Radically Open Strategizing: How the Premium Cola Collective Takes Open Strategy to the Extreme

Marius K. Luedicke, Katharina C. Husemann, Santi Furnari, Florian Ladstaetter

Whereas prior research has investigated cases of partially open strategizing, this article explores the practices and outcomes of radically open strategizing. We draw on a case study of the German Premium Cola collective to explore how it translates its principles of radically open agenda setting, participation, and governance into strategizing practices. Our analysis reveals that this collective not only performs radically open strategizing practices of distributed agenda setting, substantial participation, and consensual decision-making, but also performs counterbalancing practices of centralized agenda setting, selective participation, and authoritative decision-making in order to cope with practical barriers posed by information and power asymmetries between members as well as information overload. We find that these practices enable the collective to legitimize its strategic decisions, develop a collective identity, and maintain member motivation over time. Based on these findings, we conclude that radically open strategizing is a feasible practice, with limitations arising from participants making selective use of open strategizing opportunities, rather than being excluded from them.

Introduction

The making of an organization's strategy is commonly viewed as an inherently secretive activity that involves top management teams engaging in opaque competitive moves to lead the market while misleading rivals (Andrews, 1971; Lorente-Vicente, 2001; Makadok and Barney, 2001; Montgomery, 2008). However, over the last decade, several socio-cultural, technological, and organizational changes have contributed to the emergence of “open strategy” (Whittington et al., 2011), i.e. strategizing practices aimed at including more internal and external stakeholders and communicating strategic choices more transparently (Chesbrough and Appleyard, 2007; Dobusch and Müller-Seitz, 2014; Dobusch et al., 2014; Haefliger et al., 2011; Stieger et al., 2012).

This nascent literature has made important advances towards better understanding the practices, outcomes, and limitations of open strategizing. Thus far, however, research has focused on contexts where participation was not “even close to perfectly inclusive” (Whittington et al., 2011, 535). Existing literature thus draws its theoretical conclusions from cases in which stakeholders neither contributed throughout the entire strategizing process from idea generation through goal definition to decision-making, nor participated beyond the confines of an isolated open strategy project (Chesbrough and Appleyard, 2007; Dobusch and Müller-Seitz, 2014; Stieger et al., 2012; Whittington et al., 2011). As a result, we know little about organizations that take inclusiveness to an extreme by involving all stakeholders continuously and fully in strategizing. Given the growing interest in open strategy, it is worthwhile addressing the identified gap by formulating the following research questions: 1) What strategizing practices are performed by an organization that tries to be radically open, and 2) What are the outcomes that follow from this endeavour?

We address these questions with a case study of the Premium Cola collective (hereafter Premium); a Germany-based group of about 1,650 people that develop and market cola, beer, and coffee products under their “Premium Cola” brand name. Premium is a well-suited case for our purpose, because this collective continuously strives to take open strategizing to the extreme by allowing all its stakeholders to set strategy agendas, participate in strategy deliberations, and contribute to decision-making at all times (i.e. being radically inclusive). Premium also makes the entirety of its discussions, decisions, and principles available on-line to the interested public, and thus strives towards radical transparency as well (Whittington et al., 2011). However, even though radical transparency is a key part of Premium’s practices, we primarily use this case study to explore the intricacies of radical inclusiveness by unpacking the micro-level practices of radically open strategizing and their possible consequences.

To investigate how the collective’s principles of radically open strategizing are translated into actual strategizing practices, and which outcomes these practices facilitate for Premium, we adopt a strategy-as-practice perspective (Jarzabkowski et al., 2006).
Using this perspective, we identified two key ways in which Premium performs what we term **radically open strategizing**.

First, Premium performs three radically open practices that we call **distributed agenda setting**, **substantial participation**, and **consensual decision-making**. These practices are entirely and always inclusive, posing no formal barriers for participation to anyone interested in Premium’s strategizing. Secondly, Premium performs three counterbalancing practices that we term: **centralized agenda setting**, **selective participation**, and **authoritative decision-making**. By performing these practices, Premium copes with three practical barriers of radically open strategizing, i.e. uneven access to information about Premium’s business opportunities among members (information asymmetry barrier); a vast amount of input that must be digested in order to participate substantially (information overload barrier); and an uneven distribution of power within the collective (power asymmetry barrier). Although these counterbalancing practices ostensibly contradict the collective’s principles of radically open strategizing, they actually do not inhibit members from acquiring more information, following the email list diligently, or contesting authoritative decisions. Therefore, Premium members do not frame counterbalancing practices as problematic, but legitimize them as pragmatic ways of raising, deliberating, and deciding on strategic issues in spite of practical barriers.

Furthermore, our analysis shows that this configuration of radically open and counterbalancing practices enables the collective not only to make collectively legitimized strategic decisions, but also to continuously develop a collective identity and maintain a degree of motivation that led members to pursue the Premium for more than a decade.

This article is organized in four sections. First, we review the nascent literature on open strategizing practices and outcomes. Second, we introduce our empirical case, describe our data set, and explain our methods. Third, we report our findings about radically open strategizing in the Premium Cola collective. Lastly, we discuss the implications of our findings for existing and future research on open strategy.

**Theoretical background: open strategizing as practice**

Open strategy research is part of a broader management literature investigating how “openness” affects organizations (Chesbrough and Appleyard, 2007; Faraj et al., 2011; Füller et al., 2006). In innovation research, where the idea of openness originates, scholars explored how companies may successfully include internal employees (Stieger et al., 2012), external crowds, lead users, or brand community members in their innovation processes (Kozinets et al., 2008; Von Hippel, 1986).

In the domain of strategy, openness is a more recent phenomenon with only a few studies exploring it directly (Chesbrough and Appleyard, 2007; Dobusch and Müller-Seitz, 2014; Dobusch et al., 2014; Harrison et al., 2010; Mantere and Vaara, 2008; Schmitt, 2010; Stieger et al., 2012; Whittington et al., 2011). Consistent with our theoretical focus on strategy-as-practice (e.g., Seidl and Whittington, 2014; Vaara and Whittington, 2012), we review this literature with an emphasis on practices and outcomes of open strategizing. As we discuss next, this literature tends to distinguish three interrelated domains of open strategizing practices, i.e., open agenda setting, open participation, and open governance.

**Open agenda setting practices**

A first domain of open strategizing involves practices of agenda setting, i.e. the practices by which strategic issues are identified (cf. Baumgartner and Jones, 1991). Existing literature shows how organizations grant internal and external stakeholders dedicated physical and virtual spaces for contributing to setting a strategic agenda. However, this research also shows that top management partially pre-defines the limits to what can become, or not become, a strategic issue.

For example, stakeholders were given a virtual space for contributing their views, expertise, and knowledge to company-configured strategic conversations, strategy jams, or strategy dialogues respectively during open strategy initiatives in companies such as J.P. Morgan, Shell, or Bachmann (Chesbrough and Appleyard, 2007; Harrison et al., 2010; Stieger et al., 2012; Whittington et al., 2011, 536). However, despite this notable increase in openness, none of these organizations seem to have invited stakeholders to raise issues outside of the bounded episodes, to allow participants to challenge the decisions that the management derived from such open discussions, or to turn the aims and procedures of an open strategizing episode itself into an issue.

In these cases, open agenda setting thus remained encapsulated in the established power structures of hierarchical organizations, where stakeholders are invited to provide “information, views and proposals” (Mantere and Vaara, 2008; Whittington et al., 2011, 536). If the goal is to explore the feasibility and boundaries of open strategizing, it becomes necessary to explore which practices and outcomes emerge when agenda setting is radically open and thereby reaches beyond the confines of preconfigured, managerially controlled open strategizing episodes.

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1 Throughout the paper, with the term “practices” we indicate “patterns of repeated activities that are infused with shared meanings” (Furnari, 2014, p. 442; see also Jarzabkowski, 2005).
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