

# Making Strategy in the Multi-business Firm

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## Introduction

Over the past decades, process scholars have been trying to capture how strategy is formulated and implemented in contemporary organizational settings (Chakravarthy and Doz, 1992; Pettigrew, 1992; Van de Ven, 1992). The result has been a number of rich studies exploring the actors and settings of the strategy process. Recent research has pointed out the importance of strategy practices (e.g. *Journal of Management Studies*, 40(1), January 2003). Building on these studies we are interested in two broad questions: How is strategy made in multi-business firms? What are the capabilities required to make strategy? The purpose of this chapter is to present some preliminary empirical findings around these two questions. Eight interviews with strategy directors from the UK banking, energy, utility, and pharmaceutical sectors serve as the primary source of these findings. The interviews were conducted in March and April 2002 as pilots for a bigger research project that examines the realities of making and executing strategy in multi-business firms over time. Evidence from these pilot interviews suggest that there is no clear way to make strategy. Instead firms experiment with different ways of making strategy and developing the capabilities to make strategy.

Why are these multi-business firms experimenting with how they make strategy? Following a contextualist approach (Pettigrew, 1985, 1987) we believe that the strategy-making process cannot be properly understood unless one examines the context within which this process has emerged and this context cannot be properly understood unless one studies it over time. More in-depth research could focus on the contextual conditions of multi-business firms as well as the actions and interactions of managers and their teams at both the corporate center and the business unit levels. Overall, our goal is to provide some empirical insights into the what, who, and how of strategy making in multi-business firms. As a result, a large proportion of this chapter is dedicated to the evidence derived from our pilot study. For a more detailed theoretical background of this project please refer to Paroutis and Pettigrew (2001). This chapter is organized as follows: the first section outlines the background and method of the pilot; the second offers the main empirical findings; and the third and final section presents the conclusions and implications for future research.



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