MASTER THESIS

Why do start-up entrepreneurs use certain strategy practices?

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Study: Master Business Administration – Strategic Marketing Management

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Date: 24-06-2020

UNIVERSITY OF TWENTE.

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Acknowledgement

In front of you lays my theses which serves as a final project to conclude my master Business Administration at the University of Twente.

First and foremost, I would like to express deep appreciation to my supervisor dr. R.P.A. Loohuis for the feedback and support throughout the process. Despite the remote work situation, due to the closed university, I felt great involvement and this enabled me to finish the thesis timely.

In addition a thank to my second examination drs. P. Bliek for the feedback on my draft which provided insights on my thesis form a different angle.

In conclusion, I want to thank all the start-up entrepreneurs and coaches for their time and practical insights and experiences.

Abstract

There is a considerable academic body on strategy practices. Unfortunately, there is a lack in empirical insights on applied strategies applied by start-ups. This research attempts to gain insight in the actual behaviour of start-up entrepreneurs, in order to enable development of a strategy practice applicable by start-ups. This research is set up as a qualitative research. Nine start-ups are interviewed following semi-structured procedure in combination with the critical incident technique. Additionally, three start-ups coaches are interviewed. The data was analysed by means of template, open and axial coding.

This research follows a human central approach in order to provide an overview over the scattered literature on strategy practices. This research reviews the literature according to Chia & Holt (2006) and describes the dwelling, building and hybrid strategy practice. The results showed that start-ups applied a hybrid strategy practice and that the applied practice depended on strategy element and the start-up phase. Start-up entrepreneurs should be aware that their strategy practice gradually grows from dwelling towards hybrid, and on some elements even building practice. The findings can guide scholars in developing more actionable strategy practices and know how strategy practices interact with start-ups. This information can reveal how strategy practices can be assisting in overcoming common faced start-up hurdles. These findings have serious theoretical implications since it rejects the dichotomousness between the different practices.

1. Introduction

Strategy development has played a significant role in business practice and research from 1960 until now (Mintzberg H. , 1994). Senior managers embraced strategy practices as a method to enhance the competitiveness of their businesses (Mintzberg H. , 1994; Drucker, 2012). The view on business strategy and the underlying assumptions and paradigms changed drastically last decades. Over time, scholars developed and sequentially modified the view on business strategy and the underlying assumptions constantly. Scholars developed new strategies relying on new assumptions or adjusted already existing approaches. The introduction of new practices does not always imply the disappearance of previous developed practices (Jarzabkowski & Spee., 2009).

Regardless of the prevailing paradigms, business strategy is aiming at providing companies with long-term perspectives in order to realize survival and develop superior capabilities and therefore competitive advantage (McDonald., 1992; Mintzberg., 1994; Chaffee., 1985; Panagiotou., 2008; Kraaijenbrink., 2015). Researchers designed several forms of strategy practices (Mintzberg & Lampel., 1999). Nevertheless, the strategy practices are mainly designed for big organisations (Schulte, 2009; Hart, 1994). This is an unfortunate narrow research focus since start-ups are significantly different compared to corporate companies. Small businesses are not just smaller big businesses (Gruber., 2004). One of the main differences lies in the organic way start-up companies are organised. On top of that, start-ups have a highly innovative character, which causes a degree of uncertainty and lack of information that is incomparable to the situation of large established companies (Ries, 2011). These differences between start-ups and corporate companies lead to complete different business situations. Moreover, with regard to the organisation structure, corporate organisations have a stable character, whereas on the contrary, the organisation structure at a start-up constantly changes (Yang, Sun, & Zhao, 2019). Besides that, start-ups are critical to the health of the economy nowadays, which is due to the following reasons. Firstly, start-ups are one of the main drivers of the of a country's innovativeness (Carroll & Casselman, 2019; Spender, Corvello, Grimaldi, & Rippa, 2017). However, the successful ones are rare, 90% of the start-ups flop or never see the light of the day (Fisher, 2020). Secondly, the relevance of start-ups for countries economy is growing. The reason for this is twofold: start-ups serve as job engines and their importance is increasing due to their fit to the current business environment. There is a growing uncertainty and dynamism in the world than ever before (Denning, 2018; Doz & Kosonen, 2010). The emergence of start-ups as a company structure can be seen as a result of an evolution in organisational forms towards one that fits to the new business environment. After all, the start-up structure is created because the current circumstances demanded such a structure. This evaluation has resulted in a company structure with flexible character that is suitable for handling the currently present environmental dynamics (Spender, 2017). Following a human central approach, the existing literature on strategy formation can roughly be divided into three strategy practices; the building, dwelling and hybrid approaches. These approaches differ

essentially on the assumed actor behaviour, in which the actor is the strategist (Chia & Holt., 2006). The current literature consists of an abundant body of conceptual papers on strategy practices. Since, the start-up structure can be seen as an evolution driven by the changing environment, the question rise under what circumstances and during which phase do start-ups adopt which strategy practices, and why? (Gruber, 2004; Davila, 2017). Some scholars criticized the current academic body of work because it is not actionable in practice (Jarzabkowski & Wilson., 2006). The problem is that which strategy practices are adopted by start-ups is barely ever researched (Hart & Banbury, 1994; Carroll & Casselman, 2019). Moreover, whether or how entrepreneurs combine strategies and entrepreneurial tools is unclear (Carroll & Casselman, 2019; Ghezzi, 2019). This research dives into this knowledge gap and attempts to answers the following main research question (MRQ):

MRQ: Under what circumstances and during which phase do start-ups adopt which strategy practices, and why?

Furthermore, the following sub research questions (SRQ) are formulated in order to answer this research question:

SRQ1: What are strategy practices?
SRQ2: How do circumstances influence which strategy practice start-ups prefer?
SRQ3: How does the phase on the start-up lifecycle influence the preferred strategy practice?
SRQ4: How do start-up entrepreneurs evaluate their applied strategy practice?

Theoretical and empirical data is gathered in order to answer the research questions. An extensive literature search is conducted to answer the first sub research question. The other research questions are answered by means of empirical data gained from nine start-ups and three start-up coaches. The data is collected by means of semi-structured interviews following the Critical Incidence Technique (Norman, Redfern, Tomalin, & Oliver., 1992). The raw data is analysed by means of template, open and axial coding. This study gains insight in the actual behaviour of start-up entrepreneurs which can be the baseline for further research. These findings can support further research on the role of strategy practices with respect to hurdles and conflicting needs faced by start-ups. Such conflicts are between the lack of internal structure which leads to beneficial flexibility and the need for clear directional focus (Picken, 2017; Yang, Sun, & Zhao, 2019). In the end this information leads to better insights in the way strategy practices work out for start-ups.

The next part of the research elaborates on the theoretical knowledge of strategy practices. The three main strategy practices will be discussed regarding their characteristics and their advantages and disadvantages. This research attempts to fill this gap with empirical research on strategy practices on start-ups. Due to the lack of previous research on this phenomenon, an explorative approach is the most suitable research method. Therefore, the data collection of this research relies on semi-structured interviews conducted with the Critical Incident Technique (Norman et al., 1992). This method enables the collection of rich, in-depth data and insights revolving around critical events in the development of the start-up.

2. Theoretical framework

This chapter is meant to give theoretical insight in the three constructs belonging to the strategy practices. However, this paragraph starts with the definition of the research object, namely start-ups.

2.1 Increasing relevance of start-ups

The world in which companies have to operate is subjected to major changes. For example, globalisation increased rapidly last decades and this resulted in increased competition in various markets (Wiersema, 2008). On top of that, the competition and markets are less predictable due to increased globalisation (Jeníček, 2012; Cho et al., 2018). Developments in technology, rapid innovations and cultural changes makes markets and consumers also less predictable (Kacen, 2002; Segal-Horn, 1992). The impact of technical development is easily recognised in the effect of the internet. The influence of the internet on the stability of entire sectors, as the retail, is evident (Falk, 2015; CBS, 2020). Another effect of fast technical developments on markets is the increasing volatility to scandals or trends (Matejic, 2015). The innovation rate is also much higher nowadays and this has a tremendous impact on the predictability on, for example, product life cycles (Cho et al., 2018). This especially holds for start-ups, as they develop new business models and drastically innovative products and services (Carroll & Casselman, 2019; Spender, Corvello, Grimaldi, & Rippa, 2017). Cultural changes make it harder to group people and form consumer segments. These examples clarify the growing dynamism and the therefore decreased predictability of markets. Businesses face an external environment that has evolved in a more dynamic situation. In addition, the internal situation is also subject to change. During the recent years there has been a rethink in the way organisational structures are looked at. Corporate companies apply mechanic structures, whereas start-ups are organically organised (Carroll & Casselman, 2019; Spender et al., 2017). In an organic organisation, leaders are expected to act less directive, but more focused on collaborating, empowering and inspiring (Lewin, 2003). There is a less top-down approach and a trend to transfer responsibility to lower parts of the organisation (Groysberg, 2012). Among other things, these changes have to promote businesses to keep up with the fast innovation cycles by incorporating entrepreneurial thinking (Lumpkin & Dess, 1996).

In conclusion, the current era is one of innovation across industries and disciplines. The world is in a "hyper-competitive global push to advance the state of art" (Cho et al., 2018). Start-ups can be seen as an evolution in organisational structures driven by changes in this business environment. The organisational form used by start-ups has proven to be a successful business form to operate in this environment. Start-ups are often flat and flexible organisations with less management focus on command and control, but on a more empowering management (Picken, 2017). These young organisation fits the new internal and external business environment due to their characterisation of less formalization and bureaucratic structures. Start-ups are even described as loosely structured, fluid and informal (Picken, 2017). These

characteristics enable start-ups to be adaptive and realize shorter innovation cycles, therefore they survive better in this dynamic environment compared to traditional organisations (Spender et al, 2017; Bosma et al., 2004; Feinlad, 2011).

The Dutch government has also recognised the importance of start-ups for the economy by allocation money in order to support start-ups. This government support is mainly allocated to support the innovative power of start-ups (Spender, 2017; Kamer van Koophandel, 2020). Apart from the innovative abilities start-ups generate tens of thousands of jobs (Hueck, 2019). Moreover, hundreds of start-ups scale up to companies worth over a million Euro (Business Insider, 2017). Nevertheless, in general 90% of start-ups fail (Fisher, 2020).

2.2 Practical advantage of business strategy

Over time, scholars developed and sequentially modified the view on business strategy and consequently the underlying assumptions. They developed new strategies with new assumptions or adjusted already existing approaches. In a nutshell, the developments in the field of strategy literature can be summarized in three stages. At first, strategy literature was 'phenomenon based'. It gives insight in particular success stories but does not flourish on generalisation and theoretical grounding. Subsequently, the focus was stressed on economic assumptions. This solved the generalisation problem but it introduced the dehumanization of strategy literature. Finally, the strategy literature re-humanized and there was growing focus on how managers and entrepreneurs act in practice (Jarzabkowski & Spee., 2009). The introduction of new practices does not always imply the disappearance of previous developed practices. For example, two fundamentally different strategy practices grew in parallel namely, the planning and design school on which will be elaborated later (Mintzberg & Lampel., 1999). The constant development of strategy practices results in an extensive but scattered academic body of work. The scattering of the field leads to a subdivision in the literature base. The existing practices are subdivided in different 'schools'. A general accepted definition is therefore illusive (Chenhall, 2005). Different definitions are applied among the different streams of business strategy research. This research applies a definition of business strategy relying on the content strategy school (Chenhall, 2005). This approach focuses on the expected outcome of business strategy. Based on that approach business strategy is defined following Kraaijenbrink (2015) namely: "organization's unique way of sustainable value creation". This definition focuses on the value proposition of a company. The value proposition entails how companies provide value to their customers (Osterwalder, 2013). Subsequently, the definition stresses the importance on the way organisations create this value. The reason to use this definition is twofold. Firstly, it simply is a clear and useful definition. Secondly, Kraaijenbrink takes a relatively nuanced position in the polarised discussion and shed light on different strategy practices. This relatively nuanced viewpoints resulted in a broad applicable definition that suits the goal of this explorative study.

Business strategies can be beneficial in various ways, it should at least provide the following six core elements: preparing for the future; distinguishing from other companies; stability provision; serves as a common frame of reference; offer a holistic overview and guides organisational action (Kraaijenbrink, 2015). Start-ups often lack

both human and monetary resources due to their small size. Therefore, the potential benefits of strategy can be particularly beneficial for start-ups (Henderson, 1999; Spender et al., 2017; Picken, 2017). However, it could also diminish the start-up's flexibility, which is of great importance. Maintaining the unique flexibility that start-ups have is generally conflicting with the need of directional guidance.

2.3 Human central view

Chia & Holt (2006) break the strategy practices down from a firm activity to an activity that is practiced on a human level. This is in line with the paradigm shift as described before. The focusing is on what actors do to make strategy (Whittington, 2006). It enables researchers to distinguish the different forms of strategy practices based on the essential difference in human actor behaviour and cognition. This makes it possible to review different strategy practices from one consistent and always present standpoint namely, the strategist. On top of that, it enables research on strategy practices performed in various business types and industries. Since it distinguishes the practices based on the different behavioural approaches of human actors. This human strategist is, regardless of industry or start-up phase, always present. To the grouping in the building and dwelling practice is a third group added. The third group is added since the dichotomy, between building and dwelling, is a theoretical distinction that may not exist in real world (Panagiotou, 2008; Kraaijenbrink et al., 2012; Sarasvathy, 2001). This research attempts to gather practical insights and therefore does not work with only theoretical distinctions. Therefore, the hybrid strategy practice is added. The next paragraphs describe the three strategy practices with its characteristics, link to related practices, advantages and disadvantages. The following paragraphs will make clear that there are major differences between these practices.

2.4 Three main strategy practices

The potential importance of business strategy and the lack of information applicable for start-ups is made clear in one of the previous paragraphs. Following paragraphs delve deeper in the different strategy practices. As mentioned before, the literature on business strategy is subdivided in different 'schools'. These different subdivisions describe several different classifications in order to categorize the existing literature on strategy. This research divides the scattered literature with all the different classifications and approaches into three groups. Two of these groups are based on research from Chia & Holt (2006), namely, building and dwelling practice. The building practice is characterised by its reflective and conscious executed activities which leads to the setting of deliberate plans conceived in advance of the decision making. The dwelling practice is on the other side of the spectrum and can be described as irreflective and spontaneous human appearing in the absence of deliberate intention. The last practice, the hybrid practice, can be described as a combination of the two beforementioned practices.

2.5 Building practice

According to the building practice, strategy can be seen as a 'whole process'. This implies that strategy is an activity that stands on its own as a separated process in time. In this view, strategy process should lead to an organised consistency of

purposive actions. This comes about through deliberate and organised conscious human actions and the use of tools in the formation of strategy. In the building approach strategies are formatted purposefully. This means that every action is consciously and intentionally initiated to achieve a predefined goal. This makes this strategy practice causal, where the strategy is the means and the predefined outcome is the end (Chia & Holt., 2006; Sarasvathy., 2001). The strategist is seen as an observer who is self-conscious, intentional and self-motivated. The (planned) actions should be explainable since they rely on logics based on factual knowledge. Moreover, the actions are consistent since they should strive for the same pre-defined goal (Chia & Holt, 2006).

2.5.1 Link to related academic work

The description of a building practice given by Chia & Holt (2006) fits a broad research stream consisting of strategic planning, effectuation, linear, prescriptive and exploiting strategy approaches (Andrews & Irwin, 1987; Ansoff., 1965; Chaffee, 1985; Panagiotou, 2008; Panagiotou, 2008; Mintzberg & Lampel., 1999; Sarasvathy., 2001). The idea behind the building approaches has found its way to managers. This approach has penetrated the business world to such an extent that it can be called the mainstream business thinking: a thinking focused around analysis and planning (Cooper, 1994; Schindlholzer, Uebernickel, & Brenner, 2011; Frederiksen & Brem, 2017; Yang et al., 2019). One of the primary responsibilities of managers and executives in companies is to achieve and set predefined goals of investors, shareholders themselves or superior managers. Especially in start-ups, it is the entrepreneur's challenge to define and validate the business concept (Picken, 2017). Managers and executives are held accountable for their decisions. Therefore, they are in need of tools and models that help to underpin and explain their decisions to superiors (Yang & Zhao, 2019). One of the most influential researchers of the prescriptive school is Andrew (1987). He argues, in line with the building practice, that strategies based on the intuition of leaders are likely to be weak and probably do not meet the demands of a well-developed strategy. Andrew (1987) argues that it is best to move from an intuitive skill to a conscious skill. The conscious skills should be utilized by strategy development by means of a tight controlled process. This conscious process should be supported by deliberate execution and use of an entrepreneurial tool (Frederiksen & Brem, 2017). Traditionally well-known tools are for example, Swot analyse, Porters five forces model or PESTEL analysis. This tightly controlled process is characterised by the fact that even the evaluation of the strategic planning is planned. The evaluation should be planned as a periodic event. Strategy building is practiced once a period and results in strategic plans and visions. These plans and visions function as the guidelines for a predefined period of time. The conscious actor behaviour relies on the assumption that the actor operates in a conscious manner related to a so-called system two mode. System two implies an actor in a state of attention allocated to 'the effortful mental activities that demand it, including complex computations' (Kahneman, 2011). This explains the expectations of actors to behave rational and their ability to make rational decision based on the available information (Chia & Holt, 2006; Panagiotou, 2008; Beinhocker, 1999; Sarasvathy, 2001). In building related practices, the strategist's actions bring strategic decisions. This means

that the choices are made in a logical and rational manner. The actors are assumed to be able to define all the alternatives and assess the value of the alternative. After the assessment one should be able to choose the optimal solution that results in profit maximization (Panagiotou, 2008; Kahneman, 2011; Sarasvathy., 2001). Scholars developed many methods for this assessment processes. One of the best-known methods is the stepwise procedure such as Kotler (2006) described with the segmentation, targeting and positioning approach. Such methods are built on the premise of the logic of prediction of the future. These methods are characterised by the tight and controlled procedures; i.e. they describe precisely what needs to be done in every step and in what order. These processes preferentially work under strict command of control of one single actor such as a CEO or business owner (Sarasvathy., 2001; Chia & Holt., 2006; Chaffee., 1985; Beinhocker., 1999; Mintzberg., 1990). This leading single actor is seen as an in control omniscient architect of the strategy. Top managers of entrepreneurs are portrayed with considerable capacity to change the organization. It is their main task to clearly communicate and achieve alignment on direction with the other team members and subordinates (Picken, 2017). The strategic plan is leading, hence the role of the teams and employees is subordinate to it.

2.5.2 Advantages of the building-based practice

The building model often follows a process that involves the reasoning of causation (Yang et al., 2019). In causation, an effect or outcome is considered as predictable or given. These approaches are thereby strongly effect-focused and orientated. Businesses that follow the logic of causation, focus on selecting the right means to create that effect. Achieving this effect is the main task and makes causation an ''effect dependent'' approach. The primary concern is to find the means to achieve this desired effect. Choice of the means is done in a consistent and strictly performed stream of pattern (Sarasvathy, 2001; Mintzberg., 1990). This makes the approach applicable for companies that have a clear goal in mind and want to achieve that goal in a straightforward manner. Besides, it is also applicable for companies that have access to knowledge that enables them to follow the logic of predicting (Sarasvathy, 2001). Moreover, this practice generally assumes formal written down plans (Kotler, 1994; McDonald, 1992). These formalized plans can offer clarity and guidance to entrepreneurs, employees and other stakeholders. Especially since these plans are made with a multiple year horizon. This strategy is potentially beneficial in situations in which the priority lies in getting a particular job done. After all, the origin of this approach lies in the military profession (Panagiotou, 2008). Another advantage of building related strategy practices is the teachability. The planning models and related tools are well-teachable to students and practitioners. On top of that it can be supportive to managers and/or entrepreneurs that feel guideless. This support in guidance is a welcome help, since losing direction and focus is one of the most common hurdles that start-ups are facing (Yang et al., 2019). Thoroughly designed plans also help in clarifying the potential business value to investors. This is a second major advantages since reaching financial capability is another hurdle that is frequently faced by start-ups (Yang et al., 2019).

2.5.3 Disadvantage of the building-based practices

The building approach is built on the premise that the needed information is available. The primary concern of the building practice is that the strategy is built by a single actor who is a in control omniscient architect. As previously mentioned, this implies that the actor is operating in a system two mode. Actors in a system two mode typically experience a subjective feeling of agency, control and concentration to make rational choices (Kahneman, 2011; Kolar & Toporišič, 2007). This subjective experience of control can be recognized in the assumptions that business leaders can predict and/or control the future and base their long-term plans on that controlled future prediction (Sarasvathy., 2001; Mintzberg.,1991; Chia & Holt., 2006). However, it is questionable whether a strategist is able to process the information. Therefore, some scholars even argue that the building approach neglects human limitations (Panagiotou, 2008). This is especially a concern for start-ups; due to their innovative character is questionable whether the required information actually exists.

A second potential disadvantage of the building practice is the lack of communication between strategy formation and execution (Chia & Holt., 2006; Beinhocker.,1999; Mintzberg., 1990). The plans are made in advance and cannot be changed during execution. Moreover, the building approach is potentially applicable in many settings, but it probably does not flourish in situations in which creativity and intuition is highly needed. Finally, the building approach is based on the logic of causation. This means that everything is designed to 'cause' a predefined goal. These predefined goals may be hard to define for start-up companies, as start-ups are generally involved in disruptive innovations where markets have to be developed and do not exist yet (Ries, 2011).

2.6 Dwelling practice

In theory, the dwelling approach is a dichotomy of the building approach. The dwelling approach describes strategy as a multiphase iterative process. This multiphase process emerges at an immanent daily basis as a consequence of spontaneous actions. The actions are characterised by their appearance without deliberate intentions. Actors rely on a priori knowledge and competences in order to execute tasks unintentionally. The main difference is that actors in the dwelling mode act purposive, whereas in the building mode they act purposeful. This notion of purposive acting explains how actors in the dwelling mode can generate an organised consistency of purposive actions. It is key to recognize the path independency implies that both, the building and dwelling, practices lead to the same outcome. Both result in the generation of an organised consistency of purposive actions. However, the way they come to this is different. The dwelling mode relies on the belief that it is not possible to form strategy within a defined timeframe. It is rather an emerging thing that happens immanent every day. This makes strategy in the dwelling mode a continuous activity rather than a periodic one (Chia & Holt., 2006).

2.6.1 Link to related academic work

The definition of the dwelling practice fits in the adaptive, explorative, effectuation, descriptive strategy approaches; (Beinhocker., 1999; Sarasvathy., 2001; Chaffee., 1985; Panagiotou, 2008; Mintzberg & Lampel., 1999). These approaches have in common that they slightly drive away from hard facts and scientific analyses to base the strategy on. These practices allow human interpretation and subjective judgements (Panagiotou, 2008). As mentioned before, the strategy practice in the dwelling mode is regarded as a process which is not bound to strict guidelines and a tight process. It allows creativity and use of intuition which is more related to system one thinking (Kahneman, 2011). Therefore, it is better to speak of organisational action rather than organisational decisions (Jarzabkowski., 2011). It is required to take into consideration the outcome of the alternative decision and the likelihood it will succeed when a decision needs to be made. Subsequently, it must be decided which one to implement (Chaffee, 1985; Sarasvathy 2011; Chia & Holt., 2006). This decision process is definitely not in line with the rationale of the dwelling practice. Moreover, implementation and formulation of strategy are intertwined in the dwelling process, since they are subjected to the environment (Mintzberg., 1990). This is caused by the common belief that learning occurs during the execution of activities (Beinhocker, 1999).

Furthermore, the goals are also less strictly defined. Goal setting in adaptive models is in line with strategizing a continuous process (Chaffee., 1985; Chia & Holt., 2006; Sarasvathy, 2001; Mintzberg., 1978). This is consistent with the used process of effectuation. Effectuation assumes that a company has a set of means that are given and that it focusses on the selection between the possible effects. The effects can be regarded as company goals, and are therefore not fixed or given beforehand. As the strategy is considered as a process, the goal setting is also considered as a process and can therefore change over time. One of the reasons goals can change is due to the recognized need for continuous monitoring of the internal and external environment. This is recognised as essential since the future is not considered predictable or identifiable (Mintzberg., 1991; Beinhocker., 1999). The environment is considered complex; hence the goal is to control the unpredictable rather than predicting the unpredictable (Sarasvathy, 2001; Chaffee, 1985). The dwelling approach differs from the building approach in that it sees strategy as a way to achieve a sustainable business model, instead of making it in advance and subsequently test it (Souza, Melo Filho, Bagno, Souza, & Cheng, 2018).

2.6.2 Advantage of the dwelling-based practice

The dwelling approach is a distinct different approach compared to the building approach. Both the approaches have clear different characteristics and therefore other outcomes. The dwelling approach is keen in utilization of contingencies (Sarasvathy., 2001). The same means give more possible outcomes when the dwelling approach is used. The absence of fixed goals and the possibility to use creativity and intuition gives freedom to the people involved and more explorative activities (Erat & Kavadias, 2008; Murray & Tripsas, 2004). Corresponding is the focus on affordable loss instead of

maximized profit (Sarasvathy., 2001). These characteristics of the practice increase the change of innovative results.

Another potential advantage of the dwelling approach is the inclusiveness; as it does not consider the leader, CEO or business owner as the omniscient strategist to which all power should be devoted (Chia & Holt., 2006; Kolar., 2007). They see strategy as an emerging concept which can be found throughout the company (Mintzberg & Lampel., 1999). Strategy can be developed by the collection of individuals who consistently act intuitive. The dwelling approach recognize the importance of everyone involved and tries to listen to the people at the 'frontline' and give power to them (Kolar, 2007). Seen from the building paradigm the dwelling practice is inefficient. However, following the logic behind the dwelling approach, the opposite is true. The building approach promises a rise in efficiency enabled by efficient daily operation due to the well-designed plan. The dwelling approach argues that it is impossible to build a long-term plan since the future is not constructed by the past (Sarasvathy, 2001). Therefore, applying the dwelling approach saves precious time and promotes efficiency. This holds especially for experienced entrepreneurs since they can trust on the knowledge they have gained.

2.6.3 Disadvantage of the dwelling-based practice

One can argue that the main disadvantage of the dwelling approach is that the strategic outcome relies on subjective assumptions. Additionally, there is lack of guidance since there is no or only a concise formal written plan (Picken, 2017). Dwelling approach may lead to lack of directional leadership and long-term perspectives. In conclusion, Sarasvati (2001) described that dwelling leads to potential high value outcome, but that it is a far from a risk diminishing method.

Additionally, whereas the building approach has clear guidelines and well-developed tools to support entrepreneurs and managers (Jarzabkowski & Wilson., 2006), these are less strictly defined for the dwelling practice. This makes it harder for the strategist to show progression and to be accountable. One can argue that the building practice has more actionable power as it provides managers and entrepreneurs with tools on which decisions can be based. The dwelling approach seems to fall behind in this (Carroll & Casselman, 2019).

2.7 Hybrid practice

Most business strategy approaches follow the logic of the building practice and therefore most empirical and conceptual papers are based on that logic (Cooper, 1994; Schindlholzer, 2011; Frederiksen, 2017; Yang et al., 2019; Kraaijenbrink., 2015). However, currently research on business strategies based on the dwelling practice is growing. Nevertheless, business strategy research on hybrid forms lags but is growing (Mintzberg., 1990; Panagiotou, 2008; Hart, 1994; Sarasvathy., 2001). The research on hybrid forms is growing due to three input sources. The paragraphs below elaborate on the different input sources

2.7.1 Theoretical dichotomy

Firstly, input comes from scholars acknowledging that the dichotomous manner strategy practices are presented may not reflect the reality, and they call for more empirical research (Sarasvathy., 2001; Kraaijenbrink., 2012). An example is Sarasvathy (2001) who openly doubted whether the causation and effectuation model work out as two dichotomous approaches in practice. The dichotomous definitions were given in order to give a good theoretical clarity of the two approaches. The first insights of empirical research on the dichotomy between causation and effectuation are pointing towards the need of a more nuanced view in practice (Kraaijenbrink., 2012). Likewise, is the relatively dichotomous split between the building and the dwelling practice in the paper of Chia & holt (2006). However, they also mention the inflection point. This inflection point offers an opening for hybrid practices since it implies that companies use a dwelling practice until a 'changing technology, instances of malfeasance or new entrants are upsetting the competitive advantage or distinctive competence of the firm' (Chia & Holt, 2006). Companies should answer this with a conscious strategy procedure, following the building practice. After managing this situation, the company can continue with a based dwelling practice.

2.7.2 Reconsideration of well-established approaches

The second input type that adds to the research on hybrid practice are prominent scholars, such as Ansoff (1991) from the building school, who adjust their initial approach. These adjustments seem to be based on the same reasoning as the dwelling practice. The practice has been adapted by adding more flexibility and interactivity (Ansoff,. 1991). The result of a strict building approach which is adjusted with dwelling reasoning might be considered as a step towards a hybrid practice.

2.7.3 Taking advantage of the combined strengths

The third input source that triggers hybrid practices, are the strategy practices specially designed as hybrid approaches such as the critical point strategy. This strategy only plans the most difficult, unclear and important strategic points or elements. The goal is to solve this main issue without planning other issues around it (Gelderen, Frese, & Thurik, 2000). Another hybrid form of the building and dwelling practice is one with the following goal: 'to take full advantage of their combined strength to overcome their individual weakness and so develop a framework for decision making' (Panagiotou, 2008). The goal is to provide a hybrid form that is inclusive. In other words, neither the dwelling or the building perspective should dominate in this hybrid. The hybrid form recognises the different attitudes towards environmental stability and therefore recognises predictability as main differential element between the building and dwelling form. Panagiotou (2008) describes that the first step in a hybrid approach is the formulation of organisational goals and objectives. How well these objectives can be defined depends on the environmental certainty. The better predictable the environment is, the easier it is to define business goals and objectives. The next step is to analyse the environment, both internal as external. After that, the goals may be adapted on the gathered insight during the previous phase. Next, the defined plans are tested on a small scale. Based on the results from the small-scale test, the process can start again until a company is satisfied with the results. In

conclusion, this hybrid approach uses the building practice as a basis and adds elements form the dwelling approach. This approach can be summarised as a building approach with shorter timeframe and iterative character.

It is a noble aim of the beforementioned hybrid approach to develop an equally balanced practice. Critique on this hybrid approach is the reliance on a relatively strict pre-defined procedure and little attention for use of creativity and intuition. Every step in the hybrid approach starts with conscious problem definitions. Mintzberg (1994) argues that this is a main danger of building practices since it spoils strategic thinking. For strategic thinking, one should be in an unconscious state and use creativity to create visions. Later in the planning phase, one could consciously plan how this vision works out in practice. At the heart of good strategies lies visions and those are not developed under pressure in an conscious state during, for example, boardroom sessions (Mintzberg., 1990). This key essential element of the dwelling approach is recognizable in the hybrid practices to a limited extent.

2.7.4 The Lean start-up

The last hybrid approach that will be discussed is the ''Lean Start-up'' approach. This approach gains momentum within the start-up community (Ghezzi, 2019). The developer of 'The Lean Start-up' defines a start-up as: ''A human institution designed to create a new product or service under the condition of extreme uncertainty'' (Ries, 2011). This uncertainty is mainly due to the innovativeness of start-ups. Start-ups generally try to generate radically new products, services or business models. The author stresses that the degree of uncertainty a start-up is confronted with is incomparable to a corporate situation. In order to face that uncertainty, he developed an approach which is relatively new. The theoretical grounding on which this strategy is subdivided into the hybrid group is somewhat weaker compared to the other approaches. The approach relies on the premise that due to radical innovation there is a lack of knowledge and therefore uncertainties. Thus, knowledge must be generated through action and experimentation. It is important to note that Ries (2011) specifies a rigour approach as opposed to simply doing something in the hopes of learning later. One of the key elements of his approach involves creation and evaluation of hypotheses in a fairly rigorous manner. Start-up entrepreneurs start with an idea, for which there should be a business model since they think it is marketable. This business model is built on several hypotheses. The corresponding hypotheses cannot be tested with existing data due to the innovativeness of them. The most fundamental hypotheses are tested in the learn, build, measure loop. Those hypotheses can be considered as predictions, however instead of considering these predictions as reliable, they will be tested in practice immediately. Testing is often performed with a Minimal Viable Product. This is the minimum of a product or any type of offer that is needed to test the core predictions and assumptions. The clue is that failure is almost always part of the start-up journey, thus it better happens fast. If it happens fast, an entrepreneur is able to pivot the approach based on learning. This pivoting can be compared to an inflection point as discussed before. If performed in the correct manner, Ries (2011) promises that this methodology helps to reduce time, money and opportunity costs associated with a new innovation.

The lean start-up can be considered as a hybrid strategy practice for the reasons set out below. The first step in the lean approach is to set boundaries by defining the preliminary business model and corresponding predictions. This formal business planning originated form the building logic. However, the iterative character and the possibilities to change key elements are textbook examples of the dwelling practice. The way the lean start-up deals with uncertainty and information shortage can be seen as hybrid driven. This hybrid approach is built on the premise that start-ups have a lack of knowledge to base their strategy on due to their innovative character. Acknowledging the lack of knowledge and therefore the struggle with future prediction can be recognised from the dwelling practice. The dwelling practice indirectly accepts the knowledge shortage and therefore proposes daily strategy formation. On the contrary, this hybrid practice proposes a method to overcome this problem by generating knowledge. This leads to the recognition of an unpredictable future. Nevertheless, it encourages entrepreneurs to make predictions. In order to solve the lack of knowledge, it encourages fast and cheap tests to develop and collect the needed data in order to validate or change those poorly grounded predictions. Thus, it rejects long-term static planning but encourages an adaptable planning. The little research that exist on the lean start-up argues that it belongs to the group of effectuation strategies (Yang et al., 2019). However, this paper recognizes effectuation principles in the lean start-up approach. In addition to that view, this paper wanted to shed light on the causation reasoning of the lean start-up approach. The lean start-up approach is a strategy practice which sets itself the goal to fulfil a pre-defined goal. There is effectuation in the way how to reach it, but in the end, it strives for a present goal which is causation reasoning (Sarasvathy, 2001). One remark has to be made: the lean start-up approach is popular and widely used, however, academic validation is still concise (York & Danes, 2014).

Newly developed strategy approaches generally built upon already existing literature. Such approaches, as the lean start-up, are built out of new insights on strategy and a part is constructed by 'cherry picking' from other approaches (Frederiksen & Brem, 2017). These approaches often have a hybrid character due to this cherry picking.

2.7.2 Theoretical grounding

The building approach can be seen as the mainstream approach. Therefore, this approach is well-defined in the existing academic literature. The dwelling practice is well definable since it is regarded as the theoretical opposite of the building practice. On the contrary, the boundaries and characteristics of the hybrid approach are poorly defined, to which this research attempts to give a good overview of. However, clear boundaries are hard to set.

2.8 Circumstance dependency of applied strategy practice

As described before the world in which companies have to operate is highly dynamic. These dynamics increase the risks of unexpected events, especially for start-ups who are involved in innovative operations. Such unexpected disruptive events are previously described as inflection points. The way strategic actors tackle these points can be different. Chia & Holt (2006) assumed that companies shift from a dwelling mode to the building mode in order to handle the unexpected disruptive event. They

also assumed companies continue in a dwelling mode when the inflection is tackled. Kaplan & Orlikowski (2013) argued that there are more options. In line with Chia & holt (2006) is the proposition that an inflection moment triggers substantial temporal work. In which temporal work can be defined as ''Reimagining the future, rethinking the past and reconsidering present concerns''(Kaplan & Orlikowski., 2013). In other words, to what degree is the companies' view in line with the current situation and the past. Therefore, substantial temporal work leads to more deviation from the currently performed strategy than low temporal work does. However, another option is that an inflection point does not lead to a change in temporal work. A company is already in a building mode and therefore has a considerate level of temporal work. Another, final option is that a company is continuously in a dwelling practice despite the emerge of an inflection point. Besides the previously mentioned inflection points, other circumstances may trigger a change or persistence in the applied strategic practice.

2.9 Underlying premises

Each strategy practice proposes different actor behaviour. The variation in proposed actor behaviour is due to the differences in the underlying premise. Whether entrepreneurs utilize one strategy practice over another may depend on the belief in those underlying premises. For example, the building practice argues in favour of long-term business planning. This relies on the premise that, with the correct information, the future is predicable. An entrepreneur may recognize the advantages of a long-term planning, but does not develop one since it does not belief in a predictable future. One of the premises of the dwelling practice is that actions will be consistent due to purposive actions performed by employees and strategists. An entrepreneur may experience something else and therefore deviate from the dwelling practice. The main point is that proposed behaviour by a strategy practice may be supported by entrepreneurs. Nonetheless, the underlying premises may be rejected and therefore the behaviour. An entrepreneurs' view on those underlying premises may influence the eventual behaviour of strategic actors.

2.10 Phase dependency

A start-up's organisation form gradually develops as a consequence of the growth from just an idea towards a scaled-up organisation (Yang et al., 2019). Due to this development the entrepreneur's view towards underlying premises may changes. In the beginning, a start-up might need more guidance offered by the building mode due to the minimal developed internal structure. Or start-ups lack information to form proper plans on in the beginning. However, this may change overtime. Due to these changes and developments in a start-up life, the applied strategy practice can change.

2.11 Conceptual framework

This research divides the scattered literature with all the different classifications and approaches into three groups. These groups are based on research from Chia & Holt (2006), namely, building and dwelling practice. Chia & Holt (2006) break the strategy practices down from a firm activity to an activity that is practiced on a human level. It enables to distinguish the different strategy practices based on the essential difference in human actor behaviour.

The theoretical search revealed core variables on which the three practices differ. Every practice is arranged by a unique combination of those variables. Under these core variable rest underlying premises. This research focuses on the question; under what circumstances and during which phase do start-ups adopt which strategy practices and why? Research showed that use of strategy can be beneficial for the start-up results in some cases (Henderson, 1999; Spender et al., 2017). The applied strategy practice may differ due to the transition a start-up undergoes with respect to their organisation form. This research attempts to generate findings of potential change in underlying premises overtime that influence a start-up's strategy practice. Due to changes overtime the start-ups' view on the underlying premises change and therefore their applied strategy practice. The same holds for the circumstance dependency. Different circumstances may influence how start-ups handle the underlying premises of the three strategy practices. Phase- and circumstance dependency were the independent variables in this research. The view on underlying premises functioned as mediator and the applied strategy practice is the dependent variable subdivided into building, dwelling and hybrid. This conceptual model is presented in *Figure one*.
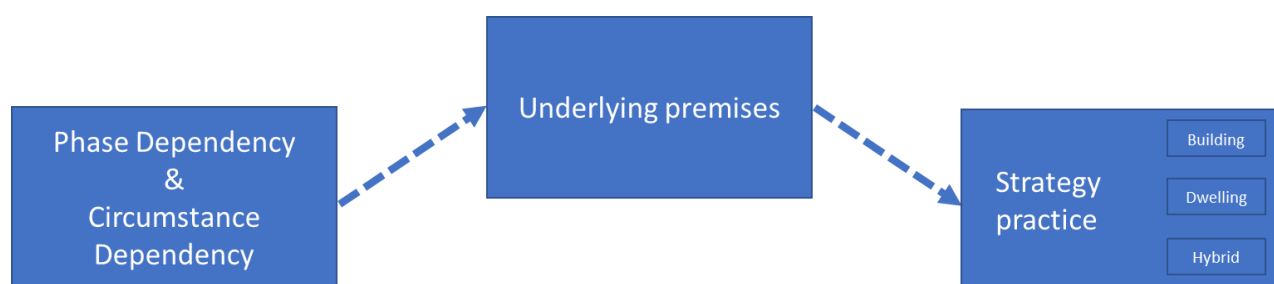

Figure 1: Conceptual model

This research fills the knowledge gap on start-ups' applied strategy practice. This research gap exists due to the narrow focus on big companies. However, this research might not be applicable for start-ups as they are unique in the way they are organised and in the problems they face. Secondly, in cases that researchers did focus on small companies they only tested for limited strategy elements, or they exclusively focused on quantitative accounting measures (Kraus, 2007; Shane, 2004; Schwenk et al., 1993; Gelderen et al., 2000; Armstrong, 1982; Hart, 1994). For example, Kraus and Schwarz (1993) researched the influence of strategy on the company termination, whereas Hart and Banbury (1994) use financial, business and organisational effectiveness as dependent variable. These narrow-defined researches only provided some selective insights, since research on the bigger picture was barely performed. This research fills that knowledge gap and dives into the behaviour of start-up entrepreneurs in practice. Moreover, it aims to provide insights in the adoption of the strategy practices and the rationale behind this entrepreneur's' behaviour. This research is justified since research showed that strategy practices can be beneficial for start-ups (Delmar & Shane, 2003; Vesper, 1993). The insight on entrepreneur's behaviour is required in order to guide the further development of strategy practices

aiming to help start-ups and gain insights in the interaction between strategy practices and start-ups.

3. Method

3.1 Explorative research

This research was set up as a qualitative research. It attempted to provide insight is the adoption of strategy practices of start-up entrepreneurs. The qualitative method enabled to provide deep insights in the effects of an entrepreneurs reasoning, thoughts, experience, and hindsight evaluation (Whiting, 2008). Due to the lack of scientific knowledge on this topic the research had an explorative character. The explorative character can be recognised by the broad search for new insights rather than trying to confirm or falsify predefined hypothesis (Reiter, 2017).

3.2 Data collection

The data was collected by means of in depth semi-structured to unstructured interviews. The interviews were conducted by means of the Critical Incident Technique (CIT), which is a well proven technique that has been used since 1954 (Flanagan., 1954). The Critical Incident Technique has been widely used as a research technique for the identification of organizational behaviour. The technique was utilized to understand the activities and behaviour of professionals. The term 'Critical Incident' is used to refer to: ''A defined event where upon the person involved is able to make a judgement of the positive or negative impact the incident has on the outcome of the situation'' (Norman, Redfern, Tomalin, & Oliver., 1992). A critical incident is also described as a particular activity somebody performs (Lipu, 2007). The critical incident that was researched in this paper was strategic decision making. This research focused on the way entrepreneurs deal with strategic choices and which practices do they perform with respect to strategic choices. CIT is a powerful tool since it gives insight in participants´ complete and rich description of the situation explored. It enables the researcher to ask clarification on which ground certain decisions are made. On top of that, the outcome of the behaviour can be evaluated to ascertain the effectiveness of the behaviour. The technique is a perfect match for this research since it is especially useful for research that has an explorative character due to the lack of knowledge on the topic (Gremler, 2004). It fits explorative research as it does not force hypothesis testing based on pre-defined constructs. Respondents needed the ability to speak freely and be able to elaborate in order to get a good insight in people's behaviour on a sparingly documented topic. Therefore, the interviews focused on gaining deep insights in the respondent's behaviour for only a limited number of strategic decisions. The same template was used for the start-up coaches. However, in this case it functioned as a topic list and CIT was not applied.

The interviews were conducted during the period between 27 April 2020 and 25 May 2020.

3.3 Interview procedure

The first step in the interview was asking for informed consent and introduction of the topic and explanation of the procedure. In the second step the interviewee asked

the respondent to recall an important strategic decision. For the third step, the interviewee asked how this decision was made. It is Important to note that the interviewee mainly asked follow-up questions based on the information given by the respondent. An interview guide was built based on the core differences between the practices. This information served as an unstructured guide for the interviewee. Besides, it guaranteed that the core elements were covered throughout every interview. As stated before, the interviewer was reactive on the respondent as much as possible. Due to the Covid-19 crisis all interviews were conducted digital. These interviews took in general one hour. An interview guide was used to make sure every topic was covered. All the interviews were, with consent from the respondent, audiotaped.

3.4 Sample

This research conducted purposeful sampling, this paragraph describes which criteria were used (Suri, 2011). Only entrepreneurs working in start-up companies were allowed in the sample since this research focused on this specific organisational form. Start-ups were defined as young but scalable companies. A restriction for companies to be considered as start-ups was set to be a maximum age of eight years (Skala, 2019). Additionally, it was required for the company to have a minimum age of three years. This minimum age was required due to the need of hindsight evaluations to gather the data needed. This research had a cross disciplinary view and therefore did not limit to specific industries. Main criterion for the interviewees was their responsible and involved role in the management of the start-up. Therefore, only start-up entrepreneurs were interviewed. A start-up entrepreneur could be anyone in the company responsible for the strategy in the company. Thus, they had to be responsible for an organization's unique way of sustainable value creation (Kraaijenbrink., 2015) or in other words: the current and future operation of the business. These were various actors such as, start-up founders or managers. The sample was collected by means of random sampling. Internet search provided abundant contact information and information to check whether the minimum requirements were fulfilled. This research was conducted during the Covid-19 crisis. Therefore, many start-ups were not able to participate. The final sample consisted of nine start-up entrepreneurs and three start-up coaches. These start-up entrepreneurs each represented different companies. One of the respondents was a CEO, the others were operational active (co)-founders. The three start-up coaches have been interviewed to increase the trustworthiness and validity of the data. They were interviewed at the end of the interview cycle to collect their view and experience and to verify the data collected from the start-up entrepreneurs. The sample was expanded until there was data saturation, which implies that no new themes and information were forthcoming from new data collection (Guest, Bunce, & Johnson, 2006).

3.5.1 Data Analysis

The data was analysed after the interviews were transcribed and, if asked, verified. Coding involved "identifying segments of meaning in your data and labelling them with a code" (Linneberg & Korsgaard, 2019). Coding helped to condense the data

within categories, exploring relevant themes to the study. Both template and open coding were used. This research used an iterative coding process.

3.5.2 Template coding

The analysis started with template coding. Template coding is based on a pre-defined framework (Crabtree, 1999), meaning that the researcher used categories based on the theory making this deductive coding (Fereday & Muir-Cochrane, 2006).
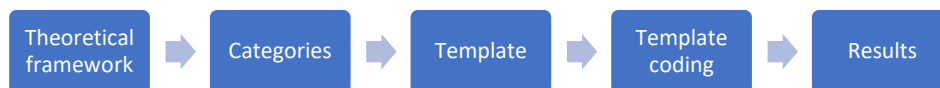
Theoretical framework → Categories → Template → Template coding → Results

Figure 2: Template coding process

The major goal of this research was to gain insight in drivers that influence the applied strategy practice. Expressions that show which strategy practice was used were coded. These codes defined which strategy practice was expressed in that chunk of text. Therefore, this coding approach was used first to gain and extract those insights. The template can be found in Appendix one. The process of template coding is depicted in Figure two.

3.5.3 Open coding

Next to template coding, the data was analysed with open coding. The open coding method perfectly reflected the explorative nature of this research. Open coding is a common method in explorative research in order to create general statements from the data (Corbin & Strauss, 1990). This step is added since it enabled the researcher to extract patterns or reasoning that was not described in the theory but was still relevant.

Data → Open Quotations → Axial → Results

Figure 3: Open coding process

Start-ups may use combinations of practices or have explanations for the used strategy which were not described in the theory and would therefore not be covered during the template coding. The first step in the open coding was to select quotations. The next step was to group those quotations by means of axial coding (Blair, 2015). Moreover, it enables to focus on the three important elements namely circumstance dependency,

phase dependency and motivations (why). Axial coding helps to reduce the codes and distillate the main information. The process of open coding is depicted in *Figure three*.

3.5.4 Axial Coding

The last step of the data analysis was the axial coding of the results of both the template and open coding results. After some extra consideration, some open codes seemed to fit in one of the predefined template codes. This last phase is depicted in *Figure four*. A network analysis was performed to yield an overview per start-up company. A network analysis is a graphical representation of, in this research, the coding network of one start-up. This provided insights in links between codes and an overview of the general patterns for each start-up.
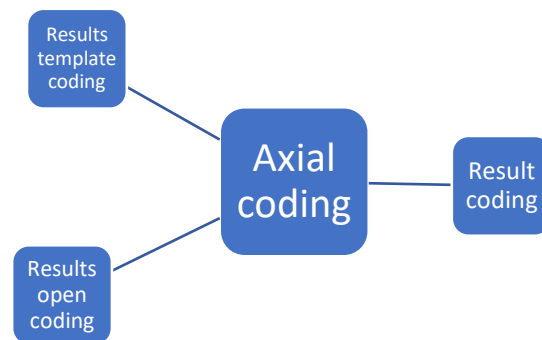

Figure 4: Final axial coding

These transcripts were electronically coded with the use of an electronic coding system called Atlas.ti. This computer program supports the researcher to conduct the coding in an efficient and structured manner.

4. Results

In this chapter, the results of the analysed interviews will be discussed. The results are presented in a thematic way following the combined results of the two coding procedures. It is a thematic approach since the data is gathered on one theme for the three practices. Therefore, one theme will be discussed with regard to the building, dwelling and hybrid results. Essentially, this implies that every theme discusses three codes. For example, for the theme "General view on strategy" the following three codes are discussed; "general view building", "general view dwelling" and "general view hybrid". This system holds for every theme unless otherwise specified. Some results show in particular the explorative nature of this research. These were extracted from the data with open coding and this will be addressed. The results were based on the data, and the evidence for certain claims will be provided in the form of quotes. The interviews were conducted in Dutch. Therefore, the quotes were translated from Dutch to English with great attention for representativeness. Therefore, the content of the quotes is guaranteed. However, the quote might be adjusted for the sake of anonymity and readability. The start-up coaches have a special function in this research namely, to validate and verify the gathered data from the start-ups. The results from the start-up coaches will be interwoven through the entire result section. It will made clear whether the results originated from start-ups or a coach perspective.

4.1 General view on strategy

This paragraph is a collection of quotes which gave insight in the executed practice in a general sense. This paragraph shows the results of this theme for the three practices. Essentially, this paragraph discusses three codes namely, ''General View Building'', ''General View Dwelling'' and ''General View Hybrid''. Additionally, the network analysis supported a clear view on this theme. These two analyses showed that each start-up adopted multiple strategy practices. Every individual start-up showed the use of dwelling, as well as hybrid and building practices. Exemplary for the dwelling practice is the following quote:

"Step by step we figured out which product to offer."

This kind of dwelling behaviour was recognised in every start-up and was confirmed by the coaches. The hybrid approach could also be recognised in the statements of one of the coaches. This coach described that some elements were developed in a dwelling state, such as the business idea. Nevertheless, other elements were fulfilled in a conscious and reflective manner.

"It's often a search journey, where somebody says something like; I want to bring something like this to the market but the question is how."

The following quote showed the execution of the building practice. It should be noted that this quote originated from the same entrepreneur as of the previously provided quote. This is done to show the contradiction in the results within the same start-up.

"We are finalizing our roadmap which plans the change in our main focus from product X to Y."

On top of that, a start-ups coach argued that a start-up needed:

"A formalized plan with a horizon of one to three year."

Although start-ups showed a pattern in which they combined the practices, the primary focus differed. Two start-ups showed a general practice that could be described as a hybrid or even a building practice. These start-ups relied on more strict strategy processes with conscious handling and use of rational information. One of the respondents in this group explained that it was his main task to build a formal strategy.

"Yes, what I did in January, was actually, I was asked to make the business plan for 2020."

However, in most start-ups the dwelling practice dominated over the building practice. The results showed that the dwelling practice served as a basic premise to which elements of the building practice were added. In some cases, this resulted in a hybrid practice.

This paragraph shows the clear contradictions and reveals the complex situation with regard to the applied strategy practices.

4.2 Phase dependency

The code 'phase dependency' was the result of the open coding procedure. Mixed results as described in the last paragraph occurred frequently in the data. The analysis with open coding provided strong evidence of the main drivers behind these contradicting results. Mixed results can be explained by the fact that the strategy practice appeared to be phase dependent. In early phases, start-ups applied other practices than when it grew towards the near scale-up phase. The beginning phases were more focused on trial and error.

"In the beginning we were mostly just messing around".

It was described as a period where they were able to gain a lot of knowledge in an irreflective manner. This phase could be described as a trial-and-error phase. However, next to trial-and-error start-ups, described the need to get on the same page among the founders in this phase. Discussions were held about how the main idea should be worked out. Start-up entrepreneurs explained that they saw this as phase to reach confirmation and get everyone on the same page. In order to make decisions, required for growth, there needed to be some agreement on core groundings. During this previously mentioned element, start-up entrepreneurs were in a hybrid practice. This could be recognised as a hybrid practice and not dwelling, as there was a conscious and reflective consideration. However, it couldn't be regarded as building practice due to, for example, the exploitation of own experience instead of factual knowledge and the informal way it was executed. At a certain moment, the interviewees described the need for change towards a more structured approach.

"At the beginning there is an ad hoc reaction but gradually you have to put some structure in it".

The structure was needed, even though this trial-and-error may be educative it was inefficient due to its lack of guiding decisions. A start-up coach indicated this phase as:

"That brainstorm phase is good, don't get me wrong. But it's like being under the nice hot shower. It's warm and safe, the door's locked. That's where you develop the best ideas. But at some point, the cold tap has to open and you have to go into practice."

This is the moment most entrepreneurs started making strategic planning. One remark needs to be made; more than half of the respondents reflected on the planning made during that time as:

"When I look back at those plans, I have to laugh a little bit, they were really unrealistic."

The changes in applied strategy practice had to be seen as a shift from dwelling towards adopting elements from building approach, whereas it was not a complete shift. Almost unanimously, start-up entrepreneurs and coaches agreed on the need that the degree of structured planning should grow with the growth of the company.

4.3 Strategy function

The last paragraph showed the mixed application of strategy practices partly explained by phase dependency. The same held for the strategy function since it was not possible to see which reasoning dominated speaking on general terms. Strategy function referred to goal driven by means driving reasoning. In other words, whether entrepreneurs applied the reasoning of causation of effectuation. The code 'Strategy Function' can be seen as a composition of 'Strategy Function: Causation', 'Strategy Function: Effectuation' and 'Strategy Function: Hybrid'. As said, the data showed mixed results on the application of those two. The data provided evidence of the use of causation and effectuation reasoning within each start-up, except for one. Only evidence that showed the reasoning of effectuation was found in this exception. This entrepreneur explained:

"I started this company since I had the skill to develop X. (…) After I started the company, I started looking for other components to offer that fits the initial offer."

At first, it seemed that most start-ups used effectuation and causation interchangeably. Nonetheless, some closer consideration showed a clear pattern. For the higher and fundamental strategy directions, causation was generally used. Whereas in lower strategic decision, effectuation was applied. Later on, effectuation was used to support those higher-level decisions. Most businesses had a core idea they wanted to achieve in their mind. This is the idea people have at the beginning of the previously mentioned trial-and-error phase. The grounding of these initial ideas varies from an innovative technique, product, service or an idealistic goal. Entrepreneurs started the company in order to fulfil that initial idea. The existence of this predefined goal was in the DNA of start-ups. Successful start-ups were generally grounded on one scalable idea. Therefore, the fundamental reasoning was initially grounded on the logic of causation. After all, the founding of the start-up was to achieve that one pre-defined goal. They took achieving that goal as a fixed effect in their start-up development process. In short, start-up entrepreneurs wanted to achieve a specific goal and therefore the fulfilment of that goal was the effect which was strived for. The entrepreneurs developed a set of

means during this causation process. Subsequently, for lower-level strategy decisions they used this set of means to reach and were able to select between different possible effects.

> *"We started this start-up with the core idea that the whole supply chain of product X is very old-fashioned. We saw an opportunity to provide consumers with better quality and farmers with a fairer price. First, we tried to achieve this through a B2B model. However, that business model had too many drawbacks. In the end we are now pursuing our goal with a direct to consumer model."*

4.4 Lack of information

The code 'Lack of Information' was extracted by open coding. Lack of information seemed to be a decisive circumstance that triggered a conscious or unconscious evaluation of underlying premises of strategy practices. The existence or extractability of information was one of the main premises of the building practice. This premise was diametrically opposed to the premise behind the dwelling practice and substantially different compared to the hybrid practice. How start-up entrepreneurs think about information could reveal why they chose for a certain strategy practice. Start-ups are generally speaking involved with innovative products and or markets. Inherent to innovativeness is the lack of information. Start-up entrepreneurs actively indicated the lack of knowledge and information to identify market demand, clear goals and targets. Additionally, there was also a lack of knowledge on the technical element.

> *"We are working on a complete new application of this technique, nobody did this ever before. We simply don't know what we can achieve and in what timeframe."*

The knowledge shortage that start-ups faced have two major causes. The first cause was knowledge shortage at the start-up side. This means that the knowledge might exist but was not found or applied by start-ups. Start-ups reflect two-sided on this. Firstly, they recognized it as a mistake that they didn't found or gathered the data. Example of this can be found in:

> *"We did not discuss that topic enough with our technical partner, in hindsight we know how much time and money that would have saved us if we did. (…) We should have compared our idea for the product with products that already existed in other sectors. In the end, the technology underlying those products is the same."*

Secondly, start-ups indicated that they gathered tons of information and that the information they needed might have existed. However, it was simply impossible to use all the available data. The second major source of knowledge shortage is due to the fact that the data they needed simply did not exist caused by the innovative nature of their activities.

4.5 Knowledge generation

In some cases start-ups need to make knowledgeable decisions or need to provide grounding to the potential in order to get funding. In those cases, start-ups take part in what this research defined as 'knowledge generation'. It is a highly relevant topic for this research since it explains on which grounding strategic (choices) were based.

Moreover, it gives insights in the way start-up entrepreneurs were dealing with the underlying premises of strategy practices. Respondents discussed two approaches of knowledge generation.

The first way was to ask for third party advice. This could be seen as gaining existing knowledge. However, it may be seen as new knowledge generation since it asks bits of existing information, which could be combined or applied to a new situation. Entrepreneurs could also ask never suggested questions to experienced professionals and thereby generate knowledge or new insights. Three-quarters of the respondents stated that they applied such an activity:

"We have now really checked the data and presented it to our senior board and we have some other advisors."

Another entrepreneur says the following about it:

"We first interviewed companies to ask what they thought of the idea. (...) Yeah, but still, before I make certain decisions, I make some calls sometimes in order to asks what others think about it."

Another approach is to empirically test the developed hypothesis:

"What you actually want to do as an entrepreneur is, you have a hypothesis that something can work as business. Then you want to test if that actually works as soon as possible."

This implies small-scale testing to see whether and how it works. The general pattern is that this information was used in order to make predictions and or adjustments to the product. Again, three-quarter of the start-up cases used this approach and the start-up coaches supported the recognition and application of this approach. Important notion, both of these knowledge generation activities were often applied in an iterative manner. Which of the above mentioned two approaches was applied, depended on multiple factors. It depended on the knowledge gap that needed to be solved, whether it was a technical or market validation question. It is evident that the last approach had a higher quality output. Nevertheless, testing could be too expensive or even impossible. It could be too expensive due to high technical investments or even impossible due to, for example, biases in consumer purchase intention surveys:

"The fact that there is a demand for it and people think they like it, does not mean that if it is there, people will 'stand up'. It is very difficult to break through and also to get a feeling for it. As soon as you have to give something for it, suddenly there is a whole discussion whether they still like it. So just measuring or asking questions on buying intentions is not enough."

After all, unanimously, including the start-up coaches, there was agreement on that no single, practically feasible approach offered a start-up 100% certainty and knowledge:

"Just go with what seems like the best choice at a given moment. Going for it when something seems like the best choice for 90% is something you have to do sometime otherwise you get stuck."

In the end, respondents indicated that it is hard to know what to know and whether you figured out to find information of good quality.

4.6 Specific focus

Start-ups have to narrow their focus down to balance between knowledgeable decision making and practical advancement. Therefore, the data showed that start-ups focused their attention on particular areas with regard to strategic practices. The data was extracted by means of an open coding analysis and showed another influencing circumstance. This related to the previous paragraph since strategic planning often goes hand-in-hand with knowledge generation on the related topic. Three major topics can be recognised in roughly two phases.

Firstly, start-ups tended to focus on assessment of (potential) competitors during the first phases of its existence:

"And, of course, we did research on the existence of a comparable product. Aren't we going to make something that already exist out there?"

This competitor search is, in general, not an extensive search exercise. During the next phase start-ups clearly had two focus points namely: market validation and financial feasibility. One of the start-up entrepreneurs aptly described the point of market validation:

"If there is a market demand you can figure out the rest."

The way market demand was measured depended on the start-up situation. Generally it could be stated that almost all companies perform a desk search on market validation and half of them perform an empirical validation sequential. The second major focus point, as said, was the financial feasibility. Financial feasibility consideration covered the elements such as revenue planning and budgeting. Some start-ups who generally did not show extensive planning behaviour with respect to the general view did focus on financial planning. A start-up coach pointed out that start-ups are in a situation with a permanent lack of knowledge and insights. Especially for this very reason they should focus on elements that are in their power to gain insight from. Despite the results of this research, which showed that start-up entrepreneurs are actively dealing with this topic, he argued the following:

"The aspect of expenses is easy to plan; what expenses am I going to make and is that realistic. You need to know what your costs are. I don't think that's being handled carefully enough. If you know what your costs are, then you know what you have to do to achieve breakeven. Then you can start validating your gut feeling."

The argument he brought on the table was that the earnings are hard to forecast since it depends on third parties' behaviour. The expenses are in control of the entrepreneur. Secondly, knowing the expenses as a start-up enables to validate the entrepreneur's gut feeling, because it provides insight into the minimum turnover you need to make to survive. This minimum turnover can be calculated back to minimum products sold or customers acquired. In case these minimal results already seem ambitious, you have gained a good insight. The other two start-up coaches recognised the importance of financial planning such as break-even planning, since it gave some fundamental pillars to rely on. It can be recognised that start-ups focussed on limited subjects to work out in some form of strategic consideration. One entrepreneur argued for example that the

business literature on strategic business practices and strategic decision planning consist of 90% abundant elements and of only 10% relevant elements. Two of the start-up coaches argued that which elements belong to the relevant part depends on the start-up:

"That varies a lot from start-up to start-up. One needs to do a lot more marketing and the other needs to focus more on product development."

Some entrepreneurs and one start-up coach even expressed some degree of antipathy towards strategy approaches described in academic literature or popular (scientific) business books.

4.7 Resources

Last paragraphs made clear that start-ups use different resource types. This research defines 'Resource' as the input for strategic decisions. Two main discussed resources are empirical gained information and desk research gained information. This code is a combination of firstly, 'Resource: Exploiting Knowledge' which refers to exclusive use of rational and factual information. Secondly, by 'Resource: Exploiting Experience' which refers to intuitional and less grounded information use. On the prior mentioned elements, competition assessment, market validation and financial feasibility, more than half of the start-ups used rational and factual knowledge. Nevertheless, the pattern on most of the other decisions is that entrepreneurs use exploiting of knowledge. Sometimes this relies on prior experience, for example, the entrepreneurs have gained experience to rely on due to prior activities in the industry and use this acquired knowledge. The main resource where strategic choices were based on can be defined as gut feeling. When entrepreneurs were asked to explain the grounding of their decision they often answered akin to: *"we assumed"* or *"we acted based on some signals."*

4.8 Strategy formulation

This result section discusses how entrepreneurs focus on specific strategic topics. This section is concerned with the degree start-ups work this out to a formal plan. Strategy formulation can therefore be coded as 'Strategy Formation: Formal' and 'Strategy Formation: Informal'. The data showed that entrepreneurs do not plan extensively at the beginning of the start-up cycle. As mentioned before, this gradually increased:

"Structured planning should grow with the growth of the company."

Results showed that a minority of the start-ups have formalised planning. The 'Planning Density', which refers to the deliberativeness of the formal planning or strategic consideration. Example of planning consideration is a SWOT analysis, which leads to strategic insight but not to strategic planning. Therefore, this code was composed of 'Planning Density: Low' and 'Planning Density: High' developed by open coding. Most start-ups have undoubtedly low planning density. The topics they decided to plan formally were chosen randomly:

"Yes, we described the essentials in the business plan. (..) We chose to formalize those elements to our own understanding."

The main goal of this formalisation is that it should provide us with some main directional guidance. Two start-up coaches refer to the same direction:

"Trust your instincts and forget your business plan. Uhm, ok, it is a little ambiguous because you also need a bit of a point on the horizon for yourself and then it's nice to describe a few steps in order to achieve that point. However, there are different forms to describe the way to that point. So, I prefer to call it a step-by-step plan or roadmap."

The elements that were planned formally corresponded to the topics on which the start-up had stressed its focus on: market demand and financial feasibility. The start-ups that had a more extensive planning, and therefore high planning density, had in common that those companies were somewhat more mature and capital expensive.

4.9 Strategy formation process

Strategy formation process defines the rigidity of the process. In other words; whether the strategy development could be considered as a tight controlled process or rather as an emerging process as reactive a consequence without deliberate intentions or actions. There were two companies who applied a rigid procedure for strategy development and formulation. Therefore evident, most start-ups applied an informal strategy process. The entrepreneurs that applied a formal strategy approach made the strategy in a meeting specially arranged with the goal to formulate strategy. Besides that, this group used a clear pre-arranged periodical assessments cycle to evaluate the formalised strategy. One entrepreneur who adopted a formal process mentioned the following about the evaluation of the strategy:

"The establishment of a multi-annual plan doesn't dismiss you from the obligation to make a plan every year. It is a plan, not a fact report. (..) What you need to realize is that the planning you're making is bound to change."

Therefore, these companies applied such a strict evaluation cycle. The other start-ups had no formalised planning at first or constructed it in an organic procedure without special meetings and evaluation cycles. They constructed the strategy on a daily basis and in an unstructured way. An example of this can be found in the following quote:

"We were interested in using X technique. The exact application was unknown until somebody said, on a birthday party, it could be a solution of common approach in sector Y. We started to asks some people in that industry and they were willing to help us and it slowly grew up to the point we are now."

Irrespective of the process rigidity, half of the start-ups ended up in a recalibration moment. This realisation had a special character since it was not planned and intended in advance. Nevertheless, it resulted in a moment of intentional and deliberate action. This reflected a moment where the applied strategy needed to be reconsidered to ensure the survival of the company. Elaboration on this topic is given in paragraph 4.15. The timeframe that start-ups used for their planning is significantly different. The

formal planners used longer time perspectives than the informal planners. Beyond that, it is difficult to sketch a clear result.

4.10 Strategy implementation

Strategy can be implemented in a formal way, which is typified by the strict separation of strategy formulation and execution (Strategy implementation: Formal). Next to that, it can be implemented in an informal way in which formulation and execution are intertwined (Strategy Implementation: Informal) and in a hybrid iterative manner (Strategy Implementation: Hybrid). The implementation method correlates with the strategy formation process. Start-ups who have a strong periodical formation process create a structure in which the strategic decisions can be defined way before the actual implementation. This pattern was observed at three start-ups. However, the gap between strategy formation and execution is moderated by the strict evaluation procedures used by those companies. For example, the quoted entrepreneur in the last paragraph makes strategic planning with a time horizon of five years. Therefore, the strategy is planned five years in advance of execution. However, those plans can be revised in between due to the strict evaluation cycle he uses. Therefore, this evaluation cycle moderates the actual gap between implementation and execution. The remaining group can be divided into two parts. One group makes short term plans in order to achieve proof of concepts or have test cycles. This approach leads to an iterative form of strategy implementation. This group has an iterative implementation method. There is some distance with respect to time between formation and execution. However, this is rather small and plans are quickly adapted. The last group has informal strategy implementation and therefore little time between formation and execution. This could be caused due to any lack of planning formation. Furthermore, entrepreneurs can be highly reactive and still formulate strategy in a formal or informal manner, and implements it at the same time. The last approach is reflected in the following quote:

"We look at certain KPIs on a daily basis and determine whether we want to make a strategic change consequently on a daily basis to."

Two start-up coaches argued that the reality is to different and dynamic and therefore hard to plan.

4.11 Trade of between guidance and flexibility

Open coding revealed the practical contradiction between guidance and flexibility. The results showed that start-ups and coaches recognize the benefits and drawback of strategic planning:

"Planning can offer an overview of your expenses and what it brings you. I my opinion it brings a lot of peace of mind."

On the other hand, some recognized its drawbacks:

"I don't want to have a lot of rigidity in my organisation, that would bother me in exploiting contingencies."

One entrepreneur recognized the dilemmas but his opinion clearly favoured for guidance:

"You could say I'm very flexible. Anything I encounter or face, I take it with me. The consequence is that I become steer less and would fly all over the place. Then you run the risk of it becoming a bit of a mess but you shoot at a thousand things. But you can also think I'll hold on to the frameworks we've agreed on, then your flexibility will be a bit less but your focus a bit bigger. And that's always a difficult choice."

Two start-ups did not really speak out whether the guidance aspect or the flexibility is more important, the other view will be discussed below.

Two other start-ups, the ones with a rigid strategy process, expressed a coherent view on this theme. They argued that a strategy which is based on verified data would not need a lot of flexibility. Increase of flexibility would decrease the guidance form of which a start-ups benefit. Both companies gave notice on something that can be summarised as "build in flexibility". They indicated that they want to adhere as much as possible to the strategic plan in order to steer the organisation efficiently. Nevertheless, there is some flexibility built into the plan to prevent a too static organisation. Examples such as, reserving high amounts for unforeseen costs and keeping costs as flexible as possible were given.

The other start-ups, the majority group, can be grouped in another group. They considered their strategic planning as the minimum baseline. Strategic planning needs to be considered as a point on the horizon. There is coherently a great extent freedom for flexibility due to the minimalized strategy. Therefore, these respondents argued more in favour of flexibility thinking. A strict formal planning would provide illusive guidance due to the lack of information.

4.12 Approach of the entrepreneur as strategist and role of the venture team

The role of the strategist is widely discussed in the literature. This research showed that a vast majority of start-up entrepreneurs apply an "Inclusive" management over a "Directive" management practice. Most argued that they apply this approach since it leads to best result:

"I prefer to make the choices together in the team. I also think that results in better decisions."

A minority also added that the choice for a collective approach is twofold: the input leads to better decisions but also to keep morals right:

"Yeah yeah yeah, people like it when they are part of such a plan making process. So you have to involve people very explicitly so you don't make a plan by yourself. The moment you develop the strategy by yourself like, that and this is what we are going to do, then the rest says good luck with it but I don't like what you did because you never asked me. No you have to make a plan that everybody believes in and everybody can say that's too high or that's good or that's too far."

Interesting results were given by one start-up entrepreneur who showed a relatively formalised strategy behaviour until now. He described the formalized strategy as a tool to enable the collective discussion about the strategic decisions and makes sure that everyone is on the same page:

"And that can be done on three pages, but the good thing about it is that if you do it this way (describe the strategy in an extensive formalised way) you also create a document which can be discussed with everyone involved. You can talk to each other all day and then walk away but then we both think we heard something different. And if you write it down and read it back you can check if you everyone is on the 'same page'. Or you can realize why we don't do that anymore. So, it is also a bit of a guide in the discussion to record things."

This quote and the other ones in this paragraph showed the importance of the team. The open coding process shed a light on the 'Team' element in the results. The way entrepreneurs described the team development showed, again, a clear process/transition over time. At the initial phase of the start-up, the team is often messy, as well as the structures. Over time you will see that a start-up's team divides tasks and therefore develops role division. Start-ups grow into organisations that need some more structure. Despite their notion of horizontal organisation structures and absence of authority the following pattern in visible:

"Now we have a clear division of roles, everyone has contributed something to the proposal. (...) At the beginning we spent a very long time discussing and ages to agree on small decisions. That is also because fewer people within the team had specialised in a specific part of the project, I believe. Now, everyone has his or her own role and you listen to the person who has his or her responsibility and therefore has authority on a certain subject."

At a certain point, the expertise required by the organisation is too much and has to be divided among people.

4.13 Consciousness

Consciousness refers to the mental state in which the strategist operates. It is a combination of 'Consciousness: System one' and 'Consciousness: System Two'. The mental state changes throughout the process. However, there is a small group in which unconsciousness and intuition stay unchanged dominant. The majority of the entrepreneurs undergo a transition that is visible among the other entrepreneurs. At the beginning of the start-up, intuitive and unconscious thinking is dominant. After a while, when the start-ups want to take action, they start to perform conscious and more rational thinking tasks. They gather knowledge and experience through various ways and channels, which enables them to perform conscious trade-off between options. The results showed an increase in conscious behaviours. However, this holds for a limited number of strategic considerations.

4.14 Approach evaluation

Respondents evaluated themselves throughout the interview. Evaluation of their applied approach can therefore be found throughout the results. However, this paragraph focuses especially on the way strategists evaluated their own applied

approach. Essentially the whole dataset can be seen as an evaluation of a strategists, but in a descriptive manner. In contrast, this paragraph describes the results in which start-up entrepreneurs qualify their approach in hindsight. The results below were found by means of an open coding analysis.

The lack of information is an often-recurring element, and so it is in this theme. As stated before, there are several types of knowledge shortage. The first type mentioned is knowledge shortage at the start-up side. This means that the knowledge may exist but was not found or applied by start-ups. Half of the respondents declared that this has led to 'preventable strategic mistakes':

"During the sales pitch I was preaching that we were already a big company and did a lot of sales. That's why I didn't get answers from X which prevented me to learn a lot from them. It was not that they were unwilling to give me those answers if I asked for. However, it would have been better if I would have been more open towards X. And then people would have told me that we were not solving an existing problem. Than we could have known that sooner."

A quarter of the group indicated that they had acted too rigidly on certain points. That they held on to a plan, or mainly an idea, too strict. This prevented them of pivoting towards a more promising position. Two start-up entrepreneurs indicated that they recognised the need of an informal brainstorm structure just after the start of the start-up. Looking back, they would have wished they planned better at the beginning. Results showed that more than a half of the start-ups mentioned that strategic planning helped to get them started. There are so many things a start-up can dive into, that it is hard to get the focus right:

"It can help to make decisions because it gives you a foundation on which to base yourself."

It helped start-ups to evaluate from the brainstorm stage to the next phase which required action. One start-up indicated that a time planning helped as big stick to make on time at least a decision instead of plodding along. One of the start-up coaches described it like this:

"Well, if you go into a strategic funnel like this, you'll get more and more narrow-minded and as long as you keep looking in the wide open, you'll never reach your goal."

4.15 Trigger point

The theory describes how companies can react on disruptive events in their internal or external environment. The data was collected amidst the Covid-19 crisis. This paragraph describes how start-up entrepreneurs dealt with this disruptive event based on the codes 'Covid-19: Low Temporal work' and 'Covid-19: Substantial Temporal work'. The Covid-19 crisis has such a big impact that eventually every start-up reacted to the changed situation. Half of the start-ups decided to change their activities or focus in a conscious and formal consideration. Most of these companies changed their plans before they were forced to by the government or other parties. Another part of the sample acted reactive. Their plans changed since they were somehow forced to do:

"We were pretty far in the negotiations for a considerable deal but then we got the message from the company that they suspend everything till an undefined date."

Two start-ups started significantly earlier with considering the potential effects of the Covid-19 crisis. These start-ups have in common that they perform, throughout the results, an approach related to the building practice. As said before, eventually every start-up reacted to the Covid-19 crisis. The primary focus of start-ups went towards the reconsideration of their target markets. Some start-ups found out that their target market was still valuable, whereas other start-ups decided to narrow down their focus to a smaller part of the target market because this part seemed to be affected less severely. The last group expected or experienced a complete drop in demand:

"Generally speaking a start-up has two options. Accelerating, which costs money but should generate positive effects for the company. Or brake, this means that everything goes a little slower. The last thing seems to be the best option since the market is busy handling other things."

4.16 Summary of results

The results are summarised below in *Table one*. The dwelling practice has, just like the other two, unique underlying premises. The results showed that the applicability of those premises is subjected to certain circumstances and start-ups' phase in their development. Start-up entrepreneurs seemed to follow the dwelling practice dominantly in the initial phase of a start-up's life. The reasoning behind this is the need of flexibility in this phase. Flexibility is required since there is a lot of trial and error is this phase. Nonetheless, the application of the dwelling practice was partly explained due to the lack insights. This lack of insights more or less forced start-ups to apply the dwelling practice. The hybrid practice was applied in order to solve and handle the lack of insights. In order to get actionable, start-ups need a degree of guidance and reliable knowledge on certain core strategic elements. These core elements are market validation, competitor analysis and financial analysis. Prior to this knowledge generation, start-ups applied the hybrid practice in the initial 'trial- and-error' phase. As mentioned, the initial phase was dominantly executed in dwelling mode. Nonetheless, the hybrid practice can be recognised as well. Start-ups are generally based on one scalable idea. Finetuning and reaching agreement on the fundaments of this idea happens in a hybrid practice. Entrepreneurs discussed this theme in a conscious and reflective manner. However, it is not a building practice due to, for example, the lack of factual information and absence of formalisation. Disruptive events were mostly handled in a hybrid mode with moderate temporal work. Entrepreneurs were mostly reactive which can be determined as low temporal work belonging to the dwelling practice. However, when they reacted, start-up entrepreneurs reconsidered the past, present and future. Nevertheless, they expressed the inability to look into the future and therefore action mostly departed from a slightly adapted status quo. During the development of a start-up, the company gained experience and information. These insights changed one of the major hurdles that in previous stages bothered the application of a building practice. Next to that, the company got more complex and slowly results were preferred over learning by trial-and-error. These two elements are the main drivers for the increase in usage of a building-driven strategy practice.

Strategy Practice	Phase dependency	Circumstance dependency		Reasoning behind performed practice
		Specific focus	Trigger point (covid-19)	
Building	Start-ups maturing towards scale-up phase move towards building practice.	- Market validation. -Competitor analysis. - Financial analysis.	Future is too uncertain to perform a substantial degree of temporal work.	Needed for guidance on core elements and the need for a roadmap.
Hybrid	Developing common ground and knowledge generation and go to market phase.	- Market validation. -Competitor analysis. - Financial analysis.	Moderate temporal work is dominantly executed by most start-ups.	Needed for knowledge generation.
Dwelling	Trial-and error-and initial phase.	- Various strategy elements.	Disruption was too big to ignore no low level of temporal work performed.	Dwelling practice was performed in order to sustain flexibility and lack of knowledge sometimes forced start-ups to perform this practice.

Table 1: Why and in which phase and under what circumstance do start-ups adopts a certain strategy practice

5.Discussion & Conclusion

This research attempted to find out under what circumstances and during which phase do start-ups adopt which strategy practices, and why? Altogether, the hybrid practice is the most prevailingly performed strategy practice. However, in advance it was expected that start-ups would show a more consistent pattern with regard to applied strategy practice. In other words, it was expected that a subgroup was more prone to one side and another subgroup was more prone to the other side of the spectrum between building and dwelling practice. Start-ups used elements from the different strategy practices in an unstructured manner. This made it hard to cluster the start-ups in subgroups. Therefore, a conclusion was drawn on overall strategy use, but not on subgroup level.

Unless the hybrid practice was the prevailing performed practice, it was not performed in a constant manner. The inconsistency was due to changing circumstances namely, start-up development and influence by strategy elements. As expected, the applied strategy practice was considerably phase dependent. In the beginning of a start-ups' development, the main focus was on trial-and-error. This trial- and-error method was executed in a dwelling phase, partly forced due to the lack of insights. Some building elements were added, which offered guidelines to assist start-ups to be more actionable. Unexpectedly, this research found a considerable focus on two strategy elements. Financial planning and market validation are the two main themes on which start-ups perform more building driven practices. It was not clearly recognised by the literature that start-ups especially stress on these two elements. Although Yang et al., (2019) describes the development of financial capabilities as one of the main hurdles for start-ups. Start-ups that encounter this hurdle may react by applying an approach towards the building practice. The strategic behaviour of those two elements can be seen as a dwelling approach enriched with elements form the building practice. Eventually, this led to a hybrid approach on those topics. Elements of the building approach were sparsely applied despite the recognition that it would offer more guidance to entrepreneurs.

Start-up entrepreneurs preferred dwelling and hybrid practices, because they gave priority to flexibility. Additionally, start-ups lacked the required information to deploy a building practice in the beginning. Therefore, in some cases, start-up entrepreneurs were forced to apply a dwelling and hybrid practice. This consideration changed in favour of the building practice when start-ups matured and grew towards scale-ups. This finding is in line with the notion of Yang et al (2019) that a start-up is not a constant organisation form. A start-up is a dynamic temporal organisation evolving towards a scale-up or another advanced organisation form. Therefore, the faced hurdles and problems faced are subjected to change (Picken, 2017). These findings showed that the strategy practice also took part in this evolution since the function it has to fulfil develops alongside. Start-ups gained and developed experience and knowledge. As a result, the typical knowledge deficiency decreased slightly and enabled start-ups to make more knowledgeable strategic decisions and planning.

Start-up entrepreneurs who evaluated their strategic practice, stressed the importance of a loosely structured beginning where there is an open discussion and space to change actions quickly. Subsequently, there was a shared recognition of the need for clear goals to strive for. The building practice can assist in developing those goals. However, this goal development was generally based on little and low valuable information. Therefore, the elements that should be planned is limited since the output was unreliable. Nevertheless, some goal development was needed to become actionable. Entrepreneurs performed some elements that originated from the building approach due to the lack of a better solution to get actionable. It was shared by the start-ups that they would not strictly adhere to those plans since reality forces you to be adaptive.

Most start-up entrepreneurs recognised in hindsight that they were not adaptive enough and pivoted too late to a more promising position. Finally, start-up entrepreneurs recognised in their evaluation the need of insights in core drivers. Their behaviour improved when they had better insight in what should be considered as main drivers. This could help to generate knowledge on the most vital elements.

6. Practical implications

This research shed light on the process that a start-up goes through and how this effects the executed strategy practices. Start-up entrepreneurs should be aware of the phase dependency of applied strategy practices. Different strategy practices rely on various underlying premises and therefore strive to support start-ups in distinct ways. Start-ups have, due to their development, different needs throughout their growth. In practice this means that start-ups apply multiple strategy practices in order to gain optimal advantage out of the various strategy practices. In the initial phases, start-ups should focus on trial-and-error in order to develop and finetune the business idea. This should be in an open environment to ensure ideas can be adjusted as quick as possible at this point. Results showed that performing elements belonging to the building practice, such as long-term planning, does not led to useful and reliable outcomes when performed in the initial phase of a start-up. After this brainstorm phase, stakeholders have to agree on the fundaments of the start-up idea. This agreement needs to be reached on common ground and should enable a start-up to become actionable. The dwelling practices, which enable start-ups to have these open discussions, suits this phase. In order to be actionable, start-ups need elements from the building approach, which results in a hybrid practice. This research showed that start-ups need a considerable degree of flexibility. This is partly explained by the high degree of uncertainty. In this action, the core focus is on knowledge generation. Generation of all the necessary knowledge is not possible due to the substantial knowledge lack. Furthermore, the results showed that start-ups had to figure out what their core drivers are. This knowledge generation process should be based on small scale empirical testing. This testing slightly increases the knowledge of the ones involved in the start-up. This gained information should be used to develop a roadmap. This roadmap is the trade-off between guidance and flexibility. It provides guidance on the most fundamental elements and at the same time gives freedom to entrepreneurs on the other aspects. In conclusion, start-up entrepreneurs should be aware that their strategy practice gradually grows from dwelling towards hybrid, and on some elements even building practice.

7. Theoretical Implications

This research provides feedback from start-up entrepreneurs towards academic writing. This led to newly found additions to the existing strategy literature. The literature on strategy practices is scattered. However, the results showed that start-up entrepreneurs do not follow such a distinction in practice. The findings of this research showed that entrepreneurs' behaviour is a composition of the different strategy practices. Both strategy practices are potentially beneficial. However, start-ups are not in a need of isolated strategy practices. Therefore, this research showed the need of literature integration in the academic field on business strategy. There should be a change in the academic writing from arguing why one strategy practice is, in general sense, favourable for start-ups, towards an integrated situation where research focuses on defining in which phase and under which circumstances certain strategy practices are favourable. Academics need to incorporate the phase and circumstance dependency in strategy practices designed for start-ups. The different strategy elements are interwoven in the start-up practice and therefore the literature does not show a representative strategy approach. Moreover, some premises were strategy practices that rely on, what seems to be, weakly grounded in reality. The building practice presumes the availability or extractability of the needed information to base a company's strategy on. Reality shows that this is simply not the case. The dwelling practice assumes that start-ups automatically develop a consistent pattern in a stream of actions due to purposive behaviour. The findings of this research showed that entrepreneurs preferred guidance on achieving organisational consistency. A start-up needs guidance to focus the limited resources efficiently, since there's simply too much they can do. Therefore, the foundation under these approaches needs to be reconsidered, which has major implications on the strategy practices. The results also showed strong indications that the theoretical dichotomy between causation and effectuation does not hold up in practice. Previous research from Kraaijenbrink et al., (2012) pointed previously into that direction. This research showed that start-up entrepreneurs used the two ways of reasoning. The revealed pattern showed that causation is used for higher level strategic decisions, whereas effectuation is used for lower level strategic decisions. These findings shed a new light on the theory of effectuation and causation. Finally, the findings showed that entrepreneurs are lost in the various strategy practices and tools. Start-up entrepreneurs consider the strategy practices as too broad and not actionable. On top of that, the current theory does not provide start-up entrepreneurs with a strategy which can be used throughout a start-up life.

8. limitations & Further research

This research was conducted to be the best extent possible, yet there were some limitations to the study that should be considered. To start with, it was hard to develop a theoretical conceptualisation of the hybrid approach. In practice it is hard to recognize the hybrid approach due to this poorly developed theoretical conceptualisation of this practice. This constrain was faced while coding.

Secondly, this research focused on what start-up entrepreneurs do in practice. Activities performed in a dwelling mode are harder to describe since they occur without reflection. Therefore, extracting insights in dwelling behaviour is hard by means of interviews. Conscious and thoroughly discussed decisions are easier to recall and to talk about. Therefore, the danger exists of reporting bias which could disproportionate attention to behaviour that fits the building practice. Further research on this topic could consider an ethnographic research method.

On top of that, sampling bias of the data should be taken into consideration (Collier & Mahoney, 1996). This research was limited to start-ups that still exist, and therefore focused on relatively successful companies and entrepreneurs. This may affect the validity and retrospectivity of the evaluation of their approaches. Since 90% of start-ups fail, this research sample is automatically in only 10% of the total start-up population. Therefore, the findings can be generalised to start-up which minimally exist for three years. Besides, the sampling may influence the results on the inflection point due to the timing, as the data was collected in the heat of the Covid-19 crisis. Companies that were highly reactive may have rejected the interview invitation due to time limitations.

Next, this research took a cross industry approach and therefore may lack specific influence of those industries on start-ups' strategy practice.

Finally, this research asked respondents to evaluate their behaviour. This evaluation covered a timespan ranging from one to eight years in the past. This made the hindsight bias likely to occur. This resulted is a systematic distortion of the past which occurs unintentionally and unconscious (Cassar & Craig, 2009). This process may affect the gained information from the past. Further research needs to deepen the insights on the hybrid strategy practice. This research provides the first insights on how the hybrid practice is built up by different elements of the building and dwelling practice. Deeper insights are required to develop an empirically and academically grounded strategy practice for start-ups. This strategy practice needs to be a combination of existing practices and needs to consider the phase dependency. This strategy practice needs to be written down concisely in order to guarantee actionability.

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10. Appendix

Code template

Category	Subcategory	Definition	Modes operandi
General view	Building	Strategy is a logical sequence of conscious executed activities which leads to the setting of deliberate plans conceived in advance of the decision making and leads to purposive actions.	Building
	Dwelling	Strategic 'intent' is viewed as immanent in every adaptive action emerge as a consequence of spontaneous human appearing even in the absence of deliberate intention. Strategy is an organized. consistency of purposive actions which lead to a pattern in a stream of decisions''.	Dwelling
	''inclusive''	A strategy practice that takes full advantage of the combined strength of the building and practice approach. In order to overcome their individual weakness and so	Hybrid

		develop a framework for decision making'.	
Conscious involvement	System two	System two implies an actor in a state of attention allocated to ´the effortful mental activities that demand it, including complex computations.	Building
	System one	System 1 operates automatically and quickly, with little or no effort and no sense of voluntary control.	Dwelling
	Critical point planning	Only plans the most difficult, unclear and important strategic point. The goal is to solve this main issue without planning other issues around it.	Hybrid
Strategy function	Causation/ purposeful	Causation processes take a particular effect as given and focus on selecting between means to create that effect.	Building
	Effectuation/ purposive	Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means.	Dwelling
	Combination	Combination of effectuation and causation.	Hybrid

The "Strategist"	Directive	CEO or business owner, as the omniscient strategist to which all power should be devoted.	Building
	Collective	Strategy is an emerging thing that can be found throughout the company. Strategy can be developed by a collection of individuals. Everyone should be involved.	Dwelling
	Inclusive	None of the two perspective should dominate.	Hybrid
Approach of the Strategist	Knowledgeable	The strategist is seen as an observer who is self-conscious, intentional and self-motivated. The actions should be explainable.	Building
	Intuitive	that acting intuitive consistently.	Dwelling
	Combination	Hybrid form of two prior mentioned.	Hybrid
Strategy process rigidity	Strict	It is a tight controlled process.	Building
	Informal	Process emerge bases as a consequence of spontaneous actions. The actions are characterised by their appearance without deliberate intentions.	Dwelling

		Strategy practice in the dwelling mode seen as a process and this process is not bounded to strict guidelines and a tight process.	
	Inflection driven practice	Building school that are making adjustments to their initial approach towards dwelling practices. Or building strategizing when forced by disruptions.	Hybrid
Periodically/timeframe	Periodically	Strategy development is an periodical event.	Building
	Daily	Strategy development is an continuously process emerge at an immanent daily.	Dwelling
	''inclusive''	Not one of the two perspective should dominate.	Hybrid
Strategy implementation	Sequential	Strategy formulation and implementations are two independent processes.	Building
	Intertwined	Strategy implementation and formulation of strategy intertwined.	Dwelling
	Iterative	Plan and test small scale projects and use the knowledge to adapt strategy.	Hybrid
Resources – Input for strategic decision	Exploiting knowledge	Exclusively rational and factional information.	Building

	Exploiting experience	Allows intuitional and less grounded information.	Dwelling
	Inclusive	Not one of the two perspective should dominate.	Hybrid
Handling uncertainty	Risk minimalization	Predict unpredictable future. define all the alternatives and assess the value of the alternative.	Building
	Loss minimalization	Control unpredictable future.	Dwelling
	Inclusive	Not one of the two perspective should dominate.	Hybrid
Strategy formulation	Formal	Plans are written down in a formal matter.	Building
	Informal	Divers forms.	Dwelling
	''inclusive''	Not one of the two perspective should dominate.	Hybrid
General goals of strategy	Guidance	Providing stability and common frame.	Building
	Flexibility	Utilizing of contingencies.	Dwelling
	Inclusive approach	Guidance and flexibility.	Hybrid