



**Implementing Strategy Using the Kotter 8-Step Change Process:
A Case Study in a Large Consultancy Firm in Iceland**

Helga Kristín Magnúsdóttir

Thesis of 30 ECTS credits
**Master of Science (M.Sc.) in Engineering
Management**

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at Reykjavík University in partial fulfillment of
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Abstract

This study examines the process of implementing a strategy with the 8-step Kotter process at a large consultancy firm in Iceland. The focus of the study is to evaluate the factors that have been successful in the process and what factors could be better. A qualitative case study was conducted to observe how the 8-step Kotter process was used to implement a strategy. The aim is to gain a better understanding of the process of implementing strategy and what benefits come with using the 8-step Kotter process. At the same time, the study is intended to increase understanding of the 8-step Kotter process and implementation of strategy at large consultancy firms.

Keywords: Strategy, Strategy Implementation, Change Management, Leading Change, Kotter 8-Step Process

Innleiðing stefnu með 8 skrefum Kotters:
Tilviksrannsókn í stóru ráðgjafarfyrtæki á Íslandi

Helga Kristín Magnúsdóttir

Júní 2018

Útdráttur

Í ritgerðinni er leitast eftir því að skoða innleiðingu stefnu með 8 skrefum Kotters í stóru ráðgjafarfyrtæki á Íslandi. Í rannsókninni voru þeir þættir sem hafa gengið vel í ferlinu skoðaðir sem og þeir þættir sem betur mættu fara. Eigindleg tilviksrannsókn var framkvæmd til þess að rannsaka innleiðingu stefnu með 8 skrefum Kotters. Markmið ritgerðarinnar er að skoða hvaða kosti það hefur að innleiða stefnu með 8 skrefum Kotters og á sama tíma að dýpka skilning á innleiðingu stefnu í stórum ráðgjafarfyrtækjum.

Efnisorð: Stefnumótun, Innleiðing stefnu, Breytingastjórnun, Leiðtogi breytinga, 8 skref Kotters

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1.6.2018

Helga K. Magnúsdóttir
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“Change is the only constant.”
- *Heraclitus of Ephesus*

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Chapter 1

Introduction

Organizations face constant changes in the environment. The challenges today are far from what they were before globalization. The globalized economy has created opportunities and forced organizations to undergo significant changes. For companies to adapt to a new competitive environment, transformation is necessary. Transformation methods include re-engineering, restructuring, quality programs, mergers and acquisitions, strategic changes and cultural changes (Kotter, 1996). The most challenging task managers face today is the ability to develop a management style and a culture that can cope with these changes. The changes organizations need to implement today are both incremental changes as well as transformational changes. These changes require management skills to compete in both mature markets as well as being innovative at the same time (Waddell, Creed, Cummings, & Worley, 2017).

Organizations need strategy, to stay competitive. Many tools and techniques are available for crafting a strategy but fewer for implementing it. As organizations need to be able to reinvent themselves, it is integral for an organization to be able to implement strategic changes fast and effectively. The staggering fact is that few can (Speculand, 2009). In 1995, John P. Kotter, a professor at Harvard Business School, published his article “Leading Change: Why Transformation Efforts Fail,” where he introduced the 8-step process for implementing change. The article became so popular that Kotter wrote a book about the 8-step process, a year later.

This research aims to study how the implementation of strategy succeeded in a large consultancy firm in Iceland. The period from January 2017 to April 2018 is examined. An attempt is made to evaluate if the 8-step Kotter process is helpful when implementing strategic changes.

An attempt is made to answer the research question:

How does the 8-step Kotter process support the implementation of a strategy within a consultancy firm?

This thesis contains six main chapters. The first chapter provides an introduction to the aim of the research and presents the structure of the present thesis. The following chapter presents a literature review where first, the term strategy implementation is described and second, the 8-step Kotter process is explained in detail. Finally, the chapter includes a short comparison of theories and outlines how strategy and strategy implementation may be conducted in the future. In chapter 3, the methodology of the research is described. The research design is described, including research methods and data collection. In chapter 4 the results of the research are presented. The chapter is divided into eight sections for each step in the Kotter process where results are presented with quotations from the interviewees. Chapter 5 contains recommendations and concluding remarks, where the research question is answered, and finally chapter 6 provides a brief discussion regarding the research.

Chapter 2

Literature Review

Due to constant changes where the environment is increasingly unpredictable and complex, organizations are required to evolve to remain competitive. Organizational change management is a term for approaches to prepare and implement change in the organization, for instance, to keep competitiveness in the market. Frameworks in change management describe the tasks that must be done to carry out successful organizational change (Waddell et al., 2017).

This chapter presents the theoretical framework of the implementation of change in organizations, first and foremost *strategic changes*. It shall be noted, however, that strategy implementation does not only consist of change projects although that is the focus of the present thesis. First, the term ‘strategy implementation’ will be explained. Second, a detailed description of the 8-step Kotter change process will be presented. Finally, a comparison of theories will be given.

2.1 Strategy Implementation

“Making strategy work is more difficult than strategy making” (Hrebiniak, 2006, p. 12). Many scholars agree that forming a strategy is difficult but executing or implementing it, is even more difficult (Hrebiniak, 2006; Speculand, 2009). In fact, in 2009, Robin Speculand, founder of the company *Bridges Business Consultancy Int* and known for his contribution to research about implementing strategy, argued that only 10% succeeded when it came to implementing a strategy (Speculand, 2009). In 2016 the company reported that the failure rate had fallen from 90% to 67% (‘Strategy Implementation: Survey Results’, 2016). This shows that organizations are improving their ability to implement change, but the failure rate is still quite high.

Forming a strategy and implementing it are two factors of strategic management (Snjólfur Ólafsson, 2005) that are highly interdependent (Hrebiniak, 2013). Companies

around the world spend time, money and energy forming strategy but seem to put less focus on the implementation part. Robin Speculand describes this phenomenon in the book *Beyond Strategy* and explains that many managers have, for a long time, thought that when the work of forming a strategy was finished the most difficult part was over. Speculand stressed that believing this will only lead to failure (Speculand, 2009).

For a long time, scholars have not agreed on the definition of the term ‘strategy’ (Snjólfr Ólafsson, 2005). In the book *Strategy Safari*, first published in 1998 and written by Henry Mintzberg, Bruce Ahlstrand and Joseph Lampel, the authors describe strategy as being one of the words defined in one way but used in another. They mention the Five P’s framework which suggests strategy may be viewed as a plan, ploy, pattern, position, and perspective. In the book, they also describe the ten strategy schools in detail and report the relationship between the Five P’s and the ten schools (Mintzberg, Ahlstrand, & Lampel, 1998). According to this, it can be said with certainty that there is no one general or standard description of the term ‘strategy.’ This thesis will not continue to analyze the meaning of strategy but instead, use Snjólfr’s definitions of strategy and strategy implementation. Snjólfr Ólafsson (2005) is a professor at the University of Iceland and describes strategy in his article “Stefnumiðað árangursmat sem liður í að framkvæma stefnu” in the following way: “Strategy is the description of the desired results and the action designed to achieve it” (Snjólfr Ólafsson, 2005, p. 48). Snjólfr also describes strategy implementation as “work specifically done for the purpose of implementing the organizational strategy” (Snjólfr Ólafsson, 2005, p. 48).

The article “Why CEOs Fail,” published in 1999 and written by Ram Charan and Geoffrey Colvin, explains that strategies fail because of bad execution, not because of a bad strategy. The article uses the Kodak case as an example which is a good example where the strategy was available but never executed which led the company to be under in competition (Charan & Colvin, 1999). Speculand (2009) explained that the article had a significant impact on the field of implementation and since then leaders, have begun focusing on the topic.

Several known scholars have presented their take on strategy implementation, those who will be mentioned specially in the thesis are professor Lawrence G. Hrebiniak, Robin Speculand who was mentioned previously, and professor John Paul Kotter. Kotter formed the 8-step process, which will be described in the following chapter.

2.2 The 8-Step Kotter Process

John Paul Kotter graduated from MIT and Harvard Business School. In 1980 he was given tenure and a full professorship at Harvard where he later retired in 2001. Kotter has published 20 books and is widely known as the foremost authority of leadership and change (Kotter, 2008).

Kotter wrote the article “Leading Change: Why Transformation Efforts Fail” for Harvard Business Review in 1995. The article is based on analysis of dozens of organizations that had the same goal in almost every case to make changes to cope with challenges in the environment (Kotter, 1995). The article outlined eight fundamental pitfalls when implementing change in the organization. Following the article Kotter published his bestseller, *Leading Change*, in 1996. The book outlines the 8-step process for implementing change. The 8-step process summarizes steps that are crucial for successful change implementation. Each step is associated with the fundamental pitfalls outlined in the article. The eight steps described in the first edition of the book are as follows:

1. Establishing a sense of urgency
2. Creating a guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering a broad base action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture

Kotter has since published several editions of *Leading Change* and most recently the book *Accelerate*. *Accelerate*, published in 2014, expands the scope of the 8-step process where Kotter had switched his focus from research to impact (‘The 8-Step Process for Leading Change - Kotter’, n.d.). Descriptions of the steps have been modified. They are as follows:

1. Create a sense of urgency
2. Build a guiding coalition
3. Form a strategic vision and initiatives
4. Enlist a volunteer army
5. Enable action by removing barriers
6. Generate short-term wins
7. Sustain acceleration
8. Institute change

Although the titles of the steps have been modified, the content in each step is generally the same.

The first four steps can be looked at as unfreezing phase of the process where resistance for change is reduced. Steps five through seven are the transition phases where new behaviors, values, and attitudes are developed. The last step is related to the freezing phase where changes are reinforced in the company (Kotter, 1996). Kotter (1996) emphasizes on the importance of going through each step in the correct order, because, for example, skipping the first four steps will not provide a solid base necessary to proceed, and without step 8 (the freezing phase) the changes will not stick (Kotter, 1996). The 8-step change process will be described further in the following chapters where each step will be described in detail.

2.2.1 Create a Sense of Urgency

Change will not occur if only a few people are on board with the idea. To get cooperation from others, establishing a sense of urgency is crucial. This first step in the process might be the hardest one, and Kotter (1995) explains that about 50% of organizations fail this first step. The reason for the high failure rate he relates to, among other things, managers underestimation of getting people on board as well as overestimation of how successful they have been in raising the urgency level (Kotter, 1995).

A major change in organizations will also never be successful with high complacency Kotter (1995) explains. Complacency is a term that describes when people express their urgency for a change but think the present status quo is tolerable. Sources of complacency are, for example, the absence of a major visible crisis or too much happy talk from the managers, low-performance standards and too many visible resources (Kotter, 1995).

A true sense of urgency is when people think that actions need to be taken on an issue now, not later. The importance is so high in a true sense of urgency that it is looked at as winning or losing situation (Kotter, 2008).

Raising the urgency level can be hard and even harder during good times. Having bad business outcome or losing money usually catches employees' attention. During a good time, managers are more likely to be content with the status quo. One way to raise the urgency level is to create artificial crises which Kotter (1996) describes as something that real leaders do instead of waiting for a real one to happen. Kotter believes that a visible crisis can be helpful to get attention and raise urgency. Another way to raise urgency is to set goals so high that they cannot be reached in the status quo (Kotter, 1996).

2.2.2 Building a Guiding Coalition

For changes to occur a strong guiding coalition is needed. The guiding coalition group has shared objectives, level of trust from others and is powerful enough to lead and influence throughout the change effort. Before the globalization, managers were able to implement changes without much help from others. That is not the case today. One person cannot develop the right vision, communicate it, eliminate barriers, generate short-term wins and manage dozens of change projects. The modern business environment is too complex and dynamic for one manager to accomplish this alone (Kotter, 1996).

Kotter (1996) describes four characteristics that seem to be essential for the group. First, the guiding coalition group must have enough authority in the organization. Key players in the group must have the authority to make decisions and be powerful enough so that others cannot block progress. Second, the group must have sufficient knowledge from different points of view. The group should have a broad understanding of the organizational structure as well as knowledge of core tasks that are relevant to the task at hand, which will result in informed decisions. Third, Kotter (1996) believes that the group has to have enough credibility. Individuals that form the group must have good connections with others in the organization in order for decisions to not be questioned. And finally, part of the individuals in the group must have leadership talent to drive the change process. Kotter (1996) states that groups only composed of managers and not leaders will not succeed and can cause significant change efforts to fail. Successful change efforts demand leadership (Kotter, 1996).

An excellent guiding coalition will have the capacity to make change happen despite resistance from others. The group will be able to create a vision and communicate it, as well as encourage others to take action. The group will have to be powerful enough to make short-term wins, lead and manage change projects and, in the end, anchor the new approaches into the organization's culture (Kotter, 1996).

2.2.3 Form a Strategic Vision and Initiatives

Vision refers to the desired future with the description on how to create it. Without a vision, transformation effort can fail miserably. It can lead to confusing and irreconcilable projects that do not lead the organization in the right direction (Kotter, 1995). Vision clarifies the direction of the change and can, at the same time, motivate people to take action. The vision can also act as coordination of actions of different people (Kotter, 1996). Often, people

disagree with the direction and wonder if the change is needed.

Vision should help people to see if, by implementing the change, the organization will be more successful. A good vision has the following six characteristics:

1. Imaginable
2. Desirable
3. Feasible
4. Focused
5. Flexible
6. Communicable

2.2.4 Enlist a Volunteer Army

Clear vision is essential but if under-communicated it is useless. Communicating a vision can be difficult to manage and, therefore simplicity is the key which is the first element of effective communication of vision that Kotter (1996) presented. The vision must be easily understandable to all employees, not containing complicated phrases which make the vision incomprehensible (Kotter, 1996).

Kotter (1996) describes that a verbal picture is worth a thousand words when it comes to vision. Well-chosen words in vision statements can make it more memorable. Kotter (1996) also emphasized multiple platforms to communicate the vision. When information comes from many directions, it is more likely that it will be heard and remembered. One pronouncement is not enough, thus repetition is essential. Repeating the vision can be a sentence here and there, several minutes in a meeting or five minutes at the end of a conversation. Collectively, it can have a significant impact. Having managers repeat and emphasize a particular vision further implies that there are intentions for change (Kotter, 1996).

Leading by example is the most powerful way of communication. Telling people to behave in certain ways and then behaving the opposite can prevent people from truly believing the change vision. Having management that, “walks the talk,” is essential. If inconsistency is not eliminated, it is important for managers to address them and explain, directly and honestly.

The last element of effective communication is two-way communication whereas it is more potent than one-way communications from managers to employees. Letting employees

share their opinion is important and often necessary (Kotter, 1996).

Although the title of step four has changed from the first edition, the content is the same with more focus on getting more people to interact where massive change can only occur when numbers of people participate ('The 8-Step Process for Leading Change - Kotter', n.d.).

2.2.5 Enable Action by Removing Barriers

The purpose of this step is to empower employees to take action by removing barriers. Removing barriers can empower people to execute the vision and help change move forward. Going through steps one through four should empower individuals to execute the vision, but there can still be obstacles in the way. Four particularly important obstacles have been presented, they are, structure, skills, systems, and supervisors (Kotter, 1996).

Organizational structures can hinder change to move forward where the internal structure can be at odds with the vision. If structural barriers are not removed in a timely manner, employees can become frustrated and lose their enthusiasm to drive the change forward (Kotter, 1996).

When changes occur, new skills or different skills may be needed. Old habits become obsolete, and new habits need to be trained. Training is essential and managers cannot expect employees to change habits built over many years without training and the right guidelines. Systems also must align with the new vision. Systems and processes that are not sufficient should be removed in this step (Kotter, 1996).

Supervisors may hinder changes, so it is important to identify the people resisting the change and help them see what is needed. Supervisors who do not support their subordinates can create significant consequences for disempowering people. It is crucial for managers to take action by removing barriers quickly (Kotter, 1996).

2.2.6 Generate Short-term Wins

To keep people on the subject of celebrating milestones is important. Many changes take years to implement and having defined milestones along the way will make a difference in the process. Good, short-term wins are visible, unambiguous and are related to the change effort (Kotter, 1996). Short-term wins help the transformation in six ways, Kotter explains. First, they show people that the sacrifices made are worth it. Second, they reward those working on the change by building good morale and motivation. Third, producing wins can

help test the vision and strategies where they might need fine-tuning. Fourth, improvements that are visible make it harder for the people resisting the change to block it. Fifth, visible results will also retain support from superiors, and, finally, it will build a momentum (Kotter, 1996).

In a successful transformation, managers create short-term wins instead of merely hoping for them. By means of looking for clear performance improvements, make new goals and reward those who do well in the process. In a change processes that span a long period, commitment to producing short-term wins helps to keep the urgency level up and to move the change forward (Kotter, 1995).

2.2.7 Sustain Acceleration

Change processes in organizations are complex and can span a long period. When changes are made in one division they can and often will affect another, and so on. When the implementation process has been in some way successful, managers may be tempted to declare victory. Declaring a war won too soon can have consequences and critical momentum can be lost. The reason for this is that changes that have not been anchored into the culture of the organization can be very fragile (Kotter, 1996).

When changes have become apparent, managers need to use them to keep acceleration. Successful change efforts are composed of five key factors: more change is created, additional people are brought in to help, senior management keeps the urgency up, change projects are lead and managed by people lower in the hierarchy and finally, managers eliminate interdependencies (Kotter, 1996).

The change process is complicated and takes time, thus having leaders and managers that drive the change is important. Having small victories on the way should be used to encourage people and to continue the change effort until the end (Kotter, 1996).

2.2.8 Institute Change

The last step of the process is to have changes anchored in the organizational culture. Organizational culture is reluctantly changed, and two factors are particularly important when institutionalizing change in the culture. They are, to show people that the change has helped improve performance and to make sure that the next generation of managers personifies new approaches. Managers and leaders need to continually point out progress and tell success stories of the change process where it can help give the change a place in

the organizational culture. Managers and leaders of the change effort also need to continue to support the change. By linking performance and new methods, the change will stick when it becomes “the way we do things around here” (Kotter, 1995).

2.3 Comparison of Theories

The 8-steps described previously deal with how to lead and manage successful transformation in organizations according to John P. Kotter. Lawrence G. Hrebiniak and Robin Speculand, both known for their work in the field of strategy implementation, have also introduced their ideas on how to successfully implement a strategy.

Professor Lawrence G. Hrebiniak has emeritus status at the University of Pennsylvania and is most known for his research in the field of strategy implementation (Hrebiniak, 2013). Hrebiniak (2013) explains that managers in recent years realize more than ever how critical the implementation process is. Hrebiniak first presented his process in 2005 which addressed eight obstacles that managers face when implementing a strategy. In 2013 Hrebiniak gave an update on his process where he had rearranged the critical issues to offer a logical approach for making the strategy work. The step-by-step process now consists of nine steps, they are as follows:

1. Developing a model to guide execution decisions or actions
2. Understanding how the creation of strategy affects the execution of strategy
3. Developing organizational structures that support strategic objectives and foster information sharing, coordination, and clear accountability
4. Creating and using incentives to support strategy execution processes and decisions
5. Developing effective controls and feedback mechanisms to enable the organization to assess performance and adapt to changing conditions
6. Understanding an organization’s power or influence structure and using it for execution success
7. Knowing how to create an execution-supportive culture
8. Exercising execution-biased leadership
9. Managing change effectively, including culture change

Speculand (2009) builds upon his ideas about successful implementation on the Implementation Compass he developed as a guide for organizations to identify the right actions to be taken in the process. The eight directions of the compass are as follows:

1. People
2. Biz case
3. Communicate
4. Measure
5. Culture
6. Process
7. Reinforce
8. Review

Although these approaches will not be described in detail in this thesis, there is a reason for highlighting what the methods have in common with each other. Kotter, Hrebiniak, and Speculand have all presented their frameworks as processes. Several subjects that are in common and are what most noticeable are: the importance of the leadership role, having a clear strategy, and communication and information sharing. What is also interesting to note is all the frameworks are in line with research conducted in 2008 by Gary L. Neilson, Karla L. Martin and Elizabeth Powers. Neilson, Martin, and Powers (2008) published an article in Harvard Business Review where they presented the results of their work which helped over 250 companies to implement strategy effectively. They identified four fundamental building blocks. *Decision rights* which they refer to the importance of defining roles and responsibilities, *information*, i.e., sharing information and communication flow, *motivators* and *structure* (Neilson, Martin, & Powers, 2008). All these building blocks may be linked in one way or another to the processes mention before.

It is not surprising that there are similarities between the frameworks. Research conducted by *Bridges Business Consultancy Int* in 2016, where 144 leaders from 38 organizations in 18 different countries participated, reported that there were three top reasons why organizations fail when implementing strategy. The suggested reasons are: poor communication, lack of leadership and using the wrong measures ('Strategy Implementation: Survey Results', 2016). All of which are commonly emphasized in all three frameworks.

Different ideas are available on how to implement strategy successfully, these frameworks mentioned before are designed to support strategic changes. There are evidently many factors that managers need to be aware of when implementing strategy and it can be hard to know which framework to use. Hrebiniak (2013) stresses the importance of having a

guideline when it comes to implementation because, without one, the process can suffer. Managers need guidance to know which step to take and when (Hrebiniak, 2013).

2.4 Dynamic Environment

The world is changing fast and at a rate where basic structured organizations cannot keep up with (Kotter, 2014). Changes in the environment have already affected industries which now are converging, and unrelated businesses are quickly becoming rivals (Fredrik, Boris, & Georg, 2013). *Artificial Intelligence* (AI) is becoming more noticeable and will transform many industries (Ng, 2006). With AI becoming more accurate, companies will have to completely rethink their strategy and develop a better understanding of how fast the technology will affect their field (Agrawal, Joshua, & Goldfarb, 2017). The most adaptable organizations will thrive and seize the advantage in the AI landscape. Organizations will have to be willing to experiment and adapt quickly to have a successful strategy (Brynjolfsson & McAfee, 2017).

Organizations will need to prepare and manage change rapidly as it requires organizations to have an innovative and dynamic organizational design (Beer, 2013). Kotter (2014) explains that companies that do not rethink their strategy or direction risk their competitiveness in the market. Kotter (2014) believes that the future will force organizations to evolve and form a new organizational structure which will allow companies to take advantage of strategic challenges in a rapidly changing world. Kotter (2014) believes that the line between strategy-making and implementation will start to blur in the future where organizations will become agile. Meaning that strategy will be viewed as a dynamic force.

Chapter 3

Methodology

In the following section the design of the research will be presented, more specifically the methodology used for collecting, processing and analyzing the data. It was decided to conduct a qualitative case study to gain deeper understanding of the phenomenon.

3.1 Research Approach

Three approaches are broadly used in research, *quantitative approach*, *qualitative approach* and *mixed methods approach*. The main differences in these approaches are how much flexibility is allowed in the research process, whereas the quantitative and qualitative approaches have also been called *structured* and *unstructured* approaches respectively (Kumar, 2014). The primary purpose of a qualitative study is to describe a phenomenon, situation or event where the information is gathered using qualitative measurement scales and analysis is without quantifying. On the other hand, the main purpose of a quantitative study is to quantify the phenomenon, situation or event using mainly quantitative variables (Kumar, 2014). The methodology for the qualitative approach is usually flexible and open and differs from the quantitative approach which is structured and has a proposed methodology (Kumar, 2014). Many studies need both types of approach, and where that is the case, it is called the mixed method approach. Mixed method approach combines the strength of both the qualitative and quantitative approaches (Kumar, 2014).

Ranjit Kumar (2014) describes the choice between which approach to select depends on two things, 1) the aim of the enquiry and 2) the use of the findings (Kumar, 2014). In this study, the qualitative approach will be used where the objective of the enquiry is to explore, and the use of finding relates to process understanding.

3.2 Research Design

When the research approach has been decided the researcher decides on which design type to select within the three approaches. A research design is sometimes confused with research methods where research methods describe how data is collected and has, in fact, nothing to do with the design itself (Vaus, 2001). A research design is defined by Robert K. Yin (2009) as “the logical sequence that connects the observed data to a study’s initial research questions and, ultimately to its conclusion” (Yin, 2009, p. 26). In other words, the research design is a logical plan for getting answers to set of questions to make a conclusion. Research design involves a logical problem, not a logistical one (Yin, 2009). As Yin (2009) describes “the main purpose of the research design is to avoid the situation in which evidence does not address the initial research questions” (Yin, 2009, p. 27). It has also been argued that the purpose of research design is to avoid making false conclusions from the obtained data. The research design is therefore used to ensure that evidence gathered answers the research question as unambiguously as possible (Vaus, 2001). Kumar (2014) describes that a faulty design can result in misleading findings and, therefore, the selection of the right research design is crucial for any investigation (Kumar, 2014).

Many designs are available for both qualitative and quantitative studies, but more study designs are available for quantitative studies. Quantitative studies are very well defined and well-structured along with being tested for validity and reliability. Design for qualitative studies is not something that is pre-defined and can vary considerably from study to study (Creswell, 2014). Ethnography, narrative, phenomenological, grounded theory and case studies are some of the designs that have been classified as qualitative designs (Creswell, 2014). Although the case study method has been classified as a qualitative design, Yin (2009) points out that it is irrelevant to classify the case study to either category because the method does not imply any form of data collection. Kumar (2014) agrees and describes “that many qualitative study designs are quite prevalent in quantitative research studies the case study, though predominantly a qualitative study design, is also prevalent in quantitative research.” (Kumar, 2014, p. 155).

In this study, the case study method will be used which has its own research design (Yin, 2009). The case study design will be further described in next section.

3.2.1 Case Study Design

A case study is a research method which has its own research design although the research design has not yet been codified (Yin, 2014). The case study method is used to investigate a contemporary phenomenon in a real-life context (Yin, 2009). According to Yin (2009), case studies should be used when the researcher wants to understand a real-life phenomenon in great depth. Advantages of doing a case study are that it can give a better understanding of the situation or phenomenon than it would do if studying a large sample. The corresponding disadvantages are that it can be difficult to generalize the findings (Kumar, 2014).

Cases studies can be either single case or multiple case studies. Single case studies are the ones that are used to explain or question an established theory, and the multiple case studies are used where the same research is made a number of times, e.g., in several organizations where results from each are compared to draw a conclusion (Marschan-Piekkari & Welch, 2004).

3.3 Research Methods

Research methods are the methods that are used to obtain data, analyze it and interpret (Creswell, 2014). Most methods can be used for different approaches to research, but specific data collection methods can determine the classification of a study to a large extent (Kumar, 2014). Research methods can be both quantitative and qualitative, but Kumar (2014) stresses that it is inappropriate to draw a clear distinction between the two. The main difference between them is how they are structured and applied where the quantitative methods demand standardization of questions, but the qualitative methods are more flexible (Kumar, 2014). In this study, a qualitative method will be used to obtain data and is described in more detail in the following chapter.

3.3.1 Data Collection

Data can be collected from both primary and secondary sources. Data from secondary sources is obtained with documents and data from primary sources is obtained with either observations, interviews or questionnaires (Kumar, 2014). In this study, interviews will be used for data collection and therefore observations and questionnaires will not be further explained. Interviews are a common method when collecting information from people.

Interviews are defined as a person-to-person interaction between two or more individuals with a specific purpose in mind (Kumar, 2014). Interviews have both advantages and disadvantages like any other data collection method. Interviews are, for example, more appropriate for complex situations and for collecting in-depth information but can be both time-consuming and expensive (Kumar, 2014).

Interviews can either be structured or unstructured where unstructured interviews are a common method of data collection in qualitative research. Unstructured interviews can be further classified into four types: in-depth interviews, focus groups interviews, narratives and oral histories (Kumar, 2014), see Figure 1: Types of interviews.

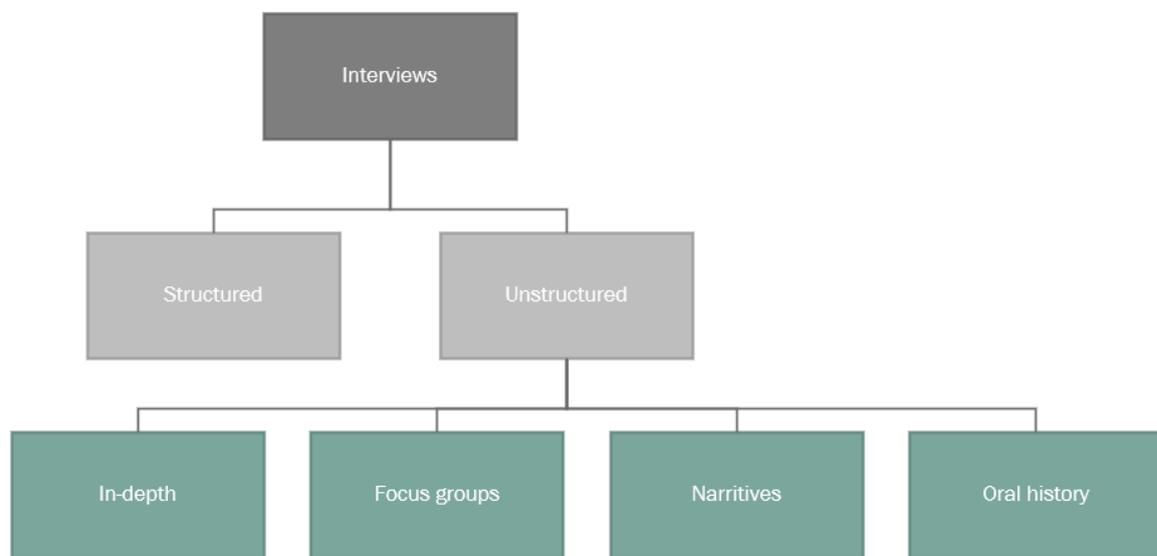


Figure 1: Types of interviews

Interviews are one of the most important sources of case study information, and it is recommended for the researcher to have guided conversations rather than structured questions (Yin, 2009). Yin outlines two primary jobs of an interviewer, to follow an inquiry and to ask questions in an unbiased manner (Yin, 2009).

The researcher of this study is the key instrument where the researcher is the one who gathers all the information through interviews. In-depth interviews are used in the study. In-depth interviews according to Yin (2009) are one type of case-study interviews where the interviewer asks respondents about facts that matter, as well as opinions related to the case studied.

Questions used in the research are open-ended questions where interviewees have the opportunity to comment on a particular issue they may find relevant.

3.3.2 Sampling

Sampling is the process of selecting a sample from a sampling population. From the sample findings, the researcher tries to make an estimate of the sampling population (Kumar, 2014). In qualitative research, there can be many factors that can influence the sample selection. For example, it can depend on how easy it is to access the respondents, or it can be the judgment of the researcher that the selected respondents have extensive knowledge on the matter (Kumar, 2014). Kumar (2014) explains that in qualitative research the sample size and sampling strategy does not play a significant role whereas the aim is to explore diversity.

Yin (2009) explains that case studies are much like experiments, as they are generalizable to theoretical propositions and not to populations. Thus, Yin (2014) outlines that case studies do not represent a sample and cases should not be called “sample units” because they are too small to represent larger population (Yin, 2014). Yin (2014) tries to avoid using the term sampling and proposes researchers to think about case studies as an opportunity to shed empirical light on theoretical concepts. Thus, the researcher will follow this method in the present study.

3.4 The Case Study

The preparation of the study and the research itself lasted from late January 2017 to late April 2018. The purpose of the study was to investigate how the 8-step Kotter process is useful when implementing the strategy at a consultancy firm. The consultancy firm selected to examine had recently changed their framework for developing and implementing the strategy. The researcher found it interesting to investigate if the 8-step Kotter process had helped with implementing the strategy at the firm. The study was mainly based on four interviews where questions were open-ended, and interviewees were able to discuss topics in more detail if they felt so.

3.4.1 Interviewees

Four interviewees were selected from the group involved in the strategy implementation more specifically board members, sponsors and project managers, provided in Table 1: Information about interviewees. All interviewees are a part of the strategy implementation in one way or another and were selected by different roles and responsibilities regarding the strategy implementation. The researcher found it important to select interviewees that had diverse perspectives on the matter.

Table 1: Information about interviewees

<i>Interviewee no.</i>	<i>Position in the implementation process</i>
1	Sponsor
3	Board member
4	Project Manager
5	Project Manager and Board member

3.4.2 Interviews

The interviews were separately taken at the headquarters of the consultancy firm. All interviews were carried out in meeting rooms and were recorded with the approval of the interviewee.

3.5 Limitations

The study focuses on examining the implementation of strategy using the Kotter 8-step process from January 2017 to April 2018. The study seeks to highlight how the strategy was implemented with the use of the Kotter 8-step process.

Chapter 4

Results

This chapter presents the results of the empirical findings collected through a case study, conducted in a large consultancy firm in Iceland. The findings are supported by reference to the literature review to gain an understanding of the implementation of strategy at the firm. The results are divided into two main chapters where the results are presented as well as quotations from the interviewees.

4.1 New Strategy Implementation Methods

The consultancy firm is very well established, however in 2016, for the first time, the firm used one particular process as a guide when implementing strategy and strategic changes.

In 2016 the firm hired a consultant specialized in strategy implementation and leadership training. The consultant introduced the 8-step Kotter process for the company as well as the strategy map. The strategy map is a map that describes the strategy, includes objectives and sub-objectives (Snjólfrur Ólafsson, 2005). Figure 2 provides more details on the strategy map.

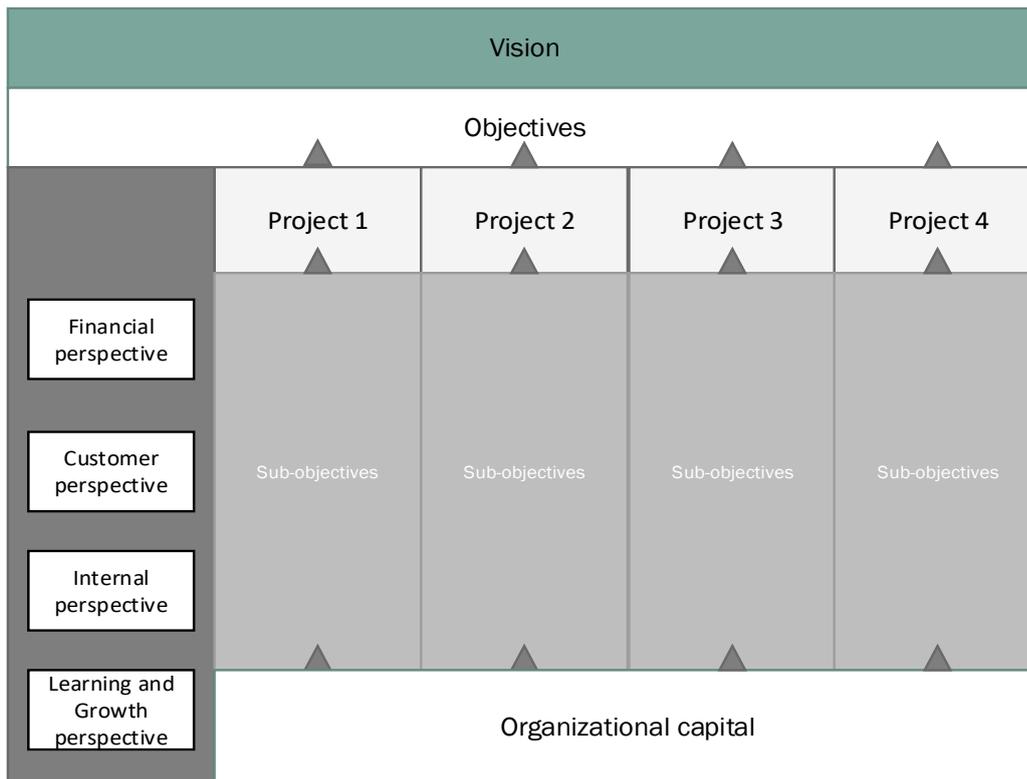


Figure 2: Strategy map used at the firm

The consultant suggested using the strategy map as well as to consider and going through the 8-step Kotter process while implementing the strategy. The strategy map was used for the first time where four priorities were chosen. This was different from before where one interviewee described it:

Some ideas came out of the strategy meetings, but the ideas were extensive, and people were not sure in which direction to go. The feeling was that managers agreed on the big picture, but afterward it was “back to routine.”

Another interviewee agreed and added:

Strategy meetings before this one in 2016 were a promise of the future. No plans and no responsibility was allocated to the strategy implementation itself.

Four main projects were selected with key objectives, using the strategy map. The board of directors, executive board of directors and general managers participated in forming the strategy and selecting the four most needed projects for the company to stay competitive. For each project, a project manager and a sponsor were selected who then continued to form the project and dived it into work packages. One interviewee described that using the strategy map and running the implementation as a project was necessary by stating:

This is for the first time that we take it all the way. Before, people got some ideas, but nothing really happened. Now strategic changes are defined as projects and project manager, sponsor and a whole team is put together to drive the change.

Another emphasized the importance of selecting few priorities to focus on:

Before, we were going to make everything happen at the same time. It is a major key to select few priorities otherwise people may admit defeat. At the strategy meeting in 2016, my feeling was that managers were getting frustrated on spending time, money and energy on forming a strategy because little or no changes had been implemented successfully in the years before. Getting the four prioritized projects and selecting a project manager to lead the project had a good impact on the morale of the managers.

According to the correspondence from the interviewees, they all seemed to agree on the importance of defining the most important projects to focus on. Using the strategy map was also viewed as a step in the right direction where priorities were selected. The benefits of defining the strategic changes as projects were that someone was responsible for driving the change forward.

4.2 Kotter 8-step Process

The interviewees were asked to answer several questions for each step in the Kotter process. The researcher tried to examine how the 8-step Kotter process was helpful when implementing the strategy and what proved difficult in the process.

4.2.1 Create a Sense of Urgency

Kotter (1996) describes that without true urgency, change will not happen. Overall the interviewees agreed on the high urgency for the four projects but also acknowledge that the four projects had a different level of urgency. One interviewee explained this as the following:

My feeling was that everybody agreed on the urgency of the projects, but the urgency level was different between projects. So, some projects were more urgent than others, and they were prioritized in that way.

Another interviewee agreed, and stated:

The projects were prioritized by importance, and it was obvious that the projects were not equally important. Some projects got more pressure while others got no pressure at all. I did not feel any doubt from the managers. The experience was that most managers and employees felt the need for change and improvement.

However, one of the four interviewees explained that he did not experience true urgency for all the four projects. He added:

The urgency was different between the projects. Projects that were tangible got more attention than projects that had a long-term objective. I felt that one project was more of a nice-to-have project than an urgent “do it now” project.

As discussed previously, Kotter (2008) describes that change will not be successful with high complacency, i.e., when one expresses their urgency for a change but believes that the status quo is acceptable. True urgency exists when the importance is so high that the change can be looked at as a winning or losing situation (Kotter, 2008). Although interviewees agree that the four projects were all urgent, they also agreed that the level of urgency was not equal between the projects. In fact, it gives a convincing indication that a true urgency did not exist for all the projects.

4.2.2 Building a Guiding Coalition

Kotter (1996) describes four main characteristics that a guiding coalition must have, they are: authority, knowledge, credibility and leadership talent. The researcher sought to gain answers if the interviewees thought the participants in the guiding coalition had the main characteristics that Kotter suggests. Interviewees agreed that the participants in the guiding coalition were selected on specific grounds. They had the authority and power to take action, make decisions and had knowledge related to the project.

One interviewee explained that the managers were integral in the guiding coalition group, as well as selected persons that were thought to have the knowledge and power to drive the change. The interviewee stated:

The key players in the guiding coalition were the managers and selected people across the company. There were specific drivers in the group, and there were passengers.

Overall it seems that those selected to participate in the guiding coalition group were chosen with the four main characteristics Kotter describes in his 8-step process.

We tried to find people that were familiar with the project at hand and had the knowledge and experience needed. In some cases, the most qualified persons chosen had little or no time to contribute to the work, but it was essential to have them onboard.

However, in some cases, interviewees doubted that all participants had been selected with the four characteristics in mind, stating:

Some people might have been chosen because they had a free time to work on internal projects. They contributed to the work but if the managers had not been a part of the group it would have been a week group.

After some time in the process of implementing the change, there were changes in the management team. The researcher wanted to know if this had an effect on the process.

We lost the back-up, and it affected some projects more than others.

The changes in the management team seemed to have affected the backup of the projects. One interviewee stated that it had affected the implementation and that it had slowed down the process:

The managers worked well together, but the changes in the management team caused the process to slow down. Looking on the bright side, it was good to stop and justify why these were the priorities and changes we wanted to implement in the beginning.

From the answers, it seems that the key people, managers, and middle managers, were on board with the changes and formed the guiding coalition. In addition to that, there were some other participants that might not have had the power or authority, but they contribute to the work which was worthy. According to Kotter (1995) the senior management always forms the core of the guiding coalition group, but in a large organization guiding coalition may start with few people and will eventually have to grow bigger (Kotter, 1995). It can be said that, in this case, that was what happened. At the beginning of the process the managers were the only ones on board, and in few months, the group had grown with additional people outside the management team.

4.2.3 Form a Strategic Vision and Initiatives

Kotter (1995) mentions that in every successful transformation effort the guiding coalition develops a vision that is relatively easy to communicate (Kotter, 1995).

The firm had selected four strategic projects to focus on. Each project got its own vision. One interviewee felt that at least one project did not have a clear vision from the start but was better formed in the process. Another interviewee was very convinced that the vision was clear for the projects and that managers agreed on it; they stated:

The vision was clear, and we all agreed.

Another agreed that the vision was clear but added that employees may not have understood the purpose of the vision:

The vision was ready and clear. Employees, on the other hand, did not seem to understand it.

Kotter (1996) mentions that a good vision can serve as motivation for people to act in a way that is not necessarily in their own short-term, self-interest (Kotter, 1996). One interviewee explicitly stated that not all employees seemed to understand the purpose of the strategy:

I am not sure that employees understand the vision of the projects. I am afraid that it is because the projects and the objectives have not been introduced well enough. Some employees question their status at the firm because of the changes. If we had presented the projects efficiently and we had emphasized on selling the ideas better, employees would agree and understand the vision better.

Interviewees seemed to agree that the vision that was formed for each project was clear. Overall, interviewees felt that the managers agreed on the vision but acknowledged the purpose of the projects had not been understood by the employees.

4.2.4 Enlist a Volunteer Army

Creating a vision is one thing but to have a successful implementation one must communicate the vision effectively. Communicating the vision of the organization is very important for the implementation phase. The vision clarifies the direction of change and can help employees to understand the need for it (Kotter, 1996).

Interviewees all agreed that the vision had been poorly communicated. One interviewee clearly stated that they had not succeeded in delivering the vision:

We tried to communicate the vision. We introduced the strategy and vision in a big meeting with the CEO and in smaller ones too. We tried to gather some introduction material, but we did not make any promotional material. We have not succeeded in communicating the vision.

Kotter explains that communication comes in both words and deeds (Kotter, 1995). One interviewee expressed that managers had not been acting in line with the strategy:

Communicating the vision did not go well enough. That is something that we will really need to think about and improve. We tried to get key people across the firm to deliver the message. Managers are also not acting in line with the strategy.

For change to occur, massive numbers of people must rally around a common opportunity ('The 8-Step Process for Leading Change - Kotter', n.d.). One interviewee described that employees were not able to connect to the projects and that they were not sure how they could contribute to the change effort:

My feeling is that employees do not yet experience being part of the strategy. They need to be involved and feel responsible for something; they need to know their role in the strategy implementation to achieve goals.

Overall, it is a general opinion of the interviewees that the company struggles with communicating the vision and getting employees to be brought in and urged to drive the change. Results from a survey conducted in February 2018 at the company studied underline this. The survey was conducted by the consultants and aimed to study employees' attitudes towards company strategy. Employees were asked about the implementation process at the firm and how they experienced connection between company objectives and themselves. The results showed that 54% thought that the strategy was rarely if ever discussed. Only 52% of participants considered themselves familiar with the strategy and only 40% found themselves able to associate their work with the company strategy. The results of the survey are completely in line with what the interviewees described, which gives a compelling indication that purpose of the change has not been delivered to employees.

4.2.5 Enable Action by Removing Barriers

Removing barriers can empower employees to execute the vision (Kotter, 1996). The researcher found it interesting to see what the main barriers were and how they were removed. One interviewee described how the barriers were identified and what was done to remove them, stating:

We listed down tasks that had to be done to remove barriers. Some were hard to define because they related to human behavior. The ones related to change in processes were easier. We got employees to take courses to enhance their skills and modified our systems to align with the strategy. We are still struggling with some barriers related to the culture and habits, but if we had not removed the barriers that we did, we would not have accomplished what we have achieved today. Also, we would have taken more risk which would have cost us.

Another described the challenges that related to human behavior. Old habits seemed to be difficult to remove.

Our most significant barrier are the employees that resist the change. We have established some courses, but it seems that they do not help everyone adapt to the change. We see that younger employees are quicker to adopt. In some cases, we removed barriers by changing processes, and we had to make new approaches to align with the strategy.

Generally, interviewees agreed that some barriers had been successfully removed, thus helping the process. However, one explained that the most significant barrier was the lack of buy-in from the employees which related to under-communication from managers.

From these results, it can be said that without removing barriers the firm would not have had the success they have had. But, if the strategy would have been well communicated it could have affected and minimized the resistance from employees.

4.2.6 Generate Short-term Wins

Being committed to generating short-term wins will, according to Kotter, have the benefits of keeping the urgency level up and keep the change moving forward (Kotter, 1996). Interviewees agreed that there had been some short-term wins but also acknowledged that they had not been communicated well enough. One interviewee mentioned that there had

been some success stories but was not sure if it had had the impact that was hoped for. The interviewee stated:

Yes, we had some short-term wins. I do not know if it has delivered us what we hoped for, to keep the ball rolling. In fact, it has not happened.

Another said that the short-term wins had helped the progress of the project.

In some projects, we achieved some significant goals which motivated us to continue.

Another one described that the success was not something that was generated from the inside but rather a pressure from the external environment that helped employees to see the need for change.

We have had some small victories, but they have not been made visible to the employees. We see that employees are getting more aware and the resistance to the change is decreasing. However, that is because of what is happening in the environment; it is because of external pressure.

From these results interviewees seem to agree that there had been short-term wins, but they had not explicitly been planned like Kotter (1996) suggested. Poor or absent planning or generating short-term wins can have some severe consequences. Transformation takes time, and without any wins, it can be risked losing the momentum to keep the change moving forward Kotter (1995) explains. The results give an indication that the firm has had short-term wins but did not use them to keep the change moving forward.

4.2.7 Sustain Acceleration

When changes seem to be apparent, managers need to use the short-term wins to tackle bigger problems (Kotter, 1995). In this step, managers need to create more change, get more people to continue the change effort, and, at the same time, manage to keep the urgency level up (Kotter, 1996). One interviewee stated that there were some visible changes:

Some changes are visible, but they are not sustainable. Employees and managers are getting more familiar with why these changes are needed. People are accepting the change, and we see some change in mindset, but we are not there yet.

One interviewee went on to describe that new projects had been developed that supported the strategy:

Since the project was defined in the beginning, there have been new support projects established.

One interviewee explained that getting more people to keep the momentum of the change effort was one of the challenging parts.

A big part of the change we need is a change of mindset. We need to activate employees and get them to be a part of the necessary transformation. Unfortunately, we have not managed that yet. They need to be accountable and have responsibility.

Another described that it was hard to keep focus in a fast-moving world but being aware of what was needed to keep the momentum had prevented projects from being forgotten.

It is hard to keep focus, but the managers remember what was planned and today projects do not lay untouched for months.

Kotter (1996) emphasized that although some change may be visible managers and leaders need to be aware of that declaring a war won to soon, can have bad consequences. Interviewees appeared to be aware that although some minor changes have become apparent the road to successful implementation of change is lengthy. Interviewees did not specifically mention that more change had been created in the process and it can be said that the firm has not successfully reached this step in the process.

4.2.8 Institute Change

Change will not stick until it is “the way we do things around here” (Kotter, 1995). All interviewees expressed that the firm had not reached the eighth step in the process.

It is too soon to say, this is a marathon, and we are just starting.

Chapter 5

Conclusion

In order to answer the research question “*How does the 8-step Kotter process support the implementation of a strategy within a consultancy firm?*” interviews were conducted with selected employees involved in the implementation process at the firm. Following, this thesis demonstrates how the 8-step Kotter process supported the implementation process at the firm.

The 8-step Kotter process was used as guidelines in the implementation process. The results suggest that the firm attempted to follow the steps while being mindful of the important tasks to complete. However, it appears that some steps had been underestimated. It began when the four projects were selected as priorities. When looking back, all interviewees agreed that one specific project did not have the urgency needed to make the real change effort, and, in fact, later in the process, the project was dismissed. This highlights Kotter’s (1996) ideas regarding true urgency, which he stressed to be the most important task in the process.

Creating the guiding coalition group appeared to have been a success as well as creating the vision in step three. However, creating a group is one thing and activating it is another, the same goes for the vision. It appears that the vision was clear, but when it came to communicate the vision the firm failed miserably. Interviewees all acknowledged that the firm had not communicated the vision nor the strategy well enough to the employees and that was underlined with the results of the survey conducted amongst employees at the firm. It can be concluded that this affected the process enormously. Interviewees explained that doubt existed amongst employees which could have been prevented with the right presentation of the strategy. Kotter (1996) explains that if a vision is under-communicated, it is utterly useless and, according to Speculand (2009), it is the unknown which most often makes people resist change. The firm under-communicated the vision of the strategy which resulted in employees resisting the change. Step four was not effectively executed according

to the results, and it can be concluded that it affected next steps in the process.

Step five (i.e., enable action by removing barriers) appeared to have helped the process according to the results. Interviewees explained that many barriers were removed which had helped with moving the change effort forward. However, poor communication of the strategy led to the most significant barrier, which was the resistance from the employees.

When it came to the sixth step, the firm seemed to, again, fail to communicate the wins. Interviewees were sure that there had been some short-term wins but also acknowledged that they had not been communicated. Not communicating the 'wins' risks dropping the urgency and the momentum needed to move the change forward.

Interviewees mention that there had been some visible change, but the change was not sustainable, thus concluding that the firm had not reached the last two steps in the process. Managers had not started generating more change as is suggested by Kotter (1996) and short time had passed since the implementation process started.

It seems that under-communication of the strategy and vision has had an enormous impact on the strategy implementation. The implementation process is still a learning process at the firm, and from the results, it can be concluded that if the firm had emphasized more on communicating the vision of the strategy the implementation process would have achieved more. Fortunately, managers are aware of the situation.

Using the process as a guideline helps managers to see and realize what can be improved, what to emphasize on next and where they stand in the process of implementing the change. Without it, managers risk doing what they think is important and miss what is most important.

Chapter 6

Discussion

It was a step in the right direction the moment the firm started using the strategy map and the 8-step Kotter process. With these means, the firm took the strategy forming and strategy implementation to the next level and showed great responsibility in practice.

The research that has been discussed in the present thesis suggests that the firm is still adopting the new methods. It implies that managers at the firm see more need for effective strategy implementation. The firm has used more disciplined practices to both form and implement the strategy. These results should be a motivation for managers to keep on going and do better in the coming future.

Strategy formulation and implementation are both subjects that cannot be avoided if one aims to stay competitive. It is a process that will never end, and when successful it will deliver excellent results to all stakeholders.

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Appendix A - Interview Questions

1. Have you participated in forming a strategy at the firm?
2. If so, what framework was used when forming and implementing the strategy?
3. What framework is used to make strategy?
4. What framework is used to implement strategic changes?
5. How were projects selected to focus on?
6. How did you select objectives?
7. In your opinion, how urgent was it to make the changes?
8. Did other managers feel the need for change?
9. Did you experience complacency?
10. Did you experience that it was necessary to take action to increase urgency?
11. How was the guiding coalition group formed?
12. What were the characteristics of the group?
13. Did the group change in the process?
14. How did you get key employees to participate in the process?
15. How did you form the vision?
16. Did you feel that employees understood the vision?
17. Did you feel that employees agreed on the vision?
18. Which methods were used to communicate the vision?
19. How do you think the vision has been communicated?
20. Do you feel that managers behaved in line with the strategy?
21. Was the vision linked to daily job tasks?
22. How did you identify barriers?
23. How did you remove barriers?
24. How did you get employees to participate in implementing the change?
25. How did you manage to great short-term wins?
26. How did manage to keep employees on track?
27. Did you have any short-term wins?
28. Did you make new objectives?
29. How did you manage to keep focus on the change?
30. Are there visible changes in the organizational culture?
31. If the change has been implemented, how have managers followed-up?



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