Managerial Intentionality in Strategy Making

Working Paper 5

August 2001

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ABSTRACT

The purpose of this paper is to explore how strategy makers think about strategy making. The focus is on how individuals come up with new ideas, how they are sharing their ideas, and how they become emotionally engaged to make these ideas happen. By using case-studies of nine Internet banks in Spain, we extend the model of strategy making as serious play suggested by Roos and Victor (1999).
INTRODUCTION

Organizations are experiencing the deconstruction of their industries and the emergence of new ones as the Industrial Era is transitioning to the Internet Age. Approaching the way managers become intentional in this organizational adaptation seems crucial in order to address the challenge of provoking self-renewal in these co-evolving environments.

In an effort to contribute to increase the comprehension of how managers in organizations facing complexity conceptualize strategy making, our aim is to approach the inherent dynamics of the strategy formation process, seen from the strategy makers perpective. In our search for an interpretative framework we were inspired by Hamel (1998a). This author claims that in order to compete in rapidly changing environments, “companies have to create a point of view. If you want to create a point of view about the future, you have to create in your company a hierarchy of imagination.” To this end we applied Roos and Victor’s (1999) framework, which essentially describes strategizing as emergent from different kinds of imagination. The context of our study is the fast-changing and emergent landscape of Internet Spanish banks.

First, the theoretical framework of this research is described. Then, the context in which the field study was carried out is presented, and the research methodology adopted is explained. In the next section the findings from the multiple-case study are developed. Finally, some main theoretical, and practical implications are discussed as well as the boundary conditions, and suggestions for further research.

STRATEGY MAKING AND STRATEGIC IMAGINATION.
Over the last decade strategic management literature has roughly divided the approaches to strategy making into two overlapping but distinctive categories. One kind of strategy making focuses on the workings of a single, or highly localized strategic mind(s). This literature has been labelled the “prescriptive” school of thought (for a fuller discussion of this distinction see Mintzberg, 1990a, 1991; Ansoff, 1991). According to this school strategy is made though the intentional execution of sequential and logical information processing. This cognitivistic process (Varela et al., 1992; von Krogh et al. 1994) of strategy making assumes that the human mind can with the right inputs and enough discipline unfold the complications in the environment, identify and order SWOT and, thus, derive a competitive strategy.

In contrast, what has been labelled the “descriptive” school of strategy making focuses on a collective or even networked strategic mind. According to this school of thought strategy is made through incremental learning and connected information processing. This connectionistic process (Varela, 1992; von Krogh et al. 1994) of strategy making assumes that strategy emerges through the unintentional and often unrecognized reactions of many minds throughout the organization.

Within both mentioned streams, that is, the prescriptive and the descriptive categories, Mintzberg (1990b) identifies ten different schools. Among them, in particular, the prescriptive school of design and the descriptive school of learning have been playing the leading role as the primary theories in use (Mintzberg, 1990b; Ansoff, 1991). The design school (Selznick, 1957; Learned et al, 1965; Andrews, 1971) draws our attention to understanding the analytic activities that prepare the strategy makers with the data essential for their task. The learning school (Lindblom, 1959; Braybrooke and Lindblom, 1963; Mintzberg, 1978, 1987b, 1991a, 1991b; Mintzberg y Waters, 1985; Quinn, 1980, 1989; Mintzberg, Alhstrand y Lampel, 1998) focuses on the gathering of experience, which is, like data, an arguably essential resource of strategy-
making. Nevertheless, both of the highlighted schools—the design and the learning schools—are silent as to how data and experience are converted into original strategies.

In this sense, Roos and Victor’s (1999) model assumes that strategy-making includes the intention to develop original ideas and that the process of such development involves the presence of strategic imagination. This fact turns our attention to the nature of imagination in general and strategic imagination specifically, that might become crucial in particular in the context of our study, where not only the banking industry is being deconstructed but also Internet banks are emerging. In concrete, Roos and Victor (1999) claim that strategic imagining emerges\(^1\) out of the interaction of three kinds of human imagination (Figure 1):

- Creative imagination, which is about evoking truly new possibilities form the combination, recombination or transformation of things and concepts. The inherent trap of this kind of imagination is fantasy.

- Descriptive imagination, which basically identifies patterns, finds and labels regularities that associates images so necessary to cut through and perceive the mass of data generated by analysis and to utilize the judgement gained from experience. The inherent trap of this kind of imagination is paralysis.

Challenging imagination is the kind of imagination that negates, defames, contradicts and even destroys the sense of progress that comes from creativity and descriptions. The inherent trap of this imagination is nihilism.

\(^1\) According to complexity theory, thanks to emergence, at a particular level of analysis, the outcome produced by a dynamical system comprised of agents or parts at a lower level of aggregation is more than a mere sum of the behaviour of the agents at the mentioned lower level (Holland and Miller, 1991). Therefore, modifying the scale of observation, new and emergent properties might be observed (Oliver and Roos, 2000).
While the interplay of imaginations is not directly observable, what we can observe are the manifested social dynamics among strategy-makers from which the original strategy emerges\(^2\). These social dynamics are basically three: (a) constructing to stimulate new ideas, (b) externalizing to share meaning, and (c) deep engagement that would ultimately transform people; dynamics that will guide the data collection of our study, as we discuss in the next section.

**METHODOLOGY.**

\(^2\) Thanks to *emergence*, at a particular level of analysis, the outcome produced by a dynamical system comprised of agents or parts at a lower level of aggregation is more than a mere sum of the behaviour of the agents at the mentioned lower level. (Holland and Miller, 1991). Therefore, modifying the scale of observation, new and emergent properties might be observed (Oliver and Roos, 2000).
We pursued our research using case studies. Cases are particularly suitable to answering "how" and "why" questions and are well suited to generating and building theory in an area where little data or theory exists (Yin, 1984). They also enable us to use "controlled opportunism" to respond flexibly to new discoveries made while collecting new data (Eisenhardt, 1989). Yin's (1984) tactics (construct validity, internal validity, external validity and reliability) were carefully considered in this research.

In particular, we dealt with the construct validity in our study: - using multiple sources of evidence; - establishing a chain of evidence, and - having key informants reviewing the draft case study report. Internal and external validity in the findings were also taken into account, mainly by applying pattern-matching and replication logic respectively. Finally, we were concerned about the reliability of the results mainly by carrying out a case study protocol and by developing a case study data base. These tactics occurred mainly during the data collection, data analysis, and compositional phases, and are therefore described in greater detail in subsequent lines of this section.

As stated in the introduction, the context of our research is Spanish Internet banking. The studied cases fulfil the two following requisites: a) Homogeneity of the external factors to the organization, in order to reduce distortions arising from the industry. b) Search of the conditions that allow applying the literal replication logic. In the following paragraphs we present the most relevant features regarding both mentioned requisites.

During the 90s the banking industry in Spain is essentially characterized for its dynamism; confrontation to multiple threads; and high rates of economic power. Thus, it offers a rich analysis material to contrast new approaches (Bueno and de la Torre, 2001). In a
simplifying and systematizing effort, the main drivers of change in the last decade are mainly: a) Systemic aspects, such as deregulation and liberalization (as in 1993, the banking industry is practically liberalized in the European Union, in harmony with the north American and Japan) as well as globalization and internalization (determined by the freedom of movement of capital and the possibility of establishing abroad. Nevertheless, the capillarity of distribution channels has been an important entrance barrier for foreign banks that wanted to establish in Spain until now. This entrance barrier might become an exit barrier with Internet); b) Socio-cultural aspects, such as the change of the profile of customers (characterized for demographic shifts; the generalized increment of financial culture, that increases the level of exigency and reduces the link with a concrete entity; and an increment of the relative value of time); c) Technological aspects, such as the technological breakthroughs, and; d) Economical aspects, including a great economic dynamism.

Specifically, the research context of this study is strategy formation within Spanish Internet banks, which represents an activity characterized by its emergency and strong strategic challenge in banking. Moreover, this traditionally mature industry in Spain is not only undergoing rapid change, but also experiencing a fundamental shift in the rules of competition and the way the game of competition is played. In concrete, this landscape is defined as:

- Fast-changing, determined by the high rate and frequency of change. Spanish Internet banks have to be ready to reinvent themselves every short time as they seem to be closer to a technology organization than to a bank. An illustrative case is Bankinter. In the third trimester of 2000, this Spanish Internet bank has launched a new product every 15 days (Real, 2001).

- Hypercompetitive, defined not only by the actual competitors, but also by the threats of potential competition of new pure virtual organizations established in the industry, foreign
banks and competition from other industries.

- Emergent, as the rate of penetration is still low in Spain (according to Merrill Lynch (2000), about 30% of the banking customers (normally the most profitable) are Internet users). Nevertheless, according to the mentioned report, the potential of growth is high.

- Pioneer, as the e-banking is playing the leading role of electronic businesses in Spain (Stofenmacher, 2000).

  - Based on information and knowledge, as money and value are the most virtual products (Fernández Armesto, 2000) and Internet emerges as the global media of exchange. It is already technically possible to establish a complete banking relation through Internet (Matas, 2000).

Data collection.

In order to increase construct validity, data regarding the nine Internet Spanish banks that participated in our research were collected from both primary and secondary sources. The primary sources included semistructured individual interviews (from two to three sessions of two hours each session in average per case) with the CEO or the person or persons assigned by them (nineteen people in total). A case study protocol was developed pursuing reliability in the findings and a pilot study was carried out in order to refine our data collection plan with respect to both the content of the data and the procedures followed. Building on the work of Roos and Victor (2000), three were the questions we were searching to answer basically regarding the strategy process: - How are individuals in the organization stimulating their imaginations during
the construction phase\textsuperscript{3}; - How are they communicating their ideas?; - How do they become personally and emotionally engaged? The data collection process took place between July 2000 and December 2000. In the first stages of the research, the interviews helped us to develop an understanding of the strategy process in the different cases. At the latter stages, little new information was obtained, and the interviews gradually became a way of increasing the construct validity of the conclusions we were developing.

Secondary sources were also used to collect background information about the cases. Such sources included: annual reports; internal documents provided by the interviewees such as calling to meetings, presentations of past meetings, internal newsletters and intranets, etc.; various articles on specialized reviews and newspapers about the situation and evolution of the Internet banks in general and on the different cases in particular.

**Data analysis.**

Interviews notes were first transcribed in order to increase reliability by creating a case study data base, and then arranged and systematized according to topics. For case-study analysis, pattern-matching logic was used, where the empirically based patterns were compared with the predicted ones, based on the theoretical framework of this study, in an effort to strengthen the internal validity of the research. The comparison of the case studies within the same industrial context enabled 'analytic generalization' through the replication of results, either literally (when similar responses emerged) or theoretically (when contrary results emerged for predictable reasons) (Yin, 1984), reassuring that the evidence in one well-described setting was not wholly

\textsuperscript{3} Our underlying epistemological assumptions are based on a constructionist approach in the sense that the world is not pre-given but created, therefore understanding cognition as the act of bringing a world forth. For a fuller study see von Krogh, G., and Roos, J. (1995).
FINDINGS.

Next, we present the main results attained in this study. In order to better illustrate them, we include some representative quotes and evidence⁴. While the evidence is less discussed when testing theory (Glaser and Strauss, 1967), more dedication is devoted when building theory (Glaser and Strauss, 1967). The discussion is articulated around the three main interrelated social processes highlighted by Roos and Victor (1999), that is, construction of new knowledge, sharing of meaning and transformation of identity; which we develop each in turn. Thus, strategy-making was not a one-stage process⁵ in the sense of creating a vision in the emptiness:

“The aim is not that a central department create a vision in the vacuum and try to apply it, but the inverse process.”

From the evidence it follows that:

“The objective is to receive, to talk much with our people and to be able of establishing a project with which every business unit feel identified.”

Construction of new knowledge:

⁴ The quotes and evidence, which are presented in inverted commas and italics in the paper, respond to an analytic generalization in accord with the methodology used in the research.

⁵ Creating a vision in the emptiness starts where it ends: with the creation of the vision in the emptiness.
In our research, this social process was inspired by the experience gained through shared acting and the data analysed through shared thinking.

**Shared acting** seems to be a crucial source of new knowledge in the strategy process in Internet Spanish banks:

“There are new business opportunities that emerge, that I believe nobody has clear nowadays. The challenge is to do things that we haven’t done before, that unless the web wasn’t there we could not do. It is there where in our opinion there are going to be the most important opportunities. We are just starting now.”

The reason of its importance might be given by the emergence of the context of the study.

“It is like going to a casino to play. Nobody knows anything. We are all like children. Thus, we have to learn. And to learn, we have to experiment and play.”

In this sense, the studied cases seem to understand acting as collective experiencing:

“We start having presence on the Internet and, being honest, I think during these first stages we go wandering about as we see a new world you do not completely understand. We start playing around to see what happens.”

Shared acting seems to develop in a “trial and error” path. Thus, shared acting (“trial”) is intimately related in a synchronous way to **shared thinking** (“error”) as another source of construction of new knowledge in Spanish Internet banks:
“The launch of the entity will have for sure many strategic mistakes, but we will have to rectify things as we move along, as we contrast with reality this pretty theory. We are moving, but we are not capable of saying: ‘Look, this is our strategy in e-banking’.”

“We implement it being in every place we think we should be, and paying great attention to how things develop there.”

This is why, according to the evidence, in this path, banks are:

“…basically worried about real time happenings and are very attentive at what is going on around - what their clients demand and imagine -. They wander about this path, and reflect upon every happening, so that at some point they come and say "This is not the right path, let’s do this, let’s try this way..."

In concrete, shared thinking seems to emerge out of the interaction of three interrelated processes: - Conceptualisation of experiences; - Systematisation of concepts; and; - Assimilation of common experiences.

-Conceptualisation of experiences (“We are now in a process of information and experiences captation..”)

The individual takes deliberate initiative to contrast and validate his or her ideas in light of new and unexpected events and information. Thus, strategic thinking is characterized by reflection, reconsideration, hypothesis testing and double-loop thinking, and not by the mere accumulation of experiences. New horizons that don’t adjust to old beliefs seem to unleash a course of switching from automatic processing to active processing.
“We use a mechanism of reflection with every unit that consists of writing down in a document of about 8 pages the performance in the last period and the deviations from you had previously anticipated. In this process nobody sees me as a threat, but as a facilitator, as an internal consultant.”

-Systematization of concepts ("...of sensibilization...”).

Strategic thinking gets its full potential when it is widely ingrained among the members within the company. This systematization of concepts [read it “ensuring knowledge connectivity”] is an advancement activity according to von Krogh, Roos and Slocum (1994):

“The rest of members of the board liked that element. The managing director of the bank decided that we had to be present in something so important, although still emerging, and so know about what the information highways were and what influences they could have on us.”

Then, the cases considered crucial that agents digest those concepts.

-Assimilation of common experiences ("and of internal knowledge distribution.")

“The most important is not the just the money you invest, but also that the organization understand the models.”

Shared acting and shared reflecting only prepare the strategic mind for its work (Roos and Victor, 1999). Out of the interaction of acting and thinking, the new idea seems to emerge
when the system is at a “critical state”. As complexity theory\(^6\) suggests, in complex adaptive systems, small changes in behaviour can produce small, medium or large changes in outcomes. Bak (1996) proposes that such systems are self-organized critically, so that change occurs in avalanches, when the system has reached the critical state such as the following evidence belonging to a same case study shows (Table 1):

Table 1: The Emergence of a New Idea out of the Interaction of Shared Acting and Shared Thinking.

<table>
<thead>
<tr>
<th>Shared Acting</th>
<th>Shared Thinking</th>
<th>Emergence of a New Idea</th>
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<tbody>
<tr>
<td>“A small nucleus called New Distribution Systems was created, giving free access to the Internet (Nexo.com)….”</td>
<td>“…We saw the next problem that arose was that clients could not &quot;surf the web&quot;. What to do? We started a new analysis and found a project, Starting Point, which was a kind of portal (one of the first portals on the web). After analysing it, we realised it was worth trying”</td>
<td>“… and so we came to create Km. 0. We created this small structure, a small portal…”</td>
</tr>
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\(^6\) This theory is a multi-disciplinary approach for studying the behaviour of “complex adaptive systems”. The term, coined by Holland (1992), refers to systems with the following features in common. First, there are a large number of parts that interact with each other in non-linear ways. As a result, the unexpected, surprising, emergent behaviour shown by the whole system is not a simple sum of its parts. Secondly, the impact of these systems focuses on the aggregate behaviour, the behaviour of the whole. However, this aggregate behaviour feeds back to the individual parts. Thirdly, the interactions evolve over time, as the parts adapt in the attempt to survive in the environment provided by the other parts. Finally, these complex adaptive systems have acquired the ability to anticipate. In seeking to adapt to changing circumstances, the parts of the system develop rules and models to anticipate the consequences of responses, therefore, displaying an ability to learn. Thus, we view the business environment as complex.
something similar,…”

“… and we started to work and continue learning…”

“In the journey, again we realised there is no other way of learning and creating value but to generate a transactional process…”

“…We set up an adaptation of what was our own process in telephone banking, the concept of one-to-one marketing over the structure of TransVison…”

“…and started to allow our clients to carry out on-line transactions with us…”

“…By analysing our clients’ behaviour we realised the stock exchange market was the first source for creating value…”

“…So we decided to set up at the end of 1996 the first system of brokers, broker-on-line, which at that time was interacting with the Madrid stock exchange.”

According to the cases, the emergence of new ideas is very appreciated:

“We believe that being a follower in this business, that is, to follow the same way but walking after, is almost a guarantee of failure as you don’t arrive to the critic mass needed. It is better to invent new paths and courses of action and trying to be leaders in it. The role of imagination is a key factor. New Economy is the old one but with a new perspective, a new imagination, a new vision. That is why it is important not to mix it with the conventional procedures, systems and structures.”

“New businesses are the most difficult challenge to everybody. Our entity defines this business area as an “arm with muscle”. The challenge is to do things that we haven’t done before, that unless the web wasn’t there we could not do. It is there where in our opinion there are going to be the most important opportunities. We are
just starting now. Things are changing, and in the sense, we have to start imagining new business.”

Nevertheless, the challenge is not just it. In order to complete the emergence of shared imagining and for strategy to be effective, once the new idea has emerged, the sharing of meaning and the transformation of identity showed relevant.

Sharing the new idea.

Then it seems to be a point at which the emerging idea is ready to be shared. How are individuals involved in strategy making communicating their emergent ideas in Internet Spanish banks?

The evidence shows indications of the descriptive imagination as playing a crucial role in this phase, as communicating the patterns identified from experience and data has shown relevant in the cases:

“We tried to portray the Internet value chain as we saw it in that moment. We saw there were different agents such as companies and home economies. Moreover, there were also a series of figures capturing all the value, including local carriers and bull carriers, as well as Internet Service Providers (ISP) such as AOL, offering not only access but also e-mail. Other figures appeared two years later, Application Service Providers (ASP), those capable of designing applications working on the web. We noticed the role of the bank merely providing contents or financial services on the web was too weak, as it happened to the Bank of America in 1995. At long term, there seemed to us that other agents would be more likely to be creating value.”
Transformation of identity.

The question would then become: How do individuals become personally and emotionally engaged in Spanish Internet banks?

In this direction, the studied cases suggest that there are two main social processes interacting: Consenting around the emerging field and the commitment with the new horizons.

- Consenting around the emerging field [read it knowledge evaluation] might be understood as an advancement activity (von Krogh, Roos and Slocum, 1994).

“The Internet team has the responsibility of discriminating and giving priority to the different ideas that emerge.”

“Ideas arrive in a chaotic way. We have a department that is the interlocutor, that canalise and analize the different opportunities and internal projects.”

During this phase, indications of challenging imagination, that is, the kind of imagination that negate, defame, contradict and even destroy the sense of progress that comes from creativity and descriptions (Roos and Victor, 1999), seems to be emphasized:

“The idea of our entity becoming an Internet Service provider (ISP) sounded very revolutionary, as we proposed to provide these services for free. The issue was largely discussed, there were contradictory and extreme points of view, because the proposal was seen as a way of losing money. The final decision was to go ahead. We could not afford having anyone in between the client and ourselves, and that is what used to happen to the Bank of America and other banks of the United States in the past.”
- After consenting around the emerging field, individual commitment with the new horizons must arise. This commitment appears to show when there is coherence between what has been imagined and what is done. In our research, this interaction between shared imagining and shared acting results from the continually emergence and application of simple guiding principles that provide the members of the Internet banks with this coherence and guide the actions taken throughout the organization. Thus, from shared imagining it seems to emerge some simple guiding principles, as understood in complexity theory. According to this theory, the parts or components of a complex adaptive system are agents, which are complex adaptive subsystems themselves. A schema dictates each agent’s behaviour, that is, a cognitive structure that determines what action the agent initiates, given its perception of the environment. Often, agents’ schemata are modelled by a set of rules (Gell-Mann, 1994) or simple guiding principles (Lissack and Roos, 1999); that are necessary to face complexity and uncertainty (Levy, 1994):

“Formal planning processes and management processes, in general, are needed of more simplicity. Why? Because to complex environments, simple decisions models correspond: They are exponential factors.”

These principles, close to values:

“They are conceptual and they orientate you in the environment where you are acting. They are close to values, management by values.”

proportionate some coordinates of acting that guide the behaviour of the organization:

“We have a high capacity of adaptation, a high flexibility, but the guiding strategic lines are very
clear. To do so, we follow some strategic guiding lines on the basis of which we evolve. For example: “Decentralization and maximum freedom to the responsible and staff of the offices”, or “Closeness to the customer”, or “Importance of a spread out web”. In this sense, any action we start has to be aligned with this guiding principles.”

“We have some strategic lines that guide our behaviour: We are project-oriented; autonomy in our work; assembly meetings; everybody’s opinion is relevant; “The boss disappears”.

In this way, Internet banks do not control the details in plans but promote these guiding principles (Roos and Victor, 2001). The plan gets closer to a sense of shared planning, and seems to be substituted by a shared framework of action:

“Even with scenario theory, there are changes that could never been thought of. In prospective terms, it doesn’t have great value. The value of business development processes is to anticipate trends, or to create the future (for A level). To create this frame is what makes the difference.”

These simple guiding principles are revised periodically, as they co-evolve with the landscape:

“Some of these lines are very deep, some of them are modified, some others are added, and some others come from time ago and are very clear.”

“Although the strategic lines have a certain stability in time, they adapt continuously.”

The different mentioned constructs -- shared acting, shared thinking, shared imagining and shared planning -- emerged out of the interaction of various agents involved in strategy-making, contributing to their positive co-evolution and to a real-time awareness of the business
landscape. Figure 2 depicts the strategy-making process as conceptualised by managers in Spanish Internet banks:

![Strategy-making: The case of Spanish Internet banks.](image)

**DISCUSSION AND CONCLUSION.**

The strategy formation process outlined above extends Roos and Victor’s (1999) original framework in that the dynamic observed in the cases had three critical elements: (1) the construction of new knowledge; (2) the sharing of meaning emerging from that knowledge; and (3) the transformation of identity assimilating the new knowledge. Moreover, shared acting and shared thinking fuelled shared imagining, as emergent out of the interaction of the three
mentioned elements. It is a complement of the original framework in that it borrowed the complexity concept of ‘critical state’ in order to shed a light on the emergence of new ideas in the construction of knowledge. It also attempted to explain the interaction between shared imagining and shared acting through the complexity concept of simple guiding principles. Besides, the different constructs involved in the process -- shared acting, shared thinking, shared imagining and shared planning—seemed to emerge out of the interaction of various agents involved in strategy-making, contributing to their positive co-evolution and to a real-time awareness of the business landscape.

Overall, the findings of this study suggest that the theoretical framework described in this paper, that is, an extension to the model of strategy making as serious play suggested by Roos and Victor (1999), may offer a better comprehension, and alternatives of action regarding the strategy process in times of industry deconstruction, where new ones are emerging. In what follows we develop how the model may contribute to strategy process research and practice.

In relation to the former, that is, implications for research, over the last decade the main discussions on strategy formation have been organized into two categories: the design and the learning schools. It now seems that the attempt to shed light on how data (mainly studied by the design school) and experience (on which the learning school focuses) are ultimately converted into an original strategy might inform and transform research in strategy-making. In particular, it fuels further the development of the science and practice of imagination as a source of strategy creation. Furthermore, the results of the research give us reasons to consider the potential of complexity theory as having much to recommend to the study of the strategy formation process in complex environments.

With regard to the latter – implications for practice- we will mainly focus our attention on how
to promote in the organization the emergence of the three interrelated social processes that have guided the development of this paper (construction of new knowledge, sharing the new idea, and transformation of identity), referring at the time to ways of avoiding the inherent traps of fantasy, paralysis and nihilism that are distinctive of the different forms of imagination (creative, descriptive, and challenging) that might play a crucial role in each of the social processes considered.

The construction of new knowledge seems to be fuelled by shared acting and shared thinking. In consequence, managers might provoke an accumulation of actions of thinking and acting and interactions of shared thinking and shared acting, as the preceding Table 1 shows, that lead to “avalanches” of creative imagination; avoiding at the same time the trap of fantasy. The questions then become:

a) Are data interesting enough (Roos and Victor, 1999)? Among the lines of actuation that might be open is the presentation of data in different formats. In particular, story telling seems suggestive (Barry and Elmes, 1997; Denning, 1998). In this direction, one of the practices highlighted in the evidence is the characterization of presentations by being basically qualitative:

“The presentations are more qualitative than quantitative, in which we make great use of pictures and metaphors.”

b) Are experiences motivating enough (Roos and Victor, 1999)? The efforts in this line appear also to be clear.

“We went to the United States, where we visited Silicon Valley and several start-ups, we saw the origins of everything and discovered several initiatives that called our attention. In concrete it
was interesting a presentation in San Francisco of the Bank of America and American On Line, in which a pilot project to study the possibilities of establishing a model for distributing financial products for engineers in the area of Silicon Valley was presented.”

“Our CEO came back after a sabbatical year included in the training meant for executives”

“In every business area there are formal and informal groups, that are paying great attention to what they see and communicate it to this core. They are as radar or tentacles that capture information and experiences. For example, there is a very important project in New York, and they are studying what is needed there to sell Latin American bonus in New York, and we learn from their experience.”

Trying to enrich both experience and analysis, Internet banks seem to import energy into the organization including new voices such as those of young people and those of new comers (Hamel, 1998b), thus promoting the coexistence of various systems, processes and behavioural patterns (Nonaka, 1988):

“The topics of “No ties, under 30...” are romantic ideas. We have to look for an equilibrium as there are people without those requisites that can also add great value.”

“We try to challenge the reduced circle. That is why every year in Toledo we organize a meeting with the 300 top managers in the bank”

Spanish Internet banks also include new experiments, as Hamel (1998b) recommends:

“Since we started, we have put into practice a great variety of small projects; some of which had an
impact in the organization.”

“We analize all the different possible initiatives that might appear. Then we assign pilot trials or a team that might develop it, depending on the case.”

New conversations (Hamel, 1998b) are considered too, going beyond the traditional boundaries of both, the organization and the industry. Internet Spanish banks seem to approach the market, related technologies, and other organizations as follows:

The market:

“Before launching a product, we test clients and carry out disposability and follow-ups through this "call me back" that allows us to see our mistakes and to amend these errors by implementing the necessary changes.”

-Related technologies:

“There is also a change in terms of structure and policy of alliances of the bank. We create an area called "Inter-managing New Technologies". This area looks for companies on the web to help us to create value within this atmosphere we have been creating. Globaliza, Peoplecall, for instance, are companies that the bank would not be meant to take part in. Nevertheless, in this Internet-based relationship with the client it does make sense, because it means added value.”

-Other organizations:

“In order to promote the emergence of new ideas, in order to invent new services, we are also going to need the
collaboration of different industries. We also have relationships with suppliers or companies in the group. This is, for example, how the sale concert tickets started”

New perspectives seem to be taken into account as well:

“For September, we are having meetings of 4 to 8 people (the CEO, the delegate advisor, three general managers, and people in the business world). They are around three hours long, and they are related to Internet world. External New Economy experts are invited to share their experiences with us.”

These participations contribute to a positive co-evolution of the members involved in the strategy process and provide a real-time awareness of the emerging and fast-changing business landscape where they are operating. In this sense, Internet Spanish banks try to adapt to the environment and its changes in a constant and spontaneous manner. Thus, on the one hand, they attempt to survive in the environment provided by the other agents:

“The external pressure pushes. We cannot stay apart from Internet revolution.”

On the other hand, they influence on the environment:

“Our action has implied changes in the business model followed up to that moment.”

In any case, evidence shows that they strive for taking advantage on every opportunity that might appear:

“New opportunities are appearing constantly, that I think nobody has clear today. It is like coming into a casino to play.”
“…very recently, we think of Internet as a broad project, of important magnitude, that is the conception of e-business as a source of opportunities.”

The sharing of the new constructed knowledge seems to become crucial in the process. Internet banks highlight the importance of this particular social process of sharing ideas, which seems to be exponential:

“We believe that the motors are on people and their interrelationships. Thus, people are the key factors. Technology supports the processes. We are conscious that the speed at which ideas flows is exponential.”

Nevertheless, as this social process appears to be delicate, the organization treats it with care in an effort to avoid paralysis, the inherent trap of the descriptive imagination, that showed manifestations of appearing most relevant in this phase of strategy-making:

“What we know for sure is that the worst we can do is giving access to people to decision elements but not asking them their opinion afterwards and not listening to them. In that way, frustration is all that is created.”

“In this process nobody sees me as a threat, but as a facilitator or an internal consultant.”

In consequence, face-to-face relationships appear important:

“Our CEO, talks to every responsible of the business microunits, to every office manager of the entity. He explains how the last year went and the future projects. To get people to know the aims and why we do things the way we do are exponential factors. That is why he travels
around Spain and Latin America. We believe that helps to assume changes.”

“They are mainly interactive meetings, organized in work groups. They are also very useful as people get to know to each other. It is not just a matter of money, but a matter of people understanding the ideas and the models.”

In this sense, Internet banks promote the overcome of the typical classical agency problems that might arise in the course of interactions. Among the different lines of action, the evidence seems to highlight the compensation by teamwork, motivating individuals to exert for organizational objective (March, 1991):

“Our culture promotes interaction and participation, on every level.”

However, it is also interesting to consider, as Eisenhardt and Galunic (2000) highlight, a balance and include also individual incentives, as collaboration might be established on the basis that it is positive to establish certain bonds, and not because collaboration *per se* is valuable.

For strategy to be effective, as described in the previous section, the transformation of identity shows relevant. In order to promote this phase and in an attempt to overcome the possible inherent trap of challenging imagination, the kind of imagination that showed crucial in this social process, Internet Spanish banks seemed to be promoting continuous excitement and new opportunities as well as impelling new experiments.

From shared imagining, some simple guiding principles emerge. To use simple guiding principles that work would then become important. Lissack and Roos (1999) highlight six simple rules that lead to failure: treat business as if it were a war fought on a battlefield; view
the corporation as a machine; practice management as control; treat your employees as children; to motivate, use fear; remember, change is nothing but pain. According to the following guiding principles arising from the evidence, it seems that these inappropriate principles don’t affect the studied cases; specially in what concerns ‘management as control’ and ‘treat your employees as children’:

“‘Decentralization and maximum freedom to the responsible and staff of the offices’, “Closeness to the customer”, “Importance of a spread out web’”.

“Autonomy in our work; assembly meetings; everybody’s opinion is relevant; “The boss ‘disappears’.”

These authors suggest to build these simple principles in values, aspect that appears to be considered in the Internet Spanish banks:

“They are similar to value management”.

and to use simple guiding principles not contradictories and that are allowed to interact:

“Our efforts are also focused in obtaining that these principles are not contradictory but cooperative. In general, ‘my model is better than yours’ tends to vanish off the face of the organization”.

Lissack and Roos (1999) also recommend aligning these principles with the purpose, identity and values of individuals and the organization as a whole. As Shaw, Brown and Bromiley affirm (1998), the success depends on how people that have to put the principles into practice are inspired:
“There is a top-down component in order to make all the wine of the same brand. The manager gives a few beats so that all the others follow the same melody.”

“How much does a comfort sensation, the sensation of not feeling estrange in a certain scenario cost? This is the value that corresponds to those that make corporative development. That is why I like abstract painting and every day more. It is being able to take individuals aspirations in business matters and try to build on them a common vision. It is not giving the right answers but making the right questions. It is provoking the right energy so that the company keeps on and in movement.”

The strategy process emerges then out of the actions and interactions of acting, thinking, imagining and planning. Thus, inviting people and taking clues by listening to young people, to newcomers, to external agents, even going beyond the traditional boundaries of the organizations and the industry, as Hamel (1998a) suggests, become crucial.

The efforts might be then focused in creating communities for turning what might be distributed labour into shared acting; what might be abstract discussions into shared thinking; and what might be negotiation of objectives into shared imagining and formation of will (Scharmer, 2000). Internet banks in Spain seem to be concerned regarding this issue:

“We don’t only finance but also manage new projects to know what is happening, to know what is going on. We have now started an internal rotation program.”

In this line, a practice promoted by the cases is the creation and participation in communities of practice (Wenger, 1998) that develop around what people do together:
“We try to favour the spirit of community between the organization and the users.”

Nevertheless, the conclusions drawn are likely to be constrained by boundary conditions, as one of the main primary sources of data collection were the CEO or the persons assigned by them. We have tried to compensate for this limitation explicitly taking into account Yin’s (1984) tactics to guarantee the quality of the research. But still we acknowledge the conclusions would benefit from further research from different points of view of different people from different levels in the organization, as well as with the opinion of people not involved in the strategy process. In this sense, ethnography might be an interesting complementary methodology to further validate and deepen our findings. Future lines of research, such as studying how to increase effectiveness in each of the previous phases (construction of knowledge, sharing of meaning, and transformation of identity), reveal as stimulating challenges to us. In this direction, understanding the social dynamics of strategy-making found in the research related to the notion of play (Roos and Victor, 1999), better to say, to serious play; appear as an interesting path to continue exploring.

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