Strategy Implementation: The Story of Start-ups

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An increasing number of start-ups, a rising importance of strategy implementation but a lack of knowledge about strategy implementation at start-ups? This research compares the strategy implementation process of start-ups to the process of their incumbent colleagues. The starting point of this research are eight levers of successful strategy implementation. Results of this study showed that start-ups do not attach the same value to the same levers that incumbents do. For instance, cross-functional integration and collaboration, the exercising of strategic leadership and the strategic shaping of culture were not experienced as relevant (in contrast to incumbents). This study also tested organizational characteristics of start-ups and incumbents that were found in literature. Results showed that these characteristics are not present in every case. These findings also suggest that the hypothesis that incumbent organizations follow a mechanistic structure and start-ups follow an organic structure is too ad hoc.

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1. INTRODUCTION

Even though a company would be able to formulate one of the most brilliant strategies, without a successful execution it will not result in the intended outcomes. Crittenden and Crittenden (2008) argue that strategy implementation is a critical cornerstone and ally in building a capable organization. The book Exploring Strategy written by Johnson Whittington and Scholes (2011) states that strategy is about the overall direction of different types of organizations, from multinationals to entrepreneurial start-ups. Despite this, strategy implementation is generally studied within the context of established organizations (Crittenden & Crittenden, 2008). So even though entrepreneurship is popular and has expanding possibilities as result of far-reaching developments in the field of technology there is only limited attention to strategy implementation at start-ups. Besides, start-ups are crucial in this modern economy as they provide dynamism and growth (Martens, Vanhoutte, De Winne, Baesens, Sels & Mues, 2010), and start-ups are a unique unit of analysis (Vecchio, 2003).

1.2 Problem statement

It is a fact that start-up companies often have difficulties to stay in the market. (Davidsson, Lindmark & Olofsson, 2006). Poor strategy implementation can be a reason for this difficulty to stay in the market, according to Noble (1999) company performance is directly related to their strategy implementation process and should not be treated like a strategic afterthought. This calls for strategy implementation literature, focused on start-ups. In brief, the problem is the lack of knowledge about strategy implementation at start-ups, given the importance and growing number of start-ups. Solving (or making the first steps) this lack of knowledge and map the current situation of strategy implementation at start-ups has academic and practical relevance. The findings of an investigation about what characterizes start-ups in their strategy implementation process could help owners/founders and CEO’s of start-ups in their strategy implementation process. If the challenges and barriers are known, the strategy implementation process can executed more efficiently. Given the growing number of start-ups, this practical relevance/urgency is increasing. Solving the gap in the literature in terms of knowledge has academic relevance in the research domain of business administration/strategy.

1.3 Research question

The goal of this research is to provide an insight and explanation about the strategy implementation process of start-ups in comparison with incumbent firms. The research question that arises from this is: do start-ups differ from incumbent organizations in the strategy implementation process? In order to support this research question, one sub-question is presented: if start-ups differ, how does this influence the strategy implementation process in terms of challenges/barriers and facilitators? In order to answer this research question this paper will first present a thorough literature review on the characteristics of start-ups versus incumbent firms and strategy implementation. Additionally, a series of interviews combined with questionnaires is conducted to find out which way start-ups differ from incumbents and how this influences the implementation process in terms of challenges/barriers and facilitators.

2. THEORETICAL FRAMEWORK

In this section, underlying theory and existing scientific knowledge is presented, evaluated and combined. This theoretical framework will provide necessary information that contributes to answering the research question. This section is divided into different topics. First, a review is given of the existing literature on the different characteristics of start-ups compared to incumbents. Thereafter, existing literature on strategy implementation/execution is given and reviewed. The final part of this section will combine both previous sections, to find out how existing knowledge can be applied to map the differences between start-ups and incumbents in their strategy implementation process.

2.1 Start-ups versus incumbents

The starting point for this research is the agreement in literature that organizations go through different life cycles. Quinn and Cameron (1983) reviewed nine different models of organizational life cycles. Each of these models emphasized different factors in order to explain the changing characteristics of organizations over time. As they mention, these nine models are based on different organizational phenomena but they progress through similar life cycle stages: the entrepreneurial stage, a collectivity stage, a formalization and control stage and a structure elaboration and adaption stage. After these four stages a company will decline, continue maturity or streamline (Quinn & Cameron, 1983).

The terms ‘new venture’ and ‘start-up company’ are used interchangeably in literature, in this paper the term start-up company (from now on: start-up) will be used. A start-up can be defined as a company that is in the first stage of its operations. A common used condition in literature in order to define whether a company is a start-up is age- companies that are less than five years old are characterized as a start-up. A more specific definition elaborates on different criteria for a start-up, it should be an independent entity, a new profit centre within a company which has other established business or a joint venture (Gartner, 1985 p 697-698).

A more recent and compact definition comes from Tidd and Bessant (2011), they define the creation of a new venture as the interaction of individual skills and disposition and the technological and market characteristics. New venture creation goes hand in hand with entrepreneurship. Wickham (2006) looked at business strategy from the entrepreneurial perspective. This entrepreneurial approach to management is distinct at the level of strategy process, not content. Schrader & Simon (1997) subdivide start-ups into two different categories: independent ventures which are established by individual entrepreneurs, and corporate ventures, which are controlled by larger companies. Their study focuses on the differences between these ventures in terms of resource strategies and performance. This subdivision contributes to the demarcation of this study, this study will focus on independent ventures because these ventures differ more from established firms than corporate ventures do. There has been a rich literature regarding the characteristics of new ventures, the characteristics of incumbent firms and a comparison between them. Academics distinguish new ventures/start-ups versus incumbent firms by using usually roughly the same issues.

In order to characterize start-ups, they will be compared to incumbent firms. Differences in organizational characteristics might influence strategy implementation processes between these type of organizations. In general, new ventures are not obstructed by rigid rules and procedures, administrative hierarchy, bureaucratic rigidity, or inertia from the large base of employees, customers and suppliers. New ventures can more easily and simpler (than incumbents) change products agilely and reward innovations properly (Song, Luob, Höltsch & Ottod, 2014). In contrast, incumbent firms often have large
number of employees and assets which is accompanied by formalized procedures and mechanistic organization structures. These structures exercise managerial control and ensure efficiency, consistency, quality and reliability (Cohen and Levin, 1989, Dougherty, 2001, Rotemberg and Saloner, 1994, as cited in Song et al., 2014).

Another point of difference is creativity, when an organization matures, the flexibility will decrease and the creativity will fatigue (Ramezan, 2011). On top of that, incumbent firms face an external source of inertia, they continually should meet needs of existing customers and suppliers (Christensen 1997, as cited in Song et al., 2014). Inertia is a persistent organizational resistance to changing architectural features (Carrol, Laszlo & Hannan, 2002). According to Song et al. (2014) such rigidity and inertia limit creativity and innovation. Katz and Gartner (1988) studied emerging organizations and also refer to inertia, they state that an emerging organization lacks structural inertia, therefore agents may try and abandon many organizational forms until either some type of organizational fit (both internal and external) is reached. The reason for this room for maneuver is because the costs of changing various goals, structures, and so forth are much lower for the emerging versus established organization. So it is again confirmed start-ups are more flexible and can more easily change than established firms due to their size and diversity in organizational forms.

These characteristics of the start-ups and incumbent firms are (approximately) in line, respectively, with the characteristics of the organic organization structure and the mechanistic organization structure. The starting point for this is the shift organizations make during their lifecycle according to Conway and Steward (2009), from entrepreneurial (organic) to a more bureaucratic organization (mechanistic). Burns and Stalker (1961) summarized the characteristics of these two modes of organizing in a schematic way. Hence, this model of Burns and Stalker (the first nine characteristics), as cited in Conway and Steward (2009) does not contain all elements of new ventures that were found in literature. Therefore, there has been made an addition. This addition summarizes the missing findings in literature and complements the model of Burns and Stalker in order to create a more comprehensive and practical applicable model.

<table>
<thead>
<tr>
<th>Incumbent firms (mechanistic)</th>
<th>Start-ups (organic)</th>
</tr>
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<tbody>
<tr>
<td>Problems and tasks facing the organization are broken down into specialist, functional tasks and distributed around the organization accordingly</td>
<td>Specialist knowledge within the organization wherever it resides, is seen as a potential contributor to the overall problems and tasks of the organization</td>
</tr>
<tr>
<td>The tasks of individuals are largely abstracted from the broader goals of the organization, such that their accomplishment is seen as a means to an end in itself, rather than contributing to the ends of the organization</td>
<td>The tasks of individuals are ‘located’ in the broader context of the organization</td>
</tr>
<tr>
<td>Tasks attached to specific functional roles are defined precisely by supervisors</td>
<td>Tasks are subject to continual redefinition through interaction with others</td>
</tr>
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| The responsibility of an individual is closely linked to his or her assigned functional role (and its associated tasks) | The commitment and responsibility of an individual is seen as stretching beyond specific tasks or roles |
| A hierarchical structure of control, authority, and communication exists | A network structure of control, authority, and communication exists |
| Knowledge is seen as concentrated at the top of the hierarchy | The dispersed nature of knowledge within the organization is recognized |
| ‘Vertical’ interaction and communication within the organization predominates (i.e. between superior and subordinate) | ‘Lateral’ or ‘horizontal’ interaction and communication within the organization predominates (e.g. between function) |
| There is insistence on loyalty to the organization and obedience to superiors | Commitment to the goals and progress of the organization is seen as more important than loyalty or obedience |
| Greater importance and prestige is attributed to internally relevant, knowledge, experience and skills | Greater importance and prestige is attributed to externally relevant, rather than internally specific, knowledge, experience, and skills |
| Reward and control system is extensive and tailored to product or department (Quinn and Cameron, 1983) | Reward and Control system is paternalistic and personal (Quinn and Cameron, 1983) |
| External source of inertia: organizational resistance to change due of needs existing customers (Song et al., 2014) | No structural inertia: no organizational resistance to change due of needs existing customers (Katz & Gartner,1988) |
| Often big in terms of size and number of employees. (Cohen and Levin et al., as cited in Song et al., 2014) | Often small (in terms of size and number of employees. (Cohen and Levin et al., as cited in Song et al., 2014) |
| Relative high costs of changing various goals and structures (Katz & Gartner,1988) | Relatively low costs of changing various goals and structures (Katz & Gartner,1988) |
| Relatively low level of creativity (Ramezan, 2011) | Relatively high level of creativity (Ramezan, 2011) |

Table 1 The mechanistic and organic organization (adapted from Burns and Stalker, as cited in Conway and Steward, 2009) combined with additional differences between incumbent firms and new ventures that were found in literature

However, a remark on this method is that the extent to which firms structures are organic or mechanistic may co-vary within the industry life cycle (Covin & Slevin, 1990). This study concerns dynamic and innovative start-ups in both mature and
emergent industries. According to Colvin and Slevin (1990), ‘new ventures in emerging industries have the most organic organization structures.’

2.2 Strategy implementation/execution

Strategy execution/implementation is in literature defined as ‘a disciplined process or a logical set of connected activities that enables and organization to take a strategy and make it work’ (Hrebiniak, 2013). A wide variety of models in strategy implementation literature exist. An approach to look at strategy implementation comes from Mankins and Steele (2005). They came up with seven rules for successful strategy implementation: keep it simple, challenge assumptions, speak the same language, discuss resource deployments early, identify priorities, monitor performance continuously and develop execution ability. Another model comes from Crittenden and Crittenden (2008), this model focuses on aspects that were also used in literature to distinguish between start-ups and incumbent firms, for example the degree of cross-functional integration, leadership style and reward systems. Because of these overlapping aspects, this model is useful for this study. The model elaborates on eight levers of strategy implementation; these levers can serve as facilitators as well as barriers in the implementation process. Two kind of levers could be distinguished: structural variables and managerial skills. This dichotomous distinction is consistent with the view of Bonoma and Crittenden (1988) who suggest that strategy implementation consists of these two variables. The eight lever model of Crittenden and Crittenden (2008) is as follows:

**Structural variables**

1. Actions—who, what, and when of cross-functional integration and company collaboration
2. Programs—instilling organizational learning and continuous improvement practices;
3. Systems—installing strategic support systems
4. Policies—establishing strategy supportive policies

**Managerial skills**

5. Interacting—the exercising of strategic leadership
6. Allocating—understanding when and where to allocate resources
7. Monitoring—tying rewards to achievement
8. Organizing—the strategic shaping of corporate culture

Crittenden and Crittenden (2008) state that established firms are generally able to overcompensate weaknesses with another lever to reduce the impact of a weak lever. In the other case, when a company is in the early stages of start-up, it is imperative that the entrepreneur or CEO understands how each of the levers relate to the company’s strengths and weaknesses. Unless identified, a weak lever can negatively influence the implementation—performance cycle that leads to subsequent attempts in implementing a strategy that is highly dependent upon that weak lever.

2.3 Strategy implementation at start-ups

In literature, only limited attention has been given to the contingency between organizational structure and implementation processes (Noble, 1999). The literature about start-ups itself revealed that start-ups are generally smaller, more flexible in terms of change and organizational forms, more creative and face less internal and external inertia than the established firms. The literature about strategy implementation, the eight levers, revealed eight different levers about strategy implementation, linking these levers to the characteristics of start-ups results in the following expectations.

The first lever cross-functional integration and elaboration suggests that successful implementation requires the input of all players in the company. Cross-functional integration is about horizontal communication. Horizontal communication is one of the identified characteristics of the start-ups in contrast to incumbent firs who tend to have a more vertical communication. Therefore, it is likely that start-ups will differ on this lever.

The second lever is programs: instilling organizational learning and continuous improvement practices. This lever suggests that creative capital must be planned for in the firm, and will determine the strategies that are ultimately formulated and implemented (Crittenden and Crittenden, 2008). The literature showed a difference in creativity between start-ups and incumbents, therefore it is likely that start-ups will differ on this lever. The part of structural inertia may also contribute to this lever.

The third lever refers to systems: installing strategic support systems. The strategic support system provides both qualitative and quantitative data about customers, human resources, revenue and costs, and inventory/order fulfillment (Crittenden and Crittenden, 2008). According to McCann (1985), many difficulties can limit development, but no factor is more limiting than weak strategic support systems. The author distinguishes three categories of strategic support systems: (a) human resource systems (b) control systems and (c) structural systems. The literature does not elaborate on differences between start-ups and incumbents with regard to these systems.

The fourth lever refers to policies: establishing strategy supportive policies. It is about whether the company has an unambiguous policy that provides guidance to strategy implementation. This policy should prevent fragmented and ad hoc initiatives, consistency is the keyword in this. The literature about start-ups does not elaborate on this specifically, therefore a statement on this lever is still left in the middle.

The fifth lever is about the exercising of strategic leadership. As the literature revealed, start-ups are often small in size and have few or no hierarchical layers. This does not alter that leadership is still an important facet within an organization. The key responsibilities of leaders include direction, protection, orientation, managing conflicts, and shaping norms (Heifetz & Laurie, as cited in Crittenden & Crittenden, 2008). In shorter terms, strategy implementation leaders need to take decisions, which are perceived by organizational members to be fair and the leader should practice moral virtues such as fairness, integrity, honesty, loyalty, determination, courage and responsibility (van der Maas, 2013). Managerial skills of a leader are not directly dependent upon the characteristics of a firm.

The sixth lever refers to allocating: understanding when and where to allocate resources. Resource allocation encompasses the use of resources such as money, people, capabilities and physical capital. The research of Crittenden and Crittenden (2008) included a case study of a start-up. In relationship with this case study they stated that resource allocation was probably the most critical implementation lever early in the company’s existence. In addition, Bhide (1994) states that successful entrepreneurs minimize the resources they devote to researching their ideas to conserve time and money.

The seventh lever refers to monitoring: tying rewards to achievement. Such reward systems could be divided into two systems: monetary and non-monetary. On one hand, start-ups are smaller so employees can be monitored more closely. This
may result in a reward system that is very personal. On the other hand, start-ups may lack systematic reward systems as a result of their lack of bureaucracy. Because of this conflicting view, a conclusion on this lever is still left in the middle. The eight, and last, lever refers to organizing: strategic shaping of corporate culture. Culture can be defined as a system of shared values and norms (Chatman & Cha, as cited in Crittenden & Crittenden). The culture should be supportive of the strategy implementation process. According to van der Maas (2013) a culture that is supportive to successful strategy implementation should be empowering and fearless, organizational members should be able to make mistakes without being punished for it in order to implement a strategy successfully. Whether this ‘fearless’ culture is present in start-ups and incumbents is still unknown.

In contrast to start-ups, established firms are able to overcompensate weaknesses with another lever to reduce the impact of a weak lever. This results in importance that the CEO of the start-up understands how each of the levers relate to the company’s strengths and weaknesses. Therefore, it is likely that start-ups will try more different ways to give substance to the eight different levers and they will change the substance of these eight levers more often than established firms do because they have more room for maneuver.

The empirical part of this study should provide an insight in whether which of the eight levers served as barriers or facilitators for the companies and whether they were important in the strategy implementation process. It is likely that changing the substance of the levers has less influence for a start-up than for an incumbent. As mentioned before, start-ups are not able to overcompensate a weak lever with a strong lever, this could be another possible explanation for changing the substance of the levers more often (it is of greater importance that each of the eight levers are filled in ideal).

The difference in centralized organization structures (incumbents) and relatively decentralized organization structures (start-ups) influence the strategy implementation process directly. The main advantage of a relatively decentralized organization structure is the increase in commitment of the organizational members to decision-making (decisions can be made more quickly and quality of decisions is improved). In contrast, centralized decision-making (one-way top-down communication and lack of input from lower levels in the organization) may inhibit strategy implementation (van der Maas, 2013). Hence, whether the organizations (start-ups and incumbents) are actually centralized or decentralized should be tested.

3. METHODOLOGY

In order to investigate the research question from a practical point of view and validate the findings in literature, a series of semi-structured interviews is conducted with on one hand managers/founders of start-ups and at the other hand managers/founders of incumbent organizations. According to van Aken, Berends and van der Bijl (2006), analyzing the perspective of the informant on the problem at hand is important in order to be sensitive for possible personal and positional bias in the answer. The unit of analysis in this study are start-ups (new ventures that are less than five years old) and incumbent firms (ventures that are more than five years old). Obvious it is not possible to study the entire population, therefore a representative sample of the population of interest must be drawn. In order to select the right candidates for the interviews, some characteristics should were outlined. The interviews were conducted with CEOs/owners of start-ups and incumbents. The start-ups met the following criteria:

- The start-up is in the age of 1-5 years. At least one year to make sure there are enough experiences present, maximum five years to make sure the experiences are present enough.
- The start-up must be active/conscious dealing with the strategy process
- The levers as described in figure 3 must be applicable for the start-up
- The start-up must be an independent venture, not an corporate venture

More detailed sample information is provided in the results per interview, names of the organizations are omitted due to privacy concerns. The interview was a combination of a questionnaire about the characteristics of the venture (in terms of size, flexibility etc) and questions about the eight levers of strategy implementation. These questions are based on the indicators of successful strategy implementation, distributed to the eight levers, as mentioned in paragraph 2.3. The questionnaire is based on table 1 from the literature section. In the questionnaire the respondents could indicate whether they identified the characteristics of start-ups, characteristics of incumbents or somewhere in between. The respondents did not know which characteristics belong to start-ups or which belong to incumbents. The interview questions are based on the eight levers and the additional literature that was found. Appendix 1 shows a template of the interview that was conducted with the start-ups. More extensive sample information is provided in the results paragraph.

4. RESULTS

The answers of the questionnaire are directly comparable, however the main information in each interview is not because a wide variety of results are observed. Therefore, this information is separately outlined. Due to the fact that the interviews were completely qualitative and semi-structured, the data will be presented in a qualitative manner. Summaries of the findings are provided in the following section. The findings of the interviews are structured on the basis of the open/general questions about strategy implementation and the eight levers in order to create a coherent and orderly picture. Thereafter, a cross case analysis is performed to specifically assess the strategy implementation processes in the sample firms.
4.1 Results of the questionnaire

The results of the questionnaire with reference to the hypothesized characteristics of start-ups and incumbents are listed in figure 2. Characteristics 1-8 refer to the characteristics according the model of Burns and Stalker (1961), characteristics 9-12 refer to the additional characteristics that were found in literature.

The columns marked with an ‘✔’ indicate a confirmation of the expected characteristics (a start-up chose a characteristic of a start-up or an incumbent chose a characteristic of an incumbent organization). The columns marked with an ‘•’ indicate on their place nor a confirmation and nor a denial of the characteristic, they indicate a neutral score. The columns marked with an ‘x’ represent denials of characteristics and denote the opposite characteristic (a start-up chose a characteristic of an incumbent organization or vice versa).

4.2 Results per interview

Start-up 1

The first interview was performed with the founder of a one year old company, operating in the marketing industry. The strategy process of this firm is very ad hoc and goals are adjusted on a weekly basis. Despite this, long term goals are important. As main bottleneck for successful strategy implementation, uncertainty is indicated. Steering and monitoring, together with short lines and room for maneuver, are identified as main facilitators. The respondent uses the metaphor that he executes his strategy ‘live’. The second lever ‒ programs ‒ plays an important role for this company, innovation is directly linked to the execution process, for example the use of analytics software. Strategy supportive policies are present and are as well responsive to particular incidents (because of flexibility) as they are responsive to a pattern of incidents (because of commitment towards long term goals). Allocating resources is done intuitively. As mentioned before, monitoring is very important within the execution process, it is even called addictive.

Start-up 2

The second interview was held with the founder/owner of a two year old company, operating in the real estate sector. According to the owner, the industry itself is mature, but their way of doing business is a ‘new’ and dynamic interpretation to this industry. This company has changed their path from the marketing industry to the real estate sector. The whole strategy execution process within this firm is monitored and controlled very closely, short lines are of great importance. As barriers for successful implementation, uncertainty is identified because, according to the owner, making the wrong decision is very time consuming. Hence, this is put in perspective because the company is small and has a relatively big room for maneuver. As facilitators for successful implementation, speed and the fact that they test on a continue basis are identified. The company has employees (three), therefore cross functional collaboration is present but only on a small scale. The lever programs plays an important role for this company, when something is tested and it turns out that it doesn’t work, this experience is taken into account in future choices and actions. Monitoring systems are not used because the owner oversees everything. Policies within this firm are responsive to a pattern of incidents, the founder is an advocate of standardization strategies. Clearness and being concrete are important aspects of the leadership style, the corporate culture is empowering and fearless, but only to a clear limit. Allocating resources is done intuitively and when something is achieved within the implementation process, this is celebrated informal or with a bonus fee. The interesting thing of this company and its founder is that it despite the age and size exhibits characteristics of a mechanistic organization.

Start-up 3

The third interview was held with the two owners/founders of an four year old administration office. The company operates in the administration service sector, this is a mature industry. Interestingly, the customer base of this start-up consists predominantly of start-ups. As facilitators for successful implementation short lines are identified. However, a side effect
of being small is according to the founders one of the reasons that things do not come easy, the firm claims to be very market dependent. Learning plays a role (not an overwhelming role, though) and process innovation is important. Innovation processes in the past has led to the fact that they changed their path during their start-up phase. The company has no direct strategic support systems (replaced by informal evaluation moments). The strategy is ad hoc, and policies are as well a result of situations itself and of patterns of situations. Allocating resources is purely based on feelings, but the founders put their expected incomes and outcomes against each other (informally and emotionally). Achievements are directly visible in the company’s result and are therefore no additional rewards are tied.

*) score 1 in questionnaire is explained by the following argument: ‘because we only have relatively few customers, their impact is quite big. So we are quite dependent on our existing customer base. Therefore, the existing needs are important. This doesn’t mean that we don’t look to potential future customers. We just need to play on save most of the times.’

Start-up 4

The fourth interview was held with the owner of a nearly five year old company. The origin of this company with two owners/employees lies in 2010, but it did not thrive then. Since 2013, a new ‘owner’ replaced another one and since then the company is prospering and growing pretty well. This company operates in the service industry and provide sustainably employability at different levels (management level, team level and individual level). On top of that, both owners work part-time as interim managers and therefore they possess knowledge and interest in the strategy process. The founder admits that although they are actively dealing with the strategy process for their customers, their own strategy is less extensive that they do for their customers. Having an additional job is indentified is the main bottleneck in the implementation process, they have to split their time and focus. Having a (growing) network prevents the company’s activities of dropping to zero. As facilitators for the implementation, being ad hoc and flexible are indicated (short lines are mentioned). Organizational learning plays an important role, both owners are very interested and open for new things. This organizational learning is also identified as a pitfall, they mention that they should not want to improve too many things at the same time. Creating a focus is important. Innovation is important (especially for their theme: sustainably employability). They face a continue temptation to start something innovative and new. Strategy supportive systems are not frequently used. The reason for this is that everything is visible and easily manageable. The company has established strategy supportive policies. These policies are as well based on situations itself as on a pattern of situations, so there is a mix. Allocating resources is mainly based on feelings. Although, there is a growing focus on identifying which chances are viable (or delivering indirectly) and which are not. Because the employees are the owners, rewards are directly visible in terms of financial benefits. As an addition, establishing something is celebrated informally. Corporate culture supports the strategy implementation, the owner uses the following metaphor: - we are the company, we are the culture and we are the strategy, this is completely intertwined. Having an empowering and fearless culture is important for the owners, both owners prefer only handling broad lines, this results in a lot of responsibility for their partner.

Incumbent 1

The fifth interview was held with the CEO of a 22 year old organization within the service industry. The organization provides administrative and advisory support for schools. This organization has 80 employees, presenting 65 FTE. The organization is currently dealing with implementing a new strategy, communicating this strategy to employees is supported by accessories, for example a phone holder with the strategic goals of the organization. The attention to strategy implementation has grown since a couple of years. The organization uses cycles of 5 years, the current focus lies on implementing the new strategy on the work force. The metaphor that the respondent uses for this is ‘we have to get the strategy in the employee’s capillaries’. The local attitude (reticent) of people in this area is seen is an optional barrier in implementing the strategy. The urgency of dealing with the strategy process is identified and accepted. Another barrier in the implementation process is the fact that the current culture is present for years and years. In recruiting new people attention is paid to a fit between the current strategy and the applicant. Because the organization is growing, the respondent sees opportunities (and results) in order to overcome this barrier. As facilitators, culture bearers are indicated. These people represent the strategy/vision of the organizations. The organization has two main departments which consultate with each other. On an operational level there are bottleneck consultations. In a customer consultation, horizontal collaboration is applied. Horizontal communication is seen as crucial, as the CEO mentions – we need to cross collaborate in order to provide quality, the different departments complement each other. Learning and improvement (innovation) is very important within this organization (mentions practical example, new mobility center). No strategic support system are used because the CEO does not want to complicate things unnecessarily, hence he is familiar with the systems. The organization is willing to improve their systems if necessary. Policies are a direct result of strategy, plan do check act and. These policies are a result of situations itself (if the situation is relevant enough) as well as results of patterns of situations. The leadership style within this organization is coaching, quite informal but authoritative when necessary. It is important and necessary that employees face decisions as ‘honest’. Risk analysis is currently based on informal systems (feelings), they provide rational risk analysis for their customers but in-house risks analysis are less developed. Hence, risk analysis are done (maximal losses, benefits and costs). Which resources are allocated is underpinned but not extraordinary precisely. Everyone has their salary but the organization does not give additional rewards when something is reached. Informal activities such as company parties are present but everything is done modestly. Lever (Organizing), the organizational culture is supportive to the strategy implementation. When culture and strategy are not in line, a solution is sought for (sometimes firing employees). The culture is very empowering (responsibilities as low as possible in the organization). The culture is fearless to a certain extent. The commitment of the people is very important.

Incumbent 2

The sixth interview was conducted with the founder/owner/CEO of a large export company in electronic goods of overstocks and return goods. The company is located in the Netherlands (headquarters), Germany and Bosnia. The company is in the business of wholesale of (electronic) consumer goods (and refurbished goods). This means
operationally buying and selling of overstocks and return goods. The company operates in the after-sales sector and buying up big parties (combination of B2B and B2C). The company is 25 years old, and has approximately 20 fixed employees and about 125 sheltered employees. The CEO states that this business concept is non-regular and therefore is interesting to study. Strategy implementation is faced as a difficult process. However, besides these difficulties, many things work out very well. As barriers in the implementation process are identified the hustle and the difficulty to overlook things, for example, does the staff actually work hard and does the staff understand everything well? The facilitators for successful implementation are closely linked to the barriers: monitor everything very closely. Which player is involved in the implementation process depends on the content of the strategy, this means that cross functional collaboration is present, for example the accountant works together with the technical staff. Cross functional collaboration is a must in order to successful strategy implementation according to the CEO. Organizational learning and continuous improvement plays an important role in the implementation process. Innovation is important, as example their new hall is mentioned and showed. This new hall facilitates improvements in terms of logistics and other operational occasions. Strategic support systems are not used yet, the main reason for not using them is that they are in a growth process. In the future it may be a point of attention. The company has large and sustainable partners, for them they created a strategy but within this industry also a significant amount of operations is based on an ad hoc strategy. This means that policies are as well responsive to particular incidents as they are responsive to a pattern of incidents. The leadership style in this organization is a mix of severe and monitoring everything closely but with space for informal interaction. This leadership style is confirmed during the tour through the company. Employees do have a voice within decisions but the final decision comes from the directors. It is seen as a preference that employees face decisions as honest but not as crucial. Resources are allocated on the base of feelings. The company intends to make cost-benefit analyses and schedules meetings with the accountant with regard to this lever but it does not work out in practice. In the current situation there are no rewards tied to achievement (even though they used to in the past). The main reason for this is the hustle. According to the CEO, the company’s culture is open, especially the managers think along. The extent in which the culture is empowering and fearless depends upon the type of employee (for example managers versus sheltered employees) Confidence is key, even the smallest theft means dismissal.

5. CROSS CASE ANALYSIS

In this section, the results from the interviews and questionnaire are compared with each other by a cross case analysis. Donmoyer (2000) suggests that new understanding is given shape when generalizing across cases that were derived or constructed from different contexts takes place. This argument emphasizes the appropriateness of a cross case analysis in order to generate new knowledge about strategy implementation at start-ups in comparison to incumbents.

The questionnaire

The data gathered in the questionnaire suggests that not all of the predicted characteristics were applicable for the start-ups. Three of the four start-ups scored mostly confirmations (thirty confirmations, five neutral scores and one denial). The fourth start-up scored in contrast three denials, four neutral scores versus ‘only’ five confirmations. A deeper look into the results of this fourth start-up reveals that all of the denial and neutral scores are located within the characteristics that were derived from the organic versus mechanistic organization from Burns and Stalker (1961).

Another interesting finding is that not even one characteristic has solely scored confirmations. However, three characteristics scored five confirmations with only one neutral score (task division, location of knowledge and room of maneuver).

In case of the incumbents, contradictorily results were found. One of the incumbents scored six denials versus five confirmations and one neutral score. In contrast, the other incumbent scored six confirmations, one denial and five neutral scores (on other characteristics). These findings suggest that the hypothesis that incumbents organizations follow a mechanistic structure is too ad hoc.

All in all, despite the fact that in most cases the characteristics were confirmed, neutral and denial scores were present so often that table 1 cannot be generalized. Hence, because of the amount of confirmations the table may serve well as a handle. An explanation for the denial and neutral scores could be the earlier mentioned statement about the life phase of the industries. As Covin and Slevin (1990) stated, new ventures in emerging industries have the most organic structures. The interviewed start-ups were operating in both emerging and mature industries. Hence all of the respondents stated that their business operations were an emerging and/or dynamic interpretation of these different types of industries. This insinuates that the industry itself may not be the most important factor, but the interpretation of this industry is. On top of that, it implies that the terms mature and emerging are not completely demarcated. In addition, one of the start-ups showed a significant number of characteristics of an incumbent. In this case, the founder/owner was a proponent of mechanistic organization structures and standardization processes. An opposite situation was present at the first incumbent, this CEO was a proponent of certain organic organizational characteristics. All in all, preference of the CEO and industry lifecycle plays an important role in whether an organization is organic or mechanistic and/or has the added characteristics.

The interview- levers

The interviews revealed that start-ups do not attach the same value to the same levers than incumbents do. Table 3 sums up the importance and completion of the eight levers. ‘Yes’ indicates importance and/or presence of the lever, ‘no’ indicates absence and/or a low level of importance of the lever and ‘-‘ means a compromise. All levers are provided with an additional explanation in the paragraph below the table.
The first lever refers to actions, cross functional collaboration between different departments. The interviews of the start-ups revealed that this lever was of non or even low importance. In two cases the start-ups did not even have departments, in the other two cases lines were so short that cross functional collaboration was not indicated as a crucial factor whether a strategy was implemented successful or not. This finding is in contrast with the incumbents, they both attach value to cross functional collaboration in order to implement a strategy successfully.

The second lever, instilling organizational learning and improvement, was important to all of the six respondents. Hence, a difference was found in the way of this learning and improvement. The learning and improvement process was a more ad hoc process within the start-ups and a more planned process within the incumbents. One of the start-ups indicated this learning and improvement also as a pitfall, too much learning has led to the loss of focus in the past. The third lever refers to the installing of strategic support systems. The interviews revealed two situations: or the company sees the importance of this system and is willing to use it in the future, or the company uses other methods like personal contact and control with/of the workforce (and does not attach any value to these systems). In the cases where value was attached to these systems the following situation exists. As mentioned in the literature review, three types of strategic support systems exist (McCann, 1985): (a) human resource systems (b) control systems and (c) structural systems. The interviews revealed that the start-ups lied the focus on control systems and attached less (or no) value to the other two. In contrast, the incumbents attached (some) value to all of the three systems. Hence, except one start-up none of the respondents found this lever of great importance.

The fourth lever refers to establishing strategy supportive systems. (4a) refers to the fact if the company has established strategy supportive policies, (4b) refers to the fact if these policies are responsive to patterns of incidents rather than particular incidents. All of the six organizations have strategy supportive systems and all of them attach value to this in order to successfully execute a strategy. Secondly, five of the six organizations as well have policies that are responsive to patterns of incidents as they have policies that are responsive to individual incidents. The start-ups and incumbents with this mix indicated the same main reason, the voice of an individual customer could be important enough to change policies. Interestingly, at start-ups this responsiveness to individual incidents prevailed more often that it did at their incumbent colleagues. The reason for this was the relatively larger dependence on individual customers.

The fifth lever refers to the exercising of strategic leadership, three of the four start-ups were so small that this lever was not relevant. Both incumbents indicated leadership as an important factor when implementing a strategy.

The sixth lever is about allocating resources, interestingly all of the six organizations (start-ups and incumbents) allocated resources based on their feelings. All of the respondents came up with the same argument: that is entrepreneurship. Both incumbents (as well as some start-ups) indicated to have plans for making this process more rational in the future.

The seventh lever is about tying rewards to achievement, none of the start-ups had a system for tying rewards to achievement. The fact that (in three of the four cases) all employees were owners, rewards resulted in directly financial benefits. Most start-ups added informal rewards to these financial benefits. At the same time, both incumbents did not have (extensive) reward systems. These incumbents put forward different arguments: being a foundation (incumbent 1) or the hustle (incumbent 2).

The eighth and final lever is about the strategic shaping of corporate culture. The interviews revealed that in general the start-ups were so small that the strategic shaping of corporate culture (except flexibility) did not play a significant role in implementing a strategy. In the cases of the incumbents, corporate culture was indicated as an important factor for successfully implementing a strategy. Within these two cases there was a difference in the content of this culture, one culture was more empowering and fearless than the other culture.

The interview - barriers and facilitators

As main barriers the start-up organizations mentioned uncertainty, lack or resources and the big market dependence. In contrast, the main barrier that both incumbent colleagues experienced is ‘reaching’ the employees and overcoming an existing culture. Both incumbents stated that it was one of the biggest challenges to get the strategy in the employee’s ‘capillaries’ and to make sure the strategy is implemented well on every organizational level. As main facilitators for successful strategy implementation the start-up organizations were unanimous: short lines and direct control. The incumbents were not that unanimous, one of them also identified short lines and direct control as main facilitator, the other one identified so called culture bearers as main facilitators.

6. CONCLUSION AND FURTHER OUTLOOK

6.1 Main findings

The empirical findings that were revealed in the interviews suggest that several levers of the eight lever model of Crittenden and Crittenden (2008) were not experienced as relevant for start-ups: cross-functional integration and collaboration, the exercising of strategic leadership and the strategic shaping of corporate culture. In contrast, these levers are important for their incumbent colleagues. In case of the Strategic support systems: the system of control ought to be the most important one in case of start-ups (in contrast to incumbents, who attached value to human resource systems, structural systems and control systems). Despite the fact that allocating resources and monitoring did not occur by means of formalized systems within start-ups, this lever is still indicated as important by both start-ups and incumbents (they are just approached differently within these two types of organization). In addition, several new implementation variables that are of importance for start-ups were proposed: short lines, flexibility,

<table>
<thead>
<tr>
<th>Start-up 1</th>
<th>Start-up 2</th>
<th>Start-up 3</th>
<th>Start-up 4</th>
<th>Incumbent 1</th>
<th>Incumbent 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)Actions</td>
<td>No*</td>
<td>No*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>(2)Programs</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes*</td>
<td>Yes</td>
</tr>
<tr>
<td>(3)Systems</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(4a)Policies</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes</td>
</tr>
<tr>
<td>(4b)Policies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(5)Interacting</td>
<td>No*</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>(6)Allocating</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(7)Monitoring</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(8)Organizing</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 3 graphical representation of the interview results
ability to overcome uncertainty, ability to overcome market
dependence and direct control on the business operations and
employees. These additional variables are a result of the
identified barriers and facilitators that are presented in the
previous paragraph. Finally, all of the cases had one
characteristic in common, the strategy implementation process
was very situational dependent (for instance working with
shielded employees, new regulations or market waves). This
could be a challenge in standardizing the strategy process.
These findings could help practicing managers of start-ups and
incumbents to improve their strategy implementation process.
For instance, they should focus on the levers that were
identified as important for their type organization. On top of
that, they could draw lessons from the identified barriers and
facilitators for their type of organization.

6.2 Practical implications
These findings could help practicing managers of start-ups and
incumbents to improve their strategy implementation process.
For instance, they could rise their focus on the levers that were
identified as important for their type organization. On top of
that, they could draw lessons from the identified barriers and
facilitators for their type of organization.

6.3 Scientific implications/limitations and
suggestions for further research
This study contributes to the existing literature because it
practices the literature about strategy implementation to the
field of start-ups. This focus has lead to interesting results, it
turned out that several levers of successful implementation were
not relevant for start-ups. Hence, this study, and therewith also
the literature review and the interviews, is limited due to time
and resource constraints. Therefore, it cannot be stated that this
research comprises all aspects influencing strategy
implementation at start-ups in comparison with incumbents. On
top of that, although the interviews partners were independent
and diverse, it cannot be considered that this sample (four
interviews with start-ups and two interviews with incumbents)
is representative for all start-ups and incumbents as this sample
size is relatively small. All things considered, further research has
to be carried out in order to either confirm or deny the
findings of this paper. For instance, subsequent studies may
provide more in-depth explanations about this reviewed levers
of successful implementation and whether the results of this
study could be generalized when tested on a larger scale. For
instance, the lever about exercising strategic leadership. According to Vecchio (2003) tying
entrepreneurship to leadership is yet a neglected topic within
academic research and may be an interesting field of study.

Finally, further studies could provide further explanations
about the influence of industry life phase on the strategy
implementation variables as an addition to the organizational
characteristics that were already taken into account. The starting
point for this recommendation is the fact that exploiting
opportunities in a new or changing industry is generally easier
than making waves in a mature industry (Bhide, 1994). This
will most likely influence the strategy implementation process.

I hope that the suggestions for further research will help to
create a reliable and valid model that is understandable (and
with managerial relevance) for successful strategy
implementation at start-ups.

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### 8. APPENDICES

#### 8.1 THE INTERVIEW

The interview started with asking for permission to record the interview. Then, basic information such as age, industry and number of employees was gathered.

<table>
<thead>
<tr>
<th>AQ1 Name company</th>
<th>AQ2 Age of the company</th>
</tr>
</thead>
<tbody>
<tr>
<td>AQ3 Industry</td>
<td>AQ4 Number of employees/ FTE’s</td>
</tr>
</tbody>
</table>

The second part is an open part and its goal is to discuss experiences about strategy implementation with the respondent.

BQ1: How is strategy executed within this firm?

BQ2: What are the barriers for successful implementation?

BQ3: What are facilitators for successful implementation?

The third part is semi-open and refers to the eight levers (that were discussed in the theory section) and their influence on the strategy implementation within the firm.

#### Lever 1 Actions—who, what, and when of cross-functional integration and company collaboration

CQ1.1 Which players in your organization are involved in the strategy implementation process?

CQ1.2 Can you tell something more about the cross functional collaboration within your company when it comes to strategy implementation??

#### Lever 2 Programs—installing organizational learning and continuous improvement practices

CQ2.1 Does organizational learning and continuous improvement play a role in the implementation process?

CQ2.2 If it does, what role plays innovation in this?

#### Lever 3 Systems—installing strategic support systems

CQ3.1 Are strategic support systems used in the strategy implementation process?

CQ3.2 If they are, what are the effects of these systems?

CQ3.3 If they are not, what is the reason for this?

#### Lever 4 Policies—establishing strategy supportive policies

CQ4.1 Does the company have established strategy supportive policies?

CQ4.2 If yes, are these policies responsive to particular incidents or responsive to a pattern of incidents?

#### Lever 5 Interacting—the exercising of strategic leadership

CQ5.1 Can you tell something about the leadership style in your organization?

CQ5.2 Do you think it is a necessary condition that your employees face your decision as ‘honest’

#### Lever 6 Allocating—understanding when and where to allocate resources

CQ6.1 In the strategy implementation process, how are resources allocated?

#### Lever 7 Monitoring—tying rewards to achievement

CQ7.1 This question is about monitoring the strategy implementation, how are rewards tied to achievement?

#### Lever 8 Organizing—the strategic shaping of corporate culture

CQ8.1 In what terms is the company’s culture supportive to strategy implementation?

CQ8.2 In what extent is this culture empowering and fearless?

### 8.2 THE QUESTIONNAIRE

The fourth, and last, part of the interview aims to provide an insight in whether the company ‘fits’ the characteristics of start-ups/incumbents that were discussed in the literature review. This part is executed by a survey.

In general the operating management philosophy in my the favors (using a three point scale):

<table>
<thead>
<tr>
<th>Problems and tasks facing the organization are broken down into specialist, functional tasks and distributed around the organization accordingly</th>
<th>OOO</th>
<th>Specialist knowledge within the organization wherever it resides, is seen as a potential contributor to the overall problems and tasks of the organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>The tasks of individuals are largely abstracted from the</td>
<td>OOO</td>
<td>The tasks of individuals are ‘located’ in the</td>
</tr>
</tbody>
</table>

11
broader goals of the organization, such that their accomplishment is seen as a means to an end in itself, rather than contributing to the ends of the organization | broader context of the organization

Tasks attached to specific functional roles are defined precisely by supervisors | OOO | Tasks are subject to continual redefinition through interaction with others

The responsibility of an individual is closely linked to his or her assigned functional role (and its associated tasks) | OOO | The commitment and responsibility of an individual is seen as stretching beyond specific tasks or roles

A hierarchical structure of control, authority, and communication exists | OOO | A network structure of control, authority, and communication exists

Knowledge is seen as concentrated at the top of the hierarchy | OOO | The dispersed nature of knowledge within the organization is recognized

‘Vertical’ interaction and communication within the organization predominates (i.e. between superior and subordinate) | OOO | ‘Lateral’ or ‘horizontal’ interaction and communication within the organization predominates (e.g. between function)

There is insistence on loyalty to the organization and obedience to superiors | OOO | Commitment to the goals and progress of the organization is seen as more important than loyalty or obedience

Greater importance and prestige is attributed to internally specific, rather than externally relevant, knowledge, experience and skills | OOO | Greater importance and prestige is attributed to externally relevant, rather than internally specific, knowledge, experience, and skills

Reward and control system is extensive and tailored to product or department | OOO | Reward and Control system is paternalistic and personal

Meeting the needs of existing customers is a barrier to change | OOO | Meeting needs of existing customers is not a barrier to change

Remark: All of the respondents and their firms are Dutch. In order to overcome language barriers, the interview and questionnaire were therefore conducted in Dutch. The translated versions of the interview and the survey are available.