management has been associated with formal planning, centralised control and top-down management; strategy is formulated centrally and implemented "down-the line" (Johnson and Huff, 1998).

The foundation of strategic management theory is the well-known rational model of strategy-making, which calls for analysis, choice, formulation and implementation traditionally portrayed in a linear model (Ansoff, 1965). The techniques and analytical processes developed have shaped strategic discourse and provided business with tools and techniques to analyse their internal and external environments and to arrive at an understanding of the situation, the problem to be solved.

There has been significant development in the field from the economic and positioning based models of strategy formulation and choice. Process scholars have been interested in delineating and describing strategy processes, implementation and emergent, rather than planned strategic decisions (Wilson and Jarzabkowski, 2003). This sub-discipline of strategy has moved away from its basic foundations in the discipline of economics and predominantly positivistic stance. Recent work has highlighted the opposing perspectives within the literature revealing tensions of logical versus creative and deliberate versus emergent strategies.

De Wit and Meyer (2002: 4) state that 'an understanding of the topic of strategy can only be gained by grappling with the diversity of insights presented by so many thinkers and by coming to terms with the fact that there is no simple answer to the question of what strategy is'. There might not be a simple answer; nevertheless, the aim of this chapter is to tackle some of the diverse insights presented by prominent writers in the field with the intention of presenting a detailed review of the strategy formation literature.

2.1 WHAT IS STRATEGY?

According to Mintzberg et al (1998) there is no single, universally accepted definition of strategy; and many would agree. The strategic management field is pervaded with definitions, metaphors, analogies and authors maintaining that there is no right answer. De Wit and Meyer (2002: 3) note that there are such strongly differing opinions on key issues within the filed and the disagreements run so deep that 'even a common definition of the term strategy is illusive'. However for the purposes of introducing the topic of strategy and to clarify the perspective taken with this study, it is appropriate to consider various definitions and approaches to the concept of strategy.

Cummings (1993) purports that insight can be gained from examining those from whom the term strategy is inherited – the Greeks. The first strategists, the Greek Strategoi, perhaps practiced strategy in its purest sense. One of the first definitions of strategy was 'everything achieved by a commander, be it characterized by foresight, advantage, enterprise, or resolution' (Cummings, 1993: 26). The ancient Athenian theorist, Xenophon, has salient ideas about what characteristics were needed for effective strategy: a commander must be

> ingenious, energetic, careful, full of stamina and presence of mind, loving and tough, straightforward and crafty, alert and deceptive, ready to gamble everything and wishing to have everything, generous and greedy, trusting and suspicious.
>
> (Cummings, 1993: 26)

These demands on a strategist are still pertinent. Pettigrew et al (2002: 3), in their retrospective overview of the field, note: 'the classic questions of the strategist have been about the purposes, direction, choices, changes, governance, organisation and performance of organisations in their industry, market and social economic and political contexts'.

Mintzberg (1994: 11) highlights that people use "strategy" in several different ways, the most common being:

1. Strategy as plan – a direction, a guide or a course of action into the future, to get from one point to another.
2. Strategy as pattern, showing consistency in behaviour over time.
3. Strategy as position; that is, it reflects decisions to offer particular products or services in particular markets.
4. Strategy as perspective, namely an organisations fundamental way of doing things, looks in – inside the organisation, to the strategists, and the "grand vision" of the enterprise.
5. Strategy as ploy, that is a specific manoeuvre, intended to outwit an opponent or competitor.

Mintzberg (1994) argues that as organisations develop plans for the future they also evolve patterns out of the past: 'the real world inevitably involves some thinking ahead as well as some adaptation en route' (Mintzberg, 1998: 11).

Mintzberg's typology is reminiscent of early writing on strategy, notably Kenneth Andrews, a professor from the Harvard Business School. Andrews (1971) puts forward a definition of strategy that anticipates Mintzberg's attention to pattern, plan and perspective. Andrews also makes the distinction between "corporate strategy" which determines the businesses in which a company will compete and "business strategy" which defines the basis of competition for a given business.

The work of Porter (1986; 1996) has been seminal in the development of strategy as the basis for competition. 'Strategy is the creation of a unique and valuable position, involving a different set of activities' (Porter, 1996: 68). This perspective emphasises strategy as position, focusing out to the point where the product meets the customer, as well as to the market place.

Johnson and Scholes (2002: 10) propose a comprehensive and practical definition, they define strategy as:

> The direction and scope of an organisation over the long term: which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations.

In conclusion, strategy is all of these things, plan, pattern, position and perspective. It is the bridge between organisation goals and objections and tactics and concrete action.

2.2 STRATEGIC MANAGEMENT PROCESS

Much of the strategic management literature distinguishes between strategy process, strategy content and strategy context. These are the three *dimensions of strategy* that can be recognised in every real-life strategic problem situation (De Wit and Meyer, 2002).

- **Strategy Process:** The manner in which strategies come about. De Wit and Meyer (2002: 5) state this in terms of a number of questions: strategy process is concerned with the *how, who and when of strategy*: how is, and should, strategy be made, analysed, dreamt-up, formulated; who is involved; and when do the necessary activities take place? It is concerned with formation, implementation and change (Chakravarthy and White, 2002: 182).

- **Strategy Content:** The product of a strategy process. In terms of a question, strategy content is concerned with the *what* of strategy – what is and should be the strategy for the company and each of the constituent units? It is concerned with 'effective strategy' (Chakravarthy and White, 2002: 182).

- **Strategy Context:** The set of circumstances under which both the strategy process and the strategy content are determined.

Strategy process, strategy content and strategy context are not different parts of strategy, but are distinguishable dimensions which interact. The rest of this chapter focuses on strategy process.

Process research and strategy is essentially concerned with choice processes (strategic decision making) and implementation processes (strategic change) (Pettigrew, 1992: 6). Decision processes scholars have targeted rational analytical schemes of intentional choice and outcome and projected their views of choice behaviour which recognised the importance of bounded rationality, organisational context, politics and power and chance (Pettigrew, 1992: 6).

Van de Ven (1992: 169) argues that process is often applied in three ways in the literature

1. as a logic used to explain a causal relationship in a variance theory
2. as a category of concepts that refer to actions of individuals or organisations, and
3. as a sequence of events that describes how things change

Pettigrew (1992) argues that of these three approaches, only the third explicitly and directly observes the process in action and thereby is able to describe and account for how some entity or issue develops and changes over time. To Van de Vens' third view Pettigrew (1992: 7) makes a number of additions which he proposes are particularly pertinent.

- One needs to be aware of the enabling and constraining influences of various features of the inner and outer contexts of the firm upon the content and process of strategy development.
- There may be different processes underway at different levels of analysis (firm, sector and economy) and there may be the different rates and trajectory of development of the process at different levels.
- Context and action are always interwoven whenever human beings make their own history. Eden and Ackermann (1998: 15) also highlight the importance of considering context when assessing appropriate processes: 'Effective strategy making derives from doing it at a level, and in a manner, which is contingently appropriate to the organisation within its own context'.

Johnson and Scholes (2002) posits that there is three main elements to the process: Strategic analysis, in which the strategist seeks to understand the strategic position of the

organisation; strategic choice, which is the formulation of possible courses of action, their evaluation and the choice between them; and strategy implementation which is concerned with both planning how the choice of strategy can be put into effect and managing the changes required.

2.2.1 Strategy Formation: Ten Schools

The three main elements of the process: analysis, choice and formulation have traditionally been portrayed as three discrete stages in a rational and linear process (Ansoff, 1965). However, there has been considerable development in the field. Mintzberg et al's (1998) historical survey of the literature since 1960 reveals ten "schools" of strategy formation - three *prescriptive* (or "ought") and seven *descriptive* (or "is"). They find that these perspectives represent both fundamentally different processes of strategy making and different parts of the same process. The field, as they see it, is moving from its historical distinctions to one of welcomed eclecticism. And so to function as a strategist one must not only hold opposing views but be able to synthesise them.

Table 2.1 captures the ten schools, their central premises, key authors and critiques.

Table 2.1 Ten Schools of Strategy Formation

School	Central Premise	Key Authors	Critique
Prescriptive			
Design (*conception*)	Achieving essential fit between internal Strengths and Weaknesses and external Threats and Opportunities – SWOT.	Selzinck (1957) Chandler (1962) Andrews (1971)	The separation of formulation and implementation detaches thinking from acting.
Planning (*formal*)	Process is cerebral and formal, decomposable into distinct steps, delineated by checklists, and supported by techniques. Responsibility rests with the chief executive.	Ansoff (1965)	Fallacy of prediction; detachment and formalisation. Analysis cannot produce synthesis.
Positioning (*analysis*)	Strategy can be reduced to generic positions selected through formalised analysis of industry situations.	Porter (1980)	Calculation can impede learning, creativity and personal commitment.
Descriptive			
Entrepreneur (*vision*)	Intuitive and visionary leadership. No distinction between formulation and implementation. Contexts: start-ups, niche, private ownerships, "turnaround" by forceful leadership.	Cole (1959)	Focused on individual.
Cognitive (*mental*)	Strategies develop in people's minds as frames, models, maps, concepts and schemes. Constructive view: construct strategies as creative interpretations.	March and Simon (1958)	Cognitive psychology has yet to address how concepts form in minds of strategists.
Learning (*emergent*)	Strategies are emergent. Formulation and implementation intertwine. Logical incrementalism:	Cyert and March (1963) Weick	Largely descriptive. Subjective

	proactive approach to strategic management. Focused on the *who* and *where* of strategy.	(1978) Quinn (1980)	
Power (*negotiation*)	Strategy is shaped by power and politics. Micro: development of strategy with the organisation. Macro: organisation using power over others in alliances, joint ventures and networks.	Alison (1971) Pfeffer and Salancik (1978)	Focus on divisiveness and fractioning.
Culture (*social*)	Strategy formation as a social process rooted in culture. Organisational culture: ritual, routines, stories, symbols, power structures, control systems and organisational structure.	Rhenman (1973) Normann (1977)	Conceptual vagueness.
Environment (*reactive*)	Organisation as passive, reacting to the environment that sets the agenda. Grew from "contingency theory" and "institutional theory".	Contingency Theorists e.g. Pugh et al (1968)	Managers are not powerless to develop strategies to overcome apparently constraining environments.
Configuration (*transformation*)	Organisation as coherent clusters of characteristics and behaviours e.g entrepreneurship can be found under dynamic configurations of start-ups. Change requires dramatic change in state or "transformation"	Miles and Snow (1968) Mc Gill University Group e.g. Mintzberg (1979)	Organisations are many shades of grey and not black and white.

Adapted from Mintzberg, H, Ahlstrand, B and Lampel, J (1998) *Strategy Safari,* Prentice Hall, London.

Mintzberg et al (1998: 28) posit that the design school provides the basis for developments in other schools: the formality of the planning school, the analysis of the positioning school and the adaptability of the learning school. A comprehensive critique of the design school is that the separation of formulation from implementation detaches thinking from acting (Mintzberg et al, 1998: 37). Formulation of strategy and its implementation are intertwined, thinking and acting must proceed in tandem. This is supported by Grant (2002: 25) 'formulation and implementation cannot be separated: a well-formulated strategy must take

account of the means by which it will be implemented, and it is through its implementation that strategy is refined and formulated'.

The planning school predominated the 1970's due to the sheer volume of publication. By the early eighties the school began to face criticism as it had failed to deliver on its promise and the activity was cut back in many companies. The planning model is similar to that of the design school, but the main difference is its highly formal execution. What results is a machine like assumption: produce each of the component parts, assemble according to blueprint and the end product – strategy – will result (Mintzberg et al, 1998). The assumption of the planning school is that analysis provides synthesis. Mintzberg et al (1998) believe this to be fallacious, as systems have never been able to produce the synthesis and creativity of the competent strategist. Analysis, they argue, may precede and support synthesis, by providing certain necessary inputs. Analysis may also follow and elaborate synthesis, by decomposing and formalising its consequences. Mintzberg et al (1998: 77) reiterate: 'no amount of elaboration will ever enable formal procedures to forecast discontinuities, to inform detached managers, to create novel strategies'.

The key authors within the planning and design schools, Chandler (1963), Ansoff (1965) and Andrews (1971) are, as Rumelt, Schendel and Teece (1994) report, the basic elements of the field of strategic management: they helped to define various concepts and proposals, such as how strategy affects performance, the importance of external opportunities and internal competencies and the active role of the members of the management team in strategic management.

The Positioning school was the dominant view of strategy formation in the 1980's and given impetus by the work of Porter (1980) and industrial economics (Mintzberg et al, 1998). Ramos-Rodriguez and Ruiz-Navarro (2004) place Porter (1980, 1985) at the forefront of theorists influencing strategic management research during the period 1980 to 2000. Porter's (1980, 1985) five competitive forces model and value chain, hold a central position in the intellectual structure of strategy management research.

22

Ramos-Rodriguez and Ruiz-Navarro's (2004) assessment of the intellectual structure of strategic management reveals the influence of the work of Wernerfelt (1984) and Barney (1991). The former was the pioneer of the resource-based view of the firm, while the latter advanced this by developing a model for identifying the features of strategic resources and for defining those constituting a source of competitive advantage. The contribution of the resource based view of the firm is somewhat neglected by Mintzberg et al (1998) and appears subsumed within the learning and culture schools.

2.2.1.1 One Process or Different Approaches?

Mintzberg and Lampel (1999: 27) question whether the ten schools represent different approaches to strategy formation or different parts of the same process. Mintzberg et al (1998) note that every strategy process has to combine various aspects of the different schools.

They put forward the following figure to illustrate strategy formation a single process.

Figure 2.1: Strategy Formation a Single Process
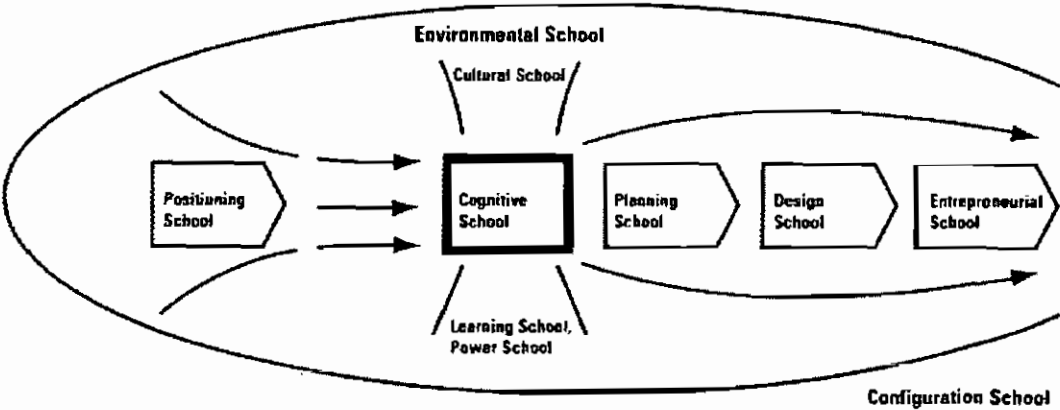
- The cognitive school resides in the mind of the strategist located at the *centre*
- The positioning school looks *behind* at established data that is analysed and fed into the black box of strategy making
- The planning school looks slightly *ahead*, to program the strategies created in other ways
- The design schools looks further *ahead* to a strategic perspective

23

- The entrepreneurial school looks *beyond* to a unique vision of the future
- The learning and power schools look *below*, enmeshed in details. Learning looks into the grass roots, whereas power looks under the rocks – to places organisations may not want to expose
- The cultural school looks *down*, enshrouded in clouds of beliefs
- Above the cultural school, the environmental school looks *on*
- The configuration school looks at the process, or we might say, *all around* it, in contrast to the cognitive school that tries to look *inside* the process.

(Mintzberg and Lampel, 1999: 27)

Mintzberg et al (1998: 367) admit that in practice there is great variation. Sometimes it is more individually cognitive than socially interactive (such as small business environments). Some strategies seem to be more rationally deliberate (especially in mature mass-production industries and government), while others tend to be more adaptively emergent (as in dynamic, high-technology industries). The environment can be demanding (during social upheavals), yet other times entrepreneurial leaders are able to manoeuvre through it with ease. 'There are, after all, identifiable stages and periods in strategy making, not in any absolute sense but as clear tendencies' (Mintzberg et al, 1998: 367).

Mintzberg et al (1998) note that the greatest failings of strategic management have occurred when managers took one point of view too seriously – there has been an obsession with planning and now the learning school has the throne.

A review of the central theories within strategic management reveal a number of debates, predominantly between logical and creative thought processes, deliberate versus emergent modes of strategy making and evolutionary versus revolution organisational development. The central tensions are explored in the next section.

2.2.2 Paradoxes

A number of tensions which exist at the heart of every set of strategic issues (De Wit and Meyer 2002). These apparent paradoxes have considerable relevance on how strategies

24

form. Strategists are caught in a bind, trying to cope with contradictory forces at the same time. For many organisations the key to success depends upon developing strategies that have an optimal balance within these paradoxes (Price and Newson, 2003). Fundamental tensions between apparent opposites are identified by Price and Newson (2003). The following are considered here.

- Logical versus Creative Strategies
- Deliberate versus Emergent Strategies
- Evolutionary versus Revolutionary Development

2.2.2.1 Logical versus Creative Strategies

Logical or rational strategies involve development through formal planning processes based on objective analysis, achieved by a consistent application of logic; they can be considered a scientific style of management and rely heavily on the availability and use of data, information and facts (Price and Newson, 2003). The classical schools of thought on strategic management exhibit a formal, rational approach to strategy, as exhibited by the design, planning and positioning schools and the work of Chandler (1962), Ansoff (1965) and Porter (1980). The process is decomposable into distinct steps, checklists and techniques. The respectively assumption was that analysis would provide synthesis.

In contrast others believe that 'heavy emphasis placed on rationality can actually stifle creativity, while creativity is essential for generating novel insights, new ways of defining problems and innovative solutions' (De Wit and Meyer, 2002: 73). There are a number of advocates for a more creative approach to strategy which encompasses synthesis in the process.

A salient theme which emerges from Mintzberg et al's (1998) assessment of the strategy formation process and in particular their criticisms of formal planning, is that analysis cannot substitute synthesis, that both are required for effective strategic management. Critics of formal planning as a means of ensuring a successful strategy have advocated strategic thinking as an alternative. Heracleous (1998) distinguishes between strategic

25

planning as a programmatic, analytical thought process and strategic thinking as a creative divergent thought process.

The key differences between the two extremes of rational and generative thinking are presented in Table 2.2

Table 2.2 Rational thinking versus Generative thinking

Perspective	Rational Thinking	Generative Thinking
Emphasis on	Logic over creativity	Creativity over logic
Cognitive style	Analytical	Intuitive
Reasoning follows	Formal, fixed rules	Informal, variable rules
Nature of reasoning	Computational	Imaginative
Direction of reasoning	Vertical	Lateral
Value place on	Consistency and rigor	Unorthodoxy and vision
Reasoning hindered by	Incomplete information	Adherence to current ideas
Assumption about reality	Objective, (partially) knowable	Subjective, (partially) creatable judgement
Decisions based on	Calculation	Judgement
Metaphor	Strategy as science	Strategy as art

Source: De Wit and Meyer (2002: 75) *Strategy: Process, Content, Context* (2nd ed) Thomson Learning, London.

The rational thinking perspective argues that strategic thinking should not be based on emotions, habit or pure intuition, but on explicit logical reasoning just like science (De Wit and Meyer, 2002: 70-74). Conversely, the generative perspective advocates that the essence of strategic thinking is the ability to creatively challenge the status quo and to generate new and unique ways of doing things. In doing so the organisation avoids inertia. As such, strategic thinking closely resembles the frame-breaking behaviour common in the arts.

Although there are two opposing views, the need for both logic and creativity has been recognised by many. Mintzberg (1994) concedes that many organisations need a balance of

26

left and right-handed planner – both analytical and creative thinkers. Heracleous (1998: 482) aims to disentangle the tensions that exist in the literature between the terms strategic thinking and strategic planning, suggesting a dual analogy: 'strategy thinking can be seen as double-loop learning, and strategic planning as single-loop learning'. This proves helpful in clarifying the nature of strategic thinking and strategic planning, and why they are different, but ultimately both necessary and complimentary.

Heracleous (1998: 483) draws on the levels of learning concept including Batesons' (1972) work on the concept of learning and Argyriss' (1992) work on single and double loop learning:

> Single-loop learning occurs when there is a match between the organisation's design for action and the actual outcome, or when such mismatches are corrected by changing actions, but *without critical examination of the governing variables for action.* Double-loop learning occurs when the correction of mismatches is arrived at by *examining and altering the governing variables for action and then the actions themselves.*

These levels of learning are mirrored in Fiol and Lyles (1985, as cited in Heracleous, 1998) work on lower-level and higher-level learning. Lower-level learning involves the development of cognitive associations which facilitate incremental organisational adaptation but without the questioning of central norms and frames of reference of the organisation. Higher-level learning occurs when these norms and frames of reference are challenged and altered, and a more accurate understanding of causal relations exists. Senge (1990) also distinguishes between generative and adaptive learning. Adaptive learning comprises coping within existing frames of reference, whereas generative learning is concerned with being creative, and requires new ways of perceiving the world. There is a central concept common to all 'thinking and acting within a certain set of assumptions and potential action alternatives; or challenging existing assumptions and action alternatives, potentially leading to new and more appropriate ones' (Heracleous, 1998: 484).

In Heracleous' formulation (1998), strategic planning is perceived as an activity carried out within the parameters of what is to be achieved, but it does not explicitly question those

parameters and is therefore comparable to single-loop learning. 'Strategic planning most often takes an already determined strategic direction and helps strategists decide how the organisation is to be configured and resources allocated to realise that direction' (Heracleous, 1998: 484). This situation has given rise to numerous critiques of strategic planning, 'that it deals with extrapolations of the past as opposed to focusing on how to reinvent the future' (Heracleous, 1998: 484); an idea that has been emphasised in alternative approaches to strategy such as 'strategic intent' (Hamel and Prahalad, 1989), 'strategy as revolution' (Hamel, 1996).

In contrast, strategic thinking questions the strategic parameters themselves, and is thus comparable to double-loop learning (Heracleous, 1998). It involves discovering and committing to novel strategies which can re-write the rules of the competitive arena, necessitates relaxing or suspending at least part of the conventional wisdom and assumptions about the industry as well as psychological frames. In an environment characterised flux and uncertainty, a capacity for innovative, divergent strategic thinking is seen as central to creating and sustaining competitive advantage (Liedka, 1998; Graetz, 2002).

Heracleous (1998: 485) argues that in being overly pre-occupied with terminology, (e.g. what each author means by "strategic thinking" or "strategic planning") can make one miss the essential point that

> to the extent that they constitute distinct thinking modes, strategic thinking and strategic planning are both necessary and none is adequate without the other. Creative, ground-breaking strategies emerging from strategic thinking still have to be operationalised through convergent and analytical thought (strategic planning), and planning is vital but cannot produce unique strategies which can challenge industrial boundaries and redefine industries (unless it stimulates the creative mindset in the process, as in the case of using alternative scenarios for the future)

Heracleous (1998) contends that strategic thinking and strategic planning are interrelated in a dialectical process, where both are necessary for effective strategic management. This helps to place the Mintzberg/Porter debate in context by recognising that focusing on

28

different aspects of strategy leads these authors to advocate corresponding thinking modes, which in the final analysis are both necessary and complementary.

The views are not necessarily conflicting: 'the tools one uses at each stage of the strategic management process, are not important in themselves but as the means of encouraging the creative and analytical mindset' (Heracleous, 1998: 486). There needs to be this dialectical thought process. 'It comes down to the ability to go up and down the ladder of abstraction, and being able to see both the big picture and the operational implications, which are signs of outstanding leaders'. This description is meant as a suggestion for a normative, but achievable best practise. 'Strategic thinking and planning occur iteratively over time, where there is a continuous quest for novel and creative strategies which can be born in the minds of strategists or can emerge from the grass roots; as well as employment of analytical processes to determine such issues as the strategies' desirability and feasibility, and to plan for their realisation' (Heracleous, 1998: 486).

Figure 2.2: Strategic thinking and strategic planning

Strategic Thinking

Thought Process:

Synthetic
Divergent
Creative

The Process of strategic thinking is to discover novel, imaginative strategies which can re-write the rules of the competitive game; and to envision potential futures significantly different from the present

Strategic Management

The purpose of strategic planning is to operationalised the strategies developed through strategic thinking, and to support the strategic thinking process

Thought process:

Analytical
Convergent
Conventional

Strategic Planning

Heracleous, L (1998) Strategic Thinking or Strategic Planning? *Long Range Planning*, Vol. 31, No. 3, 481-87.
Similarly Graetz (2002) Strategic Thinking versus Strategic Planning: Towards Understanding the Complementarities, *Management Decision*, Vol. 40, No. 5, 456-62.

Conversely, Wilson (2003) highlights the creative limitations of managers and the difficulties in achieving creativity, combining both the original and the novel. They identify a set of limits observed in the literature on creativity (especially as it may apply to management): the astounding levels of normativism extant across a wide range of literatures. 'Creativity is assumed by the majority of authors to have solely positive effects or influences in organisations. For example, it liberates individuals, enhances commitment and underpins innovative strategic decision making' (Wilson, 2003: 207). In the wider realms of social science creativity is firmly placed as both a positive and a desirable aspect of social organisation and individuals. Wilson (2003) poses the question: 'what, one might ask, of 'creative accounting' as a positive aspect of organisation? Or 'creative defences' in law?

Subsequently the management mindset as reflected in strategic management clings to the 'normal', using the word creative as either a term of disparagement or diluting its meaning into common parlance. Wilson concludes that while creativity has increasingly become a buzzword the way it is being implemented indicates that a fairly meagre form of creative thinking that has become widespread. He believes there is much to be gained by an exchange of ideas between 'traditional' managers and 'creatives' from artistic industries, most notably their ability to come up with alternative scenarios, measuring creativity as an ability to see further, deeper and without an embedded set of values or paradigms (Wilson, 2003: 209).

2.2.2.2 Deliberate versus Emergent Strategies

The previous section focuses on the strategy processes in the minds of individuals; this paradox is concerned with the strategy processes in organisations. Mintzberg and Waters (1985) differentiated between intended strategies as patterns of decisions and realised strategies as patterns of actions. Mintzberg et al (1998) summarises the view that as organisations develop plans for their future they also evolve patterns out of their past – one is termed *intended* strategy and the other *realised* strategy (Mintzberg et al, 1998). 'The real world inevitably involves some thinking ahead as well as some adaption en route' (Mintzberg, 1998: 11). Intentions that are fully realised are termed *deliberate* strategies, those not realised at all can be called *unrealised* strategies. There is a third case, *emergent* strategy – where a pattern realised was not expressly intended, actions are taken, one by one, which converged over time to display consistency or pattern. Few, if any, strategies are purely deliberate, just as few are purely emergent. One means no learning, the other means no control. Strategies need to mix these in some way: to exercise control while fostering learning. Moreover, Mintzberg et al (1998) maintain strategies have to *form* as well as be *formulated*.

The review of the schools of strategy formation reveals the extremes of this debate; two radically opposite positions can be identified. On the one hand, there are theorists who argue that organisations should strive to make strategy in a highly deliberate manner, by first explicitly formulating comprehensive plans, and only then implementing them

(planning). On the other hand there are those who argue that in reality most new strategies emerge over time and that organisations should facilitate this messy, fragmented formation process (incrementalism - learning) (De Wit and Meyer, 2002).

Incrementalism is a strand of the Learning school which 'grew into a veritable wave and challenged the always dominant prescriptive schools' (Mintzberg et al, 1998). The view of the Learning School is that strategies are emergent, strategists can be found through out the organisation, and formulation and implementation intertwine. And so strategies emerge as people, sometimes acting individually but more often collectively, come to learn about a situation as well as their organisation's capability of dealing with it (Mintzberg et al., 1998: 176).

De Wit and Meyer (2002) synthesise the planning versus incremental perspectives

Table 2.3: Planning versus incrementalism

Perspective	Planning	Incrementalism
Emphasis on	Deliberateness over emergentness	Emergentness over deliberateness
Nature of strategy	Intentionally designed	Gradually shaped
Nature of strategy formation	Figuring out	Finding out
Formation process	Formally structured and comprehensive	Unstructured and fragmented
Formation process steps	First think, then act	Thinking and acting intertwined
Focus on strategy as a	Pattern of decisions (plan)	Pattern of actions (behaviour)
Decision-making	Hierarchical	Political
Decision-making focus	Optimal resource allocation & coordination	Experimentation and parallel initiatives
View of future developments	Forecast and anticipate	Partially unknown and unpredictable

Posture towards the future	Make commitments, prepare for the future	Post-pone commitments, remain flexible
Implementation focuses on	Programming (org. efficiency)	Learning (org. development)
Strategic change	Implemented top-down	Requires broad cultural and cognitive shifts

In response to the short comings of the planning school, outlined previously, Quinn (1980) made the case for incrementalism. Incrementalism from muddling through – it is a proactive approach to strategy formation – strategists can intentionally choose to let unintended strategies emerge. The development of strategies is viewed sa process of logical incrementalism: managers implement strategies in a purposeful but gradual manner in order to minimise risk, remain opportunistic, experiment, learn and fashion a broad consensus for change. Muddling through is also incremental in nature, but reactive and ad hoc – opportunistic decisions are made to deal with unplanned and poorly controllable circumstances.

The planning perspective shares many of the assumptions underlying the rational perspective discussed in section 2.2.2.1. Both perspectives value systematic, orderly consistent, logical reasoning and assume that humans are capable of forming a fairly good understanding of reality. And both are based on a calculative and optimising view of strategy making: 'It is therefore not surprising that many strategists who are rationally inclined also exhibit a distinct preference for the planning perspective' (De Wit and Meyer, 2002: 154). Similarly, the incremental perspective shares elements of the generative thinking; both favour creativity over logic, unstructured approach, championing innovation and creativity.

2.2.2.3 Evolutionary versus Revolutionary Development

Strategy formation is concerned with the realisation of change. In a continually turbulent business environment an organisations' mission may remain unaltered for a long period of time, but its objectives and behaviour will need to change repeatedly. 'For strategists, it is not an issue of whether organisations must change, but of where, how and in what direction they must change' (De Wit and Meyer, 2002: 237).

Greiner (1998) stresses the force of history on an organisation, and that the behaviour of individuals is determined primarily by past events and experiences, rather than what lies ahead. He identifies a series of developmental phases through which companies have a propensity to pass through.

1. Creativity followed by a crisis of leadership
2. Direction followed by a crisis of autonomy
3. Delegation followed by a crisis of control
4. Co-ordination followed by a crisis of red tape
5. Collaboration followed by a crisis of ? (the unknown)

Each phase begins with steady growth and stability, and ends with a revolutionary period of substantial organisational turmoil and change. The resolution of each revolutionary period (crisis) determines whether or not a company will move forward into its next stage of evolutionary growth.

Similarly, Johnson and Scholes (2002: 78) use a historical perspective to examine the patterns of strategy development. Strategic development of organisations is described and understood typically in terms of continuity. Historical perspectives of organisations show that typically there are long periods of continuity during which established strategy remains unchanged or changes incrementally; and there are also periods of flux in which strategies change but not in a clear direction. Transformational change, in which there is a fundamental alteration of strategic direction, does take place but is infrequent. This pattern is identified as 'punctuated equilibrium' (Romanelli and Tushman, 1994), which is illustrated in Figure 2. 3.

Figure 2.3: Patterns of strategy development
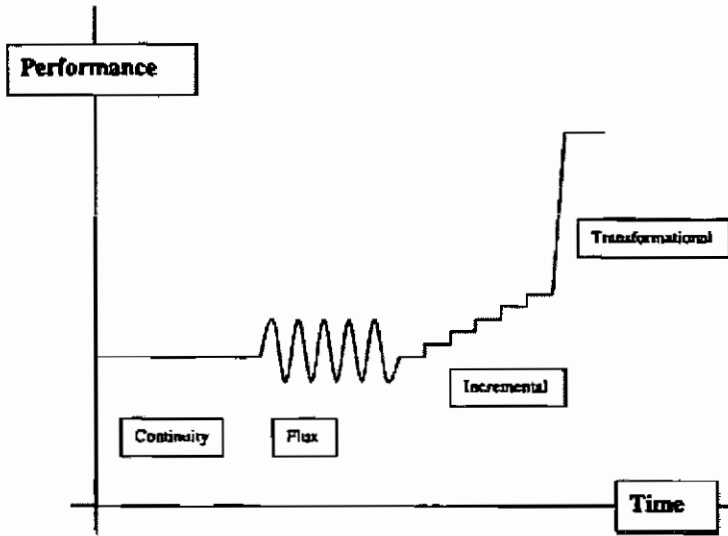
Figure showing axes labelled "Performance" (vertical) and "Time" (horizontal), with a curve passing through regions labelled "Continuity", "Flux", "Incremental", and "Transformational".

A specific move establishes a strategic direction which, itself, guides decisions on the next strategic move e.g. product launch, acquisition, divestment. This in turn assists in consolidating the strategic direction and over time the overall strategic approach of the organisation becomes more established. 'No organisation could function effectively if it were to undergo major revisions of strategy frequently' (Johnson and Scholes, 2002: 43). Some argue for parsimony in the number of market orientated decisions as it may be beneficial, especially in environments that are not very challenging (Miller and Friesen, 1982). It can give managers time to think about their competitive actions and to choose these actions more judiciously (Miller and Chen, 1994).

Incremental change is viewed as an adaptive process in a continually changing environment. This is referred to as the classical or fit concept of strategic management which perceives managers as attempting to develop strategy by identifying or being sensitive to organisation's environmental forces and developing the organisation resources to address these. As explored previously, a capacity for innovative and divergent strategic thinking is central to creating and sustaining a competitive advantage (Liedtka, 1998).

Similarly, Eisenhardt and Brown (1998: 787) argue that while, traditionally, strategy was "about building long-term defensible positions or sustainable competitive advantage", today strategy must focus on continuous adaptation and improvement and be "constantly shifting and evolving in ways that surprise and confound the competition".

Sometimes environmental change is too fast for incremental change to maintain pace: if incremental change lags behind environmental change, the organisation may get out of line with its environment and, in time, need more fundamental transformational change. Johnson and Scholes (2002: 79) note that transformational change tends to occur when performance has declined significantly.

Many organisations do not adapt effectively to changes in their environment, theorists have focused on organisational inertia as an underlying phenomenon (Hambrick et al, 1993). Inertial pressures come from many quarters; bureaucratic control, internal political and cultural constraints and external restrictions (Hambrick et al, 1993). There is a danger that if organisations become merely reactive to their environments and fail to question or change what is happening around them they become complacent. This was highlighted previously by the generative perspective which advocates the ability to creatively challenge the status quo.

There have been criticisms of incrementalism. Hamel (1996) opens his article on "Strategy as Revolution" by stating that 'corporations around the world are reaching the limits of incrementalism'. He observes that organisations need to revolutionise the way strategy is created and condemns strategic management noting that 'in the vast majority of organisations it is a calendar-driven ritual, not exploration of the potential for revolution. The strategy-making process tends to be reductionalist based on simple rules and heuristic. It works from today forward, not from the future back'. In a sense what Hamel (1996) advocates corresponds with the generative mode of thinking outlined earlier – a discovery and quest for strategy, advocating that organisations adopt a new philosophical foundation: strategy is revolution; everything else is tactics.

36

2.2.3 Desired Outcomes

The previous sections explore the strategic development process, formation and apparent tensions which exist in the literature. This section explores the desired outcomes of engaging in strategic management processes. Eden and Ackermann (1998) have discussed with many senior managers the desirable outcomes from engaging in strategic thinking and change. The following listing provides an indication of a range of outcomes that managers believe to be positively related to strategy making (1998: 13-6):

- **Resolution of a strategic crisis**

There may be an internal prompt with the arrival of a new senior manager and/or external prompts in the form of powerful external stake holders, market forces – something which may act as catalyst causing the organisation to revisit current strategy.

- **The demands of powerful stakeholders**

An argument often used for developing and publishing a strategy is that it impresses external stakeholders.

- **The symbolism of strategic management**

It is often taken as a symbol of good management, not necessarily by those who are being managed but invariably by the senior mangers themselves. They note that there are highly successful organisations and CEOs who believe that strategy making is unimportant and unhelpful – distracting managers' attention from the really difficult issues of management. Eden and Ackermann (1998) maintain that the arguments against strategy making are based upon 'inappropriate understandings of strategy and the use of inappropriate methods'.

- **Strategic vision and emotional commitment**

Strategy making can provide a sense of direction, through strategic vision, espoused by tenants of the entrepreneurial school. 'A well articulated vision and strategy can provide an image of the future that is attractive and worthwhile' (Eden and Ackermann 1998: 15). It serves to encourage employees to believe that the organisation has a future – expected to enhance employee commitment.

- **Managing complexity – strategic thinking and opportunism rather than planning**

The extent to which strategy can help managers better manage complexity is also seen as significant for the well-being of the organisation. Strategy is expected to contribute to a manager's ability to 'act thinkingly' (Weick, 1983, as cited in Eden and Ackermann, 1998: 16) – 'meaning that managers develop a capability to act quickly, without paralysis by analysis, and yet the actions are informed by a framework of previous thinking, actions which in turn inform future thinking and action' (Eden and Ackerman, 1998: 16). This supports Mintzberg et al (1998) and advocates of the learning school.

Eden and Ackermann note that strategy making is likely to be more than strategic planning. Eden and Ackermann cite John Bryson (1995) who maintains that 'strategic planning is not a substitute for strategic thinking and acting....And when used thoughtlessly, strategic planning can drive out precisely the kind of strategic thought and action it is supposed to promote'.

- **Team development**

Eden and Ackermann (1998) find that many of the managers they have worked with have wanted the strategy development process to be an indirect management and team development activity. Strategy making is used as an organisational, group, and individual learning episode for the management team.

- **Thinking and doing things differently**

While a vision provides the motivation it doesn't help in deciding and behaving in relation to specific issues. Eden and Ackermann (1998) find that strategy making provides management with new ways of thinking about their world, new ways of doing things – linking vision to action. Strategy serves as an 'instrument of social control' – directing mangers to act coherently with a degree of alignment between their actions and the actions of others.

38

The outcomes focus on the role of strategic management in changing and sustaining the motivation and commitment to organisation by staff at all levels, the other impetus being the management of stakeholders.

2.2.4 Strategy Absence

'Strategy researchers appear to be preoccupied with strategy presence' is the view of Inkpen and Choudhury (1995: 313). As is evident from the preceding sections, strategy researchers have devoted considerable attention to the identification and classification of strategies and strategy development. An underlying assumption of this work is that all organisations have a strategy. Porter, for example, states, 'every firm competing in an industry has a strategy, whether explicit or implicit (1980: xiii). Inkpen and Choudhury (1995) adopt the perspective that strategy in organisations is not all-pervasive and propose that while theories of organisational strategy have become increasingly sophisticated, limited attention has been directed towards cases of strategy absence, that is, 'where strategy is expected but is not' (1995: 313).

Strategy is identified by examining organisational elements such as product, markets, channels of distribution, allocation of financial resources, operational goals and objectives, and plans and policies guiding organisational decision making. Because these elements are present in every firm by definition they have a strategy. However, Inkpen and Choudhury (1995) state that strategy involves more than a static position in the marketplace, it is a result of a series of activities and managerial decisions that coalesce into a pattern and logic. 'What if there is no pattern or logic?' (Inkpen and Choudhury, 1995). An examination of strategy absence is valid in the context of this study as the research involves a search for patterns in the strategy process that may or may not reveal a consistent interconnectedness.

Drawing on the work of Mintzberg and Waters (1985), viewing strategy as a pattern of decisions provides a foundation for empirical examination of strategy absence because a firm that exhibits no pattern in decisions is strategy-less. 'It would appear that in the interim between the unrealisation of an intended strategy and the appearance of the emergent

39

strategy, a firm has no strategy' (Inkpen and Choudhury, 1995: 315). Mintzberg (1990) touched on the absence of strategy when he suggested that sometimes organisations also need to function during periods of unpredictability, when they cannot possibility hope to articulate any viable strategy.

Inkpen and Choudhurys' (1995) investigation of strategy absence proceeds on three fronts: Absence as failure; absence as transition; and absence as virtue;

1. Absence as failure

Evidence can be found in the literature for strategy absence as a transient state between either firm success or failure. Chrisman et al (1988) refer to the strategy less organisation as one that is stuck-in-the middle vis-à-vis Porter's generic strategies. In Porter's (1980) view, the stuck-in-the-middle firm is in an extremely poor strategic position and is almost guaranteed low profitability. As highlighted earlier, strategy ideology is largely grounded in theories and concepts that exclude absence. When strategy absence is discussed it is generally equated with failure. In the Miles and Snow (1978) typology, four types of organisations were identified including reactors, which were characterised as strategic failures because of a pattern of environmental adjustment that is both inconsistent and unstable. The reactor was distinguished from the three strategic types because sooner or later it must either move to one of the consistent and stable strategies of defender, analyser, or prospector or fail. Inkpen and Choudhury (1995: 316) argue that the presence of strategy should not necessarily imply good or successful, they state that 'the absence of strategy differs conceptually from the notion of a bad or inadequate strategy.

2. Absence as transition

The second approach is to view absence as a transitional phase in a firm's life cycle. Hamel and Prahalad (1993) discuss the case of the industry late comer that has ambitions far greater than its limited resource base. While the latecomer may be ill equipped to act 'strategically' given the gap between its aspirations and its resources, as knowledge grows and top management execute their vision, a clear strategy may emerge. 'Young firms will not have a history of decisions that have evolved into a coherent pattern, and, therefore, it

40

may be appropriate to refer to strategy as absent in these firms' Inkpen and Choudhury (1995: 317). A strategy may be in the process of emerging; until it emerges there is no strategy. Any firm, regardless of age, undergoing a transition could be temporarily without a strategy.

3. Absence as virtue

This concerns the instances of absence that are the result of conscious decisions and action (inaction) by management. 'Management may deliberately build in strategic voids and apparent incoherency in decision making as part of its organisational design' (1995: 317).

Absence as constructive ambiguity

The argument here is that the deliberate building in of strategy absence may promote flexibility in an organisation. The existence of formalised systems, as exhibited by the planning school, contributes to rigidity and insularity. Unlearning 'hard wired' systems and policies is a significant hurdle for the laggard firm attempting to compensate for past mistakes (Hamel, 1991). Detached from strategic objectives and planning cycles managers remain exposed to the environment and will be forced into proactive and innovative decision making.

Absence as symbol

Eden and Ackerman (1998) highlight that presence of strategy is often taken as a symbol of good management. Similarly, in Hamel and Prahalad's (1989) discussion of strategic intent, symbolism plays a powerful role. There may also be symbolic content in absence, just as there is in presence. Not all organisations find it necessary to create a façade of rationality and not all organisations need an explicit statement of strategic intent. The intended message of the strategy absence is that 'rational' strategy and its associated policies and systems are unnecessary as a competitive weapon.

Inkpen and Choudhurys' (1995: 319) paper argues that the current presence-orientated strategy paradigm needs to be broadened to include the examination of absence, advising

41

that there can be virtue and utility in absence: 'an absence of strategy can have a liberating effect on management and possibly stimulate the innovation and creativity that generates winning products and ideas'.

2.3 STRATEGIC MANAGEMENT IN THE SMALL BUSINESS CONTEXT

Given the context of this study it is considered necessary to draw attention to the characteristics of strategic management in small businesses. Johnson and Scholes (1997: 26) illustrate that because small businesses are likely to operate in a single market or a limited number of markets, with a limited range of products or services, the scope of the operation is therefore likely to be less of a strategic issue than in a larger organisation.

Due to their size, small firms cannot afford the strategic personnel that larger firms possess; senior management in small firms usually means one individual (Brouthers et al, 1998). Small businesses rarely have central service departments to undertake complex analysis and market research; rather it may be the senior management themselves, or the original founder of the firm, who has direct contact with the market place and whose experience is most influential.

> In small firms the values and expectations of senior executives who may be in an ownership position are likely to be very important, and even when current management are not owners, it may be that the values and expectations of the founders still linger on. (Johnson and Scholes, 2002: 26)

Brouthers et al (1998) find that when it comes to making strategic decisions, the small firm managers in their study tended to ignore the information gathering and the analysis performed, relying instead on their intuition.

According to Hanlon and Scott (1995) the dominant perspective in relation to strategy in smaller organisations has been the rational planning model. Planning is often seen as the key to company success since it reduces uncertainty, it ensures that alternatives are considered and assists managers in dealing with investors (O'Gorman and Cunningham, 2002). Other authors have questioned the value and applicability of strategic planning for the small firm (Bhide, 1994; Patterson, 1986). Lack of resources and constraints on management time are seen as obstacles to strategic planning (Patterson, 1986). As explored

42

earlier, it has been argued that strategic planning loses its meaning in a dynamic environment, where innovation, flexibility and responsiveness to perishable opportunities are key conditions for survival (Mintzberg, 1979).

Proponents of strategic management in the small firm have suggested that the type of planning employed will be contingent upon its stage of development that that this activity will evolve and become more formal and sophisticated over the life cycle of the business (Berry, 1998). Berry (1998) suggests that as the activities and supporting functional areas of the organisation become more complex and sophisticated, planning will develop through various stages from its initial beginnings as simple financial plans and budgets, through to forecast-based planning, externally-orientated planning. The owner-manager begins to think strategically, proactively planning the firm's future rather than merely reactively responding to changes within the marketplace, and, ultimately, to formal strategic management techniques.

McCarthy and Leavy (2000) conducted research on how strategies form and evolve in Irish small to medium enterprises (SMEs). Based on a series of nine case studies, it contributes significant observations with particular relevance to this study: the strategy process was planned but also emergent in nature; the degree of planning undertaken in the foundation phases appeared to be most influenced by the personality of the entrepreneur, the type of business and business context; the strategy process appeared to follow a phase pattern over time, with firms moving from an early fluid phase to a more defined phase, usually triggered by a crisis or defining episode: 'the degree of planning undertaken was a function of organisational history' (2000: 55)

McCarthy and Leavy's (2000: 63) observations reveal that companies evolve from an early fluid stage of strategy formation, referred to as a 'quasi-strategic phase', to where the enterprise becomes characterised by a more explicit and clearly defined strategy. The process is outlined in Figure 2.4

Figure 2.4 A Phase Pattern of the Strategy Formation Process in SME's


```
┌──────────────┐        ┌──────────┐        ┌──────────┐
│ Quasi-Strategic│ ───▶ │ Defining │ ───▶  │ Strategic│
│    Phase      │        │ Episode  │        │  Phase   │
└──────────────┘        └──────────┘        └──────────┘
       │                     │                   │
       ▼                     ▼                   ▼
┌──────────────────┐   ┌──────────┐   ┌──────────────────┐
│ - Little planning │   │  Crisis  │   │ - Planning       │
│ formality         │   └──────────┘   │ formality        │
│ - Multiplicity of goals│            │ - Stable core goals│
│ - 'All things to all │              │ - 'What business │
│ people'            │                │ are we in'       │
│ - Founders views/vision│            │ - Outsider views │
│ predominates      │                │ - Delegation,    │
│ - Individualistic style of│         │ 'letting go'     │
│ management        │                └──────────────────┘
└──────────────────┘
```

Time ──────────────────────────────────▶

Time
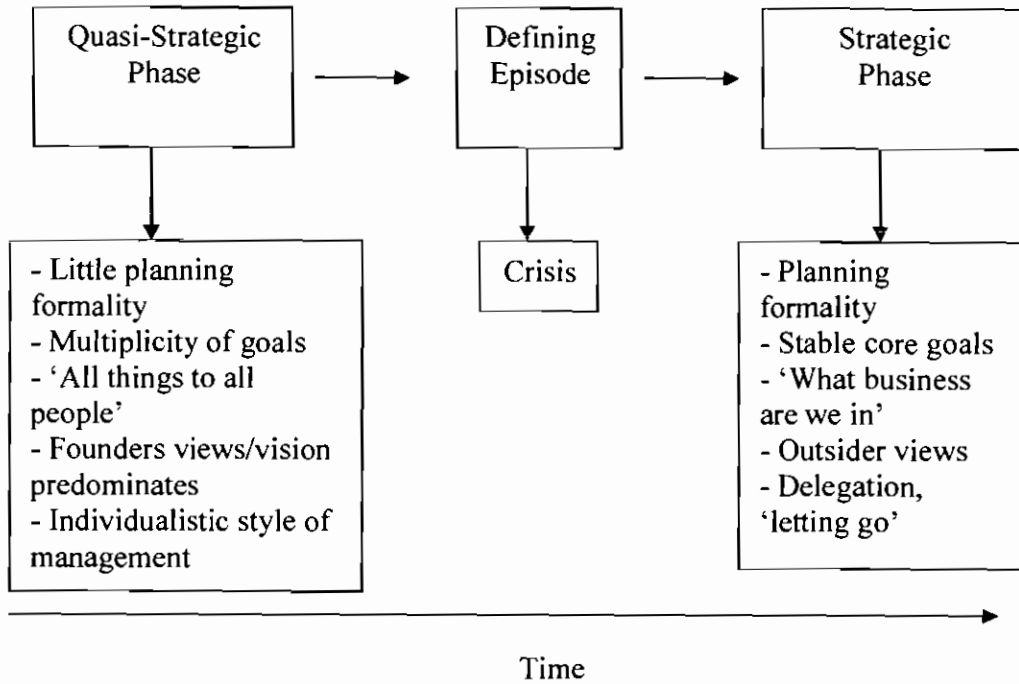
Source: McCarthy, B and Leavy, B (2000) *Phases in the Strategy Formation Process: An Exploratory Study of Irish SME's*, IBAR, Vol. 21, No. 2, 55-80.

The quasi-strategic phase is characterised by little planning formality, the pursuit of a multiplicity of goals, and a very individualistic management style with the founder's views predominating. There is no identifiable pattern or logic in activities and managerial decisions - this may be identified as strategy absence. This is supported by Inkpen and Choudhury (1994: 317) 'young firms do not have a history of decisions that have evolved into a coherent pattern so it may be appropriate to refer to strategy as absent in these firms. A strategy may be in the process of emerging; until it emerges there is no strategy.

It is often argued that the entrepreneur must make a necessary progression towards a strategic orientation and more sophisticated planning techniques as the business grows in order to ensure the future survival and long term success of the company (Berry, 1998). Conversely, it has been noted that the motivation to thing and act strategically will frequently only be brought about by a crisis within the organisation (Aram and Cowan, 1990). McCarthy and Leavy (2000) use the term 'defining episode' to describe a period of

transition in the firm's development. In some cases it is characterised by a financial crisis or change in ownership, and in all cases it signifies a break from the past. This crisis forced entrepreneurs to realise the need to address the weaknesses in the areas of planning and financial control. It can be argued that such a crisis is often necessary for entrepreneurs to realise the importance and benefits accruing to the organisation from strategic management techniques (Berry, 1998). In role of the 'strategic episode' is supported by Hendry and Siedl (2002), they find that it is through episodes that organisations are able to routinely suspend their normal routine structures of discourse and communication, and so create the opportunities for reflexive strategic practice. Relating this back to McCarthy and Leavy (2000), the business start-up phase is typically characterised by vision, imagination, unproven ideas, experimentation and opportunism. However, the onset of the crisis results in the emergence of a more cautious outlook and a desire to safeguard the organisation with a more strategic outlook.

Berry (1998) explored the strategic planning in the context of small high tech companies and found that while the business may survive and grow during the early stages of its life on the basis of the entrepreneur's technical expertise and his ability to generate innovative ideas, these technical skills alone will not be sufficient to sustain the business during later growth stages. As competitive pressures intensify there is a need to balance technical skills with those of other functional areas and 'to develop a strategic orientation within the firm in order to proactively access new market opportunities' (Berry, 1998: 462).

Finally, it is necessary to recognise that in assessing management practice in small firms, the role of the entrepreneur is critical. As espoused by tenants of the entrepreneurial school the entrepreneur is responsible for the intuitive and visionary leadership of the small firm. 'The entrepreneur's personal goals, characteristics and strategic awareness will all significantly impact on the development of the business' (Berry, 1998: 456). Studies have shown that whether or not an effective strategy development process is implemented will be heavily influenced by the firm's owner-manager and that the ability to comprehend and make appropriate use of sophisticated strategic management practices is a function of the entrepreneur's previous experience (Bracker et al, 1988). Research by Berry (1998) found

that the nature of planning activities carried out within the organisation will in part be determined by the size and growth stage of the business, but will also be influenced to a significant degree by the previous experience of the entrepreneur and the balance of skills apparent in the management team.

2.3.1 Outsider Influence

A dynamic worthy of attention is the role of "outsiders" in small firm planning. It has become commonplace for businesses to involve external consultants or facilitators in the strategic practices of an organisation (Pettigrew, 1985; Mezias et al, 2001). Robinson (1982) discusses two types of outsider influence: board of directors, primarily include bankers, lawyers and accountants, with a vested interest in the firm's performance and consultants, who often have insights that escape insiders.

As evidenced by McCarthy and Leavys' (2000) study of strategy formation, small firm owner/managers do not engage in systematic planning (Robinson, 1982). Robinson (1982) argues that planning in the small firm is often done on an ad hoc, problem basis, frequently only a mental activity of the owner/manager, informal, sporadic and closed. In addition, outsiders are seen as important participants in small firm strategic planning. Several explanations are offered: most large corporations have full time planning staffs, but small firms cannot afford this luxury and third parties remedy this disadvantage. Still (1974) and Gilmore (1971) suggest that planning interaction with "outsiders" can:

- Improve the quality of decision making and the likelihood of repetitive use of systematic planning by small firms.
- Cause small business managers to approach planning seriously and become more motivated to allocate the time necessary.
- Get the manager/owner away from day-to-day operations, thus allowing them the opportunity to plan.
- Compensate for small firms manager's lack of planning skills.

Robinson's (1982) study endorses the views of Gilmore (1971) and Still (1974) who have urged small business to utilise strategic planning. He supports the inclusion of outsiders in the planning effort: 'outsider planning consultants supplement the owner's lack of planning orientation, skills, time allocation, and commitment' (1982: 91).

2.4 CONCLUSION

Strategic management is concerned with process, content and context. The focus of this chapter is on strategy process - concerned with formation, implementation and change.

The substance of strategy is complex. A review of the schools of strategy formation reveal that optimal strategies for firms do not exist due to the variation in learning, culture, personalities, experiences and goals of actors within the firm. The chapter draws attention to a number of tensions that comprise the essence of every set of strategic issues, highlighting the contradictory forces which strategists must cope with when managing strategy. Strategy involves various thought processes – conceptual as well as analytical exercises. A balance must be achieved between a formal, rational and an informal, creative. In continuous quest for novel and creative strategies which can re-write the rules of the competitive arena, this balance ensures a dialectical thought process, of convergent and divergent. Strategies are not purely deliberate; they can emerge in a pattern of actions over time. As organisations develop plans for their future they also evolve patterns out of their past. Strategies need to mix deliberate and emergent to exercise control while fostering learning.

There are a number of desired outcomes of engaging in strategic thinking and change. It may resolve a strategic crisis; provide a sense of direction; direct managers to act coherently; serve as a team activity; aid managing complexity or serve as a symbol of good management.

Considerable attention is devoted to the identification and classification of strategies and strategy development in the literature. An underlying assumption is that all organisations have a strategy. However, strategies are not all-pervasive. This chapter draws attention to

limited literature on strategy absence, where strategy is expected but is not. Strategy maybe considered absent when there is no pattern or logic in activities and managerial decisions. Evidence can be found for absence in the transient state between firm success and failure, transitional phase in a firm's lifecycle, or as conscious decision by management to promote flexibility.

The strategy process can vary across contexts. Due to its size, the scope of the operation is likely to be less of a strategic issue that in a larger organisation. In many cases it is the senior management or the original founder of the firm who has most influence in strategising activity. Observations of small firm evolution reveal an early fluid stage of strategy formation or absent strategy, with a defining episode or crisis to take a more strategic perspective. Outsiders, such as board of directors or consultants also play a key role in small firm planning, supplementing the owner's lack of planning orientation, skills, time allocation and commitment.

Chapter 3 - Strategy as Practice

3.0 INTRODUCTION

As is evidenced by the literature reviewed in the previous chapter traditional perspectives of strategic management as formal planning, centralised control and top-down management have been challenged by scholars interested in delineating and describing strategy processes, implementation and emergent, rather than planned strategic decisions (Mintzberg, et al, 1998). The process school of strategy moved away from the basic foundations of the discipline of economics and predominantly positivistic epistemologies and delineated the process.

In extending the approach of the process school there is a growing momentum in strategy research towards a micro perspective on strategy and strategising – 'strategy as practice', and a closer examination of the work of the strategist. The foundations and research agenda for this perspective are reviewed in this chapter. The theory of practice is explored, which forms the basis of this perspective; posits implications of the practice perspective in the strategic management field drawing from established work by scholars to further develop its identity and positioning within the field; distinguishes among the many elements within the perspective and frames the terminology within the larger strategic management concept. The chapter goes on to highlight the distinctive agenda of the practice perspective on strategy by systematically comparing it with the process agenda. The recent interest in the discursive element of strategy is also considered. The objective is to examine the perspective in light of the strategy development literature reviewed previously and the implications of theory for this study.

3.1 STRATEGY-AS-PRACTICE

A recent emphasis in strategic management literature is towards a micro perspective on strategy and strategising – 'strategy as practice'. This is evidenced in the growing momentum for this area of study amongst the academic community, recently the *Journal of Management Studies* (January, 2003) published a Special Issue entitled 'Micro Strategy and Strategising'. This perspective 'calls for an emphasis on the detailed processes and practices which constitute the day-to-day activities of organisational life *and* relate to strategic outcomes' (Johnson et al, 2003: 3). It turns a sociological eye upon a practice that

has, within the space of a few decades, obtained remarkable influence within our societies. Emphasis is placed on engaging directly with the practice of strategy. Advocates of the perspective believe strategy research is released from the 'epistemological straight jacket of modernism and industrial economics which valued scientific detachment over practical engagement, the general over the contextual, and the quantitative over the qualitative' (Whittington, 2004: 62). Johnson et al (2003: 16) find a clear gap within strategic management literature on the strategist and their place within strategy making processes: who is the strategist – academic background, sources of ideas, and view on the organisation and strategy processes. The research agenda focuses on the individuals at the heart of strategy and seeks to gain an understanding of what it is that strategists do (Clegg et al, 2004). In many ways it is reminiscent of the questions that were posed by Barnard (1938), the Harvard Business General Management tradition and by management scholars thirty years ago: Mintzberg, 1973; Clegg, 1975; Silverman and Jones, 1976 (as cited in Clegg et al, 2004: 24). The agenda seeks to explain, with recourse to various social theoretical resources, how skilled and knowledgeable strategic actors constitute and reconstitute a system of shared strategic practice that they draw upon as a set of resources in the everyday activities of strategising (Wilson and Jarzabkowski, 2004: 15).

The concept of practice is increasingly prominent in management studies, including the fields of technology (e.g. Orlikowski, 2000), learning at work (Wenger, 1998), accounting (Hopwood and Miller, 1994) (as cited in Whittington, 2001: 6), organisational structure and strategy itself (Knights and Morgan, 1991, 1995; Whittington, 1996; Hendry, 2000; Jarzabkowski and Wilson, 2002). Theory is progressing from the study of firm assets, technologies, and practices as disembodied and asocial activities to examining them as richly interactive and contextually situated social behaviour; it calls attention to the issue of strategy as social action (Hendry, 2000; Whittington, 1996, 2002).

The following sections evaluate the strategy as practice agenda by exploring the theoretical underpinnings of the perspective; the practice turn in strategic management; the place of practice among process and content traditions; discursive approaches to strategy and finally the implications of the agenda.

3.1.1 Theory of Practice

Schatzki et al (2001) identify a 'practice' turn in contemporary social theory, the result of a movement that has been accumulating momentum since the 1980's (Ortner, 1984; Turner, 1994). The notion of practice is highly suggestive and can be interpreted in many different, even divergent ways (Schatztki et al, 2001). For example, Whittington (2001: 6) identifies three common features of the various interpretations of practice:

(i) Concern for people and their activities, rather than for organisations and their collective properties

(ii) Concern with the skills and learning involved as people go about their activities

(iii) And, as a corrective to any slide towards individualism, an assertion of the fundamentally social nature of people's activity, skills and learning.

Whittington (2002: 3) introduces contributions from five influential but distinct social theorists of practice: Foucault; Bourdieu; De Certeau; MacIntyre; Giddens. This evidences the richness of theoretical resources available for developing a practice perspective in strategy may draw. He observes that 'the practice perspective in strategy has a theoretical hinterland at least equivalent to the more established sub-field of strategy content and strategy process', and that it is from these theoretical foundations that Whittington (2002) proposes a collated stance may be adopted, resulting in a 'mutually-reinforcing research agenda'.

Table 3.1 captures the theory of practice and the application to strategy. A core element which links the theorists is recognition of the deep connectedness of everyday activity to the structural properties of the wider society. The next section elaborates on these theoretical foundations.

Table 3.1 Practice Theorists

Theorist	Theory/Discipline	Application to Strategy
Foucault	Significance of micro-technologies which can insulate themselves into and then control the taken-for-granted activities of human existence. Disciplinary effects of discourse	Language of strategy has disciplinary effects
Bourdieu	Habitus – schemes of perception, thought and action that define appropriate practice. Outcomes can be dependent on the semi-conscious mastery of local rules.	Capital required for strategy making: semi-conscious tacit skills.
De Certeau	Improvisation and bricolage necessary in the practice of everyday life. Situates activity in rules, logics and operating procedures. Personal style.	Ordinary routines of strategic management. Individual skill required.
MacIntyre	Tension between internal goods of practice and the external goods of instrumental reason.	Strategists sometimes indulge in a zeal for strategic professionalism that over-runs the boundaries of what is strictly utilitarian.
Giddens	Structuration theory – actors engaged in the on-going praxis of day to day life. Engage in systems of regular practices governed by structural rules and resources.	Insight to innovation and change.

Adapted from: Whittington, R (2002) *Seeing Strategy as a Social Practice*, Key Note Presentation for Different Perspectives on Competition and Cooperation, May, University of Umea, Sweden.

Foucault's (1976; 1977) detailed analyses of such topics as punishment and sexuality have uncovered how evolving practices – seemingly small and insignificant micro-technologies insinuate themselves into and then control the taken-for-granted activities of human existence (Whittington, 2002: 4). The Foucauldian perspective suggests the significance of such micro-technologies as the standard forms and procedures that generate strategy, the props with which strategy is presented and the documents and electronic media in which they are embodied.

Strategy academics have shown a keen interest in Foucault's work on discursive practices and the disciplinary effects of language, paying particular attention to the emergence, development and reproduction of the discourse of strategy (Whittington, 2002). The very language of strategy has disciplinary effects (Whittington, 2002). Recent interest in discursive practice has prompted careful analysis of strategy talk, both academic and in action (Hardy et al, 2000; Henry, 2000). This will be explored further in section 3.1.3 on strategy discourse.

Bourdieu's (1990) theory of practice situates actors within the historical accumulation of social experience that he terms 'habitus'. 'The habitus provides schemes of perception, thought, and action that define for actors appropriate social practices, whose enactment produces the further experiences which, of course, renew and maybe restructure the original habitus' (Whittington, 2002: 6). There is room for interpretation and discretion – actors may vary their skill at which they play the rules of their social context. Outcomes can be dependent on the 'semi-conscious mastery of local rules' – upon a 'feel for the game' whereby actors respond instantaneously and effectively to uncertain ambiguous situations of practice (Whittington, 2002: 6).

Whittington (2002: 6) notes that this analysis raises important questions about the kinds of capital required for access to strategy-making, finding that Bourdieu's perspective can also be applied to skill. Whittington (2002) posits questions about the kinds of semi-conscious, tacit skills that more effective strategists use and how they acquire them. These strategy skills may include technical skills – facility with matrices and gap analysis – but may also include some hidden techniques and discourse uncovered by Foucauldians.

De Certeau's (1984) work explores the improvisation and bricolage necessary in the practice of 'everyday life'. De Certeau situates activity within the rules, logics and operating procedures of our societies, but highlights the ways in which individuals find tricks and stratagems to construct their own personal modus operandi of life. De Certeau's work celebrates mundane ordinary routines, recognising the work and individual performance involved in shopping, cooking and caring for the family. Personal styles are

54

critical to the manner in which individuals transform the procedures of everyday life into their own particular practice (Whittington, 2002).

There are many insights into strategy to be gained from de Certeau's works, but Whittington (2002) emphasises two key aspects. Firstly, his appreciation for the mundane could be applied to the ordinary routines of strategy-making. 'From de Certeau, we can recognise the sheer labour, the dexterity with the mundane and the individual skill all required to navigate the strategy making process' (Whittington, 2002: 7). Secondly, strategy research is beginning to focus on the middle managers as the implementers of strategy (de la Ville and Mounod, 2001).

MacIntyre (1981) is also interested in work, and how professed objectives may come in tension with those of its performers (Whittington, 2002). MacIntyre finds that 'virtuous activities are guided by collective standards of excellence the benefits for those involved in these activities derive not simply from the achievement of the utilitarian objectives of these activities but also from the satisfactions of performance according to these collective standards' (Whittington, 2002: 7). There is a tension between the 'internal goods' of the practice and the 'external goods' of instrumental reason. Work can be a pleasure in itself.

MacIntyre's perspective brings a close focus upon the nature of work and does so with an interest in both the empirical detail of what is actually done and the subjective experience of the doers themselves. Strategy can be explored in similar ways (Whittington, 2002), as strategists 'indulge sometimes in a zeal for strategic professionalism that over-runs the boundaries of what is strictly utilitarian'. Whittington suggests that this is exemplified by critiques of traditional corporate planning (Mintzberg, 1994): excessively sophisticated and detailed plans, paralysis by analysis may not simply be the product of bureaucratic dysfunction, but rather the successful development and pursuit of collective ideals of *appropriate* practice.

Giddens' (1984; 1993) structuration theory has received much attention in organisation and management studies (Ranson et al, 1980; Whittington, 1992). At the core of structuration

theory are actors engaged in the on-going praxis, or work, of day to day life. What makes the work possible is workers' engagement in systems of regular practices, such as tasks governed by structural rules and resources. Structural rules guide praxis; resources empower praxis; praxis in turn tends to reproduce these rules and resources (Whittington, 2002: 9). This highlights the predominant routine nature of praxis, there is, however the, possibility of innovation, because of the reflexive capability of human actors and the plurality of the rules and resources made available to them.

The value to the strategy as practice perspective is the insight gained into the possibility of innovation and change (Whittington, 2002: 9). 'With the combined weight of routine and legitimacy, established practices can easily impose inertia. The structurationist insight is that structural rules and resources enable and constrain, and that reflexive play on plurality make possible deliberate transformation'.

In summation, there is clearly great diversity amongst the theories of practice but a common thread is a strong sense of how action relies upon the established properties of the social environment (Whittington, 2002: 9). The ties between the theorists vary in their emphasis and focus:

- All may agree that practices are revealed in instants of activity but de Certeau is concerned to surface and tease out such instances.
- People are recognised as the enactors of practice. Bourdieu is concerned with the personal habitus and de Certeau with the sense of individual style.
- Both Giddens and de Certeau offer insight into creativity, innovation and change.

(Whittington, 2002)

The diversity of practice theories is reconciled by Whittington's (2002: 10), observation that they are all ultimately governed by a central idea: 'what people do relies on what others have done in the past and are doing now'. The next section expands on the practice literature in relation to strategic management and later in the chapter Whittington's (2002) Integrated Model of Practice is considered as a means of framing the perspective being adopted in this study.

56

3.1.2 The Practice Turn in Strategic Management

The work of Knights and Morgan (1991, 1995), Whittington (1996; 2001; 2002; 2004), Hendry (2000) and Jarzabkowski, 2002) has been influential in the establishment of the strategy as practice perspective. The focus of this approach is on strategy as a social 'practice', on how the practitioners of strategy really act and interact. Whittington (2004) states that within this approach strategy is not commodified as something a firm has but as something interactive that the firm, market and actors do. The approach stakes out new ground in joining academics and practitioners. From the perspective of strategy as practice, the key question is: 'what does it take to be an effective strategy practitioner?'(Whittington, 1996: 731)

Whittington (1996) positions the practice approach to strategy against more established streams:

Table 3.2: Four Perspectives on Strategy

		Levels	
		Organisations	Managers
Issue	Where	**Policy**	**Planning**
	How	**Process**	**Practice**

(Whittington, 1996: 732)

'The table distinguishes the various approaches to strategy according to their target levels and dominant concerns' (Whittington, 1996: 731). And so, the vertical axis contrasts the *where* of strategy, that is essentially directional with the equally important *how* issues of actually getting there. On the horizontal axis attention is divided between those who concentrate on organisational units as whole and those who are concerned for individual actors – the managers and consultants involved in strategy making.

Whittington (1996) elaborates on the evolution of perspectives;

- The 'planning' approach emerged in the 1960's and focuses on tools and techniques to help managers make decisions about business directions. Key analytical aids include the portfolio matrices, industry structure analysis and the concept of core competence.

- From the 1970's onwards, 'policy' researchers developed a new focus: 'analysing the organisational pay-offs to pursuing different strategic directions' (1996: 732). Policy options considered include diversification strategy, innovation, acquisitions, joint ventures and internationalisation (Rumelt, 1974; Markides, 1995)

- Since the 1980's, 'process researchers have been exploring how organisations come first to recognise the need for strategic change and then actually achieve it' (1996: 732).

- The 'practice' perspective draws on many of the insights of the process school, but brings the focus to managerial level, concerned with how strategists 'strategise'.

The thrust of the practice approach is to take seriously the work and talk of practitioners themselves (Bourdieu, 1990). In terms of Table 3.2, the practice perspective shifts concern from the core competence of the corporation to the practical competence of the manager as strategist. And like the planning tradition, it too is aimed at the managerial level but now the focus is broader than the simple analysis of strategic direction: the issue is how managers act and interact in the whole strategy-making sequence (Whittington, 1996). Practice is concerned with the work of strategising – the everyday activities and routines. 'Craft skill is as important as technical facility; essential knowledge is as much tacit as formal, local as general; and persistence and detail may win over brilliance and inspiration' (Whittington, 1996: 732).

Clegg et al (2004: 25) concur with Whittington's argument that strategy needs to be treated as an important social practice and that sociological insights are likely to contribute greatly to understanding what it is that strategists actually do. The authors pay particular attention to strategists' professional identity – biographical information, education, training, and pose questions such as what prepared them for role of strategist? And what rites of passage did

they experience? They consider the extent to which formal education such as MBA's prepare the strategist for a life of 'doing strategy'.

Wilson and Jarzabkowski (2004: 15) also acknowledge the skills and knowledge of the strategist. They view the notion of strategising, which has become the cornerstone of many authors in the area of strategy and practice, as the interplay between thinking and acting strategically. Strategising, they note, 'examines the processes by which strategies are fashioned and lived in organisations'. The authors argue that 'animation' (action) and 'orientation' (direction) form integral parts of understanding strategy as practice. To articulate these concepts further, Wilson and Jarzabkowski's (2004) paper concentrates attention on the agency of strategists, and highlight three facets of agency: iterative, projective and practical evaluative. Iterative agency reflects animation and is best understood as the reproduction of existing practices, assumptions and worldviews. The projective dimension of agency fits the notion of 'orientation' and relates to the visionary, the imaginative, the charismatic – behaviours that are inextricably linked with the activities of senior executives. The final dimension is practical-evaluative, summarised as practical wisdom and is entwined in the skills and knowledge of the strategist. This dimension constitutes the analytical and practical link between animation and orientation.

3.1.2.3 Practices, Practice, Praxis and Practitioner

This section expands on the area of practice to distinguish among the many elements which constitute the perspective. Whittington (2002) provides an integrated framework for considering strategy as social practice. The framework distinguishes between practices (tools), praxis (work) and practitioner (workers). This distinction follows Turner's (1994) work, in particular, his separation of the sociological heritage of traditions, norms, rules and routines, from the actual events that make up practical activity. Practices are the 'done thing', in both the sense of being accepted as legitimate and the sense of well-practiced though repeated doing in the past. Praxis is what is actually done, the practice of strategy in the micro sense. Praxis involves the work of strategising by the Practitioner, the doer of strategy, the strategist (Whittington, 2002: 10).

Whittington's (2002) model illustrates the variety of contexts within which strategising takes place, illustrating how strategising routines and formulae are confirmed or developed. At the base there are the strategy practitioners of a particular firm. These practitioners participate in many activities. To consider formal instances, these points of strategising praxis might be board meetings, strategy reviews or top management away-days. As they strategise they draw upon – in a structurationist sense (Giddens, 1984) – a set of established practices available from their social context. At the enterprise level (meso), these might be the routines and formulae of the formal strategy process, laid down in corporate cultures and systems; at the wider societal level (macro), working through accepted analytical tools, or even notions of appropriate strategy-making behaviour, as propagated by legislation, regulators, business schools, consultancies, or model firms such as General Electric (Whittington, 2002: 12). Practices are reinforced as practitioners continue to rely on them for praxis. Novel practice develops, and if capable of congealing into a recurrent practice, it will inform future strategy praxis amongst practitioners. Figure 3.1 frames the terminology of the practice perspective and places it within the larger strategic management concept:

Figure 3.1: A Framework of Strategy Practices and Practice

<u>Level</u>	
Societal	Practices
	(Macro)
	↓ ↑
	Strategy
	Process + Content
Enterprise	**(Meso)**
	↓ ↑
	Practice
	(Micro)
	Strategising Activities
	Praxis + Practitioner
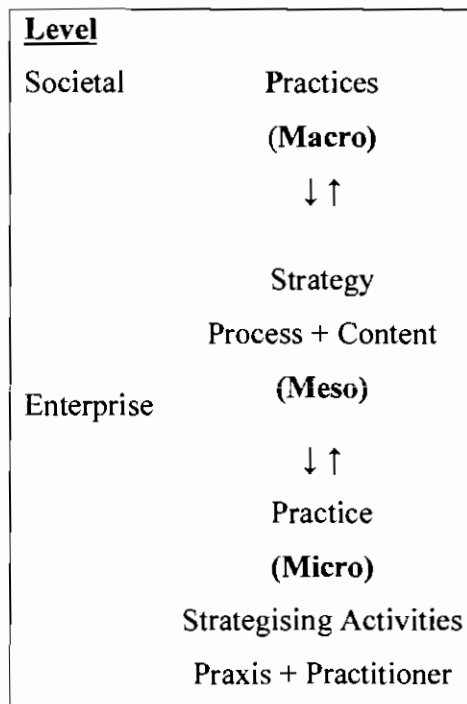
Adapted from Whittington (2001; 2002)

Whittington (2001: 9) reiterates the distinction between 'practices' and 'practice' – emphasising the importance of their interdependence. Practices refer to the regular, socially-defined modes of acting. Practices encompass the many concepts and techniques in popular management discourse (e.g. planning, divisionalisation). They are sometimes dismissed as 'fads and fashions'. Essentially they codify and legitimate particular managerial practices in a manner that makes for easy diffusion and implementation (Whittington, 2001).

Strategy practices are linked to strategic practice – the doing of strategy, typically drawing upon socially defined practices. As discussed earlier there has been an increasing turn to the micro-strategising activities of managers in their local contexts (Johnson and Huff, 1998; Jarzabkowski and Wilson, 2002; *Journal of Management Studies,* 2003). Studies are beginning to uncover the activities of real managers undertaking strategy work and exploring how micro-strategising activities draw on a wider set of strategy practices. The concept of strategising emphasizes the micro-level processes and practices involved as organisational members work to construct and enact organisational strategies, through both formal and informal means (Whittington, 1996, 2002). Practice relies heavily upon the shared concepts, technologies and assumptions of the strategy community quite broadly (Whittington, 2001: 10).

Central to this study and the micro-strategy agenda is the contribution of the process tradition. Whittington (2001) compares Practice, Practices and process effectively in the following table:

Table 3.3: Comparing Practices, Process and Practice

	Practices	Process	Practice
Analytical Level	Technologies	Organisation	People
Reference Points	Competitors	Competitors	Colleagues
Key Questions	What	How	How
Explanatory Variable	Diffusion	Profit	Effectiveness
Orientation	Macro	Meso	Micro
	Explicit	Explicit/Tacit	Tacit
	General	Local	Local
	Cycles	Change	Routine
Empirics	Concepts/Tools	Politics/Culture	Words/Actions
Research	Quantitative	Case	Ethnography

Whittington, R (2001: 11) *Learning to Strategise: Problems of Practice*, SKOPE Research Paper, No. 20, Autumn, New College, University of Oxford, UK.

Wilmott and Ezzamel (2004) note that the study of strategists opens up a 'methodological cleavage' between process and practice perspectives: the former is content with managerial accounts of their own action, the latter is suspicious of such methods and prefers ethnography or action-based research. The key contrasts are visible in table 3.3 across the level of analysis and the explanatory or dependent variable. Process is concerned with the meso level of the organisation – whether the corporate whole or some business or departmental unit within the whole (Whittington, 2001). Practice goes further inside the 'black box' to the 'internal life of process' (Brown and Duguid, 2000: 95) and the micro activity of people (Whittington, 2001). 'In sum the processual approach sits between the levels of practice and practices, in respect to both of which the organisation is somewhat incidental' (Whittington, 2001: 11).

With practices the focus is on the 'what' – what concepts and technologies are prevailing at particular times and places. Both process and practice, on the other hand, approaches are concerned with the 'how', but the first with how organisations decide and change, the

62

second with how strategy practitioners do what they do. Methodologically, the tracking of practices within the macro environment calls for a quantitative approach. Process and practice tends to be more qualitative, process through single or comparative cases of organisations (Pettigrew, 1992) and practice through a more ethnographic approach of traditional or urban anthropology, following the work of Bourdieu and de Certeau.

3.1.2.4 Micro Strategy and Strategising

The contribution of the process school is significant. Johnson et al (2003: 10) established the agenda for micro-strategy and strategising perspective by reviewing strategy process research, highlighting its contributions, which the perspective holds on to. They also identify limitations which help establish the agenda for the micro-strategy and strategising perspective.

The process school opened up the black box of the organisation. Strategy is now recognised as an organisational phenomenon rather that a macro strategy problem detached from the internal dynamics of the organisation. Pettigrew et al (2002: 12) note that the school 'humanised' the field. With the application of social construction and socio-cognitive perspectives, process studies have demonstrated the potential to capture micro aspects of strategic actions by human beings (Johnson et al., 2003: 11). Research within the school has legitimatised small in-depth studies. The case work of Pettigrew and observation of managerial work by Mintzberg have proved to be a source of rich and enduring insight. Such an approach allows for the development of a holistic and contextual understanding which is essential to unpacking the complex driving forces of strategic change and stability (Melin, 1986, 1989)

Johnson et al (2003: 10) identify a number of limitations of the process tradition; they also reflect the challenges faced by the micro-strategy and strategising perspective. They argue process research has not researched strategy deep enough, relying on second-hand retrospective reports by senior executives. Johnson et al. (2003: 11) note that the process school can learn from progress in anthropology which from a similar stance adopting ethnographic studies – living in the world of action and practice, to reconcile this limitation.

63

Level of analysis is also an issue. By definition process research is concerned with the systems and processes of organisations as a whole – decision making and organisational change (Chakravarthy and Doz, 1992). What managers do and with what tools and techniques remains obscure. The process tradition has tended to fix upon the organisational level at the expense of the practical activity of those who actually constitute the processes (Johnson et al., 2003: 12).

Strategy process research has been reluctant to query the role of managerial agency (Pettigrew, 1985). Managers can be central to strategising we need to understand if and how, they make a difference (Johnson et al., 2003). Activity in the periphery can have crucial effects (Johnson and Huff, 1997). Managers can be captured in wider belief systems and technologies that constrain their possibilities for action (Johnson et al., 2003). An activity based view should be neutral on the question of managerial agency (Johnson et al., 2003).

Johnson et al (2003) are critical of the extent of the practical implications, arguing that process research has been prescriptive, focusing on the design of organisational change or decision making processes. The results are rich process descriptions, but largely left the reader to interpret these and put them into practice. The challenge for the activity based view is to transform descriptive contributions into more helpful models of managing (Johnson et al., 2003: 12). The authors find that process is limited by its separation from content issues, often positioning itself as its opposite, causing a sharp dichotomy. A major implication of the strategy as practice perspective is to regard content as an inherent and indissoluble part of ongoing process (Johnson et al, 2003). Due to the separation from content, process studies often lack explicit links to strategy outcomes.

Finally, process studies are often trapped within the particular. The empirical richness of the data is both a strength and a weakness: 'we have many thick descriptions, but too few rigorous analyses and systematic comparisons around general theories or issues' (Johnson et al., 2003: 13). Johnson et al. (2003) suggest that case study researchers should use their empirical observations to establish patterns across similar issues and build theories with

greater leverage in the real world: 'data in itself is less valuable than theory that can explain, why, how, with what consequences and in what circumstances.

In summation, the practice agenda sets out to extend the existing process and content traditions of strategy. It does not deny the importance of research that has raised awareness of macro issues facing strategists: the challenge of achieving and sustaining competitive advantage, of building and maintaining organisational competencies, of managing multinational organisations, of diversifying or acquiring businesses successfully (Johnson et al., 2003). Scholars within the field are responding by providing explanations to the practices which underpin and constitute such phenomena. The activity-based view does away with the content/process split which has constituted substantial strategy debate for many years. The activities and processes which underpin strategy content are equivalent to those which explain strategy development or the management of change. The level of analysis is the same.

3.1.3 Strategy and Discourse

Academics within the strategic management field have begun to explore the links between two previously disparate literatures – that of strategy and discourse. Strategy discourse is directly related to strategy as social practice discussed in this chapter as 'a discourse is always embedded in social practice' (Knights and Morgan, 1991: 253).

3.1.3.1 Discursive Approaches to Organisations

In order to make sense of progressively uncertain, inconsistent and fluctuating managerial behaviour commentators have increasingly turned to the identification and analysis of the language and symbolic media employed to describe, represent, interpret and theorise what is assumed to be the facts of organisational life (Grant et al, 1998:1). Grant et al (1998) make two broad assertions, firstly it is difficult to deny the importance of discourse analysis in the study of organisations, and secondly, it is an emerging focus of interest in current management literature and thinking.

The defining of discourse is not an easy task. It encompasses a number of approaches that draw from a wide variety of disciplines: sociological, psychological, anthropological, linguistic, philosophical approaches, which has given it credibility and status (Fairclough, 1995; Potter and Wetherall, 1987; Silverman, 1993; van Dijk, 1997). Such 'variegated disciplinary roots suggest that discourse analysis is "all things to all people" (Grant et al, 1999: 2). Further criticism has remarked that discourse is 'an area in which terminological confusions abound' (Potter and Wetherall, 1987: 6) and van Dijk (1997) notes that the growing presence of the term discourse in the humanities, social sciences and mass media makes it a rather 'fuzzy' notion.

Hardy et al (2000) note that despite divergent and sometimes conflicting approaches, it is clear that research on organisational discourse is associated with the study of texts and their use in particular settings. What constitutes text is often the focus of debate. A strict view confines definitions to spoken dialogue. More conventionally it refers to the combination of both spoken and written text. A commonly accepted definition is that of Potter and Wetherall (1987: 7): 'all forms of spoken interaction, formal and informal, and written texts of all kinds'.

The more influential approaches to discourse analysis, and those of importance to this study, are those which situate discourse within a social context (Fairclough, 1992, 1995: van Dijk, 1997). Discourse is defined as sets of texts – statements, practices – which bring an object into being. Hardy et al (2000: 1231) remark, that from this 'discursive analysis requires an examination of language, the production of texts and processes of communication, and the interactions between actors in organisational and institutional settings'.

3.1.3.2 Discursive Approaches to Strategy

Recent interest in discursive practice has prompted careful analysis of strategy talk, both academic and in action (Whittington, 2002: 5), encompassing the study of language, rhetoric and narrative (Hatch, 1997). A number of writers have studied the discourse of strategy (Knights and Morgan, 1991, 1995; Hardy et al, 2000; Hendry, 2000).

Knights and Morgan (1995) describe how the discourse of strategy first emerged in the particular conditions of the large managerial corporations of the post-war period, responding to the urgent need to impose internal dynamism and discipline in organisations otherwise prone to bureaucratic sclerosis. As strategy discourse diffused through new managerial corporations, it constituted managers as actors responsible for their own enterprise and initiative. 'Acting strategically became part of managerial self-identity' (Whittington, 2002: 5). Clegg et al (2004: 26) note that talk of resources, capabilities, markets, threats, futures are very much part of the *lingua franca of strategy* – such terms and the tools that accompany them, render such subjects knowable and meaningful. 'They constitute a language game that is used and reproduced by strategists'. Similarly, Knights and Morgan (1991) note that corporate strategy transforms managers and employees alike into subjects who secure their sense of purpose and reality by formulating, evaluating and conducting strategy. And so the introduction of strategic planning into a company was not merely a matter of technique, as the content and process traditions might have it, but a means of redefining what it was to be a legitimate member of the organisation.

Discursive analyses within the literature emphasise strategy as a social and, in particular, a linguistic construction (Hardy et al, 2000). Eccles and Nohria (1993: 88) consider strategy to be a particular kind of rhetoric that provides a 'common language used by people at all levels of an organisation in order to determine, justify, and give meaning to the constant stream of actions that the organisation comprises'.

Hardy et al (2000) identify two somewhat divergent approaches on the discursive aspects of strategy. The first approach comprises a theoretical body of work that draws on postmodern insights (Knights and Morgan, 1991), Giddens (1981) notion of structuration and narrative theory (Barry and Elmes, 1997). Strategic discourse is viewed as a space where language and action serve to constitute each other (Hardy et al, 2000: 1229). Discourse within this perspective can encompass many things:

> Strategic plans, mission statements, academic papers, articles in Fortune or The Economist, strategy taskforces, as well as specific *actions or practices*, such as

67

acquisitions, restructuring, or selling in overseas markets help to constitute the discourse of strategy.

(Hardy et al., 2000: 1229, emphasis added)

A discursive approach can provide a means of studying the link between strategic thinking and practice/actions by practitioners, which is central to this research project.

Hardy et al (2000) conclude that 'strategy' – like 'the environment' and 'the organisation' is a construction, reproduced by a variety of texts and practices that serves to make sense of the world. This approach argues that 'strategy discourse does not simply mirror social reality it creates it' (Hardy et al, 2000: 1229). And so the way in which strategy is talked about - as well as the way particular actions that we categorise as strategic are analysed – have political implications. In particular, within strategic discourse, some subject – senior managers, academics, business journalists – have a clear mandate to speak and act, while other actors are unheard and invisible. And so by conceptualising strategy as a discursive construct, its political implications can be explored by asking who gets to write and read the story (Barry and Elmes, 1997).

This draws attention, yet again, to the power of strategy discourse. It is an increasingly influential, costly and pervasive practice in contemporary societies (Whittington, 2002: 1). Today the term strategy is ever present in hospitals, universities, governments, as well as businesses (Whittington, 1996). The accumulation of texts and practices on the part of researchers and managers in their search for strategy produces a phenomenon from which it has become difficult to escape (Hardy et al, 1996).

The second body of research on the discursive aspects of strategy, which Hardy et al (1996) identify, has adopted a more practical emphasis. Hardy et al (2000) note the example of Eccles and Nohria (1993) who argue that strategic discourse creates and organisational reality. Within this body of work, strategy represents a form of rhetoric that makes sense of, legitimates and produces certain activities (Hardy et al, 2000: 1230). Eccles and Nohria (1993) suggest that effective use of strategic language can galvanise organisations into action and, thereby, guarantee financial success. This is achieved by providing guidelines

for action, and a means for communication. This body of work is open to criticism that it says little about how talk produces action (Hardy et al, 1998). More precisely it says little about how thinking up – or talking up – strategy translates into organisational actions. Conversely, the theoretical approach draws explicitly on the wider body of discourse theory but has largely ignored the managerial applications of a discursive approach to strategy (Hardy et al, 2000).

3.1.3.3 Strategic Decisions as Discourse

Hendry's (2000) conceptualisation of strategic decisions as discourse draws on the work of Giddens (1974) structuration theory and Harre and Gillets (1994) discourse psychology, for both, discourse is contextualized as part of social practice (Hendry, 2000: 968). The foci of the two theories are different,

- Giddens is interested primarily in specific social practices through which society is recursively produced and reproduced, and attends to discourse only because it is inseparable from these practices
- Harre and Gillet are interested primarily in the role of discourse in shaping cognition, and refer to social practices only in general as the ground through which language is constituted as meaningful.

Hendry (2000: 968) notes a common ground - the conceptualisation of strategy as social practice 'in which strategic discourse...provides the loose coupling (Orton and Weick, 1990) that mediates between cognition and action in the structuring of change processes (Spender and Grinyer, 1995).

The principle manifestation of strategic decisions is always through discourse (Hendry, 2000: 964). Decisions are elements of discourse: explicitly as statements or through reference to such statements (whether written or oral) and implicitly through statements of intent or instructions to act. The decision that matters is that which is communicated through discourse. Hendry (2000) successfully reconciles the variety of strategic decision making perspectives in the literature – rational, action and interpretative by noting their common reliance on discourse to communicate decisions.

69

It is evident that discursive approaches to strategy serve to emphasise strategy as a social and linguistic construction.

3.2 IMPLICATIONS

The conceptualisation of strategy as practice may at first seem trivial as social practices encompass everything from football to religion (Hendry, 2000: 968). However there are significant implications for the strategic management field:

Firstly, it helps to understand the wide variety of definitions of business strategy arising in the literature. Once strategy is treated as a social practice, the different 'strategies' – text or document; set of intentions; shared cognitive scheme; an analytical process etc. refereed to in definitions appear naturally as the various products of such a practice. In pursuit of their aims, strategists do all the things that feature in the traditional definitions (Hendry, 2000: 970). You can not fix the definition of strategy, because like any social practice, the practice of strategy is self-referential and self-reproducing (Giddens, 1984, cited in Hendry, 2000: 970).

Secondly, it provides a contextualisation for the variety of aspects (including strategic decision making) of the discourse through which strategic thinking is linked to action. The notion of strategising has become the cornerstone of many authors in the area of strategy as practice; Wilson and Jarzabkowski (2004) view it as the interplay between thinking and acting strategically. This interplay need not be continuous or linear. 'Oscillation between thinking and acting may be a more accurate term for describing how strategising emerges' (Wilson and Jarzabkowski, 2004: 15). The processes of strategy (Strategising) can be seen as a mixture of action (animation) and direction (orientation).

Finally, it embraces both the practice of strategic management research and that of strategic management (by practitioners) and so opens the way to an exploration of the relationship between these (Hendry, 2000). The former focuses primarily upon an academic audience, theorizing about the practice of strategy, while the latter is orientated towards a practitioner

audience and so wishes to ensure the implementable validity of theory. Wilson and Jarzabkowski (2004) stress the importance of a complimentary dialogue between these two agendas, so one does not tend to over abstraction having little to say to practitioners about their practice and the other does not run the risk of overly descriptive empiricism with little generalisability beyond the particular situation.

3.3 CONCLUSION

In summation, the practice agenda takes a sociological lens to the work of the practitioner – the strategist. Debate surrounding the practice perspective concerns the extent to which it is an extension of process discipline which took the first steps in the field to move away from its basic foundations in the discipline of economics and predominantly positivistic stance. It is not a new perspective in strategy; it is reminiscent of early general management tradition which explored the everyday work of the manager. The perspective focuses on micro-activities: the procedures, tools and technologies used in strategising. These micro-strategising activities are situated within a broader societal context, constituted by influential institutions and industry practices. The discursive approach to strategy supplements the practice agenda by drawing attention to the spoken and written texts which bring strategy into being. The agenda places its emphasis on practical engagement and qualitative methods of research. Figure 3.2 serves to summarise the main tenants of the perspective covered within this chapter.

Figure 3.2 illustrates the position of micro strategy relative to existing content and process strategy traditions. It could be argued that there needs to be a boundary level of analysis, otherwise research will be diluted by a movement to smaller and smaller levels of analysis – micro-micro activities. It also raises questions about what sort of activities are informative, and why one particular level of micro analysis is more useful than another.

This also reveals methodological issues. While patterns of strategy development can be captured over time, there may be obstacles in assessing the everyday routines of the strategist and capturing strategising episodes in the real time. The onus is on the researcher

to demonstrate the link between activities and strategy outcomes. Research within the perspective is limited. Much of the academic work to date has been conceptual.

In conclusion, the practice perspective extends the process tradition, returning attention to the work of the strategist and encourages a closer engagement with strategising activities in practice. Viewing process and practice as complimentary perspectives, this research draws insight from both to formulate objectives for this thesis.

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Figure 3.2 Framework of Strategy as Practice

<u>**Macro**</u>

Organisations   **Industry**
Institutions   Competitors
Consultants   Suppliers
Media   Customers

↑ ↓

<u>**Meso**</u>

Strategic Management in Practice

Thinking and Acting come together

Practitioner -- Manager

Process	**Content**
"How organisations decide or change"	- Corporate
	- Business
- Formation	- Functional
- Implementation	

↓↑

<u>**Micro**</u>

"Strategy as Practice"	**Strategy Discourse**
"How strategy practitioners do what they do"	- Managers talk (Competitors, industry etc)
- Individual	- Strategic objectives.
- Activities	- Strategic Plans
- Social interaction	- Mission statements etc
- Link micro interacts to macro phenomenon	
- Procedure: formal/informal	
- Tools/Technologies	

Adapted from Whittington (2001; 2002) (Johnson et al, 2003)(Hendry, 2000)
(Jarzabkowski and Wilson, 2002)

73

Chapter 4 - The Irish Independent Television Production Sector

4.0 INTRODUCTION

Strategic issues faced by managers in different organisations depend on their business context. The decision was made to locate the study in a sector where the business environment would add depth to the research, the strategic approaches of companies could be compared and the findings would provide valuable insight to strategy research and practicing managers. Consequently, this chapter examines the Irish independent television sector and the issues faced by the organisations operating within it. As producers of cultural products, characterised by their non-utilitarian nature, these companies are faced with distinct challenges in the management of their business.

In Ireland, as in much of the developed world, the mass media have become ubiquitous, pervasive and a part of our existence that is taken for granted (Tovey and Share, 2002). The mass media embrace a very broad range of institutions and activities, content and audience. Traditionally perhaps they refer to newspapers, magazines, film, radio and Television (TV). The focus of this chapter is to examine the context within which Independent Television production companies operate.

Media products, especially film and television programmes, are more than commodities for resale, generating a favourable balance of trade (Block, 2001). Whether intended or not, they carry at least some of the prevailing social, cultural and political assumptions of the country that produced it. Because of this the economic model can only be part of the assessment of the industry. The following chapter aims to examine the television production sector set within the context of the social, economic, technical and cultural values that underpin the industry.

4.1 TELEVISION PRODUCTION

It is usual to think of audiovisual products (e.g. a television programme) as having a three-stage life cycle; production, distribution and exhibition (Block, 2001). Production embodies the model of any project and has a beginning, middle, and an end. Block (2001: 304) introduces the concept of the production project cycle (PPC), with four stages of operation:

    1. Initiation – ideas, assessment and evaluation

2. Pre-production – definition and planning
3. Production – media production and post-production
4. Completion – delivery, distribution and wrap.

The production project is governed by rule of quality (q), cost (c) and time (t), as in any project. These factors have an impact at all stages of production. Time if often fixed, often by transmission or viewing date; costs are the dependant variable and are determined by the time take on the project and the quality required; quality will also be determined by how much time you have and the funds you have to spend in that time, it is also determined by the skills and creativity of the team involved in the project. A truly efficient and effective project manager keeps the project to time and controls costs, but maintains quality at its highest possible level.

A production project is an amalgamation of a management and manufacturing product: the project management involved in media production is in the main the management of human resources; the outcome, one anticipates, is a finished product of some form, viewed or used by an audience whether as mass media or as a more narrow cast presentation (Block, 2001: 313).

The media production project is high risk due to the value, or lack of value, that a media project has until it is viewed by an audience or paid for by the client. Even after completion the project is still a high-risk enterprise – unless the programme is accepted by the producer or sponsors.

4.1.1 Broadcasting in Ireland

Television arrived in Ireland on New Years Eve 1961. The development of media in Ireland has been much tied up with the emergence of the nation state and the 'identity' of that nation. Since the 1960's, television has been seen as an overarching symbol and carrier of modernity. Inglis (1998, as cited in Tovey and Share, 2002: 428) notes that television was a key instrument in modernisation: 'it brought the sophisticated, glossy image of urban life into the heartland of rural Ireland. It provided a constant reminder of what most Irish people were not'. The media, television included, have been part of the modernisation of Irish

society and culture, in particular, a shift from 'a relatively homogenous, closed, catholic culture to an open pluralist culture today' (2002: 428) based not on a single fixed identity but on a multiplicity of identities.

Radio Television Éireann (RTÉ) is the Irish Public Service broadcasting organisation. It is dually funded, a combination of TV Licence Fee and commercial revenue. RTÉ set out to 'safeguard its public service obligations and create opportunities for their growth' (Code of Fair Trading Practice).

4.1.2 Developments within the Independent Sector

Due to legislative changes arising from the Broadcasting (Amendment) Act, 1993, RTÉ set up the Independent Production Unit (IPU) and is obligated to invest in independent production and to include independently produced programmes in its TV schedules. Up until this time all home-produced drama was created in-house by RTÉ with little or no opportunity for independent Irish companies to get access to the airwaves. The establishment of the IPU has led to an explosive growth in the number of independent production companies (IPC's) operating in this country.

The IPU was established with the following aim: 'to enhance the service to viewers by expanding the range and diversity of Irish-made programmes on our screens and to foster new sources of creativity and energy within the independent television production sector' (IPU Online). There has been significant development and innovation among the growing number of Irish Independent Film & Television companies since the IPU's inception (Hyland, 2003). RTÉ is the major domestic market of IPC's. This places a great deal of pressure on RTÉ to operate effectively, honouring its statutory obligation to independent producers while also recognising IPC's as vital sources for the creative diversity in its programming schedules.

Cathal Goan, Director General of RTÉ notes the commitment to this sector during this time is evidenced in the growth in commissioned programming, from Euro 7.0 m in 1994 (producing 258 hours of commissioned programming) to Euro 32.0 m in 2002 (producing

77

701 hours of commissioned programming) (Source: IBEC, 2003: 14). He finds that the commissioning of independently produced programming by RTÉ has 'ultimately allowed for a significant growth in employment sills with the audiovisual sector in Ireland while providing the platform to encourage the creative expression of Irish Independent Producers.

A number of reasons are attributed to the development in the Irish audiovisual sector in the last decade;

- The film board has been reconstituted. Originally created in 1980 An Bord Scannán na hÉireann, the Irish Film Board was disbanded during the 1980's but the legislation underpinning it was still in place. When reconstituted it was given a budget of €1.27 million and a brief to "ensure the continuity of production and availability of Irish films to home and international audiences" (Audiovisual Federation, 2003: 11)
- RTÉ has established the Independent Production Unit.
- Section 481 has been extended. The development looks set to continue year on year. The scheme provides tax relief towards the cost of production of certain films. It was introduced to promote the Irish film industry, by encouraging investment in Irish made films which make a significant contribution to the national economy and Exchequer and / or act as an effective stimulus to the creation of an indigenous film industry in the state. The ability to raise finance from both Section 481 and the Film board are key factors for the future growth of the sector.

Screen Producers Ireland is the representative body for over 225 Irish independent film and television and animation production companies in Ireland. In 2003, Screen Producers Ireland (SPI) commissioned a report (O'Malley, 2003) to assess the contribution of the Irish film industry to the Irish economy and to identify the measures required to sustain and develop the industry into the future. The report notes that annual global revenues for film and television drama production exceed $90 billion creating significant opportunities for added-value employment, GDP contribution, impact on international trade and inward investment akin to any large industry sector. The report reiterates that the value of the

industry extends beyond its industrial value. What is produced is highly unique in its breadth of application and depth of influence.

According to a report issued by IBEC the Irish audiovisual industry was set to have its most successful year in 2003 (IBEC, 2003). The following table (4.1) shows audiovisual output at €304 million, up €131.1 from 2002.

Table 4.1 Audiovisual Output

Audiovisual Output (€ million)	2001	2002	2003
Feature film and Major TV dramas	199.6	127.7	234
Independent TV production	45.9	44.2	43
Animation	13.5	19	27
Total Overall Output	259.0	190.9	304

Source: Audiovisual Federation (AF) Annual Industry Report (IBEC, 2003: 7)

There are 16,424 people employed in the film and TV industry. In 2002, 148 productions has a combined budget of €190.9 million (See Table 4.2). Funding from Irish Sources amounted to €109.8 or 58% of total funding. The largest single source of Irish funding was Section 481 at €69 million (36% of total funding). The US was the largest sources of non-Irish funding at €58.4 million or 31% of total funding.

Table 4.2 Audiovisual Funding

	Feature Films & Major TV Dramas €m 2002	Independent TV Productions €m 2002	Animation €m 2002	Total 2002
Irish Funding *of which:*	60.3	**42.9**	6.6	109.8
Section 481	55.3	**9.5**	4.4	69.2
IFB*	3.7	**1.6**	1.3	6.5
RTE	.07	**21.2**	0.1	21.4
TG4	-	**10.1**	-	10.1
Other	1.3	**.5**	0.8	2.6
Non-Irish Funding	67.9	**0.8**	12.4	81.1
Total	**128.2**	**43.7**	**19.0**	**190.9**

Source: Audiovisual Federation (AF) Annual Industry Report (IBEC, 2003: 24)

*IFB (Irish Film Board)

Focusing on independent TV productions, table 4.2 also highlights that over 50% - €20.1 million was funded by RTÉ. One of the major characteristics of the Irish market is that there is effectively one end user in this country for television products RTÉ/TG4: 'therein lies the problem. It is not possible to sustain and grow in this industry on the revenue generated from Ireland alone. We must look outside of Ireland for expansion' (Egan, 2003). As RTÉ/TG4 is the only end user in this country a great deal of producers' focus is on how RTÉ and the sector integrate.

Independent producers' almost total dependence on RTÉ for commissions has been a source of tension for a long time. More than 400 companies applied to RTÉ for commissions last year, with nearly 900 proposals. Of these just 15 per cent, or 132

80

proposals, were accepted (O'Mahony, 2003). RTE takes the view that further consolidation should take place in the industry if it is to thrive.

Hyland (2003: 19) puts forward the current issues of importance to both RTÉ and the Independent Sector:

Issues of Importance to RTÉ
The need to
(i)   secure key suppliers
(ii)   continuously support and develop emerging talent / companies
(iii)   build on the recently agreed 'Terms of Trade' with the sector

Issues of importance to the Independent Sector
The need to
(i)   Earn Profit: the right and indeed responsibility to make a profit, sufficient to allow it to develop and grow, to have sufficient income to invest in Research and Development to attend international markets, to purchase and develop formats. Very few independents have the resources for investment in development.
(ii)   Achieving independence: through building up asset base, through ownership of ideas and the product. The view from producers is that the industry will always remain a "cottage industry" unless they have ownership and if the product will sell elsewhere. "Ownership equates to profit. Profit enables growth, growth enables you to go international and also to diversify" (Egan, 2003). Producers are adamant that legislation is needed, as was introduced in the UK, by way of rights ownership for Independent Producers. The BBC now has a new Code of Practice for commissioning programmes from independent producers (BBC Online, 2004).

4.1.3 Animation in Ireland

The following section sets out to explore the animation context in Ireland as it offers some distinct characteristics that affect the activities of animation production companies in the sector and the subsequent case studies selected for the purposes of this research.

Most of the animated content of children's television programming on television advertising in the 60's, 70's was produced by American companies (principally Disney) and home-produced animation was almost non-existent. As the global recession worsened in the early 1980's the IDA (state agency whose prime focus was to get industries with the highest job content for Ireland) sought to attract large animation companies to Ireland and met with good initial levels of success, attracting three large American companies to set up in Dublin.

- Sullivan-Bluth (later Don Bluth Entertainment). Don Bluth was formally a Disney animator and soon became the biggest rival to Walt Disney's total dominance of the market.
- Murakami Wolf Swenson (later Fred Wolf Films) and
- Emerald City

(Cullen, 2001)

Soon after it emerged that Bluth initially employed American and European animators in most of the skilled positions in the company and Irish animators were employed in functional positions, Bluth and the IDA looked to the provision of training opportunities for Irish animators. The result was a two-year animation course in Ballyfermot College of Further Education, following shortly afterwards by a course in Dun Laoighaire Institute of Art, Design and Technology.

It was reported that these three companies employed 530 staff by 1990 (Coopers and Lybrand Report, 1992, as cited in Cullen, 2001: 3). Three years later Emerald City had gone into liquidation, Don Bluth entertainment was sold on and closed and Fred Wolf films laid off two thirds of its workforce; it later closed its Irish operation. The biggest blow to the sector was the closing of the Bluth operation which resulted in 380 (over 70% of the 'big three' animation companies) jobs being lost. By 1998 employment in the Irish

82

animation sector had shrunk to 70 full-time and 30 contract/freelance employees (Cullen, 2001: 4). A variety of reasons were given for the retreat / collapse of the US companies and included: economic fallout in the wake of the Gulf War; competitive pressures; cash flow problems; the cyclical nature of the industry worldwide; and poor business strategies (Cullen, 2001). While the collapse might have been a result of any of these problems, Cullen (2001) notes that North American was the spiritual home of commercial animation and in the early '90's there was no real strategic benefit in locating a production facility in Dublin.

Ironically, the attraction of large American companies, and their subsequent withdrawal "had sown the seeds of a healthy indigenous industry" (2001: 4). When the foreign companies left what remained was a pool of skilled creatives who had worked on large commercial productions for the big three animation houses. "They had energy, experience and a drive to succeed on their own terms, but little money or business experience".

In the past decade, as attitudes to animation have changed, many shows aimed at "big kids" have been phenomenal success stories for a wider audience: King of the Hill, The PJs featuring Eddie Murphy; and Futurama, from Matt Groening, creator of perhaps the most popular TV show, The Simpsons. The Simpsons is now not only the longest-running prime-time animation series in history but the longest-running show still showing in the US (Slattery, 2001). "The cartoons-for-the-kids and live-action-for-adults distinction exists no more for either viewer or producer. With a keen and receptive market, the future definitely looks bright for the world of animation" (Lane, 2000).

In Ireland, the animation sector experienced a boom from the late 1980's to mid-1990 but now is forced to look for work outside the Republic to fulfil its potential (Lillington, 2004). The Irish sector has shown some substantial signs of development seen the withdrawal of some major operations. When the Academy Award nominations were announced at the end of 2002, two Irish films were up for nomination in the same category: Short Animated Film: 'the category was new and, for most Irish people, so was the discovery that not only

did this country have an animation industry – albeit small – but one of considerable calibre' (Lillington, 2004).

4.1.4 Challenges to Growth

IBEC (2003: 20) note that the level of growth in the audiovisual sector depends on a number of factors:

1. A film financing environment that enables production companies to continue to fund projects.

    Film and programme making is not just creative act, it is a highly competitive business. It is essential therefore that Irish production companies are able to compete at a high level, developing relationships and putting together deals with key Hollywood, UK and European decision makers. Hence the ability to raise finance from both Section 481 and the Film board are key factors for the future growth of the sector.

2. The retention and development of a deep and broad pool of skills both below the line – set builders, cameramen etc. – and above the line – actors, producers and directors.

3. An expanding domestic TV market

    'Television is a hungry beast. It devours content and as such is the prime driving force behind the development of a sound domestic market' (IBEC, 2003: 21). RTÉ, which was awarded an increase in the licence fee during 2003, has the power within the industry. It has given added commitment to use the extra income to fund home produced drama and feature films, setting itself an ambitious target that by 2005, it will have increased production of such items by 70% compared to 2000.

4. Infrastructure to support the development of the industry

In its assessment of the strengths and weaknesses of the film and television industry the Kilkenny Report (1999) notes that Ireland possesses a number of 'natural' advantages that pre-disposes it to success – factors such as its cultural tradition, creative imagination and English speaking status. Building on these natural advantages, the industry has developed a pool of talent and sector leadership supported by growing experience in film and

programme making and an increasing investment in knowledge and skills development. However the report finds this inadequate relative to future challenges. Despite recent successes, a number of weaknesses continue to characterise the Irish industry.

- The small size of the domestic market, (both the theatrical and broadcasting market) means that producers must focus on the international market at an early stage.
- The sector is still at a very early and fragile stage of development, and still largely a cottage industry.
- The project-by-project nature of much production is a significant aspect of the industry's risk profile (Kilkenny Report, 1999: 33).
- Worryingly the report identifies the serious lack of business and managerial skills. With an excessive product orientation – market intelligence, infrastructure and skills remain very underdeveloped.

While the sector has acquired a level of developed capabilities and skills it faces the challenge of expanding and building on these in a manner that brings distinctive competence to an expanded performance in the industry. It is worth drawing attention to a recent report on the independent sector in the UK, as it reflects the obstacles faced by companies as they seek to develop their business. The Research Centre for television and interactivity in the UK published a report entitled "Risky Business: Inside the Indies" (2002) which identifies five challenges of growth facing regional SME's in the UK independent television production sector.

1. **Responding to Risk:** Taking calculated risks in financing and control over the company
2. **Relationships and Reputations:** Developing strong relationships with commissioners; ensuring that development activity remains a priority
3. **Reporting Systems and Internal Structures:** Accepting that growth means change to internal company structure and communications
4. **Regionality and Reach:** Attracting and retaining staff outside London and other major production cities; maintaining a subsidiary presence in a major production city for networking and marketing purposes

5. Range and Rewards: Achieving the optimal mix of breadth and depth in genres and product types in order to spread risk.

4.1.5 Future of the Sector

As well as the growth challenges faced by production companies, a number of issues are critical to the realisation of a successfully developed sector in the future (Kilkenny Report, 1999: 56-69). Based on its strategic analysis the Kilkenny Report (1999) contemplates a future vision and strategic direction for the industry.

A. Script and Project Development

First class scripts are the critical priority of a successful and thriving film and television industry. Project development encompasses attention to genre, audience, market appraisal, legal and financial structuring and all other commercial aspects. The report cannot emphasise enough that 'production of inadequately developed films is a primary cause of poor quality productions and poor commercial performance...high quality script and project development is a critical focus for radical improvements within the industry (Kilkenny Report, 1999: 56)

B. People, Skills and Intellectual Capital

In-depth knowledge and the highest level of craft skills are necessary to harness its expression in film. Creative imagination alone is not sufficient: 'creative imagination combined with knowledge and skills constitute the intellectual capital – the "core competence" – of the industry' (1999: 57). The craft skills and techniques of filmmaking must be mastered, as well as the commercial and market skills to target audiences accurately.

C. Industrial Policy towards the Film Industry

The film and television industry pre-eminently fits the goals of Irish industrial development. It interfaces with many other key sectors (such as telecommunications, music, entertainment, broadcasting and information technology) and has benefits far beyond its own direct economic impact – both culturally and economically

D. Developing Strong Indigenous Companies

The Irish film and television production sector is still dominated by relatively small companies, most operating on a project-to-project basis. 'While these small independent

operations are necessary to both the creative and commercial ecology of the industry, they are not sufficient; and indeed an excessive degree of fragmentation can end up dissipating and diluting scare resources' (1999: 60). Stronger mid-sized companies must emerge if the industry is to sustain it growth momentum and accumulate capital for effective investment in research and development and effective marketing.

Given the nature of the opportunities and the Irish industry's stage of development the Kilkenny Report foresees a fourfold increase in turnover in the independent sector by 2010 – rising from about £123m (€156m) (1999) to over £500m (€634.86). The reports note that a critical number of companies will have strengthened commercially in terms of scale and capitalisation and management expertise. The future growth and development of the sector will see companies maturing to the point where they possess the governance structures and management capability to purse highly focuses growth strategies: these strategies will include greater market focus and professional marketing, greater ability to retain rights, build or acquire libraries and manage a wider production 'slate', including international co-productions. They forecast companies capable of effective diversification, mergers, acquisitions, strategic alliances and establishing co-operative agreements.

While recognising the merits of a number of strong companies the Kilkenny Report (1999) notes the existence of small independent producers will remain an equally desirable characteristic. Their reasoning for this is that cottage industry characteristic of sector represents and locates an important space that facilitates the initial artistic impulse and passion for film that lies at the heart of the sector.

The Review Group which compiled the Kilkenny Report (1999) believes that policy must envisage more rapid growth of independent indigenous production. This new stage of growth requires more that mere intensification of existing efforts, 'strategy must envisage fundamentally different patterns of development...this will require high quality strategic thinking' (1999: 32). In addition, the report finds that for this shift in thinking participants must expect and prepare for change -- in outlook and attitudes, in imaginative leadership, in

strategic direction and in modes of operation. This makes the location of a study on strategy particularly appropriate at this time.

The following section explores the structure and evolution of the international industry, with a particular focus on the television production sector, and the potential opportunities unfolding in that structure.

4.1.6 Producing for a Global Market

To realise their growth potential indigenous producers must think beyond the limited domestic market, in terms of global markets and how to tackle the challenges presented by each market sector. The primary geographical foci are the United States the United Kingdom and other English speaking markets such as Australia and Canada, followed by Europe. There are significant differences between the American industry and market and the industry in all other countries. The market is large, uni-lingual, and culturally more homogenous that Europe. It sustains a number of powerful 'Major' players as well as strong independent producers. These Majors are highly diversified and integrated. U.S films command some 80% of world market share in theatrical film and some 70% share in television fiction.

Some of today's television programmes are shown in countries all over the world, and one reason for this international success is the format upon which they are based. Formats have been around since the very early days of television, but they have boomed over the past ten years, and are now more ubiquitous that ever (Meckal, 2003: I). In essence, they contain the core idea of a programme, the main framework and structure and all the characteristic features that make a show what it is. Television formats have become big business, Meckal (2003: II) cites some successes: the sale of the Survivor format alone raised an estimated £20 million, while Dutch television production company Endemol is reported to have made £47 million in its last financial year – almost certainly much of which was generated from sales of its Big Brother format. In Europe the trade in formats generates an estimated annual turnover of approximately €500 million. And this is only from trading of licences, sales of produced formats are estimated to generate several times this amount.

4.1.7 Into the Digital Age

The primary driver for change is new technology, opening up new possibilities for production and distribution.

Tovey and Share (2002) cite Cunningham and Jacka (1996):

> The last ten years have seen profound changes in TV culture of many countries. Technological innovation, industrial realignments and changes in regulatory philosophy have transformed a collection of comparatively self-contained systems into one of increasingly international patterns of ownership and increasingly global flows of programming.

The citation is from the book entitled "Australian Television and International Mediascapes". While written from an Australian context Tovey and Share (2002) note that it identifies some of the key technological and industrial trends that are shaping the contemporary mass media.

Changes in digital technology are causing the convergence of hitherto separate industries. The differences between telecommunications, computers, entertainment and publishing are being progressively eroded and a new global communications industry has emerged Begg (1997).

New technology, in the form of digital transmission and digital storage, means that images may be transmitted and replicated with no loss of quality. This facilitates global distribution networks. Block (2001) notes that there are three factors that have been pivotal to the changes that have taken place in the audiovisual industry: ownership, globalisation and technology, these are set out in Figure 4.1.

Figure 4.1 The condensing media model
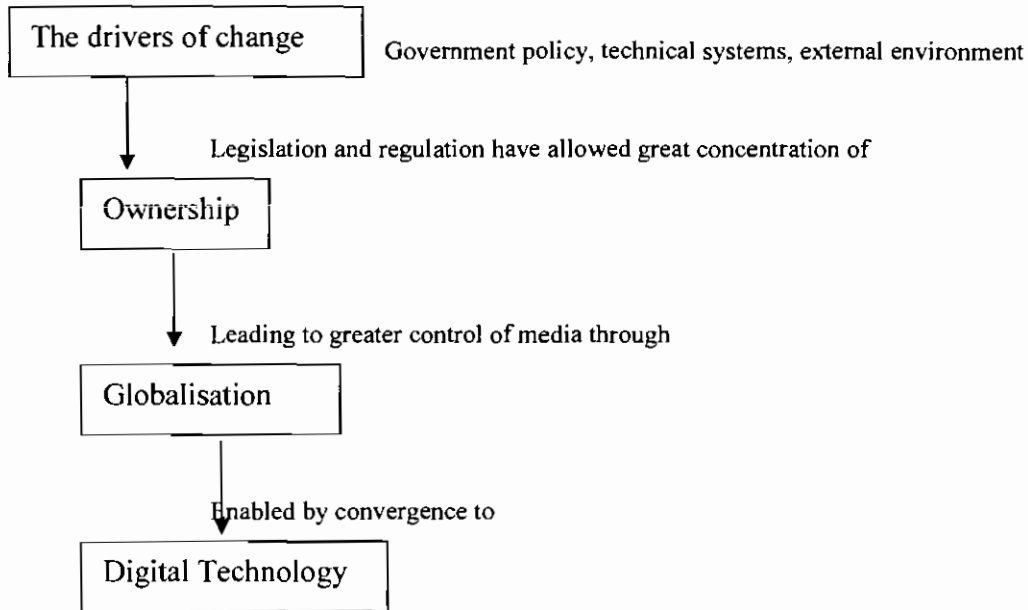
Source: Block (2001: 26)

A feature of media ownership across the world is the convergence of formally separate companies into large media conglomerate; some are also familiar global brands, for example, Sony, Disney, Viacom etc. The convergence at a business level has been facilitated by technology convergence, especially through the development of digital technologies. There is considerable debate over the effects of the changes that have taken place (Tovey and Share, 2002: 430). Critics argue that convergence may have similar effects to cultural imperialism; indeed the two processes are often seen to go hand in hand. 'Convergence is linked to the marketisation of the media industries, with the perceived reduction in the public service ethos that has typified European (and Irish) broadcasting' (Tovey and Share, 2002; 430). Conversely, it is possible to see how the processes of industrial and technology convergence can 'open up' the media. The emergence of giant conglomerates and the decline in the monopoly service organisation may provide space for the development of smaller niche players in the interstices of the mega media corporations, Tovey and Share (2002) cite the example of the huge expansion in the number of the Irish Independent Companies in TV, film and audiovisual.

90

The digitisation and miniaturisation of production technology means that people can make videos and films and even distribute them without a need for large production infrastructure like RTÉ. Partially as a consequence of such technology change but also due to financial pressures, public service broadcasters like RTÉ and TG4 are increasingly acting as facilitator and publishers of programming with their core productions facilities as news and current affairs (Tovey and Share, 2002).

4.1.7.1 The United Kingdom (UK) Market

The UK television market warrants some attention as it provides an indication of the extent of development in the market, most especially in the areas of convergence, vertical integration and cross platform business models. While the market for programmes is bigger than Ireland it still displays similar characteristics: a considerable number of "dependent" independents and a few lead players. Table 4.3 is a picture of the UK primary programming market (programming expenditure on first-run productions), 2001.

Table 4.3: U.K Market

Broadcasters	Independents
SMG[1] 2%	500 small independents 10%
Granada /Carlton[2] 21 %	50 mid-sized independents 20%
BBC 34%	Endemol 2% Chrysalis 3% TWI 3% TV Corp 3% FremantleMedia 4%

Source: Anson, A (2003) *TV Production Opportunities in Digital Media, IBEC Seminar.*

[1] Scottish Media Group

[2]: Merged in 2002

At a recent IBEC/Enterprise Ireland Seminar entitled "Television in Focus" Andy Anson of OC&C Strategy Consultants presented on the future opportunities for TV Production in Digital Media. Anson (2003, citing the following sources: Televisual, Independent Television Commission, press reports and OC&C consultant analysis) identified some of the key independent sector trends:

The sector in the UK has undergone a period of:

Consolidation

- UK broadcasters acquired companies to secure content, rights and key talent e.g Carlton acquiring Planet 24.
- Broadcasters Granada and Carlton merged in a £2.6 billion deal, in 2002, Granada owning two thirds of the combined business.
- Larger independents and other media players acquired to produce "super-independents" e.g. TV Corp acquiring MBC; Fremantle Media, is the content business production arm of the RTL Group, Europe's largest television and radio broadcast company.

Diversification across genres has helped companies retain both writer, producers and on-screen talent

- Talkback, Tiger Aspect, RDF Media and Hat Trick all moved from being Entertainment specialists to include Drama and Factual offerings.

Vertical Integration

- In-house distribution arms, e.g. RDF Media and Chrysalis
- Content archiving (original and 3rd party), e.g TWI sports archive
- Talent agencies, e.g. Tiger Aspect owner started PBJ.
- Internal **rights exploitation** is key driver of growth
- Consideration of interactive revenue streams are increasingly driving the creative process.

4.1.7.2 Strategic Evolution

Anson (2003) puts forward the following strategic evolution of the television production sector (Figure 4.2):

Figure 4.2: Strategic Evolution of Television Production Sector

Strategic evolution
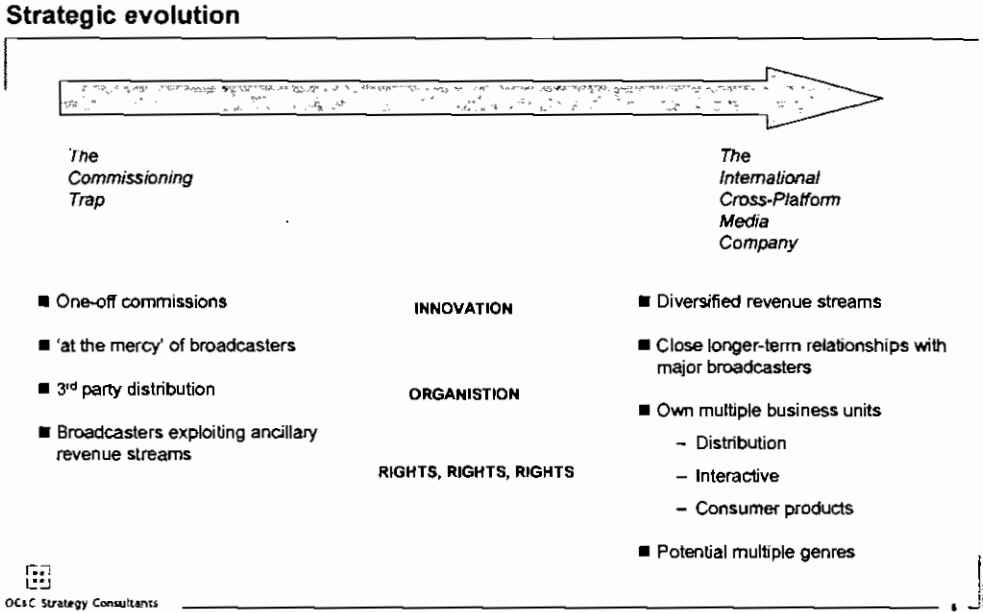
The continuum displays the extent of creative and business opportunities for digital entertainment across multiple platforms – TV, Interactive TV, Mobile, Internet and consumer goods such as CD's, videos/DVDs. The following table illustrates the revenue opportunities from these platforms:

Table 4.4: Monetising Digital Media

Online:	Interactive TV:	Mobile:
Advertising / sponsorship	Advertising/sponsorship	Text messages
	Voting	Voting
Pay to view exclusive	Quizzes	Games
Content	Gaming	Clips
	Gambling	Rich media content

(Anson, 2003)

4.2 CULTURAL GOODS AND CULTURE INDUSTRIES

To understand the issues faced by management in the television sector it is necessary to look briefly at the production and consumption of culture goods. In many ways television

93

production is highly unique: 'the product of this industry is not another widget but a piece of content that has a diverse range of applications and significant depth of influence' (O'Malley, 2003: 17). Television along with music, theatre, and visual arts belong to a category of products that has come to be known as *cultural goods*. Cultural goods are '"non-material" goods directed at a public of consumers for whom they generally serve as an aesthetic or expressive rather than clearly utilitarian function' (Hirsh, 1972: 641-2). Serving these aesthetic and expressive needs has produced a rapidly growing economic sector whole importance extends beyond sheer size (Lampel et al, 2000). Hirsh's research (1972; 2000: 356) focus on the *cultural industries*:

> the network of organisations – from creators (artists, musicians, actors, writers) and brokers (agents), through the cultural product's producers (publishers, studios), distributors (wholesalers, theatres), and media outlets.

The most distinguishing characteristic is the non-utilitarian nature of their goods. In most industries it is utility that imparts definition to product features and use. Utility allows for systematic comparison of different products allowing for stables standards of quality. Conversely, cultural goods are experiential goods (Bjorkergren, 1996, Hirsh, 1972). Firms that produce cultural commodities are primarily in the business of selling aesthetic experiences (Bjorkegren, 1996: 2). Aesthetic experience is an ephemeral commodity and this creates considerable uncertainty about the commercial reception of cultural products. Dealing with this uncertainty in the market is one of the most challenging tasks for managements in the culture business (Bjorkegren, 1996). Cultural goods derive their value from subjective experiences that often rely heavily on using symbols in order to manipulate perception and emotion. The unpredictability of such a subjective experience has led to contention over the quality standards. This ambiguity impacts on the ability of mangers to make well-informed decisions.

4.2.1 Managing in the cultural industries

Lampel et al (2000) identify that despite the significance of cultural industries they have not received much attention from management researchers. There have been very few studies that directly address the managerial and organisational issues confronting firms in these

94

industries. Research has focused its attention on the activities of industrial companies, more recently in the service sector and of knowledge intensive firms (Bjorkegren, 1996). Reasons for this neglect are rooted in how management scholars regard cultural industries: 'management practices and organisational patterns that are typically observed in these industries are frequently at odds with our established views of managing organisations' (Lampel et al, 2000: 263). The traditional long range rational approaches to strategic management are at odds with the creative emergent nature of strategy in the culture industries. 'Managers in cultural industries learn to harness knowledge and creativity in order to enhance the value of the experience that is provided by their products' (Lampel et al, 2000: 264). The issues faced by managers in the cultural industries are increasingly relevant to a broad cross section of managers across a wide range of industry contexts. Lampel et al (2000) prescribe certain lessons that can be found in the way that firms in culture navigate between opposing imperatives.

Knowledge, in particular technical knowledge, is regarded as the foundation of competitive advantage, 'but knowledge without creativity can rarely meet the challenge of continuous innovation needed to sustain advantage' (Lampel et al, 2000: 264). Tacit knowledge is also important in cultural industries, and talent, creativity, and innovation are the resources that are crucial to success (Jones and DeFillipi 1996; Miller and Shamsie 1996 as cited in Lampel et al, 2000). Much of the strategy of firms is orientated toward finding, developing, and maintaining control over these resources.

Individuals involved in film and television often live in a tenuous work context, which is also relatively unstructured, specifically in terms of the management of meaning, compared to most other sectors (Grey, 1999). Managerial practices such as professional training and apprenticeship that are useful in other industries are largely ineffective in cultural industries (Lampel, et al: 265).

Due to the nature of the product, managers in the cultural industries are confronted with two problems:
- demand patters that are highly unpredictable

On the demand side, firms try and shape consumer preferences by expending resources on new methods of distribution, marketing and promotion. However shaping cultural tastes is difficult, made even more difficult for firms in the cultural industries because tastes are part of a wider social and cultural matrix over which firms have little or no control.

- production process that are difficult to monitor and control

On the supply side, firms seek to develop new ways of uncovering and managing creative inputs.

To survive organisations must reconcile the demands of artistic production with those of the marketplace. Often they are in opposition and the strategies that evolve reflect the opposing pressures exerted at each end of the value chain. Lampel et al (2000: 265) posit that there are five polar opposites that define the field of action within which organisations in cultural industries operate:

1. Artistic Values Versus Mass Entertainment

The artistic value of products must be balanced against its entertainment value. It is through their entertainment value that cultural products like television programmes attract the audiences that can support them. Combining art and entertainment is a continuing source of tension in the industry.

2. Product Differentiation Versus Market Innovation

'Competition in cultural industries is driven by a search for novelty' (Lampel et al, 2000: 266). However, producers are faced with opposing pressures – the quest for novelty, often a recombination of existing elements and styles that differentiates their product while trying to ensure that the novelty is accessible and familiar. A tension exists between product differentiation and market innovation.

3. Demand Analysis Versus Market Construction

There is long standing debate in the cultural industries between those who see cultural goods as an expression of consumers' needs and desires and those who argue what consumers want is almost entirely shaped by the imagination and creativity of the

producers. So products become a success because they deliberately tap into pre-existing consumer preferences or because they shape tastes to suit their own production – 'in effect, they create the standards by which they are judged, and then deliver and experience which meets these standards' (Lampel, 2000: 266).

4. Vertical Integration Versus Flexible Specialisation

The coordination and scale advantages of the integration of all aspects of the value chain under a single corporate umbrella have to be balanced against their potential disadvantages. Highly integrated firms sacrifice the creative freedom of its different units for greater coordination. Firms that are capable of specialising, use a greater focus both to reduce overhead and to increase creative flexibility. Specialisation allows firms to maintain consistency with its particular role in the production and distribution of cultural goods, while leaving the rest to other organisations.

Much of the existing literature on the television and films sector has been centred on arguments around the flexible specialisation hypothesis (Grey, 1999). The audiovisual sectors both in the UK (Barnatt and Starkey, 1994) and the USA (Christopherson and Storper, 1989; Storper, 1989) have been cited as exemplars of flexible specialisation (Saundry, 1998: 151). Barnatt and Starkey characterise the relationship between producer and commissioning company in UK television as 'long-term networks of contracting relationships between independent parties'. In his critique of this thesis Saundry (1998) admits that a producer's ability to win commissions depends crucially on a mix of track record and personal contacts and to this extent contracting in television in reliant on the maintenance and operation of networks. 'However to infer that such relationships have long-term stability does not reflect the reality for most independent producers' (Saundry: 1998).

Windeler and Sydow (2001: 1036) propose that content will remain king but will become an even more critical resource for success in economic (and, perhaps, cultural) terms, highlighting that companies are faced with the challenge of producing content that has to be either entertaining or informative (or both), original, innovative, striking and, not least

importantly, to be delivered on time. Content for TV is produced in projects, under the auspices of producers, by more or less independent authors, directors, actors, cameramen, special effects experts, casting agencies, actors, script consultants, stage designers etc. Windeler and Sydow (2001) refer to such flexible project-orientated arrangements as 'project networks'. These networks enable producers to deal with the permanently changing demands of broadcasters and stations while providing the necessary social context which supports project coordination and contributes to successful completion of the projects.

Conversely, flexible specialisation does not reflect the reality of the Irish independent sector. It is extremely fragmented with a large percentage of companies employing no more than 1-3 employees (Hyland, 2003). Buyer-supplier relationships are characterised by total dependence on the sole commissioning company RTÉ. In the UK, Saundry (1998) characterise the independent sector as 'dependent independents' (1998: 156). He reports scant evidence of the balance of cooperation and competition which is claimed to characterise flexibly specialised systems. The same could be said of the Irish market, RTÉ enjoys a high degree of power as the monopolistic customer. There is often strict control of cash flow to the producer through the life of the project. In return for full funding production companies surrender the vast majority of rights revenues. Most independent companies work from commission to commission with their production fees used to fund overheads or gaps in production, allowing very little room for investment in research and development and making it extremely difficult to employ staff on a continuing basis.

The frequency of commissioning adds to the inflexibility of the independent sector. Long-term contracts extending beyond a series are a rarity, commissioners (such as RTÉ) are unlikely to recomission a series until it has been broadcast and it ratings and critical reception have been assessed, greatly reducing the lead time between productions (Saundry, 1998). Saundry (1998) found that the majority of independent production companies can rarely plan production beyond the end of any one year.

A firm working within a flexibly specialised environment is typically characterised by:
- The long term and stable nature of contracting relations

- High value-added products and
- The importance of a core, highly skilled and secure workforce.

This bears little resemblance to the vast majority of independent producers:

- The majority work from commission to commission with little continuity of production
- Few have significant assets and most employ a skeleton staff when in production with freelance workers
- Competition is intense
- Most work off tight margins, living off production fees with little room for investment in programme research and development

(Saundry, 1998: 157)

5. Individual Inspiration Versus Creative Systems

Another debate in the cultural industries concerns the true source of creative value: 'is it the individual who is the pivotal element in the value chain, or is it the system as a whole that produces the critical ingredients of successful cultural products?' (Lampel et al, 2000: 267), this has important consequences. If the individual is the pivotal element in the creation of value, then the key to success is finding and developing these individuals. Conversely, if it is the system, then less emphasis should be put on individuals and more on developing structures, processes, and cultures that produce successful cultural products. Often companies try to combine the best of both.

Lampel et al (2000) reiterate that while the characteristics of cultural products are unique they give rise to environmental conditions – in particular, high levels of ambiguity and dynamism – which are increasingly common in other industries. This is particularly important in context of this study, which explores manager's strategic responses to their environmental conditions.

4.2.1.1 Artistic – Commercial tension

Also highlighted by these polar opposites is the simultaneous artistic and commercial role of the producer. Given the series format of most television programming the producer is

99

ultimately faced with operation an economically, logistically, and theatrically successful assembly line, and so the influence on a programme stems from their entrepreneurial, as well as their ingenuity (Saen, 1995). Saen notes that 'like so much about television, the producers role combines traditionally conceived of "artistic" and "managerial" decision making into a hybrid activity in which artistic criteria and commercial calculation impinge on each other'.

The film and television production sector is a mixture of commerce and creative art. Many see this as a fatal tension; the search for audience and commercial success constantly threatens to 'dumb down' artistic standards. The Review Group which compiled the strategy document for the sector (Kilkenny Report, 1999: 50) believes that this is a false economy. A community's commercial dynamism is itself an expression of its cultural vitality and there is a necessary osmosis between them. 'Corporate business strategies are themselves works of creative imagination'.

4.2.1.2 Planning

'To be in hell is to drift, to be in heaven is to steer'

George Bernard Shaw (as cited in O'Connell, 1997: 70)

In the context of the arts/culture business, O' Connell (1997: 70) notes that without a constructive and continuous planning process and development plan, an organisation may just drift along, stagnate and die. Those that do engage in planning, formal or informal, are endeavouring to determine the future destiny of the organisation. O'Connell places an emphasis on the importance of a strategic plan: mission, objectives – that should set out what should be achieved and how organisation's activities will be managed so as to achieve the chosen objectives. O'Connell (1997) believes the benefits are a greater sense of focus and a clearer understanding of where the organisation is headed.

On the contrary, Bjorkegren (1996: 43) states that due to the high level of uncertainty faced by arts-producing organisations the business strategies tend to be 'emergent' rather than deliberate, an outcome of interaction with the environment rather than the result of

internally generated business plans. As reviewed in chapter two, deliberate business strategies are often only realised in a reasonably stable and predictable environment (Mintzberg and Waters, 1985). Many of the contributions to the literature on strategy, such as the work of the planning and design school assume a rational control over a company's internal and external affairs. In such a situation, it is further assumed management is able to formulate strategic plans which can be implemented in a predicable future. However, Bjorkegren (1996: 167) notes that it is important for businesses in this context to learn from their interaction with the environment; 'otherwise the risk is great that strategy-as-realised will diverge in an undesirable way from the strategy-as-intended'. These divergent opinions illustrate the need to investigate which approach to strategy is applied by practicing managers in the sector.

4.2.1.3 Strategic Thinking

The strategy literature advocates the need for strategic thinking which is creative and innovative and beyond the programmatic routine systems. At a time when companies want to be more creative, truly creative people do not feel they connect to them. And at a time when people in creative industries need to engage with business they are not engaging, 'which leaves people from traditional management backgrounds to run things, often to the long-term detriment of creative organisations' capacity to create' (Bilton et al, 2003).

Most interestingly, at precisely the point where many managers outside of the cultural sector were beginning to question the purpose and meaning of strategic planning, drawing on many of arguments outlined in Chapter 2, artists and cultural bureaucrats were moving in the opposite direction (Bilton et al, 2003).

Bilton et al (2003) identifies a 'them and us' mental map within the creative industries, which spans many sectors, including advertising, music, television, film, publishing and the performing arts. There is a mutual suspicion based on a polarised view of the worlds of creativity and management. 'On the one hand, creativity is wild and undisciplined; on the other hand management is linear and bureaucratic' (Bilton et al, 2003: 211). In Chapter 2 Wilson (2003) identifies the creative limitations of managers and the difficulties in

101

achieving creativity, combining both the original and the novel. From an opposing perspective, Bilton et al (2003) sets out to disband the myths of creativity and management in the creative industries.

Bilton et als' argument is that a scan of the creativity literature will reveal that structures, limits, routines and boundaries are as much part of the process as spontaneous indiscipline. The myth of genius remains a myth, but only a partial representation of the mental and organisational processes of cultural production. Similarly any thoughtful definition of management will reveal elements of creativity and imagination as well as bureaucratic control.

The myth of management propagates an image of strategy as top-down bureaucratic planning, inflexible systems and blueprints, and specialist 'expert' knowledge, disconnected from the mess of creativity below. "The mythical view of strategic management perpetuates a management style that is short-sighted, cumbersome and utterly ill suited to the particular managerial challenges of the creative industries. Dealing with intangible assets, high levels of risk and supply chain dependency, unpredictable markets and process, managers in the creative industry need to be more flexible and innovative than most" (Bilton et al, 2003: 213).

Bilton et al identify another myth of management in the cultural sector. Strategy is seen to consist only of the plan not the planning, the blueprint, not the rough drafts which preceded and follow it. The official strategy has conformed to the demands of the system in order to play the system, but the 'real' strategy is more closely aligned to the unpredictable and divergent quality of the creative process than to any strategic blueprint. 'As with any form of strategic 'decoupling' there are problems with this dual approach. It could be that arts organisations have become so accustomed to the 'de-coupled', semi-functional version of strategy that they have started to believe their own propaganda (Bilton et al, 2003: 214).

The Kilkenny Report (1999: 100) "The Strategic Development of the Irish Film and Television Industry" adopted a fivefold framework of analysis to guide discussions and put forward its recommendations for strategic action.

1. Culture
2. Industrial Policy
3. Strategic Thinking
4. Institutional Issues
5. Economic Analysis

Of particular relevance to this research is their inclusion of strategic business thinking. The report discusses contemporary strategic thinking about business development at firm level and lists several important keys to successful practice

(a) **Imaginative Resourcefulness:** 'Strategic business leadership is itself an imaginative and creative process' (Ibid, 1999: 100). The report notes that the importance of imagination is best understood by looking at the consequences of its absence: 'lack of imagination leads to mere imitation – to sameness, replication and easy reproduction'. This results, at best, in 'accomplished mediocrity' – in unoriginal products, processes and commercial practices. The idea being to distinguish oneself and originate distinctive approaches in the global industry.

(b) **Managing Paradox:** Strategic challenges often present themselves as dilemmas i.e., choices involving and over-simplistic either/or. This re-enforces some important strategy tensions reviewed in chapter 2. The report notes that contemporary thinking sees solutions based on 'creative synthesis' – involving sometimes a paradoxical embrace of what seem like opposite positions but which, in reality, are complementary and mutually sustaining.

(c) **Strategy as Learning:** 'Strategy is all about learning – the ability to learn as fast as or faster than the international industry as a whole and other rivals.

(d) **Strategy and Knowledge Management:** Firms, particularly in 'knowledge' sectors must learn how to manage commercially valuable knowledge. Structural knowledge such as intellectual property and information systems is critical. Rights are a powerful strategic asset and create the potential for constant and stable streams of cast flow, strengthen companies financially and provide resources for growth and

development. Critical thinking also places importance on the personal knowledge of key staff, the type of 'tacit' knowledge 'that inheres in the company's accumulated culture, informal processes, customer and market knowledge and networks, and the shared understanding that grows up among partners, teams and their external connections and trusted advisors' (1999: 102).

(e) **The Primacy of Perceived Quality:** 'Learning and knowledge become commercially valuable when they form a sustainable competitive advantage'. This advantage is only realised when a company incarnates it in high quality products (and services). Strategic quality reflects: the customers' experience and perception within a particular market segment and; direct comparison with rival offerings within the same genre.

(f) **Strategy as Commitment:** The framework notes that strategy development is not best judged by short-term profits alone. Superior corporate strategies require a 'difficult to reverse commitment' with the goal of building competitive assets over time that are intrinsically valuable (e.g. rights, capabilities, scale and market power in a particular segment, knowledge, talented people, physical assets, regular cash streams, etc.)(1999: 103). The report defines competitive assets as those that give business leverage in the markets that it serves. Usually, in sector development, the creation of such economic assets requires the emergence of a critical number of 'key players', strong companies with the ability to sustain profitability and growth and create economically valuable assets. The emergence of such companies is often accompanied by a clustering of supporting services and synergies within the value chain of the industry.

(g) **Leaders versus 'Challengers':** The report identifies the difficulties that 'challenger' companies face in strategic development that is fundamentally different from the established industry leaders, especially in the international market. Successful challengers as opposed to the posture of leaders, elsewhere offer a model of Irish production companies.

The Kilkenny Report foresees the need for a 'managerial revolution' that is not untypical of similar firms in other sectors at this stage of development, indicating lines of development,

'the key to a proper strategic focus is to build economically valuable talents, assets and financial resources over time rather than just maintain a modest stream of fees or profits'. Some of these strengths are already emergent among some Irish production companies. The report seeks to strengthen these tendencies by indicating a profile of the desirable business characteristics to be acquired and given the relatively small and 'challenger status' of Irish companies, what their broad strategic focus should be and what strategic vision and skills are required. Of particular relevance to this research is the need to build or strengthen in the following characteristics:

- Strategic leadership skills and the development of management sills and structures with expertise in finance and marketing.
- A clear market focus, establishing distinctive competence in particular genre or particular outlet channels
- The capacity to establish strategic alliances and co-operative agreements with companies with complementary strengths are typical strategies pursued by companies who strive to build up commercial strength in the face of the market power of the industry leaders and distributors
- The ability to construct long – term international production and distribution relationships as a creative supplier to the world industry.

4.3 CONCLUSION

An exploration of the context provides the researcher with an understanding for the set of circumstances under which the strategy process is determined. This chapter provided a detailed account of the industry under investigation – the Irish independent television production sector. Locating the study in a culture industry such as this provides an interesting environmental dynamic which adds depth to the research. Companies are faced with distinct challenges in the management of their business. The sector is extremely fragmented with a large percentage of companies employing no more than 1-3 employees. Buyer-supplier relationships are characterised by total dependence on the sole commissioning company RTÉ. There is a reported lack of business and managerial skills. The independent production sector in the UK gives an indication of the possibilities for

strategic evolution. The literature on cultural goods and managing in the culture industries illuminates challenges for strategic management in the context of the industry.

A study of this strategy is particularly pertinent in this context given the need for required change. The industry believes that policy must envisage more rapid growth of independent indigenous production. This new stage of growth requires fundamentally different patterns of development and high quality strategic thinking. For this shift in thinking participants must expect and prepare for change – in outlook and attitudes, in imaginative leadership, in strategic direction and in modes of operation.

Given the environmental conditions, it will be interesting to observe the extent to which management's approach to strategy reflects the creative and emergent dynamic of the industry. Furthermore, a review of the literature reveals limited management research in this context ensuring novel insight and valuable findings for industry and academia.

Chapter 5 - Research Methodology

5.0 INTRODUCTION

This chapter outlines the methodology employed in order to fulfil the author's objectives. Working within the interpretive paradigm a qualitative case study strategy of inquiry is adopted. Justification for choices of research philosophy, approach, design and methods in relation to the objectives to assure to reader of their viability in terms of the current study are set out. The analytical procedure followed will also be explained to allow for a greater understanding in terms of the case study procedure and findings that emerge.

5.1 PROBLEM DEFINITION

In identifying a research problem, the researcher must first consider the literature and identify any gaps that appear to exist. Once these gaps have been highlighted, it becomes easier to conceptualise our research problem and anticipate activities, information requirements, data sources and any likely errors (Domegan and Fleming, 1999).

The literature reveals a transition in strategy research from normative models of strategy making. The process school of strategy has moved away from industrial economics, the basic foundations of the discipline and from predominantly positivistic epistemologies rather it is interested in delineating and describing implementation and emergent strategy processes, than planned strategic decisions (Wilson and Jarzabkowski, 2004). This has opened up the 'black box' of the organisation and revealed the managerial, cultural, political and environmental influences on strategy process and change.

Historical perspectives have identified periods of evolution, crisis and revolution in strategy development. This preoccupation with strategy presence also illuminates cases of strategy absence. The emerging practice perspective extends the process tradition, critiquing the positivistic paradigm as it reveals little about what it is to be a strategist or indeed the work of strategy (McKiernan and Carter, 2004). Academics within the strategy field are arguing that all the constituents of the strategy debate warrant a more micro level of explanation and therefore analysis (Johnson et al, 2003). There is a growing emphasis on the detailed processes and practices which constitute strategic activity and a lack of research detailing strategising work. Therefore, arguing for a closer engagement with practice and managers.

The focus of strategy process research is on action and context. The context review reveals that a number of weaknesses characterise the independent production sector: It is highly fragmented and in a fragile stage of development. Reports have identified a serious lack of business and management skills. Growth within this sector requires high quality strategic thinking and must envisage fundamentally different patterns of development. Additionally, little research exists in the area of management practice in the culture industries, of which the television sector is a part. Research conducted in the practices of Irish companies in this sector has been minimal, with the exception of the number of industry strategy documents and undergraduate dissertations. Little is known in any great depth of how companies in the sector are developing strategies and planning within the complexity of the context.

An additional activity which may be required, to help conceptualise this problem and objectives, is to meet and discuss the topic with knowledgeable people in the area, which proves immensely valuable in clarifying the research problem and formulating clear research objectives (Dixon, 2003). Meetings were held with a number of key informants (See interview protocol in Appendix A). These exploratory interviews proved invaluable, as they allowed the author to gain an understanding of the context in which businesses were operating; the degree of competition; the drivers of growth; management skills and strategising activities (See an informant interview transcript in Appendix B). The informants were:

Mr. Michael Hyland, Independent Productions Unit, RTÉ.
A Representative* from the Digital Media Sector, Enterprise Ireland.
A Representative* from the Digital Media Strategic Business Group, IDA.
*Name withheld for Policy reasons.

These discussions aided the author in gaining a clearer insight into current position of businesses in the sector, helped to finalise the research objectives required of the study and facilitated the selection of case studies which will be explored later in Section 5.5.1.2.

In summation, reviews of the literature and context supplemented by informant interviews offered the author a clear direction for the research problem and subsequent objectives.

Research Problem: How and by what means do organisations in the television production sector strategise?

The overall objective of this study is to examine the strategising practices of firms. The practice of strategy may be viewed as:

- The medium by which actors enact strategy within an organisational context and
- The outcome or realised strategic actions arising from this process of interaction

(Jarzabkowski and Wilson, 2002: 358)

A study of this kind is warranted as a valuable contribution, recent work in the field has recognised the need to understand how everyday behaviour in organisations creates strategy choices and consequences (Johnson et al, 2003).

5.1.1 Research Objectives

There are three research objectives which form the basis of this research

Objective 1: To examine the characteristics of companies operating in the sector

(a) How have companies developed;

(b) What are current activities, areas of business and markets served

This objective serves to orientate the reader regarding the characteristics of the companies participating and set the scene for the analysis of strategy.

Objective 2: To examine the role of strategic management processes and activities

(a) How has strategising developed?

This objective considers the strategy formation of the companies and the managerial, cultural, political and environment influences on this process (Mintzberg et, al, 1998; Pettigrew et al, 2002). It also considers the periods of absence (Inkpen and Choudhury, 1995), evolution, crisis and revolution (Greiner, 1998).

(b) Who is involved in strategising? What is their role in strategy making processes? Are there outside influences/support/consultants?

This draws from the strategy as practice perspective and seeks to understand the individuals involved in strategy and their role in the process. There is a growing emphasis on the detailed processes and practices which constitute strategic activity and a lack of research detailing strategising work. Therefore, arguing for a closer engagement with practice and managers. The research agenda focuses on the individuals at the heart of strategy and seeks to gain an understanding of what it is that strategists do (Clegg et al, 2004). Outside support, such as consultants and board members, often play a crucial role in supplementing the work of the manager (Robinson, 1982).

(c) Do practitioners draw on tools, technologies, routines and procedures in order to act strategically and generate strategy?

The work of the process school has highlighted that in practice strategies often simply emerge, as opposed to being deliberately formulated and implemented. Whittington (2004) argues that it is a mistake to conclude that formal strategy does not really matter. From a management viewpoint, formal strategy activities are something that many actors participate in. Therefore this objective examines the role of formal strategy making in the process and the use of strategy tools and routines to generate strategy.

(d) How do practitioners talk about it – in formal or informal way?

Drawing on the discursive approaches to strategy, this sub-objective focuses on the talk and text of strategy and its role. Strategy often serves as a particular kind of rhetoric that provides a 'common language used by people at all levels of an organisation in order to determine, justify, and give meaning to the constant stream of actions that the organisation comprises' (Eccles and Nohria, 1993: 88).

Objective 3: To explore manager interpretations of the operating environment: what works and doesn't work in terms of context.

(a) What are the key environmental challenges faced by companies?

The process school of research and consequently the strategy as practice literature has emphasised the influences of context on strategy formation (for example Pettigrew 1992). This seeks to understand what managers deem as appropriate practice within their operating environment.

5.2 RESEARCH PHILOSOPHY AND RESEARCH APPROACH

A decision must first be made on the research philosophy and approach. These choices help to make a more informed decision on the design of the research – what type of data is gathered, from where and how it is interpreted to answer the research questions.

There are many ways of seeking knowledge about organisations and managers. As individual researchers, we must choose the processes through which we gain knowledge. This involves careful consideration of the main philosophical choices underlying management research (Easterby-Smith et al, 1991). Easterby-Smith et al (1991) note that an understanding of philosophical issues is very useful for three reasons:

- To clarify the research design: this is more than simply the methods by which data is collected and analysed. Rather it is the overall configuration of the research: what kind of evidence is gathered from where and how such evidence is interpreted in order to provide good answers to the basic research question.
- It helps the researcher to recognise which designs will work and which will not. It provides a good indication of the limitations of particular approaches.
- It helps to identify and even create designs that may be outside of his or her past experience.

There is a long standing debate in the social sciences about the most appropriate philosophical position from which research methods should be derived. Hudson and Ozanne (1988) posit that there are two predominant approaches to gaining knowledge in

the social sciences: positivism and interpretivism (which they note has other labels, naturalistic; qualitative and humanistic). Many different variants are associated with interpretivism. Easterby-Smith et al, (1991) and Saunders et al (2000) label the distinction between positivism and phenomenology, while Gummesson (2000: 176) chose hermeneutics as an alternative to positivistic research. Each of these positions, whatever the label, has been elevated as extreme positions lying at either ends of the research continuum. Both of these research approaches include theories and methods based on different goals and underlying philosophical assumptions. These assumptions include beliefs about the nature of reality, of social beings, and of what constitutes knowledge. Consequently, the assumptions translate into different research processes, methodology and evaluative criteria.

The following table summarises the ontological, axiological and epistemological assumptions of both approaches.

Table 5.1: A Summary of the Positivist and Interpretive Approaches

Assumptions	Positivist	Interpretive
Ontological		
Nature of Reality	Objective, tangible,	Socially constructed
	Single	Multiple
	Fragmentable	Holistic
	Divisible	Contextual
Nature of Social Beings	Deterministic	Voluntaristic
	Reactive	Proactive
Axiological		
Overriding goal	"Explanation" via subsumption under general laws prediction	"understanding" based on Verstehen
Epistemological		
Knowledge generated	Nomothetic	Idiographic
	Time-free	Time-bound
	Context-Independent	Context-dependent
View of causality	Real causes exist	Multiple; simultaneous Shaping
Research relationship	Dualism; seperation	Interactive; Cooperative
	Privalaged point of observataion	No privalaged point of observation

Source: Hudson, L A and Ozanne J L (1988: 509) 'Alternative Ways of Seeking Knowledge in Consumer Research' Journal of Consumer Research, Vol 14, March.

Positivism is

> premised on the axioms that assume a single, tangible reality consisting of discrete elements; the division of discrete elements into causes and effects; independence between researcher and phenomenon; the possibility and desirability of developing statements of truth that are both generalisable across time and context and predictive in nature; and the possibility and desirability of value-free, objective knowledge discovery.

> (Hirshman, 1986 as cited in Donnellan, 1995: 81)

Positivists view reality as divisible and fragmentable, meaning precise accurate measurements and observations of this world are possible (Hudson and Ozanne, 1988). The social world exists externally and its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith et al, 1991).

An opposing standpoint has arisen during the last half century, largely in reaction to the application of positivism to the social sciences. This stems from the view that the world and 'reality' are not objective and exterior, but that they are socially constructed and given meaning by people (Husserl, 1946, as cited in Easterby-Smith et al, 1991, 24).

Gummesson (2000: 177) notes that 'hermeneutics represents a reaction against the awkward rigidities positivism in relation to certain types of problems in the social field'. Whereas positivist approaches seek to explain causal relationships by means of objective "facts" and statistical analysis, hermeneutics uses a personal interpretative process to "understand reality". Interpretivists believe that reality is socially constructed; multiple realities exist because of different individual and group perspectives (Hudson and Ozanne, 1988). The task then of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience (Easterby-Smith et al, 1991).

Easterby-Smith et al (1991) use the term paradigm to refer to these polarised philosophical standpoints. They note that this term has come into vogue among social scientists, particularly through the work of Thomas Kuhn. Kuhn (1962) used the firm to describe the progress of scientific discoveries in practice, rather than how they were subsequently reconstructed within textbooks and journals. Easterby-Smith et al (1991: 24) write that 'the combination of new theories and questions is referred to as a new paradigm'. The term paradigm however, has been used in many different ways over the years. Morgan (1979)

distinguished between three levels of use: the philosophical level, which reflects basic beliefs about the world; the social level, which provides guidelines about how the researcher should conduct his or her endeavour; and the technical level, which involves specifying the methods and techniques, which should ideally be adopted in conducting research.

Easterby-Smith et al. (1991: 27) summarise the main differences between the positivist and the phenomenological viewpoints (See Table 5.2). They note that the two positions are the 'pure' versions of each paradigm, and when it comes to research methods and techniques used by researchers the distinction between the two are in no way as clear cut as suggested.

Table 5.2: Key Features of positivist and phenomenological paradigms

	Positivist Paradigm	Phenomenological Paradigm
Basic Beliefs:	The world is external and objective Observer is independent Science is value-free	The world is socially constructed and subjective Observer is part of what is observed Science is driven by human interests
Researcher should:	Focus on facts Look for causality and fundamental laws Reduce phenomenon to simplest elements Formulate hypotheses and then test them	Focus on meanings Try to understand what is happening Look at the totality of each situation Develop ideas through induction from data
Preferred methods include:	Operationalising concepts so that they can be measured Taking large samples	Using multiple methods to establish different views of phenomena Small samples investigated in depth over time

Source: Easterby-Smith, M, Thorpe, R and Lowe, A (1991) *Management Research An Introduction*, Sage, London.

When designing the research project the question arises as to whether your study should use a deductive approach or inductive approach, where you would collect data and develop theory as a result of your data analysis.

A deductive approach involves the development of a theory that is subjected to a rigorous test. It involves deducting hypothesis (a testable proposition about the relationship between two or more events or concepts) from theory and testing hypothesis. There is the search to explain causal relationship between variables and to be able to generalise the data using large sample sizes. The deductive approach owes itself more to the positivism and the inductive approach to phenomenology (Saunders et al. 2000).

Conversely, an inductive approach builds theory rather than tests it. It was developed as social scientists grew wary of the deductive approach. It highlights the value of gaining an understanding of the way in which humans interpret their social worlds. Research within the inductive approach is particularly concerned with the context in which such events were taking place. Therefore the study of a small sample of subjects may be more appropriate than a large number as with the deductive approach. Researchers within this tradition are more likely to work with qualitative data and to use a variety of methods to collect this data in order to establish different views of phenomena (Easterby-Smith et al. 1991).

After considering the ontological, axiological and epistemological assumptions of both approaches, the author has chosen to take an interpretivist approach to the research which lends itself to induction. This approach is supported by similar approaches taken in the literature, towards understanding the process and practice of strategising by managers. This non-positive perspective draws on a qualitative as opposed to quantitative approach, drawing on the case-study tradition of the process school and the ethnographic and qualitative stance of the practice perspective as opposed to the traditional quantitative tradition of the content school.

The objectives of this research are exploratory in nature, the primary reason for this research is to gain *an* understanding of behaviour, not to predict it (a predominantly

117

positive stance). Understanding is viewed as a process, which is never-ending. One never achieves *the* understanding; one achieves *an* understanding (Denzin, 1984, as cited in Hudson and Ozanne, 1988: 510). A prerequisite for doing research and seeking understanding is Verstehen, a goal that separated the social sciences from the physical sciences, defined by Wax (1967, as cited in Hudson and Ozanne, 1988) as grasping the shared meanings within a culture of language, context, roles, ritual, gestures, arts and so on.

In summation, this research takes the view that the world is socially constructed rather than objectively determined; the objective is not to seek causality between variables or to test hypothesis but to try to understand what is happening in the context, looking at the totality of each case. It is important to note that no one approach is 'better' than the other. They are 'better' at doing different things. Which is 'better' depends on the research questions you seek to answer (Saunders et al, 2000). The interpretivist philosophy has been chosen as it reflects the research question and objectives of this study.

5.3 RESEARCH STRATEGY

The research strategy chosen is the plan of answering the research questions (Saunders et al, 2000). It contains clear objectives derived from the research questions, it specifies the sources from which the author collects data and consider the constraints of the study (e.g. access to data, time, location, money and ethical issues). Similar to the research design, the choice of strategy is dependent on the research questions and objectives.

Creswell (2003) classifies the alternative strategies of inquiry according to quantitative, qualitative and mixed method approaches. Following from this, the choice of quantitative, qualitative or mixed approach will be discussed and the chosen strategy developed.

5.3.1 Quantitative versus Qualitative Approaches

This research, a study of the practice of strategy in organisations, offers a number of possibilities for research strategies and methods. As was discussed earlier, Process and Practice approaches to strategy research draw on qualitative approaches – such as case study and ethnographic study (Whittington, 2002). Quantitative research is commonly

associated with the positivist tradition. Qualitative research is concerned with the humanist/interpretivist tradition (Gabriel, 1991; Donnellan, 1995). Working within the interpretive paradigm and drawing on strategy process and practice traditions the author has chosen to take a qualitative approach.

Donnellan (1995) notes the difficulty in defining qualitative methods; which include case studies, projective techniques, participant or unobtrusive observations, focus group interviewing and in-depth interviewing. Both Donnellan (1995: 83) and Easterby-Smith et al (1991) cite the definition of Van Maanen (1983) which will be employed for this study:

> "An umbrella term covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world".

A qualitative approach has been employed for a number of reasons. Human behaviour (i.e. managerial behaviour) cannot be understood without reference to the meanings and purposes attached by human actors to their activities. Guba and Lincoln (1994: 106) assert that qualitative data can provide rich insight into human behaviour. Indeed, Marshall and Rossman (1999: 57) maintain that we cannot understand human actions without understanding the meaning that participants attribute to those actions – their thoughts, feelings, beliefs, values. The researcher gains an understanding from a deeper perspective through face-to-face interaction.

Quantitative methods place a heavy emphasis on measurement of results. A fully structured and formal method of research may not yield the desired depth and insight required for the purposes of this study. A qualitative approach allows an understanding of how people make sense of their lives, experiences and their structures of the world (Creswell, 2003). The author sees this as an invaluable part of the study.

The author deemed a qualitative strategy the most appropriate in light of the objectives which orientate towards a closer engagement with the practicing manager and their operating environment. It is in the nature of qualitative research to develop explanations rather predictions of the subject, through eliciting data which consists of detailed descriptions of events, situations and interactions between people and things (Das, 1983; Fineman and Mangham, 1983; Kydd and Oppenheim, 1990, as cited in Donnellan, 1995: 83). Qualitative inquiry is also highly appropriate for studying process (i.e look at the strategy process: how something happens rather than or in addition to examining outcomes) (Patton, 2002:158).

1. depicted process required detailed descriptions of how people engage with each other,
2. the experience of process typically varies for different people so their experiences need to be captured in their own words.
3. process in fluid and dynamic so it can't be fairly summarised on a single rating scale at one point in time, and
4. participants' perceptions are a key process consideration.

By describing and understanding the details and dynamics of the strategy process and practice, it is possible to isolate critical elements that have contributed to program successes and failures.

Qualitative research is characterised by a number of factors, which distinguish it from quantitative research. The research process – from problem formulation to analysis – is generally not easily separated (Sykes, 1991). It is seen as on-going and cyclical at times (Gummesson, 1991). Sykes (1991: 4) describes the research as a 'series of iterations with modifications of understanding occurring throughout the interviewing stage as well as during the formal analysis and writing up stages'. The role of the researcher and the subjective view of the respondent are critical throughout the stages (Flick, 2002). Characteristics of this research include small numbers of samples, due to the dense data that tends to be generated; samples are usually described as purposive (Sykes, 1991).

5.3.1.1 Validity and Reliability

Qualitative research is not without its criticisms and debate, most notably concerning the issues of validity and reliability of this methodology. One concern is the validity of inference made from qualitative research. This argument is usually raised due to the small sample sizes and purposive selection and the induction approach adopted (Sykes, 1991). Kirk and Miller (1986, as cited in Sykes, 1991) assert that there is nothing inherent in qualitative research to tie it to inductivism. They note that all research can be to some degree hypothesis-testing and has the potential to modify a theory directly. Business research reveals situations that are complex and unique - a function of a particular set of circumstances and individuals (Saunders et al. 2000: 86). This then raises questions about the generalisability of qualitative research that aims to capture the rich complexity of social situations. The author understands that large-scale inferences cannot be made from studies using small samples. However some would argue that generalisability is not of crucial importance. Griggs (1987, as cited in Sykes, 1991) argues that large samples are not necessary to guarantee generalisability and draws attention to the small sample methods of much academic psychology.

Sykes (1991) recognises the difficulty in trying to justify qualitative research in ways that are inappropriate to the method. Quinn Patton (1986, as cited in Sykes, 1991: 7) put forward the phrase 'reasonable extrapolation' to refer to the qualitative version of inference. He suggests that one goes beyond the narrow confines of the data to think about other applications of the findings. 'Extrapolations are modest speculations on the likely applicability of findings to other situations under similar, but not identical situations. Extrapolations are logical, thoughtful and problem-orientated rather than purely empirical, statistical and probabilistic' (Quinn Patton, 1986, as cited in Sykes, 1991: 7). Sykes (1991) maintains that careful sample design and scrupulous attention to the other details of the research process, contributes to the confidence with which extrapolations can be made.

Tied up with the issue of validity is the question of reliability of the data. According to Quinn Patton (1986, as cited in Sykes, 1991: 8) 'Validity focuses on the meaning and

meaningfulness of data; reliability focuses on the consistency of results'. It is the characteristics of qualitative research – its flexibility and absence of rigid experimental control – that throw doubt on the reliability of the findings (Sykes, 1991).

Reliability in the qualitative context concerns the intimate involvement of the researcher in the entire process, introducing a high degree of bias, as information is interpreted according to the interviewer's own views of reality. However, once this has been acknowledged certain measures can be taken. Oppenheim (1992, as cited in Keating, 2001) advises that the researcher distance him/herself from his/her personal beliefs, keeps facial and bodily expressions neutral and finally, maintains a mild and neutral tone. De Ruyter and Scholl (1998) maintain that by operating in a systematic way in the interview or focus group the reliability of this research can be warranted. Also, Sykes (1991) notes that in trying to overcome problems of reliability, one must ensure that the entire process of the research is made 'transparent' to readers of the research ensuring that you can communicate to the reader the logic of the process of discovery.

5.4 STRATEGY OF INQUIRY

Saunders et al (2000) put forward a number of strategies for consideration (stressing that they are not mutually exclusive)

- Experiment;
- Survey;
- Case study
- Grounded theory
- Ethnography
- Action research
- Cross-sectional and longitudinal studies
- Exploratory, descriptive and explanatory studies.

The experiment and survey are believed to be inappropriate for this study. These strategies are more positivistic in orientation (Saunders et al, 2000). Grounded theory is 'theory building' through a combination of induction and deduction. However, data collection

starts without the formation of an initial theoretical framework and so does not prove right for this study. Action Research is adopted when the researcher is part of the organisation within which the research and change process are taking place (Zuber-Skerritt, 1996). Ethnography is firmly rooted in the inductive approach and has roots in the field of anthropology. The ethnographer participates, either overtly or covertly, in people's daily lives for an extended period of time, listening, watching what is said, and collecting whatever data is available to throw light on the issues that are the focus of the research (Hammersley and Atkinson, 1995). Case studies explore in depth a program, an event, an activity, a process, or one or more individuals. The research collects detailed information using a variety of data collection procedures (Stake, 1995). The advantage of taking a case study approach is the opportunity for a holistic view of the process (Gummesson, 2000)

Following the careful consideration of research strategies, and this studies objectives a case study strategy has been adopted using a qualitative approach. Case-based qualitative research has shown itself to be both flexible and inventive in the study of strategy and other processes of interest to business researchers (Leavy, 1994: 105).

> It offers great potential to students of Irish business, where the scope for large scale extensive cross-sectional research designs is often limited by the relatively small pool of Irish business organisations of any reasonable size and complexity.

Similar methodologies have been adopted in strategy process and practice research. Regnér et al's (2003) study of strategy creation at a micro level is based on an embedded longitudinal case-study methodology. Their justification of design was based on a number of factors – the paradigmatic status of research concerning managerial activities in strategy creation and the sensitivity of the subject of study. They collected information concerning strategy activities, the creation of strategies and the ways in which managers inform themselves about and interpret them. However, this turned out to be a sensitive matter which ruled out a survey-based method (Regnér et al, 2003: 60). Jarzabkowski and Wilson (2002) successfully combine two broad theoretical lenses – strategy as practice and strategy as process and adopt an in-depth case study of how Top Management Teams (TMT) puts strategy into practice in a UK university. Multiple sources were adopted and designed purposively to counteract the potential bias resulting from relying on a single data source.

123

Triangulation assists in constructing a more complete and accurate picture of practices through converging sources of evidence (Jarzabkowski and Wilson, 2002). It is the use of multiple sources of evidence in the case study is regarded as a strength which other research methods do not have (Yin, 1989).

5.4.1 Case Study

Eisenhardt (1989: 534) defines the case study as: 'a research strategy which focuses on understanding the dynamics present within single settings'. Company cases are essentially stories, and stories are ways of conveying understanding, creating meaning, and justifying action (Kaplan, 2003). Stories also serve as method of organisating information and are central to learning because they transmit knowledge in a way that can be absorbed by others, particularly in the case of tacit knowledge. (Kaplan, 2003: 411). It is not the objective of this study to put forward cases of "best practice". Strategic practices are best understood as situated action (Lave and Wenger, 1991, as cited in Kaplan, 2003). Removing the practices from the context, or looking at a practice at a particular point in time, especially at the point when it has achieved high levels of fluency (and is therefore a "best" practice) risks not capturing the learning and change effort that it took to get the organisation to that level of performance. Taking into consideration the context of this study, company stories help capture complexities of systems including nonlinearity, indeterminacy, unpredictability and emergence (Bruner, 1986; Tsoukas and Hatch, 2001, as cited in Kaplan, 2003: 411).

As is evident from the previous chapter, a considerable amount of material has been written which considers the strategic development of the sector and the unpredictability of the environment. However, little is known in any specific detail of how individual companies are developing strategies and strategically planning within the complexity of the context. This is the central objective of this research. The depth required will be achieved using case studies.

Perry (2001: 303) puts forward a structured approach to case study research that, in his opinion, meets rigorous academic standards. Perry (2001) adopts the term "case research"

124

to ensure that readers distinguish it from descriptive "case studies". 'Case research is explanatory, theory building research which incorporates and explains ideas from outside the situation of the cases' (Perry, 2001: 306) – 'we will have a research question, a puzzlement, a need for a general understanding and feel that we may get insight into the question by studying a particular case' (Stake, 1995: 3). In more detail, case research is an empirical enquiry that is especially appropriate for these practical business situations (based on Yin, 1994: 23, as cited in Perry, 2001: 306)

- a contemporary phenomenon within its, dynamically changing, real-life context; where

- the boundaries between the phenomenon and its context are not clear cut; and

- multiple sources of evidence are used (for example, interviews and documents).

With regards level of prior theory used, there is debate about how much theory-building or *induction* compared to theory-testing or *deduction* should occur in case study research. Perry (2001: 309) proposes a continuum of research with three stages based on the level of prior theory used in data collection from pure induction through to pure deduction:

Stage 1: exploratory interviews;

Stage 2: theory confirmation/disconfirmation = case research; and

Stage 3: theory-testing, e.g. a survey.

Stage 1 closely represents Eisenhardt's (1989) position (Perry, 2001: 208); a flexible process that has inductive features, the research problem may shift during the process and 'research is begun as close as possible to the inductive ideal of no theory under consideration and no hypothesis to test'. Literature is enfolded around the data while the data is being collected or after it has been collected. In contrast, Yin (2003) is closer to stage 2, theory confirming and/or disconfirming, deduction of the continuum. He puts forward a tight structure set up before interviews Theory is used to put forward hypothesis and the empirical data collected is used to test these hypothesis. Theory and previous research is used to provide 'sensitising concepts' to ensure the research stays on the right track.

Perry (2001) argues that an often-times useful form of case research is the middle road involving both induction and some very limited deduction. Perry advocates a structured approach, as championed by Yin. A flexible approach is 'not well documented in operational terms.... and is fraught with dangers', especially for postgraduate students with limited prior experience of management research (Perry, 2001). Perry's position is a blend of the exploratory and confirmatory / disconfirmatory approaches: 'pure induction without prior theory might prevent the researcher from benefiting from existing theory, just as pure deduction might prevent the development of new and useful theory' (2001: 309).

5.4.1.1 Single case versus multiple cases

The researcher must decide, prior to any data collection, on whether a single case study or multiple cases are going to be used to address the research questions. Yin (2003) puts forward five rationale for the use of a single case, where the case qualifies for one of the following: critical in testing a well formulated theory; it represents a unique or extreme case; is representative or typical case; the case is revelatory; the fifth rational is the longitudinal case.

When Yin's criteria do not apply, multiple cases are used. The evidence from multiple cases is often considered more compelling and the overall study is therefore regarded as being more robust (Herriott and Firestone, 1983, as cited in Yin, 2003: 46). The objectives of this study set out to examine the strategising practices of companies in a relatively unexplored context. The researcher believes that multiple cases would be suitable as would allow the selection a range of companies and more than one case would aid comparative analysis. This would contribute to both management research and to practice. Furthermore, the use of multiple cases in postgraduate research is supported by Perry (1998).

5.4.1.2 Sampling

Sampling involves the selection of a smaller section of a larger population and its use is a crucial step for later data analysis (Miles and Hubermann, 1994). Yin (2003) advises that multiple cases should be regarded as multiple experiments and not multiple respondents in a survey and so replication logic and not sampling logic should be used for multiple-case

studies. Representativeness is not the criteria for case selection (Stake, 1995). Every case should serve a specific purpose within the overall scope of inquiry (Yin, 2003: 47). Each case must be carefully selected so that it either (a) predicts similar results (a literal replication) or (b) predicts contrasting results but for predictable reasons (a theoretical replication). This is supported by Eisenhardt (1989) who states that the "random selection of cases is neither necessary, nor even preferable". Each individual case study consists of a "whole" study, in which convergent evidence is sought regarding the facts and conclusions for the case; each case's conclusions are then considered to be the information needing replication by other individual cases (Yin, 2003: 50).

Patton (2001) suggests that a strategy of "purposive sampling" should be used to select cases in qualitative research, allowing the researcher to gain deeper understanding of the research phenomenon. Sykes (1991) explains that by being purposive, they are non-probability samples selected in such a way as to increase the chances of covering a range of issues, phenomena and types of companies that are of interest. Perry (1998) advocates Patton's "maximum variation" logic for multiple cases. For other types of purposeful sampling such as "typical case" "critical case" or "homogeneous" are more appropriate for evaluating one programme or research that is more inductive. Maximum variation sampling should include extreme cases. As the environment never stops changing, holding up any one company as an icon is risky (Kaplan, 2003: 412). The choice was made to explore the case of a number of companies along the Strategic Evolution Continuum (as set out in the previous chapter). This allows cases to be selected that vary activities and so in strategic processes and development to be assessed. The underlying principle that is common to all is selecting 'information rich' cases, that is, cases worthy of in-depth study (Patton 2001). 'The issue of information richness is fundamental to deciding on the number of cases' (Perry, 1998: 793).

There are no precise guides to the number of cases to be included; the decision is left to the researcher (Romano 1989 as cited in Perry, 1998; 2001). Eisenhardt (1989) recommends that cases should be added until 'theoretical saturation' is reached. Similarly Patton (2001) does not provide an exact number or range of cases that could serve as guidelines for

researchers, claiming that 'there are no rules" for sample size in qualitative research. However these views ignore the real constraints of time and funding in postgraduate research and some 'authorities' on case study design have used their experience to recommend a range within which the number of cases for any research should fall (Perry, 1998: 793). Eisenhardt (1989: 545) suggests between four and ten cases, 'fewer than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing'. Consequently, there are varying views, some advocate a minimum of two and others a maximum of fifteen, due to the high costs and resources required making the study 'unwieldy' (Miles and Hubermann, 1994)

The challenge is trade-off between depth and breath (Leavy, 1994). The researcher made a shortlist of ten cases, representing a variety of organisations along the evolution continuum (chapter 4), varying in age, development and business activities within the independent television production sector. The sample was not restricted to the Dublin region. Ideal case companies were identified in the west of Ireland, Belfast and London. Those based in the UK offered the opportunity to examine companies more strategically evolved. These cases were selected from a database of production companies available from Screen Producers Ireland, Broadcast magazine (UK) and supplemented by Enterprise Ireland company material. The selection of cases was also informed by the exploratory interviews carried out with industry informants (See Appendix A and B).

With regards negotiating access, each selected organisation was contacted by letter (See Appendix C), for the attention of the managing director, with a follow-up phone call conducted with seven days of initial contact. The letter outlined the research approach; including the two stage interview process and reassured the prospective firms that the study was not concerned with sensitive information such as the company's specific business strategy or financial data. In return for participation in the study companies were insured they would receive a report on the study's outcomes. The researcher primarily established contact with the sampled firms in January 2004; four firms refused participation due to work commitments or failed on numerous occasions to respond to the request. Unfortunately this included firms located outside of the republic of Ireland; two based in

London, one in Belfast and one in Galway. Despite this, six companies agreed to participate, five located in the Dublin region and one in Galway.

5.4.1.3 Selection of Data Collection Techniques

The previous sections have identified the research objectives, approach, justification for case study as the strategy of inquiry, development of the case study design and the purposive selection of cases. The author wishes to focus on the activities involved in carrying out the research; preparation and the selection of data collection techniques from available sources of evidence.

- **Desired Skills**

'Good preparation begins with desired skills on the part of the case study investigator' (Yin, 2003: 57). The author felt it imperative to know what was required as a researcher to ensure the standards of the inquiry. Yin (2003: 59) outlines a list of commonly required skills. An investigator:

     o Should be able to *ask good questions* – and interpret the answers

'Case studies require an inquiring mind during data collection, not just before or after the activity' (2003: 59) and so the researcher must have the ability to pose and ask good questions. The desired result is the creation of a rich dialogue with the evidence. As the case study evidence is collected it must be reviewed and the researcher must continually ask him/herself why events or facts appear as they do. Your judgement may lead to the immediate need to search for additional evidence.

     o Should *be a good listener* and not be trapped by his or her own ideologies or preconceptions

Listening means receiving information through multiple modalities – for example making good observations or sensing what might be going on – not just using the aural modality. The listening skill also needs to be applied to the inspection of documentary evidence. In reviewing documents, this means reading between the lines, with any inferences corroborated with other sources of information.

     o Should be *adaptive and flexible*, so that newly encountered situations can be seen as opportunities, not threats

Very few cases end up as planned, inevitability there will be changes made – from an unexpected lead to the need to identify a new case. 'The need to balance adaptiveness with rigor – but not rigidity – cannot be overemphasized' (Yin, 2003: 61).

o Must have a *firm grasp of the issues being studied*

The key to staying on the target is to understand the purpose of the study in the first place. It is important to keep in mind the theoretical issues identified in the review of the literature (outlined again at the outset of the chapter) because analytic judgements have to be made throughout the data collection phase. Yin (2003) identifies an important element of data collection: it is not merely a matter of recording data in a mechanical fashion; you must be able to interpret the information as it is being collected.

o Must be *unbiased by preconceived notions*, including those derived from theory. Thus

The preceding conditions will be negated if a researcher seeks to use a case study only to substantiate a preconceived position. A person should be sensitive and responsive to contradictory evidence.

Adopting a case research approach requires the researcher to integrate real-world events with the needs of the data collection plan. In this sense, there is little control over the data collection environment as others might have using other strategies i.e. survey.

- **Sources of evidence**

Yin (2003: 83) posits that evidence for cases studies may come from six sources: documents, archival records, interviews, direct observation, participant-observation and physical artefacts. The advantage of a case study approach is that it uses multiple sources of evidence (evidence from two or more sources, but converging on the same set of facts or findings). Reviewing the advantages and disadvantages of the sources (Yin, 2003: 86) reveals that no single source has a complete advantage over the others. The sources are complimentary. While a study benefits from using as many sources as possible (Yin, 2003), the researcher was limited due to a number of constraints: time was limited due to the

130

nature of the research undertaken and the researcher sought to balance depth and breadth, case studies and sources of evidence. As discussed earlier, when considering various strategies of inquiry, ethnographic methods (direct observation and participant observation) of data collection are suggested in recent strategising activity research due to an ability to cover events in real-time context. This approach proved to be unobtainable due to the high levels of access required over long periods of time and participant organisations reluctance of allow a relative strange access to sensitive strategising information. This is also a reflection on the nature of the sector – predominantly small to medium sized organisation seeking transition from a dependency on the domestic market and so strategising activity is highly sensitive.

Three sources of evidence, interviews and documentation were chosen (archival records were available) and are assessed below on the bases of their strengths and weaknesses (Yin, 2003: 86) and discussed in more detail in the sections that follow.

Table 5.3: Sources of Evidence

Source of Evidence	Strengths	Weaknesses
Interviews	Targeted – focused directly on case study topic Insightful – provides perceived causal inferences	Bias due to poorly constructed questions Response bias Inaccuracies due to poor recall Reflexivity – interviewee gives what interviewer wants to hear
Documentation	Stable – can be reviewed repeatedly Unobtrusive – not created as a result of the case study Exact – contains exact names, references, and details of an event Broad coverage – long span of time, many events and settings	Retrievability – can be low Biased selectivity, if collection is incomplete Reporting bias – reflects (unknown bias of author Access may be deliberately blocked
Archival Records	(same as above for documentation) Precise and quantitative	(same as above for documentation) Accessibility due to privacy reasons

Adapted from Yin (2003: 86)

5.4.1.2.1 Interview

The interview is one of the most important sources of case study information. While pursuing a consistent line of inquiry, the stream of questions in a case study interview is likely to be fluid rather than rigid (Rubin and Rubin, 1995, as cited in Yin 2003: 89). The flexible and responsive interaction which is possible between interviewer and respondent(s) allows meanings to be probed, topics to be covered from a variety of angles and questions made clear to respondents (Sykes, 1991). Interviews can take many forms: structured; semi-structured and focused. May (1997) characterises interviews along the quantitative-qualitative dimension, varying from a formal standardised interview, such as a survey, to an unstructured qualitative depth, allowing the respondent to answer without feeling constrained by pre-formulated questions.

A semi-structured interview was adopted for a number of reasons:

- With this form, questions are usually specified, but the interviewer is free to probe beyond the answers (May, 1997).
- Qualitative information about the topic can be recorded and the interviewer can seek clarification and elaboration on the answers given.
- This format will ensure that specific topics or 'themes' will be discussed in order for the objectives to be met while also allowing room for flexibility with questioning.
- This type of interview allows people to answer more on their own terms than the standardised interview permits, but still provides a greater structure for comparability (May, 1997).
- A semi structured approach supports Perry's (2001) position - a blend of the exploratory and confirmatory / dis-confirmatory approaches - pure induction without prior theory (unstructured) might prevent the researcher from benefiting from existing theory, just as pure deduction (structured) might prevent the development of new and useful theory.

Interviews are a key source of data to the case studies, allowing her to gain in-depth insight into the strategy processes and activities of participating organisations: how strategy has developed and how management set and maintain the strategic direction of the business.

This relies in part on retrospective accounts as a means of reconstructing the past i.e. strategy development. The researcher is aware that data collection regarding the strategy processes of respondent firms might result in biased and inaccurate retrospective accounts (Huber and Power, 1985; Miller et al, 1997). Some of the pitfalls associated with the use of retrospective accounts include: individuals attempt to project a desirable image by casting a light of rationality upon their past decisions or respondents may misrepresent the past as a result of either the "hindsight bias" (Cited in Golden, 1992). This raises the question of the reliability and validity of management retrospective accounts (Golden, 1992) which will be addressed as eliciting accounts of the past from key informants is the only way to obtain information about past strategy.

Golden (1997) advises for the addition of precautions when using retrospective accounts. In order to minimise and control this risk she closely followed guidelines outlined by Huber and Power (1985) who propose several guiding methods to minimise imprecise data.

- o *Identification of most knowledgeable person(s)*
- o *Recognition of emotional involvement with the phenomenon*
- o *Attempt to motivate the informant*
- o *Consider the impact of question framing upon the response*
- o *Impart an image of rich information without complexity*

The most knowledgeable person was identified as the managing director/Chief Executive of the firms. There were a number of reasons: Formulating and implementing a firm's strategy is typically a high-involvement activity of its Managing Director, both behaviourally and cognitively (Golden, 1992: 849). Where possible, the researcher sought to interview more that one senior executive in each firms in order to gain multiple perspectives and collaborate the data. Unfortunately, as chapter four reveals, companies in the sector are predominately small and owner/manager run so access to more that one senior manager involved in strategy was limited to one case.

The interview took the form of a two stage process: the first interview allowed for the development of a complete description of strategising activities in the organisation; the

133

purpose of the second interview was to allow time to reflect on the description provided in the first interview and return to further develop and probe particular areas of importance to the study.

- **Interviewer Skills**

Following on from the previous section on "desired skills" for case research, there are a number of interview specific skills that one must be aware of before proceeding. The interview situation involves a personal interaction and so cooperation is essential. Interviewees may be unwilling or uncomfortable to share all that the researcher wishes to explore. Interviewers require great listening skills, to be skilful at personal interaction, question framing and gentle probing for elaboration.

Firstly good rapport must be established in the hope that respondents will be willing to speak more freely. Oppenheim (1996) finds that only by maintaining a receptive, permissive and non-judgemental attitude throughout, can the interviewer hope to obtain insights into respondent's motives, ideas and precepts, which guide their behaviour and their organisations activities. May (1997: 118) maintains that establishing rapport 'is of paramount importance given that the method itself is designed to elicit understanding of the interviewee's perspectives'. The purpose of the study was explained and respondents were assured of the confidential nature of any information obtained. Respondents must be made feel that their participation and answers are valued, for their co-operation is fundamental to the conduct of the research (May, 1997).

May (1997) also puts forward a number of techniques that can be employed to gain the most from an interview, distinguishing between 'directive' questions which require a yes or no answer, and 'non directive' questions, which allow for more latitude for the response. For example, the phrases such as 'could you tell me a little more about that?' were employed. Probes were also used, defined by Hoinville and Jowell et al (as cited in May 1997: 117) as 'encouraging the respondent to give an answer, or to clarify or amplify and answer'. Probes can be most useful when the interviewer wants to return to something that was said previously by the respondent (i.e. you said earlier …) (Keating 2001). A theme

134

sheet of topic areas and related questions was also used to ensure that the interview did not veer from its intended purpose. (See Appendix D for a copy of the protocol for the two stage interviews).

5.4.1.2.2 Documentation

Documentary information is likely to be relevant to every case study topic (Yin, 2003: 85). This type of information can take many forms:

- o Letters, memoranda, and other communiqués
- o Agendas, announcements and minutes of meetings, and other written reports of events
- o Administrative documents – proposals, progress reports, and other internal records
- o Formal studies
- o Newspaper clippings and other articles appearing in the mass media

Yin (2003) advises, while documents are a useful source of evidence they must be carefully used and should not be accepted as literal recordings of events that have taken place.

The primary function of documents is to corroborate and augment evidence from other sources. Documents are helpful in verifying titles or names of people or organisations that might have been mentioned in an interview. They can also provide other specific details to corroborate information from other sources. Analysis of documents can lead to further inquiry.

A search for relevant documents was carried out as part of the data collection plan. Where available and when access was granted, strategy documents and reports were submitted for analysis. Newspaper databases (e.g. Irish Independent, Irish Times, Sunday Business Post) and other mass media sites, such as the Independent Film and Television Network, were used to sources documentary information on the case companies: key personnel, business development and activities.

5.4.1.4 Analysis

Berg (1998) notes that although analysis is without question the most difficult aspect of any qualitative research project, it is also the most creative. The data analysis entails data reduction as the collected data is bought into manageable chunks and interpretation as the researcher brings insight to the words and acts of the participants in the study (Marshall and Rossman, 1999). The following sections are an integrated summary of steps undertaken, from initial data organisation, generation of the case studies, within-in case analysis, cross-case analysis and findings chapter.

Following the interviews with case respondents, the recordings were transcribed. In order to insure that the data transcription did not negatively affect subsequent data analysis transcription principles proposed by Mergenthaler and Stinson (1992, as cited in McLellan et al 2003). This includes: preserving the morphologic naturalness of the transcription and transcript structure; ensuring the text is a verbatim account. This ensures consistency across cases for comparable analysis (McLellan et al, 2003). Subsequent to transcription, the interview and documentary data was organised. This involved reading and re-reading the data 'forcing the research to become familiar with those data in intimate ways' (Marshall and Rossman, 1999: 153). This is supported by Leavy (1994) who finds there is no substitute for knowing the data intimately.

A key step in the process is within-case analysis. This stage involves detailed case study write-ups for each site (Eisenhardt, 1989). The overall objective is to become familiar with the case as a stand-alone entity. This process allows the unique patterns of each case to emerge before pushing to find patterns across cases. Notes were taken on reflections on general themes and emerging patterns. In addition, the researcher gains a rich familiarity with each case which, in turn, accelerates cross-case comparison (Eisenhardt, 1989).

The next step is cross case analysis and the search for patterns. Miles and Huberman (1994) find 'analytical manipulations' helpful and this is supported by Yin (2003: 110) in case research. In order to understand firms strategy processes and activities cross-case analysis

tables and a data matrix were devised. This ensured the systematic analysis of each case under categories, identified in the literature and subsequent cross case analysis using the matrix of categories. The use of such methods enhances generalisability and deepens understanding and explanation of respondent interviews (Miles and Hubermann, 1994), aiding conceptual and analytical thinking. Cross case searching tactics enhance the probability that the novel findings which may exist in the data will be captured.

5.4.1.5 Interpretation

Analytical procedures manipulate data; interpretation makes sense of data though more abstract conceptualisations (Spiggle, 1994). Interpretation cannot be described in terms of a set of procedures. The intuitive, subjective, particularistic nature of interpretation renders it difficult to model it. 'Interpretation occurs as a gestalt shift and represents a synthetic, holistic, and illuminating grasp of meaning, as a deciphering code' (Spiggle, 1994: 497). In the study of organisations the task is to make sense of things, to get behind the surface and disclose the underlying significance – we engage in interpretive acts (Kets De Vriers and Miller, 1987). In many ways case studies act as stories and the interpretation must examine how these stories unfold; to assemble their fragments into a coherent whole. Interpretation involves finding the hidden meanings, consequences and motives behind acts, decisions and social behaviour (Kets De Vriers and Miller, 1987).

In summation, there is a search for central themes and configuration in the text. The patterns, ideas or sentiments that surface recurrently often appear to explain many consequences. Patterns can be woven into a unified structure- revealing a matrix of interconnected themes that help to explain the dynamics of organisations (Kets De Vriers and Miller, 1987).

5.5 RESEARCH ETHICS

Every attempt was made to recognise potential ethical issues that would affect the research. Ethical concerns will emerge as research is planned, seek access to organisations and to individuals, collect, analyse and report on data (Saunders et al, 2000). In context of research

'ethics refer to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it' (Saunders et al, 2000: 130). The conduct of this research is guided by the Dublin Institute of Technology Code of Ethics, a statement of the principles and procedures for the conduct of the research.

The nature of business and management research means that the research is dependent on other people for access and this leads to a range of ethical issues (Saunders et al, 2000). As discussed earlier, companies were contacted by letter, which outlined the purpose of the study and what was involved in participation. This was followed up with phone call to answer any questions or deal with respondent concerns, this could include sensitivity of the topic or confidentiality regarding the data.

Privacy is seen as the cornerstone of the ethical issues that confront those who undertake business and management research.

> Consent, confidentiality, participant reactions and the effects of the way in which you use, analyse and report your data all have the capacity to affect, or are related to, the privacy of participants

(Saunders et al, 2000: 132)

Informed consent as recommended by Saunders et al (2000) was sought. This involves participants consent given freely and based on full information about participation rights and use of data. Respondents were assured of confidentiality and anonymity.

With regards to ethical behaviour during the data collection and reporting stages, issues of objectivity emerge. It is imperative to remain objective during data collection as this would otherwise result in a biased outlook when analysing the data. Furthermore, in the reporting stage it is important that data was not chosen selectively and those respondents were represented appropriately.

In conclusion, by following these guidelines that sensitive issues with regards to ethics have been considered by the author.

5.6 LIMITATIONS

No research project is without limitations; there is no such thing as a perfectly designed study (Marshall and Rossman, 1992). Patton (2002) maintains that there are always tradeoffs.

Access proved to be the constraining factor in the choice of strategy and depth of inquiry. Access refers to the ability to get close to the object of study, to really be able to find out what is happening (Gummesson, 2000). While every effort was taken to overcome organisational concerns to the granting of access, assuring participants of confidentiality and anonymity, ethnographic approaches proved unobtainable due to the level of access required to sensitive information. Companies were concerned with the time and level of access required and the presence of an external individual at time of heightened strategic activity.

With regards documentary evidence, the limited formalised procedures since inception meant that access to documentary evidence such as reports was limited. A number of companies embracing formalised procedures were reluctant to submit recent documentation, due to the sensitive nature of the data.

5.7 CONCLUSION

This chapter has outlined the methods and procedures undertaken in order to fulfil the objectives. Working within the interpretive paradigm and a qualitative case study strategy of inquiry, interviews and documentation were chosen as the data collection techniques. These methods serve to capture the dynamics of strategising process and activities in case settings. The analytical procedure is presented, which sets out steps taken to manage and interpret the data within-case and cross case, in preparation for the subsequent chapters which detail individual case descriptions, findings and conclusions drawn in the course of this research.

Chapter 6 - Case Study Analysis & Findings

6.0 INTRODUCTION

Following the methodology chapter the author has implemented the data analysis procedures specified in the previous chapter. This involved compiling the case study for each company and a categorisation of the data, from company material, in-depth interviews and secondary data, into manageable pieces. Each company case is examined in turn, to provide the reader with a story of the company strategic development to date; decisions made and actions taken. Secondly, the research objectives will be used to frame the findings of the cross case analysis; salient themes have been specified in order to produce clearer findings. Finally the areas of foremost significance will be discussed.

6.1 CASE STUDIES

Within-case analysis precedes the cross-case analysis and findings, allowing the reader to get a picture of individual companies and strategy activities in each entity. Each case is explored under the following headings: company description; management and structure; strategy development process; strategy activities; and challenges. In order to escape problems of "mindless description" (Perry 1998) each case description is synthesised for the reader and will be expanded on in the cross-case analysis findings section. Case headings are derived from the literature and context review and identified in the research objectives for this study.

The following table, 6.1, display the characteristics of the participating case companies, for which pseudonyms have been allocated. The table shows the background and activities, management director background and experience, markets and subsequent range of activities.

Table 6.1: Characteristics of Case Companies

	Alpha	Beta	Gamma	Delta	Lamda	Sigma
Company Profile	Est. '99. 6 fulltime employees	Est. '86. 8 fulltime employees	Est. '94. 12 fulltime employees	Est. '89. 20 fulltime employees	Est. '79. 25 fulltime employees	Est. '95. 25 full-time employees
Product	TV & format production	TV & Digital Media (cross platform), Film and Animation divisions	Animation (TV, Film, Commercials)	TV production, Theatre & Film	TV (Broadcast and Corporate) & E-Learning	Animation, TV Drama & Film
MD / CEO Experience	Owner/MD - Alan Production Baekground	MD - Carl Accountancy Background (not comp. founder)	MD/Partners Des & John Animation background	Chair of Group -Mary Mgmt experience in sector and UK Founders Directors	Owner/MD Fergal Production background	MD Ian: accountancy / business background Founder, Peter: exec. producer
Markets	Domestic and International (added by recent merger with Australian company)	Domestic production, international format sales & digital media projects. London subsidiary	Domestic, International, Middle-East & USA	Focus less on domestic broadcast prod. International TV: USA and other business divisions i.e. theatre and film	Domestic broadcast & corporate television; international e-learning projects	Large European and growing international presence in animation & live action. Small domestic focus

6.1.1 Company 1: Alpha

Company Description

Alpha is an independent production company established in February 1999 by owner/manager Alan, specialising in factual entertainment and live event programming. For the first couple of years work was predominantly domestically focused with commissions serving to establish itself in the market. Alan made the decision to branch out from the small confines of the domestic sector and look for work internationally. A chance meeting at an international TV market set the seeds for the next stage of this company's growth. After successful production of a format by Australian company AUSTV, the two companies went into discussions about developing together and in February 2003, Alpha merged with the AUSTV. Alpha is based in Dublin and is now part of the larger Australian

142

group with television production and post-production operations in Australia, New Zealand and distribution in London.

Management and Structure

This is Alan's third start up. His background is in entertainment; after leaving school in the early eighties he set up his own business as a sound engineer. He later moved on to the UK to work in production design. Alan returned to Ireland and studied for a degree in communications. He went on to set up a television production company but after a few years the partnership behind it was unsuccessful so he went out on his own and established Alpha. Subsequent to the merger with AUSTV the company went through a transition of management and structure. Alan went from owner-manager-producer to CEO of a company with a management team which did not exist before: head of production, head of drama and head of finance. There are six full-time employees, with staff contracted out as productions demand.

Strategy Development Process

The first few years reveals an absence of strategy with little formalised management activities. The owner/manager was very much in entrepreneurial mode. As is the nature of the sector, high financial investment in the early stages was not recouped and early projects were pursued regardless of the return on investment. Alan's management partner reassessed his position and left the business to work as a freelance director. Decisions and motivation were highly sensitive to marketplace feedback; emphasis was put on building a reputation in the market and earning commissions. Management were dependent on commissions and the response of the buyer, predominantly RTÉ. Alan was ambitious to move out of the confines of the domestic market, even when the company was financially unstable and in a state of flux. He began attending TV markets:

> "To find what else was going on, what new ideas were happening, how do you bring product to the market, it was a learning experience"

Networking at a US TV market set the seeds for a working relationship with an international production company and a licence to produce their format. This meeting ultimately lead to talks between companies to develop together and they merged in 2003.

> "A change in direction in a single meeting by chance, the elevator pitch still works in this business"

Where previously Alan was all roles of the management he now engages in more formal processes, reports to the chief financial officer. He now embraces more formal processes which reduced uncertainty from closed decision making. These developments have brought about a change in Alan's management of the company; from risk taking quick decision making to a more conservative approach and decisions being agreed by the board.

> "It has made us a bit more conservative but I think that is a good thing knowing the experience of where we are at now. But it has also made us think more about how you strategically plan for growing in the future and where should we be looking at developing, where should we put our emphasis on developing we were probably a little too blinkered vision in the past".

Strategising Activities

Any form of strategic activity was virtually absent in the first few years. The merger with AUSTV brought about a number of changes to the activities of the company. Alpha now works to a strict annual budget and holds quarterly board meetings if decision making requires them. Alan now embraces strategic planning processes and co-operating with AUSTV group strategy. Now in this third start up company Alan sees the value in planning.

> "If you don't plan for success it won't happen"

Alan participated in a number of strategy planning workshops and followed up these workshops by working with the consultant on a one to one bases. Alpha is now feeding into a group strategy. So they are now continually planning for the company; production; and staff development. The plan looks at targets and what-if scenarios. The use of the consultant was of great value to the company, providing a fresh approach and thinking which was outside the day to day operations demands.

Challenges

The company is actively involved in lobbying to change current legislation on the way RTE commission and retain rights. The company feels constrained by RTE as the national broadcaster and their monopolistic position in the market. The company recognise the value in working international and continually look for opportunities in new media technologies which are viable revenue streams.

> "We are in a business to make money so its not just about commissioning programming".

144

6.1.2 Company 2: Beta

Company Description:

Beta was formed in 1986 with the objective of producing television programming for the Irish and International Markets. The company produces a diverse range of programming for the Irish and International market specialising in lifestyle, documentary, sports, drama and interactive broadband programming. Beta also has an animation subsidiary. The company has offices in Dublin and London

Management and Structure

The company was established in Cork in 1986 by Barry who is no longer with the business. The current Managing Director, Carl was one of the founding directors, took an equity stake in the company. Carl took over the management with a clear objective to transform the business. His background is in accountancy and management consultancy, which he believes has some advantages over that of a manager with a producer background - it gives a more lateral view of things and provides some thinking that is "outside the box". On acquiring the position of managing director Carl hired a director of television who jointly manages the business and productions.

Strategy Development Process

Carl is vague about the activities of the company in the early phase. It functioned in Cork during the nineties, doing one or two series every three years. Carl concedes that it was a lifestyle business. In 2000 a number of changes took place. At this stage a number of different companies spawned from the initial business, all with different interests. Activities include television production, digital media and animation. "A tiny business with too many legs" – it became difficult to manage and the company was not seeing a return in all the areas of the business. The company was restructured, with the director taking a majority shareholding, becoming the managing director and employing a director of television, Hilary. Carl's primary objective was to build a sustainable business. His priority was to go back to business and financial basics and create renewability, reliability and reasonable cash flow before development.

After four years the company's focus is still very much on the domestic market with 80% of turnover in 2003 from RTE. Decisions and motivations remain sensitive to marketplace feedback; management acting as RTE react. The company is currently looking to new

markets for programme sales. Beta is also utilising a new business model, format sales, allowing them to gain a foothold in international markets. They are also recognising the value developing ancillary products – spin-offs from existing programme brands.

Strategising Activities

Beta has a relatively short term vision, two years, for how they see the business developing in the future. Management revised their plan in 2002 but find that 50% is already redundant. Carl has only a reasonable regard for business plans, displaying his scepticism, he quips "paper doesn't refuse ink". His observation is that other companies have used them to their detriment, as the plans conceived were unachievable. Beta favour setting financial goals, to cover costs from domestic business.

In comparison to the television business the company possesses a more sophisticated business plan for Beta Film, due to the nature of the market: internationally focused; co-produced; and co-financed. The company actively attend international television markets for programme sales and to assess international competition and activity.

Challenges

The company, as with others in the sector, face challenges domestically as they try and develop and grow the business to a size where they can generate the resources that can be re-invested and create new markets abroad. A key barrier for Beta is the means by which RTÉ the 'dominant broadcaster' does business. Carl believes that same year commissioning limits the financial planning or strategic planning that can be put in place.

> "...in a culture where there is effectively a monopoly with a myriad of small producers and decisions being made very late in the day that the amount of planning that we can put into our business is dependent on the decision of the top line being made"

He actively lobbies for changes to the system which would allow for more flexibility and a better cost structure allowing them to get a return and reinvest into new programmes and market opportunities.

As there are preferred suppliers in the Irish market so too is there in international markets. Breaking the UK can be difficult, as companies must build their reputation. Beta is actively seeking to develop a strategic alliance or joint venture on a programme by programme basis with production companies who have access to market.

6.1.3 Company 3: Gamma

Company Description:

Gamma was officially established in 1994. It seemed like a necessary progression for the joint directors after previously working on a number of successful animation projects together. The company is involved in animation and post-production, producing television commercials and programmes for domestic and international markets.

Management and Structure

The company is managed by joint directors Des and John. Both directors' background is in animation, they studied in Ballyfermot College and worked in Bluth animations in the early '90's when the animation sector in Ireland was experiencing a boom. As the company has developed they have established their roles in managing the business. Des handles the management and development of the business and a slate of options and John handles the production management in the Dublin office. The company structure also has an office manager and a production manager; allowing the directors more flexibility and ability to delegate more easily. Gamma has twelve full-time employees.

Strategy Development Process

The directors admit that in the initial stages there were very 'art-orientated' as opposed to having a business drive.

> "We just wanted to draw...we approached RTE with an idea to do it and we had no office or money or anything. They liked it and suddenly we were going from nothing to a seven part series. It was a real sink or swim situation."

Must of this was due to the fact that they were following their primary interest and expertise. Following their initial small scale successes capital was almost non-existent and no offers for work were forthcoming. The need to effectively market their services became paramount to their future success. And so began the transformation to a business focused company. A show-reel was developed and pitched at festivals and trade-fairs. They pursued animation work for CD-ROMs and commercials when the domestic television market was poor. These areas of business, though not their primary interest, had high-book worth and helped alleviate financial difficulties. Gamma invested heavily in animation technologies, rare for an Irish company, but standard industry tools in Hollywood. They believe this was

147

a key factor in the successful acquisition of a major US contract in 1999. So they transitioned to think about setting direction for future growth, especially in international markets. They have developed on- going business partnerships with Middle-Eastern companies. The opportunities to partner with companies has opened up considerable markets for the company and have served as stepping stones to develop business further in those regions.

Strategising Activities

The early stages highlight the creative beginnings of the company, with the emphasis on creating both a product and a market. All energies were absorbed by productions and the directors generally distained management activities. Decisions and motivations are sensitive to marketplace feedback; management acting as customers react. Early on in the business development they hired a management consultant, but Des and John found themselves becoming overly dependent on him and used him very much as a "crutch" as they recognised their own shortcomings in management. So they made the decision to go it alone and learn as they went. John admits that they used to spend time on the aesthetic quality of their business plans, with little regard for the substance. Often the process was intuitive. Management sees more value in the initial visualisation.

> "If you want something to happen you have to visualise it – because if you can't visualise it, it is never going to happen…the action of writing it down makes it more possible"

Strategising activities are still limited. They have more formalised procedures in place, very much focused on the short-term: daily production meetings and monthly management meetings. The directors believe that their established roles serve as an advantage, offering distinct perspectives from business development (Des) and production (John). Gamma sees value in planning and a more formalised process. Moreover, it encompasses looking outside of the company to activities in the industry, reading up on trade publications, awareness of advances in technology, visiting new markets and festivals. Planning is focused on the short-term: increasing turnover, profit and staff levels. Business plans are formulated yearly; there is value for the directors to examine the business, its position and to visualise possible futures.

Challenges

Gamma doesn't feel that RTE owes them their livelihood. The directors take a more proactive approach:

> "We have sort of come to terms with what RTE are a long time ago and we realised we can't sit there moaning about RTE or you'll never get anything done"

They believe it is down to the individual companies to make it happen. The biggest challenges are making significant investment in research and development. These investments in international development carry risk due to the resources needs to secure contracts and partnerships.

6.1.4 Company 4: Delta

Company Description

The company was founded in 1987 by Gary and Louise; it has become of Ireland's largest television production companies. Delta produces in a variety of genres including drama, documentary, entertainment and special events. The company is involved in a number of projects internationally: Germany, Australia and the US. Delta productions (TV) is part of a larger management group which possesses a number of other companies including stage production company (Alted) and a recent venture under the groups name in film production.

Management and Structure

The management team of the Delta Group is headed by Executive Chairman, Mary, who joined the board as a director 1994. Mary began her career in RTE in the late 1960's. She moved on to the UK to working for regional television. She later returned to Ireland but decided against a reduced role and set up her own TV production business. In 1994 she closed down her own operation after being approached by Gary and Louise to join Delta. Mary went on to concentrate on the Television division and Gary and Louise focused on the development of their successful stage show. Gary previously worked in London and RTE as a director of programmes. He remains a director on Delta productions. He is also involved on the board of national radio and theatre. Louise is also a director of Delta Productions and has been involved as producer since the company's inception. Delta also has a general manager, Teresa. She joined Delta in 1994 as a production co-ordinator.

149

Currently she manages Deltas television programmes. Thomas holds the position of finance director.

Strategy Development Process

Delta began as a small production company with a number of broadcast and corporate projects. The early 90's were difficult times and Delta took what work was available with little strategic emphasis. In 1994 a lucky break and a successful stage show changed the fortunes of the company.

> "No body saw it, ourselves included, for the potential that it had… it was a very lucky break that you get once in a lifetime"

Mary was employed by the directors at this crucial point. The TV division took a backseat as management were consumed by the new venture and its development. It was at this point Delta had to decide whether they would continue in TV. They did, and Mary took over the management of the TV division and made the decision to put the stage show activity into a separate production company, Atled Productions.

Mary was faced with developing the division from a slim portfolio of work. The company made applications for two commissions, in 95' and '96 which were significant for the company's development in the domestic market through the late '90's and early 00's. This was a considerable volume of work domestically. They also did some non-domestic work, with UTV, Northern Ireland and internationally for PBS in the US. In retrospect Mary realises the company was "complacent" through this period of long running domestic contracts. In the last year management at Delta faced a period of uncertainty and flux. A cancellation of a long running series placed the company in an unplanned position and for a second time management considered their future in the TV business. With the broadcaster-producer dynamic showing little signs of change Mary believed that the company should hold back on the commissioning round for two years, gain more control and develop in new markets.

> "But I am a firm believer that unless you shake things up you stagnate. Change is needed. We are in a business that is changing all the time. Going to make the decision and to take the consequences"

In a turn of events Delta was approached by RTE for a replacement commission.

"of course when people think you are not going to be available to them all of a suddenly you are greatly wanted and greatly loved. They came begging us to go for this other programme so in a sense you could say it was a good business tactic. It wasn't planned as a good business tactics, it certainly worked that way".

Mary was persuaded to continue. Management believe they are in a better position; less vulnerable and in more control and investing significantly in R&D internationally.

"So we are just gone into an exiting new phase again, quite different I think than we have done before, not as benign as we used to be, trying to be more business like about it and also have come now to try and work out an international plan as well as a domestic plan"

Strategising Activities

Limited activities through the '90's were of little substance. The company, through a period of complacency has not prepared themselves for the state of flux that ensued post a long running programme cancellation. Strategising activity is heightened at specific periods in the development: in 1994 when the directors had to make a decision on maintaining the TV Company; in 2003/2004 management were in a state of flux and possible change. The over-emphasis on the domestic market has caused Delta to become complacent. Mary was forced to re-assess their position and future in the domestic market. Problems arose due to the high levels of staff that were no long required. The business was restructured with a leaner staff arrangement.

Challenges

Delta believes that change and development in the sector is dependent on change by the broadcaster. Difficulties in long term planning are attributed to the dependency on the commissioning process. This compares to the UK market where there are more broadcasters and choice.

6.1.5 Company 5: Lamda

Company Description

Lamda is one of Ireland's foremost production companies. Established in 1979 by Fergal, it regards itself as innovative producer working in three discreet areas of business: television production for national and international markets; corporate services for a range of clients

including government departments; state bodies and national and multinational businesses; training and education services and e-learning products.

Management and Structure

Fergal is the managing director of Lamda and founding partner of Lamda TV Group, of which Lamda is a member. The core management team consists of five people: financial director, head of television, head of corporate production, and head of television production. The company has approximately 25 fulltime employees, and this can increase to 50 depending on the cycle of production. Lamda has a board and an outside non-executive director.

Strategy Development Process

Lamda started out producing training videos and courseware for the agricultural sector. This foray into agricultural television lasted only about six months.

> "it was a little premature, it was an interesting concept, we were just young and out of college at the time"

In the early 1980's – '81, it quickly became a video production company, producing educational trainee videos. An independent television sector didn't exist at this time. This early phase is characteristic of the creative birth of an organisation; founders were production orientated with little management experience. The transition is evident in 1984 by Lamdas heightened sense of direction and decisions to diversify into other related business. They established a post production house which came from the need to control costs and "capture value" that was going out to other Post Production houses. In 1988 they acquired a television company, investing time and resources in what they expected to be the dawn of independent television. They continued in these divisions through the '90's. Lamda recognised the market for commercial production and used this as a 'stop-gap' when the TV market was poor.

After a strategic review in 2000, which revealed tensions between divisions, management made the decision to re-organise the company, and re-focus the business. The post-production division was sold off and the commercials division was discarded. Fergal is vocal about his openness to change, especially considering the constraints of the domestic market. He owes the long term success of the business to the change processes which it has undergone. Diversification has allowed the business to capture value wherever they could

within the production chain. Management have never let television production be more than 20% of the business due to the uncertainty of domestic commissioning.

Strategising Activities

Lamda embraces strategic planning activities; it carries out a strategic assessment and formulates a plan every five years. A strategic review in 2000 assessed whether there was a convergence or divergence of activities amongst the decision. Management recognised that if a decision was to be made that would bring about change it needed to involve all members of the organisation and so the strategic review incorporated all staff in the process which involved a workshop weekend. The goal of the workshop:

> "To discover our common thinking and vision on the future of Lambda's business and to prepare an outline strategy / action plan for realising that future".

Lamda reviewed the past of the business; current position; future. The outcome was a divestment of the post-production facilities and commercials division and a plan for five years of activity, a "shared vision and strategy".

The company carries out a "mission session" on an annual basis; they spend a day reporting on how they are operating to achieve their strategic direction. They hold two board meetings a years on strategic issues and they review activities, undertaking a "state of the nation"; what they have done and achieved, where they are going, vis-à-vis where they want to be. Part of this process involves using strategic techniques such as SWOT analysis. In the past they have used an external facilitator to aid analysis and dispel any management agenda.

Challenges

Through the course of Lamdas' development Fergal was forced to adapt from producer to manager and so faced the challenge of developing his management skills.

> "Well you start the business as a producer that's the choice you made when I left college I was going to produce but it quickly became, I had at various times from 35 to 60 people when you are employing that many people in a changeable industry you don't really have time to do projects you just have to manage - the financial, structural personnel"

He recognises that at early stages his management skills were deficient, training was very much on the job supplemented by training courses. The company also faced a number of

obstacles; they combated this with having a number of divisions that could compensate for any fall-off in production, they continue to spread work over a number of businesses. Lamdas' philosophy is to be able to move with the shifting sand, being careful not to move to far ahead of it, as they did in the past.

6.1.6 Company 6: Sigma

Company Description

Sigma is an independent production company focusing its activities on developing and producing. Established in 1995, the company's chief objective is to build up a library of rights in live action and animation. A distinguishing feature of the companies' activities is its strong network of co-production and financing partners in Europe, USA and Asia. The company is involved in the following activities: long running animated TV series; TV drama and entertainment; feature films for theatrical release in animation and love action; scripting and dubbing as a service to other production companies.

Management and Structure

The founder, Peter, is chairman and executive producer and Ian is Managing Director. The creative function has a head of animation, live action and head of post production and a number of producers, writers and animators. The business side is managed by Ian, and has a business affairs manager, Nicola and an operations manager. The company has a core staff of 20/25, full-time, all year round as part of their long-term strategy and contracts staff as projects require.

Strategy Development Process

Sigma was established by Peter, a German producer who moved to Ireland to produce primarily for German television. It began as a European scripting house, a rights company, more so than a production house. The company had access to 4 or 5 writers who would write for Sigma and the company would keep the rights to the scripts and co-produce with other companies. In 1996 the founder of the company approached a consultant to compile a business plan for the company, and develop the animation part of the business as it had been involved in live action primarily. Eighteen months later the consultant Ian, a chartered accountant, joined the company as managing director. His task was to take the relatively "hippie" company and turn it into a business.

"I would admit we had a "hippie" company, that's great but hippie companies don't generally speaking survive and grow too much and the task there was to turn it from a hippie company into a real company, and that's a challenge"

To ensure the growth and development of the company Ian believes that an entrepreneurial drive is a necessary requisite and takes risk for reward. The company has expanded its operations to become more vertically integrated and incorporate more stages of production. A large amount of the companies animation work is co-productions, particularly in the European market. This comes down to a financing necessity due to animation budgets.

A key move in Sigma's strategic development was the decision to establish a European subsidiary. The move proved to be an inevitable step in the company's expansion. Previously, the company entered partnerships with German companies to raise finance, and subsequently lost some of the rights to their projects. The German base allows them to negotiate financing themselves. The market is large and there are a number of broadcasters. A physical presence makes dealing with broadcasters and partners a lot easier, allowing the company to develop its position in the market. It also offers German tax incentives and the possibility of German / Irish co-productions. The company have had successful growth based on securing European co-productions and only recently began to produce commissions for RTE. Management view the business in stark opposition to any dependency on the national broadcaster.

Strategising Activities

The company possesses a core plan with a short-medium term focus. The plans set out objectives for live action and animation departments; the number of projects in production and in development for the company at any one time and desired revenue streams. It also sets out objectives for increasing staff size with production and a marketing strategy and how it will be implemented. The plan allows management to assess at any time whether or not they are achieving their desired level of activity. The objectives are reassessed on a yearly basis – ensuring it remains flexible to changes. Management believe that their short-term objectives cumulatively become long-term objectives.

Challenges

Sigma faces some challenges when planning – trying to stay ahead and predict what will happen next. There are difficulties in the long production cycles, which for animation can

155

take up to five years, so the medium to long term is 5-10 years, they must also consider the 2-3 as a contingent measure and the project has to be dropped.

> "It is challenging to try and manage the company with that type of production cycle…If you get it wrong, you've invested all this money and you can't get it back…you have to keep the shop ticked over while at the same time you are investing in all this development work"

Managing the different factions within the business can be challenging – "creative and commercial don't often mix, a bit like oil and water' - people have different objectives for the business. Ian must bring the focus together and look at the bigger picture. The business is distinct because of the product and high budgets i.e. 6 million for one animated film.

6.2 FINDINGS

The research objectives, as set out in chapter 5, are used to frame this section of the chapter; salient themes are specified in order to produce clear findings.

Objective 1:
To examine the characteristics of companies operating in the sector.

The purpose of this objective is to establish how the companies have developed to their current positions since inception; what areas of business they are involved in and to take a closer look at their management. Table 6.1, precedes the case descriptions, summarises the key characteristics of the case companies, the following sections expand on that.

6.2.1 Company Development

Historical studies of organisations stress the force of history on organisation development. Greiner (1998) argues that the behaviour of individuals is determined primarily by past events and experiences, rather than what lies ahead. He identifies a series of developmental phases through which companies tend to pass as they grow. Each phase begins with steady growth and stability, and ends with a revolutionary period of substantial organisational turmoil and change. The resolution of each revolutionary period (crisis) determines whether or no a company will move forward into its next stage of evolutionary growth. Firstly a number of key dimensions are identified by Greiner (1998) and are examined here: organisations age and size; and growth rate of the industry. Taking these into consideration the historical perspective is applied to the case companies to explore their growth and stages of evolution and revolution.

Organisation Age and Size

The companies vary in age and size, as displayed in table 6.2. The table reveals a number of characteristics that are indicative of the Irish Television Sector and its development. Firstly the age of the organisations is varied from those that were established at the early stages of audio visual production (Lamda, 1979) and those companies that emerged in the late 80's and early '90's coinciding with the beginnings of the production sector, the establishment of the Independent Production Unit in RTE and the subsequent growth of broadcast

commissions from the independent sector (Beta, 1986; Delta, 1989;Gamma, 1994; Sigma, 1995; and Alpha, 1999). The sector is still relatively young and in the early growth stages.

Table 6.2: Organisation Age and Size

Company	Age (Yrs)	Size (Full-time Employees)
Alpha	5	6
Beta	16	8
Gamma	10	12
Delta	15	20
Lamda	25	25
Sigma	9	25

The context review revealed the companies operating in the sector are predominantly small to medium sized. The sector is characterised as a 'cottage industry', it is highly fragmented with a large number of companies with employing no more than 1-3 employees (Hyland, 2003). The small numbers also reflect the nature of the business; staff are contracted out as production demands.

> "We are probably a big company with 6 fulltime employees and that's not a big company, we have 8 freelance on a production... and 85 people on production days because it's a big production"
>
> (Alpha: Alan)

> "We move from 25 to 50 [employees] depending on the cycle of production"
>
> (Lamda: Fergal)

> "We have a core staff 25 all year round and then as a production comes in more work on that, a production at the moment with 70/80 people working on it, but still the core stay here".
>
> (Sigma: Nicola)

As the literature review revealed the small business context has important implications for strategising management (Johnson and Scholes, 2002)(McCarthy and Leavy, 2000).

Growth Rate of the Industry

The rate is the growth at which an organisation experiences phases of evolution and revolution and this is closely related to the market environment of the industry (Greiner, 1998).

The last decade has seen considerable development in the audiovisual sector in Ireland. One of the main reasons attributed to the growth in independent television production companies is the legislative changes arising from the Broadcasting (Amendment) Action, 1993. RTÉ set up the Independent Production Unit (IPU) and is obliged to invest in independent production and to include independently produced programmes in its TV schedules. Up until this time all home-produced drama was created in-house by RTÉ with little or no opportunity for independent Irish companies. Commissioning has grown from, Euro 7.0 million in 1994 (producing 258 hours of commissioned programming) to Euro 32.0 million in 2002 (producing 701 hours of commissioned programming) (IBEC, 2003: 14). The establishment of the IPU has led to an explosive growth in the number of companies operating in Ireland.

Despite this growth the Kilkenny Report (1999) states that considering the small size of the domestic market producers must focus on the international market at an early stage. 'The sector is still at a very early and fragile stage of development. It is still largely a cottage industry. The project-by-project nature of much of production is a significant aspect of the industry's risk profile' (1999: 33).

The domestic market has seen a growth in the number of small production operations but this has only increased the dependency on RTÉ to commission work. Companies become trapped in a project to project mode of production with little though for contingencies and future growth. The industry is slow in growth, with companies remaining small and domestically dependent for long periods of time. In a static environment contracting staff facilitates expansion as production demands. An exploration of the phases of development reveals a number of hurdles that companies must overcome to ensure their survival, growth and long-term viability.

159

Phases of Development

'History shows that the same organisational practices are not maintained throughout a long life span. This demonstrates a most basic point: management problems and principles are rooted in time' (Greiner, 1998: 56). Organisation time, age and industry growth all impact on each case company's growth and phases of development. This is mapped out in table 6.5. This timeline of growth corresponds directly with the strategy development process which will be expanded on in section 6.2.4. In order to avoid significant overlapping (growth with patterns of strategy) the following section synthesises the patterns of development and transition across cases which will be expanded on later in the frame of strategy development.

- The founder's backgrounds all originate in the creative industries – ranging from audio-visual/television production: Alpha, Beta, Delta and Sigma, to animation: Gamma. The founders of the small operations were in a position of owner/manager/producer. The birth stage of each company is characterised by a phase of creativity where the emphasis is on creating both a product and market. It often involves some experimentation and a dependency on the domestic market.

- Typically the companies function from commission to commission in this dependent state for a period of time. When work comes in, a more defined structure comes into play and the company's progress to Phase 2, characterised by direction, and an efficiency of operations. Block (2001: 167) notes similar patterns with UK, where typically small independent production companies oscillate between these two first phases of a company's growth.

Table 6.3: Business behaviour of small enterprises

	Phase 1	Phase 2
Management Focus	Make and Sell	Efficiency of operations
Organisational structure	Informal	Centralised and functional
Top management	Individualistic and Entrepreneur	Directive
Control system	Market results	Standards and cost centres
Management reward Emphasis	Ownership	Salaries and merit increases

Source: Adapted from Greiner (1972) as cited in Block (2001: 168) *Managing in the Media*

When the commission is in progress and going into production the company owner/manager has to seek new projects. Companies seek to fill the gaps in production or risk falling back to Phase 1 which cannot be sustained for a prolonged period of time.

- Companies that sustain their position in phase 2, often had to come through a period of flux in which a specific episode or crisis has to be dealt with in order for the company to progress. For the cases in this study these episodes included a chance meeting, a merger, a lucky break, crisis of leadership and new management.

6.2.2 Current Activities

Beyond these periods of flux and transition the companies realised that they could not be complacent about maintaining growth, they must actively seek new markets and buyers for their products. This is especially pertinent for companies in a small domestic market, like the Irish sector, where they must progress past a dependency on the broadcaster and look to new markets and business models, including diversified revenue streams and rights ownership (Anson, 2003).

This is illustrated by the stress placed on the limits of growth within the domestic scenario:

"There is an absolute cap on the domestic market on where you can go"

"One off commissions, at the mercy of the broadcaster, 3rd party distribution, we are all familiar who work in the business here…we are looking to try and broaden

the base of the kind of content options that we have but also we need to broaden the base with one major supplier"

Similarly, a number of companies are seeing the advantage of new revenue streams in the business.

"I think we will continually look at other areas, not other commissioning areas but what I would call revenue streams because we are in business to make money so its not just about commissioning programming".

(Alpha: Alan)

The companies recognise that to achieve there growth potential they must this beyond the domestic market. For Delta the dependency on the domestic market limits development and reduces producer control:

"There is one end user for television product in this country, so there is no competition, no security"

Delta is one of a few companies in the market who have gained more control in their development process but admit that it is only after recent events that they were forced to reassess their "complacent behaviour" through the 1990's while they perceived security in two re-occurring domestic commission. They have recognised the importance of investment in research and development, especially in breaking the UK market.

Lamda spreads its business across three divisions of activity: broadcast television; corporate media; and e-learning work. The focus of the last division is predominantly international. This reflects the need for the business for the business to diversify out of Ireland, where Fergal, the Managing Director, regards broadcasting as static with little indication of growth

"There is no great heart in RTE to grow the sector"

The dominant position of one buyer, RTE, in the market resulted in Lamda diversifying around that, in post-production and commercials. They limited their reliance on broadcasting work.

"You don't have a real market; you have a very controlled regulated market controlled by largely one monopoly. So we have always sought to diversify around that...well you have to obviously do what you can in there, but that is still a major

market but we have never let it be more that 15 % of our business because we wouldn't survive"

<div align="right">(Lamda: Fergal)</div>

A recurring theme in the review of the sector in Chapter 4 is that producers must recognise independence from the constraints of the domestic market. 'It is not possible to sustain and grow in this industry on the revenue generated from Ireland alone. We must look outside of Ireland for expansion' (Egan, 2003). Animation companies Gamma and Sigma see little choice but to look internationally for business due to fact that most projects require co-financing and co-production.

> "we tend to avoid some of these [commissioning] traps because we are not so much at the mercy of broadcasters because we only have one broadcaster here which is RTE and we have pretty much realised that they cant afford animation so the only way for us to survive is to look outside Ireland anyway".

<div align="right">(Gamma: John)</div>

From the outset Sigma has worked in European markets such as Germany and France on animation and live-action co-productions, where they have found more opportunities and a bigger market for their products and financing. In the last year Sigma opened a German subsidiary to reap the benefits of a presence in the market.

> "The audience is wider for a start, I mean it is millions of people rather than four [million], they have different channels and times-slots and there is more that one broadcaster. I mean you would run into one French broadcaster who might not want to take it but the thing is you have the option of another one - that is the difference".

<div align="right">(Sigma: Nicola)</div>

It is evident from the case stories and an examination of the phases of development that companies participating in this study are engaged in a range wide variety of activities both domestically and internationally. While this study is not representative of the sector as a whole, it demonstrates how some organisations within the sector develop strategy and adds to the understanding of how context influences strategy development. Much of how companies develop and grow is represented by the activities in which they engage, notably in their ability to gain control in the domestic market, escape the "commissioning trap", take advantage of new revenue streams, diversify into other areas of business, and establish themselves in new markets.

<div align="center">163</div>

6.2.3 Management

This section examines at the characteristics of the management team of companies. Their training and experience can reveal different approaches to the development and management of strategy in companies. This will also provide the basis for insight into the strategy processes, the work of the strategist and activities undertaken, or not, as the case maybe, which will be explored in section 6.2.4 and 6.2.5.

In a creative industry such as television production owner/managers predominantly come from a technical/creative backgrounds. Worryingly, for the Irish sector, a number of reports have identified the shortfall in management skills; as explored earlier The Kilkenny Report (1999) identifies the serious lack of business and managerial skills and an excessive product orientation. Market intelligence, infrastructure and skills remain in a very underdeveloped state. Table 6.4 reveals the background of those in management positions of the individual case companies that participated.

Table 6.4: Company Management

	Alpha	Beta	Gamma	Delta	Lamda	Sigma
MD / CEO Experience	Owner/MD Alan Entertainment / TV Production Background	MD Carl Accountancy Background (not company founder)	MD/Partners Des & John Animation background	Chair of Group – Mary. Mgmt experience in sector and UK Founders - Directors	Owner/MD Fergal Production background	MD Ian. Accountancy / business background Founder, Peter: exec. producer

Alpha, Gamma and Lamda are currently managed by their founders. Their background is entertainment/television production, animation and audiovisual production respectively. As the case studies and exploration of company development reveal, early management style is characterised by a phase of creativity where the emphasis is on creating both a product and market. Table 6.3 revealed the business behaviour for phase 1 and 2, where companies typically oscillate between these phases as they work from commission to commission (Block, 2001). Management focus is initially to make and sell and the manager is

164

individualistic and entrepreneurial (Greiner, 1998). Growth required changes in the management structures of companies, incorporating financial and divisional directors. This is most evident with Lamda, managed by Fergal since it was established in 1979. One of the larger companies in this study, the core management team consists of five people: financial director, head of television, head of corporate production, and head of television production

Beta, Delta and Sigma are managed by persons other than the founders. The new management brought their experience, training and a distinct approach to the business

Delta is currently run by Mary, who was hired by the founders of the company initially to manage a successful project at the time, her role then encompassed the management of the TV division. Mary had accumulated over twenty years in the television business, both in Ireland and in the UK. Her objective was to maximise production activity and develop the portfolio of work. The founders, both with experience in television and media continue as directors on Delta Productions. The management team also includes a general manager and finance director. Her position is now executive chairman of the group of companies, with responsibility for the development of the companies.

Beta and Sigma's managing directors both brought their business management and accounting experience to the business.

Beta's director Carl, was formally on the board of directors, before taking over as managing director. His objective was to transforming the business, indicative of his financial background this involved going back to financial and business basics and create renewablity, reliability and reasonable cash flow before development. Carl hired a director of television as part of the small management team.

Similarly, Sigma's Managing Director Ian took over the position from the founder who remained as chairman and executive producer, his experience is in accountancy and consultancy, his task was to take the "hippie" company and transform it into a business.

165

In summary, an examination of the management teams reveals that founders of the case companies in this study all established their businesses with little or no business management experience, their focus was on producing a product. Their experience was in TV programmes, audiovisual material and animation production. Growth put demands on managers to develop business skills and in some cases outside support was employed. This provides valuable insight into the development of strategy explored in the next sections.

Objective 2

To examine the role of strategic management processes and activities.

Strategy is concerned with the direction and scope of an organisation over the long term: which achieves advantage for the organisation through its configuration of resources within a changing environment, to meet the needs of markets and to fulfil stakeholder expectations (Johnson and Scholes, 2002). This section examines the role of strategy management in the development of the participating companies; patterns in the strategy process, including absence, entrepreneurial formation, cultural and political outcomes and environmental constraint; work of the strategist internally and externally; the evolving strategising practices and their fluctuation through the course of development.

6.2.4 Patterns in the Strategy Process

This sub objective concerns the strategy process and the manner in which strategies come about; the how, who and when of strategy (De Wit and Meyer, 2002: 5). In many respects the development of the strategy process coincides with the timeline of organisational development (organisation history) as synthesised across case in table 6.5 and explored in section 6.1.1.1. 'History shows that the same organisational practices are not maintained throughout a long life span. This demonstrates a most basic point: management problems and principles are rooted in time' (Greiner, 1998).

Similarly, strategy practices are not maintained throughout the life of an organisation. Johnson and Scholes (2002: 78) use a historical perspective to examine the patterns of strategy development. Strategic development of organisations is best described and understood in terms of continuity: typically there are long periods of continuity during

166

which established strategy remains unchanged or changes incrementally; and there are periods of flux in which strategies change but in no very clear direction. Transformational change, in which there is a fundamental change in strategic direction, does take place, but is infrequent.

A systematic review of the strategic development of the companies, illustrated in Table 6.5, reveals a number of interesting patterns across cases, discussed throughout the following sections. The review is complimented by drawing on Mintzberg et al's (1998) ten schools of strategy formation in Table 6.6 and exploring the forms strategy formation exhibited through the process and their influence on strategic direction.

Table 6.5 Patterns of Development

	1980	1985	1990	1995	2000	2001	2002	2003	2004
Alpha					**Est. '99. Phase 1:** Creativity (TV/entertainment) production: Entrepreneurial growth	Incremental steps: international markets. Licence format		**Flux:** Crisis of leadership and development. **Action:** merger. External influence: formality on strategy process.	**Phase 2:** Direction. Planning workshops: MD and external planning consultant. Part of group strategy. Improving/ Innovating
Beta		**Est. '86. Phase 1:** Creativity (TV production). MD was founding director.	Flux between creativity and direction. Actions: Domestic commissions; diversified business units. **Crisis:** leadership lack of clear direction. **Action:** restructuring; new MD (former director).		**Phase 2.** Improving under direction.		**Action:** explore external markets and focused activities based on market demand. Beta Films est.2002. Use base in London to develop UK mkt.		
Gamma				**Est. '94. Phase1.** Creativity (animation). Entrepreneurial growth	Incremental steps. Developing business acumen. Market services and contract wk on non-TV wk. Alleviate financial difficulties.	Est. Gamma Development Ltd. To est. slate of work. **Flux.** Crisis of leadership. Partner roles assigned		**Phase 2.** Direction: Growth of international business. Middle-Eastern and US partnerships. Building reputation	

168

Table 6.5 Patterns of Development Continued

	1980	1985	1990	1995	2000	2001 2002	2003	2004
Delta		Est. '87. **Phase 1. Creativity** (TV production). Light entertainment. Commission dependent.		**Phase 2:'94:** Lucky break with stage production. Significant for the comp. Decision to maintain TV & separate companies. Joint prod. for large commission '96: Long running commission		Complacent. Over reliance on domestic mkt.	New member of staff responsible for 2yr development investment programme.	**Episode:** Cancellation **Phase 3:** Dynamic: Decision migrate or maintain. Restructure. Maintain - another commission.
Lamda	Est. '79.	**Phase 1.** Creativity. "Original" Video production comp. At the frontier of production	**Phase 2. '84** Direction due to environment constraints. Action: innovative: capturing value along the chain. Diversify into Post P. '88 acquire TV comp. False dawn of Independent production. Concentrated on commercials.	**92:** IPU est. first commission	**99:Episode: strategic review.** 5 yr. strategic plan: "future search": Actions: Transform - Divest PP & commercials facilities.	**Phase 3. Post-transformation.** Re-focused on 3 areas of business. Incremental steps. Develop internationally with e-learning	Mgmt of TV divisions is delegated. Consolidating position on frontier.	
Sigma				Est. '95. **Phase 1.** Creativity	**96.** Crisis of Leadership. Episode: New MD hired. Action and obj: to change company and set direction. Incremental	**Phase 2.** Comp. development, more vertically integrated. Co-productions with European partners. Developed European broadcaster relationships	Incremental growth. German subsidiary. Develop broadcast relations. Innovating in domestic market: Rights, integration, diversified revenue streams, ancillary prod.	

169

Table 6.6 Schools of Strategy Formation Exhibited

	Alpha	Beta	Gamma	Delta	Lamda	Sigma
Prescriptive Design (conception)						
Planning (formal)	X S-MT*	X not as formal or LT due to constraints of commissioning	X ST business/project plans	X formal with senior directors	X Open all inclusive process	X ST plan
Positioning (analysis)					X	
Descriptive						
Entrepreneur (vision)	X: small org. start up and transformation		X: intuition	X Turnaround & change	Personalised leadership/vision	X: early transformation & vision
Cognitive (mental)						
Learning (emergent)		X: reactive (risk of inertia)	X: reactive (risk of inertia) devel. Through learning.			
Power (negotiation)	X Micro X Macro	X Micro X Macro	X Micro	X Micro Macro	X Miero Macro	Micro (factions)
Culture (social)					X Collective: avoid individualists	
Environment (reactive)	X reactive	X reactive		X reactive but needs change		
Configuration (transformation)				Change in state: transformation		

* S-M T: Short to medium Term

170

6.2.4.1 Strategy Absence as Transition

McCarthy and Leavy (2000) found that small to medium sized enterprises evolve from an early fluid state of strategy formation. This is referred to as "quasi-strategic phase" and is characterised by little planning formality; the pursuit of a multiplicity of goals; and a very individualistic management style with the founder's views dominating. As young firms, in the first few years since inception, there are no signs of pattern or logic in activities and managerial decisions - strategy.

Firstly, the exploration of company development in 6.2.1.1 reveals a number of case characteristics which serve as indicators to the absence of strategy:

- The founders of the case companies in this study all established their businesses with little or no business management experience, their focus was on producing a product.
- Their experience was in TV programmes, audiovisual material and animation production.

Greiner (1998: 60) in his observation on the initial 'creation' phase of development, states: 'they [the founders] generally distain or avoid management activities; they physical are absorbed entirely by making and selling a new production'. This provides support for absence of strategy in transitional periods as recognised by Inkpen and Choudhury (1994). Particularly in young firms as they 'will not have a history of decisions that have evolved into a coherent pattern, and, therefore, it may be appropriate to refer to strategy as absent in these firms' (1994: 317). The strategy may be in the process of emerging; until it emerges there is no strategy. Evidence from the early phases of development suggests that here is an absence of strategy.

No pattern or logic in early decision making reveals an absence of strategy. That some founders established the companies to pursue a single product or 'lifestyle' business is evidence of this.

Carl, Beta's Managing Director, was a member of the Board of Directors when it was established in Cork in 1986. He admits that it was very much a "lifestyle business", functioning on one or two series every three years.

For Gamma's founders Des and John, the company was established after the partners successfully executed a project together. They met initially to develop one of Des's animation ideas. At this time the partners were interested in bringing the project to fruition and were not interested in developing business

> "We just wanted to draw...we approached RTE with an idea to do it and we had no office or money or anything. They liked it and suddenly we were going from nothing to a seven part series. It was a real sink or swim situation."

Having completed this project they discussed dividing their remaining assets. Des soon secured a contract from a UK-based company to develop another project, once again he asked John to come on board, and Gamma was officially established in 1994. The directors point out that in the initial stages they were still very 'art-orientated' as opposed to having a business drive.

For other cases absence of strategy is evidenced by early experimentation and lengthy periods in the 'commissioning trap'.

Lamda, established in 1979, started out producing training videos for the agricultural sector; this foray into agricultural TV lased six months.

> "It was a little premature, it was an interesting concept, we were just young and out of college at the time"
>
> (Lamda: Fergal)

Fergal, Lamda's founder and managing director, realised that such a narrow focus was detrimental to future growth and the company quickly became a video production company.

Delta was established in 1989, 5 years before the establishment of the Independent Production Unit in RTE and production work was limited. It worked with a core staff, from commission to commission, highly dependent on RTE.

> In the early days you were working from one production to the next, you would get a commission and you would set up the number of people to execute that commission then the end of a commission would come and people would go their separate ways there would be a core staff of about 3 or 4 people who would try and get their next commission.

(Delta: Mary)

Mary admits that this dependency is not an industry

> That [dependent activity] is not an industry that really is a cottage dependent sector more than an independent.

Where is the logic and reasoning in operating solely in a commissioning trap? Typically the companies function from commission to commission, dependent on RTÉ for a period of time. Founders are wrapped up in the day to day production and tenders for commission that they lose sight of the business management and strategy. As revealed earlier companies oscillate between production and sourcing new projects, which can be difficult to sustain. In this interim period while strategy is in the process of emerging, strategy is absent. 'The successful company is one that can look to the future and develop strategies that can cope with the almost destructive crises that will impact on the firm' (Block, 2001: 168).

6.2.4.2 Entrepreneurial Formation - Emerging Strategy

After initial stages of strategy absence, patterns of strategy begin to emerge. 'Strategies can emerge unintentionally as strategists take one step at a time trying to piece together a viable course of action' (De Wit and Meyer, 2002: 151). These patterns of action unfold over time as strategists gradually learn and come to agree on a particular direction. The founder/manager very much influenced the direction in this early stage – characteristic of the entrepreneurial school (Mintzberg et al, 1998). The focus is on the manager as leader, decision maker and visionary, it is characterised by little planning formality.

Alphas founder Alan could be described as 'individualistic' in the sense that he took control of the venture, having a tendency to be self-reliant and a strong personality. He previously ran another production with a business partner for a few years before setting up Alpha

> "When I decided it wasn't the partnership made in heaven so I went out on my own"

173

As with other cases, early projects required large cash input which was never redeemed but management believe it served to establish the company in the market, steadily building their reputation with a number of commissions and corporate work. The risk involved in the sector is evident: a major corporate client pulled out on a project with Alpha making a loss of £100,000.

> "It was a very hard lesson in business and how not to do things"

This also caused the Alan's partner to reassess his partnership and leave the business. His decision served to cement Alan's commitment to the business.

The founders of animation company Gamma realised early that they could not depend on the small domestic market to sustain a business. This is due in part to co-financing and co-production necessity with animation, as with film making. Conversely television production companies often oscillate from commission to commission for lengthy periods of time with little thought for the strategic development of the business, notable in the phase 1 of Beta, Delta. This dependent state is highly unpredictable and risky.

The early strategic development of the ventures is influenced more by the vision, commitment and determination of the entrepreneurs than by hard facts, forecasts or plans (McCarthy and Leavy, 2000). The founders attribute little planning formality to the nature of the domestic industry and the product they produce. Producers that are largely dependent are RTE face unpredictability due to the commissioning process. This is captured by Beta's Managing Director, Carl:

> "Most of us are dependent producers and within that scenario strategic management development planning is very difficult. In a culture where there is effectively a monopoly with a myriad of small producers and decisions being made very late in the day that the amount of planning that we can put into our business is dependent on the decision of the top line being made. If we were manufacturing widgets we could do our marketing plans but we are based on ideas and it's the acceptability of those ideas and the short notice we get to turn those ideas into television"

In summary, many of the founders followed an initial art-orientation – due to the fact that they were following their primary interest and expertise. The pattern of strategy formation was largely entrepreneurial, as characterised by Mintzberg et al (1998) in organisational

start-up. Strategy emerged as a pattern of actions – fragmented and incremental, synonymous with the incremental perspective put forward by De Wit and Meyer (2002).

6.2.4.3 The Defining Episode

Periods of flux or revolution are characteristic of organisational development. The resolution of each revolutionary period (crisis) determines whether or not a company will move forward into its next stage of evolutionary growth (Greiner, 1998). The term 'defining episode' is used here to describe a period of flux and change in the strategy development process. In some cases it is characterised by a financial crisis, a lucky break and change in management, and in all cases it signifies a significant break from the past. These episodes reflect the internal and external dynamics on the development of strategy. It is through episodes that organisations are able to creative the opportunity for reflexive strategic practice and change (Hendry and Seidl, 2002). The business start up phase was characterised by an absence of strategy: creativity driven management, an emphasis on production as opposed to formal business process and activities. Defining episodes bring on the realisation that the weaknesses in planning, financial control and lack of direction in the commissioning trap need to be addressed. Some cases embraced strategic planning and formal processes, others learning and incremental change with varied outcomes.

Financial crisis

Joint partners of animation company Gamma, Des and John, experienced a period of flux in their development. At the outset Des and John were driven by the animation projects and generally distained management activities, all energies were absorbed by production. A period of financial difficulty was a catalyst, causing a break from past processes. Following their initial small scale successes capital was almost non-existent and no offers for work were forthcoming. The need to effectively market their services became paramount to their future success. And so began the transformation from art-orientated to business orientated.

Luck

Not all defining episodes in strategy development are envisaged. A number of cases benefited from good fortune. A lucky break provided an opportunity at a critical junction

175

for a number of cases. It was also important for the cases to recognise the opportunity when it appeared and to have the clarity of direction and flexibility necessary to exploit these (Grant, 2002).

For Alpha a chance meeting at a TV market in the US set the seeds for the next stage of growth. Alan, Alphas Managing Director, picked up on a successful Australian format and "door-stepped" the originator with a "bit of blarney" and informally over coffee, discussed the possibility of bringing to project to the next stage. The following year they made the deal to bring the format to Ireland. Chance and luck played a part in the transition of the company.

> "I suppose it was a stroke of luck that I had decided to go to another TV market in the states ... A change in direction in a single meeting – all by chance. The elevator pitch still works in this business - I happened up bump into a major decision maker my accident and happened to be able to pitch them an idea which was never on our plan but that's going to change things"
>
> (Alpha: Alan)

The company built up a good working relationship with the Australian company and Alan recognised that they have the size and scale, underlying rights and importantly the know-how to bring new projects internationally.

> "That ended up being a conversation about who owned Alpha and we ended up having merger talks and that went on for about a year and we merged last year".
>
> (Alpha: Alan)

This new dynamic has changed the structure and processes of the company from small domestic player to international group member.

Mary joined Delta in 1994 after the initial success of a stage show produced by one of Delta's founders Louise. At the time management didn't recognise the project for the phenomenon it would emerge as. Mary describes it as a once in a lifetime lucky break:

> "Nobody saw it, ourselves included, for the potential that it had… it was a very lucky break that you get once in a lifetime"

At that time Delta TV productions nearly disappeared. All three directors were consumed by the venture and developing the full length stage show. Mary and Gary then were faced

with a decision: "What do we really want to do with the TV Company; do we want to let it go?"

Mary admits that there was a lot of strategising then as to which way the company would go.

> "At that stage it was much more difficult than it is now, the IPU was only starting and it was desperately difficult to have any vision and not to walk away and say this is never going to work, you had to find ways of getting around and doing things".

They chose to continue in the television production business, with Mary taking over its management. Facing a slim portfolio of work, her role was to maximise activity.

Crisis of Leadership: New Management, new influences

Entrepreneurial leadership is characteristic of start-up. It also reveals itself during periods of dramatic change, under the guidance of a visionary leader through turnaround (Mintzberg et al, 1998). This was the case for Beta, Delta and Sigma, where a new manager brought about change and guidance.

For Beta development is characterised by its incremental growth in a domestic environment and dependent very much on commissions and diversified business units to sustain this. By 2000 a number of companies had spawned from the initial business:

> "A tiny business with too many legs"

> (Beta: Carl)

It became difficult to manage and Beta was not seeing a return in all the activities of the business. The company was restructured, with Carl, then a member of the board taking a majority shareholding and become managing director. Characteristic of a crisis of leadership (Greiner, 1998) the company needed someone to lead them out of confusion and introduce new management skills and a directive approach. Carl's overriding objective was to create renew-ability, reliability and a reasonable cash flow before the company could develop:

> "I mean the only big brain thought we had was first of all was that we need to create a reasonably strong albeit micro business because we work in a small domestic market but we need to create some renewability and some reliability and reasonable cash flow because otherwise we couldn't underwrite any other developments in other markets"

177

Similarly Delta's Executive Chairperson Mary took over the management of the television division in the early 1990's while the founders concentrated on developing their successful stage show projects. At that time the TV production arm nearly disappeared while management were consumed with other projects. Her role then was to turnaround the dormant division.

Sigma's Managing Director Ian was initially hired as a consultant by founder, Peter, to compile a business plan for the company and develop the animation part of the business as it had been involved in live action primarily. Eighteen months later Ian, a trained chartered accountant, joined the company as Managing Director. After joining Sigma Ian found that for all the company's aspirations it was relatively commercially naïve. The task was to take the relatively "hippie" company and turn it into a business.

> "I would admit we had a "hippie" company, that's great but hippie companies don't generally speaking survive and grow too much and the task there was to turn it from a hippie company into a real company, and that's a challenge"
>
> (Sigma: Ian)

Sigma, like the other cases, underwent a period of transition after an entrepreneurial beginning, where the founder was driven by the urge to create as opposed to the management of the business. The Managing Director brought a commercial sensibility and ensured that Sigma took actions to ensure the growth and development of the business.

Gamma was established by partners Des and John both coming from an animation as opposed to management background. With growth came a growing demand on the partners to manage the business and ensure sustainability and growth. They initially hired a consultant with the following outcome:

> "We found that we became too dependent on him and used him as a crutch. So we decided to go out on our own and learn as we went".
>
> (Gamma: John)

But learning as they went did not negate a crisis in leadership. This was resolved by assigning roles – Des undertook the management and development of the business and John the management of production.

"He [Des] is just going to focus on business development, he was just getting distracted, he was getting pulled left right and centre. Now he is not involved in the overall running of the business well of course of the business but not in the office we have an accounts person now and a production manager and between them they look after the office"

(Gamma: John)

New management influenced the strategic development process of the case companies; this is evidenced in the influence of the merger on Alpha and the new managing directors for Beta and Sigma. The later bought their business and accounting experience to the organisations with the objective of reforming the organisations and introducing commercial sensibilities that they believed were absent.

The salient theme that emerges is that the episodes, crisis or otherwise, serve as a catalyst for a change in behaviour and a significant break from the past for case companies. This is supported by McCarthy and Leavy (2000), their study of strategy formation in SME's revealed that a defining episode, characterised by financial crisis and change in ownership served a catalyst for a more rational strategic phase of development. Preceding this crisis business behaviour was identified by vision, imagination, experimentation, risk-taking and opportunism. The onset of an episode resulted in the emergence of a more cautious outlook and a strong desire to safeguard the organisation. To prevent the re-occurrence of crisis measures such as planning and control procedures became important. The episodes forced management to remove themselves from the everyday operational routine, engage in strategising activity and initiate change (Hendry and Seidl, 2002).

The next section discusses these changes in more detail.

6.2.4.4 Planning versus Incrementalism

The previous section revealed that the episodes served as a catalyst for a change in behaviour. In some cases, procedures and planning were put in place to solve the weaknesses that emerged; managers began to embrace more formality in their strategy processes. Other cases maintained a more incremental approach to strategy, with the environment emerging in management narrative as a constraining influence on choice. The sections that follow explore in more depth the changes that took place, with a particular focus on the processes adopted, and what management believe works for them in the context of their work. Here the appropriate measures are not so much overall economic performance as recognition of managerial influence, the adoption of strategic initiatives, or perceived success of strategy-making episodes (Johnson et al 2003: 16).

A number of cases began to embrace more formal strategic activities such as planning.

Most notably, the oldest of the case company's, Lamda, champions strategic planning and formal processes. Fergal owes the success of the business to the change processes which it has undergone, and the diversified business units so there was never a reliance on one division. The business faced difficult economic times in the 80's, management would plan ahead

> "...you would be running very tight and watching the bank manager from day to day. I wouldn't be one to run away from it I would get on with it and try to plan out way to the next phase"

The company now advocates strategic plans every five years, management reviews the business practices ands asks itself: "where are we, were are we going and what do we need to change".

> "I think you have to have some structure and environment to think about what you are doing and to set objectives".

(Lamda: Fergal)

They carry out a "mission session" on an annual basis: they spend a day reporting on how they are operating to their strategic direction. They hold two board meetings a year on strategic issues and they review activities, undertaking a "state of the nation": what they have done and achieved, where they are going, vis-à-vis where they want to be. These

180

sessions are used to reflect on the long term planning, and assessing how much the company has achieved.

For Lamda the planning approach to strategy formation has advantages over ad hoc management. This is supported in the literature, advocates argue that plans give an organisation direction instead of letting it drift and it encourages long-term thinking and commitment (De Wit and Meyer, 2002). The approach which they adopt does not restrict itself and allows for some flexibility

> "it is simply a vision, aspiration... I think you have to make some statement, otherwise you have nobody, and you can't be everything.

> (Lamda: Fergal)

Delta's executive chairman expresses the importance of a more structured strategic process as a consequence of complacent behaviour which led to a crisis.

> "you have to plan it but you have to be ready to change at any time, there must be a plan and you cant go from one day to the next without knowing where you are going, you have to put strategies in place and you have to be prepared to put in the infrastructure to build on those strategies but maybe be open to the fact that the unit or production that you had planned for that strategy might not be the one"

> (Delta: Mary)

Consequent to its merger, Alpha now participates in a more formal process - the company has to report to the company board and chief financial officer on decisions. This change was instigated by the large organisation with which they merged. There was value in the thinking which it engages him:

> "There is a whole group strategy which we are feeding into. I think one thing is for sure something which I hadn't put in place when I set the company up in 98 we are now moving to an ongoing planning both strategically, production wise company wise staff development everything"

> (Alpha: Alan)

Alpha is Alan's third start up company. There is value in the discipline required to sit down and write the business plan. He distances himself from companies which don't plan beyond their current projects

> "It meant we had to think about the business and it is amazing how many people in this business who never actually think beyond why they are setting up the company to service one particular idea they have and the business flows out of that".

Planning serves as a means for alternatives to commissioning with which they have no control over.

> "That type of planning [commission to commission] is planning for failure because if you don't plan for success it won't happen, you may have accidental success, you can make it happen if you have some sort of plan which gives yourself alternatives to relying on one particular decision that you have no control of"
>
> (Alpha: Alan)

It is evident within the context of this study that strategies emerge as well as being formed deliberately, and so strategies display elements of incremental formation. Strategy emerges unintentionally as strategists take one step at a time trying to piece together a viable course of action and adapt to the demands of the continually changing environment. This corresponds to the classical 'fit' concept of strategic management where strategy is seen as the matching of activities of an organisation to the environment in which it operates (Johnson and Scholes, 2002: 43). This is characteristic of strategy making faced by organisations in unpredictable environments (Mintzberg and Waters, 1985) and by arts-producing organisations due to the high level of uncertainty (Bjorkegren, 1996). Strategies emerge as a result of interaction with the environment rather than the result of internally generated business plans.

Alan stresses the importance of retaining flexibility in the process and "in this business"; the ability to react to emerging opportunities and "chance meetings" that can add to the growth of the business:

> "We still have the ability and need the ability to react if an opportunity presents itself that doesn't fit with our plan but could certainly add to our production capacity or add to our revenue streams or add to our growth of business...I happened up bump into a major decision maker my accident and happened to be able to pitch them an idea which was never on our plan but that's going to change things"

Gamma's directors Des and John emphasises the importance of a desired future state or vision and goals for the company

> "If you want something to happen you first have to visualise it" (Des) because if you can't visualise it, it is never going to happen. It's great to have goals and that's

182

what I mean and I guess that a lot of these things that we do sort of intuitively reach anyway it has been written down at some point.

In many ways the instinct pro-active approach adopted by Gamma is indicative of logical incremental as set out by Quinn (1980). Strategists operating within logical incrementalism are 'continually, proactively pursing a strategic goal, countering competitive moves and adapting to their environment, while not rocking the boat too much so as to maintain efficiency and performance'.

Strategy is less "worked out" and very flexible. Operational concerns are evident in management discourse

> "At the moment we are just working on increasing turnover, increasing profit and even in terms of employing people, we are up to about 12 now. We haven't really worked it out, myself and Des would probably meet about once a year and say where do we want to be this time next year and where do we want to be in three years, in five years, we are always reviewing it..."

<div align="right">(Gamma: John)</div>

This highlights a conflict of interest that emerges is some cases – operational management (as routine, operationally specific, short-term implications) versus strategic management (as ambiguous, complex, organisation-wise, fundamental, long-term implications) (Johnson and Scholes, 2002). The nature of strategic management is different from other aspects of management; an individual manger is most often required to deal with problems of operational control and production management, such as the efficient production of projects, the management of the production staff, the monitoring of financial performance or improving the efficiency of the operation. 'They are all important tasks, but they are all essentially concerned with effectively managing resources already deployed...within the context and guidance of an existing strategy" (Johnson and Scholes, 2002: 16). It is vital to the implementation of strategy but it is not the same as strategic management.

The previous section revealed that strategic episodes served as a catalyst for a change. Divergent approaches were adopted by management, each reflecting what managers believe works for them in the context of their work. Some managers began to embrace formality and procedure -strategic initiatives such as strategic plans and strategy away days were put

in place. Others believed an incremental approach worked, given the constraining influence of the environment. The appropriate measures of 'what works' in a given context is not measured by economic performance, put managerial perception of successful initiatives.

6.2.4.5 Is it just going through the motions?

Assessing the strategy activities, in particular the strategy planning, of some companies it raises the question: is it just going through the motions?

Strategy is seen to encompass a formal process of meetings and planning and can appear formulaic:

> "It [strategic management] is a question of formalising meetings and keeping minutes acting on decisions"

> (Gamma: John)

This highlights one of strategic planning fallacies – formalisation. 'The failure of strategic planning is the failure of systems to do better than, or even nearly as well as, human begins' (Mintzberg, 1994: 11). Formalisation implies a rational process, from analysis through administrative procedure to eventual action. Strategy making emerges as a learning procedure can proceed in the other direction too. While the companies set out strategy plans and intended strategy, they were often disregarded or unrealised and strategies emerged instead as a pattern of actions through experimenting and under the logic of strategic direction.

A number of cases have worked on plans for the organisation but it is dubious as to how much these are used to strategise effectively: as a means of direction and encouraging long-term thinking and commitment (De Wit and Meyer, 2000)

> "One of the things we had to do when we got venture capital into the company was to write a business plan and at the time I remember talking to other producers and very few had ever written a business plan and I found it an interesting exercise. It was usually history by the time you wrote it but at least writing it makes you think about where you are going, what you are trying to achieve, setting out your goals and thinking about your environment you are working in".

> (Alpha: Alan)

Gamma place an emphasis on the aesthetic quality of the plan leaves the substance questionable:

184

"Well we used to spend a lot of time on our business plans just making them look nice we used to come up with made things like instead of having them this way have it like that"

(Gamma: John)

The purpose of plan was for stakeholders - potential clients as opposed to a strategy plan. This reveals the emphasis on operational planning as opposed to strategic planning.

Mintzberg et al (1998) and Johnson and Scholes (2002) are vocal about the problems inherent in formalised strategic planning. Evident in this research is the danger that strategy becomes thought of as the plan. Managers may see themselves as managing strategy because they are going through the process of planning. This highlights the difference between intended and realised strategies.

There is no doubt that the environment for producers is constraining in the domestic market. This appears to qualify an absence of strategy, or ad-hoc reactive approaches. This is merely reactive and programmatic and is contrary to what strategy encapsulates: pro-active, orientation, innovation and quest.

6.2.4.6 The Environment as Constraint

A recurring theme was that managers viewed the scope of strategic choice severely limited by environmental constraints, namely the manner in which RTÉ commission programming. This was highlighted by the environmental school of strategy formation; Mintzberg et al (1998) observe that organisations see themselves as passive, reacting to the environment that sets the agenda.

For Beta's Managing Director, Carl the constraining influence of RTE is detrimental to growth and development. He is ambitious to grow to a size where the company can generate resources that can be invested and create new markets abroad. But working replacing himself or Hilary, the Director of Television, in the domestic market would be too costly.

185

> "[this] scenario isn't available within the tight margins we are working in so we start to generate losses rather than marginal profits and we've got to come back in again so that does stifle growth"

The barrier identified is the way RTE, the "dominant broadcaster" does business. As the main buyer in the market they hold the power in the relationship. In early 2004 they are commissioning for 2004, Carl contends that this limits the financial planning or strategic planning what they can put in place compared to the flexibility they would have if they was commissioning a year in advance i.e. 2005. "Hand to mouth short-term decisions" constrain the degree to which they manage strategically:

> "Most of us are dependent producers and within that scenario strategic management development planning is very difficult in a culture where there is effectively a monopoly with a myriad of small producers and decisions being made very late in the day that the amount of planning that we can put into our business is dependent on the decision of the top line being made"

> (Beta: Carl)

In 2003 Delta was in a period of crisis as they had not prepared for – a long-running series was cancelled. Deltas' Executive Chairman Mary partly blamed their position on RTE's abuse of their dominant position.

> "There is one end user for television product in this country, so there is no competition, no security"

The dependency on domestic market limits development and reduces producer control.

As small organisations in a monopolistic environment, they are unable to influence in their operating environment, the outcome is that 'they merely buffer themselves from, or respond to, changes in that environment' (Johnson and Scholes, 2002: 72). The strategy development occurs through a process similar to that of natural selection: variations occur in organisational processes and structures, these variations may be more or less relevant to the environmental pressures that the organisation faced, and therefore may result in one organisation performing better, or worse that another (Johnson and Scholes, 2002). Managers believed that the nature of the domestic market exercises such significant influence that the degrees of managerial latitude are severely reduced. Johnson and Scholes (2002: 73) take the view that even where pressures are severe; it is the job of managers to develop the skills and strategies to cope with the situation. That the organisations have no

real choice, that there is some sort of "environmental imperative" also faces criticism from Mintzberg et al (1998) who pose the question: how is it that two organisations can operate successfully in a similar environment with a different strategy?

Some cases took more pro-active approaches to cope with the constraints, recognising that they can not let that be a limiting factor to growth.

Lamda's manager Fergal is vocal about the constraints of the domestic market:

> "It has been dominated by one buyer, RTE, so therefore you don't have a real market; you have a very controlled regulated market controlled by largely one monopoly. So we have always sought to diversify around that"

The company has only let domestic commission be more that 15 % of their business:

> "..Because we wouldn't survive"

Fergal owes the company success to the changes processes which it has undergone: "the three or four metamorphosis...expanding into other areas of business, coming out of other areas, pulling back, expanding, and re-investing".

> "The reality of a business is that unless you have three legs on the stool - there will always be one doing nothing – television is very rocky...profits tend to be quite low, it's a very difficult business...so sustaining growth and even stability in that kind of environment isn't easy so you had to always be diversifying, you always had to be capturing value wherever you could within the production chain and watch what was happening new trends and try to be on top of things"
>
> (Lamda: Fergal)

After successfully managing the crisis in the domestic market Delta's manager Mary recognised the need for a more pro-active approach to the environment and a retrieval of control in the business

> Certainly looking at this sector here in Ireland, there isn't really any point in just existing for the Irish market, it is always going to be an up and down, you might get a good five years and we have had a tremendous ten years out of it and we might get another five, it is this lack of control so you think do you really want to be doing that. The only reason you want to be doing that is to get more control and how do you do that? We examine the fact that we can do that internationally
>
> (Delta: Mary)

6.2.4.7 Strategic Drift

Due to the uncertainty of the context, a number of cases advocated a more incremental approach to strategy. This is supported in the literature, Bjorkegren (1996: 43) notes that due to the high level of uncertainty faced by arts-producing organisations the business strategies tend to be 'emergent' rather than deliberate, an outcome of interaction with the environment rather than the result of internally generated business plans. As the previous section reveals management can choose to accept the constraints of the market and proactively adapt to the environment in the manner of logical incrementalism or they can react in an ad hoc management style.

The danger with organisations that become merely reactive to their environments and fail to question or challenge what is happening around them; in short they become complacent (Johnson and Scholes, 2002). This is evidenced in the case of Delta. The company had a large volume of work through the period of 1995-2003, with two long running series in Ireland and a number of large profile shows. They also had a number of programmes and documentaries for PBS in the US. In many ways this volume of work served to cushion the degree to which the management had to think strategically about the business so they remained complacent.

> "looking at the end of a 6/7 year run, having the duality of those contracts, when we could play around with other things, we could experiment with things, it didn't really mater if there wasn't another production right set there originally because you had your bread and butter made and you knew everyone could get paid and all your overheads were met. All of a sudden that was not the case...so we ended up with no money going into R&D because it was all going into propping up this false situation"

(Delta: Mary)

With a crisis on there hands, Delta's management team found themselves having to make strategic decisions about the future of the Television division, Delta Productions.

> Do we want to be in this business any more? Where does our future lie in this business? What are our objectives? Should we have less people?

The process proved to be a difficult one. Mary believed that the company should take the high risk strategy; this would involve giving up what had been the bread and butter of the business, domestic commissions and focusing on international projects.

188

"But I am a firm believer that unless you shake things up you stagnate. Change is needed. We are in a business that is changing all the time. Going to make the decision and to take the consequences"

Management were forced to address all these problems, make decisions and take action.

"...decision to say, no we really want to grow stronger, to get bigger but more international, to do that you had to get lean first, to put the structures in place so that would happen"

Traditionally in the sector, production crew would build up at busy time and fall down when off-peak, however Delta's production had been continuous, so staff were kept right through the year, on contracts for 5/6 years work. The crisis highlighted the weaknesses of the operations through the period. Management were required to take a hard look at the business and restructure their fulltime and contract staff, resulting in a "leaner" structure. Management had to look hard at the classification of jobs that were required on a permanent basis. The change proved to be a difficult process, but necessary for the long term viability of the company. The company are now in a more flexible position and are more prepared for the down times and unplanned changes to production.

The decision to continue working on commissions for RTE was a difficult one for Mary, who hade championed a high risk strategy, believing it would have benefited the company to explore other avenues for a few years. In many ways the decision to take another commission with RTE highlights the difficulties when managing strategies change, 'the action required is outside the scope of the paradigm and the constraints of the cultural web, and that members of the organisation would therefore be required to change substantially their core assumptions and routines' (Johnson and Scholes, 2002: 79).

"It was very hard to make people stop doing what was their job and their whole drive has been to do that"

(Delta: Mary)

The crisis of cancellation highlights the complacency of the organisation; they were not prepared for a change in the routine of the business. Over the period of long-term commission's the organisations strategy had gradually, if imperceptibly, moved away from addressing the forces at work in its environment – resulting in strategic drift.

"at the time when things were really going well that was the time to sit down and say if that and that was gone what would be do, we didn't think about it, I thought about it at night time "my god how are we going to keep these people employed if anything happened but I actually didn't do very much about it because it was always constantly there".

This is supported by Johnson and Scholes (2002: 79), they state that 'faced with pressures for change, managers typically try to minimise the extent to which they are faced with ambiguity and uncertainty, by looking for that which is familiar'. This also signifies inertia behaviour, the organisation failed to question or challenge routine and familiar behaviour. Strategic development went into a state of flux, with no clear direction for the company. Mary was open to a dramatic change in the business however what resulted was a return to domestic commissioning. The outcome was a change to structure of the organisation within the old routine as opposed to the shift in paradigm required to dramatically transform what had been the familiar and "bread and butter" of the business for so long. For Management they have entered a new stage of development, restructured and more in control, addressing the weaknesses that led to past behaviour:

"So we are just gone into an exiting new phase again, quite different I think than we have done before, not as benign as we used to be, trying to be more business like about it and also have come now to try and work out an international plan as well as a domestic plan"

(Delta: Mary)

6.2.4.8 Cultural and Political Influences

The management of organisations depends a great deal on the knowledge and experience of those involved. This experience and ways of doing things are built up over years, often taken for granted (tacit) and applied in managing the strategy of organisations (Johnson and Scholes, 2002: 45). Strategies are more or less successfully implemented through people. Their behaviour will not be determined by plans. So the cultural and political dimensions of organisations have to be accounted for when considering the process of strategy development.

The influence of the organisational culture and 'the way we do things around here' had important implications for the strategic decisions made by Delta. The case shows how

strategy is conceived as an outcome of cultural and political processes. The company became complacent, cushioned by a routine of long-running series. This routine fed a 'taken-for-grantedness about how things should happen' (Johnson and Scholes, 2002). This is protective of core assumptions of the paradigm and became extremely difficult to change.

The routine of the operations revolved around work in the domestic market with RTE, when the broadcaster cancelled one of the long running series the executive chairman decided that "drastic" change was needed, it was a little more difficult to execute due to the organisations reluctance to disband what had been the core of the business, the "bread and butter":

> "It was difficult for me particularly because I actually felt that the high risk strategy would have been not to do anything with RTE and I felt that it would be good for the company to do that for a year or two. What was interesting about that was that I realised how geared up everyone was, working to get commissions they couldn't actually stop physically, they had been trained, that was their business"
>
> (Delta: Mary)

Cultural and political processes guided the strategy adopted. The staff continued in their familiar routine of tendering for commissions, maintaining a status quo. This made the decision for drastic change more difficult for Mary, the executive chairman.

> "Every time the phone would ring and they would be telling me about another proposal and I was saying 'Hang on we are not doing them we are deciding', but people actually physically couldn't stop, it is very hard to make people stop doing what is their job and their whole drive has been to do that. And RTE asked us to go for this eventually. There was a lot of soul searching and I would not have been the one who would have been in favour of it"

She was "persuaded to continue". The company did restructure the business, which demanded changes to the staff that had been core to the business

> "But I knew that the people we had were not going to be the people for the new productions. So anyway we needed to do the change and I think that has been very painful. Everybody is beginning to say "that was the right thing to do"
>
> (Delta: Mary)

The influence of culture in discouraging significant strategic change (Mintzberg and Lampel, 1999) is evident. It also highlights the micro power of individuals within the organisation, and the development of strategy as political –'a process involving bargaining,

persuasion, and confrontation among actors who divide power' (Mintzberg and Lampel, 1999).

Power is central in organisational life and underpins the strategy-making process (Clegg et al, 2004). The role of power and politics is evident in the case of Lamda. For Fergal, the awareness of a strategic issue within the organisation was not necessarily an analytical process; it was more a gut feeling based on previous experience. The outcome of a strategic review workshop was to divest a post-production facility of the company. The decision was based on the strategic need to separate production and post, to allow both entities to have more focus. Fergal reflects on the decision, his narrative emphasising the need for collective acceptance to the strategic decision, which has in a sense been made by him prior to the process:

> "I would have felt it in my gut anyway, but I think you needed people to, because it was going to be difficult there was going to be changes, you needed people to buy in…to feel that it was their decision, not yours, not the top and if people go through a process like that even if they don't know, they are saying more or less what they want to do and what they feel the company should do"

This reveals an undemocratic element to the strategy process and hegemonic control of management (Clegg et al, 2004). Fergal believes the process was necessary for staff to voice their frustrations and realise the decision was valid.

> "There were frustrations with the way they were. And one of the frustrations was the way that was working it was limiting both their businesses. And at times key people were quite clear but nobody wanted to say we want to split them up"

Despite allowing staff to voice their opinions, effectively the decision was made prior to the workshop.

Similarly, Ian, describes how managing within the different "factions" of the business can be challenging, especially when trying to achieve a collective focus.

> "It can be difficult sometimes… because of different people and different factions within the company, it is the objective of some people to have a certain level of quality, which we all want, a very high quality, but we have to work within a budget, it is the objective of other people that we win awards, it is the objective of

maybe another person, is to do a variety of things, so it is too try and bring all the focus together and to try and get the focus on the bigger picture"

<div style="text-align: right">(Sigma: Ian)</div>

In addition, managers explain how strategies may come about through processes of bargaining, negotiation and political activity.

"I have certain autonomy for certain decisions but major decisions, major financial decisions and major strategy decisions we have to sell to the board, which is a good thing because it is not just closed thinking and rash decision making its means it is - thought about the detail, its discussed and decided upon for reasons of following a certain path and plan".

<div style="text-align: right">(Alpha: Alan)</div>

"How we would make decisions, invariably every idea has a champion, Hilary, my colleague and I, together with our director in the UK, any decisions that would affect the future of the company, would be brought to the table by one of us, and sold to the other two effectively, and dealt with in some way and naturally, there will be obvious things to do and some aren't depending on the decisions, there is little room in this business for a solo run".

<div style="text-align: right">(Beta: Carl)</div>

Gamma and Sigma describe the negotiation between partners:

Definitely we are very different people even from a personality point of view it is helpful, I've always said that if it was one of us or the other running the company it probably wouldn't still be around – it's the old good cop bad cop scenario ...any arguments or discussions are useful as well. If someone gets a crackpot idea we have to sell it to the other person if he can't convince me or I can't convince him then we don't bring it else were...We just voice it and if the other person goes for it – great if there is conflict we wait..

<div style="text-align: right">(Gamma: John)</div>

"you have the good guy bad guy syndrome, you have 'I would but he won't let me' you have a lot of leeway which you wouldn't have other wise"

<div style="text-align: right">(Sigma: Ian)</div>

Not limited to film noir, the "good cop, bad cop" scenario is used to describe the process of negotiation and bargaining in decision making between partners as they tactically manage contributions from both factions of the business: commercial and creative.

Delta's manager illustrates the tactics and game playing involved in commissioning:

"But you are playing your own games as well. There is no doubt about that and you have to. And sometimes you have more power than you think actually or than you give yourself credit for"

<div style="text-align: right">(Delta: Mary)</div>

The organisational culture also reflects the shared practices within the organisation. The application of experience is rooted, not only in individual experience, but also in collective (group and organisational) experience, reflected in organisational routines accumulated over time. From a cultural and social perspective, the findings support Whittington's (2002) model of the variety of contexts within which strategising takes place. Managers the strategy practitioners, participate in many activities. To consider formal instances, these points of strategising praxis include board meetings, strategy reviews or top management away-days. As they strategise they draw upon – in a structurationist sense (Giddens, 1984) – a set of established practices available from their social context. At the enterprise level (meso), these might be the routines and formulae of the formal strategy process, laid down in corporate cultures and systems; at the wider societal level (macro), working through accepted analytical tools, or even notions of appropriate strategy-making behaviour, as propagated by legislation, regulators, business schools or consultancies. Practices are reinforced as practitioners continue to rely on them for praxis. And so, strategising routines and formulae are confirmed and developed through a shared culture of practice.

6.2.4.9 Absence as Symbol

In section 6.2.4.1 strategy absence was explored as a transitional phase in the firm's lifecycle. As young firms, the cases did not have a history of decisions that have evolved into a coherent pattern, and therefore, it may be appropriate to refer to strategy as absent in these firms. Strategy absence may also be as a result of conscious decisions and action (inaction) by management, 'absence as virtue' (Inkpen and Choudhury, 1995: 317). Just as strategy may be symbolic of top management's commitment to a chosen course of action, there may also be symbolic content in absence.

Not all organisations find it necessary to create a façade of rationality and not all organisations need an explicit statement of intent.

The following statements exhibit a similarity in the disregard for long-term focus by managers of Beta and Sigma:

194

"We have a relatively short term vision, I would say 18 months/2 years, long term we don't...I mean I do believe in business plans, it is my background, but paper doesn't refuse ink, I know a lot of companies that have business plans and whatever else and they are a load of nonsense quite honestly, they are unachievable nonsense"

(Beta, Carl)

"When you talk about strategic management, you are talking about positioning, long term, but the cumulative short term objectives ultimately become the long term objectives so I can also say to you that we want to have ten animations series done in 5 years time, or 20 in 10 years, it is the same thing"

(Sigma, Ian)

The absence may be seen to send signals to both internal and external stakeholders of its preference not to engage in resource consuming ceremony. The managers prefer short-term financial goals and objectives, maybe indicative of their experience and backgrounds in management accountancy. There is however a danger that planning becomes operational as opposed to strategic.

6.2.5 The Strategy Practitioner

Strategy process is the manner in which strategies come about, it concerned with formation, implementation and change. If the process is a sequence of events that describe how things change (Van de Ven, 1992) the practice brings the focus to the managerial level, concerned with how strategists 'strategise' (Whittington, 1996)

Praxis involves the work of strategising by the practitioner, the doer of strategy, the strategist (Whittington, 2002: 10). Johnson et al (2003: 16) find a clear gap within strategic management literature on the strategist and their place within the strategy making processes: who is the strategist – academic background, sources of ideas, view on the organisation and strategy processes. This section explores the role of people, internally and externally, to the strategy making process.

In a small business context, such as the cases in this study, the role of strategic management often rests with the senior manager, or founder of the firm, who has direct contact with the market place and whose experience is influential (Johnson and Scholes, 2002). This section examines the role of the managing director as strategy worker and their influences on the practices in place while also drawing attention to the extent of staff involvement. The cases

also exhibit influence from outside sources such as consultants, non-executive board members and government agencies, so this section explores their supplementary role in the process.

6.2.5.1 Internal: Managing Director

Before examining the influences of external strategy practitioners, this section takes a closer look at the manager as strategist. In SME's the role of strategic management often rests with the founder/manager (McCarthy and Leavy, 2000). Section 6.2.3 introduced the characteristics of management, their training and experience. These characteristics can reveal different approaches to the development and management of strategy in companies. They also provide insight into the strategy processes, the work of the strategist and activities undertaken.

Briefly, Alpha, Gamma and Lamda are currently managed by their founders. Their background is entertainment/television production, animation and audiovisual production respectively. Beta, Delta and Sigma are managed by persons other than the founders. The new management brought their experience, training and a distinct approach to the business

McCarthy's (2003) study of the strategy formation process suggests that the strategy formation process is driven by the personalities of the entrepreneurs and by their experience of crisis – charismatic and pragmatic. The charismatic characteristics conform to the stereotypical view of entrepreneurs – they were visionaries, risk-takers, passionate, with ambitious and idealistic goals (McCarthy, 2002). The pragmatic qualities did not fit this mould and were more cautious, rational and seemed to adopt a more calculating and instrumental approach to the business. Similarly, this study reveals evidence to support charismatic and pragmatic characteristics in managers and their approaches to strategy. However, charismatic and pragmatic are used here as characteristics as opposed to 'entrepreneurial types' as the research revealed that managers were not as easily typecast into either or category and tensions existed.

Charismatic and pragmatic characteristics are distinguished according to decision-making style, goals, attitude to risk, degree of commitment to venture. Table 6.7 displays the characteristics and example quotations from managers.

Table 6.7 Charismatic and Pragmatic Characteristics

Strategy-Related Variables	Charismatic	Pragmatic
Decision-making Style	Visionary, intuitive "it is simply a vision, aspiration" (Lamda) "If you want something to happen you first have to visualise it" (Gamma)	Planned, rational "That type of planning is planning for failure because if you don't plan for success it won't happen"(Alpha) "There must be a plan and you cant go from one day to the next without knowing where you are going" (Delta)
Goals	Ambitious, idealistic "We want to be the company at the gateway for all this new creative talent that's in Ireland all the time" (Alpha). "We didn't know that anything else would come down the line, so we have got to prove to ourselves that we can handle the biggest gig that can come in and to handle it well and hope that other things will spin out of that" (Delta)	Achievable, conservative, common sense "We need to create some renewability and some reliability and reasonable cash flow because otherwise we couldn't underwrite any other developments in other markets"(Beta) "I think you have some structure and environment to think about what you are doing and to evaluate what you are doing and to set objectives" (Lamda).
Attitude to Risk Degree of commitment to venture	Bullish, abiding commitment, obsessive "Because we pumped a lot of our own money into producing a documentary which we have never got back and never will" (Alpha).	Bearish, risk-averse, Calculated, pragmatic, success within reach. "Everything is a calculated risk" (Lamda) "Well people change I am about the only one here since the beginning. Now we have a core management team there is five people now – I am letting them

	"It is a bit of a risk alright, it is a tricky one…you think "oh god I really have a lot of investment here, if this goes down the tube I am really stuck" (Delta)	do more!" (Lamda) "There is not a lot of room for gambling in this business" (Beta)
Business Background	Non-business: Television production, Animation.	Combination: Company management Accountancy Consultancy

Most notably, there is inherent contradictions in some management discourse revealing tensions between the intuitive, visionary and the planning, rational manager, similar to the tensions of generative thinking and rational thinking as identified by De Wit and Meyer (2002). This may be indicative of the transition of some managers from founder/producer to manager role.

As the previous section of strategy development revealed a number of case founders began the business in entrepreneurial mode following their primary interest and expertise, i.e. non-business background in television production and animation. Through the course of company development, transition and growth the founders were required assess their role as manager and the responsibility for the organisation. Learning from crisis emerged as a strong theme. The risk-taking, intuitive mentality giving way to a more cautious and conservative approach, an adverse attitude to risk and adopting more formal procedures and planning.

For Alpha's managing director Alan the merger of the company and subsequent growth required changes to his management approach to the business. Adaptation to the new structures and place in the organisation involved great changes for this manager.

> "They have a proper company structure and they have insisted on the same structure being put in here so I have moved from being an owner operator manager producer of a company to the CEO of a company that now has a management team, small but at least it has focus and a start – head of production, head of drama, head of finance and I sit above that and they all answer to me".

198

While Alan still retains some autonomy, financial and strategic decisions have to meet with board approval. Alan had to change his old approaches to decision making:

> "Within the first year of being part of the group, I did things because I was used to doing things with no reference to anybody and I should have cleared things and I learned it was a big mistake and a costly mistake"

He feels that the more formal structures and processes in place is of great benefit and avoids closed rash decision making which can cost the company dearly. The new structure has taken some uncertainty from decision making and Alan would admit a more "conservative" approach and less risky. Incorporating planning is proving to be of great benefit, allowing Alan to set direction for the growth of the business.

This sentiment is echoed by Fergal, Managing Director and Founder of Lamda. His role has developed considerably in the course of Lamda's 25 year development, from producer to manager:

> "Well you start the business as a producer that's the choice you made when I left college I was going to produce but it quickly became, I had at various times from 35 to 60 people when you are employing that many people in a changeable industry you don't really have time to do projects you just have to manage - the financial, structural personnel"

He recognised that at early stages his management skills were quite deficient, training was "on the job", supplemented by management courses as the opportunity or need arose:

> "Because there was not time to ever train properly. It was very much on the job. There would have been various courses to meet specific needs that I would have felt I was lacking in but it would be focused stuff – a day or two there"

After 25 years growing the business Fergal now a takes a back-step to managing television production, he delegates production responsibility, recognising his limitations.

> "Now I feel I am trying to delegate most of the working end to guys in their thirties who would be much closer to the creative cutting edge than I would be".

He now embraces more formal planning procedures and a conservative position but balances this with an emphasis on 'younger people' in the business and their contribution to the process.

"You do [more conservative in approach], but what you want to do is have a few young people in behind you who are not conservative driving it, you get tired of testing new things that's inevitable but again that is the buzz of it too"

The directors of Gamma reflect that in the initial stages they were still very 'art-orientated' as opposed to having business drive. Much of this was due to the fact that they were following their primary interest and expertise - animation. Following their initial small-scale successes capital was almost non-existent and no offers for work were forthcoming. The need to effectively manage and develop their business became paramount. This required specific role allocation: management of the business and development to Des and management of production to John.

A growth in the business meant that the managers had to step away from the day to day management of productions and role of producer and adapt to role of manager and the responsibility that came with it. More often than not this involves delegating production responsibility to managers and staff.

Fergal has the advantage of 25 years growth with Lamda. He stresses the importance of delegation to ensure he focuses on the management of the business, as opposed to production:

> "Without delegating in this business you would go absolutely mad, from a management point of view, if you can not step back from the project...you would never get around to the strategic planning; you would never get to thinking beyond 'have we got a programme for tomorrow night?' And you only get that with good people, good committed managers."
>
> (Lamda: Fergal)

This sentiment is echoed by the managers of Gamma and Alpha, still struggling adapt to management as opposed to production.

> "The delegation has worked to this point and now people are responsible for their own things and again everybody has targets to meet"
>
> (Gamma: John)

> "I have yet to learn the ability to delegate the way 1 should because 1 am still working as hard as I did if not more before the structure was put in place"
>
> (Alpha: Alan)

200

Beta, Delta and Sigma are three case companies whose management changed, bringing a new dynamic and their experience and training to the role.

Betas' Managing Director, Carl, is not the founder but originally one of the directors. By 2000 a number of different companies had spawned from the initial business, some were not seeing a return in all the activities. The company was restructured, and Carl took over from the founder, taking a majority shareholding and the position of managing director, set to transform the fate of the television company. Carl's background is in accountancy and management consultancy. He believes this background has some advantages over that of a producer; it gives a more lateral view of things and provides some thinking that is "outside the box". Carl's priority was to go back to business and financial basics, indicative of his training and experience, and create renew-ability, reliability and reasonable cash flow before the company could develop – revealing pragmatic characteristics.

Similarly, Sigma's founder, Peter, first hired Ian to compile a business plan for a new animation division. Eighteen months later he was taken on as managing director. Peter's position became one of chairman and executive producer, allowing him more control in the production arm of the business. Ian's background is in business and is a trained chartered accountant. The first years after Ian joining as managing director he found that for all the company's aspirations it was relatively commercially naïve. The task was to take the relatively "hippie" company and turn it into a business, bringing a pragmatic commercial sensibility to the business, indicative of his experience. Interestingly, the nature of the industry is such that projects carry risk and high financial investment, and managers can not be overly cautious or restricted. Ian describes himself as entrepreneurial:

> "you need a very strong entrepreneurial drive, you know an entrepreneur is someone who takes risks for reward, but the risks in this business are huge, and to manage that requires a particular type of person, and I suppose thankfully, to an extent I am in that category, you have to be able to mix that commercial with the creative, you have to be able to ensure that the company goes forward"

Delta's Executive Chairperson Mary took over the management of the television division in the early 1990's while the founders concentrated on developing their successful stage show projects. At that time the TV production arm nearly disappeared while management were

consumed with other projects. Mary's background was in television production and she worked extensively in the UK and Ireland in the 70's and 80's. Her role then was to build up the portfolio of work and maximise activity. Her role now has evolved from manager of TV productions to executive chairman of the group of companies under Delta, responsible for the development of the business.

Mary expresses the importance of a more structured strategic process as a consequence of complacent behaviour which led to a crisis.

> "you have to plan it but you have to be ready to change at any time, there must be a plan and you cant go from one day to the next without knowing where you are going, you have to put strategies in place and you have to be prepared to put in the infrastructure to build on those strategies but maybe be open to the fact that the unit or production that you had planned for that strategy might not be the one"
>
> (Delta: Mary)

Planning and preparing for change one would expect a risk-adverse attitude. On the contrary, Mary reveals that there inherent risk in the industry, particularly when placing an emphasis on domestic broadcasting that is accepted:

> "It is the risk of the business and you just have to accept"

She reflects on risks and inherent unpredictability of the business, in particular an example where they took on a large project and investment 'because we decided it was a good thing to do', in which they lost money. On the back of this large production they have recently received a similar large contract. The mindset is bullish, idealistic, resting the future business on hope:

> "At the time we were investing the money in X, we didn't know that anything else would come down the line, so we have got to prove to ourselves that we can handle the biggest gig that can come in and to handle it well and hope that other things will spin out of that, its hope and a finance director doesn't put much store on hope, it was funny I went into him this morning to tell him about Project Y' I told you it would work out" "you hadn't a clue it would work out". That is just the nature of the business"

The unpredictable 'nature of the business' validates in someway the unscientific approach taken, which is supported by past experience.

> "[staff] get scared when things they worked hard for, and it doesn't come off and they don't get, I would always say to them, 'in the last ten years was there ever a year when business didn't come in and sat here and nothing happened' and actually

202

that has never happened and they say it could happen tomorrow but in my experience, the amount of work and effort they are putting in will bring dividends, it might not bring in the dividends you expect or it might bring in three small things when you wanted one big thing to come in ...it is not very scientific and I am sure Tony O'Reilly wouldn't run his business like that, so at one level you could say this isn't a business at all,

Drawing on the Bourdieu's theory of social practice the outcome could be viewed as dependent on the 'semi-conscious mastery of local rules' – upon a 'feel for the game' whereby actors, in this case, Mary, responds instantaneously and effectively to the uncertain ambiguous situations of practice (Whittington, 2002: 6).

Company growth requires an efficiency of operations and a change in management. From the cases explored here this change manifested itself in one of two forms: a change in the management style of the founder or a change brought about by a new manager. It required the managers to look beyond the management of productions and commissions to the management of the business into the future. Most notably, the inherent unpredictability of the domestic market and the intuitive risk taking experience of the manager is in tension with the perceived necessity to formalise activity and procedures and engage in strategic activity such as planning

6.2.5.2 Outsider Influences

A number of cases reveal the influence of external persons on the strategy development process including consultants, strategy workshops and government agency support. This is supported in the literature of outsider influence on small firm strategic planning (Robinson, 1982). The outsider interaction caused some managers to be more motivated and committed to planning activities, often compensating for owners lack of management and planning skills.

Alpha participated in a number strategic planning workshops held by Screen Producers Ireland and followed up these workshops by working with the consultant on a one to one basis. The use of the consultant proved to be of great value to the company according to

203

the Manager, providing a fresh approach and thinking which is unbiased and was outside the day to day operation demands:

> "[she is] able to look at what we are at completely clean of any baggage we have got here and has hit the nail on the head with regards some of the issues that we are trying to address here".

<div align="right">(Alpha: Alan)</div>

The interaction with outsider influence caused some cases to take planning more seriously and become more motivated to allocate the time necessary. It also allowed the manager to get the manager away from the demands of day-to-day operations.

Alan now champions a great emphasis on planning. He doesn't believe growing the business to a degree and scale can happen by accident, it has to be planned for, and not planning beyond commissions is planning for failure. The plan provides alternatives, so there isn't a reliance one decision which they have little control over.

> "If you don't plan for success it won't happen"

Lamda's managing director Fergal also values outside influence of board members, and consultants in the strategy process, specifically when strategically assessing the business, formulating plans and using techniques such as S.W.O.T. Similar to Alpha, the external facilitator comes unbiased and without an agenda:

> "Well I always thought the SWOT was useful, it's a simply technique, I would tend to bring an external facilitator, a few people I know we have used at various times who come in with no knowledge of our industry and we get the charts out and throw the ideas around, that's useful, rather than you driving it, because if I drive it, there is always an agenda, so you want to get those out of the way".

Moreover, Lamda also used external "Future Search" consultants to facilitate a strategy away-weekend.

> "A future search is a large group planning meeting that brings a 'whole system' into the room to work on a task-focused agenda.... In a future search, people have a chance to take ownership of their past, present, and future, confirm their mutual values, and commit to action plans grounded in reality."

<div align="right">(Weisbord and Janoff, 1993)</div>

The company took away all the staff on a strategising weekend for three days. The outputs from the workshop acted as inputs to the company's formal planning process and as an aid to future decision making in the company. The goal of Lamda's workshop was:

> "To discover our common thinking and vision on the future of Lamda's business and to prepare and outline strategy / action plan for realising that future".

(Company Document)

The cases of Beta and Sigma are interesting as the 'outsider influence' made the transition from board member, and consultant respectively, to managing director. As the previous sections revealed their objectives were to turnaround the business, from a "hippie" company of the creative founder to a "real business" (Sigma) bringing their financial and commercial sensibilities to the fore, advocating more 'renewability and reliability' (Beta).

Beta also benefited from the support of a government agency, getting a feasibility grant to look at the external market to try to establish what their unique offering was.

> "Why would people in other territories buy programming from us or ideas from us so we have done that and we have created a pretty tight focus on what kind of genres of programming we want to make and where we think we have something unique to bring to the market"

(Beta: Carl)

The Gamma case highlights an opposing outcome of consultant influence. Early on in the business development Des and John hired a consultant, as they recognised their own shortcomings in management but found themselves becoming overly dependent on him and used him very much as a "crutch" as. So they made the decision to go it alone and embrace the learning process.

> "So we decided to go out on our own and learn as we went".

The absence of a consultant and explicit plans gives strategists the opportunity to merge thinking and acting and to form strategies through learning (Mintzberg et al, 1998; De Wit and Meyer, 2000). It might also be indicative of the entrepreneurs need for independence and self-reliance and a need for the business to be self directed.

Overall, the findings support Robinson (1982); outsider planning consultants supplement the owner's lack of planning orientation, skills, time allocation and commitment. The consultants came unbiased to the agenda of the business and provided value input that was

205

outside the day-to-day operations of the business. In two cases, Beta and Sigma, the outsiders involved, a board member and consultant respectively, became the managing director. The exploration of outsider influence highlights that the legacy for the receptive management differs from case to case.

6.2.5.3 Strategy Practices

Do practitioners draw on tools, technologies, routines and procedures in order to act strategically and generate strategy?

This section focuses the activities, tools and techniques used in the work of strategy. It seeks to understand how strategising activity draws on established social practices, the 'done thing' in the sense of being accepted as legitimate and well-practiced through repeating doing in the past (Whittington, 2002).

Firstly to the formal activities, the cases have shown how strategy emerges as the outcome of managerial experiences within a political, cultural and environmental context, even if formal planning procedures exist. In many respects this is reflected in the different ways in which many organisations set about developing strategy. This is supported by the work of Mintzberg (1994, 1998) who highlighted that in practice strategies often simply emerge, as opposed to being deliberately formulated in implemented. Following from this Whittington (2004) argues that it is a mistake to conclude that formal strategy does not really matter. From a sociological viewpoint, strategy remains an activity that involves substantial resources and has significant consequences for society at large. And from a management viewpoint, formal strategy activities are something that many actors participate in. 'Emergence has for too long been an excuse for retreat from the study of formal strategy-making' (Whittington, 2004: 67).

The process of strategy has identified that significant episodes or periods of flux in the development of the cases brought about a break from the past, with the realisation that the weaknesses in planning, financial control and lack of focus in the commissioning trap need to be addressed. As section 6.2.5.2 revealed, the introduction of external influences such as consultants had an affect on the strategising practices undertaken, leaving a legacy and

206

imparting knowledge with the managers. The interaction with outsider influence caused some cases to take planning seriously and become more motivated to allocate the time necessary.

Lamda, the longest established has adopted formal procedures; 5 year strategic reviews, yearly board meetings and mission sessions. A strategising procedure which warrants attention for its novelty in the industry was a strategy away weekend carried out in 2000 for their 5 year strategic review. There has been a substantial growth in strategy workshops as a strategy development practice (Johnson and Scholes, 2002). Participants remove themselves from the day-to-day responsibilities to tackle strategic issues facing the organisation. Johnson and Scholes state that rather than just relying on tools and techniques to throw up strategic solutions, a successful workshop process is likely to work through issues in face-to-face debate and discussion, drawing on and surfacing different experiences and interests.

Interestingly it was one of the only cases to incorporate all the employees in the process and try to 'harness' their creative sensibilities in line with the business:

> "This was a fantastic exercise, you brought all the staff, everybody, from every area of the business, in effect what you do, this is about not only what management, I am a great believer that people do what they want to do in this business, what they get a buzz out of they do well, they don't do what you tell them well necessarily because the wrong people are in the business so its about creative, people doing what they want to do and the key in a business is to try and harness that with the object of the business"

The 2000 strategic review exemplifies what advocates of the planning perspective argue are its advantages: By setting a goal and then choosing a strategy to get there organisations can be given a clear sense of direction. The weekend workshops expedite coordination between all of the involved parties. 'by having to agree on a joint plan before action is taken, differences of opinion can be ironed out, activities can be mutually adjusted, and a consistent organisation-wide strategy can be pursued (Johnson and Scholes, 2002). The planning procedure directs everyone's attention to the future, encouraged long-term thinking and commitment. One of the difficulties of planning is that plans will be based on

assumptions about how future events will unfold. The plan champion a less deterministic perspective, incorporating scenario planning, and regular reviews to realign plans.

The plan is a document which allows the manager to reflect on what was realised and what was unrealised.

> "You sit down and you look at it and you find that you'll have achieved some of it, you will have forgotten about some of it, you will find that some of the projections that were around and ideas that were around were off the wall, others were incredibly accurate".

> (Lamda: Fergal).

Also as part of a larger group of companies, Alpha are feeding into a group strategy. So they are now continually planning for the company; production; and staff development. The plan looks at targets and what-if scenarios.

> "We are just at that stage of writing and we haven't gotten to any sort of first draft we are just looking at what needs to be in it, yes there are certain targets we are going to try and attain, we also have to plan for the eventualities of not hitting X targets and what-if scenarios and have a number of options along the root … its an interesting process".

Alan believes the adoption of more formal procedures has aided strategic thinking and a break from past single-minded behaviour.

> "It has made us a bit more conservative but I think that is a good thing knowing the experience of where we are at now. But it has also made us think more about how you strategically plan for growing in the future and where should we be looking at developing, where should we put our emphasis on developing we were probably a little too blinkered vision in the past".

Alan's experience of the practice runs contrary to what instrumentalists argue: plans work as blinkers, blocking out peripheral vision, keeping organisations sharply, yet myopically focused on one course of action (De Wit and Meyer, 2002).

Delta also hold quarterly strategy meetings to set direction, which emphasise a flexibility to opportunities and change.

> "We would meet quarterly in terms of strategy, sometimes it doesn't work every quarter, something happens and you have to get in there and do it, the plan would be, every quarter to take a serious look at where we are going and why and be prepared to change, even to stop things that we might have started if they are not

going according to plan. And anyone in the senior management, we have a system where anyone can call a session, if they are concerned about it, there is no point waiting till the next quarter comes about because it is too late, you might need to take intervention, or someone might see something new and say "I know we haven't geared up for this but I think we wait until the quarter end, sometimes that happens but there is a formalised fairly structured system every quarter"

<div align="right">(Delta: Mary)</div>

Planning revealed itself in many guises, not just as a formal procedure. It was valued as in an informal way as it promoted strategic thinking about the business and its direction

"But at least writing it makes you think about where you are going, what you are trying to achieve, setting out your goals and thinking about your environment you are working in".

<div align="right">(Alpha: Alan)</div>

"It just forces you to think, that's the best thing about a business plan. In putting your whole business down on paper and presenting it to somebody who hasn't got a clue what you do and you have to make it so simple and bring it right down to the core element of what it is – it makes it clear in your own head".

<div align="right">(Gamma, John)</div>

Lamda and Alpha were two cases which adopted formal strategy procedures. The use of analytical techniques and tools across cases were limited. Lamda's workshop incorporated scenario planning and tools like SWOT (strengths, weaknesses, opportunities and threats) are useful at yearly "mission sessions". It aids competitor analysis and changes in the market place.

"And on an annual basis we do a "mission session" which is usually a day which is reporting on how we are operating to our strategic direction, I'm actually going to do it more often, we have two board meetings a year on this kind of stuff where we do a "state of the nation" kind of thing – what have we done, where are we going, vis-à-vis where we want to be – its SWOT analysis and that...Well I always thought the SWOT was useful, it's a simple technique, I would tend to bring an external facilitator....with no knowledge of our industry and we get the charts out and throw the ideas around, that's useful, rather than you driving it, because if I drive it, there is always an agenda, so you want to get those out of the way".

Beta was a little more critical of business plans, quipping "paper doesn't refuse ink"; Carl differentiates his practice which is market driven as opposed to creation driven and "unachievable nonsense"

I mean I do believe in business plans, it is my background, but paper doesn't refuse ink, I know a lot of companies that have business plans and whatever else and they are a load of nonsense quite honestly, they are unachievable nonsense. We would have a business plan that is market driven rather that creation driven our premise is saying "what does the market want, we will create what the market wants, in those markets, at those times and here is how we will do it" rather than "we want to create these kind of programmes to see does the world want them"

(Beta, Carl)

The exploration of formal strategy planning practices highlights how strategising routines and procedures are confirmed and developed as a social practice (Whittington, 2002). The practitioners participate in many activities, to consider the formal instances explored here – these points of strategising praxis (work) might be board meetings, "mission sessions", strategy reviews or workshops. As the managers strategise they draw upon – in a structuration sense (Giddens, 1984) – a set of established practises available from their social context. At the enterprise level these are the routines of the formal strategy process, monthly/quarterly/yearly meetings; at the wider societal level (macro), working through accepted analytical tools (e.g Future Search), or notions of appropriate strategy making behaviour as propagated by consultancies, workshops or business schools.

As the cases have developed strategically the strategists begin to engage in regular strategy practices or routine activity. However, as was evident in the cultural and political influences on strategy development, the combined weight of routine and legitimacy, these established practices can easily impose inertia. As was the case with Delta, established routines and procedure led the company to strategically drift and they did not anticipate the need for change, forcing them into a period of flux.

The macro level for the cases warrants closer attention. At precisely the point where many managers outside of the cultural sector were beginning to question the purpose and meaning of strategic planning, drawing on many of arguments and fallacies as outlined in chapter 2, artists and cultural bureaucrats were moving in the opposite direction (Bilton et al, 2003). Within the context of this study a number of training programmes and workshops have been developed, for example Screen Producers Ireland Screen Leaders Programme and Strategic Planning Workshop. Practices, such as planning, becomes a socially defined

mode of strategy making behaviour in the sector. As section 6.2.4.4 questioned, is it just going through the motions? The risk is that the plan becomes thought of as the strategy. This resonates with Bilton et al (2003) as he attempts to disband the myths of management and creative within the creative industries.

Bilton et al (2003) states that the myth of management propagates an image of strategy as top-down bureaucratic planning, inflexible systems and blueprints, and specialist 'expert' knowledge, disconnected from the mess of creativity below. The view is that a management style that is short-sighted, cumbersome and utterly ill suited to the particular managerial challenges of the creative industries. This was pertinent among the cases largely dependent on broadcast commissions. Manager Carl explains why long-term planning is futile:

> "Most of us are dependent producers and within that scenario strategic management development planning is very difficult in a culture where there is effectively a monopoly with a myriad of small producers and decisions being made very late in the day that the amount of planning that we can put into our business is dependent on the decision of the top line being made"

(Beta: Carl)

'Dealing with intangible assets, high levels of risk and supply chain dependency, unpredictable markets and process, managers in the creative industry need to be more flexible and innovative than most' (Bilton et al, 2003: 213). Despite the need for a flexible and innovative approach the outcome for some cases is a dependency on the domestic market, innovation is absent.

Another myth of management perpetuated in the cultural sector is that strategy is seen to consist only of the plan not the planning, the blueprint, not the rough drafts which preceded and follow it. An as was evidenced in section 6.2.4.4 is becomes formulaic and mechanical. It conforms to the demands of the system, 'what they want to hear', what is deemed appropriate strategy practice and often what is demanded from stakeholders i.e. venture capital, board members, governmental agencies but the 'real' strategy is more closely aligned to the unpredictable and divergent quality of the creative process than to any strategic blueprint. 'As with any form of strategic 'decoupling' there are problems with this dual approach' (Bilton et al, 2003).

211

A number of the cases have experience of developing semi-functional business plans, often over-simplistic or over-optimistic, for external consumption; this is what they have been asked for (i.e Board members, Enterprise Ireland, Venture capital, etc) – a problem that arises is when companies have to produce a real long-term plan and be held accountable to it: 'It could be that arts organisations have become so accustomed to the 'de-coupled', semi-functional version of strategy, that they have started to believe their own propaganda' (Bilton et al, 2003: 214). Managers believe they are acting strategically but their behaviour indicates otherwise.

6.2.5.4 Strategy Discourse

Keeping the social practice lens on strategy, a discursive approach to further develops the above findings. Discourse is concerned with 'all forms of spoken interaction, formal and informal, and written texts of all kinds' (Potter and Wetherall, 1987: 7). Recent interest in discursive practice has prompted careful analysis of strategy talk, both academic and in action. Knights and Morgan (1991) focus upon corporate strategy as a set of discourse and practices which transform managers and employees alike into subjects who secure their sense of purpose and reality by formulating, evaluating and conducting strategy. It is especially interesting to consider the language of the managers in the case studies included here as a number of them have come from creative/production backgrounds with little formal management training. In many ways the language of strategy has been adopted as a form of rhetoric that makes sense of, legitimates and produces certain activities (Hardy et al, 2000: 1230).

'Planning' and 'vision' language has been adopted as a form of strategy rhetoric.

> "That type of planning [commission to commission] is planning for failure because if you don't plan for success it won't happen"
>
> (Alpha: Alan)
>
> "If you want something to happen you have to visualise it – because if you can't visualise it, it is never going to happen"
>
> (Gamma: John)

212

"To discover our common thinking and vision on the future of Lamda's business and to prepare and outline strategy / action plan for realising that future"

(Lamda: Strategy Document)

Conversely, management discourse legitimises the absence of activity:

"Writing up a business plan for five years down the line is of little use when the changes to the business are so great and dependent on commissions".

(Delta: Mary)

"Most of us are dependent producers and within that scenario strategic management development planning is very difficult in a culture where there is effectively a monopoly with a myriad of small producers and decisions being made very late in the day that the amount of planning that we can put into our business is dependent on the decision of the top line being made"

(Beta: Carl)

It is evident that the effective use of strategic language can galvanise organisations into action, achieved by providing guidelines and a means of communication. It can also serve to legitimate the personal agenda of the manager.

In summary, the examination of the process and activities of strategising set out in objective two have revealed some interesting findings. Traditionally strategy process has been written about as though it is developed by managers in an *intended* planned fashion, similar to the prescriptive schools, of design, planning and positioning as outlined by Mintzberg et al (1998). Strategy is conceived of as being formulated, through a formal, planning process, resulting in a clear expression of strategic direction, the implementation of which is also planned in term of resource allocation and structure. The strategy then comes about, or is *realised* in practice. However, in practice this does not necessarily reflect how strategies are realised. For some strategy was absent in transition. Cases which attempted to formulate strategies in such systematic ways, the intended strategies do not become realised; or only part of what is intended comes about. Strategies emerged as companies reacted to the challenges of the environment. Some cases were influenced by what they believed was imposed strategy; there strategic choice is limited by the short-term commissioning decision of the broadcaster. Strategy also emerged as an outcome of

213

cultural and political processes. No one process accounts for the strategy development but it is the complex dynamic of these factors that are at work in the organisations.

A sociological lens on the praxis of strategy reveals the work of the strategist – internal and external. Internally management experience and training influences the approach taken. Outsider strategy consultants supplement the owner's lack of planning orientation, skills, time allocation and commitment. The advantage for the managers was that the consultants came unbiased to the agenda of the business. It also reveals a legacy of strategic activity, procedures, tools, routines and discourse to enable managers to enact strategy. The value of the attention to practice is the insight gained into how the weight of routine and legitimacy can impose inertia, managers can mistake the plan as strategy; they can neglect the need for innovation and change.

Objective 3

To explore manager interpretations of the operating environment: what works and doesn't work in terms of context.

An examination of strategy in the context of the operating environment is valid for a number of reasons. Pettigrew (1992: 7) states that one needs to be aware of the enabling and constraining influences of various features of the inner and outer contexts of the firm upon the content and process of strategy development. Context and action are always interwoven whenever human beings make their own history. Eden and Ackermann (1992: 15) also highlight the importance of considering context when assessing appropriate processes: 'effective strategy making derives from doing it at a level, and in a manner, which is contingently appropriate to the organisation within its own context'. The central themes which emerged are synthesised in table 6.8 and discussed in the sections that follow.

6.2.8 Culture Industry: Creative versus Commercial

A recurring theme in management discourse was the distinction of the television production business. There were a number of aspects which management believed differentiated it from any other business.

Table 6. 8 Management Interpretations of the Operating Environment.

Analysis and Themes	Alpha	Beta	Gamma	Delta	Lamda	Sigma
Creative industry	Cottage Industry. Mgmt-v-production demands	Business based on ideas	need to balance between creative and commercial. Recognised the need for commercial acumen at early stage.	The mentality of production companies is different to that of other industries	Commercial/Creative tension Creative people don't join the industry to make money	Product is different to other sectors. People are the mainstay.
Competition	Value in comp. little rivalry more coming together. Compete on internal markets.	Competition in new markets i.e UK, preferred suppliers	Domestic: only compete with one broadcaster. Competition from big animation players in new markets i.e US	Dom: all compete for one broadcaster. Legislation needed. Competitive UK and US mkts. Develop rep&indep	All competing for one buyer RTE. Actively tracks company activities and competition	European & international competition. Need to develop reputation in new markets.

The key challenges faced by companies

	Alpha	Beta	Gamma	Delta	Lamda	Sigma
RTE Monopoly	X (primary domestic focus) so affects business. Cottage industry	X (primary domestic focus), Limiting factor	Secondary focus due to high costs. Emphasis on International business and partnering, avoid monopoly traps	X (primary domestic focus) need for change & legislation - too controlling	x Small domestic broadcast focus due to constraints of RTE commissioning system. Great frustration for companies.	Strong european and international focus

215

Analysis and Themes	Alpha	Beta	Gamma	Delta	Lamda	Sigma
Relationships & Reputations	Business contacts made through networking: merger	Rel: important with broadcasters and creating business in new markets. Rep important to maintain business & respect among fellow producers	Rel: importance of networking to develop business and develop contacts - build relationships through alliances and with broadcasters	Rel: important with broadcasters networking dom. & international. Build reputation - ability to negotiate move internationally	Basis of long term sustainability	Rel and Rep with broadcasters and co-producers must be maintained. Takes time.
Risk	Large capital investment. High risk test people	Managing risk - calculated. Part of attraction.	Managing risk, spending on R&D NB for LT development	High risk in change process due to the unknown	Risk in over dependency on one area of business.	Calculated risk: large investments
Reporting systems & structures (growth involved change)	Changing mgmt roles due to merger. More formal structure. Learn to delegate	Informal, small management team & full-time staff	Small changes made since inception. Formal measures implemented: meetings, plans. Changes to structure and delegation	Growth and development required formalised structured system. Allows for flexibility. Restructured due to prod.-change to more efficient Returned to domestic production. Continued emphasis on domestic market	Growth required change: role transition from producer to manager	Growth involved change, gaining business acumen, more structured, commercially driven
Range / Diversity of projects	Spread risk, ensure steady stream of work	Need to diversify and spread risk	Range of projects ongoing in a number of markets as well as domestic.		Diversification to capture value and spread risk	Range of areas of business & number of projects ongoing.

*Rel: Relationship

*Rep: Reputation

216

Lamda's managing director Fergal compares the business practices and behaviour with other industries in which he is involved:

> "People may be very critical of the management structures and performances of the sector and to an extent there is some dislocation but I would say it is one of the hardest sectors...The nature of the sector is such that it fuels certain characteristics. You have a whole load of semi-lifestyle come voluntary behaviour and people move in and out of it because of that and the market never matures to anything very stable. When times are good, it's undercut by a lot of competition with a lot of people coming in and out trying to break in and loving it and doing it for nothing and the more established people are undercut in that environment, they're carrying overhead and then when its gets tight it's crash and burn"

It was often characterised as a cottage industry maintained by owner/operators, a "lifestyle" business:

> "Increasingly so in Ireland it is not a business but a way of life, a lifestyle flows out of a particular idea"
>
> (Lamda: Alan)

People

Managers believed that the "creative" people that make up the sector are not necessarily commercially orientated:

> "Relatively few people are thinking strategically about their business again because of the kind of people that got into the business, they may have been driven by the love of the medium so they may not be commercially orientated and at the other end of the scale you get people who will want to operate in the business because there is a lot of "glamour" in it. Very few companies mix creative and commercial well"
>
> (Beta: Carl)

> "Creative people don't join this industry to make money they don't join this industry to have a secure job they don't join this industry to go up the corporate ladder. "People aren't in this business with the view to making a fortune; principally people are in this business because they want to be in this business, because they enjoy [it], they get a buzz from it, and if they make some money from it that is a bonus...
>
> (Lamda: Fergal)

> "The mentality of production companies is different to that of other industries"
>
> (Delta: Mary)

> "Well the nature of the business, long running projects and you are dealing with more creative people, who love a project and maybe the management on this side

217

will have to say "no, look, it won't work". There could be some companies who keeping going, for 10 years on that one project"

(Sigma: Nicola)

Product

The industry is set apart by the product being produced:

> "If we were manufacturing widgets we could do our marketing plans but we are based on ideas and it's the acceptability of those ideas and the short notice we get to turn those ideas into television".

(Beta, Carl)

> "It's different because at the end of the day the product that we produce is just a video tape and the product of course is what is on the video tape. We deal in very high budgets; for a TV animation series you are talking about 6 million Euros then at the end of it you can fit it all on one DVD. It is not as tangible a product as if you were dealing in manufacturing and it is not as straight forward as if you were dealing in services"

(Sigma: Nicola)

That television production is unique is supported by O'Malley (2003: 17): 'the product of this industry is not another widget put a piece of content that has a diverse range of applications and a significant depth of influence.' Television, along with music, theatre, and visual arts belong to a category of products that has come to be known as cultural goods, 'non-material' goods which generally serve as an aesthetic or expressive rather than clearly utilitarian function (Hirsh, 2000).

Financially

Financially is difficult to sell and to measure the success of the business –

> "...as the business is based on ideas and creativity"

(Delta: Mary)

> "Profits tend to be quite low, it's a very difficult business, like most creative industries are, so sustaining growth and even stability in that kind of environment isn't easy"

(Lamda: Fergal)

Carl describes that he must strike a balance between demands of creative and commercial arms of the business:

218

"there are relatively few companies that mix that well, which is the creative and the commercial that is where we are trying to position ourselves "Can we be creative enough that matches the market need but yet commercial enough to create some margin and return?". It is a thin line, if you are seen to be too commercial, certainly in the domestic market, then you are seen to be uncreative"

The tension of commercial and creative in culture industries was highlighted in the context review. A number of cases founders have production backgrounds and continue to be involved in maintain production values. Saen (1995) notes that "like so much about television, the producers role combines traditionally conceived of "artistic" and "managerial" decision making into a hybrid activity in which artistic criteria and commercial calculation impinge on each other'.

6.2.9 Competition

There are diverse managerial interpretations of the competitive environment, some reiterating that the nature of the sector is such that a large number of small companies exist vying for one predominant buyer.

Lamda's managing director describes the competitive nature of the sector

> "A whole load of semi-lifestyle come voluntary behaviour and people move in and out of it because of that and the market never matures to anything very stable. When times are good, it's undercut by a lot of competition with a lot of people coming in and out trying to break in and loving it and doing it for nothing and the more established people are undercut in that environment, they're carrying overhead and then when its gets tight it's crash and burn"

There are limits to collaboration because of the dominant position of RTE:

> "Because of the dominant position of RTE, if I am going into RTE tomorrow and you are going in after me to pitch against the same project there is a very limited range of things that we can co-operate on"

> (Lamda: Fergal)

This compares to the market for e-learning products which Lamda produces

> "There is much more of a sense of being able to work together because it is an international market…I can sit around the table with 10 other companies, this guy does that and he is in south America, another is in China etc we are not really in

competition because there are 1000's of different clients out there and we can work together"

Lamda was one of the few companies to discuss competitor analysis, and competitor activity.

"At various times that we did the plans and we listed the competitors in each sector, what you considered the top 10 companies, they would have changed virtually without recognition, the last time we did it I think there was only ourselves and Windmill were the only two that went through the period. And if you look now to the top five…would have changed quite a lot in the last 5 years and even the people would have changed, not just reincarnations with the guy who set it up first, there is some of that as well".

For Alpha, competition is not "cut throat", emphasising the need for companies to collaborate through co-production and co-financing and achieve advantage:

"Competition is good, it inspires you it gives you comfort to know that what you are doing is not all wrong …Well its not as cut throat …There is a lot of coming together, we work with other competitors to develop and co-develop"

(Alpha: Alan)

Companies compete on a bigger scale in international markets, where there position is weak in a market dominated by 'preferred suppliers'

"on the international market place the truth is there is and the cap, the determining factor is how much money have we got to spend to build a position in that market place and because if you look at UK, France, Germany and the US, the four big markets, they are all dominated, as our tiny market is, by preferred suppliers, so it is very hard to break into it unless you come along with a shit hot project that no one else has thought of"

(Beta: Carl)

The organisation may compete in some markets and collaborate in others. Sigma works primarily in the European market where they compete and collaborate in co-production work, there is also the advantage of multiple broadcasters, the scope is not as narrow as the domestic market.

6.2.10 The Key Challenges

The previous sections shed light on the characteristics of the creative industry within which cases must manage. Management were vocal about the challenges and constraints

influencing the strategy process, this included RTE monopoly; relationships & reputations; responding to risk; range and diversity of projects; and research and development.

RTE monopoly: Buyer/supplier relations

Buyer/supplier relations are characterised by a total dependence on the sole commissioning broadcaster, RTE. The independent sector is often characterised by 'dependent independents' (Saundry, 1998: 156). There is often a strict control of cash flow to the producer through the life of the project. In return for full funding production companies surrender the vast majority of rights revenues.

A number of companies are actively involved in lobbying to change to current legislation on the way RTE commission and retain the rights.

> "What we are doing as a company is getting involved in lobbying because the only way the commissioning trap in Ireland is going to change is legislation; it is not going to change by lobbying the broadcaster or engaging with the broadcaster. What we are actively doing and seeking to lead is very severe lobbying on government

> (Alpha: Alan)

> "Legislation is needed in the industry to control the power of RTE"

> (Delta: Mary)

Currently RTE look for all the rights to programmes. The company feels constrained by RTE, as their national broadcaster, their opinion is that their remit is to find programming and value for the Irish licence fee per Irish viewer not to have a commercial exposure to the rest of the world, they don't have a remit to find TV properties which have a world market. They voiced their frustrations:

> "RTE on a mood say, 'ah no we re not interested', it could be the best idea in the world they couldn't care less. People are producing 800 submissions a year for tenders, 10% maybe 5% are commissioned – it's a nonsense market from that point of view".

> (Lamda, Fergal)

> "There is one end user, for television product in this country, so there is no competition, no security, in fact when the legislation came in and they had to spend the money in the independent sector that was a great help for us, in independent

land, because there was guaranteed some money coming out. But then there were so many companies that to divide that up no one was going to make a living out of it".

(Delta: Mary)

Companies are struggling to gain control and ownership of their product.

There were diverse attitudes to RTE and the domestic market. The companies with primary activities in television production and domestic emphasis, namely Alpha, Beta and Delta, held the strongest opinions to the need for change on the part of the broadcaster. The remaining cases, Gamma, Lamda and Sigma placed a stronger emphasis on international business. For Gamma and Sigma this is a necessity in the animation business which is fuelled by co-productions and co-financing. And Lamda allows only 20% of the business to be broadcasting.

> "We have sort of come to terms with what RTE are a long time ago and we realised we can't sit there moaning about RTE or you'll never get anything done"
>
> (Gamma: John)

> "But there is no great heart in RTÉ to grow the independent sector other than what they have to and that is not changing"
>
> (Lamda: Fergal)

Relationships & Reputations

An emerging influence on development in the sector was the importance of networking and relationships, with broadcasters and co-producers and also the company reputation domestic and internationally. They play an important role in securing contracts and developing internationally.

As section 6.2.4 revealed, Alpha gained a foothold into the international market through a merger with an Australian company. The managing director made the contact initially while networking at a TV market and the companies established a good working relationship.

> "The elevator pitch still works in this business"

Gamma secured the contract to co-ordinate the animation work for a major US production which resulted in a significant boost to company's profile. Gamma was one of a number of

companies recommended for the job by an Irish animator working for the client. It is also important to maintain relationships with broadcasters:

> "The thing about RTE is they do have a value and its really if you are going internationally, if you are going abroad and have a project it is very important to have your own national broadcaster behind you even in spirit if not financially"
>
> (Gamma: John)

This is echoed by Sigma, who owes some of its success to its relationships in the market:

> "I'd say it is the good relations with all the co-producers, for a long time, long running relationships that have been strong and have worked well".
>
> (Sigma: Nicola)

Beta highlights that the relationships of staff with broadcasters in critical:

> "We have got to be careful to, because it is a personal business, we have got to ensure that if we take some of our key people, and put them making projects in other markets, suddenly the projects from RTE wont come in, because they want to deal with X, it is not a deal with Beta Television, that is why companies have no intrinsic value, it is only the people".
>
> (Beta: Carl)

In addition, the reputation of a company, based on its previous slate of productions is a crucial factor in relationship-building; this is especially pertinent as they try to gain entry to new markets and meetings with broadcasters.

> "It is very hard to break into it unless you come along with a shit hot project that no one else has thought of"
>
> (Beta: Carl)
>
> "We have worked with the biggest directors in the world and that gives you a springboard for people to listen to you. It is reputation building…and the X dimension opened doors for me, people would talk to me who didn't know who you were at all before, Americans in particular and you just say we are the producers of X and you want to see them and they just came and saw you
>
> (Delta: Mary)

In this view, whilst informal networking and established relationships can be advantageous, reputation can be the key way to securing commissioning meetings. This can also lead to 'preferred supplier' relationships (The Research Centre, 2002).

Responding to Risk

Risk is a central dilemma for all businesses – how much to shoulder, how much to avoid. For the cases the dilemma is particularly acute due to the inherently unpredictable nature of commissions and investment costs.

Managers admit that there is risk in the business, due to the high costs of resources – research development and staff – but its calculated risk, investing for the long term.

> "If you get it wrong, you've invested all this money and you can't get it back…you have to keep the shop ticked over while at the same time you are investing in all this development work"
>
> (Sigma: Ian)

> "I mean the whole animation industry is risk in that we spend a lot of money every year developing projects in the know that, as I said, one of these will work. So that is risk but it is all research and development really. ….well you have to do it just for the longer term survival... Everything is a calculated risk"
>
> (Gamma: John)

On a 60-80% concentration on domestic commissions – the risk and uncertainty is accepted by Delta.

> "It is a bit of a risk alright, it is a tricky one…you think "oh god I really have a lot of investment here, if this goes down the tube I am really stuck" and yet you have to put a lot of commitment into getting and keeping it right, I think there is a risk, it is the risk of the business and you just have to accept".
>
> (Delta: Mary)

The perception of independents occupying a volatile position in the market is used by some cases as a justification for avoiding risk in the financial control of the company. Beta is more risk averse than others, avoiding large capital investment. They have little to lose except their reputations:

> "There is risk, it is part of the attraction of the business too in some ways, now you are not risking a whole lot, we don't have a lot of capital employed in the business, if we went bust in the morning, we don't have a lot of personal guarantees, what we are going to dent is our reputations. So the risk – reward, the reward is potentially limited, but so is the risk, the risk can be managed all the time because you cannot expose yourself to risk that you cannot carry, which is a limiting factor".
>
> (Beta: Carl)

Range / Diversity of projects

A number of the cases are operating in core genres since inception: entertainment; factual; drama; film; animation; corporate.

From some cases a number of genres serve to complement each other. Carl describes how he has created a focus range of genres, the choices reflecting long-term viability of work.

"we have created a pretty tight focus on what kind of genres of programming we want to make and where we think we have something unique to bring to the market and we have identified that as entertainment formats, drama which just over a year ago we set up Beta Films to look at both TV drama and theatrical – movies and those are the two key areas, I mean we looked at documentary but its too one off we come up with a fantastic documentary idea and what do we do next"

For Delta their priority is building a portfolio from long-running series to reap the investment.

"you have to have something to ensure it runs as a series, to probably get three runs at it, to make our money on it and then our investment in this first series is really worth it".

(Delta: Mary)

For Sigma that have developed a successful format of animation series, and the product system in place is effective, they can now consider a range of other projects

"Going into more live action, diversifying, not just animation. We have our structure now of 26x26, they are long running, good series, but now to have that plus and we a can bit more risky, we can work bringing those in."

For Lamda a diversified portfolio of work serves as a means to spread risk and remove the company from a dependency on the domestic market

"But we have to diversify out of Ireland; the key thing is to spread your risk. You know I think broadcasting in Ireland is static there is no more money going into it, there is no indication of any growth"

(Lamda: Fergal)

As the current activities section (6.2.2) the cases are developing a range of programme types and embracing new product activities including ancillary products and new media.

"I think if we can within the television end of the business create more broadband opportunities and we've done in the digital media area, create some sales with our format rights and develop the drama side of the business we are looking to try and broaden the base of the kind of content options that we have but also we need to broaden the base with one major supplier"

(Beta: Carl)

Sigma is looking to pursue ancillary opportunities to compliment its portfolio, involving merchandising and gaming.

225

The range of portfolios is diverse, as is the sector, and the diversity of genres and new media are used to compliment existing work.

Research and Development

In the current commission cycle companies face difficulties in funding research and development. "It's always chasing your tale": Most independent companies work from commission to commission with their production fees used to fund overheads or gaps in production, allowing very little room for investment in research and development and making it extremely difficult to employ staff on a continuing basis.

A number of managers express the importance of investing in research and development for future growth. It is often closely linked to gaining control and ownership in their product.

Alpha stressed the importance of thinking strategically about the future of the business placing an emphasis on development

> "Where should we be looking at developing; where we should put our emphasis on developing? We were probably a little too blinkered vision in the past".
>
> (Alpha: Alan)

> "...Control in what you are making and holding ownership in some of the product because it is only when you hold ownership in it that you can make profit from it. You can sell it, make profit and that profit can get re-invested. Because very few companies I would think have actually the money we have spent in the last two years in research and development, they simply wouldn't be able to do that, it is just that we have had the volume and we have chosen to plough it back that way, we are lucky that we have shareholders here that don't mind reinvesting to develop it...R&D is what it is all about, you have to spend money on development"
>
> (Delta: Mary)

It often requires heavy investment in people and technologies. Delta has invested heavily in contracting an established UK producer to work on research and development, allowing the company to develop a position in the UK and its portfolio of work. Mary admits that they are lucky in the market to be able to do this.

Gamma, after realising the need develop the business beyond commissioning from RTE, invested heavily in animation technologies, rare for an Irish company, but standard industry

tools in Hollywood. This proved highly valuable when securing international contracts. One of the partners Des is now committed to research and developing the US market

"That it is not just project development its future development".

<div align="right">(Gamma: John)</div>

Uniquely, Sigma's perceived the deficit in terms of talent to create a product as opposed to market emphasis:

"The reality is that we can grow the company to a certain point, the deficit in the market place out there is not in people to buy our product but the deficit is in the talent to create the product, and we have a very good talent team here, but they can only do so much"

<div align="right">(Sigma: Ian)</div>

It is evident that companies face a number of challenges on the road to expansion, and the exploration reveals that different responses yield different behaviour on the part of the cases and influences their strategic development. Challenges include striving for independence from the sole commissioning broadcaster; building and maintaining relationships with producers and broadcasters; establishing a reputation domestically and internationally; managing risk; making decisions regarding diversity of work and an ability to invest in research and development. The Research Centres' report entitled "Risky Business" (2002) identifies similar challenges of growth facing regional SME's in the UK independent television production sector. Within the Irish context, just one dominant broadcaster makes it crucial that companies think beyond the confines of the domestic market and its constraints to ensure growth.

6.3 DISCUSSION

The previous section structured the findings and themes within the objectives of this study, displaying the patterns of strategic development and strategic activity in relation to the literature. The areas of foremost significance will now be discussed.

6.3.1 Strategy Process

An optimal strategy for all firms in a given context does not exist, due to variations in learning, culture, personalities, experiences and goals of actors within the firms (McCarthy and Leavy, 2000). This section does not intend to prescribe the optimal strategy for the cases but seeks to understand the choices and paths taken and the consequences of behaviour.

The cases display a variety of responses to their circumstances and within any one company such responses are not necessarily consistent. Firstly to the strategy development routes through which the cases have passed. Figure 6.1 outlines the paths as revealed in section 6.2.4.

Figure 6.1: Strategy Development Routes
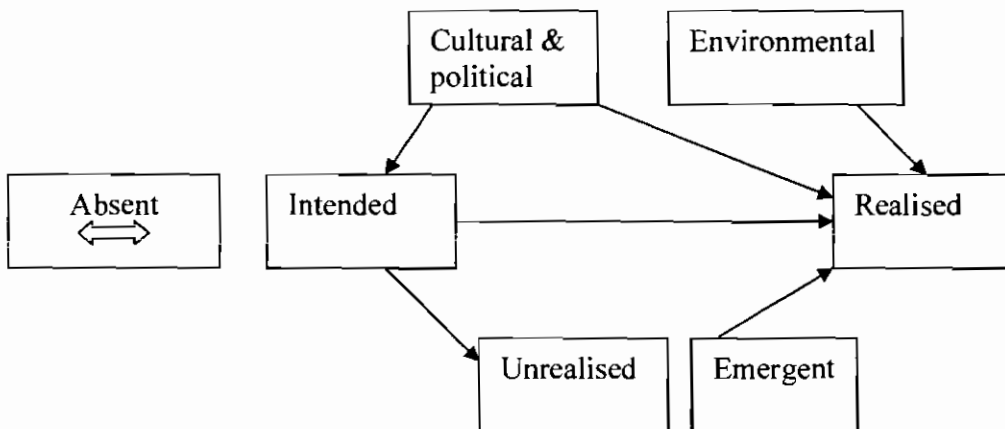
Adapted from Johnson and Scholes (2002: 76)

The extent to which cases strategically evolve within the context of the television production sector may be considered along the following continuum, adapted from the UK model set out in Chapter 4, and will be considered throughout the discussion.

Figure 6.2 Strategic Evolution/Business Development

Strategic Evolution / Business Development

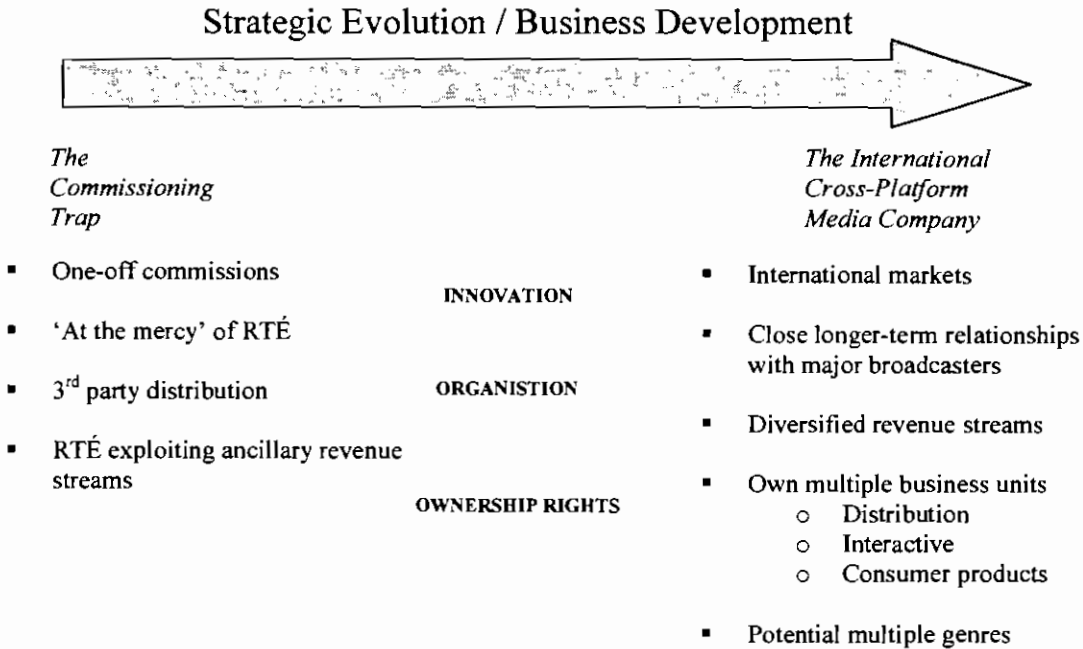| The Commissioning Trap		The International Cross-Platform Media Company
▪ One-off commissions	INNOVATION	▪ International markets
▪ 'At the mercy' of RTÉ		▪ Close longer-term relationships with major broadcasters
▪ 3rd party distribution	ORGANISTION	▪ Diversified revenue streams

▪ RTÉ exploiting ancillary revenue streams	OWNERSHIP RIGHTS	▪ Own multiple business units
		  o Distribution
		  o Interactive
		  o Consumer products

		▪ Potential multiple genres

Adapted from Anson (2003)

Strategy Absence/Inertia

The first area that warrants further discussion is the absence of strategy. This absence of strategy is recognised by Inkpen and Choudhury (1994). Absence in transition is particularly in evident in the cases in the early stages as they 'will not have a history of decisions that have evolved into a coherent pattern and, therefore, it may be appropriate to refer to strategy as absent in these firms' (1994: 317). The strategy may be in the process of emerging; until it emerges there is no strategy.

Taking a closer look at the circumstances and contextual factors surrounding the absence, there are a number of environmental factors at play. In many ways the context encourages

absence of strategy. Buyer/supplier relations are characterised by a total dependence on the sole commissioning broadcaster, RTE. Typically the companies operate in a 'commissioning trap', function from commission to commission. Companies oscillate between production and sourcing new projects, which can be difficult to sustain, it is highly unpredictable and risky. There is often a strict control of cash flow to the producer through the life of the project. In return for full funding production companies surrender the vast majority of rights revenues. Founders are wrapped up in the day to day production and tenders for commission that they lose sight of the business management and strategy. Companies are effectively reacting to the environment with little control over their future. Passive responses to the operating environment indicate an absence of strategy. This dependent behaviour cannot be sustained, within the Irish context there is a necessity for Irish companies to develop beyond the domestic market and a dependency on RTE, the challenge is to do so. 'The successful company is one that can look to the future and develop strategies that can cope with the almost destructive crises that will impact on the firm' (Block, 2001: 168).

A number of the cases have displayed a greater sense of strategic direction and a pro-active approach. Sigma and Gamma are actively pursuing international co-productions and developing relationships and their reputations with producers and broadcasters internationally. Lamda, recognising the constraints of the market and the unlikely change, made the decision diversify around that and maintain just 15% of the business on domestic productions. Alpha began developing formats with an Australian based producer which ultimately led to a merger, allowing the company access to greater resources and more opportunities.

Beta and Delta continue to concentrate a large proportion of activity in the domestic market. Beta recognises the need for growth and is beginning to set the seeds for international format sales and portfolio development. The case of Delta is particularly interesting as it reveals that despite success in the domestic market the company ultimately found themselves without a strategy. Two long running series through the nineties has given the company continuous work, year on year. Routines are maintained but it's

operational and strategically inert. So when external forces change this routine the company found themselves in a crisis and through the transition without a strategy.

The exploration of strategy absence also illuminates the distinction between logical incrementalism and 'muddling through' as distinguished by Quinn (1985). Strategists operating within logical incrementalism are 'continually, proactively pursing a strategic gaol, countering competitive moves and adapting to their environment, while not rocking the boat too much so as to maintain efficiency and performance'. By logical it is reasonable and well considered. Properly managed it is conscious, purposeful, proactive, executive practice. This compares with 'muddling through', incremental in nature, but reactive and ad hoc – opportunistic decisions are made to deal with unplanned an poorly controllable circumstances

The study identifies the absence of strategy in transition, particularly for the cases in the early growth stages as they sought direction but not neglecting that strategy may be absent in a successful company. In the context of this study the 'commissioning trap' is suggestive of absent strategy – reactive organisations, with little control, operating passively within those constraints. Those cases that have strategically evolved have recognised the need to think strategically beyond the constraining domestic market

Planning

The business start up phase was characterised by an absence of strategy, creative driven management, an emphasis on production as opposed to formal business process and activities. Defining episodes in business development bring with it the realisation that the weaknesses in planning, financial control and lack of direction in the commissioning trap need to be addressed.

Some cases embraced strategic planning and formal processes. The adoption of planning as a strategic practice is propagated by macro influences: consultants, board members and sector training workshops. The adoption of what is deemed appropriate strategy practices highlights a decoupling of activity. Managers appear to face a dilemma: external pressures

to demonstrate formalisation of managerial practices to acquire legitimacy from critical resource suppliers and internal pressures to use informality and flexibility in their work practices (Stone and Brush, 1996). Formal planning was useful and necessary to the attainment of external validation or legitimacy and building commitment among stakeholders; board members, volunteers, employees, buyers, and so forth to continue to participate in the enterprise. Conversely in an ambiguous environment context such as domestic commissioning for programming, little direct control over resource flows or external events, planning efforts are easily sidetracked by exogenous shocks and planning documents become rapidly obsolete

There is a danger that strategy becomes thought of as the plan, and that managing strategy is thought of as the mechanics of the process. This also discloses the desired symbolism of strategic management practice; it represents a 'symbol of good management, not necessarily by those who are being managed but invariably by the senior management' (Eden and Ackerman, 1998). But the emphasis on the aesthetic and symbolic can be at the cost of substance. Strategic planning is not a substitute for strategic thinking and acting and when used thoughtlessly, strategic planning can drive out precisely the kind of strategic thought and action it is supposed to promote (John Bryson, 1995, as cited in Eden and Ackerman, 1998). This highlights the 'grand fallacy of strategic planning' - 'because analysis is not synthesis, strategic planning has never been strategy making' (Mintzberg et al, 1998: 77). This is supported by Heracleous (1998):

> Creative, ground-breaking strategies emerging from strategic thinking still have to be operationalised through convergent and analytical thought (strategic planning), and planning is vital but cannot produce unique strategies which can challenge industrial boundaries and redefine industries (unless it stimulates the creative mindset in the process, as in the case of using alternative scenarios for the future)
>
> (Heracleous, 1998: 486)

The strategy-making process tends to be ritualistic, reductionist, based on simple rules and heuristic as opposed to revolutionary, inquisitive and inventing (Hamel, 1996).

This leads directly the next area of discussion, the perceived lack of creative strategy in a creative industry.

232

6.3.2 Creative People ≠ Creative Strategies

The strategy literature advocates the need for strategic thinking which is creative and innovative and beyond the programmatic routine systems. At a time when companies want to be more creative, truly creative people do not feel they connect to them. And at a time when people in creative industries need to engage with business they are not engaging, 'which leaves people from traditional management backgrounds to run things, often to the long-term detriment of creative organisations' capacity to create' (Bilton et al, 2003). That the culture industries are fuelled by artistic minds does not guarantee that strategies are creative.

The examination of the process of strategy development has highlighted the disparate tensions of strategy formation within case companies, most notably passive positions to environmental constraints versus pro-active approaches to strategy and development outside of the domestic market. It is obvious that the domestic environment is unpredictable and highly controlled. Tradition notions of strategic management which perpetuate as bureaucratic control may be ill fitting in such a context but this should not justify ad hoc approaches to management, in which companies are complacent. Managers in creative industries are dealing with intangible assets, high levels of risk and supply chain dependency, unpredictable markets and processes, this only necessitates the need to be more flexible and innovative than most (Bilton, 2003: 213). Strategic management should be viewed as encompassing imaginative creative thinking as well as strategic planning. As Heracleous (1998) stated, the purpose of strategic thinking is to discover novel, imaginative strategies which can re-write the rules of the competitive game; and to envision potential futures significantly different from the present and the purpose of strategic planning is to operationalise the strategies developed through strategic thinking, and to support the strategic thinking process.

The Kilkenny Report (1999) "The Strategic Development of the Irish Film and Television Industry" addressed the need for companies to view corporate business strategies as works of creative imagination. 'Strategic business leadership is itself an imaginative and creative process' (Ibid, 1999: 100). Appropriately, the report notes that the importance of

233

imagination is best understood by looking at the consequences of its absence: 'lack of imagination leads to mere imitation – to sameness, replication and easy reproduction'. This results, at best, in "accomplished mediocrity" – in unoriginal products, processes and commercial practices. The objective is to distinguish oneself and originate distinctive approaches in the global industry.

6.3.3 Personal Style

People are recognised as the enactors of practice. The strategy as practice perspective brings the focus to the managerial level, concerned with how strategists 'strategise' (Whittington, 1996). Section 6.2.5 explored the role of people, internally and externally, to the strategy making process. In a small business context, such as the cases in this study, the role of strategic management often rests with the senior manager, or founder of the firm, who has direct contact with the market place and whose experience is influential (Johnson and Scholes, 2002). The cases also exhibit influence from outside sources such as consultants, non-executive board members and government agencies, so this section explores their role in the process. Social theory casts light on the praxis of the strategy and how individuals strategise; one area that emerges is personal style.

De Certeau's (1984) work explores the improvisation and bricolage necessary in the practice of 'everyday life' (Whittington, 2002: 6). De Certeau situates activity within the rules, logics and operating procedures of our societies, but highlights the ways in which individuals find tricks and stratagems to construct their own personal modus operandi of life. Personal styles are critical to the manner in which individuals transform the procedures of everyday life into their own particular practice (Whittington, 2002). Managers training and experience influenced their personal style. Briefly, Alpha, Gamma and Lamda are currently managed by their founders. Their background is entertainment/television production, animation and audiovisual production respectively. And management training was very much on the job. Beta, Delta and Sigma are managed by persons other than the founders. The new management brought their experience, training and a distinct approach to the business.

The adoption of what is deemed as appropriate strategy practices is often coupled with personal style of the manager. Formal planning was useful and necessary to the attainment of external validation or legitimacy and building commitment among stakeholders; board members, accountants, employees, buyers, and so forth to continue to participate in the enterprise. This was often tied with was deemed appropriate by the manager in the context of their work. The unpredictable 'nature of the business' propagates a management style that is often intuitive, high in risk and short-term focus on operations. For the cases in broadcast production this revolved around the unpredictability of production and the decision of the broadcaster, with managers relying on an unscientific 'feel for the game' and past success.

Managers of Beta and Sigma took over from the founders, with their experience and training in management and accountancy. Their style was similar in that it emphasised the need to introduce a commercial and financial sensibility to operations and turnaround the business. For Beta this is an emphasis on cash-flow, renewability, profit margins and Sigma takes a similar pragmatic approach with emphasis on short-term operational and financial objectives.

Bourdieu's (1990) theory of practice situates actors within the historical accumulation of social experience that he terms 'habitus'. 'The habitus provides schemes of perception, thought, and action that define for actors appropriate social practices, whose enactment produces the further experiences which, of course, renew and maybe restructure the original habitus' (Whittington, 2002: 6). There is room for interpretation and discretion in what is deemed appropriate strategy practice – as in these cases, managers may vary their skill at which they play the rules of their social context. Outcomes can be dependent on the 'semi-conscious mastery of local rules' – upon a 'feel for the game' whereby actors respond instantaneously to the uncertain ambiguous situations of practice or on a personal style which emphasises a pragmatic conservative approach to the operations.

235

6.3.4 Growth & Change

Strategy practices are not maintained throughout a life of an organisation. The findings section drew on Johnson and Scholes (2002) historical perspective to examine the patterns of strategy development. Strategic development of the cases revealed entrepreneurial formation. Periods of flux or revolution are characteristic of organisational development. The resolution of each revolutionary period (crisis) determines whether or not a company will move forward into its next stage of evolutionary growth (Greiner, 1998). The cases typically encountered a 'defining episode', a term used here to describe a period of flux and subsequent change in the strategy development process. These episodes reflect the internal and external dynamics on the development of strategy. The business start up phase was characterised by an absence of strategy, creative driven management, an emphasis on production as opposed to formal business process and activities. Defining episodes bring with it the realisation that the weaknesses in planning, financial control and lack of direction in the commissioning trap need to be addressed. The patterns of strategy development also indicate that strategising is very much episodic, that is, isolated to period of change or flux, brought on my external forces such as a merger or new merger, or internally by crisis of leadership or complacency.

However, it was evident that with the combined weight of routine and legitimacy, established practices can easily impose inertia (Whittington, 2002: 9). It can be come easier to replicate past behaviour than anticipate change.

The Delta case highlights how a long period of continuity and operational routine can result in complacency and enforced change. Change was required to resolve the operational weakness, the organisation was restructured. Hamel (1996) notes that when senior managers talk about change, they are talking about fear-inducing change, which they plan to impose on unprepared and unsuspecting employees, change is simply a code word for something nasty such as restructuring or reorganisation. 'This sort of change is not about opening up new opportunities but about paying for the past mistakes of corporate leaders' (Hamel, 1996: 75). The objective should not be to get people to support change but to give

them the responsibility for engendering change, some control over their destiny. This involves making strategy more democratic.

All the cases bar one, Lamda, indicated that only the manager director or senior managers were involved in strategy making. Strategic decision making often rests with one individual and their agenda. Even with the Lamda case Managing Director Fergal indicated he had a gut feeling about the decision that would be made, but wanted the organisation involved in the process to ensure their support. In the context of creative industries Bilton et al(2003) states that at an organisational level, the separation between creative mavericks and 'suits' is more pernicious (Bilton et al, 2003). Clegg et al (2004) identify the role of power and politics in decision making; often the 'managerial elite' have hegemonic control. Hamel (1996) advocates that people should have a say in their destiny, a chance to influence the direction of the enterprise to which they devote their energy.

> Democracy is not simply about the right to be heard; it is about the opportunity to influence opinion and action. It is about being impatient and impassioned, informed and involved. The real power of democracy is that not only the elite can shape the agenda.
>
> (Hamel, 1996: 78)

Finally, The Kilkenny Report (1999) supports revolutionary change to ensure growth in the sector. The report states that policy must envisage more rapid growth of independent indigenous production. This new stage of growth requires more that mere intensification of existing efforts, 'strategy must envisage fundamentally different patterns of development…this will require high quality strategic thinking' (1999: 32). In addition, the report finds that for this shift in thinking participants must expect and prepare for change – in outlook and attitudes, in imaginative leadership, in strategic direction and in modes of operation.

It is evident that the companies should be more open and prepared for change and engage more than senior executives in the process.

237

Chapter 7 - Conclusions & Discussion

7.0 INTRODUCTION

Following a thorough analysis of the findings, discussed in relation to the relevant theory, this chapter presents the main conclusions of the study. The key themes that have been identified in relation to the strategy development process and practice will be presented first. This will be followed by a detailed analysis of the contribution the research has made to current strategy literature, the recommendations for participant companies and others in the sector. The limitations of the study will then be discussed and the chapter concludes by suggesting areas for future research.

7.1 STRATEGY PROCESSES AND PRACTICES

The overall objective of this study was to examine the strategising process and practices of companies. Traditionally strategy process has been written in a normative fashion, developed by managers as *intended* and planned, similar to the prescriptive schools, of design, planning and positioning as outlined by Mintzberg et al (1998). Strategy is conceived of as being formulated, through a formal, planning process, resulting in a clear expression of strategic direction, the implementation of which is also planned in terms of resource allocation and structure. The strategy then comes about, or is *realised* in practice. However, in practice this does not reflect how strategies are realised.

Strategy was absent in transition. Cases, as young firms, did not have a history of decisions that have evolved into a coherent pattern. Companies that continue to oscillate from commission to commission, operate with an ad hoc management style, are short-term orientated, and deal with issues of strategic importance as they come up or as a crisis develops. This is incremental but reactive as opposed to being reasonable and well considered. Properly managed strategy should be conscious, purposeful, proactive, executive practice (Quinn, 1985).

In cases which attempted to formulate strategies in systematic ways, the planned strategy does not become realised; or only part of what is intended comes about. Strategies emerged as companies reacted to the challenges of the environment. Some cases were influenced by what they believed was imposed strategy; there strategic choice is limited by the short-term

commissioning decision of the broadcaster. Strategies are more or less successfully implemented through people; their behaviour will not be determined by plans. Strategy also emerged as an outcome of cultural and political processes. It develops as a process of bargaining, negotiation and political activity. No one process accounts for the strategy development but it is the complex dynamic of this factors that are at work in the organisations.

The defining episodes in strategy development also indicate that strategising is very much episodic, that is, isolated to period of change or flux, brought on my external forces such as a merger or new manager, or internally by crisis of leadership or complacency.

A sociological lens on the praxis of strategy reveals the work of the strategist – internal and external. Internally management experience and training influences the approach taken. Outsider strategy consultants supplement the owner's lack of planning orientation, skills, time allocation and commitment. The advantage for the managers was that the consultants came unbiased to the agenda of the business. It also reveals a legacy of strategic activity, procedures, tools, routines and discourse to enable managers to enact strategy. In analysing discourse, language of strategy has been adopted as a form of rhetoric that makes sense of, legitimates and produces certain activities. The value of the attention to practice is the insight gained into how the weight of routine and legitimacy can impose inertia, managers can mistake the plan as strategy; they can neglect the need for innovation and change.

The adoption of what is deemed as appropriate strategy practices is often coupled with the manager's personal style. Formal planning was useful and necessary to the attainment of external validation or legitimacy and building commitment among stakeholders; board members, accountants, employees, buyers, and so forth to continue to participate in the enterprise. This was often tied with was deemed appropriate by the manager in the context of their work. The 'nature of the business' propagates a management style that is often intuitive, risky and short-term in focus, more closely aligned to an ad hoc and reactive process than to any strategic blueprint.

7.2 CONTRIBUTION TO THE LITERATURE

The strategy literature is advocating a move away from empirical restraint towards engagement with strategy practitioners in the context of their work (Whittington, 2004). This study of the strategising process and practice within the context the Irish television production industry has made some important contributions to the field of strategic management and management research of the culture industries. This research contributes to the strategy process literature and the growing momentum of strategy as practice research agenda.

The literature reveals a transition in strategy research from normative models of strategy making. The process school of strategy has moved away from predominantly positivistic epistemologies and economics, the basic foundations of the discipline to focus on delineating and describing strategy processes, implementation and emergent, rather than planned strategic decisions (Wilson and Jarzabkowski, 2004). This study contributes to the strategy process literature that has 'humanised the field', opened up the 'black box' of the organisation and revealed the managerial, cultural, political and environmental influences on strategy process and change (Pettigrew et al, 2002).

Empirical findings were consistent with some of the prior findings in the strategy formation literature helping to strengthen the process school of literature. Strategy emerges entrepreneurially after a period of experimentation and discovery, centred on vision and intuition of the manager (Mintzberg et al, 1998). The cases studied demonstrate the incremental emergence of strategy, supporting the work of Quinn (1985); given the short-comings of strategic planning in complex and dynamic conditions logical incrementalism is advocated. Strategy is also an outcome of a process involving bargaining, persuasion, and confrontation among actors who divide power (Mintzberg and Lampel, 1999). Findings suggest strategy is largely undemocratic as managers possess hegemonic control over decision making. A common theme of managerial discourse was the environment constrained managerial choice. The organisation in then consumed by a reactive process – reactive to an environment that sets the agenda. Mintzberg and Lampel (1999) maintain that while illuminating the demands on the environment facing strategists and the effects on

strategy formation, this reactive process is not strategic management. This draws attention to the where strategy is absent, supporting the work of Inkpen and Choudhury (1995).

The research develops our understanding of strategic management in the small business context, where the senior executive and/or founders experience is influential (Johnson and Scholes, 2002). Patterns in the strategy formation process supplement the work of McCarthy and Leavy (2000): the onset of a crisis bought the realisation among entrepreneurs that they needed to address the weaknesses in the areas of planning and financial control, resulting in the emergence of a more cautious outlook and a desire to safeguard the organisation.

Drawing on the developing area of strategy-as-practice, the research sought to gain a deeper understanding of the work of the strategist (Whittington, 1996) and contribute to closing the gap within strategic management literature on the strategist and their place within the strategy making processes: who is the strategist – academic background, sources of ideas, view on the organisation and strategy processes (Johnson et al, 2003: 16). The findings support the work of Robinson (1982) and Henry and Seidl (2002) – outsiders play a crucial role in supplementing the process and engaging management in strategic episodes which facilitate change.

The study shows how strategising activity draws on established social practices, the 'done thing' in the sense of being accepted as legitimate and well-practiced through repeating doing in the past (Whittington, 2002). This is coupled with the manager's personal style, critical to the manner in which individuals transform the procedures of everyday life into their own particular practice (De Certeau 1984; Whittington, 2002). Additionally the language of strategy is adopted as a form of rhetoric that makes sense of, legitimates and produces certain activities (Hardy et al, 2000).

The study also makes important contributions to empirical research into management in the culture industries; despite their significance they have not received much attention (Lampel et al, 2000). Managers in creative industries are dealing with intangible assets, high levels

of risk and supply chain dependency, unpredictable markets and processes, necessitating the need to be more flexible and innovative than most (Bilton et al, 2003).

The findings also highlight the importance of a number of debates that have occurred in the field of strategic management. The paradoxes: logical versus creative strategies; deliberate versus emergent strategies; evolutionary versus revolutionary development have considerable relevance on how strategies form. Strategists are caught in a bind, trying to cope with contradictory forces at the same time (De Wit and Meyer, 2002).

7.3 MANAGEMENT PRACTICE: RECOMMENDATIONS FOR MANAGERS

The strategy literature advocates the need for strategic thinking which is creative and innovative and beyond programmatic routine systems. At a time when companies want to be more creative, truly creative people do not feel they connect to them. And at a time when people in creative industries need to engage with business they are not engaging, 'which leaves people from traditional management backgrounds to run things, often to the long-term detriment of creative organisations' capacity to create' (Bilton et al, 2003). The findings of this study have important implications and recommendations for management in creative organisations.

- **Sustaining growth:** A recurring theme from the industry analysis: if the companies objective is to sustain and grow in the industry this cannot be achieved on the revenue generated from Ireland alone; producers must gain independence from the constraints of the domestic market and look outside of Ireland for expansion. The examination of the process of strategy development has highlighted the disparate tensions of strategy formation within case companies, most notably passive positions to environmental constraints versus pro-active approaches to strategy and development outside of the domestic market. It is evident that the routine of domestic commissioning can be difficult to emerge from. Companies that continue to oscillate from commission to commission, operate with an ad hoc management style, short-term orientated, dealing with issues of strategic importance as they come up or as a crisis develops. This is operational, reactive and externally

controlled as opposed to being a reasonable and well considered strategy. It is imperative that companies manage strategically.

- **Manage strategically:** 'The successful company is one that can look to the future and develop strategies that can cope with the almost destructive crises that will impact on the firm' (Block, 2001: 168). The domestic environment is unpredictable and highly controlled. Managers in creative industries are dealing with intangible assets, high levels of risk and supply chain dependency, unpredictable markets and processes, this only necessitates the need to be more flexible and innovative than most (Bilton et al, 2003: 213). Tradition notions of strategic management which perpetuate as bureaucratic control may be ill fitting in such a context but this should not justify ad hoc approaches to management, in which companies are complacent with little control over the long-term viability of their business. Strategic management should be viewed as encompassing imaginative creative thinking as well as strategic planning. As Heracleous (1998) stated the purpose of strategic thinking is to discover novel, imaginative strategies which can re-write the rules of the competitive game; and to envision potential futures significantly different from the present and the purpose of strategic planning is to operationalise the strategies developed through strategic thinking, and to support the strategic thinking process.

- **Planning:** Strategising involves more than drawing up a plan; the 'Grand Fallacy of Strategic Planning' is that 'because analysis is not synthesis, strategic planning has never been strategy making' (Mintzberg et al, 1998: 77). No amount of elaboration will ever enable formal procedures to forecast discontinuities, to inform detached managers, to create novel strategies. It highlights the importance of thinking imaginatively about business strategy; properly managed it should be conscious, purposeful, proactive, executive practice (Quinn, 1985).

- **Strategic Thinking:** The Kilkenny Report (1999) "The Strategic Development of the Irish Film and Television Industry" addressed the need for companies to view corporate business strategies as works of creative imagination. 'Strategic business

leadership is itself an imaginative and creative process' (Ibid, 1999: 100). The report notes that the importance of imagination is best understood by looking at the consequences of its absence: 'lack of imagination leads to mere imitation – to sameness, replication and easy reproduction'. This results, at best, in "accomplished mediocrity" – in unoriginal products, processes and commercial practices. The objective is to distinguish oneself and originate distinctive approaches in the global industry.

- **Flexibility:** It is evident that organisations face difficulties in developing strategies in complex, changing environments; and the possibility that traditional mechanistic ways of doing so are inadequate. Nystrom and Starbuck (1976, as cited in Inkpen and Choudhury,1995) suggested that residents of changing environments need tents instead of palaces because tents place greater emphasis on flexibility, immediacy, and initiate than on authority, clarity, and decisiveness. A palace, like an entrenched strategy, is stable and may be unresponsive to change. Explicit strategies, reactive or otherwise, may act like blinders and block out a firm's peripheral vision. This can impede change because as a strategy becomes imbedded in the routines of an organisation, it may also become imbedded in the minds of the strategists (Mintzberg, 1990).

- **Engaging managers and 'creatives':** Managers should be encouraged to incorporate all areas of the organisation, tapping into the creative resources to manage strategically. Bilton et al (2003) states that at an organisational level, the separation between creative mavericks and 'suits' is more pernicious (Bilton et al, 2003). Strategy can only come about by combining different ideas and dimensions in the light of particular problems or situations 'oscillating between recipes, maps or images, and particular practical organisational realities' (Cummings and Wilson, 2003). Bilton et al (2003) have highlighted that the conventional images of strategy should not be "the be all and end all", particularly if we want to continue to think creatively. Strategy can be thought in terms of a game of dodgems, knitting, anything that helps people communicate what they think is important to achieve. It

emphasises the need to incorporate all staff in the process. Wilson (2003: 209) believes there is much to be gained by an exchange of ideas between 'traditional' managers and 'creatives' from creative industries, most notably their ability to come up with more creative scenarios for the future of the business, measuring creativity as an ability to see further, deeper and without an embedded set of values or paradigms.

- **Democracy:** Engaging members of the organisation in the creative process also relates to a more democratic process as advocated by Hamel (1996); people should have a say in their destiny, a chance to influence the direction of the enterprise to which they devote their energy. 'Democracy is not simply about the right to be heard; it is about the opportunity to influence opinion and action. ..the real power of democracy is that not only the elite can shape the agenda' (Hamel, 1996: 78). A democratic process can also serve to encourage innovation and change. By engaging employees they gain control over their destiny, the objective is not to get people to support change but to give them responsibility for engendering change.

7.4 LIMATIONS OF THE STUDY

No research project is without limitations; there is no such thing as a perfectly designed study (Marshall and Rossman, 1992). Patton (2002) maintains that there are always tradeoffs.

The study draws on the strategy-as-practice perspective; however, as an emerging area, literature and research is limited. It is very much in the early stages of development. Debate concerning conceptualisation, practice terminology, theory and objectives continue within the strategy-as-practice academic community.

A limitation attributed to process research it that it has not researched deep enough. Access proved to be the constraining factor in the choice of strategy and depth of inquiry. Access refers to the ability to get close to the object of study, to really be able to find out what is happening (Gummesson, 2000). While every effort was taken to overcome organisational

246

concerns to the granting of access, assuring participants of confidentiality and anonymity, ethnographic approaches proved unobtainable. Companies were concerned with the time and level of access required and the presence of an external individual at time of heightened strategic activity. This is due in part to the nature of the sector and the businesses operating therein.

Case study was the chosen strategy of inquiry, incorporating documentary and interview methods in a two stage process. This relies in part on retrospective accounts as a means of reconstructing the past i.e. strategy development which may be limited by biased and inaccurate retrospective accounts (Huber and Power, 1985; Miller et al, 1997). In order to minimise and control this risk this research methodology closely followed precautionary guidelines outlined by Huber and Power (1985).

7.5 FUTURE DIRECTIONS

Methodologically, the strategy as practice agenda sees no reason for researchers to detach themselves through quantitative analysis of large data sets, it favours 'a more intimate relationship with the subjects' (Whittington, 2004). The researcher should observe strategy not only an attribute of firms but also an activity undertaken by people (Johnson et al, 2003). Access proved to be the constraining factor in the choice of strategy and depth of inquiry for this study. Future research could adopt an ethnographic approach to the work of strategy, this involves the researcher participating overtly or covertly in peoples daily lives for an extended period of time, watching what happens, listening to what is said, asking questions, collecting what ever data is available to throw light on the issues that are the focus of the research' (Hammersley and Atkinson, 1995). This approach would yield deep insight into the work of the strategist, strategy discourse and strategising routines and tools.

Areas that merit further research include power and language. This study touched the surface on power and politics. Clegg et al (2004) maintain that power underpins the strategy making process. Future research on power and politics in the organisation would tell us more about how decisions are made; the extent to which dominant elites exercise hegemonic control over strategy-making; the democracy of the process. 'The real power of

247

democracy is that not only the elite can shape the agenda' (Hamel, 1998: 78), which poses the following questions: What is the extent of involvement from the boundaries of the organisation? What voices are heard and silence and what implications does this have on the strategy-making process?

The language of strategy is ubiquitous. This study reveals the way the language of strategy has been adopted as a form of rhetoric that makes sense of, legitimates and produces certain activities (Hardy et al, 2000). Talk of resources, capabilities, markets, threats, futures and so forth is very much part of the 'lingua franca of strategy'. The terminology and tools that accompany them, render such a subject knowable and meaningful (Clegg et al, 2004). The emergence of the language of strategic management is one of the exemplars of the interchange between macro and micro – consultancies, business schools, management gurus, organisations and managers. There appears to be an impetus placed on gaining fluency in the language of strategy (Clegg et al, 2004). What are the effects for managers and organisations?

The findings suggest that strategy in organisations is not all- pervasive, supporting the work of Inkpen and Choudhury (1995). Limited attention has been directed towards cases of strategy absence in the literature - where strategy is expected but is not. Future research engaging in a longitudinal methodology and a process perspective should be aware of the possibility that at times strategy is absent - no pattern or consistency in decision making. What is the impact of this for managers and the business?

The significance of strategic episodes also merits further attention. Limited research has explored how the operating and strategy routines of an organisation are related to each other, and how both are related to the generation of strategic change (Hendry and Seidl, 2002). This focuses research attention on the taken-for-granted 'episodic' practices, ranging from informal (e.g. conversations) to the formally scheduled (e.g. strategy reviews, workshops and awaydays), many have been acknowledged but have not been subjected to any detailed systematic analysis.

And finally, there is a need for further research on strategy formation in the context of the small firm. Future researchers could develop an understanding of the characteristics of entrepreneurs and what impact this has on the strategies formed. What is the impact of informal and formal approaches to the business? There is a need for a comprehensive study on the crisis faced by different types of entrepreneur, their features and properties, how these crises are resolved and their impact on strategy.

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252

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267

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Appendices

Appendix A: Industry Informant Interview Guide

Interviewee

Company

Date

- How would you define **digital media**?
- Your role/role of IDA
    - How does an international presence affect the sector?
- Can you tell me a little about the **industry**
    - How simple/complex is the environment?
        - In terms of competition and environment forces
    - How static or dynamic is it?
    - What is the degree of **competition and rivalry**?
        - How aggressive is competition
    - What are the **drivers** of the industry?
        - What is currently driving the industry to grow & change?
        - Are there many new entrants?
        - What are the **barriers** to companies growing or developing?
- What is the nature of the **businesses** operating in the industry?
    - Size/Products/Distribution
    - I know there is a degree of clustering, Is there much **collaboration** between organisations?
    - What is the extent of internationalisation?
        - Detail: alliances/ subsidiaries / Where are the opportunities
    - **Core staff** / are many companies virtual?
- The **management capability** has been identified as a strategic issue for the development of the industry going forward.
    - Do you have any comment on this?
    - What has been your own experience with management?
- Is there a conflict between the creative/culture which is art focused and the business of industry and economics?
    - Is there a conflict of interest for managers?

- Is **strategic management** practiced (future direction, dealing with internal/external environment, planning)
  - Are the strategy **processes**
    - Formal – business planning
    - Informal – emergent decisions
  - What types of **strategy** are pursued
    - Is there similarities across organisations
  - Strategic **objectives** of companies
    - Where they want to be & their direction
  - What is the extent of competitor and environmental **analysis** undertaken?
  - What is the extent of external involvement of management **consultants**/advisors?
- Could you recommend some **interesting cases**
  - Companies that might be open to participate in this type of project

Appendix B: Sample Informant Interview Transcript

Name: Ms. X
Company: Enterprise Ireland
Date: 9th December 2003

What would you define as digital media? What is involved in the sector?
What I would define as digital media is the creation of content in different mediums such as animation, film, TV, audio, music; it is the packaging and the management and distribution of that content. That is the core of what I would see as digital media. There is the whole thing of what you mentioned of convergence is very strong in influencing the definition, the definition is somewhat of a moveable feast as it means different things to different people, but I think that that is the best summation of it.

There's a wide variety of sub sectors there...
You'd have, ranging from the pure content creators like a film producer or television production company right along the chain to an IT company that is totally software technology based. Maybe developing some type of software for a broadcaster, managing there programming schedules, editing content that they have. So there is a broad range of sub-sectors all the way from content to the management of it.

In terms of the industry, how simple of complex is the environment that the people are working in?

Do you mean in terms of technology they have or..

In terms of competition and environmental force that are affecting there business is making it more simple of difficult to operate

It depends on the maturity of the company and it depends on what sector they are in. So if you take two examples, one would be the example of a TV company, 25 years in business within the television sector they might not see themselves as a digital media company but they are within that context they would have a very specific market environment that they would operate in, it would be both domestic and international they would know who their competitors are, the types of products and services that they do, they have an idea of what their own uniqueness are and what their competencies are and they probably try and leverage those on a fairly consistent basis. Then if you look and the more newer kind of companies say an animation company that is developing its own process that revolve around software for animation creation there in a space that's evolving very fast that's a mix between web distribution and animation and possibly theatrical and TV distribution so where do they fit in, they have to work that out, in that kind of scenario its almost a new frontier, to those kind of entrepreneurs.

So it is specific to the company and its history or background....
It is, it's the age of the company and the sector that it's in, the maturity of that sector versus the newness of that sector and they design the market forces around. And depending on the competency of the management they are able or not able to respond to those market forces.

What is the degree of competition or rivalry between companies, is it the case that they are working together or are they competing for pitches, and a high degree of competition?
There is a combination of both, where they are competing for funding for projects such as with the commissioning process in RTE or even for development money from the film

board then they are definitely competing, they tend not to engage with each other on that level while they are in that process, but where they are lobbying of where they want the broader collective interests of them as a sector or industry they work together such as the tax breaks of section 481 the whole film industry really pulled together really strongly. So there is both, competition between them and who they perceive as their rivals both domestically and internationally.

Globally, are we competing...are global forces affecting business in Ireland?
The industries are so different, its very hard to pin it down
Generalise? Epiphany

Would you say, if I was choosing companies that I focus them on one sector, whether that is animation film or TV production?
No, I would say to you get a range of companies, maybe one or two companies in two sectors, talk to them and maybe pick out what different or common about them, but then to look at the hybrid type company, the company that's a little bit different to say traditional all TV production they are the ones that are going to be interesting.

A few years ago I was working at the Audio visual centre in UCD and I was a television researcher there and we were making educational television programmes for RTE, they got some kind of funding from the EU a development programme to buy audio-visual equipment and they put in sound editing on a PC setup and they called it multi-media, and we didn't know what multi-media – we didn't understand, now we know exactly what it is, we don't have any problem understanding it, the same with digital media, you can look at industry issues that are kind of political and that are characteristic of each sector or you can try and say 'ok, digital media, multimedia, what is in there at the core that's making it digital media

So centre it there rather than the sector.

What's currently driving the industry to grow and change?
First of all the massive figures for growth in the media and entertainment industries globally, Pricewaterhouse Cooper have said that this is going to be a 1.4 trillion industry by 2007 any figures that you look at are totally off the scale so anyone within this space knows that the projected figures for growth are almost recession proof, people consume entertainment and they want to consume when things are going back and no mater what has been happening there has been growth even when the economy is down, globally that growth has still been maintained, so that's the first thing, the second thing is the role out of new technologies so the IT enabling capability of software to make production cheaper and more efficient the different platforms that content can be distributed on, I'd include web and telephones, picture messaging, SMS and the services available with that and then there's the digital revolution, if you want to call it, the switch off of Analogue in Europe by whatever year it is..2005, the whole digitisation of content is driving new ways of looking at how to produce and how to distribute that content.

Has that dropped the barrier for new companies? Is there a constant influx of new businesses in the area?
Em, there are new businesses coming through, but not as fast as companies were coming through post dot com, the ICT sector here began to kind of take hold and grow a lot of start ups came through this organisation in particular the level within this sector wouldnt be as high. There are new businesses being set up some of them are spin offs of existing businesses, some of them are commercialisation of research being done in universities and

274

some of them are groups of individuals or consultants or specialist individuals coming together to try and create some kind of product or offering

Saying that, is there barriers to companies growing or developing?

Yes there are a number of barriers. The first is that within Ireland, in this sector its very much domestic focused at the moment and therefore the market is very limited for sales the barrier is that companies need to look outside of Ireland to sell but they need huge resources and its costs a lot of money so they have to really focus in on one particular market and they really want to know how exactly to do that, they are caught in a bind of needing a first customer for whatever it is they are developing and that can take two years to secure say if a content company is talking to Vodafone about creating and packaging content for distribution on 3G phones it could take them two years to the point of money coming in and that's a huge challenge and in the mean time the biggest barrier is that they don't have seed capital there's no specialist seed capital in this country for these kind of companies and they probably need venture capital funding as well. And those are the things that we are trying to look at and the recommendations in the Forfas report as well we hope to try and implement them, so they're the main barriers.

And the nature of business operating, what is there size..

They are a low base of company, they are traditionally under 10 people, they would be struggling to have a turnover of €400 – 500, 000 a year, within the more established mature companies that goes plus plus plus, some would have 20 million turnover. But within the newer companies coming through it would be a lower base and low employment but it seems to be that they can generate very high value with lesser people than in say a manufacturing scenario or in a different kind of industry, if they can create a product again and again and it becomes a brand and if only two people make that product it can have huge value for the firm so that's a new kind of business model that is emerging and there is a challenge there for government in wanting to support employment and scale within companies there is the possibility that the products are being created don't need scale or employment to create them but they can be of very high value so that's the place where policy and strategy would want to go next and it has not really been addressed

Is it that the government don't recognise that a company can create value with a small number of employees?

I think they are recognising that business models are changing it difficult for the funding structure to change

Is funding dependent on the size of the company?

It all depends, if they need money, they can get money from RTE, the media programme, European funding programme, they have management development money available to them it would be the same for film and animation companies, post-production companies have less although they can avail of section 481 for some projects. When it comes to Enterprise Ireland our bench mark would be that a company would have 1.3 million turnover by year 3 and that would be for a company that's starting. I can give you more information in our brochures etc. We are trying to be very flexible with the audio-visual sector as it was a few years ago, we set up special feasibilities, that were double the usual level for these kind of companies that were starting off at a low base. It has had some impact but not as much as we would have liked.

Do companies vary in start up capital etc

Well they need to plough a lot of money into development before they can come forward with an offer and that costs money – it's a case of chicken and the egg really.

In terms of collaboration of work between organisations, I know the digital hub they are trying to cluster organisations together and see how that works, and from reading some of the digital hub reports, because they are in an environment there isn't that same degree of competition but they are working together and they might work with each other on certain projects, does that happen a lot ?

Its beginning to happen, there are eleven companies in the hub between the enterprise Ireland incubation centre and the hub and they are beginning to structure their contact with each other in terms of their management groups and they submitted documents in terms of what they believed were important issues in going forward for them some of them would be looking at joint projects together and at the same time they are all trying to get some "bread and butter" money. So that's happening at a company level within the hub. But at an organisational level there is always collaboration especially when it comes to policy making because we are all tied in together. So IDA and Enterprise Ireland would talk together when we are working on our policies, I think we have both identified broadly the areas that we would agree are the key ones, as with Forfas and their report, they would agree we what we are trying to do. We have an ongoing dialogue with the film board because of their company development projects we'd have an ongoing share of information their.

[pause]

Just in relation to internationalisation, what is the extent of it, I know you were talking already about the opportunity for growth outside of Ireland, are many internationalising and to what extent?

For us as an organisation our target is our client companies would have a minimum of 80% export a growth to that over a 3 year business plan. Our remit if you like is to support the internationalisation of Irish industry. Within this sector currently there is a very domestic state and companies would be competing with a very small market share in Ireland. Some of the sectors are very internationalised in that they would be well practiced in going off and using co-production treaties to develop negotiations where they sales and distributions in different territories. So that's a standard thing. Within the television sector they are used to going off to these TV markets the US and Europe and selling their wares. Within the animation sector there are a small number, maybe 3 to 5 companies that have a strong international focus. Within the more technology based sectors the UK would be an important market. So it depends on the sector. Our ambition is to help them to internationalise, we have been told by industry and we acknowledge ourselves that the industry can't grow at a level to develop a scale that can sit on all the infrastructure that are there unless it looks outside of Ireland and we hope to use our overseas network and put in place our assistance for companies who are hoping to internationalise.

And internationally where do the opportunities lie?

It's a mix of markets, the UK is an important market because its accessible, the US is still in development but its very expensive and very difficult to get into and you have to do a hell of a lot of market research before you figure out you are even supposed to be there.

Depending on the sector, Germany has always been important for TV and France, and Australia, there is a co-production treaty between Ireland and Australia. But there has been

very few projects between Ireland and Australia and Asia is somewhere we have been looking at – China Japan and Korea

There are trade links being developed that we would hope to be able to link these companies into and we have done various trade visits over to the US and Australia with companies in this sector and they have had varying degrees of success we have done this for film TV and digital media companies.

What would be the background of management in these companies? Would it be in technology, animation etc

Mostly they are coming from a creative background so you are not going to have a huge amount of commerce and economics graduates. **The management capability is a strategic issue for the development of the industry going forward** and has been identified as such. When individuals are focused on trying to get projects in they are often very creatively involved in those projects as the owner/manager of those companies and they then have to take a step back at a certain point when they could possibly pull in a high value contract but they then need to strategise very fast and they often don't have the resourses of capability to do that in both instances they can stall and not progress and they stay at the level they are at they can up the ante on themselves and try and plug themselves into as much assistance as they can. We have got a HR development management programme here and we have several different ways of training and assisting managers and their companies. **But the main challenge is that they need to get a very strategic focus on where their business is going** and a card for them to pull away from the day to day running of the business and to work that our.

Is there this conflict between the creative industry where its art focused and the business where it is economics and money – is there a conflict of interests there for managers?

The conflict of interests is becoming less so and the lines between the two are becoming less defined and I think that is just a system of maturity if you like. But where the creative entrepreneur has to step back from what's going on in the day to day level of the company and has to start thinking forward to 'how do I get into this market?' 'What is my core offering?' 'Where are my customers going to be in a year?' 'Where am I going to find them now?' On those levels of strategic thinking there needs to be a significant step forward.

You were talking earlier about staffing – at a core number of 10 – would there be many companies contracting out work – are they outsourcing?

There are a lot of freelancers in this industry, traditionally in film and TV there would be a lot of freelance contract work and those type of sectors are not the type to have 30 or 40 full time employees because they just don't operate like that. Companies prefer not to outsource because that is an additional cost to their bottom line of the money that they are getting and their margin is reduced and where they can complete work themselves they will, and this can lead to delays and problems delivering work on time.

The advertising model is probably well ahead and an interesting model to look at because they are just so used to working to deadlines

In terms of project management..

Totally, and they are extremely commercially driven, a total customer focus

So their business model and how they operate could transfer..

Yes I think its worth looking at.

277

Going back to the gap in management skills and your experience with companies, do they practice strategic thinking or managing strategically, or is it a case they do and they don't know....

No...the older companies with a track record in business do because they know the language and speak with investors and funders and business partners and they have got to that stage and they are going to be at a certain level after a number of years in business. The younger ones coming through us, the assistance that they need is with business plans and they can find trying to put a business plan together very challenging, they feel that have to put a lot into it but don't really know how to put it together. They feel it should be a definitive document on how they are going to dominate the world market. The younger companies tend to see strategising as a noose on their business when in actual fact we try to encourage them to completely incorporate it into their business plan. So if a company comes in the door to us, maybe they are two years in business with us maybe with a turnover of 100,000 and they are looking at a contract to maybe bring them up to ¾ million and we say well what is your business plan and they say 'well, uh, uh, we have to look at it, take a couple of weeks with it' we say look 'it's a work in progress, help you with a mentor if you want – areas of finance etc ' and look at it as something that helps to focus your point rather than something concrete, we allow for a plan to change but there is a difference between that flexibility and nothing.

Is there many companies that are setting objectives for their future? Where they want to be or their direction? Is it happening?

I think so, I can see it happening in the companies in the Hub definitely because they are with each other almost competing to do it and l suppose use the opportunities they have as much as possible. So there is definitely awareness there to do it and willingness and want to increase their capabilities but as I said there is difficulty there in finding time and also money. Its going to cost them. When the owner manager is there writing up a marketing plan they are not with their group of animators or tv production people.

So the objectives that companies have and the content of peoples strategies?

In terms of our remit of an organisation our aim obj would be that they increase growth and increase export sales. What companies tend to look at is their sales pipeline over a period of time bringing in a certain amount of development money for projects, maintaining key customers that they have and trying to keep a consistency in getting work from them and doing some new business development as they go.

Would there be many companies undertaking an analysis of the environment – whats going to affect there future etc

I think they do with varying degrees of formality and it probably comes back to the scale of the company. A company that can spend €50,000 to do a market research job in the states and their perceived market over there is going to have to develop that into something more sophisticated than the company that can only afford to look through the reports they have to hand. It depends on scale and the size of money the company can invest in that activity.

Would there be much outside influence of agencies and consultants?

A lot of companies use consultants on a one to one basis. Usually, in my experience of how they engage consultants, they are open to guidance and advice from people like ourselves particularly if they have an area they want to address, ie looking at financial analysis. They tend to source consultants on a personal basis, someone might have a personal relationship

278

with the company, someone who might have invested some money in the company or someone in the family.

Again its scale and cost...

Yes and they use them for different things, I came across a company recently using a psychology consultant they wanted to examine their own management capabilities and to look and what their competencies were as individuals and what was creating barriers for them in developing their business so that's very different to accounting type consulting or investing consulting.

So if you look forward into a knowledge based company and the type of consulting that can happen in terms of developing the competency of the company as an asset as much as the developing the money of the company.

Could recommend some interesting cases, in your own experience, that might be interesting in terms of their business and strategy

Certainly within the post production industry there is a company called The Yard they are based in Sheriff St. and are traditional a post production facility and they have recently taken up some space in ParkWest business park in Clondalkin to look at the streaming of content on to mobile developing a service for European mobile operators where they can do this, so its is content over IP all internet enabled so they have migrated from a company that traditionally cut up content and re-distributed it or they transferred rushes for another production company to now actually be in content having a link with a mobile operator with a broadcaster with an IT division and within the whole area of managing the rights of all that content.

So there is convergence there. The forfas report highlighted that only the e-learning sector was the only one developed across the value chain, is this changing for the other sectors?

More slowly, it could be another 5 years before the business models are acknowledge or defined so if you look at the report PwC did in 2000 it will look a lot different to work done now. Especially in the high software parts of the industry I think it was envisaged that there would be an uptake of new technology in media and entertainment which there has been, an area like games has totally embraced it and is just a mammoth industry but that has a consumer base and a consumers spending money on the hardware and software to play the games supported by huge distribution of content so that's unique.

Another company from an animation point of view is Brown Bag they were traditionally been all cell animation and now what they are doing is all so their production has changed and they have had to evaluate their processes after their Oscar nomination they had to look at their marketing and looking to markets in Kuwait

So in terms of intellectual property they can transfer animations to other countries...

Some countries have looked at funding SME's to do that, I think Scotland have got it through the Scottish development fund, I cant think of the name of the programme, where they are looking at the packaging and conversion of content.

Other companies that would be interesting to look at are down in The Hub, Shinawil, the company behind Popstars and they are also looking at format of TV that cross over between live interaction people watching the programme, the programme and the mobile operator and the content is then sold on to Sony for a record deal after the series is over. So that's totally different, a traditional company like that would only be selling to a broadcaster and

279

now they are selling to a music company and a mobile operator and a broadcaster and have to bring that all in the play while they are making the project

Is that making it more complex for the business itself, because it's new its making it more difficult?

Yes definitely so and another this is because content creator is becoming the distributor and a publisher now, say a games publisher, it's the cost of developing a game can run into millions and that's not going to come from any small SME it has to be funded and where is that funding go to come from and how can that happen here, how can we get into that prior 'tear of abilities' if you like, to produce, so that's another factor

Selecting 7/8
To come out with 3
Shortlist:
X, Y, Z

Appendix C: Contact letter

Company A
10 Main Street
Dublin 2

26th January 2004

Dear Mr. X,

The School of Management at Dublin Institute of Technology is currently undertaking an investigation and review of business planning and strategic management practices in the television production industry. To date we have completed extensive desk research and have carried out a number of exploratory interviews with key industry informants. The next stage of our research is to undertake a number of case studies of Irish television production companies and their business planning and strategic management activities. In this respect **Company A** represents a suitable case study for our research and would allow us to examine the activities of a company exhibiting substantial growth domestically and internationally.

The research approach that we are employing involves two interviews. The first interview allows the researcher to develop a complete description of planning activities in the organisation. The purpose of the second interview is to allow the researcher time to reflect on the description provided in the first interview and return to further develop and probe particular areas of importance to our study. Participant enterprises will also receive a copy of the final report of our study.

It is important to note that the research is not concerned with sensitive information such as your company's specific business strategy or financial data. The focus will be exclusively on business planning activities and processes. This involves how management set and maintain the strategic direction of the business and make decisions on a day-to-day basis to deal with changing circumstances and the challenges of the business environment. We are interested in understanding what role business planning and strategic management plays in the television production industry.

I would be most grateful if you will consider our request for your co-operation in this study. Should you require further information you can contact me by email at caroline.quinn@dit.ie or by telephone at 4023041. I will contact you soon by telephone to discuss the project further with you.

Yours sincerely,

_____

Caroline Quinn

Appendix D: Interview Protocol

1st Stage Interview

(Objective: to gain an a complete picture of the companies strategising process and activities)

Business Development

- How has your business evolved since its inception?

Management role

- How has your role changed within in? Manager / producer
- How do you balance between sustaining development activities with production work and demands?

Strategising Procedures

- Do you have any formalised procedures in place to develop business growth?
- Do you have a written business plan?
   - How often is it changed
- How are strategic decisions taken?
- To what degree are staff involved in company management and strategy?

Company specific questions e.g.

- How important is your UK presence to the development of your business
   - Establishment of an animation subsidiary
   - What informed your decisions

Macro perspective

- How important is knowledge of the international market to you – competition, products etc
   - Advances in technology and content format?
   - Degree of competition and rivalry?

Future direction

- Where do you see your business in the future? Any different to it is now?
- What are the barriers to development?
- What are your measures of success?

2nd Stage Interview

Strategic Evolution   -------   Figure 1
At a recent Content Forum held by Enterprise Ireland Andy Anson put forward the
following continuum. How do you see the evolution of your business?
What do you believe is required to achieve your goals?
Your comments:
Company Development
    Periods of transition – strategising activity

Business Plans
I understand from our last meeting that you have a business plan and that you have
identified in that future areas for growth. Focusing more on the process of drawing up your
plans, can you tell me a little about what was involved?
- o Can you describe your document?
- o What was involved in that process – time, how did you conceptualise your
    present and future situation, get ideas for future positions, spot opportunities
- o Would you plan for certain scenarios, what if's..then…hypothetical financial
    flows
- o What questions do you seek to answer?
- o Have you set goals or objectives from your business?
- o What is the value of this process?
- o Difficulties in implementing
- o One business found great value in sitting down to forward plan 5 years with
    some degree of flexibility, beyond the commission dependent situation
    which is out of ones control.

Management skills
- ▪ What are the necessary requisites for a manager operating in this sector?
    - o Do you believe companies should be thinking and managing strategically
    - o You spoke a bit about lateral thinking/outside of the box
- ▪ Do you consider yourself more proactive or reactive in response to the sector
    constraints
    - o Move away from dependency

Decision Making
- ▪ What do you see as the key decisions that have shaped your business so far
- ▪ How would you characterise your decision making style
- ▪ How are decisions assessed?
- ▪ Great deal of risk in business
    - o How is it managed

Any final comments

Appendix E: Sample Case Study Interview Transcript

Company 6: Sigma
Interview Transcript 1: Nicola (Business Affairs Manager)
Date: 9/6/2004

Firstly, if you could tell me a little bit about how Sigma has developed since it was established in 1995?
Yes it was October 1995

Was it setup initially as animation or were there a number of businesses/units?
What have been the key milestones in its development?
Well the official name is Sigma European Scripting House Limited. So we started off as Lynch productions and then in 1995 we became Sigma. As the name suggests we are a European scripting house and we started off scripting. Before that, Peter Christians, who is the Executive producer and Ian Ryan who is managing director, at the time it was Peter and he had a small company in Germany and then he came to Ireland. And he started here, he did a few small productions, for German TV (he is German) and that's how it started. But then Sigma came from Lynch, because he was doing a small production, Sigma came from that. So it became a rights company, more so than a production house, which was very unusual for Ireland

And very rare at that stage...
Oh very rare, absolutely - so what we had [in '95] was access to maybe 4 or 5 writers who would write for Sigma and Sigma would keep the rights then in the scripts and in the productions and they would co-produce with other people so we do a lot of scripting. So we basically started off like that, with scripting and as it progressed we started doing different things, getting to the stage where you are doing everything but the main thing was to hold onto the rights of it -which is very unusual because even for writers say in France, or England, America or Australia, writers don't get paid as much but they are not full buy outs where as we do the opposite, it's a full buy out, they get paid more but the rights remain with the company.

So it more value to you..
It means the company retains the rights and we can do what we want, we can go into animation, live action, feature with that script.

So it's more sustainable
In the long term, plus you have a bargaining tool that is much better because you can go to different co-producers. But that is basically how it started, it has progressed quite considerably since then into a number of areas.

So now you are involved in TV, animation and Film, so there is a spread, is there a % you work in more?
Well you see what happened then is that because we were doing to scripting we started doing the voices, it was a natural progression, so the voice recording came in, we worked a lot in development which we still do, well you probably know the stages, you'd have Development, Pre-Production (that would be just get the scripts ready, voices ready) – so scripting and voice recording. And scripting would tie into development, because you are trying to develop the idea and get the scripts in place. Production &Voice Recording
Post-production. So we were in development first, and moved into pre-production and now we are in voice recording which is production, so we are moving down the line. We do

some post now, depending on what, post is tying it all up, sound and special effects, so it has a lot to do with voice recording as well, so its all tied in, and you work all the way along.

I suppose it is trying to get the resources here to try and expand

Absolutely, yeah.

So we do animation and live action. Much of our animation in co-productions, they re long running series so they are 26 minutes and they are usually 26X26, 26 episodes which is a lot of work. So you are talking about a lot of time and that is where the studio planning would come into place. So you are talking about a very long time to get the financing in place, get the animation, scripting, 5 years maybe for a series. It is a very long process. And because you are doing all this, you are talking about an extremely large volume of work so the work would maybe we get to develop it and another company would co-develop and then we do the voice recording for it and the scripting, they do the production and another company might do the post so you are talking about a huge volume of work. We have done some productions where we have done the productions ourselves here in Ireland.

And % wise in each business, would you see an even spread through each, or do project time-plans dictate the concentration on one business over another?

As you will see from our slate, usually we will have a lot of things in the pot at the same time. And while you are trying to develop the project and put the financing in place, which is obviously a big thing, so they happen concurrently but a different levels, if you know what I mean?

We are developing here and the scripting and you are not going to get financing in place unless you have some idea that people what to get this project or get involved. And then you get finance in place as you move down. And then you start the scripting, you have to have some scripts in place to get the financing because they want to see what's involved.

So there is a lot going on at the same time.

...well then financing usually comes in around this stage, you are coming into production, financing is closed so we move onto another project, which is were I would be in here, we have a different structure, so we are off on project B, and the development people also go onto project B, and the production people are gone down still on project A

So you role

Is business affairs, legal and financial, I can go through the structure of the company so you can see. [6.48]

Then another project comes in and C will be in development, there will more or likely be four or five in development at the same time – you are not going to risk on one.

At this stage down here you probably had project X that was going on and Y would be coming out this end and normally you just try and keep it flowing. So the girls would be voice recording, head of post production and her assistant so they will probably be starting on another project

So another comes into the loop and it is continuous

And live action, at the moment we have a full production in house, we are doing all of it, again with the co-producers, they do the post, we do the script and the production here in Ireland

And you do a lot of co-productions, which is quite distinct, is it because of the European focus of the business?

Well you are talking about a finance issue, you are talking about very big budgets and because of different tax incentives in different countries and in France it is different because they are really into film, you'd probably know that yourself,

There is a history there,

They started animation there so they give regional funding; they put a lot into it. So a French co-producer can bring that on board an Irish co-producer can bring section 481- so taking the benefits of each country and then plus what the people can do. So we have a very strong scripting house, because it so long and well established, we have very good writers and they just write for Sigma so we have a very good stronghold there. Voice recording is really progressing

So you are developing your reputation

And now we are getting more into production with live action as well. It just happens like that, so it depends on who can bring what

So it's a people focus, in terms of what they can do

And in terms of your base here in Galway and office in Munich is there advantages and/or disadvantages to that, starting with Galway first. Television production in the west of Ireland is increasing with TG4 etc, there is no disadvantage?

Well I suppose infrastructure, everyone says, but really there is not.

There is nothing stopping you

No, you know Peter would say that he has staff here he has for a few years and he wants to keep them. I mean we are all based in Galway, we all like Galway and it is a multi-lingual staff and we do everything by email and conference calls, and people travel back and forth, I mean there is nothing really, ok maybe the infrastructure sometimes, but not necessarily, I mean you fly into Galway or Shannon, trains up and down and because of what we do. And we do a lot of work with Telegael, they are the studio that we use, they are really good and well established. People love coming to Galway, the international people love it, the atmosphere here.

And the Munich based company; I just read recently you have established a new film company there, any reasons for that?

Well we are always getting bigger, so that would have been a strategic move on our part. Our head of animation is Italian – English and she speaks German and Peter is German and good percentage of the staff would speak German and we deal a lot with Germany they are very good broadcaster wise and you have a huge audience we have very close dealing with Germany. So it was inevitable, always going to happen, it was just getting time to get in order. So Dina who is the head of animation is now MD of the Munich office. She is based there. It just means that because we deal so much with them you can just go down the road, back and forth, you are there rather than flying over. And also there are German tax incentives, if people want to do a German/Irish co-production why not?

And the structure itself has obviously grown and become more formal? Can you explain how it is structured at the minute?

It is actually quite flat, in some-ways; everyone has to do their own thing, so we have Peter the Executive Producer, Ian Ryan is managing director, this is probably one way why it works so well, Peter is a completely creative person and Ian is management finance, everything but it is actually quite complimentary, whereas in a lot of companies you might have found that it is a producer who has come through

And is now manager, and there maybe a tension there. It can be difficult for managers of smaller companies to get past the day-to-day management concerns and look to the longer term.

And did Ian come into the company at an early stage?

In '97, not long after [the company started]

So there has always been the business/commercial side?

Well there is, I think if you are too focused on one project you can't actually see the bigger picture, if you are the producer and its your project and company it is more difficult.

Some companies clearly spawn out of one project

Well we always have a number of projects in the pot, it means if one doesn't come through there is always another one, it is because that is the nature of the business.

[Business Side] And there is a financial controller, and there is me in business affairs, assistant accountant. We deal with the legal/financial area of live action and animation but also the general day-to-day business. [Creative Side] we have producers on this side. It is quite flat as you can see, Ian is there and we all do our own thing, so you have the head of post-production and the head of animation. So the producers are mostly live action. Animation is different; you need a lot of people. Peter is more or less the producer and Dina is the head of animation. You have maybe three or four producers on one project. That basically it, you have people assisting in different areas, graphics people, artists.

There distinct areas but

..They are very much interconnected, budgeting everything would got through this area [business/finance] finance of the project, if the budget is working or not. It actually goes around in a circle really.

That's was is so distinguishing from a management perspective that the nature of the sector is quite unique in terms of the management approach, as many have come through as a producer or creative background it is interesting to see the management style or the approach that they are taking.

Well it is quite interesting to note that none of us here [business side] have a background in animation, whereas Peter has been immersed in animation since he was 12! When he finished college he was straight into it and a lot of the people here [creative] would have worked in that area all their lives whereas this area, I've a business degree, I came through accountancy, marketing, legal side of it. The financial controller came from industry and Ian's background is in business as well. [17.31]

The structure is quite distinct to have a management background and a creative background working together

It works quite well, and we all have an interest in the creative side, we would have taken courses along the way, you would have an interest in film

It brings different views to decisions; there is not necessarily a creative bias because of a 'love for the project'?

Yes, you can step back from it, and say no we can't actually do this because it is not viable, it might be a lovely project but ...

There is a commercial mindset

That could be one of the reasons for the success of the company.

You mentioned a strategic plan, can you tell me a little about that, is it long-term/short-term?

Well it would be short-medium term, if you take for example the animation side of it, well for the business as a whole, we have a business plan in place, and we look at them every couple of years, we have had them from the beginning and obviously they do change, we would have an idea about what we would have in production in three years time, a certain amount of projects and a certain about in development

Looking at the process of drawing up the plan, what questions does it ask – example on the grand scheme of things – a vision for the company, where we want to be

Well I suppose our objective would be to be the best in the industry. Other objectives…the idea would have been to build, in one way, an insular company, that you would do all areas of it but still you would work on co-productions as well. As you can see we started small working doing scripting, doing voicing, get good at those stages so that we could become main partners in co-productions which has actually happened. In the beginning we were doing minor projects or doing scripting for one project and that would be it so you would not be executive producer on it. Now on a project where there are three co-producers we the main, whereas a few years back we were the minority, so that would have been the plan to become the main partner. In one of our live action at the moment there are Dutch co-producers and we are the main co-producer in it

So you are seeing the progression. And the strategic plan itself is it a written document?

Yeah we have a written business plan, which we have looked at the last few years, and they would be short term – 3/5 years. If you are working in the animation area in particular because it does take a long time to get everything together so you are talking about 5 years for one project so you are talking about medium/long term as such 5-10 years maybe but you still have to look at 2 to 3 years because if nothing is happening you will just drop it. But in 'Live Action', the financing comes in around 2 years but the shoot happens quite quickly, it could be 8 weeks and its over, whereas the animation you are talking about two years: to get all the drawings done, the scripting, the whole lot.

Is there any value in planning?

I would say so, yes, definitely. It is more focused, rather than looking at the project you are looking at the business, you say you want to employ X amount of people over a certain period of time, and we want a German office, and we want to do these things, so you can't just look at it as one project, you have to look at it as a business as a product really, coming from the area I've come from I always think of them as products not as projects, so that would be A B C D E

As a traditional industry or sector…

Yes, so you have your products and you can say "this is our cash cow here, this will keep us going, this is our star project, and this is the one that will be sitting there and nothing is going to happen to and we are going to have to drop.

[Interview break]

Going back to planning, in terms of the document itself, what structure does it take: external/internal analysis etc, any specific techniques?

Ah the usual SWOT analysis, mainly the objectives of the company, and with regards financing you need to have something to show people and say what our plan is, we plan to be developing five projects and have three in production that will bring in a certain amount of money over a certain period of time or at that stage our live action dept will have be able to…we can fund our own projects from that. Even from an employment side, increasing

288

staff size, when I started there was 6 people, there are 25 now. It is like business most plans, so you have your objectives and your marketing strategy, how you are going to implement it, who you are going to work with and how you see it all happening.

Is there a mission statement for the company or a grand vision?

Not really, just do it, is the main thing!

And decision making, in terms of big company decisions

That would run jointly between Peter and Ian, and everyone will, depending on what are you are in, you have an input to a certain degree, if it is major business things it will stay on the business side but Peter, as executive producer and managing director would be involved with all of them, most decision making would be jointly.

Is there a creative commercial tension?

Well with regards projects, you have the creative side to see whether this is the project for you or not, and the producers and developers would know and then we can see if the Film Board would support it, if RTE would like it, that's where it would be mostly the content/creative side. Then you come to the stage where you say we will go ahead with that, then you have to see who is involved with it, what co-producers, what international distributors, who is actually going to come on board with this project then both pair would work closely together, and it would be jointly then.

And how do you see the sector evolving, I have been using this evolution continuum as a stimulus in interviews, a strategy consultant put forward at a Enterprise Ireland content forum, how he saw the sector evolving from the commissioning trap of one off commissions to the more diversified company, owing the rights, having different business units and increased utilisation of digital media and various content platforms. Would you be conscious of where the sector is going and your business within it?

I would say we are probably more in this section of it really [right end of continuum] one off commissions we do, but as part of it, it is part of the product mix really, so as our company I would say we are here, we are looking at different areas, we are exploring all aspects of it.

I know you work with many broadcasters internationally, would you work with RTE

Yes, RTE and TG4

There are a number of companies in Ireland working solely with RTE, and at the mercy of the broadcaster and dependent on commissions...

We are the opposite

At the far end of the spectrum

Yes and now we are working with RTE, which we have never done before; we have done some one off commissions, some sitcoms

Does it change your own power position in the market?

It does, yes. I mean we are working on an International scale, attracting international partners, you would hope that your national broadcaster would come on board as well, which is happening and that is great.

It is just interesting to see different company perspectives; some are in a dependent cycle with RTE, so there is some negativity there and some frustration with the broadcaster. You seem to always had an international focus and grown from that.

We probably would have the same frustrations, we have a project with RTE at the moment, and it is a concern and does have to change. We started off European focus and now we are growing internationally, currently, I thinking the first official Irish – Australian co-production and the fist Australian/Irish under the treaties in place, which is a big step, one in live action and one in animation. We would have been mainly European; Germanic countries and Scandinavian, obviously because of the language, and then French, now we have gone wider, still with our partners in Germany etc. So we have gone the opposite direction really [to the continuum].

You have different areas of business here, not solely television production, and some would say that that diversification has helped spread the risk, if one area was the quiet the other would cover it, do you find it similar here?

Well say the Hans Christian Anderson [name of animation series being produced], I know I keep coming back to this point, you are talking about 26x26 minutes and then if there is a second [series] you are talking about 52, you get the whole year in for the broadcasters so you are talking about a very long running projects so we would always have 2 or 3 big projects on the go so you would have to focus on them, you would be concentrating on the different areas of each, development of one and production of another and trying to finish of another one, so you would always be doing this and then another project would come in and you try and help out, but because you are in that and because you are in that you don't have time to make sure that they [previous projects] are done, you are on the next

Like a production line

In one way - well its like Peter would say, it is a format in one way and we have got it right, that is just what happened. It got done right, with the right people, the right partners and the right way of dealing with them, people know each other now - it is a working formula.

And how do you find the relationships between producers and broadcasters in other countries, so the relations with producers and RTE compared to Germany or France?

I would say it is a lot better in Germany and France; they seem to be a lot more…mmm…they just seem to work better. Maybe because of the audience, the audience is wider for a start, I mean it is millions of people rather that four, they have different channels and times-slots and there is more that one broadcaster. I mean you would run into one French broadcaster who might not want to take it but the thing is you have the option of another one - that is the difference.

And it is similar in the UK as well.

Is there a lot of competition in the market, do you look at it domestically, European and Internationally?

I would say it is fairly competitive

And in Ireland?

Well the nature of it with one broadcaster, I think it would be more competitive with more that one, it would be more people vying for time and the licensing etc When you have only one broadcaster who will commission or won't and more than likely wont, you might not be as competitive here. TG4 now broadcasts and we do the dubbing in Irish, but to get our projects on RTE they wouldn't go for it. If you were in France and one didn't go for it you

would go to France 3 or Channel 5, because they are fighting for it and they might go, for the 8-12 year old, which we do, that is there target market, that whole station might be 8-12

So it is easy to look at various broadcasters and what they are looking for as opposed to one

Well you would be dealing with, Peter would mostly, and you would know, which don't do children's TV, or animation or they don't do pre-school, so you know.

So you know what they want

And when they are looking for something they come looking for us or at the fairs.

Would you go the many of the TV markets?

Yes, Dana is at an animation one at the moment in Ansee [?] and then there is Cannes, MIP

Is it important in the areas of digital media and technology to be at the edge of things that are happening and broadcasters are looking

Absolutely, I mean the markets are our sales markets, and they are our customers. Most of our traditional work would be in 2D, very traditional and the Europeans like that, the French, Scandinavian, and German. A couple of our projects now are more CGI, which is becoming more popular, for example Shrek

An American thing

Yes, so are always conscious of what up and coming and where the opportunities are.

Do you see any barriers to growth domestically or internationally?

I suppose domestically broadcasting would be a barrier in a sense because it would be good to be on in your own country. People will go "oh Sigma, is that Irish?" they don't actually know, whereas in France or Germany they would know straight away. One of the girls was on holidays in Spain and "such and such is on TV" whereas you wouldn't see that here and people would not recognise the products here, so that would be a barrier.

Is it the financing that is the issue, the cost and/or nature of the projects?

Well even showing them would be great. We do have TG4 so we are quite fortunate that way.

And how do they differ?

Well 1 think because they can be in the Irish language TG4 are more willing to take them and its probably the way they broadcast, they don't want the same thing on TG4 as on RTE. It is in Irish so a lot of children who speak Irish would know the cartoon, the stories and characters. Otherwise, barriers here, not really

What skills do you believe are necessary for managers in the sector?

Well coming from a general business background, cash flow affects every company. The difference between this industry and a normal retail shop for example, they get money in everyday, whereas in these kind of projects, they are big budgets, there is a lot of money involved and it takes a long time to make them, then you try and get the financing in place but because the way the financing is structured and funding and all this, it comes in different stages, you find you are cash flowing a lot of the project to a very long stage, you

are trying to cash flow it up to scripting or voice recording, then you might get some money in, but you just have to try and keep things going, that is why you have to have a few projects going at different times. As with most businesses cash flow is very important. We have a lot of people here involved, the managing director, that whole area requires a lot of juggling and a business sense. Also managing the company, aside from managing the project is important. If you have the producers, production manager doing the project that's the best thing to do, keeping separate the business side.

Keeping it viable?

Yes well you have to keep paying the bills. I think that might hinder a number of companies in this area because most people are involved in the creative side as much as they are in the managing side so trying to keep that distinct, trying to keep the business head on while being creative must be very difficult.

Do you think that there is something distinct about Sigma that sets it apart from other companies?

I'd say it is the good relations with all the co-producers, for a long time, long running relationships that have been strong and have worked well. In the end the animation has been really good and has been well received, so it would probably be links like that, which would be good commercial links.

Do you think there is a reason why more Irish companies do not co-produce? Is it a more European thing, and it could be the language barrier?

It could be the language, even though most speak English. It is good if you have the language, Peter and Dina speaks German, and with us here, a lot of us speak Irish, which means it is easy for us to ring TG4 and talk to somebody in Irish and then obviously you build up a relationship then and building up a relationship takes time.

It seems the business is build on the people and the relationships that you have ..

And trying to hold the staff that are here because they are here for a long time. They don't want to let that go

And your part of the reason the company is at its present stage and kept the momentum going.

And you are dealing with people for a long time and you know them, and their yes or no's and they know your history as well, so they know if this project is the same as their last project we will take it on board. So I think a lot of that is history and building it up slowly

…it is a slow process

Yes, well we are 10 years going now.

What do you see as the role of strategic management and thinking in the business – where do you see it come in to play?

Strategically here it would be to think about 5 years down the line, where are we going to be? What are we going to do? We are just thinking in the next five years, where are we going to be? What areas are we going to work in? What areas are we thinking of changing?

The same thing as you were saying about technology, are we going to get more involved in CGI and all that, maybe going into different areas of the same industry.

Like you were saying earlier about moving along the chain?

Exactly. And being the main co-producers on projects. You have to think through all that: obviously cash-flow wise, finance wise, in three years time the project we are working on now will probably be in production so you have to make sure that there is another project in the system. You have to work out, if you have three running at the same time, well that is not really great, that means three are going to be in production at the same time, so you have to be careful like that. And then just the business as a whole: going into more live action, diversifying, not just animation. We have our structure now of 26x26, they are long running, good series, but now to have that plus and we a bit more risky, we can work bringing those in.

It is quite distinct as a sector, after working in other industries, what do you see as its distinguishing factors?

Well the nature of the business, long running projects, and you are dealing with more creative people, who love a project and maybe the management on this side will have to say "no, look, it won't work". There could be some companies who keeping going, for 10 years on that one project

But there is no commercial sense

But here at least we have all kept our jobs for the last 10 years!

It's sustainable.

And it has grown, and even staff wise, it has. We have a core staff 20/25 all year round and then as a production comes in more work on that, a production at the moment with 70/80 people working on it, but still the core stay here. It doesn't matter because project will come and go and the base remains. And I think that works well for other companies dealing with people because they get to know the people so when they ring up they know who to look for, simple things, its not someone knew, they don't have to explain the project again. And that is good for building relationships as well. Sometimes you ring a company, there is a different person and you have to try and explain everything again. It is very good for a company to build that relationship with people.

And finally, what are the businesses measures of success?

Emmy's, awards!!

Recognition of the work.

Well I think that it is still here, and is still employing people in the West of Ireland and it hasn't had to move yet, it is a nice place to live and people enjoy it. And we had our first feature film Martian and we worked with a company in Germany on that and we went over to the opening of that and being in animation magazines, brand recognition really

Like a product brand name you want Sigma to be associated with things?

Well when you think of Disney, it doesn't matter what film it is or teddy bear it is, it is Disney!

Is there now more opportunities coming from ancillary products like videos and toys?

Yes, we are looking into that area of ancillary products, again it depends, if you are in an international co-production with 2 or 3 others, who want the same thing, so they have to decide who wants what. You have your own territory. So we are looking into that whole are of merchandising and exploring that, that would be part of our strategic plan as well, then you are talking about having a project more or less to yourself

It is more difficult to have ancillary products when there is three producing?

Yes.

So as you grow you do your own projects..

Or co-producers come together and agree of something, which happens as well. So strategically we would aim to become the more dominant partner. So we are exploring areas like that over the last few years, and it just takes time.

Would you ever use outside board members, or consultants?

No, not necessarily.

One or two might use them as an outside reference, to look at the business more objectively.

With different experiences, it is coming from that more so. Again Peter would be in the business for so long, he knows people and would probably know as much as anyone if not better in some areas.

Of the companies I have met with this has the biggest focus on European and International markets.

Well I think other animations companies have a very domestic focus

Well one other that I met with actually work a lot internationally because they won't get the financing here, as opposed to TV production.

And also the skills are here [for animation] but not all of them [animation sector grew during the 90's but large American companies i.e Don Bluth only lasted a few years]. It is also very expensive here, and not so much in say France, because they do so much of it.

Well I think that is everything; do you have any final comments?

No, I don't think so. I could just run through these [company brochures showing project slates] to show you how we developed. They show what is in production, pre-production and development (animation) and this is live actions: films, movies and light entertainment. So the projects take a long time to do, that is why you have to strategically plan, this slate is for 2002 and you will even see how it has changed since then, the slate changes as you go on.

In terms of financing, how is that done?

It depends on the project and it depends on who is going to be involved, for example if there is a German co-producer and a French co-producer and we worked with them before, one of us will have come up with the project, and they will say "ah we did that with them before we could do this with them again" and after a while you get to know what is

available. There is film board, commission, Northern Ireland Film and Television Commission, Section 481, Sale and Lease Back, French, Canadian tax incentives. Someone from France wants to come on and they say what they can bring on board , and this will be our budget and we say we can bring this, and the Germans can bring this, there might be some new film fund they can bring as well. And then after a while, sometimes it works sometimes it doesn't.

You are not relying solely on yourselves?

Ah no, you couldn't really, unless you had a private investor who wanted to invest the money, it's the scale of money. In the states, say L.A, someone could walk in the door and say "yeah, here is 5 million" there is a lot of private investors, but it is just too new here and people are not that sure they will get the return. So that is how it works, just trying to think what is available

So there are serious advantages to co-productions

Ah yes, and then there is the work split, like if you are going to do a really long running series, like 2D animation, there are not many studios in Ireland that will do 2D animation at 26x26 so you have to look to France or Germany a

Are there ever conflicts of interest with companies?

No not really, I think people depend of each other more than are in conflict. As it is all working to your advantage. I wouldn't really think that, you might work with one co-producer on one thing, and you could turn around and work with them on another project – "we worked with these people and we can bring them on board" and you might be better off just having a good relationship with everybody rather than conflict, it is such a small industry as well. And most people, because there are so many different skills out there, they'll say "ah we will ring X, because she is really good at CGI, or at voices, or music" so if we try and do something that conflicts with you, what is the point? There is no advantage to it, it is better just to build a good working relationships. I think this company has. You can see we work with Denmark, France, Germany, Australia, Canada and it does work.

And is the US a distinct market?

It is very different, and very difficult to break. Telegael [another Galway based production company] won an Emmy for one of their projects. I mean a lot of it is building up relationships with people. It would be something we would look to in the future. As with most companies we are look to get good at what we are doing. [Referring to Slate for Hans Christian Anderson Series] This was co-produced with a Denmark company, 26x26. Showing on French TV, and Readers Digest distribution in England, something that RTE didn't take or weren't interested in, it doesn't suit their slot as well. There is one 56min episode, which could suit, say a Christmas time special. I remember reading that some French TV station said that they were looking for 3-minute slots but how does that fit in? They are looking for different times, but most broadcasters want the 26x26, its perfect, September to Christmas and some run them continuously. It is difficult to know what they will look for, but that structure seems to work for a lot of them. So it depends on what the broadcaster want, and what the time slot is.

There is such a focus on the broadcaster and what they want, is the market considered – the broadcaster as the middleman and the viewer as the end user?

295

Well the broadcaster..

Would dictate

Well they would know, that could be why some broadcast will take it and some won't and they have the advertisers to consider and the audience. So if one broadcaster has a 8-12's and they know that their advertising campaign will all be school kids, they are all selling toys or something, so they will put it on then, if you look at it that way, and then if they have an older generation they don't want it. They know themselves what they want, what is working, what is selling and what is not. So this year they might take it and next year they might not, their whole audience might change and they don't want it anymore they want something else

It can be unpredictable

Yeah, but you usually have a general idea, and if you have a licence it is generally for a specified period of time, they pay a licence for a certain period of time, you gie them the licence for that period of time.

Going back to these, you will notice that most are for the 8-12 market,

That is the market

Plus our writers as well.

You clearly have a lot of projects running at different stages, is there a lot of risks in the business?

Yeah you do

Calculated though?

Yes, you have to think about it, you might put a lot of money into something and then you have to let it go that is where more the decision making comes in with more senior management come in but most times you would know. You have to try and keep the costs down as much as you can try and try and hold back until you know someone is on board then you have to take the risk as well that is why is good to have products that keep working and you can work on those.

So you can allow for the risk

That you can give time to, because I am sure a lot of companies will take the risk and everything is gone into one project and if everything doesn't work that is it so it is good to keep more of a mix.

Well I think that is everything, thank you again for your time.

Sigma Interview Transcript 2: Ian Ryan (Managing Director)
Telephone interview
Date: 16/8/2004

As managing director I am interested in your perspective on the strategic practices of the company.But firstly, how has your own carer developed to your current position in Sigma?

I am managing director here, so I am responsible for the overall management of the company and that's from a commercial point of view. And it's interesting because we also have this creative side to the business, it's a very strange marriage because creative and commercial don't often mix, a bit like oil and water. But having said that, I did my leaving cert., I did a BCom in UCG, I trained as a chartered accountant and then I was working in consultancy, in about 1996, I was approached by the founder of the company to put a business plan in place for the development of the animation part of the business, it had been a live action production business primarily. I did that and 18 months later I joined the business as managing director. That's where I came from.

Going back to the creative commercial marriage and it management, how does that differ to other industries you have worked with? Are there challenges there?

Oh yes there is! There is of course. It's different because at the end of the day the product that we produce is just a video tape and the product of course is what is on the video tape. We deal in very high budgets; for a TV animation series you are talking about 6 million Euros then at the end of it you can fit it all on one DVD. It is not as tangible a product as if you were dealing in manufacturing and it is not as straight forward as if you were dealing in services, I mean if you were doing the accounts for somebody and if you are a lawyer you go to court and you do these things, so there is a grey area there. The biggest challenge all the time is to be able to stay ahead and to predict what is happening next. With this business it takes somewhere between one and two years to develop a series, it takes 18 months to produce the series in animation, and then it goes on the market, say there is a market in Cannes in October where a lot of products would be launched, you can be looking at anything between four and five years, from the idea stage to when you start to get a return on your investment, that's unusual, it is very challenging to try and manage the company with that type of production cycle.

So that adds difficulties in terms of strategic management then?

Yes it adds difficulties to strategic management, it adds difficulties that if you get it wrong, you've invested all this money and you can't get it back, it adds difficulties because you have to keep the shop ticked over while at the same time you are investing in all this development work. It is a bit different. It is different than your normal R and D department which has a budget and had a few people and does work, you have to develop very heavily in the development of the product, so you can imagine to convince people to put 6 million together it has to be developed to a certain standard.

Again with the creative commercial together, compared to other industries, are there difficulties for you managing the creative?

It was, when I joined, the people who were in the company at the time, there was only 3 or 4 of us, I would admit we had a "hippie" company, that's great but hippie companies don't generally speaking survive and grow too much and the task there was to turn it from a hippie company into a real company, and that's a challenge, very rarely are you going to go

297

into a company and at senior management level and find that you are dealing with a company that is aspirational and has sort of a commercially naive view on life..I suppose.

A lot of companies are coming from producer backgrounds so that is what is unique about Sigma, to have you as managing director and Peter as founder. Is there an advantage for you to have ...

Oh yeah, I mean you have the good guy bad guy syndrome, you have "I would but he won't let me" you have a lot of leeway which you wouldn't have other wise but more and more importantly you have, Sigma is a unique company, there are no other companies in Ireland who do what we do, companies who produce long running animation series and consistently have done so for 7 or 8 years, so you can't really compare this company to other companies out there, we have a live action wing as well which you can compare, but our live action wing is also producer driven, we just oversee the thing we don't, it is not really a day to day hands on involvement, there is a division of our work which is comparable.

So in your role as managing director, what do you see as the necessary requisites for a manger in the sector?

They need to be slightly mad! You need to be ever so slightly, you need a very very strong entrepreneurial drive, you know an entrepreneur is someone who takes risks for reward, but the risks in this business are huge, and to manage that requires a particular type of person, and I suppose thankfully, to an extent I am in that category, you have to be able to mix that commercial with the creative, you have to be able to ensure that the company goes forward, it can be very very difficult mm sometimes, because of different people and different factions within the company, it is the objective of some people to have a certain level of quality, which we all want, a very high quality, but we have to work within a budget, it is the objective of other people that we win awards, it is the objective of maybe another person, is to do a variety of things, so it is too try and bring all the focus together and to try and get the focus on the bigger picture, which the objective is to develop and grow the company with good and new products all the time and all these other things will come.

Would there be a lot of formal processes in terms of planning which the company engage in? Planning every 4 to 5 years...

Oh yeah, I mean we have a core plan

In terms of the business as opposed to say production...

We have a core plan for the company, it is extremely simple I mean the core plan is that we have to be in production at any point in time with two animation series, which is a massive amount of television, believe you me, we do this at different stages, you couldn't do it at the same stage, so one of them rolling on and one rolling off, we want to produce an animated feature film every two years, minimum, and we want to have a live action series, we have just finished one with Filmstar in Australia with RTE, 6 half hours, called foreign exchange, a live action series in production also within every two years and then single films, we do these annually, so it is very simple, any morning I can sit down here and see if we are on target or not. It is very simple, because we know that if we achieve this level of activity, we know that if we finance this level of activity, that this will contribute to our overheads and contribute to the bottom line. So they are very clear objectives, and they change, they will change again next year.It has to be flexible, I mean if we have to live action series and one animation series, well then fine, you can live with this but we know, very broadly, without looking at any documents whether we are on target or not.

So implementing it is continuous. Is there value there in processes like planning and thinking more strategically – moving away from short term management to long term?

You say this word strategically, it is very hard to define, maybe you have a definition in one sense, but when you talk about strategic management, you are talking about positioning, long term, but the cumulative short term objectives ultimately become the long term objectives so I can also say to you that we want to have ten animations series done in 5 years time, or 20 in 10 years, it is the same thing. The reality is that we can grow the company to a certain point, the deficit in the market place out there is not in people to buy our product but the deficit is in the talent to create the product, and we have a very good talent team here, but they can only do so much and it is in the financing of the product. So we are growing, we are adding dimensions and balancing the business as we go along and yeah we do have a long term objective, I mean at the end of the day we own rights in everything we produce, so this brings in royalty income, last year we didn't get much, we got say 50,000 in royalties but in five years time that maybe multiplied 5 or 6 fold. So we have a royalty income coming in for doing nothing, we have done the work, and continue producing, so we are growing our profit base all the time.

It is an advantage I suppose for you working a lot internationally, you retain rights, compared to those domestically,

Very few maintain rights. But we also have a company in Munich; a subsidiary in Germany, Barbara might have told you about it, that's a totally strategic move, absolutely a strategic move,

Because of the level of activity with Germany companies?

And we enter partnerships with German companies to raise finance; we lost some of the rights we had in our own products of course, because if they raise finance they take rights, now we are just doing it ourselves from there. So the company in Europe looks after a lot of partners we have, because it is a lot more difficult to get from Munich to Düsseldorf than Galway to Düsseldorf.

It is based a lot on relationships and maintaining those?

Hugely and the company is operating nicely over there so I suppose that's a strategic plan as well.

And decision-making does it always run between yourself and Peter, or would you maintain the business side?

No it is collective; neither of us makes decisions of a significant nature… I mean I make decisions everyday, Peter makes decisions everyday, but the big company decisions would be made my the complete board, ok the decision would be made by Peter and I and then would be taken to the board.

And does the board have external members, non executive

Yeah

And just to the evolution continuum, it sets out how, possibly, media companies will evolve. Just firstly how you see your own companies evolving into the future, in terms of cross platform media and opportunities. So where companies here in Ireland might be dependent on the one broadcaster, one look to have an advantage working internationally

First, and now we are working with RTE.

So in the future where do you see the opportunities?

I think the whole idea is to get a yacht and golf clubs and head off and ring in an odd time and see what they are doing but up until that we have to continue. I mean we are working at the moment cross platform, we have feature, we have cinema movies, we have TV series

I know Barbara was talking about moving into consumer products

Merchandising products, we have a product that's in development for merchandising, it just is very expensive, so you need to make sure that you have a good result from there. We are working at the moment on a games platform for P2, I mean this again costs a hell of a lot of money, it is about a 1 million to make a game, so you need a lot of money, you need a publisher on board from there, we are involving in publishing our own music from our own series. I mean we are at the far end of the spectrum, when it comes to ancillary activity and cross media platforms and we own rights in everything we do, except for a few commissions we did for TG4, so we would own a fairly substantial library of rights at this time.

Would you see any barriers to that development? You mentioned already costs of research and developments; would there be any others domestically and internationally?

Well there is no banking environment in Ireland, whatsoever, for media companies, particularly for screen media, so the type of facilities that an Irish company need to develop and grow, you have to go out of the country, we spend our time in London and Düsseldorf and Frankfurt, dealing with German and UK banks, because of this, there is a very narrow focus in the Irish banking sector, and maybe with good reason, I mean they had difficulties in the past, this is one of the barriers, significant barriers that we have. But we have a lot of advantage, I mean there are more advantages than barriers, we are able to attract very good people here, our writers get their income tax free, they are world class people, it is easier to find the pluses than the minuses.

Which maybe distinguish Sigma from other production companies in Ireland?

Well we have these people permanently here.

What do you see as the distinguishing characteristics or strengths of the company above others?

I don't think that in all honestly I can answer that question because you can't compare us to a company who produces a few minutes of animation for RTE, or a company that does Ad's or solely television production for RTE, you are not comparing like with like, we have worked with very good Irish companies and I have the height of respect for them. And at the moment there is an excellent Irish company doing a shoot in my home town of Lough Rea, and its very good, it is creating some employment in the area, I mean it is a commission more or less for RTE, an excellent company, and you can't say that Sigma is better or worse than that company, because it is in a different business. So we don't have people that are in the same business as us in this country. In live action TV we probably would, and we are the same as them, we are producer drive, you get your budget, you do your gig, probably we would own more rights, from our own product because we exploit internationally but I don't think you can make that comparison.

Well I think that covers the questions I had. Did you have any final comment?

No I think that's all.