

STRATEGY CREATION AND DEPLOYMENT, A CASE STUDY ON GLOBAL – LOCAL DIMENSION

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ABSTRACT

This article studies the global distribution model as a contributor to the Nokia Networks (Q1/07 Nokia Siemens Networks) strategy. The theoretical part draws attention to the peripheral actors' involvement to the global – local strategy process that has received relatively little attention at the strategy process literature. The case finding is that the global distribution model is created and deployed applying a copy-exact framework, ignoring mostly the cultural differences, having equal target setting across the network and aligning the key players based on their formal positions into the strategy. The result seems to enhance a productive strategy making process where the peripheral actor' involvement to the process is found as vague.

Key words: strategy creation, strategy deployment, global – local strategy, peripheral actor, boundary role, local voice

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INTRODUCTION

Creating a strategy-making culture in which both top-down and bottom-up internal voices are strong...provides the foundation for objectively analyzing both the external and internal strategic situations. Maintaining the bottom-up voice strong is one of the most important contributions to a company's culture that top management can make, and it is the most important way to enhance the productivity of the strategy-making process (Burgelman and Grove, 2004).

Quotation above leads the discussion around the global – local dimension of the strategy process. Derived from both the economical globalization and industrial consolidation, the importance of the centralized corporate strategic management has been emphasized (Weitz and Jap, 1996; Porter, 1980; Juttner and Peck, 1998; Hill, 2000). Recently, attention has been paid to the peripheral actors' involvement in the strategy development (Regner, 1999; Burgelman and Grove, 2004; Parise, Cross and Davenport, 2006; Mäkelä, 2006).

This article considers how peripheral actors are present in the global – local strategy process. The global – local dimension is defined to influence on the strategy process at various steps, such as creation and deployment. The specific research questions are addressed as, *'From where strategy emanates?'*, *'By whom strategy is deployed?'* and *'Is there a connection between the strategy outcome and the way strategy is initiated and deployed?'*

Studying the global – local strategy process requires a research setting that allows an analysis at various locations. Nokia Networks² (1.4.2007 Nokia Siemens Networks) offered me an environment suitable for the purpose. In the research I am applying analytical action research³, using inductive and qualitative case study approach. The paper represents one fieldstudy from an assortment of a larger research. The material for this study is composed of

² Nokia Networks is one of the leading global suppliers of telecom infrastructure, communications and networks related services for different technology standards.

an empirical research focusing on years 2001 – 2004. The paper is designed as compound case study including six strategy cases. Unit of analysis is the individual strategy creation and deployment process. The data and the analysis are collected through interviews, observations, and diverse documents and archives.

Composition of the paper is following: first section reviews the literature on global – local strategy process. Second section presents the case study and in the final section the key findings are summarized.

1. LITERATURE REVIEW

The strategy process research has increasingly focused on individuals' involvement to the strategy process (Hutzschenreuter and Kleindienst, 2006). The individual-centric perspective appears well suited to understand the peripheral actors' role in the global – local dimension of the strategy process (Regner, 1999; Burgelman and Grove, 2004; Parise, Cross and Davenport, 2006; Mäkelä, 2006). The individual-centric perspective distinguishes the peripheral actors from the non-peripheral actors based on the differences in external environments and internal capabilities (Aldrich and Herker, 1977; Barlett and Ghoshal, 1989; Roth and Morrison, 1992). The peripheral actors are connected to the strategy process e.g. via the boundary roles (Regner, 1993; Maula, 1999). The boundary role is addressing the effect the individuals have when creating and deploying the strategy in an organization simultaneously affecting to the productivity of the entire strategy process (Parise, Cross and Davenport, 2006). In this study, the boundary role inside an international company differentiates the global actors from the local actors.

³ Analytical action research is focusing on individual case study where the researcher has an active and participative role. The analytical action research approach enacts to localize and to research particular issues and problems of interacting individuals and groups. This approach is connected with the qualitative methods to understand and to diagnose phenomena in the real-life context, i.e. giving the voice to the people. (Neilimo and Näsi, 1980)

1.1. Strategy process

Strategy is approached from both the content and process research perspective (Mintzberg, 1990; Pettigrew, 1992; and Mintzberg et al, 1998; Regner, 1999). Traditionally, the content research describes destinations, but exclude to explain the way how to get there (Chakravarthy and White, 2001). The authors representing the process view (e.g. Burgelman, 1983; Pettigrew, 1990, 1992; Davenport, 1993; Van de Ven and Poole, 1995) emphasise the sequence of events and activities over time from the creation till the deployment. Pettigrew (1990) discusses the change factors and power associated with the process. Burgelman (1983) brings the entrepreneurial and corporate venturing aspects to the process view whereas Davenport (1993) covers the process innovativeness.

The study is applying the process perspective. The motivation is that the process perspective is providing a thorough view of the strategy influence on the business performance (Mintzberg and Waters, 1985; Hrebiniak, 1992). Further, the process view is supporting the applied global - local strategy approach. In this study the global – local strategy is including two subprocesses, creation and deployment. Even the subprocesses are illustrated as separate process steps, they are interdependent. Planning affects execution and the execution of the strategy affects changes to planning over the time (Farjoun, 2002). Moreover, the process approach is emphasising the role of individuals who in turn have an influence on the strategy development (e.g. Regner, 1999; Burgelman and Grove, 2004; Hutzschenreuter and Kleindienst, 2006).

1.2. Strategy creation

The creation process has been viewed in the literature as a formal (e.g. Chandler, 1962; Andrews, 1971), informal (e.g. Mintzberg and Waters, 1985; Farjoun, 2002) or an attempt to combine both discipline and imagination (Szulanski and Amin, 2001; Grant, 2003; Farjoun, 2002). Derived from a more formal view, following steps are associated with the strategy creation subprocess (Chandler, 1962; Andrews, 1971; Porter, 1980). The *environmental scanning* is characterized as the starting point. The basic premise is to find and define the strategic capabilities aligned with the business environment. The next step is focusing on *vision* and *mission* statements. The target is to define the key assumptions on why organization exists and what it should be doing. The third step is to define the achievables by setting business *objectives* and *key strategies*. Finally *major goals* for the planning period are specified. Although the process appears systematic and rational, it is often characterized as iterative and evolving over time (Ackoff, 1970; Deresky, 2000; Mintzberg, 1987; Farjoun, 2002; Schilder, 2006).

Researchers in the strategy process field have identified several dimensional sources linked to the strategy creation (e.g. Quinn, 1980; Bourgeois and Brodwin, 1984; Mintzberg, 1987). The following dimensions and corresponding extremes are providing a comprehensive understanding from where strategy emanates. Firstly, the planning *direction* and *stakeholders* dimension is bringing the *top-down* (e.g. Nonaka, 1988) and *bottom-up* (e.g. Bourgeois and Brodwin, 1984) extreme approach to the analysis context. The top-down direction represents a centralized method with high rationality and low involvement (Hart, 1992). The bottom-up approach recognizes a rather broad number of participants and the proposed strategies are passed upward in an organization for approval and for aggregation towards a corporate level strategy. Secondly, the *authority* dimension (e.g. Van de Ven, 1992) is related to the

interactive (e.g. Ansoff, 1984; Hart, 1992) and *determinant* (e.g. Porter, 1980) approach. The interactive method is applying a joint creation process influencing both upwards and downwards through the organizational hierarchy. The determinant approach is focusing more on the dictating view of the process. Thirdly, the planning *independence* dimension deals with *autonomous* and *dependent* (e.g. Bower, 1970; Quinn, 1980; Burgelman, 1983) activities at both the corporate and business unit level. Fourthly, the *circumstance* dimension is related to the *certain* versus *uncertain* elements linked to the planning process. Finally, the *temporal* dimension is emphasizing that the future may be *opposite to the present* or *equal to present* situation (Mintzberg, 1987).

Figure 1 is visualizing the applied formal and iterative strategy creation process. The analysis is directed towards different process steps and dimensional extremes to find out from where strategy emanates (e.g. Andrews, 1971; Mintzberg, 1987; Farjoun, 2002; Schilder, 2006).

[*Figure 1*]

1.3. Strategy deployment

Strategy deployment is described in the literature as a matter of operational details and tactical adjustments (Hutzschenreuter and Kleindienst, 2006). The strategy realization literature suggests that strategy may not be a result of formal planning but can also emerge (Mintzberg and Waters, 1985). However, even the execution is explained in the literature as essential for the strategy success, the importance has also been overlooked (Hrebiniak, 2005; Hutzschenreuter and Kleindienst, 2006). Hrebiniak (1992, 2005) brings the people aspect to the deployment view and states that most of the implementation problems are caused by

people oriented issues. The same theme was discussed in The Executive Summary (no. 28, January 2007, MCE) claiming that people in the execution process use their own logic.

Derived from a combined formal and emergent approach to the strategy deployment subprocess the following steps are found as characteristics supporting also the people involvement to the process (Hrebiniak, 1992, 2005; Mintzberg and Waters, 1985). Concerning the first step, the teams and/or individuals are defined as essential players while turning strategy into concrete *action plans* at various organizational locations (Hrebiniak and Joyce, 1984; Tichy, 1983; Juttner and Peck, 1998; Hrebiniak, 2005). Secondly, to turn the strategy into concrete action plans is however not possible if the strategic goals have not been cascaded down through the organization into *individual implementation plans* followed with *continuous improvement plans* against the defined strategy (Patel and Hancock, 2005). Finally, the notion of realization suggests that strategy may not be a result of a guided plan but can also take its final form through *informal and spontaneous actions* (Mintzberg and Waters, 1985). The emphasize is on the alignment between these steps (Farjoun, 2002).

To further extend the people analysis dimension the theory of *boundary role person (BRP)* as influential to the strategy deployment process is utilized (Adams, 1976; Thietart and Vivas, 1984). BRP is offering a platform to analyze the relationships that are binding the company with its environment and its actors (e.g. Aldrich and Herker, 1977; Porter, 1985). The organizational relationships are analysed integrating the boundary role into the strategy deployment process (Juttner and Peck, 1998). The assumption is that the relationship between individuals, teams or organizations has a networked nature (e.g. Threlli, 1986). Firstly, the target is to *locate* the actors involved in the strategy deployment process within an organization (Penrose, 1959; Chandler, 1962; Cross and Prusak, 2002). Secondly, the aim is to identify the organizational *position* of the persons involved in the strategy deployment

process. The position is seen especially interesting because of BRPs do not traditionally have the hierarchical authority at their disposal (Cleland and King, 1968). Moreover, BRPs may perform in a representative position or have a symbolic importance through interaction within the network (Thibaut and Kelley, 1959, Organ, 1971). Thirdly, the target is to investigate the existence of different boundary related *roles* that the persons involved in the strategy deployment process are having (e.g. Thusman, 1977). Characteristic to the analysis of location, position and role is the relationship building inside and across the teams and/or individuals acting in the company.

The applied strategy deployment process is presented in *figure 2*. Since, the target is to understand by whom strategy is deployed, the analysis is directed to different process steps and people alignment with the process (e.g. Thietart and Vivas, 1984; Juttner and Peck, 1998; Hrebiniak, 1992, 2005; Patel and Hancock, 2005).

[Figure 2]

1.4. Global – Local dimension

Strategy process diversity has been explored from many different approaches e.g. cultural, geographical and head office versus subsidiary (e.g. Hofstede, 1994; Schneider and Barsoux, 1997; Regner, 1999). This diversified view further encourages considering that strategies may be developed also at the local level for both local and global implementation (Kim and Mauborgne, 1993; Schneider and Barsoux, 1997). Despite such viewpoints, Adler (2002) found that companies mostly ignore the cultural difference impact as part of the strategy process.

Schneider and Barsoux (1997) offer a platform in the global – local dimension to describe how companies respond to the strategy process from three different angles; ignore, minimize or utilize the cultural differences. Firstly, the *ignore* approach emphasises that processes, policies, leading styles and people are seen the same all over the world. The ignore approach states that methods developed at headquarters can easily be deployed locally. The approach is defined efficient when product quality, technology standards and company culture, shared beliefs and values are distributed throughout the organisation (McGrath, 1997; Schneider and Barsoux, 1997; Kogut and Kulatikala, 2001; Adner, 2004). Secondly, the *minimize* approach recognizes cultural differences as important, but mainly as a source of problems or threats to efficient and effective operations. Within the minimize approach, three alternatives are offered for the actual implementation. The first one discusses the development of a ‘global’ corporate culture where the target is to reduce the impact of different national cultures. The second alternative isolates the different cultures applying a polycentric method to the headquarter-subsidary relations. Parent company in that method determines what has to be done and the local subsidiary is then free to figure out how. The strategy formulation is centralized, while strategy implementation is seen as a local activity. The third alternative applies the regiocentric method to create local headquarters in order to improve coordination between local and global organizations and to seek potential synergies between them (Schneider and Barsoux, 1997). Finally, the *utilize* approach seeks searching new constellations of business activities redefining the role and importance of headquarters and subsidiaries (Barlett and Ghoshal, 1989) as well as discovering opportunities for organizational learning and innovation (McGrath, 1997; Schneider and Barsoux, 1997; Kogut and Kulatikala, 2001; Forssén, 2002; Adner, 2004).

The usage of *local voice* (Friedmann, 1992) is connected with the cultural difference (ignore, minimize, utilize) impact to the global – local dimension of the strategy process. In order to

successfully use and align the local voice to the global a supporting organizational structure and management is needed (Schein, 1985; Forssén, 2002). However, the aligning is highly dependent on how well the peripheral activities contribute to the overall business performance. (Mintzberg, 1970; Humes, 1993; Juttner and Peck, 1998; Mintzberg 1999; Regner, 1999)

Figure 3 presents the applied global–local dimension. The target is to identify Ignore-Minimize-Utilize (later IMU) integration points with the strategy process connecting also the peripheral actor and the usage of the local voice to the analysis context (e.g. Mintzberg, 1970; Friedmann, 1992; Humes, 1993; Juttner and Peck, 1998; Mintzberg 1999; Regner, 1999).

[Figure 3]

1.5. Business Performance

Findings in the strategy outcome studies indicate a positive relationship between strategy and business performance (Baker, Addams and Davis, 1993; Miller and Cardinal, 1994; Hopkins and Hopkins, 1997; Berry, 1998; Andersen, 2004).

In the literature, business performance is characterized as an integral part of an organization's processes of planning, review and control (Rumelt, 1993). Looking back to the 1980s, the business performance was evaluated by pure *financial* measures (Kaplan and Norton, 1996). Examples such as market share, share of industry capacity and estimated relative cost (relative to competitors) were used as strategic benchmarks (Rumelt, 1993). Throughout the 1980s and 1990s the deficiencies of the pure financial performance measures started to gain criticism, such as lack of strategic attention and misalignment between short- and long term

targets (Kaplan and Norton, 1996; Farjoun, 2002). Consequently, other measures were taken into account such as *quality* and *customer* satisfaction (Rumelt, 1993). These kinds of measures not only allow management to track the success of strategy deployment but enable to evaluate the quality of key strategic assumptions (Rumelt, 1993). In some organizations evaluation is informal, while other organizations have created formal systems consisting of periodic strategy review sessions (Rumelt, 1993) aligning both short- and long term corporate actions with the business strategy (Chakravarthy, 1986; Farjoun, 2002). However, short- and long term goals may also be contradictory (Levitt and Nash, 1989) but still result homogeneously towards the outcome. The short- and long term actions can be represented by profitability, survival and other standard indicators as well as by nonfinancial indicators, such as *people* and *process* related measures (Rumelt, 1993; Schroeder and Flynn, 2001; Farjoun, 2002).

In the study the business performance is evaluated with a set of measures including of financial, process, customer & quality and people related metrics. The target is to find out if there is a connection between the strategy outcome and the way strategy is initiated and deployed. The study is excluding the performance evaluation of the strategy process itself.

1.6. Summary

Along the literature review, it was brought into the discussion that the individuals, whether peripheral or non peripheral, have impact on the strategy process. As a result, four analysis elements are defined as central when studying how companies connect people into the global – local strategy process.

Strategy creation process analysis is directed to find out from where strategy emanates. Different process steps and dimensional extremes are investigated (Mintzberg, 1987;

Schilder, 2006). *Strategy deployment* process analyses different process steps and people alignment with the strategy (Hrebiniak, 1992, 2005; Patel and Hancock, 2005). The target is to understand by whom strategy is deployed. The cultural difference impact (Schneider and Barsoux, 1997) to the *global – local dimension* of the strategy process is analysed with the usage of ignore-minimize-utilize (later IMU) framework. The essence is to identify IMU integration points to the strategy process. The *global – local dimension* also flavours the entire strategy process analysis with the peripheral actors' involvement. Finally, the *outcome* of the business performance is evaluated through a set of measures including of financial, process, customer & quality and people related metrics (Rumelt, 1993; Kaplan and Norton, 1996; Schroeder and Flynn, 2001; Farjoun, 2002). The essence is to find out if there is a connection between the outcome of the strategy and the way strategy is originated and deployed in a global – local arena.

2. CASE STUDY

2.1. Case environment and method

My interest to study the strategy process from a global – local view was brought while working at Nokia Networks (Nokia Siemens Networks). Working inside the case company at various positions both in Finland and abroad opened up the possibility to reflect how the strategy process is aligned in an international organization and observe how peripheral actors are present in the strategy process. Nokia and Nokia Networks (NET) key asset within its global operations is defined as the logistics know-how (Castells and Himanen, 2000) and the global distribution model as the central contributor to the realized strategy. During year 2001 NET started to re-engine its distribution model from regional distribution centers to establish

one main hub⁴ per region. Consequently, the hub distribution model⁵ enabled me an environment for global – local strategy process research at various locations. The hubs were created in six strategically chosen geographical locations in three different continents. At the first phase three hubs were established in European region (R, M and V). At second phase South American (J) hub was established. And finally, North American (D) and Asian (S) hubs were initiated. In the study, the hubs are referred with abbreviations V, R, M, J, D and S due to the country specific sensitivity.

I started the initial research process in autumn 2001. Working inside the case company opened up the possibility for analytical action research through participatory observations (Stake, 1995). Supportive to the qualitative analysis approach, I also used some numeric data to illustrate the people involvement in the different strategy process steps. Thanks to the relatively extensive documentation system in the case company, the documented data such as strategies, presentation materials, manuals, process descriptions and meeting minutes, proved sufficient. Additionally, I interviewed 18 persons. The interviews lasted around two hours each. Interviews included persons from different parts of the organization reflecting the global – local dimension that is focused in the study. Some of persons were interviewed more than once, because of their deep understanding and involvement with the strategy process and the case. Interviews were conducted both in English and in Finnish dependent on the interviewee's nationality and are translated for this article by the author if needed. Semistructured interview method was applied to encourage free discussion around the subject. In addition to conducting interviews I was participating to the strategy process as well as with the case studied. That offered me an additional opportunity to collect materials through observations and discussions. Therefore it is difficult to give exact trajectory of all

⁴ Hub is a consolidation point through which product deliveries from different sources of supply to customers are shipped.

⁵ Hub distribution model is applicable also after the creation of Nokia Siemens Networks (1.4.2007). Source: discussion with TL on 24.4.2007

the utilized data. What is suggested for this kind of studies (Kotro, 2007, p. 157) is to “dive” into the world of the organization.

2.2. Strategy creation and deployment

According to the analysis, the case company strategy process is including elements from both the formal and iterative process approach as the literature review illustrated (*figure 4*). Referring to the heading of the article by Pantzar and Ainamo (2004), the case company strategy process is ‘*aligned with the textbook wisdom*’. The formal parts of the creation process include *strategic vision & intent* and the initial *strategy* creation with the financial figures. The iterative aspects are connected with the *environmental scanning*, *strategy sharing* and *strategy review* as well as with the process approach alignment between the steps. The deployment follows the creation process stating exactly on how strategy should be implement. The more formal steps include the initial *deployment* plan and the employee *incentive setting* as well as the *latest estimates* of key financials. The iterative perspective is connected to the *review* characteristics of the entire strategy process. The analysis finding is that the process is highly formal with a use of tight time schedules and unified templates that are shared across the whole corporation. The interviewees described that there is no space for informal/spontaneous actions, but emphasised that reviews and updates are done according to the formal procedure.

[Figure 4]

Strategy creation and dimensional extremes

The analysis results highlight that the creation dimensions and corresponding extremes are forming a baseline to a unified and coherent strategy plan across the global hub distribution

(table 1). In the interviews, employees emphasised that the planning *direction* and *stakeholders* dimension is utilizing a highly *top-down* approach with the creation of V, R and M hubs: *'this hub (R) strategy process was quite top down driven'* (Interviewee₂). Moreover, within the *authority* dimension the creation process of V, M, R and J hubs was described by the interviewees as *determinant*, stating exactly how to operate. Interviewee₃ commented M hub creation process as: *'it was just informed...and then the M hub was created'*. The creation process for J, D and S hubs was based on globally chosen locations and the country related restrictions or pressure, such as taxation or other requirements set by local authorities. Therefore the planning *independence* dimension is characterized as *semiautonomous*, i.e. appearing in between of the dimensional extremes having requirements from both the corporate and regional level. Within the *circumstance* dimension and finally in the *temporal* dimension *certain* and *equal to present* extremes are commented to link with the creation of D and S hubs. Interviewees stated that the creation of multiple hubs formed a common hub way to operate for later hub establishments, such as structure, processes, roles and responsibilities, scope, principles for way of working and tools as well as standards for performance evaluations. However, the creation process was also commented with certain reservations: *'the greatest risk is that we reflect the new model and opportunities (new hub creations) through the current structure and are not able to utilize innovation capability'* (Interviewee₃).

[Table 1]

To sum up, the analysis supports a highly centralized and formal process approach across the operations with the unwritten rule 'make it happen'. The interviewee₂ was summarizing: *'For sure, this (hub creation process) was strongly part of the formal strategy process'*. Overall the finding is that there exists a belief that the hub establishment is bringing a competitive

advantage to the end – to – end delivery process ‘*defining the most optimal way to function*’ (Interviewee₆). The Interviewee₆ explained: ‘*hub is established near to the customer, so that the customer can decide as late as possible the final configuration*’ and continued: ‘*we are able and we do change the delivery point from country to country if needed...for the end customer it does not matter from which hub the materials are delivered from, due to the fact that the equal service level between the hubs is a prerequisite*’.

Strategy deployment and people alignment

The analysis results emphasise the people alignment from location, position and role perspective (*table 2*). According to the interviews, the *location* of the key persons driving the hub operations is tightly connected with the Headquarters and with the different hub locations. Moreover, the finding is that ‘*the position matters*’ and that the people involvement in the deployment is fully formalized through a company wide incentive setting process. The analysis evidence is further indicating that the cascade is efficient and effective. The interviewee₁₂ summarized: ‘*Strategy is implemented with the usage of incentive setting process. And the results have shown that the cascade has been good*’. However, the Interviewee₇ raised up an interesting topic stating that employees do not necessarily care if there exist a linkage between the strategy creation phase, deployment plan and incentive setting, ‘*there can be found quite a lot people working here who are not at all interested (if there exist cascade or not)*’. Related to the role analysis, the finding indicates the boundary role existence both at the global and local level. The head of hub operations is defined as a boundary person at the global level and the different hub managers as boundary persons at the local level. Both boundary roles were commented as representative in the relationship building and in the actual strategy deployment across the hub network. However, along the interviews the hub manager role in certain cases was claimed to become distant from the global operations. After noticing this

repeatedly mentioned in the interviews, I encouraged the interviewees to talk more about the issue. Two conclusions were identified. Firstly, the hub managers were found to stay in their hierarchical positions over a longer time period. Secondly, a job rotation pattern was identified among the hub managers, i.e. moving from one hub location to another. Both patterns were claimed to lead towards a comfort zone appearance, as summarized by the interviewees: *'changes or continuous developments are not thoroughly analysed as the current seems to work as well...the developments what we see are happening around the IT'* (Interviewee₃). Despite such comments, the Interviewee₁ was emphasising the positive aspects of the job rotation connected to the competence development.

The analysis of the people alignment with the deployment process reveals that approximately 20% of the hub employees are involved with the *deployment plan*. The *incentive setting* is linking all hub employees (100%) to the strategy. The deployment plan involved employees are the head of hub operations, different hub managers and the support functions at the management level, such as transportation manager and the controller. However, even the iterative perspective of the entire strategy process is emphasised in the case company, the interviewees brought an interesting notice to the discussion. The interviewee₈ stated that the cascade between the different process steps is assumed to be done by a certain group of people at the management level. Whereas the role and what is expected from that role are not specified: *'it is assumed that we have a group of people involved in the strategy who act like interpreters or messengers. But has this role and expectations for the role been articulated clearly enough? We have a group of persons who plans and goes through strategic issues... But how each of us has taken that role and are correct persons involved? Currently it is purely position related role ... It could be trained – what are expected from that kind of role, but that discussion has not taken place...'* The finding is interesting due to the fact that this same pattern applies between the strategy creation process involved employees (5% of all hub employees) in relation to those

employees involved with the deployment plan (20%). Within the study scope, that kind of cascade role can be characterised as boundary related. The employees involved with the cascade role are addressing the effect they have when delivering the strategy message between the different process steps simultaneously influencing on how the strategy is implemented.

[Table 2]

2.3. Global – Local dimension

The aim with the global – local dimension analysis is to identify Ignore-Minimize-Utilize integration points with the strategy process. Additionally, the peripheral actor and the usage of the local voice are connected to the analysis context.

IMU and strategy process steps

The analysis indicates that the case company strategy process utilizes all dimensions from the IMU framework (*figure 5*). However, the differences are found between the steps. *Environmental scanning* as a starting point is characterised as situational simultaneously recognizing and including all ignore, minimize and utilize alternatives as inputs to the scanning process. The findings indicate that as the environmental scanning is setting the management expectations to the later steps in the strategy process the minimize approach is linked with the *strategic vision & intent, strategy, strategy review and latest estimates* steps. Within the minimize approach the cultural differences are recognized as important but with the certain limitations. The interviewee¹² was summarizing: ‘*Strategy is mainly global with local add ons when needed, e.g. with the certain focus areas. The focus areas are selected based on the market importancy and market dynamic.*’ The ignore approach is characterized with the *strategy*

sharing step. The motivation is that the shared finalized strategy message is equal to everyone and it is based on certain assumptions within a given timeframe. However the message content may include elements from other IMU dimensions based on earlier steps. *Deployment plan* and *incentive setting* are linked with the minimize approach. The deployment plan is including detailed targets, action plans and resource plans stating exactly how the strategy is executed both globally and locally. Finally, the incentive setting is linking the globally set targets to employees' individual plans.

[Figure 5]

IMU and Hubs

Hub operational model started to evolve as the case company sold factory premises and free warehouse space was needed to relocate the unsold inventories. Consequently, the case company was re-engineering its distribution model from regional distribution centers to establish one main hub per region. These incidents are seen as starting points setting the business assumptions in terms of entry scanning and target setting towards the hub operational model. The interviewees summarized: *'...equally important is the correct location of selected hubs, we need to cover the whole world both regionally and materially and to understand regional requirements that may vary between the countries (e.g. duties).'*

IMU and hub strategy creation

According the interviews, the analysis indicates a local reason behind each hub establishment, but the way the hubs were created ignored the local contingencies. Related to the S hub as the final established hub the target was commented to get the global operational model harmonized. The interviewee₁ summarized the S hub establishment: *'if we had analyzed better the local customer requirements, that are they really demanding that short lead times as others,*

the operational model could have been different.’ Moreover, along the research process it became evident that already the first hub establishments (V, M, R and J) influenced to the later hub creations in terms of processes, standards, target setting, roles and responsibilities, culture and values. The quotations are illustrating this finding from the ignore perspective: *’...copy exact mode is in use, but not necessary the best possible alternative in each hub’* (Interviewee₁₀). Following thoughts continued the same theme: *’I have not seen many global key persons visiting here, but still they are developing the concepts all the time there without consulting with us’* (Interviewee₂) and *’... they (global) are totally lacking the local and operational understanding how this (local hub) is functioning’* (Interviewee₃).

The overall analysis is that the hub creation process is applying a highly *ignore* approach. The motivation is that even there exist both business and location related reasons behind the individual hub creation processes the hub strategic initiation was based on to create a common, global and centralized way to operate with common targets such as close to the source of supply and near the customer frontline. Simultaneously, the applied creation approach offered a solid platform for hub operations global network management. The interviewee₆ was summarizing: *’hub targets are the same, normal control of operations. Hub functionality is not allowed to tune for local demand so that we are too local dependent. The focal point is that all hubs can be utilized for global demand. That is what the hub model is about. The essence is that whatever hub can deliver to whatever country’.*

IMU and hub strategy deployment

The analysis illustrates that the strategy creation is centralized while strategy deployment is seen as a local exercise. The Hub Operations has a local management (i.e. hub managers) to improve coordination between local and global organizations. Addition to that the overall target is to enhance potential synergies between the hubs. The benchmarking and collaboration between the hubs was an interesting theme along the conducted interviewees.

As stated by the interviewees the different hubs have a specific role in the hub network, such as the hubs are established to certain regions and the R hub is functioning as a training center to other hubs. Consequently, other local hub deployments were enabled with the already existing methods, processes and policies. However, as the hub roles are the *'same, normal control of operations'* and not individually or specifically defined, the benchmarking and collaboration seem to happen more randomly than preferred, as the interviewee₂ was explaining: *'we were locally developing a tool to improve the visibility of inventories It was a really good tool...but it took quite many years before any other hub took it into use. I do not know the reason, but more benchmarking could make sense'*. R and V hub strategy deployment analysis shows that they are remaining at the ignore path, i.e. bypassing the local contingencies while deploying the global operational model. M hub is moving towards minimize approach, when taking the global model into use but the M hub primary target to serve only local customers remains. J, D and S hub deployments represent also minimize approach. For J and S hubs the motivation is linked to the location and country related restrictions, such as duties, taxation and financial issues that are setting the rules for the execution. While for the D hub the local customer pressure is highly dictating the way how to operate.

Taken together, the hub deployment process is applying a mixture of *ignore and minimize* approach. The local hub role is to make it happen, simultaneously commanding Headquarters respect. Hub operations corporate culture is in place as well as local characteristics recognized in terms of leading style, used local resources and local personnel. Related feedbacks further confirm the used ignore-minimize deployment approach: *'we receive these global initiations to local deployments unfortunately too often'* (Interviewee₂) and ... *'yes, each hub implementation has been managed from global. The model was crammed as copy-exact to all locations and local resources came to handle the operative work. In each case we sent a hub manager*

and production planner from global to ensure that the global process is taken into use as one-to-one' (Interviewee₁).

Local voice

The *local voice* concept was introduced in the literature section. Concerning the hub operations, the findings indicate that the existence of peripheral actors utilizing the voice in both creation and realisation of the strategy is purely position related. Hub manager in each of the hub is characterised as a boundary actor at the local level and actively involved in the strategy deployment process while in the strategy creation process the hub manager is having mainly an observer role. The head of hub operations is defined as a boundary actor at the global level having an active role in both strategy creation and deployment process. Other boundary roles were linked to those involved in the cascade process between strategy creation, strategy deployment and incentive setting steps. The boundary role discussion has not taken place in the case company, nor the role is defined, therefore the boundary actors, especially the peripheral ones do not enter into the strategy picture: *'I do not recall any entirely local person who had been in a key position, surely there existed some'* (Interviewee₁) and *'Realization of what ever issue, it does not mater if it is done by a global or a local person. But the point is that we do not internally want to ask new ideas from local. We are missing that kind of openness. We see things via formal positions'* (Interviewee₃). Further as we were discussing around the local voice, the interviewees stated that the strategy process was not encouraging the peripheral actors' involvement. However, the interviewees revealed that: *'it could be profitable to have a voice challenging'* (Interviewee₁₀) and *'it would be good to get that local voice heard, but how?'* (Interviewee₁). The conclusion is that the local voice of the person not having strategically key position is not heard, at least globally.

2.4. Business Performance

The analysis results indicate that the business performance is measured and followed as well as getting the management attention at the case company. This is common in all performance areas. The cross case analysis shows that there are only minor variations between the different hub performance outcomes. This finding is explained from the hub operational model that is creating a platform to ensure a functionality that is not allowed to tune too locally dependent. The Interviewee₆ explained: *'we are able and we do change the delivery point from country to country if needed. It can be based e.g. on cost issue and then we change the delivery from hub a to hub b, and this is how it should be. For the customer it is only an informative issue and it should not matter from which hub the customer is getting the delivery from...These kind of changes must be transparent within the organization.'* The Interviewee₆ further emphasized that the process capability imbedded in the global distribution model is influencing the performance quality.

The quality of the hub business performance is evaluated against financial, process, customer & quality and people related measures. The analysis indicates that the hub model worked as targeted. In all hubs costs, inventories and leadtimes went down and the delivery time to the customer reached the target level (*table 3*).

[Table 3]

The variations between the hubs are linked with the hub level target setting that is based on whether the operations are located in a low cost country or not. Even the targets of the key measures may differ between the hubs the targets are based on equal metrics. The Interviewee₁ concluded: *'Main idea behind the key metrics and the follow up is to ensure that we have the most optimal model in use from the whole operations perspective and addition to that we are*

trying to minimize hub level differences and any suboptimations. Another difference was identified from the customer centric issues within the area or region. One example is related to the D hub that had challenges with a key customer. The focused efforts however improved the customer satisfaction. All in all, as the key measures performance is continuously followed there exists a capability to take immediate actions when a deviation is identified from the target.

The hub business performance evaluation is characterized as an integral part of the case company strategy process of creation, deployment and control. Related to the case company strategy process, the Interviewee₁₂ explained: *'...somehow the whole process as it is now crystallizes the strategy to everyone. At least that is the target'*. Moreover, the strategy process was emphasized to create a platform *'to conduct changes, even great ones, and the hub model was part of the formal strategy process'* (Interviewee₁). The hub model was created and deployed with a use of global model, mostly ignoring the local contingencies. Consequently the hub model worked as targeted across the network. The conclusion indicates a positive relationship between the hub strategy and the hub business performance. The finding is further motivated from the benchmark that was illustrated by the Interviewee₆ *'we know other companies that have build their logistics based on countries, continents and customers...but the thing is that we need to find the most optimal way to function from the end – to –end process perspective. At the other end we need to be product oriented and in the other end customer oriented and the main issue is to find the optimal 'collision' point...there the hub is seen as a possibility to link productivity with the customer orientation'*.

3. CONCLUSIONS

The main outcome of my analysis arises from the people alignment with the strategy process. The subject is approached through a case study of the global distribution model as a contributor to the Nokia Networks (Q1/07 Nokia Siemens Networks) strategy. The use of different frameworks of strategy creation (e.g. Mintzberg, 1987; Farjoun, 2002), strategy deployment (e.g. Adams, 1976; Thietart and Vivas, 1984), global – local dimension (e.g. Schneider and Barsoux, 1997) and strategy outcome (Kaplan and Norton, 1996; Farjoun, 2002; Rumelt, 1993) formed the theoretical platform, which guided the empirical study to find out *‘From where strategy emanates?’*, *‘By whom strategy is deployed?’* and *‘Is there a connection between the strategy outcome and the way strategy is initiated and deployed?’*

In the study, the global distribution strategy was analyzed through six geographical hub locations following the case company strategy creation and deployment process. The strategy creation analysis indicates a local reason behind each hub establishment, but the way the hubs were created ignored the local contingencies. The finding is that the strategy is emanated applying a framed, formal and iterative company wide process including of predefined steps, procedures and tight time schedules. The strategy deployment brings the individuals involved into the analysis context revealing that the way people are aligned with the strategy process is interpreted as *‘the position matters’* and that the hub strategy is deployed with a company wide cascade using incentive setting process. The findings further indicate that the existence of peripheral actors utilizing the voice in both creation and realisation of the strategy is not heard, at least globally. The business performance outcome analysis reveals that the hub strategy has been a success, *the model worked as targeted*. The creation and deployment of six individual hubs is corresponding with the original strategy to re-engine NET distribution model from regional distribution centers to establish one main hub per region. Simultaneously the model offered a solid platform for hub operations global network

management with common, global and centralized way to operate. Moreover, the creation and deployment of the hub distribution model created a pattern between the first (V, M, R, J) and the later (D, S) hub establishments. The finding motivates the used copy-exact mode for the later hub creations and the usage of IMU framework for the hub strategy process. The outcome seems to enhance the productivity of the strategy making process for the hub distribution model. The result is revealing an efficient global establishment process while applying a copy-exact framework, ignoring mostly the cultural differences, having equal target setting across the network and aligning the key players based on their formal positions into the strategy.

The outcome of the study is that the cultural differences and the peripheral actors' involvement to the process were found as vague. Despite the findings, the interviewees displayed that: 'it could be profitable to have a voice challenging' (Interviewee₁₀) and 'you cannot break the ways of the culture' (Interviewee₉). By combining cultural differences and local voice into the global strategy process is suggested as an area that needs more future research. What I want to bring forth is the idea to link the cultural differences and local voice as inputs to create unique, innovative and competitive strategies that are efficiently deployed, especially when confronting within a global – local arena (Pfeffer, 1994; Ridderstråle and Nordström, 2002; Roos et al., 2004; Kim and Mauborgne, 2005; Kotila, 2005; Lorange, 2005; Vanhala and Kolehmainen et al., 2006). As stated by the Interviewee: 'it would be good to get that local voice heard, but how?'

Finally, whether the hub related findings can be generalized with other similar cases, situations and context in the case company or in other companies is difficult to argument. However, the hub model that was created after the first implementations shows to form a commonly applicable template that can then further be modelled and copied to other

locations. The traphole however exists, if the model is always deployable as copy exact – in any circumstances, anywhere and any place. Therefore, it is important to notice that the results, observations and the conclusions presented here represent the studied distribution model.

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APPENDIX

Figures and tables

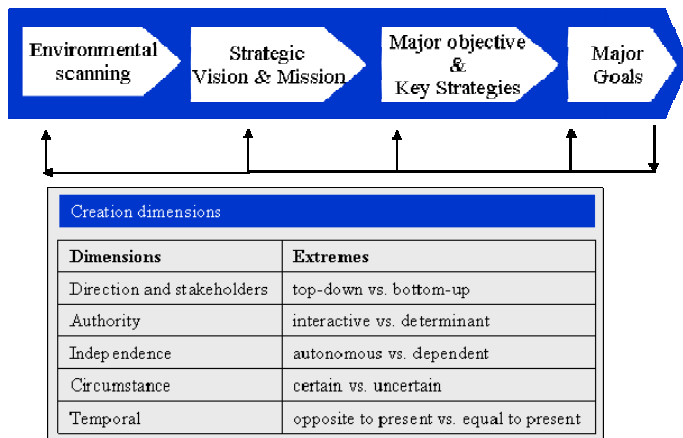


Figure 1: Formal and iterative strategy creation process

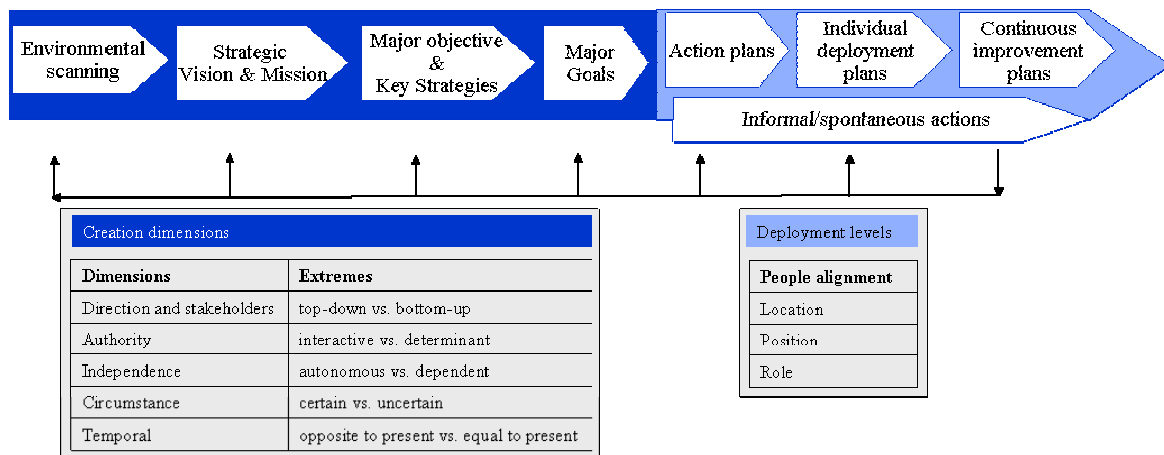


Figure 2: Formal and iterative strategy creation and deployment process

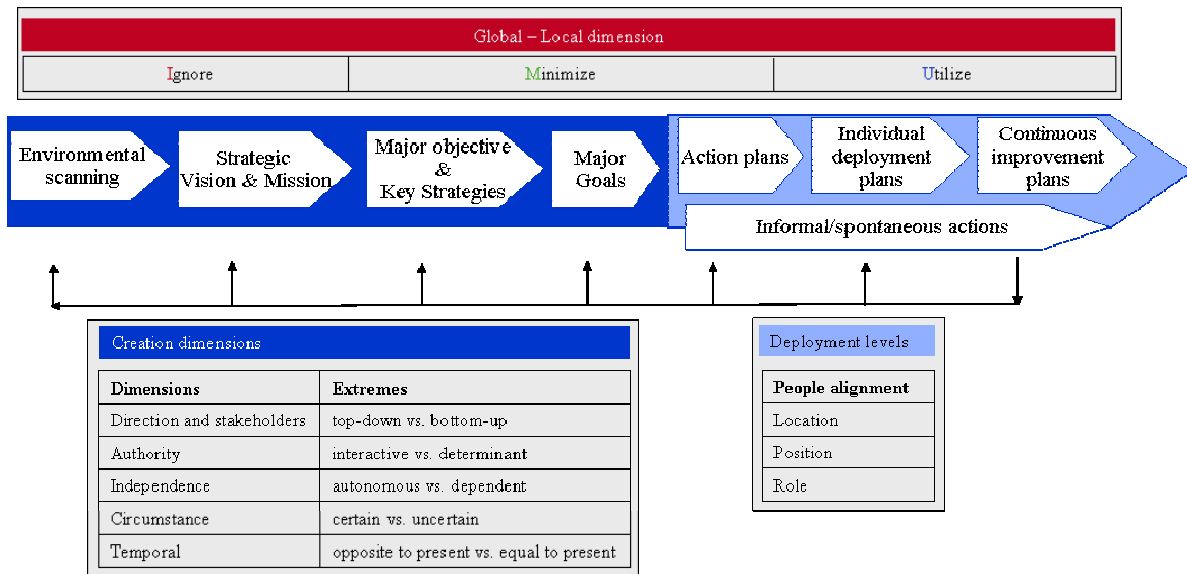


Figure 3: Global – Local dimension of the strategy process

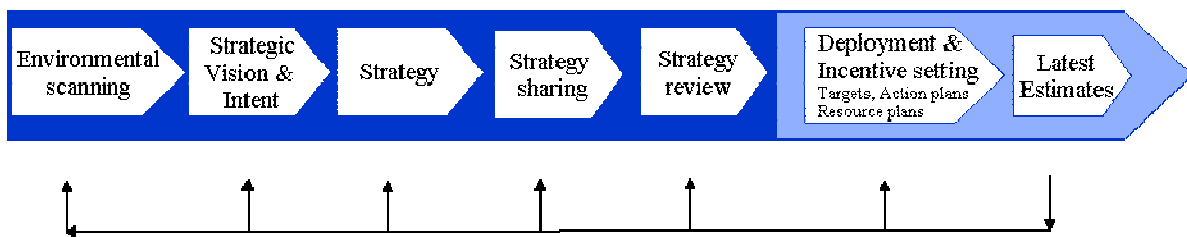


Figure 4: Case company strategy creation and deployment process

Creation dimensions & hub appearance					
Dimensions	Extremes	Appearance	Extremes	Appearance	Comments
Direction and stakeholders	top-down	V, M, R	bottom-up	N/A	
Authority	interactive	N/A	determinant	V, M, R, J	
Independence	autonomous	N/A	dependen:	N/A	J, D and S hubs are appearing in between of the dimension
Circumstance	certain	D, S	uncertain	N/A	
Temporal	opposite to present	N/A	equal to present	D, S	

Table 1: Creation dimensions and case appearance (hub)

Deployment levels & appearance		
People alignment	Appearance	Process step appearance
Location	Headquarters and different hub locations (R, M, V, J, D, S)	* all steps
Position	* Management team (global), hub managers at various hub locations (local) and support functions at the management level (global) * Whole personnel (both global and local)	* all steps * incentive setting
Role	* Head of Hub Operations as a boundary person at the global level. * Hub manager as a boundary person at the local level * Boundary role identified within the cascade process between: <i>Deployment plan (20%) – incentive setting (100%) (and Strategy (5%) – Deployment process (20%))</i>	* all steps * all steps * iterative influence between the process steps

Table 2: Deployment levels and people & process step appearance (hub)

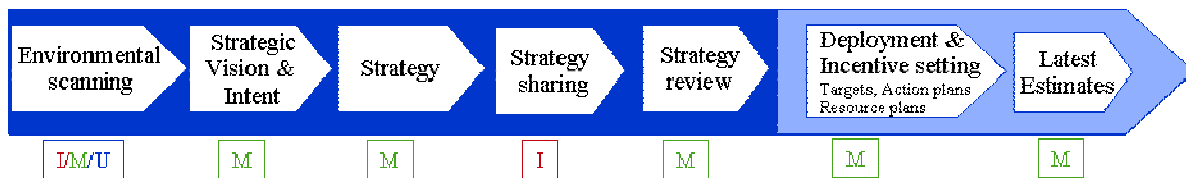


Figure 5: IMU integration points in the strategy process (case company)

Data development 2001-2004	Case V	Case R	Case M	Case J	Case D	Case S
Financials						
Cost efficiency (%)	3.3 – 1.4	4.7 – 1.5	4.4 – 1.1	4.3 – 1.4	3.9 – 1.7	around 1
Inventory rotation days	average 38 d	average 41 d	average 24 d	average 61 d	average 72 d	average 24 d
Process						
On Time Delivery	from 51% to over 90%	from 15% to over 90%	over 90%	from 31% to over 90%	from 86% to over 90%	from 53% to over 90%
Lead Time	Shorter leadtimes achieved in all hubs. In average 10 days reduced during the analysis period. In average Hub Operations have been able to deliver with 1.3 days shorter leadtime than confirmed but with 4.3 days longer than the customer request. This pattern was found e.g. with new customer contracts, high volume peaks and new product related material shortage situations.					
Lead Time Gap	LT Gap reduced in all hubs. In average with 4 days.					
Customer & Quality						
Customer Satisfaction Survey	CSS data does not allow feedback per hub, only customer and area data is available. An overall development shows that customers highly appreciate reliable delivery process.					
	A slightly downward trend, challenges with a key customer			Overall a positive development (short history)	Challenges with a customer resulting focused efforts showing that the trend has turned positive.	Flat development, even the local customers are among the most satisfied.
Customer Complaints	Operative and systematic approach to	High volume correlates with a relative	Quick reactions taken if	Local process not synchronized	High complaint amount for a	Complaint amount under control and

	quality related problems.	high complaint amounts.	problems found.	with the global process.	certain period of time. With an initiation of a kaizen project problems solved.	actions taken if variations from the set target level found.
	Missing item category as the main complaint reason in all hubs.					
People						
Incentive setting	100%	100%	100%	100%	100%	100%
Listening to you	Focus areas: communication improvement, well being, social responsibility and competence development					

Table 3: Cross case analysis and the outcome measures