Strategy Formulation Process in Large Family-based Businesses

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Abstract: this paper proposes a strategy formulation process for large family businesses in Gulf Cooperation Council (GCC) countries. After analyzing and critically evaluating both the formal strategy formulation process theory and adaptive strategy formulation process theory, a novel ambidexterity strategy formulation process was developed. To verify this new process, structured interviews with an associated questionnaire were used with 15 CEOs and 15 strategic managers from large family businesses in Gulf countries. The results show the new process is seen as important by all participants. However, they are not effective enough in doing all of the activities. Also, it has been found that most of companies are adopting mixed top down/bottom up and mixed iterative and linear processes. This research is the first to investigate strategy formulation process in large family businesses. This paper can help in understanding the strategic management approach of business leaders in GCC countries.

Key-Words: Strategy Formulation Process Stg-FP, Family Business, Large Family Based-Business, ambidexterity Strategy

1 Introduction

Family businesses play a crucial role in Gulf Cooperation Council (GCC) countries’ economies. Yet, they are facing critical challenges to maintain and improve their economic growth. Specifically, Davis et al. (2000) identified that “clear strategies are not apparent in many Gulf companies”, and “decision making is often slow.” Such characteristics make rapid and effective response to dramatic external changes in the business environment a major challenge for such companies, irrespective of whether the shifts will be related to markets, technology, social behaviour, or demographics. There are also other challenges that face family-based businesses, including the following: increased competition; escalating family complexity; and ownership retention threats (Ramady and Sohail, 2010; Davis et al., 2000). Thus, organizational strategies could be the vehicle to enable organizations to deal with the changes in the environment.

There are three main theories used to develop organizational strategies (Jarzabkowski et al, 2015). The first two are the formal strategy formulation process (Chandler, 1962; Lorange & Vancil, 1976; Ansoff and Hayes 1976), i.e. the rationalistic and mechanistic view of strategy formulation process (Chaffee, 1985); the adaptive strategic planning process (Hofer, 1973), i.e. the autonomous strategy (Miles & Cameron, 1982). Each of these theories has its pros and cons. The formal written strategy formulation process is rigid and found to have no effect on performance in a turbulent environment (Powell, 1992), but can have an impact on the stable environment (Ocasio & Joseph, 2008). Because the plan in itself is not useful, the review of the plan is more important than the plan itself (Dvir & Lechler, 2004). Therefore, the adaptive strategy planning process is based on the continuous revision of the plans and receiving feedback from customers, employees and other stakeholders (Gimbert et al 2010). However, there are no dedicated roles for monitoring external and internal environment (Miles & Cameron, 1982). The monitoring process is delegated to line managers, but not to a specific position (Castells, 1999). For large corporations it would be ineffective to ask line managers to do that by themselves (Child, 1996). It shall be a dedicated centralized research/excellence centre for capturing, analyzing disseminating relative data and information to different decision makers, policy
makers and strategy formulation team (Govindarajan and Chris Trimble, 2010).

It has been found that mixing between these approaches could create a third ambidextrous strategy formulation process (Anderson, 2000). It has been found the mix improves the performance significantly (Andersen and Nielsen 2010). However, there were no clear guidelines or a distinct map of the process required to deliver this strategy. This research proposes a new strategy formulation process to reflect this mix.

There are papers addressing the strategy in family businesses (Zwelliger et al. 2013; Block and Wagner, 2014). However, there are very few papers related to the Middle East (Palliam et al, 2011). All these papers focus on the succession strategy (Bodolica et al., 2014), number of non-family members in the board of directors to formulate strategy (Sconfield et al, 2016), and strategic decisions related to the internationalization of the family business (Jabeen, et al, 2016). But papers addressing the strategy formulation process in family businesses have not been found.

2 Literature Review

2.1 Formal Strategy Formulation Process Theory

Strategy formulation process is a purposeful, linear, sequential, deliberate exercise to realize the organizational vision and its mission (Cannon, 1996; Collis & Motgomer, 2005) through analysing and understanding the influential factors which affects the organization in its ecosystem (Davidson et al 2015) and influence the organisation’s ability to observe, monitor and assimilate those factors (Bilgili et al 2016). The final output of the strategy formulation process is how to configure the business activities, resources and operations to achieve the corporate vision and mission. In this conventional approach, which is called prescriptive or design school of thought (Gimbert et al, 2010), strategy is led by the top management team, is more centralised, and based on rational decision making processes (Grant, 2003). Once the strategy is formulated centrally at the corporate level, the objectives are sent to the business level (Mintzberg and Waitress, 1985).

Authors who adopt the formal approach in the strategy management have different steps to describe the strategy formulation process. Hunger and Wheelern (2011) proposed internal and external scanning, define vision, mission and objectives, develop corporate strategy and develop functional strategy. Others, like Andrews (2005) and Pearce and Robinson (2011), described the steps as: define vision, mission and objectives; then Analyse Environment to scan environment; develop business strategy; and then functional strategies. The main weaknesses of these approaches are the rigidity and difficulty to make organization adaptive.

Therefore, it has been found in the literature that this approach is not useful in unsettled environments (Powell, 1992). They are helpful in a stable environment and useful for new product development (Anderson, 2000), or making changes in the internal environment (Grant, 2003) with a condition of stability of that environment (Ocasio and Joseph, 2008). Indeed, the formality in terms of being written does not have an effect on the performance nor competitive advantage (Miller and Cardinal, 1994). Moreover, the existence of the mission statement does not provide clear evidence to support organizational performance in family businesses (Aaken et al, 2017). The plan and its continuous revisions are the main thing (Dvir & Lechler, 2004). The other criticism of this conventional school is the lack of use of feedback from customers or stakeholders (Gimbert et al, 2010). This descriptive perspective needs to consider the iterative process involving experimentation and feedback; this involves a greater overlap and interplay between strategy formulation and strategy implementation.

2.2 Adaptive Strategy Formulation Theory

Strategy research is populated by multivariate analyses of firm or industry-level effects upon firm performance; in practice, strategy is something that people do, which is significantly different from the conventional and formal strategy formulation process (Jarzabkowski et al 2015). The main reason for this is the widely held understanding of the inconsistency of the formal strategy formulation process within an unsettled environment (Grant, 2003); and also it is too structured, with systematic linear steps (Jarzabkowski et al, 2007; Whittington, 2006). The adaptive strategy focuses on agility and organic structure for flexibility and adaptability (Anderson, 2000). The adaptive strategic planning theory strategy, as a result, emerges from a complex, multi-level process of organizational decision-making.
The adaptive strategic planning theory is built on decentralisation, being autonomous and responsiveness (Castells, 1997; Child, 1996). The movement towards adaptive strategic planning started in the 1980s by combining the design and emergence approaches to strategy formulation and implementation (Anderson, 2000). In the General Electric Company (GE), strategic planning has remained integrated with corporate-level strategy development and decision-making. A recent in-depth study into GE’s strategic planning practices highlights that strategy development, operational planning and manpower planning are activities that are tightly coupled with decision-making channels, integrating participants from different organizational levels. GE’s approach stresses that strategic planning is a responsibility that can be effectively shared between both corporate executives and operating unit managers (Ocasio and Joseph, 2008). To sum up, the main strengths in the adaptive strategy are in taking feedback into consideration, continuous revision of the plans and bottom up decision making, and using policies to control the decision making process at a subsidiary level (Brandl, A Schneider, 2017). However, the main weaknesses stem from the inefficiency of the process, due to it being unsystematic.

2.3. Ambidexterity Strategy Formulation Theory

Ambidexterity in organizations describes their ability to improve efficiency, effectiveness and innovation (Lin and Ho, 2016). Building on the discussions of combined strategy models (Hart, 1992; Hendry, 2000), the integration of different models could potentially improve performance (Anderson, 2010). Coexisting elements of adaptive strategy-making with the rationale, waterfall strategy formulation process (Mintzberg, 1978; Mintzberg and Waters, 1985) can happen (Anderson and Nielsen, 2010). Emergence conceived as initiatives arising from within the organization (Mintzberg, 1978, 1994; Bower, 1982) and influence on corporate decisions (Denison, 1984, 1990; Dutton, 1995) also captures central aspects of social practice (Hendry, 2000). Consequently, the adaptive strategy-making model speaks to the notion of strategy as practice (Jarzabkowski et al, 2015).

The realised strategy is thus the outcome of two simultaneous processes: on the one hand, the execution of the strategy as perceived by the top management team (deliberate strategy) and, on the other, the cumulative effect of day-to-day decision-making in a changing environment which eventually results in the formation of emergent strategies (Gimbert et al 2010). Hence, empirical analyses show the significance that the ambidextrous strategy formulation can have on performance (Anderson and Nielsen, 2010). This research is built on this theory to develop its strategy formulation process.

2.4. Proposed Strategy Formulation Process

For large businesses, the organizational strategies have two components: the corporate level strategy and business level strategy (Beard and Dess, 1981; Klettner et al, 2014). On one hand, corporate level strategy focuses on the firm’s identity (Bartholmé & Melewar, 2016), vision (Jarmoszko & Leong, 2010), purpose (Goffee & Sease, 2015), goals (Zerfass & Viertmann, 2017), portfolio of investments (Pidun, 2017), policies for controlling subsidiaries (Brandl, A Schneider, 2017; Zerfass & Viertmann, 2017) and business level objectives (Klettner et al, 2014). Corporate strategy, represents the highest level at which ideas can be formulated and polices deployed. While there are influences from the larger environment (e.g. societal and shareholders), this is a fundamental reflection of the overarching vision of a company with respect to it ethos and value proposition. Such thinking is generally long-term and relates fundamentally to the company’s fiscal health and sustainability (Steyn & Niemann, 2010; Jarmoszko & Leong, 2010). It is different to the business strategy which is about where to compete (i.e. portfolio strategy) (Puranam & Vanneste, 2016) and concerns how to compete in each industry (Andrew, 2005; Pearce & Robinson, 2011).

Business-level strategy is positioned between the upper management layer and the front line operations (Agrawal, 2016). According to Andrews (2005) the functionality of strategy development at this level should be focused on decision-making and deployment. This involves the prioritization and allocation of resources for profit and long-term market position (Drnevich & Croson, 2013).

Indeed, this research assumes that corporate level strategy takes a proactive position in formulating the strategy, whereas the business level strategy takes a reactive one. In other words, on one hand, corporate is responsible for actively seeking and analysing internal and external environment continuously. On the other hand, business is responsible for delivering its products and services efficiently and effectively.
(Hunger & Wheelen, 2011; Gupta & Govindarajan, 1984). The business level strategy is initiated by unexpected poor performance which come from customer dissatisfaction, or by the corporate mandate, as a newly discovered opportunity.

2.5.1 Corporate Level Strategy in Family Businesses

Corporate level strategy is “the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities” (Andrew, 1980). At the corporate level, there are three main activities for formulating the strategy. The first is to set the corporate vision and mission so that all subsequent activities are regulated and governed in an aligned and consistent way (Ward, 2010; Neubauer & Lank, 2014). Secondly, the strategy formulation team defines the corporate policy and guidelines for its subsidiary businesses so that the norms and accepted behaviour and criteria for decisions become clear to all business level managers and also to set the portfolio strategy (Ittner and Larcker, 1997). Thirdly, the portfolio strategy is devised to convert the vision and policy into set of financial and nonfinancial objectives (Zwellger et al., 2013; Block & Wagner, 2014) required from the portfolio of businesses as a whole and from each business in particular (Fitzgerald et al., 2010).

1.1 Vision and Mission

Vision can be defined as where the organization wants to be in the future (Lant & Shapira, 2008). Family firm theorists found a significant difference in the content and the direction of the vision between family and non-family firms (Barnette et al., 2012). The reason for this is that a family vision is imposed by its members through their power and ownership of the firm (Chrisman, Chua & Sharma, 2005; Chua et al., 1999), which is called Familiness of the business (Frank et al., 2016).

1.2 Corporate Policy

The vision and mission themselves are found to not affect the performance of the corporate strategy; rather defining the mission into a corporate policy is the main thing (Andres et al, 2017). Policies are the protocols and guidelines that the organisation determines to further its strategy and to monitor and ensure its saturation in the organisation (Ittner & Larcker, 1997). In line with this orientation, Miller et al. (2008), in their study of Canadian businesses, have shown that family firms outperform those run by lone entrepreneurs; in part because of their more enlightened and far-sighted policies, their mentorship and generous benefits for employees, and their ability to form closer and more enduring relationships with clients.

Miller and Le Breton-Miller (2005) concluded that for a family business the policy always focuses on cultural and religious values, win-win policies with other stakeholders, and being a good citizen. Family businesses seek sustainability through their policies, which focus on having good relations with all direct and indirect stakeholders, and society at large (Laszlo & Zhexembayeva, 2011; Porter & Kramer, 2006). Thus, as Arregle et al. (2007) noted, families in business have a clear intention to build social capita and invest in longer term associations with their stakeholders, as part of their policies.

1.3 Set the Corporate Portfolio Objectives

Portfolio strategy is the process of screening, prioritizing, selecting, and reviewing the optimal investment opportunity that maximizes shareholder wealth (Gietman, 2012; Hunger & Wheelen, 2011). The definition can be criticized as the focus is mainly on shareholder wealth. However, in a family business, there is another type of wealth to be considered: emotional wealth (Zellweger et al, 2012). Therefore, this definition will be customized to fit the family business context to be the process of screening, prioritizing, selecting, and reviewing the optimal investment opportunities to maximize both the shareholder wealth and family emotional wealth. The criteria for selecting between shareholder wealth and family emotional wealth are dependent on the Familiness of the business (Ding and Shung, 2015). Therefore, there are two considerations in the portfolio family strategy: the non-financial family objectives, and financial objectives.

2.5.2 Business Level Strategy in Family Business

The aim of the business level strategy is to define how to compete in a market (Porter, 1985). Therefore, as shown in adaptive strategy formulation, the revision of the strategy from time to time could be the main starting point, especially by taking the feedback from stakeholders including customers and business line managers (Anderson, 2010). The goals are formulated based on how the
organization positions itself in the market, based on the guidelines from the corporate and based on what it finds from the “Analyse Environment” step. Finally, in the “Define Strategy” stage, based on these goals, each functional manager formulates their own department plan to achieve the business level and corporate level strategy (Andrew, 2005).

3 Research Methodology

In order to understand the strategy formulation process in large family based-business in GCC countries, interviews were conducted with CEOs and Strategic Managers. 15 large family based-businesses with capital of more than 10 billion US dollars were interviewed. Also, questionnaires were used to evaluate the perceived effectiveness and importance for each activity. The main questions addressed in the interviews were: How do you carry out your strategy? And, do you involve your employees in strategy formulation process? In the questionnaire, activities are listed with a 5 Likert scale for importance and effectiveness. The focus of the questionnaire was based on business level strategy, whereas the focus of the interviews was the corporate level strategy; the rationale being that the corporate level strategy is dominated by the culture and management philosophy, and strategic orientation of the family, whereas business level strategy is more focused on the efficiency and effectiveness in terms of production and sales (Pride and Ferrell, 2016).

4 Findings

The findings are presented in three main sections. The first section is about understanding the direction of the strategy formulation process, i.e. top down versus bottom up. The second section covers the flexibility of the strategy, i.e. linear versus iterative. The final part is for verifying with the CEOs and strategy managers the proposed process by questioning the importance of each, and their performance effectiveness.

4.1 Bottom Up versus Top down Strategy

There are three approaches in how to involve different stakeholders in the strategy formulation process: bottom up, top down and mixed approach. Most corporations use bottom up and mixed (6 out of 15), less number of corporates are using top down approach (3 out of 15).

Bottom up approach

The bottom up approach is demonstrated by corporations 1, 4, 6, 11, 12 and 15. Indeed, most are following this approach, with the ideas mainly derived from the employees. The board of directors receives all ideas and proposals without being limited by any clear guidelines. This approach is aligned with Anderson (2010) in what is called the “Autonomous Strategy Formulation” approach. The behaviours demonstrated and attitudes regarding the strategy formulation approach are as follows: Information is presented to all employees; employees are proposing ideas. By using questionnaires, workshops, working sessions and informal dialogue, employees have their opinion known; so as to have the sense of ownership in the strategy. Ideas are filtered by different players. Every manager formulates a plan then sends it to the sector. The consolidated strategy is proposed to the board.

Top down approach

This approach is hardly used; only adopted by corporations 2, 3 and 10. This approach, based on the strategy formulation process, is developed by the board of directors with no involvement from employees.

1. Employees are engaged only in the communication to know their roles in the strategy implementation (corporations 2 and 3) 2. Employees’ role is limited because of the lack of confidence in their ability to have a sufficiently strategic view for the organization (corporation 10).

Mixed

The mixed approach is demonstrated in corporations 5, 8, 9, 13 and 14. It is leading by corporate policies. The corporations set the policy; business units are proposing ideas aligned with the ideas, opportunities, strategic directions and plans. At corporate level, the consolidated view is established so that board can decide about the corporate strategy. There are four forms of the mixed approach.

1. Using constructive data collection methods such as workshops and informal meetings to engage employees to participate in the strategy formulation process (corporation 5) which guided by corporate vision, mission and objectives.
2. The corporation sets the policy and each business unit develops it is own strategy. Employees analyze their job description, set a benchmark and targets, and develop the plans (corporation 1).
3. Business unit carry out their strategies with very little intervention from the board, but at the
corporate level of strategy, the board does everything with minimal intervention from the business units’ functional managers. The main governance mechanism is the corporate policy (corporation 8).

4. Mixing between bottom up and top down. The main mechanism is the Key Performance Indicators (KPIs) to control and to encourage employees to formulate the strategy (corporation 9).

5. The CEO initiates the strategy, but the strategy formulation process is delegated to a lower level as the CEO has limited opportunity to do everything.

4.2. Iterative versus Linear Strategy

All corporations have a strategy except 2. Formal strategy, which is adopted by corporation 4, is linear and has sequential steps, whereas the adaptive strategy, adopted by corporation 2, is iterative and has a loop based approach. Besides, the mixed approach, adopted by corporation 6, takes the linear approach whilst taking into consideration the loop and iterative aspects in some activities. The remaining corporations are not adopting any process for formulating the strategy.

Importance versus Significance of Strategy formulation process

For business unit strategy activities, a questionnaire was used in order to have more comparable results. The activities used were review current strategy, analyze environment, set goals and define strategy. The most important steps were perceived to be the internal analysis and set goals (4.60); and the external analysis is perceived as the least important activity (4.16). This may give an indication of the internal orientation of the corporations and encourage them to study their internal environment more than the external ones. Also, the revision of the strategy is perceived by all corporations as an important activity even if some are rarely doing it, especially for those who adopt a linear strategy process. The most effective steps are setting goals (3.20) and review current strategy (3.00) whereas the least perceived effective steps are defining strategy (2.93) and external analysis (2.97). The biggest gap is in the internal analysis but the least is External analysis. The reason for this is that large family based-businesses are not easy to compete with. Therefore, they are not seen threats from the external environment. Also, most of them are business to business as they work on governmental projects. Thus, the end consumers is not important enough because most of them are business to business, and working on governmental projects.

“We are working on governmental projects. Our main customer is the government. We do not spend time in studying the public” (RA7).

The biggest gap is in the internal analysis because the corporations still lack advanced methods and techniques in mapping their business processes to understand their weaknesses. The most common tools are balanced scorecard and KPIs, but it seems the corporations are not satisfied with their capabilities in understanding their internal resources.

4 Conclusion

There is a lack of research to understand the strategy formulation process in family businesses in the GCC countries. This research contributes to the knowledge by proposing a strategy formulation process that consists of two main parts. The first is the corporate level strategy which aims to develop the corporate vision and mission statement, corporate policy to align all corporate and business level activities together, and the portfolio level objectives to identify the targets for each of the business units underneath the corporate. Each business unit develops its own strategy based on this framework developed by the corporate. In other words, the business unit vision is developed based on the corporate vision. The business unit goals are based on the portfolio level goals. The business unit strategy has four steps: review the current strategy, analyze the environment, set goals and define strategy. The strategy is developed top down and bottom up. Top down is through developing the corporate framework (vision, mission, policy and portfolio objectives). Bottom up by asking each business unit to develop its own strategy and sending the completed plan into the corporate strategy. It is a linear and iterative process: linear because it is based on sequential steps. However, it takes iterative forms in the reviewing the strategy each cycle (based on the industry). Thus, to sum up, family business would benefit from the agility (using iterative approach) and also efficiency (top down) and alignment between business units (mixing between them).

References:

[1] Aaken, D., Rost, K. and Seidl, D., The substitution of governance mechanisms in


Table -1: Matric of the strategy formulation approaches

<table>
<thead>
<tr>
<th>Level</th>
<th>Activity</th>
<th>Sub</th>
<th>Description</th>
<th>Theory</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defining</td>
<td>Develop the corporate</td>
<td>Level Stg- Felts-</td>
<td>Corporate vision and mission to set the scene for the following activities</td>
<td>Formal Strategy Formulation</td>
<td>(Collis and Motgomer, 2005)</td>
</tr>
<tr>
<td>Corporate</td>
<td>vision and mission</td>
<td>FP</td>
<td></td>
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<td></td>
<td>Define corporate policy</td>
<td></td>
<td>It defines the rules and freedom areas for business units and portfolio</td>
<td>Adaptive Strategy Theory</td>
<td>(Grant, 2003; Binz et al, 2015)</td>
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<td></td>
<td></td>
<td></td>
<td>management to identify what is accepted and what is not. Also, to create</td>
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<td></td>
<td></td>
<td></td>
<td>kind of alignment between business units</td>
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<td></td>
<td>Set the Corporate Portfolio</td>
<td></td>
<td>To define the corporate financial objectives and each business unit targets.</td>
<td>Formal Strategy Formulation</td>
<td>(Pidun, 2017)</td>
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<td></td>
<td>Objectives</td>
<td></td>
<td>Also, to reflect business family needs and interests in entering or exiting</td>
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<td></td>
<td></td>
<td></td>
<td>from markets.</td>
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<td></td>
<td>Review Current Strategy</td>
<td></td>
<td>Review the current strategy to know the lessons learned and to improve the</td>
<td>Adaptive Strategy Theory</td>
<td>(Miles and Snow, 1978) (Beer, 1986),</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>firm ability to create an effective strategy</td>
<td></td>
<td>(Govindarajan, 1989)(Dvir and Lechler, 2004)</td>
</tr>
<tr>
<td></td>
<td>Analyse Environmen</td>
<td>Internal scanning</td>
<td>To understand weaknesses and strengths</td>
<td>Formal Strategy Formulation</td>
<td>(Pearce and Robinson, 2011)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(Hunger and Wheelen, 2011 and Beer, 1990)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>External Scanning</td>
<td>To understand the opportunities and threats</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Set Goals</td>
<td></td>
<td>Set the business level vision mission and marketing, financial and</td>
<td>Formal Strategy Formulation</td>
<td>Mintzberg, (1990)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>operations goals and objectives based on the SWOT and portfolio enforced</td>
<td></td>
<td>(Ansoff, 1988; Clim, 1991)</td>
</tr>
<tr>
<td></td>
<td>Define Strategy</td>
<td></td>
<td>Define the functional plans to accomplish objectives.</td>
<td>Formal Strategy Formulation</td>
<td>(Hunger and Wheelen, 2011; Pearce and</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td>Robinson, 2011)</td>
</tr>
</tbody>
</table>
Table-2: The deferent between the three types of strategy

<table>
<thead>
<tr>
<th>Description</th>
<th>Linear (1, 7, 11, 15)</th>
<th>Iterative (2, 8)</th>
<th>Mixed (4, 5, 6, 9, 12, 13)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steps</strong></td>
<td>Steps are sequential</td>
<td>Steps are sequential but iterative. Each following activity affect the previous steps. the strategy is a continuous and adaptive.</td>
<td>The strategy is formulated sequentially. But the steps are revised only after the whole strategy is finished</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>Strategy is formulated into a specific period of time and the plan is for a certain number of years</td>
<td>Strategy is continuous and non-ending.</td>
<td>Strategy is formulated into a specific period of time. But revised periodically based on market changes</td>
</tr>
<tr>
<td><strong>Advantage</strong></td>
<td>Cost-efficient</td>
<td>To capture new opportunities in the market</td>
<td>To be updated on the changes in the market through each revision</td>
</tr>
<tr>
<td><strong>Financial Plan</strong></td>
<td>Pre-defined and clear financial allocations</td>
<td>Fund available for new opportunities.</td>
<td>Pre-defined and clear financial allocation</td>
</tr>
</tbody>
</table>
Table -3: the approaches found in how to involve different stakeholders in S-tg-FP

<table>
<thead>
<tr>
<th></th>
<th>Bottom Up</th>
<th>Top Down</th>
<th>Mixed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy triggering</strong></td>
<td>CEO and Board</td>
<td>Employees</td>
<td>Mixed but controlled by organisation policy</td>
</tr>
<tr>
<td><strong>Main tools</strong></td>
<td>One way communication tools to inform employees about what they shall do in implementation such as emails and letters, Standard Operating Procedures (SOPs)</td>
<td>Two ways constructive communication tools to develop ideas and filter them such as workshops, questionnaires, working sessions, informal meetings, and open dialogues</td>
<td></td>
</tr>
<tr>
<td><strong>Rationale</strong></td>
<td>Not believing in the employees capabilities and more structured</td>
<td>Sense of ownership and new ideas</td>
<td>Top down benefits but in a more controlled way</td>
</tr>
</tbody>
</table>