STRATEGIC INITIATIVES AS MOTORS OF CHANGE
– A QUALITATIVE APPROACH TO STRATEGIC RENEWAL

ABSTRACT

How do organizations adapt to turbulent environments? Possible answers to that question can be found in research on strategic initiatives which has moved to the center of attention of strategic management research, as initiatives can offer ways for organizations to engage in explorative learning while simultaneously improving their existing capabilities. While today we have a good understanding of which contextual factors and which behavior patterns facilitate initiative performance, there is a limited understanding about the micro-processes that determine initiative emergence and opportunity identification in established firms. Based on qualitative data from three medium-sized companies in Switzerland, Austria, and Germany, the purpose of this grounded theory study therefore was to shed light on these micro-processes. Four behavioral patterns are identified as prerequisites of opportunity identification: (1) solution-driven search, (2) slack search, (3) networking, and (4) regeneration, all of which improve access to and availability of information. Findings also indicate that the availability of information facilitates opportunity identification through an interaction with sensemaking activities of organizational actors. Furthermore, for strategic initiatives to emerge, actors have to engage in issue selling activities to gain necessary attention and resources to pursue the initiative. Based on these findings, this study develops a model of strategic initiative emergence in established firms. The results of the study complement prior research on opportunity identification and strategic initiatives, however, they also steer the view towards a sensemaking and sensegiving perspective for research on strategic initiatives. Avenues for future research are outlined.
The question why some firms perform better than others has always been of central interest for strategy researchers. In search of answers to that question, strategic management scholars are basically concerned with the creation, survival and performance of organizations and with the fundamental notion that they cannot survive over time unless they can deliver some sort of value for society (Schendel & Hitt 2007). Opportunities for value creation arise when unfulfilled customer needs can be identified and ways can be found to satisfy these needs through new and innovative business models, products or services. Still, creating value for society is a challenging task given today’s pace of discontinuous, abrupt change in the knowledge economy and the consequential lack of environmental predictability. Economic environments have become both complex and volatile and consumer needs and technological opportunities are in a state of constant flux. Furthermore, globalization has created new economic playing fields with unprecedented nonlinear instability and ambiguity (Drucker 1993; Eisenhardt 2002; Hitt et al. 2001; Teece 2007).

In this context, which is neither benign nor controllable, firms are forced to constantly adapt to changing customer needs and to newly emerging technological possibilities for value creation. Their strategic postures have to be adjusted accordingly. While traditional approaches to strategic management have been dominated by assumptions privileging stability and positioning, change is nowadays treated as the normal condition of organizational life (Tsoukas & Chia 2002). Strategizing in a changing world is required to be more about moving quickly and rapidly taking advantage of opportunities than preserving a strategic position as dynamic environments build a fertile ground for entrepreneurial opportunities which offer strategic options for firms that are able to sense and seize these opportunities (Hayek 1945; Kirzner 1997; Shane &  Venkataraman 2000).

The ability to continuously renew strategically and “to integrate, build and reconfigure internal and external competencies to address rapidly changing environments” (Teece et al. 1997: 516) is thus an essential prerequisite for organizational prosperity. Processes of strategy-making have to be adjusted and renewed accordingly and the question how organizations can change permanently to adapt to dynamic environments has moved to the center of strategy researchers’ interest (Burgelman 1991).
The fundamental precept “strategy is about being different” is still true, however, our knowledge about how different strategic configurations develop over time is limited and we are far from completely understanding the micro-processes and activities of strategy creation and development (Regnér 2005). Recent works on corporate entrepreneurship (e.g. Floyd & Wooldridge 1999; Guth & Ginsberg 1990), strategic entrepreneurship (Hitt et al. 2001; Schendel & Hitt 2007) and dynamic capabilities (e.g. Teece 2007; Teece et al. 1997) emphasized the importance of the discovery and exploitation of opportunities as a prerequisite to strategic renewal and emphasized a natural relationship between strategic management and entrepreneurship research (Schendel & Hitt, 2007).

Organizational capabilities are extended or new capabilities emerge when entrepreneurial initiatives are pursued based on the existence of an opportunity (Birkinshaw 1997; Floyd & Wooldridge 1999). Still there is much that is not understood about how opportunity is created and how initiatives develop within the firm and the entrepreneurial process continues to be a mysterious one (Dunlap-Hinkler et al. 2010; Leiblein 2007).

Strategic initiatives, which are defined as discrete, proactive group undertakings that reinforce the current strategy of an organization or try to alter it by accumulating new or modifying existing capabilities (Burgelman 1991; Lechner & Floyd 2012; Lovas & Ghoshal 2000; Marx & Lechner 2005) have moved to the center of attention of researchers concerned with strategic renewal and strategic change. The investigation of strategic initiatives seems a promising approach to better understand the complex relationship between opportunity identification and strategic renewal as they offer ways for organizations to engage in explorative learning while simultaneously improving their existing capabilities (March 1991; McGrath 2001). As this study strives to enhance our understanding of how organizations renew over time, strategic initiatives are the unit of analysis in our research. Prior research on strategic initiatives was mostly concerned with the organizational context and how it shapes strategic initiatives (Lechner & Floyd 2012) through the internal resource allocation process (Burgelman 1991), structural contexts (Noda & Bower 1996), or managerial oversight processes (McGrath 2001). Furthermore, recent research added considerably to our knowledge about how different factors like group influence activities (Lechner & Floyd 2012).
2012), network relations (Lechner et al. 2010), and key learning activities (Lechner & Floyd 2007) contribute to the success of strategic initiatives. However, today we have no clear understanding of the initiative development process in organizations.

This research is therefore especially interested in the processes that take place in early phases of initiative development and if the roles of actors and networks change during the process, which is a question that had to remain largely unanswered by cross-sectional research (Lechner et al. 2010). Using a case study approach, this paper attempts to tell a “story that narrates the sequence of events that unfold as strategy changes over time” (Van De Ven 1992: 170) in a data set consisting of seven cases collected in three medium-sized companies from the packaging industry. From a systematic examination of the initiatives under investigation, we aim to answer the question what the micro-processes of initiative development are and which critical factors and activities can be observed. From these observations, a model of strategic initiative development will be developed.

There are several contributions this paper aspires to make: First, we want to contribute to strategy process research by enhancing our knowledge about the sources and early developments of strategic initiatives as vehicles of strategic renewal. While much has been done to understand the contextual factors that have an influence on initiative performance, there is no thorough understanding about the sub-processes of initiative creation and their early development. Second, even though recent work in the field of entrepreneurship has improved our knowledge on how opportunities are created in a new venture context, there are – to our best knowledge – no studies that systematically analyze the interrelationship between opportunity creation, strategic initiatives and strategic renewal in established firms. Third, as prior research has concentrated on big international corporations almost exclusively, investigating the unfolding of strategic initiatives in the context of medium-sized firms should complement prior research and offer some potentially new perspectives. Much of the research on strategic initiatives relied on case-studies in organizations that differed for different reasons from the “functional-hierarchical approach that tends to be common in industrial companies” (Lovas & Ghoshal 2000: 892) due to better visibility of strategic initiatives and data access opportunities. However, as Howard Aldrich notes, publicly
traded businesses like the Fortune 500 are not the only creatures in the big organizational zoo (1999: 2). We therefore chose a sample of medium-sized companies from the packaging industry, to complement prior findings on strategic renewal and strategic initiatives and to enhance the generalizability of findings.

This paper is structured as follows. First, we will provide the theoretical background of this study and a short overview of the literature on strategic initiatives. The following describe the research design and method, and introduce the research sites and the data collection methods. Afterwards, the results of the case analysis will be discussed and a set of propositions developed, which add up to a model of initiative emergence. The conclusions and limitations of this study will be discussed.

THEORETICAL BACKGROUND

The question "Why do firms perform differently?" has been asked by strategic management researchers for more than four decades. Searching for explanations of performance differentials, some rationale has been offered that strategic differences have an important influence on firm performance and that organizations with superior performance hold an advantageous strategic position as compared to their rival firms (Barnett & Burgelman 1996). The notion of competitive advantage is hence a core aspect of strategy research and the question why some organizations are able to implement strategies which their competitors ignore or are unable to exploit is still a central one (Barney 1991; Regnér 2005). There is a number of well-established theories as to why it is possible for some firms to gain competitive advantage and to earn supranormal returns in comparison to their competitors, e.g. based on a protectable market position (Porter 1980), superior resources and capabilities (Barney 1991; Teece et al. 1997), a superior position in a network of organizations (Pfeffer & Salancik 1978), a strategic posture that fits well with the organizational environment (Scott, 1975), or an efficient organizational design to minimize transaction costs (Williamson 1991). Still, there is yet no generally accepted theory to explain the dynamics of those differences (Cockburn et al. 2000) and still there seems to be a lack of clear theoretical structures to explain where new strategies and competitive advantages come from (Barnett & Burgelman 1996). What
we can assume however is that strategy process that leads to sustainable competitive advantage “is
likely to involve idiosyncratic properties in developing and discovering new market opportunities
and capabilities” (Regnér 2005: 25).

While traditional approaches to strategic management have been dominated by assumptions
privileging stability and positioning, in competitive environments which become imperfectly
predictable, the appropriateness of such an approach has been challenged, assuming the
environmental turbulence renders strategic planning all but impossible (e.g. Grant 2003; Nonaka &
Toyama 2007; Sanchez 1997). The basic premise in many recent publications is that a more
flexible and creative way of strategy-making better suits the increasing volatility in dynamism in
today’s globalized competitive environments. Organizations have to be “flexible enough to adapt,
creative enough to innovate and responsive enough to learn” (Crossan et al. 1996: 23).

Research on strategic initiatives has hence moved to the center of interest in strategy process
research as they constitute a central means for strategic renewal in adaption to changing
competitive environments (Agarwal & Helfat 2009; Floyd & Lane 2000). They can offer
possibilities for quick reaction to new developments and can hence reach an alignment to changes
in the organizational environment that actors on different managerial levels make even before these
changes reach the attention of the top management team (Lovas & Ghoshal 2000). They have been
defined as “a deliberate effort by a firm at creating or appropriating economic value from the
environment, which is organized as an independent project with its own profit and loss
responsibility” (Lovas & Ghoshal 2000: 881) Other authors have specifically emphasized the
discrete and proactive character of strategic initiatives (Lechner & Floyd 2012; Marx & Lechner
2005). Different activities have been classified as strategic initiatives, ranging from process
improvements and cost-cutting efforts to acquisition and integration activities (Lechner & Floyd
2012), leaving the question, how the influence of contextual factors and the interplay between
organizational activities can potentially differ between diverse forms of initiatives. Prior research
adopted topical and theoretical lenses as diverse as international strategy (Birkinshaw 1997),
corporate venturing (Burgelman 1983b), organizational learning (McGrath 2001), network
relationships (Lechner et al. 2010) and product development (Leonard-Barton 1992) which reflects this rather broad definition. Furthermore, a very diverse set of factors has been identified which influences initiative outcomes. Bryson and Bromiley (1993) found in a large exploratory study on strategic change projects that both context and process variables have a huge impact on the results of these projects. Lovas and Goshal (2000) proposed human and social capital as important factors for initiative outcomes. Prior research on strategic initiatives was therefore mostly concerned with the organizational context and how it shapes the outcome variables of strategic initiatives (Burgelman 1991; McGrath 2001; Noda & Bower 1996) or with process-related and behavioral factors like managerial role conflict (Floyd & Lane 2000), autonomous behaviors of middle managers (Burgelman 1994), group influence activities (Lechner & Floyd 2012), networks between strategic initiative groups (Lechner et al. 2010) or key learning activities (Lechner & Floyd 2007) and how they contribute to the success of strategic initiatives. While all these studies continue to draw a detailed picture of what makes initiatives successful, there is still much to be learned about the development process of strategic initiatives as many of them - some studies assume up to 70% of all initiatives - get stuck or fail or at least lead to unsatisfactory results (Beer & Nohria 2000; Darragh & Campbell 2001).

**Opportunity identification and strategic initiative development**

To gain some new insights, this study is especially interested in the sub-processes of initiative development in a very early phase, striving to develop a holistic picture of the entrepreneurial act of initiative development. It is assumed that opportunity identification plays a central role in this process as the discovery, evaluation and exploitation of entrepreneurial opportunities are both relevant in the new venture creation process and in strategic processes in established firms (Hitt et al. 2001). The term entrepreneurial opportunity is mostly used to describe situations that entail the discovery of new means-ends relationships, a solution to a so far unsolved problem or customer need, in which new goods, services, raw materials, and organizing methods can be introduced that promise a certain potential for additional profit (Comanys & McMullen 2007; Shane & Venkataraman 2000). So far, scholarly understanding of the nature of entrepreneurial opportunities
remains limited owing to the fact that most studies have taken opportunities for granted when exploring strategic and entrepreneurial processes (Companys & McMullen 2007). Research on opportunity identification has developed different categories of how opportunity discovery actually occurs (Alvarez & Barney 2007; Dyer et al. 2008; Wood & McKinley 2010; Miller 2007; Sarasvathy et al. 2003): (1) Opportunity recognition means bringing together existing products with existing customer needs to exploit existing markets, (2) opportunity discovery describes a process where only one side exists, demand or supply, and the other side has to be discovered to explore existing or latent markets, (3) opportunity creation means that neither demand nor supply exist and both have to be created, as has the market for this opportunity. While acknowledging the differences in the underlying assumptions and theoretical perspectives of these three categories, we will use the term opportunity identification in this thesis to refer to all three categories.

Research on strategic initiatives has taken little effort so far to understand opportunity recognition as a process and as a prerequisite to initiative emergence. Most work “largely ignores the question of how opportunity recognition occurs; in other words how do specific persons actually identify opportunities that have been generated by changes in economic, technological and social conditions?” (Baron 2007: 170). Dyer et al. (2008) identified different behaviors and cognitive patterns that are relevant to opportunity recognition in the context of new venture creation. However, we still only begin to understand the aspects of the process of how entrepreneurs recognize unexploited opportunities. Also, while Dyer et al. (2008) analyzed the context of innovative new ventures, there is still little insight into how opportunity recognition can occur within the context of corporate entrepreneurship as a means to improve organizational competitiveness, and to transform organizations, their markets and industries as opportunities for value-creating innovations are created and exploited (e.g. Covin & Miles 1999; Lumpkin & Dess 1996).

RESEARCH DESIGN AND METHODS
The methodological approach we chose had to fit the research question, the prior findings about the topic under investigation, the theoretical contribution aspired, and it had to be philosophically consistent with the possibility to integrate the underlying paradigms (Edmondson & McManus 2007). As strategic initiatives are socially complex phenomena, an investigation via multiple case study research seemed appropriate, because some complex interactions between organizational groups were expected and the boundaries between the phenomenon and the surrounding context were not clearly evident (Leonard-Barton 1990; Yin 1984). We also considered the phenomenon as one that is not well understood so far which makes a qualitative approach suitable (Bouchard 1976; Edmondson & McManus 2007; Eisenhardt 1989a). A multivariate statistical approach would “freeze the world into structured immobility” (Morgan & Smircich 1980: 498) which would not serve justice to the complexity and the relational aspects of the phenomenon of interest (Morgan & Smircich 1980). The case study approach also allowed for a certain degree of openness towards unexpected insights emerging from the data collected, and which helped to increase confidence in the description and interpretation of the phenomenon. The choice of the empirical approach was hence determined by the assumption that for the description and interpretation of strategic initiative emergence, “not enough is known to do so with numbers alone or at a safe distance from the phenomenon (Edmondson & McManus, 2007: 1166).

Sample and data collection
The purpose of this grounded theory study was to find answers to the questions what the micro-processes of strategic initiative emergence are and how these micro-processes are interrelated. To answer these questions, data on strategic initiatives was collected from three medium-sized companies in Austria, Germany, and Switzerland. All of these companies operate in the packaging industry. The cases were theoretically sampled and were chosen due to good data access, comparable firm size, and because they all are part of the same industry, which makes it possible to control for some sources of variation like firm size and industry effects (Eisenhardt 1989a; Leonard-Barton 1990). Research sites were selected due to the similarity of the business models which limited the variance in the sample to enable meaningful cross-case analysis (Yin, 1984).
In an initial interview the CEO of the company was asked to identify the most relevant strategic initiatives that were ongoing in the organization or had been finished in the near past. Initiatives were considered strategic if they supported the current strategy or made important alterations to it and if they had the potential to have a long-term impact on the prospects of the company. Because the early phase of initiative development is of particular interest in this study, initiatives that had been finished more than two years ago were not considered for this study to prevent biases of recall due to errors in retrospective assessments (Golden 1992; Lechner et al. 2010). This approach resulted in total sample of seven cases, which is comparable to prior studies using a case study design (Eisenhardt 1989a).

In the course of these initial interviews, respondents were also asked to identify key organizational members on different hierarchical levels who were deeply involved in the process of initiative development and who could serve as informants. Data collection took place between April and August 2012. Due to resource constraints, the number of interviews that could be conducted was limited. However, as all relevant members of the top management teams were interviewed, and also actors from lower hierarchical levels, we are confident that good insight could be gained from the data collection. Due to the danger that the data could easily become self-fulfilling prophecies, no stage model or developmental process was created in advance to guide data collection. Furthermore, a predefined process model seemed inadequate to deal with the complexity of the phenomenon (Van de Ven 1992). The interviews were semi-structured and designed to allow for open-ended probes. Interview partners were encouraged to steer the interview towards issues and concepts that they felt best represented their experiences, an approach that was used in similar studies (Gioia & Thomas, 1996). To avoid biases due to social desirability, names were removed from the interview transcripts and participants were ensured full confidentiality. Interviews were held in German language. They were recorded and transcribed later which resulted in 120 pages of interview transcripts. Hand-written notes were taken throughout the interviews which later could serve as a running commentary during data analysis (Eisenhardt 1989a) Interview data were complemented by archival data like meeting protocols and memos, presentations and articles where
possible. These documents were used to verify the information from the interviews, to improve confidence in the findings, and to reach a certain degree of triangulation (Eisenhardt 1989a; Scandura & Williams 2000).

The interview transcripts were coded in an “open coding” procedure where provisional first order terms and concepts were identified and ascribed to the quotations in the transcripts. After the open coding was finished, first order concepts were consolidated to categories that represented similar ideas or issues on a higher level of abstraction where possible (Corbin & Strauss 1990; Gioia & Thomas 1996). Once the open coding on the first case was finished, codes that were sufficiently similar were merged and the preliminary findings were translated into provisional propositions. Afterwards, more cases were added and compared to the preliminary findings of the first case. This procedure allowed for an iterative process between theory development, data analysis, and data collection as the analysis began as soon as the first interview was conducted: “The carrying out of procedures of data collection and analysis systematically and sequentially enables the research process to capture all potentially relevant aspects of the topic as soon as they are perceived” (Corbin & Strauss 1990: 6).

RESULTS AND DISCUSSION

The seven cases under investigation constitute a heterogeneous sample, including various initiative types: product development, operations, marketing and sales, corporate venturing, and business unit divestment. The aim of the study was to identify commonalities of activities across these cases and to find consistent patterns and relationships. The initiatives differed considerably in type, objectives (strategy-reinforcing versus strategy-changing), and implementation speed, which was roughly estimated by the author. The performance of the single initiative could not assessed, because, due to the interest in the emergence of initiatives, the CEOs of the company had been asked to name the most relevant initiatives that were still ongoing or had been finished very recently. They were therefore in progress, mostly with unknown results by the time of data collection.
Patterns of organizational search

Organizational search is vital to organizational adaption and strategic renewal. Search behaviors in this context refer to the ability of an organization to scan the environment and, as a consequence, to identify and choose strategic options (Hrebiniak & Joyce 2002). It encompasses all efforts to collect information from within and without the organization and hence increases the likelihood for idea generation and opportunity identification (Dyer et al. 2008; Lechner & Floyd 2007). Recent empirical findings underline the importance of search behaviors in strategic initiative development as they indicate that managers often underestimate their need for search and new information when confronted with novel situations and that they overestimate the appropriateness of their pre-existing belief systems (Lechner & Floyd 2007). As Hrebiniak and Joyce argue, the importance of search belies the fact that systematic reviews of its causes and consequences are scarce and that it “has not received sufficient attention, despite its central importance” (Hrebiniak & Joyce 2002: 2).

Most of the initiatives in our sample have their origin in information that was gained through specific search processes. While there is a multitude of sources of this information, the main categories observed differ according to whether organizational member searched for answers and solution to a particular problem or customer need, or if they just engaged in more or less undirected search. The search patterns observed hence could be best described in two categories derived from the literature: solution-driven search and slack research (Levinthal & March 1981).

Solution-driven search occurs when the performance of an organization or business unit fails to meet aspiration levels or when there are unresolved problems or unmet customer needs (Levinthal & March 1981; March 1981). Facing a host of different issues in an organization, organizations search for new solutions and new ways of doing things. Solution-driven search hence is closely linked to concrete problems and topics within the organization and aims to find ways e.g. to meet a specific customer need or to increase the organizational efficiency (Greve 2003; Hrebiniak & Joyce 1985).

Four out of seven initiatives in the sample were based on solution-driven search, caused either by dissatisfaction with performance and efficiency, process-related organizational problems, or
existing customer needs that the company was unable to fulfill. The case of PrintComp for example shows that the company, due to costly process inefficiencies, started to search specifically for a new technology that could solve these problems:

“There were problems, we had realized that before [...] we have very short cycle-times and very short time-frames for production and for the whole process [...] that [process] is very time consuming and that is lost production time for us [...] we had been thinking about how to solve that topic for a while and started to gather information about possible platforms and solutions.” (CFO of PrintComp, PPS)

Similar search activities could be observed with other companies. A choice of representative quotations is provided in Table 1.

Search activities included conference visits, fairs, seminars, company visits, technology assessments and search activities within the existing supplier network. Accordingly, the following is proposed:

**Proposition 1: There is a positive relationship between solution-driven search activities and organizational opportunity identification**

The analysis revealed however, that not all search behaviors were actually tied to specific problems or issues within the organization. Some of the initiatives in the sample started in a proactive manner, making use of information gathered in a rather unspecific way or as a reaction to more general trends in the environment. This alternative search strategy is qualitatively different from solution-driven search and describes search that is not aimed at immediate solutions and is also less tied to specific organizational pressures (Hrebiniak & Joyce 1985). This search pattern has been called slack search, and has been characterized as a search activity that is enabled through the existence of excess resources, “that cannot be justified in terms of their expected return” (Levinthal & March 1981: 309). Slack emerges when resources are intentionally kept by a firm beyond those
needed and it facilitates independent search behaviors by organizational members. It does so by protecting those individuals and groups from organizational controls that pursue activities of change for reasons other than the immediate goals defined by their superiors (March 1981; Sharfman & Dean Jr. 1997). Search activities that channel energy and resources into things other than their original purpose help to overcome the tendency towards restricted search and increase flexibility in organizational search (Sharfman & Dean Jr. 1997). Slack search also bears the possibility to result in fortuitous discoveries when organizations search for innovations that “would not be approved in the face of scarcity but have strong subunit support” (Cyert & March 1963, 279). Slack resources are usually available due to high organizational performance in the past. Based on this relationship, there are empirical findings indicating that high levels of slack, in connection with good prior performance, result in persistence and in a refusal towards change and search, and hence can have a negative influence on organizational search (Sharfman & Dean Jr. 1997). However, as Greve argues, “performance is more subjective, short-term, and volatile than slack” (Greve 2003: 688) so the two variables should have distinct effects on search behaviors. Findings from three of our cases indicate that slack search can be a viable source for new knowledge and ideas. For example PackComp engaged in tests with a new packaging solution without an concrete market need or request:

“The motivations were on the one hand the different technologies: one that we owned ourselves and another one that was successful in the marketplace, so why not try to combine them. And on the other hand, the trend towards sustainability where we saw some potential.”

(COO of PackComp PSO)

Another example could be an initiative by PrintCorp, which got certified for carbon neutral printing in a proactive manner, without an actual request from the market, but motivated through the observation of general trends like the growing awareness for sustainability and the observation of different markets and firms:

“...Well, that [initiative] was related to a certain motivation to differentiate ourselves from our competitors. And of course with all the discussions about climate change and so on. [...]
that’s going to be an issue and we can see that now in the discussions with our customers.”

(CEO of PrintComp, CNP)

Both initiatives mentioned show activities related to slack search as organizational actors observe general trends in their environment and engage in undirected search processes. Organizations also accepted the cost of trying something new, despite high uncertainties about possible returns on their investment (Levinthal & March 1981). Table 2 provides some additional representative quotations that document slack search behavior.

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Due to the observation of strategic initiatives in the data set that emerged due to proactive search behaviors by organizational actors which was not related to an immediate problem, I propose the following:

*Proposition 2: There is a positive relationship between slack search activities and organizational opportunity identification*

**Networking**

Another finding of the case analysis emphasized the importance of inter-personal an inter-organizational relationships and networks as source of information and resources for the opportunity identification process. In five out of the seven cases under investigation, networks played an important role for initiative development, partly in combination with other micro-processes. In one case, the network served as the main source of the opportunity, when PlastCorp faced a huge business opportunity due to the recommendation of another company with which they cultivated good relationships:

“How did the company end up entering the market for these packaging solutions...well in the end it was because of the network of the managing director of the company and the fact the a
company from our network got the request from a big customer [...] and told that customer that they recommended PlastCorp as a supplier [...] it really was not on our “to do” list to enter that market. The size of that market and the limited number of competitors, we really did not know the market situation by that time. The appetite grew with the eating, it was a fortunate coincidence, we did not plan that.” (Managing Director of PlastCorp, HBP)

Entrepreneurship and strategic management research have widely discussed the role of networks for both individual entrepreneurs and firms in recent years (Arenius & Clercq 2005; Ma et al. 2011; Ozgen & Baron 2007). Different aspects of networks were explored, such as the content of relationships, the governance of relationships, and the structure that emerges from cross-cutting ties (Hoang & Antoncic 2003).

Strategic management scholars also discussed different roles of interfirm relationships, interfirm routines and capabilities, and their influence on competitive advantage (e.g. Dyer & Singh 1998; Gulati et al. 2000). While there is a multitude of functions that social networks can fulfill for an organization, this research is especially interested in the role that networks play for the process of opportunity identification. There has been overwhelming empirical evidence in recent years for the fact that social networks are important prerequisites of opportunity identification as they serve as sources of information, tacit or explicit, e.g. about changes in technology, markets, government or supplier relationships (Ma et al. 2011; Ozgen & Baron 2007): “It is not exaggerated to claim that existing empirical findings point to the centrality of networks in every aspect of the entrepreneurial process” (Stuart & Sorensen 2007: 211). Dyer and colleagues (2008) also found the “networking” is one of the basic behavioral patterns, innovative entrepreneurs engage in to improve the quantity and quality of information at their disposal. Concerning the cases in our sample, the findings indicate that also in established firms, networks play an important role as viable sources of information. As for example, in the decision to divest one important business unit at PlastCorp, information from the networks played an important role:

„We process a lot of information that we get from our customers, some of them have been our customers for 30 or 40 years [...] the relationships to some of these customers go back to the 1950s. And therefore there is a close interconnectedness and there are close
relationships to the people, usually even to the owners or to the CEO.” (Managing Director of PlastCorp, BUD)

Some additional quotations concerning network effects are provided in table 3.

The findings hence are in line with prior empirical findings from the entrepreneurship literature. Network partners included suppliers, customers, competitors, fellow members of trade associations, etc. Therefore, in agreement with prior literature on opportunity identification, the following is proposed:

Proposition 3: There is a positive relationship between networking activities and organizational opportunity identification.

Regeneration

Another important factor that played an important role in two of the cases in the sample was that opportunities emerged from the entrance of people into or the exit of people out of the organization. In his “Footnotes to organizational change”, March (1981) calls that a process of regeneration: “Action can be seen as resulting from the intentions and competencies of organizational actors. Turnover in organizations introduces new members with different attitudes, abilities, and goals. The underlying process is one in which conditions in the organizations […] affect organizational action by changing the mix of participants.” (March 1981: 565)

While sociologists discussed the impact of organizational demography on organizational regeneration and change (e.g. Reed 1978), the topic of turnover has been rarely discussed in recent research about strategic renewal and entrepreneurship. However, findings from the discussions about top management team and CEO demographics support the finding that regeneration might be a relevant mechanism for opportunity identification in an established organization. Results from empirical research in this area indicate that long organizational tenure results in high commitment
to the status quo and to the current values of the firm (Stevens et al. 1978; Wiersema & Bantel 1992). These findings match the indications from two of the case studies in the sample. For example:

“The willingness to change, the whole topic of change management, and hence the attitude towards everything that is new [...] that is generally very difficult in an organization like ours with so many longstanding employees” (CEO of PackCom, LMI)

Analyzing the data (LMI, PPS), two effects were observable. First, new members of the organization brought different experiences and knowledge to the company. Second, as long-tenured managers that left the company this made it easier for companies to engage in opportunity exploitation and initiative development. Table 4 provides some additional references to underline the effects of regeneration.

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Based on these findings, we propose that

**Proposition 4: There is a positive relationship between regeneration in an organization and organizational opportunity identification**

**The role of sensemaking and sensegiving**

The previous section presented the micro-processes that were found in the seven cases under observation. They are mostly in accordance with results from research from the strategy and entrepreneurship domain that emphasizes the role of search and information in the process of opportunity recognition (Ma et al. 2011; Ozgen & Baron 2007). However, information is only part of the explanation for why opportunities can be identified, as they do not necessarily constitute a new means-ends relationship (Dyer et al. 2008; Eckhardt & Shane 2003). The second part of the model
hence tries to identify the missing link between information availability and opportunity identification.

Today’s organizations are constantly confronted with ill-defined events and developments, both inside and outside the organization. Some of these events can be potentially strategic, as they may have an effect on the achievement of organizational objectives (Ansoff 1980; Dutton & Jackson 1987). Managers spend most of their time with activities related to absorbing, processing, and disseminating knowledge about the issues, problems and opportunities their organizations face (Bartunek et al. 1999; Walsh 1995). Organizational members hence have to engage in the identification of strategic issues to impose order to the complexity of the environment, to interpret them and to infuse them with meaning (Daft & Weick 1984; Dutton & Jackson 1987).

For top managers who are constantly scanning and interpreting the internal and external environment of their organization, sensemaking is of central importance for decision making and strategic renewal (Gioia & Thomas 1996; Maitlis 2005; Thomas et al. 1993). These processes of sensemaking also have been found to be of central importance to strategic change initiatives (Gioia et al. 1994) as organizations have to undergo cognitive adjustments that are the result of perceptual, structural, and contextual changes in an environment which is undergoing both deliberate and emergent processes of transformation (Gioia et al. 1994; Mintzberg & Waters 1985). Members on all levels of an organization are forced to integrate observed events or changes from their environment into social reality when they are confronted with events or issues that are surprising or confusing. Being confronted with confusing events or contexts motivates them to engage in activities to structure the unknown (Brown 2000; Maitlis 2005). Sensemaking does not only include cognitive efforts of interpretation but is essentially an issue of language, talk and communication, embodied in written and spoken texts as a means to make sense of discrepancies between the observed environment and the expected environment (Weick et al. 2005). In organizational life, processes of sensemaking are about the interplay between interpretation and action by which organizational actors make sense retrospectively and enact order to developments in their environment (Gioia et al. 1994; Thomas et al. 1993; Weick et al. 2005).
Prior research indicates that the perception of an opportunity or threat or of strategic or political issues in general can act as a stimulus that motivate organizational members to engage in sensemaking to determine if e.g. the possible opportunity identified warrants further commitment (Bartunek et al. 1999; Dutton & Jackson 1987; Gioia & Thomas 1996). However, while there is a huge body of literature about sensemaking, the empirical evidence is modest and much of the research has been conducted in extreme conditions or crisis situations (Maitlis 2005; Weick et al. 2005). There are some mechanisms for sensemaking that were discussed in recent research. Brinckmann and Kim (2010) categorize sensemaking approaches into deductive activities which are more formalized like e.g. business planning and inductive activities that are more hands on like customer interaction.

The findings from the case studies indicate that organizational members engage in different activities to make sense of the information they gathered through solution-driven search, slack search, networking, or regeneration processes. For example the CEO of PackComp described how he used company visits as a hands-on approach to make sense of what he had learned about lean management and the potential that this production philosophy could have to ease the price pressure they experienced from the competition:

"Seeing the actual practical results that partner firms, suppliers and other companies from the network have achieved [...] really shows you the benefits of that issue and how other companies have approached it in a systematic manner. The more we started asking around, the more we were convinced that it was about time to engage in that issue." (CEO of PackComp, LMI)

Being confronted with a situation of uncertainty and with an existing customer need that could not be fulfilled, the members of the R&D task force engaged in solution-driven search. Afterwards, they started to discuss the information that was collected to make sense out of it. As mentioned before, sensemaking is essentially an issue of language, talk and communication (Weick et al. 2005). Additionally, a technology assessment was conducted as a more formalized approach to sensemaking.
In contrast, in the next example at PlastCorp, a deductive approach was chosen to make sense of the ambiguous market information:

"Of course I have a five year business plan and I process a lot of information that I get from my customers [...] in the end, it is my decision and a plan that I make on my own, without anybody to discuss it” (Managing Director of PlastCorp, BUD)

As in the smaller organization of PlastCorp there is no formal management team, the managing director cultivates a rather entrepreneurial management style. Hence there are few regular meetings, ad hoc meetings or ad hoc retreats as opportunities for sensemaking (Maitlis & Lawrence 2007).

As indicated by the quotations above, several different sensemaking categories can be observed in the case data. Organizational members engage in formal sensemaking activities like business planning, tender calculation, technology assessments, pilot projects or in more hands-on approaches like informal discussion, discussion in meetings, customer interaction, company visits, etc. These informal sensemaking mechanisms are difficult to observe in retrospective, nevertheless I propose the following:

**Proposition 5a: The intensity and quality of sensemaking activities influence the relationship between solution-driven search and opportunity identification**

**Proposition 5b: The intensity and quality of sensemaking activities influence the relationship between slack search and opportunity identification**

**Proposition 5c: The intensity and quality of sensemaking activities influence the relationship between networking activities and opportunity identification**

**Proposition 5d: The intensity and quality of sensemaking activities influence the relationship between regeneration and opportunity identification**

Again, some additional representative quotations are provided by table 5
**Sensegiving activities**

In their study about a strategic change effort at a large public university, Gioia and Chittipeddi found that sensemaking in organizational change is incomplete without sensegiving, which describes efforts to create meanings for a target audience (Gioia & Chittipeddi 1991). This process includes efforts of managers to influence other’s meaning construction through the negotiation of interpretation which both leaders and stakeholders of an organizations can engage in (Maitlis & Lawrence 2007). The aim of sensegiving activities and the negotiation of a situation´s interpretation is the initiation of a certain course of action as part of organizational change (Bartunek et al. 1999; Gioia & Chittipeddi 1991; Thomas et al. 1993). Sensegiving is an important activity in organizational change when leaders and stakeholders engage in activities like issue selling, questioning, or the propagation of ideas in a company´s committees to facilitate acceptance and enthusiasm for change (Maitlis & Lawrence 2007).

The analysis of the case data revealed that issue selling is an important prerequisite for strategic initiative development in our research settings. These findings are consistent with prior research on issue selling and its role in strategic renewal (Dutton & Ashford 1993; Dutton et al. 2001). As the “owners” of the initiatives in our sample were members of the top management team, the prevalent form of issue selling that was observable was issue selling towards stakeholders of the company. Mostly the top management team needed the authorization of the shareholders to pursue an initiative and to invest monetary and non-monetary resources.

“The idea for the lean project was created as the CEO recommended it and in the workshops that we visited at [company], we saw that this might be interesting for us and that we should do something about it. But, even though the idea was good, nobody really could make sense of it.” (Board Member of PackComp, LMI)
This example describes an attempt to induce a lean management initiative, which however failed due to a lack of issue selling, as the board did not really comprehend the approach and hence did not grant any support. A second attempt that was undertaken is described as follows:

First, our board involvement was rather weak, as we realized that we first had to figure out things for ourselves, to address the board with substantiated knowledge. I knew that, when it came to costs and resources, it would not be easy, because prior knowledge [of the board members] was too weak to be welcomed with open arms. Therefore, we took a year of preparation, and announced a phase of intense analysis which should answer the questions of how we wanted to engage the issue, with which partners, at which costs. We involved the board every three months and demonstrated the status of the project. And as we proceeded, we started a pilot project where we involved one of the board members [...]. It became obvious that the less known about the topic, the more you need to convince people in advance. (CEO of PackComp, LMI).

Several categories of issue selling can be observed in this example: (1) through continuous proposals and involvement, which would be called packaging (2) involvement of the shareholders and of one member in particular, (3) intense preparation was done this time, which would be called a process move (Dutton et al. 2001). Through these issue selling moves, the opportunity that the CEO had identified finally became an initiative as it was authorized by the board and the necessary financial means were released. In another example Managing Director of PlastCorp formulated it:

“Of course I talk to the shareholders every now and then and I give status updates. I just ask casually then, „could you imagine to divesting this business unit, if yes, how could we do that strategically“ [...] usually these are decision I already marked of personally and I only need the authorization.” (Managing Director of PlastCorp, BUD)

In this example, two packaging move could be recognized, (1) the making of continuous proposals, and (2) the packaging of the issue as an incremental one (Dutton et al. 2001). Due to this high correspondence with prior findings, I propose:

**Proposition 6: The relationship between opportunity identification and strategic initiative emergence is moderated by issue selling activities of the initiative owner.**
Towards a model of strategic initiative emergence

This grounded theory study explored the processes that determine the emergence of strategic initiatives in established companies. Strategic initiatives are of central importance to strategic renewal and hence to the adaption of organizational capabilities to increasingly dynamic markets. The model that emerged from the data is summarized in figure 3. Study results indicate the there are four micro-processes that are positively related to opportunity identification in established firms: (1) Solution-driven search, (2) slack search, (3) networking, and (4) regeneration. They are all information-seeking behaviors, which is in line with prior research on opportunity identification. However, not all of these micro-processes were observed in every case under investigation. Different configurations of these processes were found to be responsible for the identification of the opportunity in the case data.

Still, superior information is only part of the explanation for opportunity identification. To evaluate if a potential opportunity is worth pursuing, organizational actors have to make sense of the information to overcome environmental uncertainty. Several sensemaking mechanisms were observed, ranging from highly formalized activities to hands-on approaches (Brinckmann & Kim 2010). Opportunity identification enables the emergence of strategic initiatives, but their relationship is influenced by issue selling moves of the initiative owners. These have to legitimize the initiatives and to get the resources necessary to pursue the initiative.

The findings of this study complement a study by Dyer and colleagues (2008) who identified a set of behaviors that are related to opportunity recognition by innovative entrepreneurs in a new ven-
ture context. The findings from the context of established companies are similar to that study when it comes to information-seeking-behavior. While this study generally acknowledges the importance of information-seeking behaviors as indicated by several study from entrepreneurship and strategy research, it also observes that sensemaking and sensegiving play important roles in the process of initiative development, mechanisms that are discussed rarely in mainstream research on strategic initiatives, which however have been found to be important for organizational change (Bartunek et al. 1999; Dutton et al. 2001). As the results of the analysis can be seen at the crossroads of research on strategic renewal and research on organizational sensemaking, which have only little overlap today, interesting avenues for future research open up, which will be described in the next section.

LIMITATIONS AND FUTURE RESEARCH

The model presented in this study has to be seen in the light of several shortcomings that merit discussion. While it is beyond the scope of this section to provide a comprehensive overview, the most important limitations of this study will be discussed, and some avenues for future research will be derived from this discussion.

First, this study is not based on a longitudinal data collection but on retrospective information granted by management team members of the companies under investigation. Even though present initiatives or initiatives from the near past were chosen, results might be distorted by the use of retrospective accounts. This entails the risk of biased findings due to post hoc rationalization of behaviors and action and the selection of mainly successful initiatives. This weakness is accentuated by the fact that some of the cases rely on a small number of informants, which is caused by the particular organizational structure of the research sites. Despite the best efforts to validate the findings through archival data and internal documents and even though some of the initiatives could actually be observed “on the fly” through the visit of internal meetings, I consider this a severe limitation.

Second, data was collected from a sample of medium-sized representing a “functional hierarchical approach that tends to be more common in industrial companies” (Lovas & Ghoshal 2000: 892),
than some of the research sites used so far in initiative research. However, these companies operate in the same industry and they are all situated in the German-speaking area, sharing a similar cultural context, which might impede the generalizability of the findings. Third, data collection and data analysis were conducted by one investigator only, which entails the risk that a priori assumptions of the author bias the findings. As Fleetwood (2005) notes, every observation of reality is influenced by a pre-existing stock of the investigator’s knowledge and there is hence no unmediated access to knowledge about the complex dynamics of reality. Therefore, certain biases due to a priori assumptions cannot be ruled out completely.

The results of the study give first insight into the complexity of origins and early phases of initiative development. Even while these findings have to been seen in the light of the shortcomings pointed out, they open up interesting avenues for future research.

**Avenues for future research**

First, some micro-processes have been identified that contribute to initiative emergence through information gathering and through their resulting influence on opportunity identification. Testable proposition were derived from the model developed. These processes are measureable and observable and hence they are well-suited for deductive empirical research. Survey research could be a viable way to confirm if the ideas presented here are valid enough to survive large-scale quantitative investigation.

Second, some researchers interested in the phenomenon of strategic change and renewal and especially in subtle processes like cognitive re-orientations and changing interpretive schemes, challenge the assumption that these processes can be revealed by traditional approaches like in-depth interviews, as chosen for this study (Gioia & Chittipeddi 1991). To develop a more tangible understanding of the relationships between frames of reference, routines, and structures, non-intrusive, longitudinal research designs could be interesting options for future projects.

Third, sensemaking and sensegiving activities emerged in the study, as being of central importance for the processes under investigation. Unfortunately, it is beyond the scope of the empirical ap-
proach in this thesis, to clarify the complex interplay between sensemaking and sensegiving activities in initiative development. Prior research indicates that both are highly related (Bartunek et al. 1999; Gioia & Chittipeddi 1991; Maitlis & Lawrence 2007), even though empirical research on the topic is limited. Besides the interesting question about the interrelation of both, there is also a lack of understanding about the reasons that determine the choice of the certain sensemaking and sensegiving processes activities, which might also be a fruitful topic for interested researcher.

CONCLUSIONS

The purpose of this grounded theory study was to shed light on the micro-processes of strategic initiative development and to draw a picture of the complex interaction of organizational members in this process. Results indicate four behavioral patterns in organizations that foster opportunity recognition: (1) solution-driven search, (2) slack search, (3) networking, and (4) regeneration, all of which improve access to and availability of information. These findings correspond to recent findings that emphasize the importance of search activities (Lechner & Floyd 2007) and the availability of information (Ma et al. 2011; Ozgen & Baron 2007) for opportunity identification and initiative performance.

However, information is only part of the explanation, because an opportunity is constituted by the identification of a new means-ends frameworks in response to that information (Eckhardt & Shane 2003). In addition to information gathering, the results of the study point to the importance of sensemaking activities, to form theses means-ends relationship. Different forms of inductive and deductive sensemaking activities were observed, which lead to the conclusion that these activities interact with the micro-processes identified and play an important role in facilitating opportunity recognition. A third finding indicates that, to master the step from opportunity identification to actual initiative development, organizational actors have to engage in the sensegiving activity of issue selling towards shareholders, to gain their commitment and the resources needed to pursue the process and to transform the opportunity into an actual strategic initiative. The results of the study complement prior research on opportunity identification and strategic initiatives and also
steers the view towards a sensemaking and sensegiving perspective, albeit only scratching the surface of this complex issue, as it was not at the center of the empirical approach. Observing and investigating sensemaking activities in the regular context of initiative development might open up interesting avenues for future research.
REFERENCES


### TABLE 1: Representative quotations for solution-driven search

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Representative quotation</th>
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<tbody>
<tr>
<td>LMI</td>
<td>With the monetary crisis, the external pressure became stronger than it had been in the past […] so as a consequence, we started to look around what others do and to visit conferences and seminars. What we realized there was that what the automotive industry had pursued as a survival strategy was still not common in the packaging industry. So our conclusion was that, if we were early movers there, we could benefit from the experiences of the automotive industry. We got the information about that topic from the media, conferences and seminars we visited (CEO of PackComp)</td>
</tr>
<tr>
<td>LMI</td>
<td>“The topic became urgent basically because of the extrinsic motivation which is caused by the permanent cost pressure and by the increasing pressure from the competition […] so we realized that we needed a process of continuous improvement, concerning the organizational culture but also related to specific activities” (COO of PackComp)</td>
</tr>
<tr>
<td>CTE</td>
<td>“We have been working on that issue for round about two years. It came up due to the needs of our customers, who require more and more packaging solutions with high barrier quality which we could not deliver […] but as we were not really happy with the existing technology which also required high investment […] we started looking for alternatives. There is a renowned expert conference which is organized once a year somewhere in Europe and which presents innovations concerning thin wall packaging and high quality barrier solutions. And there we managed to get in touch with two producers with interesting solutions” (CEO of PackComp)</td>
</tr>
<tr>
<td>PPS</td>
<td>We had been thinking for a while, how we could improve our pre-press processes […] so we started to look around at the relevant fairs together with our head of IT and with the [supplier] webcenter, we found the first promising solution which convinced us due to their approach and due to the ability to be integrated into our systems. (CFO of PrintComp)</td>
</tr>
<tr>
<td>PPS</td>
<td>The problem was getting worse and we got more and more under intense price pressure, so it was important that workflows were improved and that we could reduce our downtimes […] We evaluated the options, which was not that difficult, because there are only two suppliers left, well, actually only one supplier which merged with the other one […] so the evaluation, in which technology to invest was an easy one. (CTO of PrintComp)</td>
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<tr>
<td>Initiative</td>
<td>Representative Quotation</td>
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<tr>
<td>PSO</td>
<td>“About three years ago, we considered doing something to improve our CO2 footprint and that brought us to the idea to further reduce the share of plastics in our products and to increase the share of renewable raw materials […] We launched a product innovation project and started with some basic trials to see in which direction that would lead us” (CEO of PackComp)</td>
</tr>
<tr>
<td>PSO</td>
<td>“In our opinion, the market was ready for a new product development, which was motivated by our reflection about the general trend and the common interest in environmental protection and CO2 footprints. We had a study done about this topic which clearly told us, in which direction to further develop our products if we wanted to give that issue a higher level of prominence” (Sales Director of PackComp)</td>
</tr>
<tr>
<td>CNP</td>
<td>„All I can say is that our company always tries, and we will do so in the future, to be among the first movers if there is anything new in the market, be it a certification or something else. We did so by introducing BRC, we did so by introducing FSC, and by introducing PEFC soon afterwards. When we heard about carbon neutral printing, I think we heard that from our sister company, and we knew that some companies in other markets already had that, but none in the packaging industry, then we decided that this would be important to us and that we want to play a proactive role in our market” (Sales Manager PrintComp)</td>
</tr>
<tr>
<td>CNP</td>
<td>„As we saw, that in job printing companies there was this new development, we decided to also offer that to our customers. First we almost had no demand for this, in the meantime the demand is increasing but it is how it is….sustainability is expensive and our customers are not willing to pay for that” (CTO of PrintComp)</td>
</tr>
<tr>
<td>BUD</td>
<td>What was the motivation to divest our business unit…well, we certainly have the experience from several decades in this market. And the market was declining both in market volume and in price level. We process a lot of information that we get from our customers, some of them have been our customers for 30 or 40 years […] you just listen to the market carefully and then make sense of it. (Managing Director of PlastCorp)</td>
</tr>
</tbody>
</table>

Table 2: Representative quotations for slack search
LMI
“Part of our prearrangements was to start searching for information about what other companies do in that area […]. We contacted several firms from our network that were situated nearby and also visited a couple of presentations and we then realized that we had to deal with that issue” (CEO PackComp)

For example one of our suppliers, a printing company, we visited them three or four times with a whole group of people to have a look at their system. That showed as the benefits of that system and how other companies have approached it in a systematic manner. The more we started asking around, the more we were convinced that it was about time to engage in that issue. It is a valuable experience to see that issue not only from PowerPoint slides or from fancy brochures and to really see the system at work, which tells you a lot about implementation quality and about what firms actually have done.” (CEO of PackComp)

LMI
“I think the reason why our CEO engaged in the topic is surely because of the input from the networks. He saw that at other companies and got inspired there to a certain degree. And that was important, as he initiated the effort about a year ago. It does have considerable influence when you see that at partner firms and I personally would have to say that the insight that it is the right thing for us, I got that from seeing that at [company] and so on.” (COO at PackComp)

CNP
“In that instance, the information reached us via our sister company, of course we have a newsletter as does [company] and they send their´s to us with the latest news and topics. These topics are discussed in the management meeting then. Of course, our employees get that information as well and that was the first awareness of the topic then via [company] and we saw some demand for this in the packaging industry as well” (CTO of PrintComp)

PPS
“There is this firm [company], they deliver the pre-press workflow and the cutting die. One of their characteristics is that they do not present their products, you have to find them by yourself but you will find them incidentally. They have a monopoly so they are not eager to push their products because everybody needs them anyway. When I went to that fair, of course I went to their stall because I had other business with them and there I saw that they had a good solution [to our process problem]” (Head of IT at PrintComp)

Table 3: Representative quotations for networking
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Representative quotation</th>
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</thead>
<tbody>
<tr>
<td>LMI</td>
<td>“We involved the two production managers who had joined our company and who were very open-minded about the project, which made it considerably easier […] We had two production managers who were in the company for more than thirty years. To make that step with them was disproportionately more difficult than with our new production managers who are open-minded and do not have to defend the past” (CEO of PackComp)</td>
</tr>
<tr>
<td>LMI</td>
<td>“Back then, we still had the old generation of production managers and I remember that there, and with every change, was a lot of resistance, especially with the production managers that did not have such a high level of education then, but were basically mechanists, with a master craftsman’s diploma at best, and they were always looking for reasons why this is not good and that is not good and so on.” (COO of PackComp)</td>
</tr>
<tr>
<td>LMI</td>
<td>“Lean management is a huge area and I had the feeling that the topic became really handy for the first time and that the issue was really pushed when the new assistant CEO entered the company. He had some experience in that area and prepared and presented the topic and finally everybody understood it.” (Board member of PackComp)</td>
</tr>
<tr>
<td>PPS</td>
<td>“A couple of years ago, I worked for a company that developed ERP-systems for equipment manufacturers and had a lot to do with the administration of drawings and designs. Later, when I had my own company, I developed a solution for rapid prototyping […] when I joined the company in 2006, I was a little shocked, because for me that looked a little like the 60s, I could not believe that anybody could work like that […] I went to the fair then with [name] and started to search for solutions in this sector” (Head of IT, PrintComp)”</td>
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Table 4: Representative quotations for regeneration
<table>
<thead>
<tr>
<th>First order concept</th>
<th>Representative Quotation</th>
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<tr>
<td>LMI</td>
<td>The question about what was right for us was important. Considering the workshops we visited at [company] with their assembling system, that is something different from our processes, however, we gained insight because we saw that this is not only about the subprocesses… (CEO of PackComp)</td>
</tr>
<tr>
<td>PSO</td>
<td>First of all we made what we call a product innovation study and started some basic experiments, to see if it was feasible and in which direction we could go. Then we started a development project with a budget which was approved by the top management team and with human resources as well. (Sales Director of PackComp)</td>
</tr>
<tr>
<td>PSO</td>
<td>We have an R&amp;D team where the Head of R&amp;D, the Head of Procurement, the Sales Director and I meet every week. In this meeting we decided to conduct some basic tests and later we installed a classical project team (CEO of PackComp)</td>
</tr>
<tr>
<td>CTE</td>
<td>This probably emerged from the discussions at our weekly R&amp;D meeting, where the CEO, CTO, Head of Procurement, and Head of R&amp;D meet to exchange news and to inform each other about current activities. The whole topic of sustainability came up there repeatedly, related to a study we that had been made on our behalf (Sales Director of PackComp)</td>
</tr>
<tr>
<td>CTE</td>
<td>The R&amp;D task force is a team that coordinates and fosters activities related to innovation, defines the focal point of R&amp;D activity and triggers single projects […] so it has a coordinative function but also serves for permanent technology observation for which it has defined five distinct search fields (Sales Director of PackComp)</td>
</tr>
<tr>
<td>CNP</td>
<td>“We realize now that [sustainability] is more and more an important topic in discussions with our customers. Our motivation was to have a consistent concept for that. These topics always emerge from the discussions, we meet with the management team and discuss it.” (CEO of PrintComp)</td>
</tr>
<tr>
<td>CNP</td>
<td>“Generally we are very quick there, we discuss that in the top management meeting and also with an extended group of people which of course includes the sales managers and there we ask if there is a market need for that and if there is, then we do not take long for decision making, we just decide that in this meeting.” (CTO of PrintComp)</td>
</tr>
<tr>
<td>PPS</td>
<td>“Well ok, the only discussion was about the integration into the mother company or the foundation of a separate venture. That was a basic consideration. The other thing was, we had to discuss this with the sales team, they were skeptical at the beginning, but now they have realized that they get an additional selling point.” (CEO of PrintCorp)</td>
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Table 5: Representative quotations for sensemaking
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<tr>
<th>Initiative</th>
<th>Representative quotations</th>
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<tbody>
<tr>
<td>LMI</td>
<td>“We learned from this that we first have to discuss inside the top management team and reach a commitment there, so we can be role models both concerning the behavior and the attitude towards the project.“ (CEO of PackComp, LMI)</td>
</tr>
<tr>
<td>LMI</td>
<td>“But as the top management team made a good case for the topic and presented it well, sending the message that they really wanted to go through with it and that they really though that it was necessary, the board agreed to their proposal then.“ (CTO of PackComp)</td>
</tr>
<tr>
<td>PSO</td>
<td>“I think in the beginning, nobody really knew where the project was headed. What are the aims: to have a new product, to substitute and existing product, and if yes, which product would be substituted […] I had the feeling that someone from the technical department had an idea and made some tests […] but nobody really thought about the market they aimed at, I could not see anything like that. When it was presented to the board for the first time, nobody from the sales department could give an answer to that question’ (Board Member of PackComp)</td>
</tr>
<tr>
<td>PPS</td>
<td>“We have a board which, when it has the feeling that our proposals are substantiated and that we sell them good, selling not in a negative way, just meaning well-presented, does not block us. So we did not have to provide an elaborate business plan or a strategy concept which to prepare would have been very time-consuming […] we did not delay the project there due to mistrust. We work closely together and we have a strong mutual trust.“ (CFO of PrintComp, PPS)</td>
</tr>
<tr>
<td>CTE</td>
<td>“Well it took a certain degree of persuasion there, but I am lucky to have shareholders who are quite relaxed and who give me large room to negotiate. Finally, when the contracts were ready and they had checked them, they gave their agreement (Managing Director of PlastCorp, HBP)</td>
</tr>
</tbody>
</table>

Table 6: Representative quotations for issue selling
Figure 1: Determinants of strategic initiative emergence