A CASE STUDY INVESTIGATION OF STRATEGY IMPLEMENTATION

IN THREE MULTI-UNIT RESTAURANT FIRMS

by

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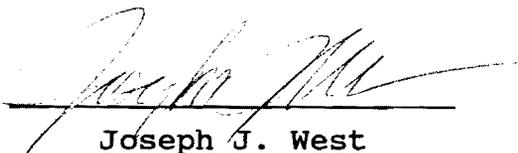
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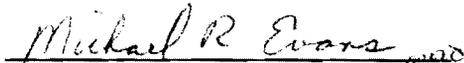
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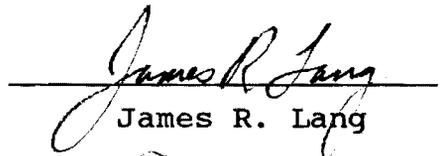
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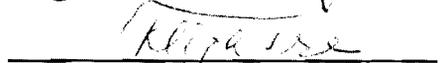
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(ABSTRACT)

The primary objective of this study was to conduct an exploratory investigation of the process of strategy implementation in multi-unit restaurant firms. A model comprised of five context variables and five process variables was developed on the basis of a review of the theoretical literature about the restaurant industry, strategy implementation, and organization theory. Qualitative research methods, specifically case study design, concept mapping, and matrix analysis were used to collect and analyze the data from three firms.

The findings from this investigation included 14 propositions that explain the associations between the variables and other factors found to affect implementation in the three companies, which were investigated. A new framework was developed from the propositions that further delineates the strategy implementation process. The framework introduces four additional variables found to be involved in the implementation process: life cycle stage of the firm, size and geographic dispersion of the firm,

manager demographics, and training. Three primary context variables, organizational culture, organizational structure, and perceived environmental uncertainty; and three primary process variables, information processing, planning and control, and resource allocation were found to have a major effect on strategy implementation.

The results obtained provide a basis for further study of the implementation process.

Acknowledgements

This dissertation is dedicated to my children, Erika and Stephen, who have never known their mother when she was not a college student. To this end, I owe a great deal to my husband, Ron, who assisted in the care of our home and children, while I pursued my education; and who provided editorial assistance during the writing of this document. For this, I am grateful.

I want to acknowledge the time, effort and words of encouragement that my committee members provided. Dr. Michael Olsen, my dissertation chairman, instilled me with confidence so that I might accomplish feats that I did not know were possible. Dr. Michael Evans provided words of encouragement and knowledge of the industry. Dr. James Lang brought to me the broader perspective of strategic management research as I struggled with my own research efforts. Dr. Eliza Tse, with her expertise and probing intellect, kept me searching for the theoretical background necessary to complete the work. And last but not least, I want to thank Dr. Joseph West, whose comments and suggestions led me to the dissertation topic, for his contributions as a content expert in strategic management and an astute editor of prose.

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CHAPTER ONE

INTRODUCTION

Introduction

This is a study about how strategy is implemented
in three multi-unit restaurant firms. The companies are
both similar and very different. One of the companies is a
large chain operating in several diverse regions of the
country. Another is a newly formed company that is striving
for recognition and growth. The third company is a small,
family-style organization that has decided to limit its
growth and stay within a limited geographic region. The
companies range in size from 20 to 255 units.

This investigation provides researchers with a better
understanding of one important aspect of the strategic
management process (i.e., implementation) that has received
less attention than others. Furthermore, this study focuses
on strategy implementation within the restaurant industry--
an industry in which there has been limited research about
the implementation process.

Problem Statement

The restaurant industry has had a history of economic
instability. This instability has resulted in many business
failures, and many more firms that are struggling for
survival. One cause of this instability is that sales in

the industry are a function of the amount of disposable income possessed by consumers.

During the 1960's and 1970's, sales were strong for restaurant firms, because consumer disposable income was high and competition was scarce. However, during the late 1980's and in the current economy, restaurant sales have flattened as disposable income has decreased. This happened in the 1980's because of inflation and more recently, because of an economic recession, and, in some areas of the country, high unemployment. Still, many people continue to enter the industry, resulting in an intense competition among firms (West & Olsen, 1990; "Forecast '92", 1991).

Sales in the early 1990's have been projected to remain slow as the economy continues in a recessionary phase. A forecast at the beginning of 1992 predicted a real growth rate of 1.8%, which is sightly above the rate for 1991, but is still below the growth rates of the late 1980's (Gordon, Mills, Riehle & Welland, 1991).

Slowed sales have resulted in reduced profit margins for the restaurant industry because the costs of doing business in recent years have increased more than sales volume has increased. Bartlett (1990) indicated that this trend may continue because of the political and economic activities that are impacting the industry.

Two challenges confront the restaurant industry: slower sales and increased business costs. Effective implementation of the appropriate strategy is one important way for companies to meet these challenges.

<div align="center">**Problem Context**</div>

Restaurant Business Environment

The challenges that face restaurant firms, specifically an increase in business expenses, are present for several reasons. First, firms are faced with increased food, labor, and transportation costs. Labor as well as food and equipment costs will probably remain high because Congress is considering the enactment of several regulations that will require most firms to provide workers with health and social benefits, and to abide by stricter environmental codes ("Annual Forecast", 1991; Gordon, et. al., 1991).

Second, managers in the restaurant industry have failed in many instances to adopt good planning practices. They tend to focus on the short term and forego a more strategic approach. This myopia, coupled with poor management practices, has caused many firms to fail (Olsen & DeNoble, 1981).

In past years the restaurant industry has had very high turnover among both managers and hourly employees. This high turn-over has further contributed to high labor costs, poor service, and manager burnout; all of which have had a

negative effect on profit margins and created a poor image for the industry (Krone, Tabacchi & Farber, 1989).

Another barrier to increased profits for restaurateurs, is the stabilization of the size of the customer base. Stable customer numbers combined with the increased number of restaurant units have forced companies to lure customers away from their competitors in an attempt to maintain sales volume (West & Olsen, 1988).

Competition from outside the restaurant industry has also eroded the sales volume of traditional restaurants. Supermarkets, convenience stores, and catering establishments are now providing customers with substitutes for traditional restaurant purchases. Industry analysts expect this trend to continue as consumers look more to drive-through, take-out, and delivery alternatives to replace the tradition of dining-in ("Annual Forecast", 1991).

Overall Economic Environment

The economic environment in which restaurant firms function has experienced some difficulties as well. Torres (1990) has suggested that because of a decrease in dividend growth, corporate management's outlook for profits, in general, has been negative.

Up through 1990, inflation continued to be a concern. The rate of inflation increased faster than in previous

years ("Value Line," 1990). In early 1991, the economy began
to show signs of a "slow-down" as was indicated by declines
in new housing starts, and industrial production and
capacity utilization. Further indications of economic
slowdown in 1991 were decreases in retail sales, and the
rise in unemployment figures (Gordon, et. al., 1991).

In this economic setting, merger activity among
restaurant firms has occurred at a slower pace than in past
years. Prewitt (1990) stated that takeover "artists" were
finding fewer undervalued companies to buy out than in the
past, due to strong stock market performance for some of the
major restaurant firms. Further, banks and investors were
less willing to finance large buy-out deals because many of
these companies have had problems servicing large debts.

Small firms continue to be absorbed by larger firms.
Several of the larger firms which have strong restaurant
groups such as Pepsico and Grand Metropolitan, have gained
their stature in sales volume by acquiring other firms. Barr
(1990) has indicated that the continued struggle for market
share during the past few years has resulted in the survival
of the "fittest" firms, such as those mentioned above and
others.

However, because the barriers to entry are relatively
low in the restaurant industry compared to other industries,
weaker or smaller firms continue to enter the industry.

Barr (1990) has predicted that these firms will probably face difficulties in maintaining a competitive advantage because of their lack of experience regarding what it takes to survive, and/or their lack of financial backing to support the activities necessary to be competitive.

State of the Industry

The industry has been described as mature and saturated (West and Olsen, 1988). Firms in a mature, saturated market are forced to carefully track all areas of competition and to select the best competitive methods. Porter (1980) suggested that firms in industries which are moving into the mature stage of their life cycle should be more concerned about controls, incentives, and coordination between functional units. These are areas that are addressed with effective implementation of strategy (Hrebeniak & Joyce, 1984).

The restaurant industry also has many characteristics of a fragmented industry. Porter (1980) described this type of industry as one which contains many small and medium sized privately held firms, and where none of the larger firms command a significant market share. The presence of larger firms in a fragmented industry intensifies competition for the remaining smaller firms. To battle the competition, all firms, regardless of size must be very

astute in not only formulating strategy, but perhaps more importantly in implementing strategy (Porter, 1985).

As Ansoff (1988) stated, "...It is no trick to formulate a strategy, the problem is to make it work," (p. 165). Thus, two of the many challenges that face researchers are first to understand how strategies are implemented, and second to discover if effective implementation of strategy is a significant factor in making firms "fit" enough to survive the economic challenges of the 1990's.

Strategy Implementation Theory

Voyer (1986) defined strategy implementation as "organizational strategic activities," (p. 24). Strategy implementation requires activities such as gathering support and commitment within the organization, securing strong and effective leadership, and allocating resources for the programs that will support the new strategy (Thompson & Strickland, 1987). Therefore, strategy implementation is often defined as an administrative task, concerned primarily with putting the plan into action (Schendel & Hofer, 1979).

Implementation of strategy requires a systems approach. In a system, if one part functions poorly, the entire system is negatively affected. Thus, to implement a workable strategy, the total organization must be involved. It must be aware of the strategy's importance, understand the

process of implementation, and be committed to achieving the strategy. In order for the tasks that comprise the process of implementing to be accomplished, they must be tailored to the context, or inner workings of the organization. This melding of process and context requires foresight, planning and cooperation among all the constituencies involved (Hrebeniak & Joyce, 1984; Galbraith & Kazanjian, 1986; Ansoff, 1988).

The State of Strategy Implementation Research

Several theoretical models have outlined the strategic implementation process, such as Pearce and Robinson (1982), Hrebiniak and Joyce (1984), and Galbraith and Kazanjian (1986). Pearce and Robinson (1982) emphasized the importance of various managerial and organizational variables that are necessary to direct and control a firm's resources as it pursues its chosen strategy.

Hrebiniak and Joyce (1984) developed a model that encompassed all aspects of the inner organization. Their premise was that implementation actually begins when corporate level management initiates the planning of the strategy. This is referred to as the planning dimension. The configuration of the structure determines how the implementation will move from the planning phase into the action phase. This is referred to as the design dimension.

Galbraith and Kazanjian (1986) proposed a model from the organizational design premise that incorporated the ideas of Hrebiniak and Joyce (1984). Five key organizational dimensions were involved in the effective implementation of a product/market strategy. Effectiveness was to be determined by some measure of performance. The five dimensions were: task uncertainty, structure, information and decision processes, the reward system, and people.

Porter (1985) pointed out the importance of strategy implementation because of its value in maintaining a competitive advantage. Yet, few studies have investigated strategy implementation or tested the models for strategy implementation that have been outlined in the literature.

Research Purpose

Although, research studies such as those of Tse (1988) and West (1988) have investigated the business strategy content and performance of restaurant firms in terms of internal structure and the environment, respectively, no study has focused on the implementation of business strategy in restaurant firms. More specifically, no study has investigated implementation within a framework defined in terms of context and process variables.

The purpose of this research was threefold. First, a model that was based on a review of the theories of

organizations, strategy implementation, and the restaurant
industry was developed within a context/process framework.
Secondly, the model was used as a guide to investigate and
describe how strategy was implemented in three multi-unit
restaurant firms. Thirdly, a new and more representative
framework, based on a limited number of observations as
opposed to theory, was developed.

The initial model, shown in Figure 1-1, includes
elements from both the Hrebiniak and Joyce (1984) and the
Galbraith and Kazanjian (1986) models. In addition it
includes the following elements: perceived environmental
uncertainty, organizational culture, and communication and
information exchange within the organization. The rationale
for incorporating these elements into the model follows.

Perceived environmental uncertainty was included in the
model because of the high degree of turbulence and
uncertainty in the environment of restaurant firms. This was
referred to in the problem context and state of the industry
segments of this chapter. It has also been documented in the
literature (West & Olsen, 1991).

The importance of the "service culture" to success in
the restaurant industry has been documented by Woods (1989),
Shames and Glover (1988), and Albrecht and Zemke (1985).
Culture reflects all that the organization "is." Thus, it
must be included in the study of strategy implementation,

the theory of which suggests the involvement of most aspects
of the organization.

The innate logistics of multi-unit organizations
suggest the need for strong and effective communication
links, as reported by Umbreit (1989). These links are the
result of either management placement or technology, and are
necessary to transfer information about implementing
strategy.

Description of Model

The Model for Strategy Implementation in Restaurant
Firms, shown in Figure 1-1, is based on the premise that the
strategy implementation process occurs within a context.
The nature and interaction of the elements of the context
affect the elements of the process.

The context of the firm is a product of the
interactions among the managers' perceived environmental
uncertainty, the firm's corporate and business strategy,
organizational structure, and its culture. These
interactions refer to a mutual or reciprocal action or
influence like that between the heart and lungs in the
human, rather than a statistically based interaction
implying causality.

Within this context, the process of strategy
implementation occurs. Process includes how managers
initiate projects and allocate resources; how information

Context

- Perceived Environmental Uncertainty
- Organizational Structure
- Corporate Strategy
- Business Strategy
- Organizational Culture

Process

- Project Initiation Style
- Resource Allocation
- Information Systems
- Rewards & Incentives
- Planning & Control

Strategy Implementation
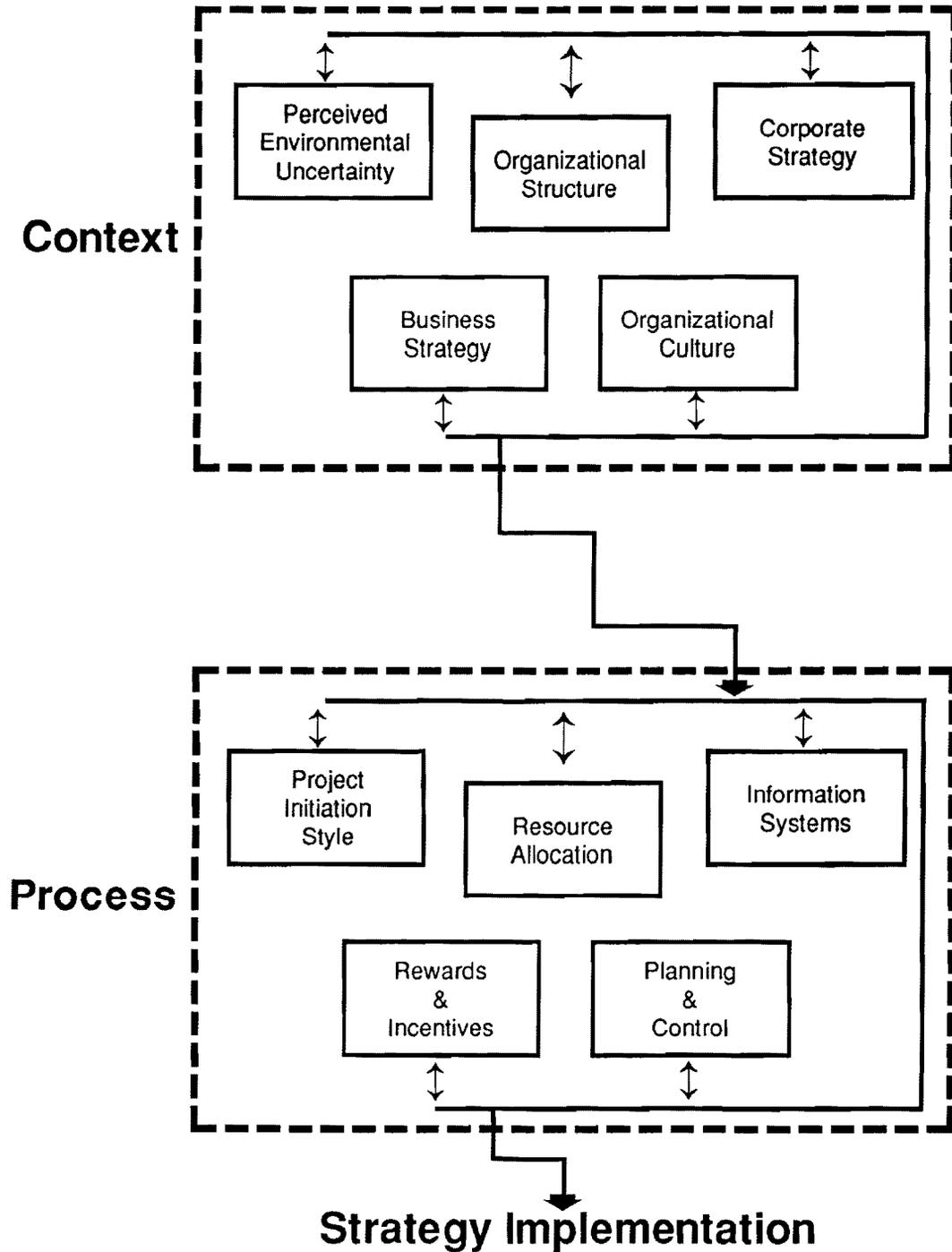
Figure 1-1
Model of Strategy Implementation for Restaurant Firms

systems transfer information about projects; how project activities are monitored according to the planning and control mechanism; and, how rewards and incentives are given out according to how well the project is progressing. The nature of each element in the process is affected in some way by each of the other elements of the process as well as the elements of the context. Thus, strategy implementation is the product of the activities within the context as they affect the activities of the process.

Research Question

The following question was the focus of this study: Within a context defined by the firm's:

> corporate strategy;
> managers' perceived environmental uncertainty;
> business level strategy;
> organizational structure;
> organizational culture;

by what process are strategic projects implemented? Specifically, how are:

> strategic projects initiated by managers?
> strategies communicated to implementors via the
>   information system?
> resources allocated?
> strategic projects planned and monitored?
> managers rewarded for project implementation?

Plan of the Research

The research reported here was conducted using the case study method. The researcher investigated three multi-unit restaurant firms. Data were collected by conducting

interviews with several managers at each managerial level in
each firm. Company documents, archival data, and trade
literature for each firm were also analyzed.

Contribution of The Research

Three outcomes resulted from this investigation:

a. In depth information about how strategy is
   implemented in three multi-unit restaurant firms
   was obtained.

b. A series of propositions that provide direction
   for future research on strategy implementation in
   restaurant firms were presented.

c. A framework that can be used to study strategy
   implementation in restaurant firms was developed.

In addition to the above, this study has made two other
contributions to strategic management research in the
hospitality industry. First, it is one of the initial
qualitative research efforts that specifically investigates
strategy in this industry. To date, most of the research in
this area has been quantitative and cross-sectional
(Schaffer, 1986; West, 1988; Tse, 1988; Dev, 1989). While
these studies were well executed and have provided us with
new information about the industry, there are still many
questions that have been left unanswered, thus the
justification for another research approach.

Secondly, this is first time that a complete
implementation model has been viewed from the perspective of
three multi-unit restaurant firms. Much of the empirical

data on implementation has been gathered by applying partial models to one or several firms (Chandler, 1962; Bower, 1970; Lorange & Murphy, 1983; and Gupta & Govindarajan, 1984).

Limitations of the Research

According to Yin (1989) there are several possible limitations to case study research. First, there are some examples of case study research that lack rigor because they were not carefully planned and executed. A second problem is the potential to introduce bias, especially if only one researcher is gathering the data. A third difficulty indicated by both Yin (1989) and Eisenhardt (1989) is the task of managing the large amount of data that is collected.

Lack of rigor, potential for bias, and data management were addressed in this study by means of following the suggestions of Yin (1989) and Miles and Huberman (1984), who developed procedures for the proper execution of methodology techniques for qualitative research. These techniques are discussed in Chapter Three.

A fourth limitation is a concern about the limited generalizability of the findings. In a quantitative study, such as a survey, "sampling logic" allows for generalizability from the sample studied to the population that the sample represents. However, in a qualitative study, sampling logic is not applicable. Rather, generalizability is obtained through "replication logic." In replication

logic the investigator generalizes the findings to a broader
theory. Generalizations can be made only after several
cases, which are either very similar or very different (for
predictable reasons), are analyzed either individually or as
part of a multiple case study. The process of
generalizability using this approach requires a relatively
complete model which states the conditions under which the
phenomenon that is being studied will or will not occur
(Yin, 1989).

   In this study, three cases were investigated. Each of
the cases was different but the reasons for the differences
were unpredictable because the model to which the cases were
compared was based only on theory as opposed to empiricism.
As a result, only limited generalizability could be obtained
from this study. Therefore, a secondary purpose of this
study was to build a more complete model so that in the
future, studies which yield greater generalizability can be
conducted.

   There is an important need for the development of
models in strategic management that are based upon solid
theory; for this reason leading researchers (Hofer &
Schendel, 1979; Harrigan, 1983) have encouraged qualitative
research efforts. Several of the seminal research studies in
strategic management, such as that of Chandler (1962) and
Mintzberg and Waters (1985), were qualitative. Perhaps their

relative importance is due, at least in part, to their contributions to the theoretical framework upon which the study of strategic management is built.

When studying implementation, the utilization of qualitative methods allows us to go beyond the limitations of the cross-sectional study. Those limitations are that either a one-time perspective or a retrospective report suffer from the biases of time. The case study approach can begin to describe a more complete phenomena, and allow researchers to look more thoroughly into the "how" and "why" within a given context. From that point of view, decisions can be made about how to plan a broader based study.

The research presented here is an initial step in the development of a knowledge base concerning strategy implementation in the restaurant industry. In addition, it may serve as a guide for conducting future qualitative research.

CHAPTER TWO

REVIEW OF THE LITERATURE

Introduction

This chapter reviews the literature on strategy implementation. It is divided into two parts. The first part of the chapter consists of an overview of the conceptual, prescriptive and empirical works in strategy implementation. The second part of the chapter reviews several key works about each of the variables that are included in the Model of Strategy Implementation For Restaurant Firms, shown in Figure 1-1.

The Nature of Strategy Implementation

Before a strategy or strategic plan can be implemented, it must be presented to the people in the organization who are responsible for putting the plan into action. The process of implementation requires activities such as gathering support and commitment, securing strong and effective leadership, and allocating resources for the programs that will support the new plan. Thus, the nature of these activities helps to explain why strategy implementation is often defined as an administrative (Thompson & Strickland, 1987; Schendel & Hofer, 1979), as opposed to a creative task, such as the formulation of strategy.

The study of strategy implementation should take into consideration all aspects of the context in which the implementation is occurring. Therefore, we must acknowledge the formulation and the content of the strategy being implemented, the environment in which the organization functions, the internal structure and culture, and the other contextual variables of the organization that contribute to the success or failure of the implementation process.

Success of the implementation process can be determined by observing how a firm performs in comparison with how it performed before the strategy was implemented and how it performs in relation to other firms in the industry. To make this determination is difficult. It is complicated by the fact that the process of implementing any strategy is affected by the state and changes of the market in which the firm competes, the strategy that is chosen, as well the effectiveness of the process of implementation.

The Process of Implementation

The study of strategy formulation is usually separated from the study of strategy implementation (Hofer & Schendel, 1978; Lorange, 1982; Reid & Olsen, 1982; and Pearce and Robinson, 1982). This is exemplified in Thompson and Strickland's (1987) five components of strategic management:

   1. defining an organization's business and determining
      its mission;

2. establishing strategic objectives and performance
   targets;
3. formulating a strategy;
4. implementing and executing a strategic plan; and,
5. evaluating strategic performance and making
   adjustments to the strategy.

However, Andrews (1971) and Mintzberg (1977) suggested
that the two activities are interrelated because of the
iterative nature of strategy making. Feedback from those who
implement the strategy serves as input for those who
formulate the strategy. Therefore, to effectively study
strategy implementation, the emphases of strategy process
must be integrated with those of strategy content. This is
accomplished in the following manner:

First, it must be determined who was involved in the
formulation of the strategy and what the content or intended
strategic direction of that strategy was. With this
knowledge it is then possible to investigate the strategy
content in relation to firm performance, which allows the
measurement of the effectiveness of the strategy.

Secondly, after determining the content of the
strategy, an investigation of the organizational structure,
the information and decision processes, the political and
cultural aspects of the firm, and the leadership roles
within the firm follows. These phenomena constitute and
affect the strategic process, and provide an indication of
the effectiveness of the method of implementation. Finally,

if a measure of performance or outcome is included in the investigation of implementation of strategy, all aspects of the strategic management process will have been examined.

Several recent works have emphasized the need to integrate the foci of process and content in the study of strategy (White & Hammeresh, 1981; Brugelman, 1983; Robinson & Pearce, 1988). Through the study of implementation, this task is accomplished.

Implementation Theory and Models

Although portions of information on strategy implementation are found in the literature on strategic planning, organization design, structure, and resource allocation, there are several key works that focus on the entire process of strategy implementation. They will be discussed in chronological order.

Andrews (1971) emphasized the importance of structure in successfully implementing strategy. He stated that implementation is affected by the design of the organizational structure and the relationships that the structure allows. This includes the subdivision of task responsibility, the coordination of that divided responsibility, and the design of the information system.

Beyond the structural needs, he believed that there must be effective administration of the organizational processes which were defined as standards, incentives,

penalties, and controls. Finally, he stressed the need for effective personal leadership.

Camillus and Grant (1980) discussed the need to integrate strategic planning with operational planning, which, in this case, referred to traditional budget preparation. By coordinating the planning processes implementation should be more effective.

In a later study, Camillus (1981) expanded his premise in light of a review of related works. The works suggested that the linkage between strategic planning and operational planning was dependent upon three factors: the structure of the organization, the processes of the organization (the control system and the incentives), and the consistency of the content of the plans at all levels. This conclusion reflected Andrews' work with the addition of the content aspect.

Lorange (1982) also tied strategy formulation to strategy implementation through planning. He emphasized that "formal planning ... should focus on strategic decisions," (p. 175). But to be useful to an organization, strategic decisions must be translated into action. In other words, the benefits of the decisions will not be known until they are implemented. Therefore, "...the operational activities of an organization should derive directly from the strategic decisions" (p. 175). To accomplish the integration of action

plans with strategic plans, Lorange recommended that the strategic plan be used as a guide to quantify the strategy, and determine standards, resource allocation, operational plans and controls. He further recommended that the "line organization" be involved with the development of the strategic plan. Pearce and Robinson (1982) emphasized the importance of various managerial and organizational variables that are necessary to direct and control a firm's resources as it pursues its chosen strategy. One of these variables is consistency between the strategies in each of the functional areas, such as marketing, finance, and operations; and top level business strategy. They further suggested the formulation of functional strategies from the competitive methods that delineate the firm's top level business strategy. They further spoke of the importance of coordination between functional areas and between the various subunits within the firm. These recommendations follow from Camillus and Grant's (1980) suggestion that there should be a linkage between the content of planning at every level of the organization.

Pearce and Robinson's (1982) variables also included the formal and informal structures of the organization, information systems, and decision-making processes. Other variables mentioned were organizational leadership and organizational controls.

Hrebiniak and Joyce (1984) developed a model for strategy implementation that encompassed all aspects of the inner organization and involved what they termed a planning dimension and a design dimension. Their premise was that implementation actually begins at the corporate level when planning the strategy. They suggested that the implementation of strategy is affected by the primary or corporate structure of the firm. How the firm is structured at that level determines the number and type of divisions. This, in turn, determines the scope of responsibility, resource allocation, and flow of information from the corporate level. From the corporate level of both strategy and structure, the plans of action for the business and operating levels, as well as the implementation of those plans should follow in logical progression. Hrebiniak and Joyce (1984) proposed that control and incentive systems then be developed in conjunction with corporate, business, and operating strategies.

The model developed by Hrebiniak and Joyce (1984) is based upon three criteria: logic, action, and contingent prescription. The rationale is that first, an implementation model must be workable and logical, relative to the organization. All decisions and options should be reduced to something that is cognitively manageable and

should follow the principle of intended rationality, which
is:

> "Individuals are limited in their ability to
> develop alternatives and their consequences, and
> to make unequivocal choices based upon such
> analyses and preferences. Typically, they employ
> logical and individually rational processes for
> decisions within their constraints. Faced with
> complexity, individuals act to factor large
> problems into incrementally and cognitively
> manageable proportions," (p. 7).

The second criterion is concerned with what actions in
the organization are to be monitored in order to evaluate
the variables that are being measured. Those actions should
be objective and measurable.

The third criterion, contingent prescription, is that
the activities to be monitored for a strategic project
should be justified or purposeful. The reason for this can
be partially explained by the following quote, "It is not
enough to know that 'it all depends;' we need to know what
it depends on, and what to do about it," (p. 4).

Hrebiniak and Joyce (1984) subscribed to Quinn's
"logical incrementalism," which suggests that top executives
deal with subsystems in a step by step fashion as they solve
the big issue or problem. They suggested breaking down large
problems or issues into smaller more workable elements.
Hrebiniak and Joyce indicated that the activities of
strategic planning and organization design are made easier

if the people who are assigned to each task are identified, and the organization is designed accordingly.

Galbraith and Kazanjian (1986) proposed a model from the organizational design premise that incorporated the ideas of Hrebiniak and Joyce (1984). They proposed that five key organizational dimensions are involved in effectively implementing a product/market strategy, with effectiveness determined by some measure of performance. The five dimensions include:

1. Task uncertainty, diversity, and interdependence. These are determined by the choice of strategy.

2. Structure.

   Structure follows strategy and includes the division of labor, departmentalization, shape and the distribution of power.

3. Information and decision processes.

   This includes planning and control, resource allocation systems, and integrating roles and departments.

4. The reward system.

   The reward systems involve compensation, promotion, job design, special rewards, and performance measures.

5. People.

People involves the recruitment, selection, transfer, promotion, training and development and leadership style of managers.

The Galbraith and Kazanjian (1986) model was based upon the contextual and contingent nature of organization design. They referred to organizations as "packages or mosaics in which all pieces must fit together," (p. 108). Further, they suggested that not only must each of the dimensions be consistent with the espoused strategy, but that each dimension must be consistent with the other dimensions. So, the investigation of implementation requires that all of the dimensions be studied simultaneously in relation to one another, and the espoused strategy.

None of the models discussed thus far has been tested. Skivington and Daft (1991) took the research process one step further when they developed and tested an implementation model to determine the relative importance of framework and process components in the implementation of either a low cost or a differentiation strategy. Framework components included the structural concepts of specialization and formalization, and the systems concepts of market and operations related expenditures and training. Process components included interaction concepts such as formal and informal communication, and the sanction concepts of rewards and manager replacement.

The results indicated that low cost decisions were mainly implemented through system concepts involving resource allocation for production expenditures, and sanctions concepts involving monetary and non-monetary awards. Differentiation decisions were associated with system concepts that involved training and marketing expenditures, and interaction concepts such as informal communication and champions. The clearest theoretical conclusion of the study was that implementation of both types of strategies involved multiple organizational elements, e.g., both framework and process components.

The review of the theoretical literature about strategy implementation reveals several recurrent factors. While they have not been incorporated in each of the studies in the same manner, they have been consistently theorized as important to the implementation process. These factors are:

*content and formulation of strategy
*structure
*information processes and systems
*resource allocation
*control systems
*incentive systems
*leadership style

Prescriptions for Implementation

Since the 1970's, prescriptive articles about implementation have addressed a number of the factors mentioned above. These reports, aimed at practitioners, are usually based on descriptive observations. They contain

suggestions as to what action should be taken to succeed at implementing strategy. Usually no statistical analyses were included.

The linkage of strategic and operational plans was the emphasis of an article by Hobbs and Heany (1977). In the article, the authors emphasized the idea later proposed as a theory by Camillus and Grant (1980) suggesting that the strategic planning team remain visible until the implementation process was completed by lower level management. In a similar vein, Shank, Niblock, and Sandalls (1973) spoke of the importance of informal communication in linking the planning and implementation processes.

Several of the articles have focused on the importance of matching incentives to strategic objectives as a way to increase performance (Salter, 1973; Stonich, 1981; Haigh, 1989; Greenberg & Liebman, 1990).

Fulmer (1990) emphasized the importance of the human resource management role in strategy implementation. He suggested that care be taken in selecting both effective leaders to initiate implementation and appropriate compensation to reward leaders for successful strategy implementation.

Two recent prescriptive pieces provide a how-to checklist approach to implementation. Schultz, Slevin, & Pinto (1987) directed their recommendations toward specific

project implementation. Tregoe & Tobia (1990) directed their recommendations toward the firm or division strategic plan. Both groups of authors stressed a clear delineation of strategy, the integration of strategic and operations vision, the need for monitoring, reward systems that are tailored to the strategies or objectives, and the importance of communication in order to effectively accomplish the task of project implementation.

Tregoe and Tobia (1990) mentioned the continuum that should exist between the intuitive sense of direction from the Chief Executive Officer and the operational product, market and capability plans. Along this continuum should be a clear formulation of the strategy, a linkage of the strategy to the operational plans, and an ongoing monitoring and reviewing system.

Hambrick and Cannella (1989) wrote a prescriptive piece based on their observations in several organizations. Their article took the reader through the strategy implementation process that occurred in one company over a five-year period. They suggested broad-based inputs and participation at the formulation stage in order for implementation to be successful. Secondly, possible obstacles to the implementation should be assessed during the formulation stage. This fact was also emphasized by Tregoe and Tobia (1990). Hambrick and Cannella (1989)

re-emphasized the tools necessary for effective

implementation: getting commitment and/or being familiar

with resource allocation, sub-unit policies, structure,

people, and rewards. They further emphasized the importance

of selling the idea to everyone in the organization.

Finally, they reiterated the recommendations of Hrebiniak

and Joyce (1984) by emphasizing the need to adjust to events

and trends as they occur.

Implementation and Change

Many of the articles about strategy implementation

discuss the process of change and the difficulties

associated with it. Kotter and Schlesinger (1979) are

frequently mentioned for their prescriptive work which was

the first to outline the reasons why people resist change

and to provide recommendations for ways to cope with this

resistance. The methods included positive actions such as

education, communication, participation, support,

negotiation and agreement.

Alexander (1985) studied resistance to change when

firms implemented different types of strategic decisions.

Strategic decisions included opening and starting up a new

plant or facility, expanding operations to enter a new

market, and changing the strategy in functional departments.

He indicated that at least 60% of the firms that were

surveyed mentioned the following problems regarding implementation:

   a. implementation took more time than planned;
   b. major unexpected problems surfaced during implementation;
   c. coordination of implementation activities by task force, committees, superiors, was ineffective;
   d. capabilities of employees were not sufficient;
   e. inadequate training and instruction was given to lower level employees; and,
   f. uncontrollable factors in the external environment had an adverse effect on implementation.

Implementation and Performance

Empirical work that addresses implementation and performance is limited. Some of the early work in the area focused on the implementation of corporate strategy such as the strategy-structure-performance literature by Chandler (1962) and Rumelt (1974). The relationship between structure and performance was the focus of other works such as Lawrence and Lorsch (1967) and Lorsch and Allen (1973).

Gupta and Govindarajan wrote several articles in which they reported the investigation of several variables that are suggested in theory to affect successful implementation. Their first study (1984) investigated how managerial characteristics affected strategy implementation as measured by business unit effectiveness. Corporate level executives from eight diversified companies were interviewed, and general managers of strategic business units of the same companies completed questionnaires.

Strategic business unit managers were asked to define their intended strategy in terms of a build, hold, harvest, divest or other strategy. The questionnaire asked about managerial characteristics such as their experience background, their willingness to take a risk, and their tolerance for ambiguity.

Business unit effectiveness was measured by manager rankings of actual firm performance when compared to expected firm performance on the 12 dimensions. Gupta and Govindarajan's (1984) reasons for using this method of measuring performance were based on the premise that absolute performance of a firm depends on industry characteristics, choice of strategy, and as well as the effectiveness of the internal organization to implement the strategy. They reasoned that this method would control for industry characteristics and choice of strategy.

The results from this study indicated that managerial characteristics, by themselves, did not significantly influence business unit effectiveness. However, managerial characteristics, in combination with choice of strategy did influence the level of effectiveness. Willingness to take a risk and tolerance for ambiguity in managers, in combination with "build" strategies was associated with enhanced strategic business unit effectiveness.

Govindarajan and Gupta (1985) studied how strategic business unit performance was affected when the general manager's compensation incentive was linked to strategy. In this study, strategy was operationalized as the mission of the strategic business unit. Incentive compensation was studied in terms of the relative importance given to the accomplishment of long-term and short-term objectives, and the use of quantitative or subjective criteria in determining managers' bonuses. Strategic business unit effectiveness was measured along similar dimensions as in the Gupta and Govindarajan (1984) study.

The results of the 1985 study showed that the importance of long-run criteria and the use of subjective criteria in giving managerial bonuses varied with the strategic mission in terms of how strategic business unit performance was affected. Long range criteria and subjective measures of managers' performance combined with a "build" strategy were associated with high performing strategic business units.

The effects of a manager's organizational familiarity (tenure with the firm) on strategic business unit effectiveness (and strategy implementation) was the subject of another work by Gupta and Govindarajan (1986). Because strategic business unit effectiveness was dependent in some firms upon sharing resources among strategic business units,

it was hypothesized that if a manager's organizational familiarity were greater, that manager would have stronger informal ties with superiors and peers, and thus SBU effectiveness, i.e., performance, would increase.

This hypothesis was not supported. Rather, strategic business unit effectiveness was greater for long-term managers when there was no resource sharing.

Govindarajan (1988) investigated the relationship between three administrative mechanisms, competitive strategy and strategic business unit performance. The three administrative mechanisms were a) budget evaluative style (how much emphasis the firm puts on whether or not a manager meets his/her budget in evaluating performance), b) decentralization (which types of decisions managers have input on), and, c) locus of control of the manager. In this study, strategy was measured according to Porter's (1980) typology of low cost and differentiation.

The results indicated that when budget evaluative style, decentralization, and locus of control were aligned with the strategy, strategic business unit performance improved. Specifically, managers with high internal locus of control and a low need to meet a budget, were found to be associated with high strategic business unit performance in firms with a differentiator strategy. However, Govindarajan stated that the deterministic relationship noted in this

study between specific administrative mechanisms and the effective strategy implementation of certain strategies should not be generalized.

The above studies suggest that when studying strategy implementation, researchers should simultaneously investigate several internal dimensions of an organization, in order to better understand the contextual nature of the process. Furthermore, researchers need to consider the success, in terms of performance, of the implementation as it relates to the internal dimensions of the organization, the external environment, and the content of the strategy, itself.

Implementation Process Research

Two recent research studies used the case study approach to investigate the strategy implementation process (Lindsay, 1989; Voyer, 1986). Case study methodology was also used in two recent investigations of strategic decision making (Rosenfelder, 1989; Eisenhardt, 1989) which is a part of the implementation process, and is similar because it is also dependent upon the context of the firm.

Lindsay (1989) studied four firms in the electronic technology industry. The purpose of his investigation was to determine how the goals that delineated the strategy to be implemented were communicated throughout an organization, and how commitment to these goals was obtained. He found

that both goal communication and commitment were enhanced when informal processes were used in conjunction with formal processes. Formal processes were defined as planning, goal setting, control systems and structure; informal processes were defined as follow-up, organizational culture, management autonomy, and ad hoc decision-making.

Voyer (1986) studied several aspects of the implementation process in one firm in an undisclosed industry. Implementation was studied by tracing a strategic decision to enter a new market. He based his research effort on a pre-existing theoretical model from the literature. The most significant finding of this study was that in the firm under investigation, strategy was usually initiated using the Cresive style (Bourgeois & Brodwin, 1984). This style places the manager in a facilitator role and encourages the participation of lower level management.

A Model for Strategy Implementation
in Restaurant Firms

Figure 1-1 depicts a model that incorporates the variables of the Hrebiniak and Joyce (1984) model and the Galbraith and Kazanjian (1986) model, both of which have been discussed earlier in this chapter. Also included in the model are additional elements considered to be important in the restaurant industry, as explained in Chapter One. They are perceived environmental uncertainty, organizational

culture, and communication and information exchange within the organization. This portion of the review of literature provides the theoretical underpinnings for each of the variables contained in the model.

Context Variables

The context aspect of the model in Figure 1-1 is comprised of five elements: perceived environmental uncertainty, corporate strategy, business strategy, organizational structure, and organizational culture. In the model, these elements are defined as variables which have some type of impact on the implementation process. The rationale for including these variables lies in the theoretical basis of each, which is reviewed in the following paragraphs.

Environment and Perceived Environmental Uncertainty

An organization enacts its environment by means of its strategy. Weick (1969) argued that the only environments important to an organization are those which are perceived as important by its management. The levels of uncertainty and complexity that the firm recognizes and addresses are indicated by the strategy that management chooses (Khandwalla, 1976/1977).

Emery and Trist (1965) suggested that the environment posed some deterministic pressures on organizations which require them to function in a particular manner. The

technological aspects of environmental determinism were the basis for the works of Woodward (1965) and Perrow (1967). The premise of these two works was that organizational structure is determined by the type of production process that is employed. Further, the type of production process employed is determined by the needs of the environment.

Bourgeois (1980) believed that the requirements of the environment are "real" and must be taken into consideration when studying strategy. But, the element of strategic choice has a more important influence; thus, he deemphasized the deterministic role that the environment plays in strategy selection. The result is that management can deal with critical elements in the environment selectively. This approach is then embodied in the strategy of the firm. Thus, structure and the internal workings of the organization are ultimately affected by the environment through management perception.

The rationale of environmental contingency has contributed to the approach to strategy implementation by Hrebiniak and Joyce (1984), in which they indicated that one of the three criteria that must be met to attain effective strategy implementation is contingent prescription. One of those contingencies was the environment, which was also the thrust of the seminal work of Lawrence and Lorsch (1967). Lorsch and Allen's (1973) extensive study of

multi-divisional firms noted contingencies between structure, divisional interdependence, communication and environmental uncertainty. Miller and Friesen (1983) noted the contingencies between the environment and strategy making. They suggested that as dynamism, heterogeneity and hostility increase in the environment, strategies must be more innovative and based on a careful analysis of the issues germane to the strategy.

There have been two research studies in the hospitality strategy literature that addressed the environment. West (1988) investigated the role of environmental scanning in improving performance among restaurant firms. He found an association between improved performance, using financial measures, and amount of environmental scanning. This study suggested that in the restaurant industry, performance is at least partially dependent upon knowledge and awareness of the environment of the firm.

Dev's study (1989) investigated the relationship between strategy, the environmental perception of managers, and the financial performance in the hotel segment of the hospitality industry. He compared strategy, self-typed according to the Miles and Snow typology, and level of perceived environmental uncertainty with financial performance. He found that there was no significant relationship between chosen intended strategy and perceived

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environmental uncertainty. However, there was a statistically significant interaction effect between strategy and perceived level of uncertainty in relation to financial performance. This result suggests that researchers should consider measuring strategy in combination with environmental perception when examining the relationship between strategy, environment, and performance in the hospitality industry.

Strategy

Webster's Dictionary (1981) defined the term, to implement, as "to carry out or to accomplish." The nature of the word implement implies that an object is being acted upon. In this case, the object is the strategy of a firm.

The word strategy comes from the Greek "strategos," meaning "the art of the general." The singular "stratego" was used by the Greeks to mean the planning of the destruction of one's enemies through effective use of resources (Bracker, 1980).

Strategy, in an organizational sense, is a statement of action which provides the directional cues that allow an organization to achieve its objectives through allocation of resources, while responding to the opportunities and threats in its external environment. In some cases, strategy develops naturally and unintended, as a result of doing business; in others it is consciously formulated by the key

decision-makers in the organization (Mintzberg, 1978). In some cases, involvement of mid-level managers in the formulation of strategy has been related to a higher level of performance (Woolridge & Floyd, 1990).

Intended versus Realized Strategy. Mintzberg (1978) believed that the early definitions of strategy, such as Chandler's (1962), were restrictive because they inferred that strategy was developed according to a *priori* guidelines in a normative fashion. Mintzberg (1978) proposed that strategy be defined as a "pattern in a stream of decisions where a decision is defined as a commitment to action, usually a commitment of resources," (p. 935). This definition captures the iterative and multifaceted nature of strategy. It also captures the fact that although a strategy evolves and is ever changing, there may be an underlying theme as to the direction and emphases of the strategy.

Mintzberg's (1978) definition also addresses the issue of intended versus realized strategy. He suggested that managers initially state their intentions about strategy, and that some intentions become realized and some do not. If Child's (1972) premise is true, that strategy is the result of strategic choice rather than a deterministic environment, the researcher will want to study the strategic intentions

of the manager to gain a better insight about the realized strategy of an organization.

The Evolution of Strategy. The first writers to relate strategy to business were Von Newmann and Morganstern (1947). They defined strategy as a "series of actions by a firm ... according to ... a situation." Since that time many authors have further defined and theorized about organizational strategy (Chandler, 1962; Ansoff, 1965, 1988; Mintzberg, 1978; and Mintzberg and Waters, 1985).

Andrews (1971) was one of the first authors to differentiate between corporate and business strategy. He defined corporate strategy in the following manner:

> "...a pattern of decisions that reveals purposes
> and goals, produces policies to achieve these
> goals, defines the range of business for the firm,
> the kind of economic and human organization it
> should be, and the nature of economic and
> non-economic contribution the firm will make to
> shareholders, employees, customers, and
> committees."

Thompson and Strickland (1987) defined corporate strategy more succinctly, as how a corporation should be managed in order to improve long term performance.

Business strategy was defined by Andrews (1971) as:

> "...the choice of product/service and market
> of individual businesses within the firm."

It defined not what business the firm will be in, but how it would maintain competitive advantage in that business (Porter, 1980).

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Strategy Content versus Process. The study of business strategy has been arbitrarily divided into research which investigates 1) the process of formulating strategy and 2) the content of the strategy. Studies of strategic process focus on the behavioral and decision-structure variables that affect formulation and implementation (Huff & Reger, 1986).

Content studies focus on the specifics of strategic decisions, and the various conditions under which different types of strategies are implemented. The study of strategy content examines the linkages between specific decisions, economic structures and performance outcomes (Fahey & Christensen, 1986).

Typologies of Strategic Content. Typologies or classification of business strategies emerged as researchers began to make comparisons among studies of strategy. Although classification systems limit the explanations of unique qualities of strategies, several researchers have stressed the importance of typologies because they allow for consistent differentiation, generalization and information retrieval (Hambrick, 1984; Chrisman, Hofer, and Boulton, 1988)

Two of the most well known business strategy typologies are Miles and Snow's (1978) Analyzers, Defenders, Prospectors, and Reactors; and Porter's (1980) Low Cost

Leadership, Differentiation, and Focus. The Miles and Snow (1978) typology has been used in recent studies of strategy in the hospitality industry (Schaffer, 1986; Dev, 1989). Tse (1988) and West (1988) used the Porter typology. Other classifications include Miller and Friesen's typology of strategic adaption (1980); Herbert and Deresky's, Develop, Stabilize, Turn-around and Harvest (1984); and Miller's, gestalt configurations (1986).

Strategic Groups. Porter (1980) proposed the classification of a firm's business strategies according to strategic groups. He defined a strategic group as a group of firms in an industry that follow the same or similar strategy "along ... strategic dimensions," (p. 129). Strategic groups are related to the entire industry in that each group has a unique set of characteristics that defines its 1) mobility barriers (the ability to move between strategic groups), 2) bargaining power with buyers and suppliers, 3) ability to withstand the threat of substitutes, and 4) the ability to compete with rival strategic groups.

Robinson and Pearce (1988) referred to these types of classifications as "perhaps the 'state-of-the-art' in operationalizing strategy" (p. 45). These typologies are derived from a combination of factor analysis and cluster analysis of 20 or more different measures of a firm's

strategy. This technique is thought to be superior to earlier methods of typing strategies, because it is able to capture multiple measures of strategy by using a limited number of strategic orientations.

This same typology has been recently used in studying the restaurant industry. Using 21 competitive methods developed by West (1988), West and Anthony (1990) factor analyzed responses regarding the strategic orientation of 65 restaurant firms. The factor analysis resulted in five strategic factors that were defined as focus, product/service innovation, control, image management, and focused differentiation. The 65 firms were then clustered on the five factors, which produced six strategic groups of firms with significantly different levels of performance.

Measurement of Strategy. Snow and Hambrick (1980) suggested four methods of measuring strategy. They were, investigator inference, self-typing, external assessment, and objective indicators. Based on their own empirical research efforts, Snow and Hambrick (1980) recommended the use of multiple measures, specifically self-typing in combination with external assessment and/or objective indicators.

Self-typing is usually executed by allowing managers to select the **a priori** description that best defines their

strategic orientation. West (1988) and Tse (1988) applied
this method in their strategic research of the hospitality
industry, using the Porter typology as a basis of the
definitions.

Organizational Culture

Gioia and Sims (1986) stated that organizations do not
behave independently of the people who inhabit them; they
are products of the thoughts and actions of their members.
Thus every organization develops its own unique
organizational culture. Moreover, Finney and Mitroff (1986)
stated, "... Cultures do not emerge overnight; they have a
history," (p. 319).

Wallach (1983) defined corporate culture as the
"... shared understanding of an organization's employees --
how we do things around here. These beliefs, values, norms
and philosophies determine how things work. They define
expected standards of behavior, speech, presentation of self
and 'shoulds,'" (p. 29).

Deal and Kennedy (1982) suggested that the
organizational cultures of businesses should be analyzed by
investigating their internal business environment, values,
heros, rites and rituals and cultural network. They also
recommended that the physical setting be studied, as well as
the documents that the company distributes to employees,
shareholders, and other groups. Other aspects of a

company's culture can be collected by interviewing company people about the history of the company, why the company is a success, what type of people work there, and what type of place the company is to work in. Deal and Kennedy (1982) suggested that it is important to understand the career paths of employees, and to look at the anecdotes and stories that pass along the culture network.

Woods' (1989) research about organizational culture in restaurant firms assessed culture at three levels among employees in each organization. These three levels were the manifest level that is composed of slogans, ceremonies, and building design; the strategic level, which involves capital-market and product-market expectations; and the deep level which is composed of the values and assumptions held by people in the firm. Woods (1989) found many similarities in the cultures of the five restaurant companies that he investigated. His research resulted in the description of a culture that he proposed is shared by most firms in the restaurant industry.

Wilkens & Bristow (1987) suggested that knowledge and understanding of an organization's culture should be included when planning for strategic implementation. He suggested this is because implementation often requires change, and announcements of change in organizations usually bring about some resistance, which can impede successful

attempts at implementing a new strategy. Understanding the culture and working within its context can sometimes overcome the obstacles to implementation.

Organizational Structure

Olsen (1978) extensively reviewed the literature on structure across all types of organizations. One defining group that he emphasized was the Aston School, which provided researchers with methods of describing and developing hypotheses about the relationships between the internal dimensions of structure and the factors upon which those internal dimensions were contingent. Among the common internal dimensions or variables defined by the Aston School were centralization, formalization, and complexity, while contingent variables included size, company origin, and age of the organization (Pugh, Hickson, & Hinings, 1969).

Earlier, Burns and Stalker (1961) had studied the environment as a contingent variable upon structure. Firms in dynamic environments tended to have a loose and informal structure in which situational expertise is emphasized, while firms in more stable environments, tended to be more formalized and bureaucratic.

Khandwalla's research (1976) supported the premise that top management style in combination with environmental activities affected organizational structure.

One of the first researchers to provide empirical justification concerning the contingency relationship that structure followed strategy was Chandler (1962). He studied the history and evolution of four major U.S. corporations. He observed that corporate strategies were strongly influenced by environmental changes. For example, increased demand in the environment for products necessitated changes in strategy. In order to implement those strategic changes, the internal structures of firms had to adapt.

From the basis of the Chandler (1962) study came the research of Rumelt (1974), in which he studied the relationship between strategy and structure and the effect of this relationship on financial performance. Rumelt (1974) found that in higher performing firms, specific categories of diversification strategy were associated with specific types of structure. Miller's (1988) research investigated the relationships between Porter's (1980) business level strategy and structure. He found that the structures of low cost firms had the following characteristics:

a. formal profit and budget controls;
b. routine and standard division of work;
c. a high degree of centralization regarding budget;
d. a high number of managers and levels of specialization;
e. limited use of liaison devices; and,
f. limited use of delegation of authority

The structures of differentiator firms were
characterized by:

   a. highly trained technocrats;
   b. integrative liaison devices to educate functional
      managers; and,
   c. delegation of authority and decision-making to
      critical experts.

In an earlier work, Miller (1986) proposed the analysis
of organizations in terms of configurations of strategy,
structure, and environment, using the business level
strategy typologies of Porter (1980), Miles and Snow (1978)
and others, in combination with the five structural types of
Mintzberg (1979). An example of one of the configurations or
gestalts, as Miller termed them, is the Simple Structure/
Niche Marketing strategy.

In the hospitality strategy literature, Schaffer (1986)
studied the hotel segment of the industry, and did not find
a strong relationship between high performance and
structure. However, Tse (1988) found that when restaurant
firms were grouped according to strategy, structure differed
between high and low performing firms for low cost
companies, according to Porter's (1980) typology. High
performers were more centralized when performance was
measured in terms of Return on Assets; and were more
specialized when performance was measured in terms of Return
on Sales. For differentiator firms, no differences in
structure were found when analyzed in relation to

performance measures. Tse's (1988) results suggest that higher performance is associated with firms in the hospitality industry where there is an interactive affect between structure, specifically centralization and specialization, and low cost strategy.

The seminal work to which Olsen (1978) and many others have referred to is Weber (1947). Weber, is generally referred to as a classical organization theorist. He was concerned with structuring organizations so that they functioned effectively. He is credited with describing the development of the bureaucratic form of organizational structure.

Hax and Majluf's (1984) statements about structure are built on the Weber premise. They stated that structure provides the hierarchical definition of responsibility and authority for the firm. Structure is seen as a set of decision-making units in a communication network, the purpose of which is to make decisions, resolve conflicts, coordinate among units, and allow information flow.

Jackson and Morgan (1982) defined structure as the "...enduring allocation of work roles and administrative mechanisms that allow organizations to conduct, coordinate, and control their work activities," (p.81). Miller (1987) discussed the importance of structure in an organization because of its influence on the flow of information, the

allocation of power, and the levels of formality and complexity.

Tushman & Nadler's (1988) definition of organization design suggested that all organizations are made up of four design components: tasks, individuals, formal organizational structure, and informal organizational arrangements. These four design components are important in the implementation of strategy according to Galbraith and Kazanjian (1986), who suggested a contingent relationship among the environment, the strategy and organization design.

This concludes the section of the review of literature which provides the theoretical basis for the context aspect of the Model of Strategy Implementation for Restaurant Firms (Figure 1-1). Primary research works were presented for each of the five context variables.

Process Variables

The variables that make up the process aspect of the model in Figure 1-1 are information systems, resource allocation systems, planning and control systems, incentives and rewards, and project initiation style of managers. The theoretical basis of these variables follows.

Information Systems

Closely associated with structure are the information and decision making processes of the organization. According to Galbraith and Kazanjian (1986), these processes

complement the formal organizational structure. They
"...allocate resources and coordinate activities not handled
by the ... structure." (p. 114), and are defined as
information systems, resource allocation systems, and
planning and control systems. The seminal works of Lawrence
and Lorsch (1967) and Lorsch and Allen (1973) indicated that
information systems in organizations varied according to the
demands of the environment. They suggested that information
processing be studied in terms of the degree of integration
and differentiation that was required by the environment.
Differentiation was defined as, "...the differences in
behavior, cognitive and emotional orientations, and ways of
organizing work which develop among managers in different
organizational units as each of these units copes with its
part of the organization's total environment," (p.14).
Integration was defined as, "...the quality of collaboration
which exists among departments required to achieve unity of
effort by the environment," (p 16). Integration is studied
by analyzing the interactions between and within management
levels, and the integrative devices, such as reports and
other communication modes that are used throughout an
organization (Galbraith & Kazanjan, 1986).

Several researchers have discussed the importance of
the role of communication in strategy implementation.

Lorange (1982) emphasized the need for top-down as well as bottom-up communication.

Galbraith and Kazanjian (1986) expressed the need for greater integration of information between levels in the organization as higher levels of technology and uncertainty are present in the environment. Hambrick and Cannella (1989) referred to the need to sell "upward, downward, and across." Tregoe and Tobia (1990) emphasized the importance and frequency of communication transfer, especially by means of written materials, such as annual reports and quarterly reports.

Hax and Majluf (1984) defined information systems as the process of gathering, analyzing and distributing information relevant to managers at all hierarchical levels. Information systems included all written and verbal messages that are part of the formal structure, such as formal reports, memoranda, meetings, electronic mail messages, newsletters, and bulletin board messages.

Higgins and Diffenbach (1989) surveyed chief executives about the methods in which they communicated strategy related issues to their employees. The most frequently used communication channels for informing employees were annual reports, press releases, in-house publications and face-to-face meetings.

Several studies have investigated communication and information flow between and within administrative levels. Rice and Shook (1990) conducted a meta-analysis of the research which investigated the relationship between job categories, organizational levels and effective communication modes. They found that upper level managers spent more time in face-to-face communication, specifically meetings, than other levels of the organization. This finding supports Mintzberg's (1975) observation that top level managers deal with issues that are more ambiguous than lower level managers.

As in the Mintzberg study (1975), the Rice and Shook (1990) research addressed how the purpose of information differed according to organizational level. At higher levels, people were involved with reducing equivocality, "...the extent to which data are unclear and suggest multiple interpretations about the environment," (p. 197). People in lower level job categories were usually involved with more operational and technical matters and tasks that reduce uncertainty, "...the difference between the amount of information required to perform the task and the amount of information already possessed by the organization," (p. 198).

Langley (1989) studied the role of formal analysis interaction patterns in the strategic decision-making

process of organizations. Four purposes for formal analysis were studied: to gain useful information, to communicate ideas, to ensure action from subordinates (direction and control), and to symbolize purposes, actions or ideas.

Langley's (1989) findings suggested that direction and control motives were more frequent for top-down (vertical) interaction than for bottom-up or lateral interactions. Multiple types of motives (information, communication, direction and control and symbolic purposes) were more frequent for interactions involving multidisciplinary task forces or lateral interactions. Persuasion was the most frequent motive for bottom-up communication.

Resource Allocation Systems

The system through which resources are allocated in an organization is closely tied to the corporate and business level strategy, and in turn, to the structure. Anand and Merrifield (1982) stated that it is primarily through the capital and operating budget allocations that strategy is implemented, because both types of budgets outline the major strategy decisions in terms of how they will be funded.

The allocation of monetary resources also affects the allocation of human resources and materials, and therefore plays a multiple role in determining what action will be taken in terms of the strategic plan (Galbraith & Kazanjian, 1986). Bower (1970) stressed the need to realize the

important implications of resource allocation as it relates to organizational effectiveness and performance. He suggested that the implied messages that the types of allocations send out into the organization are as important as the allocations of actual resources to the various projects. Thus, the political implications of resource allocation are very significant.

Planning and Control Systems

Linking the strategic and operational planning efforts,as mentioned by Camillus (1981), should be part of an effective control system, and requires that top level managers communicate their strategies to lower level managers. Further, if strategy makers are to be kept apprised of occurrences in the environment, then lower level managers must communicate the results of their performance objectives to higher level managers, so that, if necessary, the strategy can be adjusted (Hambrick & Cannella, 1989).

According to Hrebiniak and Joyce (1984) controls in combination with incentives are necessary in organizations in order to motivate people and ensure consistency and appropriateness of performance. A control system is a process which allows top management to determine whether or not the organization is performing in a satisfactory manner. It involves a comparison of actual performance to measures of desired performance, an evaluation of differences

between actual and expected performance, and feedback to the individuals who are being evaluated, usually lower level management (Goold & Quinn, 1990).

Control systems are affected by the structure and size of the organization. Differentiation, as defined by Lorsch and Allen (1973), increases as organizations become larger. Thus changes are necessary in how control is managed (Ouchi, 1977).

The importance of integrating long-term and short-term objectives has been emphasized by Camillus and Grant (1980), Pearce and Robinson (1982), and Hrebiniak and Joyce (1984). The nature of strategic planning and strategy is for the long term, at least three to five years; while functional and operational plans deal with the short term, for example one year. The key to effective implementation according to Hrebiniak and Joyce (1984) is to translate strategy into workable short term targets, and then incorporate these objectives into the control system.

According to Lorange and Murphy (1984), the feedback and reporting aspect of the control system should be prompt and clear. Managers should also be kept apprised of their progress in accomplishing the objectives.

Incentives and Rewards

Emphasis on the importance of manager rewards in effective strategy implementation has necessitated its

inclusion in the strategic management literature (Hrebiniak & Joyce, 1984; Galbraith & Kazanjian, 1986; Hambrick & Cannella, 1989; Greenberg & Liebman, 1990).

Incentives are the perquisites that are offered to managers at the beginning of an evaluation period; while rewards are the benefits that are handed to the manager at the end of period, depending on how well the objectives were met. Incentives and rewards may not always be the same, which can create ill will and low morale among managers because their expectations are not met (Hambrick & Snow, 1989).

Reward systems must benefit both the manager and the organization. Rewards can be formal and tangible such as cash bonuses, or informal and intangible such as verbal praise and recognition. Moreover, if they are to be effective as part of long term strategy implementation, they should reward both the short term as well as the long term performance (Salter, 1973; Stonich, 1981).

Many firms have methods of compensating managers that have evolved as the firm matured, and may not be in keeping with the current strategy. Haigh (1989) recommended that firms frequently reevaluate their reward/incentive systems. He suggested that firms assess the internal organizational setting, the external market, the performance measures, how the performance measures are managed, how managers are

appraised for their actions, and finally how feedback is given to managers. This reevaluation should be done in conjunction with the corporate and business level strategies. If the reward and incentive system is not coordinated with the firm's strategy, it should be changed accordingly.

Balkin and Gomez-Mejia (1990) found that compensation packages varied significantly, depending on both the corporate and business level strategies. As corporate strategy shifted to a higher level of diversification, the reward system in strategic business units tended to become less flexible. As business level strategy moved from a growth to a maintenance focus, the pay mix moved from a greater emphasis on incentives to a greater emphasis on salary and benefits.

Project Initiation Style of Managers

How managers affect the implementation process by their style of initiation is important because of the leadership role that managers must assume in initiating strategic direction (Galbraith & Kazanjian, 1986).

Managers play an important part in initiating and orchestrating the translation of strategic plans into action. Bourgeois and Brodwin (1984) proposed five models of how implementation is initiated by the management. The models ranged from the Commander Model in which the manager

provides centralized direction; to the Cresive Model, in
which the manager is more of a facilitator with lower level
managers playing a greater role in participation. Bourgeois
and Brodwin (1984) suggested that the method used by
managers to initiate strategy implementation would vary with
the culture of the firm.

In an empirical study with a similar thrust, Nutt
(1987) used the case study approach to investigate the
tactics used by managers to implement strategic projects.
Four categories of tactics: intervention, participation,
persuasion, and edict were studied in terms of their success
in implementing strategy. Nutt's study was based on the
premise that implementation takes place through managerial
action-taking. Success of a tactic was determined by
measuring the quality and status of the resultant project.
His findings suggested that the intervention tactic was the
most successful, but was used in only 21% of the projects.
Applying power only or using the edict tactic was found to
result in the highest failure rate for project
implementation.

The last three studies that are reviewed are about how
manager commitment can effect strategy implementation.
Although management commitment was not a variable in the
initial model, these studies are included because manager
commitment can affect how a manager behaves, whether it is

in terms of his or her initiation style, rapport with other managers and/or employees, or ability to take action.

A recent study looked at the effects of managerial commitment, consensus between upper and middle level managers, and involvement by middle managers in the strategic decision process as related to implementation and performance (Woolridge and Floyd, 1990). The study indicated that involvement in strategy formulation rather than consensus between upper and middle managers appeared to have a greater effect on performance.

Guth and MacMillan (1986) investigated the relationship between commitment among middle managers and implementation of strategy. The study was based on the theory that commitment to an organization has two common themes: willingness by individuals to exert high levels of effort for the organization, and the ability of individuals to identify with the objectives of the organization.

The results implied that middle managers who thought their own personal goals were being compromised by the firm's strategy would and could redirect strategy, delay implementation, or even sabotage strategy. Guth and MacMillan (1986) suggested that middle managers also may not be committed to a strategy because of the perception that they do not have the ability to execute the strategy, or that the strategy will not work.

Westley (1990) investigated how middle managers felt about the level of participation they had in "strategic conversations," which were defined as "verbal interactions within superior-subordinate dyads on strategic generalities," (p. 338). Westley suggested that expressions of "felt exclusions" by middle management increased if there were no formal or informal mechanisms in the organization which allowed middle managers to converse between functional areas about strategic issues. Westley cautions that this study only examined conversation and not action, and that future research should go one step further by investigating the action or implementation that results from the conversations.

Summary

This chapter summarized the literature about strategy implementation. Current theoretical, prescriptive, and empirical works were reviewed. Several factors emerged as critical to effective strategy implementation. They were content and formulation of the strategy, organizational structure, information processes and systems, resource allocation, control systems, incentive systems, and leadership style.

This chapter also reviewed several key theory-based articles that were related to each of the variables in the proposed implementation model. Literature from the following

areas in organization theory and strategic management were included in the review of context related factors: effect of the environment on organizations, corporate strategy, business strategy, organizational structure, and organizational culture. Theoretical literature from the areas of information systems, resource allocation, planning and control systems, incentive and reward systems, project initiation style of managers, and manager commitment were included in the review of process related factors.

CHAPTER THREE

METHODOLOGY

Introduction

Research in strategic management is challenging because
it must address a number of variables within the context of
an organization. Since organizations are dynamic entities,
many of the variables that must be investigated cannot be
totally controlled by the investigator. Furthermore, most
of the variables that must be addressed are difficult to
define in a valid and reliable manner.

There have been two approaches taken when studying
strategy. One approach, exemplified by surveys, has been
called coarse-grained research (Harrigan, 1983). Another
approach called fine-grained research, which includes
qualitative studies, is exemplified by case studies
(Harrigan, 1983). Harrigan (1983) stated that
coarse-grained studies provide generalizability and
statistical significance, but little knowledge of the
interacting forces within the observations. On the other
hand, fine-grained studies provide little or no
generalizability or statistical significance, but contribute
information about the underlying forces and the context in
which the research is being conducted.

Regardless of the approach taken in the study of
strategic management, validity and reliability problems

emerge. Venkatraman and Grant (1986) pointed out the problems of construct validity, one of which was the lack of multi-method measurement. Hambrick (1982) addressed this issue in his research, which was methodologically sound, but did not provide researchers with a broad-based knowledge of the context within which the observations occurred.

Within the hospitality industry, most of the research conducted in strategic management has been quantitative or coarse-grained. While these studies (Schaffer, 1986; Tse, 1988; West, 1988; and Dev, 1989) have been methodologically strong, they have not provided the contextual information that would be helpful to conduct further research in this area.

The Research Presented in this Study

This study was conducted using qualitative research methods. It investigates both the context of the organizations in which the strategy was being implemented, and the process of strategy implementation, in terms of the definitions of context and process in this study. This study fits into the category defined by Harrigan (1983) as fine-grained; its strength lies in the information it provides about the context in which strategy implementation occurs.

Validity Network Schema

This research also falls into Stage I of McGrath's (1982) Validity Network Schema (VNS), which is a method of explaining and categorizing the evolutionary process of behavioral research. According to the Validity Network Schema, all research involves three domains: the conceptual, the substantive, and the methodological. "The research process is the identification, selection, combination, and use of elements and relations from (each of these) domains," (p. 16). The conceptual domain is represented by the models that are developed. The substantive domain is represented by the actual observations. The methodological domain is represented by the tools (methodology) used to manipulate the observations.

The Validity Network Schema is also made up of three stages. Each stage utilizes all three domains in some fashion. Stage I is considered by McGrath (1982) as the preparatory stage, in which elements and relations are proposed, developed, clarified, and evaluated.

The rationale for the placement of this study in Stage I of the Validity Network Schema follows:

1. Models from the theoretical literature about strategy implementation (Pearce & Robinson, 1982; Hrebiniak & Joyce, 1984; Galbraith & Kazanjian, 1986) were used as a basis to develop the model for

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the restaurant industry that was analyzed in this
study (conceptual domain).

2. A set of observations (substantive domain) was
collected and analyzed, using case study methodology
(methodological domain). These observations were
used to test the restaurant industry model to
determine the fit between the observations and the
model.

3. The outcome of this stage of research (Stage I) was
the development of a set of propositions and a new
model or framework (conceptual domain).

After several similar research attempts, in which the
framework is further tested and revised, it will be ready
for Stage II research. This is the stage in which the
model, in its final form is tested by applying it to several
sites in the substantive domain. The cumulative outcome of
this stage is a set of empirical findings that substantiate
the framework.

In Stage III, external validity will be determined by
replicating and verifying the Stage II findings. It is at
this point that the findings are delimited. The outcome of
this stage is generalizability. McGrath (1982) states, "As
stage one is 'generative' or 'constructive,' and stage two
is 'logical-empiricist' or 'hypothico-deductive,' stage

three most nearly reflects a 'generalizability' or 'credibility' paradigm for research," (p. 19).

Case Study Research Methodology

Case study methodology was used in this study. This methodology is considered especially appropriate in situations where researchers are trying to find an answer to a "how" or why" question. Yin (1989) stated that case studies can be classified as an empirical inquiry that "...investigates a contemporary phenomenon within its real-life context; when the boundaries between the phenomenon and the context are not clearly evident; in which multiple sources of evidence are used," (p. 23).

Justification for Use of Case Study Methodology

The use of case study methodology was justified for this investigation because the total phenomena of strategy implementation was being studied. Strategy implementation is a process, and the purpose of this research was to determine how the process occurs. The theoretical literature that was reviewed in Chapter Two suggested that strategy implementation occurs as a result of many activities within an organization. Moreover, these activities may not happen concurrently. Therefore, the method of study used to investigate this process should allow for the investigation of several events over a period of time.

As has been mentioned earlier, strategy implementation is a contextual phenomena. It involves planning as well as organization design. It involves the action of people, especially managers, who guide the activity. To capture at least some of the nuances that contribute to the process of strategy implementation, the case study method is the logical choice.

The data collection methods used in this study were similar to those utilized by Lindsay (1989) and Voyer (1986). However, this study differed from those in that it examined only firms from one industry. Moreover, the model used as a comparative construct was developed by the researcher to address aspects of implementation that are especially important to the restaurant industry, namely the environment, service culture and communication.

Research Design

To avoid the potential problems that can affect case study research, Yin (1989) suggested that several design components be included in the research plan.

Those components are listed below:

a. A statement of the research question.

b. The rationale and direction for the study.

c. The unit of analysis.

d. The data/study rationale linkage.

e. The variable definitions.

f. The method of analysis.

g. The tests for design quality.

Each of these components, in terms of how they relate to this study are explained below.

Research Question

The research question which was the focus of this investigation, is stated below.

Within a context defined by the firm's:

corporate strategy;
managers' perceived environmental uncertainty;
business level strategy;
organizational structure;
organizational culture;

by what process are strategic projects implemented in multi-unit restaurant firms? Specifically, how are:

strategic projects initiated by managers?
strategies communicated to implementors via the
    information system?
resources allocated?
strategic projects planned and monitored?
managers rewarded for project implementation?

In this investigation, a strategic project was traced from its inception to its completion or current status in each firm. The selected project served as an example of the strategy implementation process for the firm studied.

Rationale and Direction for the Study

Because this study was exploratory and descriptive, a rationale and direction statement composed of several questions, which further delineated the basic research

question, guided the investigation. Those questions are
stated below.

1. What is the context of each firm?

   Context was determined by analysis of upper, middle,

   and lower level manager definitions of each of the

   following variables:

   a. managerial perceived environmental uncertainty;
   b. corporate and business level strategy;
   c. organizational structure; and,
   d. organizational culture.

2. What is the process in each firm?

   Process was determined by an analysis of upper,

   middle, and lower level manager definitions of each

   of the following variables:

   a. the style managers use to initiate strategic
      projects;
   b. the patterns of communication that are used
      within the information system;
   c. how resources are allocated for projects;
   d. how strategic projects are planned and
      monitored; and,
   e. how incentives and rewards are determined and
      awarded.

3. How is the complete implementation model defined for

   each firm?

4. How does context differ among firms?

   Differences were noted by comparing and contrasting

   each of the variables that comprised context.

5. How does process differ among firms?

Differences were noted by comparing and contrasting
each of the variables that comprised process.

6. How well do the variable descriptions and findings
   of this study correspond to the theoretical
   literature?

7. Can propositions be suggested concerning the
   associations between the context and process
   variables as they were defined?

Unit of Analysis

Strategy implementation is a process, and according to
Yin (1989), processes or events are more difficult to
contain as a unit of analysis unless a time frame is
defined. In his investigation of tactics used by managers
to initiate implementation, Nutt (1987) addressed the
difficulty of tracking a process and defining a time frame
by selecting a "plan that had strategic importance to the
organization," (p. 3).

Alexander (1985) also selected "strategic decisions" to
assist in delimiting the implementation process when he
investigated resistance to implementation. Examples of
plans or strategic decisions included marketing programs,
regional center development, organizational restructuring,
discontinuing a product, and changing strategy in functional
departments.

The primary unit of analysis for this study was the implementation process. The process was studied by tracing a strategic project from its inception to its completion or current status. The project was selected by the researcher with the assistance of an upper level manager in each firm. The major criteria for selecting the project to be studied was that it had to:

    a. be part of the strategic plan at the time of its inception; and,

    b. have resources formally allocated to it, i.e., personnel, facilities, and budget resources (Blank, 1983).

    c. be representative of how most strategic projects are implemented in the firm.

Site and Firm Selection

Three restaurant firms were investigated. The criteria chosen for firms to be included in this study were:

    a. be a multi-unit restaurant firm with company-owned units;

    b. represent a segment of the restaurant industry different from that of the other firms that were selected;

    c. have initiated a strategic project in the past 12 to 18 months that could be tracked from beginning to completion or to its current status.

Initial visits were made to each of these firms by the researcher to establish rapport, explain the research, request permission to study the firm, and to make preliminary arrangements. Follow-up letters and phone calls were made to outline the actual data collection process. Data were collected over a six month period.

Data/Study Rationale Linkage

The case study method requires the researcher to provide a rationale for why the collected data relates to or supports the research questions (Yin, 1989). In this study it was appropriate to relate the data to the model upon which the research question was based. The theoretical underpinnings for each variable in the proposed model are explained in Chapter Two.

Data Collection

Two types of data collection were utilized in this study. First, company documents, trade journal and newspaper articles were analyzed. Second, representatives from upper, middle, and lower level management within each firm were interviewed in a one to two hour semi-structured setting, similar to Hambrick's (1979), regarding all variables. The entire questionnaire is in Appendix A. These interviews were taped and later transcribed. Each interview opened with an explanation of the research and an assurance of confidentiality for each respondent.

Variable and Term Definitions

Context Variables

Perceived Environmental Uncertainty. All managers were interviewed about their perception of the environment. The questions were patterned after Miller and Droge (1986). They included the following aspects of the environment: marketing practices, product obsolescence, consumer choices and technology, competitor's actions, and product demand. The questions asked were:

a. Let's talk more about the industry segment. On this card I have listed 6 factors that affect the activities that occur in all industry segments. In your opinion, how OFTEN, in terms of months or years, do you see changes in each of the factors listed in 1, 2, 5, and 6? Then please discuss the level of difficulty for 3 and 4.

   1. Changes in marketing practices

   2. Changes in the rate at which products become obsolete

   3. How well you can predict competitors' actions

   4. How easily you can predict demand for your product

   5. Changes in consumer choices

   6. Changes in equipment for production and service

b. In which of the areas listed on the card do you think changes cause the greatest threat to your firm?

Corporate Strategy. Corporate strategy, or how the corporation should be managed in order to improve long-term

performance (Thompson & Strickland, 1987), was determined in part by the content analysis of company documents, trade journals and newspapers. The primary source of information was manager interviews at each administrative level. Questions were asked about the firm's business, its mission, and within which industry segment the firm competed. The questions asked were:

   a. This may seem like an obvious question, but in your own words, tell me what business (company name) is in.

   b. Again, in your own words, please tell me what the mission of (company name) is.

   c. How would you define the segment of the industry in which (company name) competes?

Business Strategy. Business level strategy was defined, in this study, as the intended strategic orientation that had been espoused by the organization at the business level for the past year. All managers were asked to rank each of a series of competitive methods (West, 1988) in terms of its importance to the firm during the past year. Any documents relating to the strategy were reviewed to compare content with the described strategies of managers.

   Information about business strategy was gathered in the following manner:

   Now I would like to ask you about how (company name) competes with other restaurant firms.

a. I have listed on this card several methods of competing. Please take a few minutes to read them, and then rank each one in terms of how important each has been to the company during the past 12 months.

Rank on a scale of 1 to 5
1 -- least important
2 -- somewhat important
3 -- moderately important
4 -- very important
5 -- most important

1. Emphasizes new ideas in facilities and equipment
_____

2. Emphasizes efficiency & tight control in operations
_____

3. Requires specifications for the purchase of food and supplies _____

4. Offers a specialized product and type of service
_____

5. In purchasing, is more concerned about getting the best product rather than the best price _____

6. Develops new products or services to appeal to a broad market _____

7. Targets and serves a special market _____

8. Depends on forecasting to determine market growth
_____

9. Emphasizes the use of quality control measures in operations _____

10. Believes industry reputation is very important _____

11. Prefers to own outlets, rather than franchise to others _____

12. Standardizes operations to reduce overhead _____

13. Serves a limited geographic market _____

14. Emphasizes new ideas in marketing, promotions, and advertising _____

15. Seeks to improve existing products and services _____

16. Maintains competitive prices for products and services _____

17. Emphasizes promotion of company identity _____

Organizational Structure.   Information about the shape, division of labor, departmentalization and formality of the firm was determined through an analysis of organization charts, firm documents, and interviews. Information about communication channels, the nature of decision-making processes, and access to information pertinent to strategic matters was gathered through interviews at all management levels.   The interview questions were patterned after Khandwalla (1976/77) and Miller and Droge (1986), and are listed below:

   a. Can you tell me about the types of decisions you are allowed to make?

       Probe for * product or service offerings
               * operations
               * marketing strategy
               * research and development
               * capital budget decisions
               * long term strategy decisions

   Now I would like to ask you about the how information flows in your firm.

   b. Do you follow a formal chain of command in your company when you communicate to managers or other employees?

c. When you receive orders from upper level management, is the formal chain of command followed?

d. Would you consider the channels of communication (company name) open and informal, or closed and formal?

e. Would you say that access to financial and operating information is limited or unlimited?

Organizational Culture. Information about the organizational culture in each firm was gathered through content analysis of company documents, articles in recent trade journals and local newspapers, observation of company offices and buildings, and analysis of personnel practices and company get-togethers. All managers were asked to define the company culture within the frame of reference provided by the following definition: "...culture is the shared understanding of an organization's employees--how we do things around here. These beliefs, values, ... and philosophies determine how things work. They define expected standards of behavior, speech, presentation of self and 'shoulds,'" (Wallach, 1983, p. 29). The question was asked of the interviewees in the following manner:

a. On this card is a definition of organizational culture. Using this definition as a guide, how would you define your firm's culture?

"Culture is the shared understanding of an organization's employees--how we do things around here. These beliefs, values, ... and philosophies determine how things work. They define expected standards of behavior, speech, presentation of self and 'shoulds.'"

Process Variables

<u>Information Systems</u>. All management levels were interviewed regarding the flow of information and the amount of integration between and within management levels in each firm. Questions were asked about the types of reports deemed most useful, the type and frequency of meetings and informal gatherings, and the types of communication, e.g., telephone, memoranda, face-to-face, used most frequently. These same questions were also asked in reference to the strategic project being traced. The questions were developed from Lorsche and Allen (1973), and are shown below.

a. What **types** of company financial reports do you find the most helpful in doing your job?

        Probe for   * five or multiple year planning documents
                      * annual budget documents
                      * quarterly budget documents
                      * monthly budget report
                      * monthly operating report
                      * weekly operating report
                      * others

b. What was the **most helpful type** of financial report that you used for the _____ Project?

c. How frequently are meetings held concerning long term company progress?

d. Who attends these meetings?

e. How frequently are meetings held concerning short term company progress?

f. Who attends these meetings?

g. How frequently were meetings held concerning the _____ Project?

h. Who attended these meetings?

i. How frequently are meetings held concerning progress of the _____ Project?

j. Who attends these meetings?

k. Do you ever have informal get togethers outside of work with other managers or employees?

l. If so, what type of activities are involved and how often do these get togethers occur?

m. What type of communication provides you with the most helpful information in terms of day to day operations?

> Probe for * written memos or reports
>   * telephone conversations
>   * electronic mail messages via computer
>   * newsletters or company bulletins
>   * face to face

n. What type of communication provides you with the most helpful information on long range company issues?

> Probe for * written memos or reports
>   * telephone conversations
>   * electronic mail messages via computer
>   * newsletters or company bulletins
>   * face to face

o. What type of communication provided you with the most helpful information about _____ Project?

Resource Allocation. All managers were questioned about how resources were allocated in their firm. They were also asked how resources were allocated for the selected strategic project. Planning and budget documents were

reviewed, where available. The questions asked in the interview are as follows:

I would like to ask you about resource allocation in your company.

a. Who decides how resources will be allocated?

b. What criteria is used?

c. Who decided how resources were to be allocated for _____ Project?

d. What criteria were used to allocate resources for _____ Project?

Planning and Control. Information about the nature and formality of the control system was determined from specific questions regarding how performance was monitored in general, and for the selected strategic project. The questions were patterned after the research of Miller and Droge (1986). All management levels were asked about the types of control devices used in the firm, the types of information collected for monitoring and the frequency of both monitoring and feedback. Planning documents were analyzed in terms of how they followed the strategic orientation described by managers as well as the strategic plan for each firm.

The questions that were included in the interviews are indicated below.

I wonder if you could tell me about the types of controls that you have in your company.

a. Does your company have any of the following control devices in place to gather information about performance?

    1) a company wide information system

    2) cost centers for cost control

    3) profit centers and profit targets

    4) quality control standards in operations

    5) cost control by fixing standard costs and analyzing variation.

    6) formal appraisal of personnel

b. What types of information are collected to monitor the financial performance of a region, area, or a unit in your company?   (CORPORATE)

c. Are the same types of information being collected to monitor the financial performance of the _____ Project?   (CORPORATE)

d. What types of financial data are collected to monitor performance of the _____ Project? (DISTRICT, UNIT)

e. Are other types of data collected and sent to corporate, such as guest count, number of employees, etc.?   (DISTRICT, UNIT)

f. How frequently is data collected for _____ Project?

g. How often is performance feedback on the _____ Project sent to the manager in charge of each unit? To the Area of District manager?

        Ask for: * profitability
                   * customer numbers, etc.

Reward and incentive system.   Questions about how manager performance was evaluated and what company-wide criteria was used were asked of all management levels.   All

management levels were also asked how their performance was

evaluated and rewarded for the selected strategic project.

Question content was based on Gupta and Govindarajan (1984).

The questions asked are as follows:

   a. How are incentives and rewards determined for
      managers?
                  Probe for * long-term vs. short-term
                               oriented
                             * formula vs. subjective or a
                               combination
                             * based on unit/region/company
                               performance

   b. What incentives were presented for _____ Project?

   c. How were bonuses awarded for _____ Project?

<u>Project initiation style of managers</u>. All managers

were interviewed concerning their style of initiating

strategic projects. They were given a card describing four

styles of project introduction patterned after Nutt (1987),

and were asked to select the style they employed most often.

   Managers were also asked which style they used to

initiate the project that was being traced. The questions

are as follows:

      Now I would like to ask you about the communication
      style that you use to introduce a new project to other
      managers or employees. Four different styles are listed
      on this card. Please take a moment to read them and
      then refer to them as you answer the next 3 questions.

      1. Justify the need for the project, show how
         performance can be improved by the project, and
         then solicit the support of key people in the
         organization.

2. Delegate all the planning and decision making for the project to one group.

3. Delegate all of the planning and decision-making to one person, who is an expert in the project area.

4. Formulate the plan for the new project yourself, and then issue a directive that the plan will be adopted.

   a. Does the management style you use depend on the nature of the project that you are introducing? If so, in what way?

   b. Which management style would you say you use most often?

   c. What management style did you use to initiate the _____ Project?

Manager demographics. Manager demographics was not a variable included in the initial model. However, the first five questions in the interview requested information about the manager's job title, tenure with the firm, and tenure in the restaurant industry. This information was used as part of the determination of organizational culture and to provide background information about each firm's history. The questions are as follows:

   a. What is your present position or job title at (company name)?

   b. How many years or what length of time have you held this position?

   c. How many years have you been with the company?

   d. What other positions (in the company) have you held during that time?

e. How many years have you worked in the restaurant industry?

Functional strategies. Functional strategies was not a separate model variable. It was addressed under the planning and control variable. Hrebiniak and Joyce (1984) suggested that functional or operational strategies should follow logically from the corporate and business strategies. Therefore, in order to track the flow of ideas from the strategic plan to the functional or operational strategies in each firm, unit managers were interviewed about the unit level functional strategies in the areas of operations, human resources, and marketing. (Questions related to finance were not included in this part of the interview because they were addressed as part of planning and control.) The questions, which were based on Umbreit's work (1989), were as follows:

a. How many full-time equivalents are there at this unit?

b. Can you tell how employees are scheduled/positioned in the front and back of the house?

c. How many customers per day do you serve?

d. What is your role in marketing for your store, specifically, for what aspects of advertising and promotion are you responsible?

e. Are there specific policies and procedures that you follow for hiring, firing, and promoting employees at the unit level?

f. What type of training procedures do you follow at
   the unit level?

Method of Analysis

The use of statistical analysis is limited in case
study research due to the nature of the type of data
collected and the small number of subjects. Therefore, the
interpretation of findings must be done in other ways, such
as relating the data to a theoretical model.

Since this was an exploratory study, the intent was to
describe each variable and then to analyze all of the
variables in the framework of a model. Therefore, the types
of analysis used here are primarily descriptive.

Data Reduction

One of the difficulties in any type of qualitative
research methodology is handling, in a consistent manner,
the quantity of data that is collected, which in this case,
were verbal responses. Some form of data reduction, defined
by Miles and Huberman (1984) as the "...process of
selecting, focusing, simplifying, abstracting and
transforming the 'raw' data that appear in written-up field
notes," (p. 21) is usually necessary. In this study,
concept mapping and numeric ranking were the two types of
data reduction used for analysis.

Concept Mapping. Concept mapping, a procedure for
content analysis, is a method of schematically representing

the meaning of prose materials (Novak & Gowen, 1984). The
method breaks down the content into its most basic elements
of meaning. A schematic of concept mapping is shown in
Figure 3-1.

Concept mapping was used initially to help readers
derive meaning from textbook passages (Novak & Gowen, 1984).
It has since been used in a variety of situations where it
was necessary to understand and summarize a diversity of
information.

Sherratt and Schlabach (1990) employed concept mapping
to improve the ability of prospective librarians to
effectively organize and match patrons' queries with
available information sources. Concept mapping has also
been used to determine knowledge gain in two studies in
which interviews were conducted before and after teaching
sessions (Auld, et. al., 1990; Novak, 1990); and to analyze
group interviews for determining a framework for program
evaluation (Trochim, 1989).

Concept mapping includes four steps, as described
below.

1. All the key concepts (defined as regularity in
   objects or events designated by some label) from a
   prose passage are listed. See Step One and Step Two
   in Table 3-1.

Hierarchy Level	Concept Descriptions
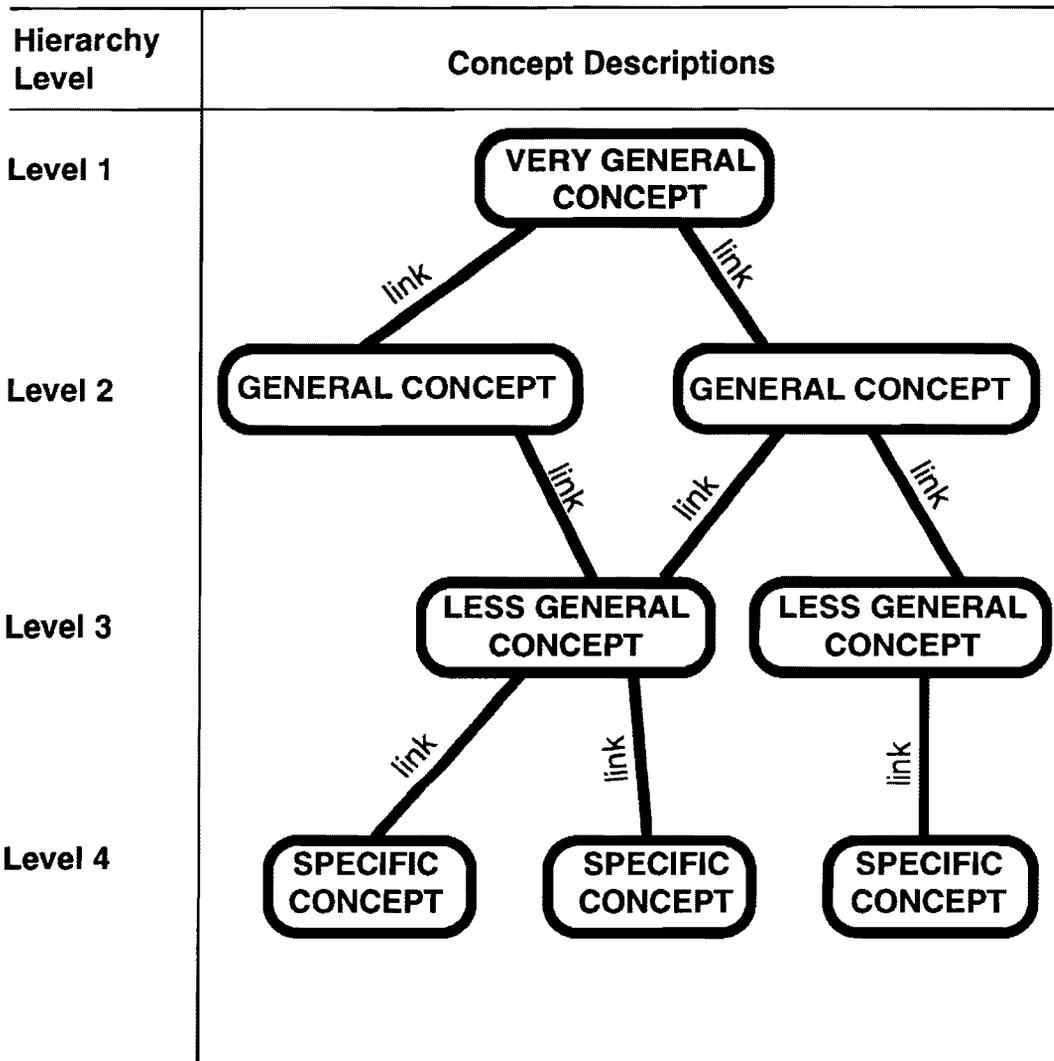
Figure 3-1
A Schematic of Concept Mapping

2. Within the context of the prose passage, these
   concepts are ranked hierarchically from very general
   to specific. This ordering is based upon the
   researcher's general background knowledge of the
   content being analyzed. See Step Three in Table 3-1.
3. A map is constructed, using the rank ordered list of
   concepts as a guide. These concepts are linked when
   possible, using words that show the relationships
   between them. Figure 3-2 provides an example of a
   completed concept map based upon the information
   provided in Table 3-1.
4. Finally, a statement is constructed that retains the
   meaning of the original prose passage, but is more
   concise and easy to use in the research format. An
   example is shown at the bottom of Figure 3-2.

The method of concept mapping has content validity
since the map is a logical and systematic distillation of
the content of the material (A Glossary, 1989). Content
validity is defined here as how well the concept map
measures the content of the prose passage. This process
provides a very complete measure of content because it
allows the researcher to focus not only on the essential
concepts, but also on relationships that are not otherwise
readily apparent.

Table 3-1

A Step By Step Description
of the Concept Mapping Analysis Procedure

Step 1. An example of a prose passage

Reading comprehension is a two-way process. The author's task is to communicate with the reader, and the reader's task is to understand the author. Imagine the author of a book as a football quarterback and the reader as the pass receiver. The message the author wants to get to the reader is the football. The quarterback throws the ball and the reader tries to catch it. Both activities, throwing and catching, are active processes. On a football team the quarterback and the receiver work together. The same should be true of the relationship between the author of a book and the reader. The reader should take advantage of the techniques used by the author in order to understand as much of the message as possible.

Step 2. A list of significant concepts

- a. reading comprehension
- b. two-way process
- c. communicate
- d. reader
- e. author
- f. active process
- g. techniques

Step 3. Reordered list of concepts from most to least general; some concepts are equal.

- a. communicate
- b. two-way process, reading comprehension
- c. author, reader
- d. active process
- e. techniques

1. A Concept map based on the reordered list of concepts in Table 3-1
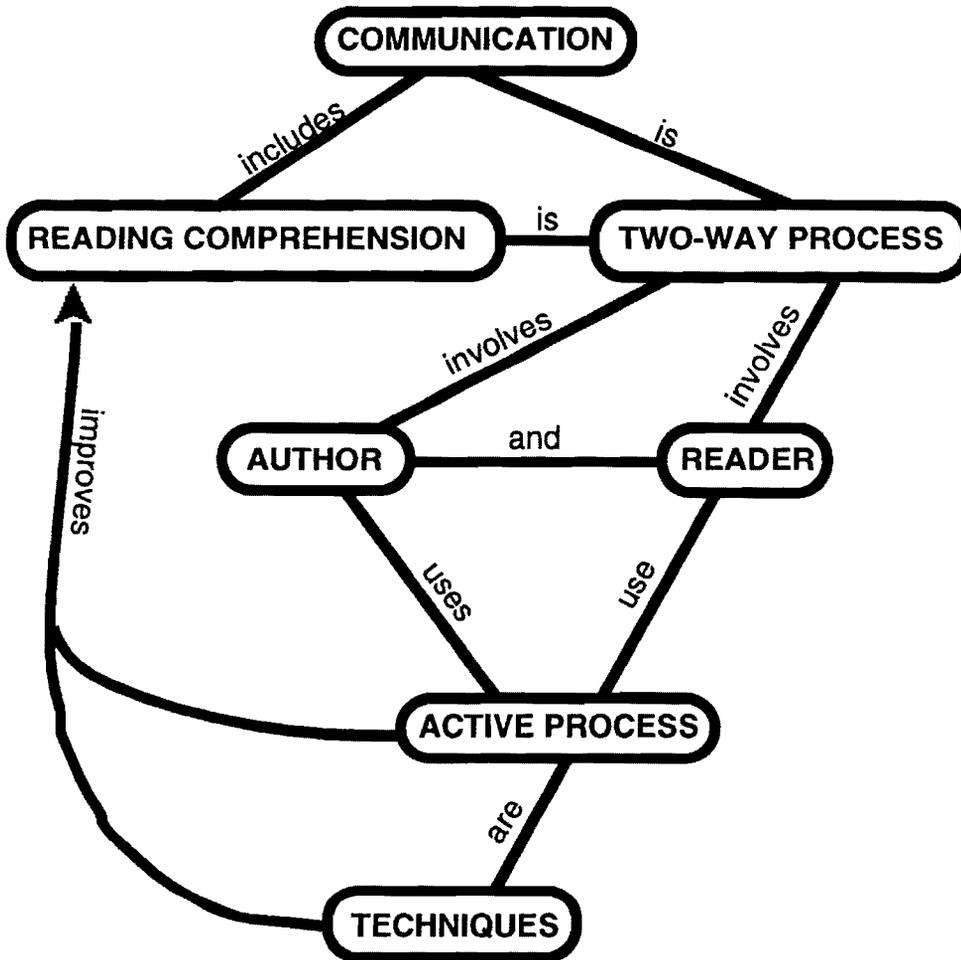
2. The derived summary statement

Communication, which includes reading comprehension, is a two-way process. This active process involves both the author and reader utilizing techniques that improve reading comprehension.

Figure 3-2
A Concept Map and the Derived Summary Statement
from the Prose Passage in Table 3-1

There is also some statistical evidence of convergent validity when using concept mapping. Dumont (1989) compared computed concept maps generated from multi-dimensional scaling and cluster analysis with hand placed concept maps of interviews. When categorization of like terms was compared, there was a significant correlation between them. Although these results were based on a very small sample, the findings suggest the potential for the overall validity of the hand placed concept maps.

Numeric Ranking. Numeric ranking or scaling was used for two variables. Respondents ranked competitive methods for the business strategy variable. The researcher also ranked key concepts post hoc for the perceived environmental uncertainty variable. Arithmetic averages were derived for the data when numerics were used.

Categorization and Analysis of Data

Figure 3-3 provides a flow chart of the categorization and analysis of the data for this study. The process is explained below.

Data from the interviews were transcribed and reviewed by the researcher. The data were categorized by variable and by management level. When appropriate, the information that was gathered from the documents, e. g. annual reports and training manuals, and other literature, i. e., newspapers and trade journals, was combined with the

95

Figure 3-3
Flow Chart Showing the Process of Developing Variable Descriptions, Propositions, and New Model
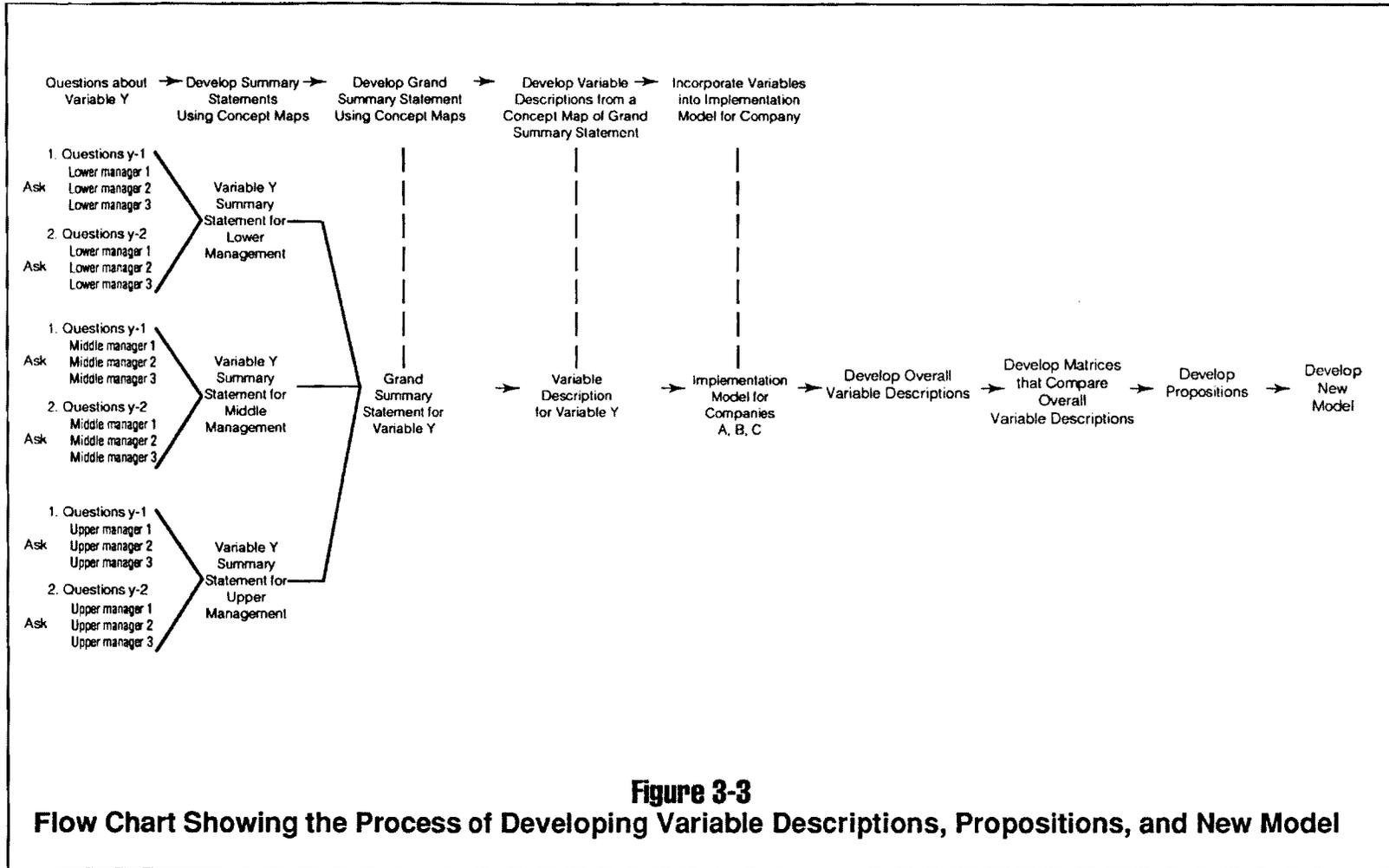
interview data into matrices for analysis (Miles & Huberman, 1984).

One matrix was constructed for each variable at each management level in each of the firms. This matrix included responses to all of the questions that operationally defined each variable. An example of this type of matrix is shown in Table 3-2. Concept mapping and/or numeric ranking were then used to derive a summary statement for each variable at each management level. An example of the summary statements for one variable for all three management levels in one firm is shown in Table 3-3.

To determine a description of each variable for each firm, summary statements for all management levels were analyzed using concept mapping and/or numeric ranking to arrive at a grand summary statement, as shown in Table 3-4. When appropriate, the grand summary statements were used for cross-site analysis of variables. They also served as a source of information describing uniquenesses among the firms.

An abbreviated description for each variable in each firm was derived from the grand summary statements using concept mapping. These variable descriptions served two purposes. First, they were used to describe the implementation of strategy in each firm in terms of the model that was introduced in Chapter One. The description

Table 3-2
Question Responses and Summary Statements that Operationally Define One Variable (CorporateStrategy) for Upper Level Management in Company A

Upper Level Manager #1	Upper Level Manager #2	Upper Level Manager #3	Upper Level Management Summary Statement
What business is your firm in? Family style Italian restaurant that specializes in regional dishes of a good quality homemade taste, affordable prices in a quick serve mode.	**What business is your firm in?** To serve the public food and provide customer service; providing a dining service with good value in the upscale fast food segment.	**What business is your firm in?** Providing fast food Italian at affordable prices to the public; serving primarily white collar workers.	**What business is your firm in?** 1. Value, customer service, quality, affordable 2. Fast Food Italian 3. White collar and families 4. Italian fast food restaurant that serves family and white collar customers. It provides value through quality food at affordable prices
What is the mission of your firm? To become the most favorite Italian restaurant chain, "I'd like to be Number One in the Italian segment."	**What is the mission of your firm?** To become the Number One leader in this segment	**What is the mission of your firm?** To continue to provide quality food at affordable prices while expanding our market.	**What is the mission of your firm?** 1. To be #1 in Italian fast food restaurant chains that provide quality food at affordable prices 2. To maintain profitability 3. To grow rapidly by franchising (from documents)
In what segment of the industry does your firm compete? Italian, ethnic, fast food, unique	**In what segment of the industry does your firm compete?** Fast food — upscale — almost are creating a segment; concept is going to duplicate. Only chain that is a direct competitor is_____.	**In what segment of the industry does your firm compete?** Unique, upscale, fast food, Italian	**In what segment of the industry does your firm compete?** 1. Unique, fast food, Italian

Table 3-3

Summary Statements for One Variable (Corporate Strategy) for All Management Levels in Company A

Upper Management Summary Sheet	Middle Management Summary Sheet	Lower Management Summary Sheet
What business is your firm in? 1. Value, customer service, quality, affordable 2. Fast Food Italian 3. White collar and families 4. Italian fast food restaurant that serves family and white collar customers. It provides value through quality food at affordable prices	What business is your firm in? 1. Customer service that is affordable 2. Fast Italian food	What business is your firm in? 1. Please customer via service, entertainment and good food 2. Italian fast food that is nourishing and good 3. Emphasis on service
What is the mission of your firm? 1. To be #1 in Italian food restaurant chains that provide quality food at affordable prices 2. To maintain profitability 3. To grow rapidly by franchising	What is the mission of your firm? 1. To serve and satisfy guests 2. To be a profitable company	What is the mission of your firm? 1. Serve/take care of guests 2. Provide good quality products 3. Provide clean restaurant with friendly "associates" 4. Grow rapidly, good image in community 5. Focus on expenses
In what segment of the industry does your firm compete? 1. Unique, fast food, Italian	In what segment of the industry does your firm compete? 1. Quick service 2. Italian food	In what segment of the industry does your firm compete? 1. Hybrid of full service and fast food, Italian 2. Provide a unique product that is high quality

Table 3-4

Grand Summary Statement
for
One Variable (Corporate Strategy) for Company A

Company A is a single business firm that will provide customers with entertainment at an excellent price. Entertainment involves friendly and fast service in a restaurant that is a hybrid of full and fast service and is clean. The product that is served is unique. It is Italian, nourishing and better than in other restaurants. If these criteria are met, the company will be profitable and expand rapidly, providing it focuses on expenses and lets the communities in which it is located know about the company.

for each firm is shown in Table 4-1 in Chapter 4. Secondly, the variable descriptions from all three firms were used to form propositions that described associations between variables. The variable descriptions were placed in one of three matrices. One matrix compared context and process variables; another compared context variables, and the third compared process variables. A mock-up showing the design of the matrices is displayed in Figure 3-4.

The final product of the reduction, categorization, and analysis of the data was a new model. The model described the ways in which the variables were influenced each other.

Interpretation of Variables

When appropriate, the analysis of data included comparisons to previous research. A description of the process of analysis for each variable follows.

Context Variables

Perceived Environmental Uncertainty. Responses for perceived environmental uncertainty were first concept mapped to summarize meaning. Each environmental factor was then ranked post-hoc according to a scale, based on the research of Miller and Droge (1986), to analyze the factors in terms of either frequency of occurrence or level of difficulty in predicting. The ranking scale ranged from five to one, with five indicating the highest level of frequency or difficulty, and one indicating the lowest level

Matrix 1

Process Variables

	Info. Systems	Planning + Control	Resource Allocation	Project Initiation Style	Rewards + Incentives
Perceived Environmental Uncertainty	*				
Organizational Structure					
Organizational Culture					
Corporate Strategy					
Business Strategy					

Context Variables

Scale: 1 inch = 5 1/2 inches

Matrix #1 plots process variables x context variables
Matrix #2 plots context variables x context variables
Matrix #3 plots process variables x process variables

* In each cell, statements from each variable description, e.g., from perceived environmental uncertainty and information systems, are analyzed to find potential interrelationships. This was done for each variable combination.

Figure 3-4
Mock-Up of Matrices for Analysis of Variables

of frequency or difficulty. Responses for each method were arithmetically averaged for each management level. Managers were also asked to indicate which of the environmental factors would cause the greatest threat to their firm.

Corporate Level Strategy. Manager statements about the business, mission, and industry segment of the firm, were concept mapped to arrive at a statement for each firm. Rumelt's (1974) strategies of corporate diversification were used to categorize the firms.

Business Level Strategy. For business level strategy, respondents were asked to rank each of the competitive methods listed on a scale of importance ranging from five representing most important, to one representing least important. Responses for each method were first averaged for each management level, and second for all management levels in each firm. Methods ranked as highly important were compared with those included in the grand strategy factors found by West and Anthony (1990). Responses were also compared to the works of Miles and Snow (1978), Porter (1980), Miller (1988), and Herbert and Deresky (1984).

Organizational Culture. The narratives about organizational culture were concept mapped. The resulting key concepts and all other information about organizational culture were categorized according to Deal and Kennedy's (1982) framework. Categories included internal business

environment, heroes, values, and cultural network. Also, Woods (1989) description of restaurant culture was used in the analysis.

Organizational Structure. Responses to the organizational structure variable were compared to the works of Burns and Stalker (1961), Mintzberg (1979) and Miller and Droge (1986).

Process Variables

Information Systems. Integration between management levels and frequency of contacts both within and between management levels were compared with those which have been described by Lorsch & Allen (1973) and Langley (1989). Meetings were defined as formal integration; phone calls and face to face conversations were defined as informal integration. Financial records, memoranda and company bulletins were defined as integrative devices (Lorsch & Allen, 1973). The preference and how often certain communication modes were used at different management levels were compared to those described by Rice and Shook (1990). A description of the methods used in each firm and at each management level, as well as an analysis of the most common methods used at each management level, was developed.

Resource Allocation. Responses about resource allocation were compared to Bower (1970) and Thompson and Strickland (1987). Similarities and differences between the

process described by the respondents at each management
level and those described by the comparison research were
analyzed. The most common method was described.

Planning and Control. Responses concerning monitoring
of performance and feedback, which are major aspects of
control, were compared with those described by Goold and
Quinn (1990) and Hrebiniak and Joyce (1984). Descriptions of
the process of planning and control and the most commonly
used approach were developed for all management levels at
each firm.

Rewards and Incentives. Responses about the rewards
management received for maintaining a high level of
productivity were compared to the work of Govindarajan &
Gupta (1984) and Balkin and Gomez-Mejia (1990).
Similarities and differences were described and the most
common approaches used at each management level in each firm
were described.

Project Initiation Style of Managers. Responses were
analyzed by comparing the obtained responses to the
framework developed by Nutt (1987). Similarities and
differences between the obtained responses and Nutt's
framework were described. A description of the most common
initiation style at each level of management was identified.

Finally, the context and the process variables were
combined to delineate the strategy implementation model for

each firm. The resulting models for each firm were compared and contrasted to each other. A set of propositions and a model were developed.

Tests for Design Quality

Construct Validity

Miles & Huberman (1984) indicated that construct validity is achieved in qualitative research by relating the research design to theory. Yin (1989) stated that another method of arriving at construct validity in case study research is by using either multiple sources of evidence or a chain of evidence. A chain of evidence is achieved by citing appropriate parts of the documentation in the write-up. In this study construct validity was achieved in the following manner:

1. by operationalizing all of the variables with definitions from the theoretical literature.

2. by analyzing multiple sources of data for each of the variables. Both interviews and archival documents were used in this process.

3. by providing a chain of evidence, e.g., quoting from the tape recorded interviews, when necessary.

Internal Validity

Descriptive or exploratory research does not involve causal relationships. However, case study research, often involves making inferences about the relationships. Making

accurate inference depends upon the presence of internal

validity. Internal validity can be verified by

comparing the data to a predicted model which is in place

before the study is initiated. This type of verification was

done for the present research study.

External Validity

As was mentioned in Chapter One, attaining external

validity or generalizability is difficult in case study

research (Yin, 1989). In this study, case studies of three

firms were investigated with the intent of gathering

information that would enhance the development of a

conceptual framework for strategy implementation. Since

model and proposition development were the focus of this

research, as opposed to replication of findings,

generalizability was not important at this stage of the

research.

Reliability

In case study research, reliability refers to the

ability to replicate the same case study (Yin, 1989). It

must be emphasized that the very same case study must be

replicated, not one that is only similar. Thus, true test-

retest reliability, as is referred to in quantitative

research, is difficult to attain.

Since reliability in the traditional sense cannot be

tested in case study research, the investigator must provide

evidence of careful documentation and the use of multiple sources of information, where possible (Yin, 1989). In this study, documentation was done by maintaining a data base, which contained audio tapes, notes taken during the interviews, written transcriptions of the audio tapes, and company documents, such as menus, newsletters, pamphlets, advertisements, annual reports, budget information, and any other written materials that were made available to the researcher.

Test Instrument Development, Validity and Reliability

The interview questions were based on the literature cited in the variable description section of this chapter. The instrument consisted of a combination of card assisted closed-ended questions and open-ended questions. The order of the questions was in a funnel sequence. The more general questions were asked at the beginning of the interviews and the more specific information at the end. Although the questions in the latter part of the interview were open ended, most required more specific answers.

The test instrument was pre-tested on a group of six representative industry experts (Brenner, Brown, & Canter, 1985; Gottlieb, 1986). Wording adjustments were made based on their suggestions, while maintaining the intended meaning.

In case study research it is also difficult to attain high instrument test-retest reliability because the instrument or a particular question may have to be asked in the "site's (or person's) terms," (Miles & Huberman, 1984; Eisenhardt, 1989). For example, if an interviewee's previous comment is not related to the questionnaire item, the researcher may have to restructure the next question in order to get the interviewee back on track. In this study the same structured questionnaire was used in each interview in order to maintain reliability. However, in some instances, wording variations were required by the researcher.

Summary

This chapter provided a rationale for the use of qualitative and case study methodology in this investigation. The plan of how this research study was conducted was explained. Concept mapping, the primary type of analysis method used, was described. Each variable was operationally defined. Design quality issues, unique to qualitative research, were presented.

CHAPTER 4

RESULTS

Introduction

Chapter Three outlined the design of the research that
was conducted. This chapter presents the results of the
research. The unit of analysis for each firm (a strategic
project), and the process of the project's implementation is
described. The context and process variables for each firm
are described by comparing and contrasting them among the
three firms. To substantiate the findings, relevant
theoretical literature is included where appropriate. An
abbreviated description of the context and process variables
is presented for each firm in Table 4-1.

Company Demographics

Company A

Company A was a single business (Rumelt, 1974), multi-
unit, privately held corporation with 20 company-owned
units. The year old company was headquartered in the
southeastern United States. The concept, Italian fast food,
had been purchased from a large corporate restaurant company
one year before this study was undertaken. Company A's
current owner was an Asian firm that owned cleaning and
American food franchises in the Pacific Rim area. Company A
was this firm's first food endeavor in the United States. A
five year strategic for the company indicated that growth

Table 4-1 (Part I)

Strategic Implementation Model for Company A

CONTEXT

PEU
1. Slightly above average due to consumer choice.
2. PEU is higher among unit level managers.

Corporate strategy
1. A single business firm that offers a good, unique product, quick service at competitive prices. Focus on employees and company expansion. Rapid growth by both franchising and adding company owned units nation-wide.

Business Strategy

Most important competitive methods:
1. Tight control over operation and product.
2. Seek to improve existing product.
3. Seek to make company well known.

Structure
1. Input from all levels of management but centralized decision-making within a hierarchical structure.
2. Organization chart closely followed.

Culture
1. Young growth oriented company that stresses hard work, innovative ideas, open communication and customer satisfaction.
2. CEO is seen as hero.

PROCESS

Information Systems
1. Information flow is frequent and open within and between (adjacent) management levels.
2. Informal communication is more frequent than formal meetings.
3. Face-to-face and telephone communication is preferred over memoranda.
4. The most useful planning information are weekly and monthly financial reports.
5. Both long term and short term issues are discussed more frequently by upper management than by lower management.
6. Informal gatherings usually include all management levels.
7. There is an informal communication network among lower management.

Project Initiation
1. Style depends on risk and level of project.
2. If project is initiated at the Corporate level, management style is either manager directed or justify and solicit support. Mid-level is by delegation; and, at the Unit level, it is justify and solicit support.

Resource Allocation
1. CEO based on strategic plan.

Planning and Control
1. A carefully devised strategic plan is followed written by upper level management.
2. Profit and loss statements are frequently monitored and feedback is provided to all levels regarding costs, service and profitability.
3. There is a carefully defined system for quality control.
4. Managers are evaluated by an MBO system.
5. All units are profit centers.
6. Traditional company-wide information system of memos and P & L's that is augmented with computer system that links all units to corporate.

Rewards and Incentives
1. Basis for compensation: Both formula and subjectivity at all management levels. Total company performance for upper management. Regional performance for middle level management. Unit performance for lower level management. Upper and mid-level management receive bonuses yearly. Unit level managers receive bonuses monthly and quarterly.

Table 4-1 (Part II)

Strategic Implementation Model for Company B

CONTEXT

PEU
1. Average due to supply of product and consumer choice.
2. PEU is highest among unit level managers.

Corporate Strategy
1. Family-type business that offers a good product that cannot be prepared at home at reasonable prices in a family-style restaurant within a limited geographic region. Limited expansion.

Business Strategy
Most important competitive methods:
1. Tight control over operation.
2. Seeks to improve existing quality of product and services.
3. Sustain industry reputation as a family restaurant.

Structure
1. Centralized yet fluid decision-making in a hierarchical structure. Information flow is open at the upper levels. Management striving, under pressure, to open information flow to all management levels.
2. No organizational chart.

Culture
1. In transition from an emphasis on production to customer satisfaction. Emphasis on friendship among employees at all levels. Company wishes to be seen as "family".
2. Partners are seen as heroes.

PROCESS

Information Systems
1. Information flow is frequent and fairly open between management at every level.
2. Frequent informal communication is preferred over formal meetings.
3. Telephone and face-to-face communication is preferred.
4. The most useful planning information are financial reports, but time frame varies with management level.
5. Meetings about short term issues are scheduled between management (adjacent) levels weekly. Long term issues discussed infrequently.
6. Frequent informal gatherings include all management levels.
7. There is an informal network among lower level management.

Project Initiation
1. Style depends on person initiating and/or risk level.
2. Usual style at all management levels is to justify change and solicit support.

Resource Allocation
1. Senior Managing Partner based on justification.

Planning and Control
1. No written strategic plan is followed.
2. Profit and loss is frequently monitored and feedback given regarding costs and profitability of the individual unit or area weekly.
3. No formal system for monitoring quality control.
4. Middle and unit level managers have recently come under an evaluation system by upper management.
5. All units are profit centers.
6. Traditional company-wide information system of memo, P & L's, much face-to-face contact and new voice mail system.

Reward and Incentives
1. Basis for compensation: Both formula and subjectivity for middle and lower management. Formula only for upper management. Total company performance for all management levels. Individual store performance also considered strongly for lower level manager. Bonuses given randomly at Mid and lower levels.

Table 4-1 (Part III)

Strategic Implementation Model for Company C

CONTEXT

PEU
1. High due to consumer choice and changes in marketing practices.
2. PEU is highest among unit level managers.

Corporate Strategy
1. Diversified company that offers a high quality product and good service. Expansion into multiple goods and services within the food industry by acquisition and new internally developed concepts.

Business Strategy

Most important competitive methods:
1. Seek to improve existing products.
2. Tight control over operation and product.
3. Expand product and service line within a broad market.
4. Maintain and improve industry reputation.

Structure
1. Centralized decision-making within a hierarchical structure but moving toward flatter organization with lower level decision-making. Information flow is open and informal on a "need to know" basis. Input for all management levels is encouraged.
2. Organization chart closely followed.

Culture
1. Efficient and formal with an emphasis on hard work, honesty, loyalty, and trust. High expectations for employees. In transition from centralized decision-making to making decisions based on consensus at the lowest possible level.
2. No stated heroes.

Process

Information Systems
1. Information flow is fairly frequent and open within and between adjacent management levels.
2. Formal communication is more frequent for upper and lower management; informal more frequent for lower.
3. Face-to-face, memos and telephone are preferred communication modes.
4. The most useful planning information are weekly financial reports.
5. Long term and short term issues discussed at same frequency for lower and middle management. Upper management may meet ad hoc besides planned meetings.
6. Some informal gatherings include all management levels; other only upper to middle management.
7. There is an informal communication network among lower management.

Project Initiation
1. Style depends on type of project and risk involved.
2. At the Corporate level style is justify change and solicit support and manager directed; Middle level is delegation or justify and solicit support; unit level is manager directed, delegation or justify and solicit support.

Resource Allocation
1. Usually the Board of Directors based on strategic plan and ROI criteria.
2. Strategic Project: the first and second tier of upper management.

Planning and Control
1. A carefully devised strategic plan is followed that was written by upper management.
2. Profit and loss statements are frequently monitored and feedback given daily and weekly.
3. Tracking the quality of products and services according to specific criteria.
4. Middle and lower level managers are evaluated by carefully devised criteria.
5. All units are profit centers.
6. Traditional company-wide information system of memos and P & L's. Computer system linking units to corporate is being piloted in the new concept.

Rewards and Incentives
1. Basis for compensation: formula and subjectivity at all management levels. Company, district and unit receives bonus depending on profitability of their area of responsibility. Upper and middle management receive bonuses yearly. Lower management receive bonuses quarterly.

was to be accomplished by franchising, and opening more company-owned units.

All Company A units were similar in design and layout, both in the front and back of the house. Each unit had a dine-in seating capacity of about 75 to 100 seats. Menu items included pizza, salads, several pasta items, sandwiches, breadsticks and cheesecake. Liquor was sold in units where beverage laws allowed. Sales volume was about evenly split between take-out and eat-in meals.

Company B

Company B was a single business (Rumelt, 1974) multi-concept, multi-unit organization. The company operated 20 company-owned seafood restaurants, and was sole franchisee for a casual dinner house group of 13 restaurants located in the same geographic region. The company was headquartered in a major city on the eastern seaboard of the United States, and was legally organized as a limited partnership. Ownership was held by four general partners and two limited partners. The growth plan for this firm was to remain in the geographic region in which it currently competed. It included maintenance of its current concept, while becoming a major franchisee for one or more national restaurant companies.

This investigation focused on its original concept, a seafood restaurant group. The seafood restaurant division

was 17 years old and consisted of 20 restaurants. The company was a spin off of a wholesale seafood operation that sold its product to fish camps in western North Carolina during the 1960's. In 1974, two members left the wholesale seafood operation and opened a group of restaurants in the metropolitan area where they were currently located.

When the restaurants first opened, the concept was an all-you-can-eat operation. It served deep fried seafood, french fries, and hushpuppies. The emphasis was to serve as many people as possible and provide the customer with as much seafood as they wanted for a reasonable price. Decor and personalized customer service were not considered especially important.

At the time of the study, the majority of the restaurants were located in shopping centers in suburban areas. They catered to families and to large groups. Liquor sales were a small part of the sales. Each restaurant had a large production kitchen and a customer capacity of about 350. Decor was similar in all units.

Company C

Company C was a publicly held dominant-linked diversified company (Rumelt, 1974). In dominant-linked companies, some products share a common technology or distribution channel. In Company C, some products shared a common distribution channel. The company, headquartered in

the mid-western United States, began as a family operated food product business 35 years earlier. The company entered the restaurant business about 15 years later, in order to counteract the cyclical nature of its food product business.

The company had 255 units that were primarily in the southern and mid-western region of the United States. The target market was the family segment of the restaurant industry. Menu offerings included a large variety of breakfast, sandwich, and homestyle items, such as chicken fried steak, meatloaf and chicken and noodles. No liquor was sold in any units.

The upper level of management in Company C had been restructured one year prior to this study. For the purposes of this research, upper level management was defined as either first or second tier. First tier upper management consisted of the Chief Executive Officer and the Board of Directors. Second tier upper management was the Executive Committee, which was made up of the eight Vice Presidents who were in charge of the operating business groups and corporate support areas and the Chief Executive Officer.

The growth plan for this firm, according to management interviews and the strategic plan, included the acquisition and internal development of new restaurant concepts and food product lines.

Manager Demographics

The managers in all of the firms studied were very experienced in the food industry. The number of years that managers had worked in the restaurant industry was longest for upper management in all firms, and lowest for lower level management. The number of years ranged from 13 to 36 years for upper management; 14 to 20 years for middle management; and, 7 to 12 years for lower level management.

When compared to Company A and Company C, the tenure of managers in their current positions was longest for upper and middle management in Company B. This was because Company A was a new firm, and Company C had recently undergone a corporate restructure. Average tenure of all managers in their current firm was greatest at Company C, probably because this firm had been in business longer than the other two. Most of the management at Company A had worked for the same corporate restaurant firm, prior to coming to Company A.

Stage of the Organizational Life Cycle

The organizational life cycle concept was employed to describe and differentiate the three firms that were investigated. The organizational life cycle concept originated in the life sciences. While the concept has its detractors, such as Porter (1980), it provides researchers

with a rough guideline with which to compare the evolution
of business organizations.

The works of Hofer (1975) and Anderson and Ziethaml
(1984) provide working definitions for each stage of the
life cycle. The introductory stage is characterized by an
emphasis on new products, technological changes related to
new products, determining customer needs, and marketing and
advertising. The corporate strategy is usually single
business. Emphases in the growth stage include gaining
greater access to distribution channels, increasing
efficiency in production and selling, while increasing the
number of units. Corporate strategy during this stage
usually remains as single business. The mature stage is
characterized by an increased degree of product
diversification and market segmentation because of an
increased concern for meeting customer needs. Price/value
ratio becomes more important. Corporate strategy in this
stage may change from single business to some degree of
diversification.

Although chronological age is not one of the
identifiers used in determining life cycle stage, it can be
implied that many firms in the introductory stage are newer,
and those in the mature stage are older. Moreover, the
activities of each stage are somewhat indicative of
chronological age. For example, firms in the introductory

stage put a great emphasis on marketing and making customers aware of their product; growth firms are most concerned with expansion of the firm; and mature firms are looking for ways to diversify. Thus, in this study, the organizational life cycle descriptions will include some functions of age.

Company A was in the later part of the introductory stage of its organizational life cycle, moving into the growth stage. This firm was concerned with making customers aware of their presence through advertising and promotion. Expansion through an increase in number of units was also very important to this firm. The purpose of the strategic project in Company A was to expand into a new region of the country. Both of these strategies are typical of firms at these stages of the life cycle (Anderson & Zeithaml, 1984; Hofer, 1975).

Company B was in the mature stage of its organizational life cycle, even though its management structure retained some of the characteristics of a firm in the introductory stage, such as the presence of founders in key decision-making positions (Kimberly, 1980). The firm was at a point where it was reevaluating its market niche and product offerings to meet customer needs. The firm was also diversifying by adding a new concept. These are traits of a firm in the maturity stage (Anderson & Zeithaml, 1984; Hofer, 1975).

The purpose of the strategic project in Company B was to update the company's image and make it more competitive in the current market. Because of changes in customer choice, the life of the company's current seafood concept was perhaps in question, unless an image change was successful. To help counteract the decline in the seafood concept's attractiveness, the company had become a major franchisee for another concept within the same single business.

Company C was in the mature stage of its organizational life cycle. It had originally diversified by entering the restaurant business to counteract the cyclical nature of its food product business. The company was concerned with maintaining the quality of its present concept, while enhancing price/value ration for customers. It was also looking at new growth by further diversifying within both the food product and the restaurant business. This combination of strategies is often seen in mature firms which are interested in building market share (Anderson & Ziethaml, 1984). Growth in the restaurant side of the business was to be accomplished by introducing the concept that was tracked in the strategic project, as well as another concept quite different from others in the company.

Units of Analysis

In each firm a strategic project was selected by the researcher with the assistance of an upper level manager. Representatives of each management level were selected for interviews by an upper level manager, also.

The purpose of the projects was to provide a frame of reference in which to gather information about the strategy implementation process in each firm. Thus, one of the criterion for selection of the project was that the process of implementation be representative of most implementation efforts in the firm.

In terms of the initial model (Figure 1-1), the process of implementation for each strategic project occurred within the context of that firm. Thus, the description of the projects includes only reference to those variables defined as part of process.

Strategic Project A

The strategic project that was traced in Company A was the opening of this firm's newest geographic market. The project was one aspect of the firm's plans for expansion as defined in the five-year strategic plan. Managers of all units (four) in the new geographic area, as well as the District Manager for that area (middle management) were interviewed. All managers at the corporate headquarters who were involved with the strategic project, which included the

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Chief Executive Officer, the Vice President of Operations, and the Director of Corporate Planning were also interviewed. See Figure 4-1.

Process for Strategic Project A

Early planning meetings for the project began about eight months before units were opened. Mid-level management was brought into the planning process after two months. Lower level management was brought in after four months.

Training of lower level management commenced at corporate headquarters about one month before opening the new units. The managers, as a group, went to the new region and continued their training at one of the units. All of the lower level managers in the new region assisted in the opening of the first unit. Within a one month period, all units were opened.

The management style that was used to initiate the strategic project was more manager directed for corporate and lower level managers than was their usual and preferred practice. Both these levels of managers preferred to delegate or to justify a project's purpose, and then solicit support.

After units opened in the new geographic market, informal contacts by telephone and face-to-face between middle and lower level management, and within lower level management were made more frequently than usual.

President (I)

Exec. Adm. Assist.

V.P. Franchising & Administration

V.P. Operations (I)

Franchising

Admin.

Franchising

Manager of Purchasing

Director of Operations District 1 (I)

Director of Operations District 2

Development & Construction

Director of Finance & Corporate Planning (I)

Unit Mgr. (I)

Unit Mgr. (I)

Unit Mgr. (I)

Unit Mgr. (I)

Senior Bookkeeper
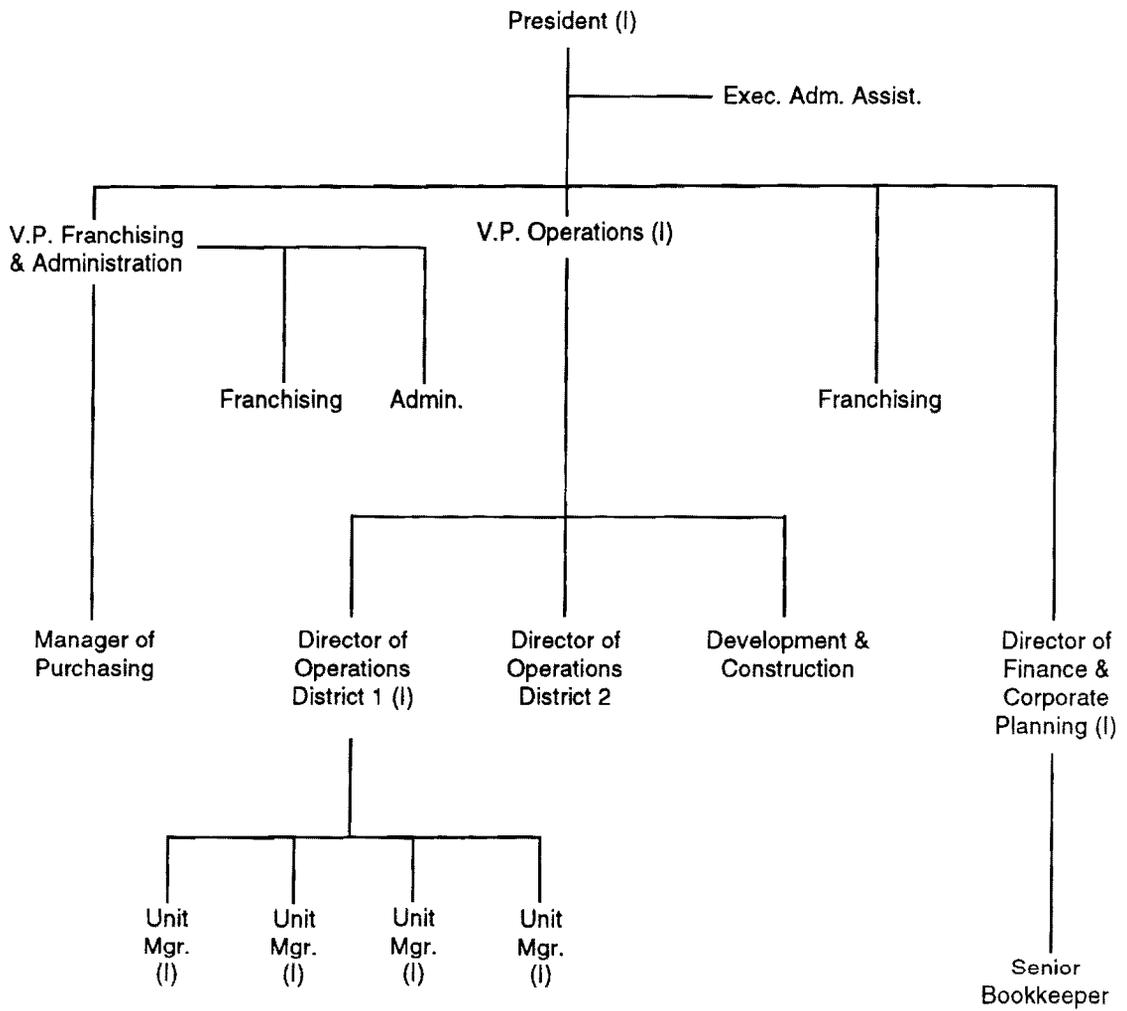
(I) People that were interviewed for this study.

Figure 4-1
Company A
Organization Chart

All aspects of the company control system were the same for both the strategic project and the company, except for personnel appraisal. Unit level managers in the new market developed their own employee appraisal system to provide consistency in that operating region.

The primary incentives for middle and lower level management for the strategic project were challenge and opportunity, rather than monetary reward.

Process variables, in general, were defined similarly for the strategic project and other company activities. Thus, the strategic project was probably representative of how most strategic activities were implemented.

Strategic Project B

The strategic project that was traced in Company B was the implementation of several new tactics that were suggested by a focus group study that was completed two years before this research was conducted. The focus group study was conducted in response to concerns voiced by the company's management concerning customer satisfaction and maintenance of market position. The four tactics that were recommended by the focus group team were, 1) a greater emphasis on training waitstaff about effective customer interaction, 2) several product changes, 3) interior refurbishment, and, 4) a new advertising theme.

Three representatives from upper management, a senior managing partner, the Director of Operations and the Operations Manager for the seafood restaurants were interviewed. Three area supervisors represented middle management, and four unit general managers represented lower level management. See Figure 4-2.

Process for Strategic Project B

The strategic project was introduced about two and a half years before this research was conducted. Implementation of some project activities began shortly after the focus group results were presented to upper management. Representatives of upper management met once to plan their approach for the company. The project was introduced at a large group meeting of all middle and lower level management. Following that meeting, middle and lower level management went to their individual units to explain the project and begin implementing the strategy.

The project was being implemented gradually. Refurbishment of the units was dependent upon resource availability, and was still in process at the time of data collection for this study. Units were never closed during refurbishment; work was done after business hours. The front of the house refurbishment produced a much brighter, newer looking store with live plants and new wall hangings.

```
            Senior Partner          Senior Partner


                                      General Senior
                                       Partner (I)


         Operations (I)        Director of (I)        Operations
          Manager ——————————— Marketing & ——————————— Manager
          (Seafood)             Operations            Casual Dining
                                                      Franchise


                          Asst.Operations
                            Manager
                            (Seafood)


      (I)           |          (I)          |          (I)          |
  Area Supervisor  Area Supervisor  Area Supervisor  Area Supervisor  Area Supervisor  Area Supervisor  Area Supervisor

  Unit Unit Unit   Unit Unit Unit   Unit Unit Unit   Unit Unit Unit   Unit Unit Unit   Unit Unit Unit   Unit        Unit
  Mgr. Mgr. Mgr.   Mgr. Mgr. Mgr.   Mgr. Mgr. Mgr.   Mgr. Mgr. Mgr.   Mgr. Mgr. Mgr.   Mgr. Mgr. Mgr.   Mgr.        Mgr.
           (I)                               (I)                  (I)                                               (I)
```

(I) People that were interviewed for this study.

Figure 4-2
Company B
Organizational Chart

The walls were lighter in color and large fish tanks were added to each unit.

Some new products such as a new type of french fry, were introduced across the entire system; others, such as grilled fresh fish, were piloted in several units before being introduced system wide. Managers worked with the staffs in both the front and back of the house in those units to orient them to the new products.

Training was included as part of the strategic project to educate waitstaff about the importance of the customer-employee interaction. Some sessions were conducted with current waitstaff. New waitstaff were trained using role playing and video taping to emphasize this new philosophy.

Changes in the advertising campaigns did not involve any operational management or staff. Rather, upper level management supervised the change in appearance of the menus and the television advertising spots.

Project initiation style of managers at all levels was more manager directed for the strategic projects than was the usual practice. Communication about the project was done in the same manner as other communication, except that written communication was more prevalent.

The progress of the activities of the strategic project was discussed in the regular weekly meetings. Project

monitoring became part of the regular monitoring system. No comments were made regarding whether the stores that had completed refurbishment and had introduced all of the new products were performing any differently as a result of the strategic project.

No rewards or incentives were specifically offered for participation in the strategic project. Lower level managers could potentially receive a larger bonus if their sales improved, regardless of whether it was due to the strategic project activities or some other variable. Overall, it appeared that the activities of the strategic project were implemented in the same manner as other activities.

Strategic Project C

The strategic project that was traced in Company C was the opening of restaurants in a new concept that was being introduced by the firm. The project was a part of the firm's plans for growth and diversification, as outlined in the strategic plan. Managers of all of the units that were open at the time of data collection (three) were interviewed. Middle management was represented by a Regional Director/Vice President, and an Area Director. Also interviewed as representatives of upper management were the company Chief Executive Officer, the company Vice

Chairman/Senior Director, and the Group Vice Presidents of Marketing, Construction, and Operations. See Figure 4-3.

Process for Strategic Project C

The strategic project was introduced about two years prior to the data collection for this study. Meetings were held biweekly and/or monthly with upper level management. At the beginning of the second year, a corporate restructure occurred. However, the planning group membership remained similar in terms of management level representation and personnel. After the restructure, some members assumed different positions. A new member was added to represent restaurant operations. Middle and lower level management representatives were added to the committee about 15 months after the project discussions began.

Training of lower level managers for the new concept was conducted at the first unit which was opened. Several lower level managers were transferred from units in the company's other concept. They assisted with the unit opening, thereby getting some ideas regarding the opening of their own unit. There were some minor structural and operational changes made at each successive opening, but most of the procedures were similar.

The units in the strategic project began opening near or at the end of the second year of planning. More store openings were planned for the next year.

(Vice Chairman/Senior Director) (I)

CEO (I)

FUTURE PRESIDENT

To CORPORATE SUPPORT GROUP

OPERATING BUSINESS GROUP

Food Products
Group VP

— Sr. VP Prod

Sales   Sales   Sales
VP   VP   VP

Prod   Prod/
VP   Facilities
(ocs)   VP

Restaurant Ops (I)
Group VP

Op (I)   AD (I)
VP

GM   GM   GM
(I)   (I)   (I)

Business
Dev
Group VP

Facilities
& Projects
VP

R.E./Const/(I)
Engineering
Group VP

VP   VP
&   & Dir
Dir RE Const.

Mrktg/Purch (I)
Tech. Serv.
Group VP

Sr VP Purch/
Tech Serv.

Sr. Dir   Dir
Mkt/Adv.   Purch.

Dir. Food
Serv. Sales

Tech
Serv.

(I) People that were interviewed for this study.

Figure 4-3
Company C
Organizational Chart

During the initial implementation phase of the strategic project, both informal (talk by telephone and face to face) and formal (meetings) integration increased in frequency at all management levels.

According to the interviews, upper management thought that the most helpful information regarding the project came from informal contacts with friends and business associates. Lower level management relied on daily labor and food cost reports, as well as the usual weekly and monthly reports.

As the project progressed, upper level management thought that written information was an important source for evaluating the progress. However, middle and lower level management thought that the telephone voice mail system connecting each unit with the others, as well as with corporate, was as important to them as written information.

Often, all three levels of management were present for meetings concerning progress of the strategic project. Middle and lower level management interacted informally more frequently than was usual in between meetings, either by telephone, face to face, or by using the voice mail system. Upper level managers met on an ad hoc basis to discuss the current status and future plans for the concept.

Allocation of resources for this project was conducted by the first and second tier of upper management. The

company's criteria for return on investment was the same as in other projects.

Performance data for the strategic project was monitored on a daily basis by use of the computer system. Additionally, weekly written reports were compiled. Performance feedback for the unit managers was done on a weekly basis or, if needed, on a daily basis.

In the initial stages of implementation, upper level management was primarily concerned with food and labor costs and customer satisfaction reports. Other information that was usually reviewed for unit performance was not considered, due to the newness of the concept.

Incentives for the area director who represented middle level management included an opportunity for advancement in the company. This was because this position reported directly to a group vice president rather than to a regional vice president. However, the area director received the same type of bonus as other area directors. This practice was based on the belief by upper management that all area directors should have an understanding and concern for more than just their area of direct responsibility.

For lower level management, opportunity and career advancement were incentives, as well as a higher salary and the opportunity to receive a greater percentage of profit in bonuses.

This project included the prototyping of a new concept, the testing of a computer system that was scheduled to be implemented company-wide, and the piloting of a voice mail system. As a result, manager integration and feedback were more frequent, and incentives were greater than was usual in the firm. Otherwise, the strategic project exemplified how other such projects were implemented in Company C.

In summary, the strategic projects were generally representative of strategic activities in each company. In each firm, the frequency of information transfer and processing increased from the usual level. In Companies A and B, the project initiation style of managers was more manager directed than usual.

Context Variables

The following section of this chapter contains a description of the context variables for each firm as they are presented in the Model of Strategy Implementation for Restaurant Firms (see Figure 1-1). Corporate Strategy is not included here, as it was presented with the description of company demographics. The variables are described by means of a comparison and contrast among firms.

Business Strategy

There were some similarities in the competitive methods that the three firms selected as most important. All firms chose efficiency and tight control in operations.

Additionally, Company A selected an emphasis on quality
control in operations, and the improvement of existing
products and services. Even though Company C did not rank
maintaining quality control highly when selecting
competitive methods, an analysis of company documents and
manager interviews indicated that quality control was very
important in this firm.

Companies A and C both chose standardization of
operations. While managers in Company B did not indicate
that this competitive method was very important, it was
observed by the researcher that all units were very similar
in both the front and back of the house. Moreover, some
managers expressed their concern about too much
standardization of products and policies in the company.
These managers felt that they were hindered from offering
products that their store's customers would buy.

Companies B and C emphasized owning rather than
franchising outlets and the importance of industry
reputation.

Competitive methods that were ranked as very important
only to Company A were the requirement of specifications for
purchase of food and supplies; the emphasis of new ideas in
marketing, promotions, and advertising; and, the maintenance
of competitive prices for products and services. This
selection of methods is reasonable for a company that is new

in the industry and is interested in growth while maintaining consistency in its product offerings. The emphasis on marketing is important in order to become recognized in the industry; competitive pricing is necessary to encourage first time and repeat business from customers.

The competitive methods that Company A selected as least important are suggestive of how the firm entered the market. The least important method was its emphasis on new ideas in facilities and equipment. This firm's method of market entry was to buy clusters of existing fast food units in potentially good locations from other companies which were down-sizing or going out of business. These units were completely renovated to assume the look of the new concept. By following this method, costs were much lower than the ground-up costs of a new unit, according to Company A's upper management.

Company A's newness and desire to accomplish long term growth through finding and developing a new product and market matched Herbert and Deresky's (1984) Develop strategy. The strategy was also somewhat similar to Miles and Snow's (1978) Prospectors. The competencies of firms in this category relate primarily to product development and market research. Company A had purchased a relatively new concept, Italian fast food, from a firm which had not had the time to thoroughly test the concept before selling it.

Company A was revitalizing the concept, clustering it in new areas of the country, and then heavily marketing it in those areas.

The competitive method selected only by Company B was service to a limited geographic area. This reflected the mission of this particular firm. Upper management mentioned the desire to maintain the regionality of the company. The close proximity of all company units lent itself well to their preferred management style, which included the frequent presence of upper and middle level management in the units.

Based on the data collected, Company B had always been following a strategy that closely matched West and Anthony's (1990) Control strategic grouping. The company preferred to own its units, competed in a limited geographic area, and kept overhead low through the standardization of its units. However, environmental changes, such as product supply problems and changes in consumer choices were causing the company to experience difficulties with this strategy. To counteract these difficulties, the company had decided to become a franchisee of another concept. This acquisition allowed them to maintain ownership of their units and to remain in the same geographic region.

Company C was the only firm investigated that emphasized a specialized product and type of service, while

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developing new products or services to appeal to a broader
market. While these two methods may appear to contradict one
another, they fit into Company C's overall mission and
strategy. The company wanted to continue to diversify into
different segments in the restaurant business, while
maintaining its current position in the family dining
segment.

Company C was similar to Miles and Snow's (1978)
Analyzers. Analyzers want to maintain their base of
traditional products and customers, while looking for new
products and market opportunities. Their new products are
often imitations of successful product innovations that
others have already tried. Analyzers adapt products to
technologies of their own. This plan was evident in Company
C's desire to maintain its original concept, while
simultaneously moving into other restaurant concepts, which
while different from the original concept of Company C, were
not novel or unusual to the industry.

In summary, efficiency and tight control and the
improvement of existing products were key competitive
methods chosen by all firms. Companies A and C selected
product and service control as important. Industry
reputation was deemed highly important to Companies B and C.
Company A was similar to Miles and Snow's (1978) Prospector;
Company C fit Miles and Snow's (1978) Analyzer category;

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and Company B fit most closely to West and Anthony's (1990) Control group.

Perceived Environmental Uncertainty

Using Miller and Droge (1986) as a guide, the researcher evaluated the statements made by all levels of management about perceived environmental uncertainty. The evaluation suggested that on average managers in Company B perceived a moderate level of environmental uncertainty. The average response of managers in Company A indicated that they perceived a moderate to high level of uncertainty, while managers on average in Company C viewed the level of environmental uncertainty as high.

One possible explanation for Company C's high level of perceived environmental uncertainty may be attributed to the wide range of geographic dispersion for units in this company. As noted in a recent review of the restaurant industry, local economies vary in strength according to region of the country; as a result, business volume for restaurants varies similarly (Milchalski, 1991). Since units of this firm are located in several economic regions of the U.S., the level of environmental uncertainty is less predictable and is therefore greater on a company-wide basis. Consistent with this rationale, Company B was less geographically dispersed and its managers had a lower level of perceived environmental uncertainty.

All firms indicated that changes in consumer choices
were the most threatening. However, Company B was also very
concerned about changes in product supply, due to the
actions of competitors. Variations in supply was not an
option included in the interview schedule, but it was
volunteered by managers at all levels in this firm when they
were asked what change in the environment would be the most
threatening to their firm. This concern could be attributed
to this firm's dependence on one type of product, seafood,
which in recent years has been in greater demand by
restaurant customers (Milchalski, 1991).

Managers at the lower level in all firms consistently
perceived the environment as more uncertain than did either
middle or upper level managers. In all firms, upper level
managers perceived the lowest level of perceived
environmental uncertainty.

In summary, perceived environmental uncertainty was
high average and high for Company A and Company C,
respectively. Company B's perceived environmental
uncertainty was average. In all three firms, changes in
consumer choices were perceived as the greatest
environmental threat, and perceived environmental
uncertainty was greatest for lower level managers.

Structure

The structure in Company A was vertical and hierarchical, as shown in Figure 4-1. The formal chain of command was closely adhered to in terms of communication and decision-making. Most decisions were made either at the corporate level or within guidelines provided by corporate. Channels of communication were perceived as open, but not informal. Access to information was unlimited to "key people". While managers did not seem hindered in their actions, they always deferred to corporate in decisions and discussions.

The structure of Company C had changed about one year prior to this research. Decision-making, while still the domain of upper management, had shifted to the second tier of this management level, thus creating a flatter structure. An executive committee, consisting of eight group vice presidents and the chief executive officer was created at the time of the restructure. See Figure 4-3. This group developed the strategic plan and made the final decisions on most issues, except those concerning the capital budget, which were made by the Board of Directors.

Except for within upper management, the formal chain of command was usually followed. Moreover, written information always followed the formal chain. Although the size of the company dictated some formality, communication lines were

open and mostly informal. Access to financial and operational information was, for the most part, unlimited.

In general, the structure in Company C was perceived by the researcher as consistently formal. There appeared to be an understanding and a loyalty among managers which caused them to adhere to the defined structure.

Both Companies A and C were similar to Mintzberg's (1979) machine bureaucracy. Both companies had centralized decision-making, formal rules, policies and procedures, as well as a fairly well developed information system, characteristics of firms with this type of structure. Bolman and Deal (1991) suggested that companies which franchise their concept or distribute a consistent and similar product at company-owned units are more apt to structure themselves in this manner, in order to maintain the desired consistency of product and image.

The structure in Company B was rather fluid, but was characterized by centralized decision making. See Figure 4-2. This type of structure fits somewhat closely to Mintzberg's (1979) simple structure type, in which the firm's structure is simple, highly informal, and operated by an owner/manager. Tasks are coordinated by direct supervision and all decisions are made at the top.

In Company B most decisions were finalized at the upper management level by the general and limited partners. While

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a strict hierarchical chain of command was not followed, most decisions required the approval of the senior partner who had the most tenure in the company. This partner had started the business and was perceived as an authority figure by everyone who had worked for the company in its early years.

All of the partners had offices in one location which allowed for a great deal of informal interaction among upper management. Outside of that office, management at all levels indicated that the formal chain of command was generally followed. However, unit and middle level managers indicated that upper management representatives frequently transmitted information and assisted unit level managers in decision-making, without adhering to the chair of command.

Communication lines were informal and described as "getting more open" in Company B. This was an interesting finding, since upper and middle level management seemed to be very accessible in the units, and upper management representatives were very informal in their dealings with each other. Access to financial and operating information was described as somewhat limited at the lower level of management, but was also "getting more open."

In summary, all companies indicated that decision-making was centralized at the upper level of management for most issues. In Companies A and B, a senior

or a top level management person had the final word on most decisions.

Formalization, or the presence of written policies and rules and close adherence to the organizational chart as it appeared, was more prevalent in Companies A and C, than in Company B.

In Company C, the recent restructure left many decisions to the group vice presidents at the second tier of upper management, resulting in a flatter organizational structure. Based on the interviews, communication lines were open in Companies A and C, but Company B was "getting more open." Communication lines were defined as informal in Companies B and C, but not for A. Access to information was indicated as somewhat limited in both Companies A and B, but not in Company C.

There were incongruities in terms of how the structure was described in all three firms. For example, in Company B, the structure was fluid and upper management was very available to lower and middle management. Yet, lower and middle management perceived that communication lines were "getting more open," even though the upper management availability and style had been the same for many years.

In Company C, there were many written rules and an air of formality, in terms of management hierarchy and responsibilities. Yet, communication lines were perceived

as informal, and access to information was very good for
lower level management.

Organizational Culture

In all firms there was a strong cultural network among
lower level management, even though the units (except in
Company B) were not in close proximity. Also the customer
was very highly valued in all three firms.

Two of the firms, Company B and Company C were
experiencing a changing culture. In the opinion of upper
management in both firms, the changes were necessary in
order to remain competitive.

Company B was changing from a production to a customer
service oriented operation. Unit or lower level managers
were viewed by upper management as the key to making this
change happen. This was going to require training and a
change in philosophy of some managers at all levels.

Company B was seen as a "family" in which the founding
partner was the company hero. Camaraderie among managers and
employees was highly valued. Rites and rituals included
informal and enjoyable outings to which all levels of
management were invited. This culture may appear as one in
which changes could be easily made, due to the informality
of the group. However, this did not seem to be the case;
some people in the organization were not open to change, but

could not be easily eliminated since the informal structure had no provisions for termination of managers.

Company C was becoming less centralized in its decision- making practices. More decisions were being made by the second tier upper management group. Moreover, lower level managers were encouraged to make decisions about local store marketing that would make them more a part of the regional communities in which they did business, rather than just an extension of the firm's corporate headquarters. Lower level managers were also encouraged to offer regional menu favorites through black board advertisements or menu inserts. Again, the emphasis was on making each unit more autonomous by allowing it more flexibility to adjust to the tastes of the region of the country where it was located. At the same time, however, maintaining close ties with corporate headquarters was emphasized.

Company A was perceived by the researcher as one in which most activities were centralized, and consistency among the units was of utmost importance. This was probably because it was a new firm interested in franchising its concept. However, along with this desire for maintaining consistency was the need, expressed by upper management, to remain in a position to react quickly to market activities and changes.

Both customers and employees were considered to be high priority groups by upper level management in Company A. Employees were called "associates" because the term "employee" was seen as degrading. It was also noted that all managers highly respected the Chief Executive Officer and viewed him as a company hero.

Terms describing the organizational culture in Companies B and C included valuing the work ethic and family. Openness and sharing were emphasized in Company A, possibly due to the newness of the firm and the need for open communication as the company becomes established in the industry. Company C was the only firm that did not mention any heroes.

In summary, Company A differed somewhat from Companies B and C in how it described its culture. Many of its managers said that it was too early to define the culture. Since many of the management staff at Company A had come from the original parent company of the concept, the current culture of Company A probably still reflected the former company.

The reason for absence of mention of a hero in Company C was not clearly evident in this study. A possible explanation is that due to the size of the firm, the presence of a "hero" may not be as obvious or notable as in a smaller firm.

The culture description of all three companies matched the play hard, work hard cultural type of Deal and Kennedy (1982) most closely. There were also many similarities between Woods' (1989) shared restaurant industry culture and the culture in all three of the companies in this study. Some of those similarities included a strong cultural network among unit level employees and managers, promotion of managers from within, a hard work ethic, emphasis on growth, and the importance of service.

The similarities between Woods' (1989) restaurant culture description and all of the companies in this study add credibility to the statement that a unique "service culture" exists in this industry, and is critical for maintaining competitive advantage (Albrecht & Zemke, 1985).

Summary of Context Variables

The characteristics of context, as it has been defined in this investigation, and which are unique to each firm, are shown in Table 4-2. Company A was the newest and smallest firm; Company C was the oldest and largest firm. Upper level managers at Company B had been in their current position longer than those in the other companies. Each firm's corporate strategy indicated that their plans for growth differed. Company A planned to expand nationally by franchising only one concept. Company B would expand by becoming a franchisee for several concepts in the same

Table 4-2

Comparison of Context Variables and Demographics Among Firms

Company A	Company B	Company C
DEMOGRAPHICS	**DEMOGRAPHICS**	**DEMOGRAPHICS**
Manager and Company Demographics 1. Newest Firm 2. Most managers came from same corporation firm 3. 20 Units	1. Managers in current positions longest due the form of business organization 2. 33 Units	1. Oldest Firm 2. Longest average tensure of Managers 3. 255 Units
CONTEXT VARIABLES	**CONTEXT VARIABLES**	**CONTEXT VARIABLES**
Corporate Strategy 1. Single business 2. Planned growth by expansion nationally with one concept 3. Franchise its own concept	1. Single business, multi-concept regional firm 2. Growth by adding other concepts in region by becoming a franchisor	1. Diversified business 2. Growth to continue through acquiring other concepts and by developing new concepts that are company owned 3. Product-diversified for longest time
Business Strategy - differences 1. New ideas in marketing 2. Maintain competitive price	1. Serves a limited geographic area	1. Offer specialized product and service while developing new products/services to appeal to broad markets.
Perceived Environmental Uncertainty 1. Slightly above average	1. Average	1. Above average (highest)
Structure 1. Open communication	1. "Getting open" and informal communication	1. Open and informal communication "lots of access" to information 2. Corporate restructure leading to flatter organizational structure in terms of decision making
Organizational Culture 1. Hero is the CEO 2. Values openness and sharing	1. Hero is the Senior Partner 2. Values camarderie among managers and employees and making money 3. Changing from product to customer orientation at the unit level	1. No heros mentioned 2. Values are conservative, support for each other, trust and honesty 3. Changing in decision-making process

business line. Company C would continue to diversify within its two lines of business by both acquiring other firms, and developing its own new concepts.

There were uniquenesses in business strategy for each firm. Company A emphasized standards in all aspects of operations, innovative marketing, and competitive pricing. Company C offered a specialized product and unique service style, while developing new products to appeal to a broad market. Company B served a limited geographic market.

Company C perceived the environment as more challenging than either Company A or Company B. Company C had a flatter organizational structure than the other firms. The flatter structure was perceived by management as open, as well as informal, and allowed for unlimited access to information, which was not the case in the other two firms. Company A's structure was seen as open, but not informal or allowing for unlimited access to information. Company B's structure was seen by its management as informal, but not open.

Although there were similarities among the cultures of the three firms, the traits attributed only to each firm were as follows: openness and sharing for Company A, camaraderie among all personnel, and making money for Company B; conservatism, support for each other, and trust and honesty in Company C. Moreover, no heroes were mentioned in Company C.

Process Variables

This portion of the chapter contains a description of the process variables for each firm as they are presented in the Model of Strategy Implementation for Restaurant Firms, shown in Figure 1-1. The variables are described by means of a comparison and contrast among firms.

Information Systems

Between level integration. Managers interacted informally between levels more frequently in Company B, than in Company A or C. In Company A and C the least frequent formal and informal integration was between upper and lower management.

Within level integration. Upper level managers interacted informally, almost daily, in Companies A and B, and whenever possible in Company C. Lower level managers interacted on an informal basis daily or at least every other day in all three firms. Little informal interaction appeared to occur among middle level managers in any of the firms.

Formal integration (meetings) for upper management was most frequent (weekly) for Company A. Formal integration for upper management rarely occurred at Company B and occurred monthly at Company C. No formal meetings within management levels were reported for middle and lower level management in any of the firms.

Integrative devices. In Companies A and C the most
commonly used integrative devices at all management levels
were weekly and monthly financial reports. In Company B,
each management level indicated that financial reports from
different time periods were the most helpful. Upper
management preferred daily, weekly, and monthly reports;
middle management preferred weekly reports; and, lower
management preferred monthly reports.

Meetings about long and short issues. Meetings about
long term issues were held most frequently in Company A
(weekly for upper and middle management), and least often
(semi-annually) in Company B. However, in Company B there
was informal discussion of long term issues among upper
management "whenever the topic happened to come up." Middle
management in Company B was called together for meetings
with upper management about long term issues only in times
of crisis, such as when their product supply was in
question.

Meetings to discuss short term issues were held more
frequently (weekly) in Companies A and B, than in Company C
(monthly).

Informal gatherings. In all firms, there were social
and informal gatherings that included all levels of
management. More of the events at Company B appeared to
include all levels of management. More of the events

mentioned at Company C appeared to include only upper management. At Company A informal gatherings had not occurred very frequently, perhaps due to the newness of the firm.

Communication mode. In both Companies A and C, the type of communication that provided all levels of management with the most helpful information about day to day operations was face to face. Middle management in these two companies and all management in Company B indicated that the telephone was a valuable source of day to day information.

At all management levels, Company A indicated that face to face communication was the most helpful method of learning about long term issues, whereas Company C indicated at all levels, that written memoranda provided them with the most helpful long term information. Company B used both face to face and memoranda to communicate long term issues.

To summarize, in all firms, face to face and telephone communication were the preferred modes for all levels of management. This is contrary to the findings cited by Rice and Shook (1991), which indicated that face to face communication was used more often by upper level management than by other levels.

Short-term (daily, weekly or monthly) financial reports were the most used integrative devices for all management levels in all firms. At least some informal gatherings

included all management levels in all firms but this trend was more prevalent in Company B. There was a strong informal network among lower level management in all firms.

Short-term issues were discussed at least weekly by all management levels in all firms. In Companies A and C, upper management discussed both long and short issues more frequently than middle or lower level management.

Project Initiation Style of Managers

In Companies A and C, the style of project initiation generally varied with the situation, whereas in Company B, the style varied with the person.

In Company A the most prevalent initiation styles used by upper and lower management were manager directed and justify and solicit. For middle management, delegation was the most prevalent style.

In Companies B and C, all management levels used the same project initiation styles. In Company B the preferred style was justify and solicit support. In Company C it was manager directed.

The initiation styles employed most often by management in all three companies, i.e., justify and solicit and manager directed, were similar to Nutt's (1987) categories which were labelled, intervention implementation and edict implementation, respectively. Nutt (1987) defined his styles in the following manner. When intervention

implementation is used, the manager presents a justification for his or her actions and then garners support among co-workers. When edict implementation is employed, the manager uses his or her position power to implement a plan.

In this study, managers indicated that they preferred to justify their actions or project before implementation, but in some cases, especially when time was at a premium or a great deal of monetary resources were at stake, the method of project initiation was more manager directed. Nutt's (1978) research indicated that this style seemed to be the least effective in successfully implementing strategy. Since no measure of success or effectiveness was included in this study, the effect that employing this project initiation style had on implementation could not be addressed.

Resource Allocation

In all firms, resources for all projects were allocated by upper level of management. In Companies A and B, the senior officer made the allocations. In Company C, the executive committee, who comprised the second tier of upper management, made the allocations in many instances. This activity had occurred at this management level only since the restructure. Before that time, all resource allocation took place with the Chief Executive Officer and/or the Board of Directors.

The allocation of resources as a task of upper level management is typical among many firms according to Anand and Merrifield (1982). This method of allocation reflects the centralized decision making-structure of each firm. While this method of allocation may appear restrictive, it strongly implies upper level management's support of a project, one of the key aspects for successful implementation (Voyer, 1986). The political implications of resource allocation, to which Bower (1970) refers, are also exemplified through upper level management allocation.

Planning and Control

Company-wide information system. All three firms relied on the traditional methods of transmitting information, i.e., memoranda and profit and loss statements. Newsletters were used in Company C, and were soon to be introduced in Company A. The existing information systems were seen as information transmitters rather than monitoring mechanisms. However, in those firms that were utilizing their computer capabilities, the intent was to eventually employ the information system as a monitor for the enhancement of information transfer.

Accounting systems. In all firms, individual units were profit centers in which budgetary responsibility was determined by evaluating the difference between the revenues and expenses of operations (Schermerhorn, 1986). Although

all unit managers were doing some variation accounting, Company A had the most structured version. Each unit and administrative department was a cost and profit center. Variation accounting was monitored through a point of sales system. This monitoring was considered to be a strength of the firm by upper management because it permitted quick reaction and easy feedback to unit managers.

At Company C the restaurants were grouped according to areas, regions, and were ultimately funnelled into the restaurant side of the corporate firm for analysis. The retail food product side of the corporation was dealt with separately.

Upper management in Company C indicated that managers were not expected to track their expenses extensively. Rather, they were expected to use their judgement, following the pattern of customers and making sure that food and supplies were always available to satisfy customer needs. However, middle and lower level managers indicated that they were very aware of their budgets and had to watch them closely. These managers functioned in a manner which suggested that there was a basic company understanding that judgement was to be used when allocating financial and human resources, while maintaining customer satisfaction at the same time.

In Company B, variation accounting was used to monitor the usage and cost of a few non-food items. Otherwise, the emphasis was on controlling costs, rather than making a comparison between budgeted and actual figures.

Quality control. Companies A and C had well established training programs for managers and hourly employees. The programs emphasized quality control standards in all aspects of operations, from purchasing to customer service.

The standards for the quality control program at Company A had been developed from materials that were used by management in their prior corporate setting. All aspects of production were monitored including purchasing, preparation, holding times, use of leftovers and product presentation. Customer service was monitored through a mystery shopper program. Monitoring of all of these aspects was reviewed by corporate headquarters, as well as middle and lower management.

Company C had a very complete training system for managers and hourly employees that included a major emphasis on quality control. Corporate trainers were sent into each new unit for several weeks before and during the opening. Guidelines from corporate were used to monitor the quality of purchasing, food product presentation, food production, sanitation, manager performance, and customer service.

Customer satisfaction summaries were regularly sent to corporate headquarters for review.

Company B had a very extensive training manual for manager trainees that outlined quality control standards for production and service. Although managers indicated that quality control was a priority in this firm, there were few formal monitoring devices. Managers stated that quality control was the "responsibility of each manager on duty." How this activity was executed varied with each manager.

Personnel appraisal. The only company in which formal reviews of upper management were conducted was Company A. Middle management was reviewed once a year in Companies A and B. In Company C, first and second tier middle level management were reviewed semi-annually and quarterly, respectively.

Lower level management was reviewed quarterly in Companies A and C. In Company B, lower level management was reviewed annually after the first year. The formal performance review process for all management levels was a recently established policy in Company B. This activity was producing some anxiety for both upper and middle level managers, because managers in this firm were unaccustomed to formally evaluating one another.

Monitor and feedback. In all firms, the following items were collected by corporate to monitor performance:

food costs, labor costs, sales, and customer counts. Data regarding performance was collected on a daily basis in Companies A and C due to their computer capacities. Feedback to managers was done on a weekly basis in all three companies, but was done in Companies A and C daily, if it was necessary.

Strategic plan and functional strategies. In Companies A and C, there were written strategic plans, which were reviewed and updated annually. Even though the development of the formal plan was a new activity for Company C, it appeared that the firm had been very goal oriented for many years. This was probably due, in part, to the fact that it was a publicly held company and had to provide information to the Securities Exchange Commission as well as its stockholders on an annual basis.

Both Companies A and C had developed functional/ operational plans for the units that reflected their respective strategic plans. This was an example of the integration of long term and short term objectives that Hrebiniak and Joyce (1984) indicated as part of effective strategic implementation.

In reviewing the functional strategies in the units of Companies A and C, it was noted that unit managers in each firm were responsible for making decisions about operations regarding labor costs and employee scheduling. Although

there were company guidelines to follow in each firm, the managers were expected to make these decisions judiciously. This could also be observed from a review of the in-store marketing decisions. Managers were responsible for conducting in-store promotions, and for becoming involved with local community activities. The promotions and activities varied with the store locations, but were expected to follow the company philosophy.

Human resource decisions concerning hiring, firing and promotion of employees were also the responsibility of unit managers in Companies A and C. Again, there were general guidelines from corporate, but the unit manager had the freedom to hire according to local labor market availability and wage rates.

Company B had no formal written strategic or operational plans. Thus, any comparisons between these plans were not possible. The recommendations from an outside focus group report were used as a guide to initiate the strategic project. However, it was obvious from the interviews of upper management that a strategy did exist. The company wanted to remain in business and make money. The impression received by the researcher, after talking to all levels of managers, was that Company B was a very informally run company, similar, in some respects, to a traditional family, with the senior managing partner acting

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as the father. Most decisions in the units were made with input from at least middle level management, and in many cases upper management input, because of their daily presence in the units.

In terms of the functional strategies or activities that were decided in each unit, the only activity that appeared to be left to the discretion of the unit manager in Company B was hiring, firing and promotion of hourly employees. But even this activity was done, in many cases, with the input of at least middle management.

The lack of a written plan in Company B limited the comparison between long and short term objectives. This, however, is not necessarily a criticism of the company. It is not the presence of a written strategic plan that makes a firm successful; rather, it is the articulation of the firm's strategic direction in a manner that is understood and adopted by all levels of management that contributes to a firm's success (Guth & MacMillan, 1986).

Rewards and Incentives

In all three companies, manager compensation was based on a combination of subjectivity and formula, except for upper level management in Company B. In Companies A and C, the ratio of subjectivity to formula that was used to determine total compensation increased as the management level increased. In Company B, compensation for upper level

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management was based totally on company earnings, due to the manner in which the business was organized.

In Companies A and C, both upper and middle level management's bonuses were based on long term performance (annual reviews). Bonuses for lower level management in Companies A and C were based on short term performance (quarterly reviews). In Company B there was no formal bonus system.

Total company performance was used as the basis for management compensation for upper level management in all three firms. In Companies A and C, regional or district performance, as well as total company performance, were used as a basis for middle level manager compensation. Unit performance in Companies A and C was the primary basis for lower level management compensation. In Company B, middle and lower level management compensation was based on total company performance, but could also be influenced by area or unit performance.

Balkin and Gomez-Mejia (1990) noted that pay mix changed as the firm's strategy evolved from growth to maintenance. The emphasis moved from incentives to salary benefits. This was observed in Company C, which was still growing, but where maintenance was important. According to one of the group vice presidents, there had been a recent

shift in the compensation ratio, with the salary portion increasing.

In Companies A and C, an attempt was being made to coordinate the management reward and incentive system with the strategic plan. This was not evident in Company B. Coordination between strategy and the manager compensation system follows the premise of Hrebiniak and Joyce (1984) which states that, "organizational survival and growth, ...reflect success in arranging payments to individuals sufficient to motivate their continuing involvement and performance," (p. 189).

Summary of Process Variables

The process variables unique to each firm are shown in Table 4-3. The information systems in Company B were the least formal of any of the firms. They were characterized by primarily informal interactions between management levels, less frequent meetings among management concerning long term issues, nonagreement between management levels on useful financial reports, and frequent informal gatherings which usually included all levels of management. Companies A and C had more formal interactions both between and within management levels. There was agreement among management levels concerning helpful integrative devices in Companies A and C. Informal gatherings were less frequent and did not always include all management levels in Companies A and C.

Table 4-3
Comparison of Process Variables Among Firms

Company A	Company B	Company C
PROCESS VARIABLES	**PROCESS VARIABLES**	**PROCESS VARIABLES**
<u>INFORMATION SYSTEMS</u> <u>Between Level Integration</u>	1. Most frequent informal interaction between all management levels among the three firms	
<u>Within Level Integration</u> 1. Most frequent formal meetings of upper management among the three firms		
<u>Integrative Devices</u> 1. All management: weekly and monthly	1. Upper: Daily, weekly and monthly 2. Mid-level: weekly 3. Lower-level: monthly	1. All management: weekly and monthly and memos
<u>Meetings: Long-term Issues</u> 1. Meetings held most frequently	1. Meetings held least frequently	
<u>Meetings: Short-term Issues</u>		1. Meetings held least frequently among the three firms
<u>TYPES OF COMMUNICATION</u> <u>Day-to-day</u> 1. Face-to-face	1. Telephone	1. Face-to-face
<u>Long-term</u> 1. Face-to-face	1. Combination face-to-face and written	1. Written
<u>Informal Gatherings</u>	1. Combination face-to-face and written	

Table 4-3 Continued
Comparison of Process Variables Among Firms

Company A	Company B	Company C
PROCESS VARIABLES	**PROCESS VARIABLES**	**PROCESS VARIABLES**
<u>Project Initiation Style</u> 1. Varied with situation 2. Upper-level: Manager directed and justify and solicit 3. Mid-level: Delegation 4. Lower-level: Manager directed and justify and solicit	1. Varied with person or situation 2. Preferred justify and solicit at all levels 3. Used manager directed as level of risk of project increased	1. Varied with situation 2. Preferred manager directed and justify and solicit at upper and lower levels 3. Mid-level preferred delegation
<u>Resource Allocation</u> 1. Allocation by CEO	1. Allocated incrementally for Strategic Project	1. Allocated by second tier upper management
<u>**PLANNING AND CONTROL**</u> <u>Accounting System</u> 1. Most structured	1. Least structured	
<u>Quality Control</u> 1. Formal monitoring	1. No formal monitoring	1. Formal monitoring
<u>Personnel Appraisals</u> 1. System for all management levels	1. Recently introduced	1. Formal monitoring
<u>Monitoring</u> 1. Daily	1. Weekly	1. Daily
<u>Written Strategic Plan</u> 1. Yes	1. No	1. Yes

Table 4-3 Continued
Comparison of Process Variables Among Firms

Company A	Company B	Company C
PROCESS VARIABLES	**PROCESS VARIABLES**	**PROCESS VARIABLES**
REWARDS AND INCENTIVES Use of Both Subjective and Formula Measures to Determine Compensation 1. All levels of management	 1. Only at mid-and lower-management	 1. All levels of management
Basis for Bonus Plan 1. Upper and Middle: Long term performance; Lower: short term performance	1. No formal system	1. Upper and middle: Long term performance; Lower: Short term
Basis for Compensation 1. Upper: Total Company performance 2. Mid-level: Regional performance 3. Lower: Unit performance	1. Upper: Total performance 2. Mid-level: Total performance plus own area of influence 3. Lower: Unit performance plus total company performance	1. Upper: Total company performance 2. Mid-level: Total plus area (same for all area directors) 3. Lower: Unit performance

Face to face and telephone communication were the most useful in all three firms.

Project initiation style was less manager directed for Company B, than for either Company A or Company C.

None of the firms utilized a formalized computer-based information system. However, Companies A and C were in the early stages of implementation of such a system.

The planning and control systems were less structured in Company B, than in Companies A or C. In Company B, variation accounting was used to a lesser degree and there was less formal monitoring of quality control measures than in Companies A or C.

The reward and incentive systems were more consistent and formalized in Companies A and C. Companies A and C had a written strategic plan; Company B did not have a written plan. In general, both Company A and Company C had more formal and structured planning and control systems and reward and incentive programs than Company B.

Summary

This chapter presented the results of the research that was conducted in the form of a description of the strategy implementation process in each firm and a comparison among the three firms that were studied. The description and comparisons were presented in the framework of the context and process variables that comprised the initial Model of

Strategy Implementation in Restaurant Firms. Other defining information was included about each firm, its managers, and the strategic project that was traced.

CHAPTER FIVE

PROPOSITIONS

Introduction

Chapter Four described the context and process variables of the Model of Strategy Implementation for Restaurant Firms. These variables were presented both descriptively and comparatively for the three firms in this study. In this chapter the fourteen propositions which emerged from the analysis of the data are presented. Included with each of the propositions is a justification. The justifications include how the propositions were manifested in each of the firms. Additional supportive literature, especially that which focused on contingency theory, was included when it was appropriate.

Validity Network Schema (McGrath, 1982) suggests that Stage I research (the present study) should result in the development of a model. The propositions in this chapter provide a basis for a framework of strategy implementation in which associations and relationships between variables are delineated, but causality is not inferred. The framework is presented and discussed in Chapter Six.

Proposition Development

In Chapter One, strategy implementation was described by the model, shown in Figure 1-1. This model contains five context and five process variables. The model was developed

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on the basis of a review of the theoretical literature about the restaurant industry, strategy implementation, and organization theory. The research in Chapter Two supports the ten variables in this initial model. In Chapter Four, the strategy implementation process in the three firms was described by reference to the ten model variables.

The variable descriptions for each of the firms that were studied served as the basis for the propositions in the present chapter. These propositions were developed using a three step process. First, overall variable descriptions were derived by concept mapping the descriptions of each variable in each of the firms. Second, the newly derived overall variable descriptions were placed in one of three matrices. The first matrix compared the context and process variables. The second matrix compared the context variables with each other. The third matrix compared the process variables with each other. Finally, the variables in each of the matrices were analyzed and the propositions were developed. Portions of these matrices are included in Tables 5-1 through 5-9. These matrices show the associations among the variables which support the propositions.

Propositions

Culture

The first series of propositions address the associations that were found in this study concerning organizational culture.

P1: The stage of the firms's organizational life cycle influences its organizational culture.

Life cycle stage → Organizational culture

All three companies serve as examples of how organizational life cycle affected the culture. See Table 5-1.

Company C was in the mature stage of its life cycle and it was also the oldest firm. There were many symbols that were representative and unique to the company. For example, the attire for managers at all levels always included a string tie, whether they were dressed in three piece suits or a shirt and jeans. The consistent and conspicuous architectural design of all of the company's properties was also symbolic.

There were aspects of the internal business environment that were not discussed as priorities in the interviews, but that were part of the culture as well as managerial

Table 5-1

Comparison Matrix of Context Variables and New Elements: Culture with Perceived Environmental Uncertainty, Manager Demographics, Life Cycle Stage

Context Variables & New Elements	Context Variable
	Culture 1. Hardwork emphasized - all 2. Customer satisfaction emphasized - all 3. A & B = founder of firm = hero 4. A = values openness and sharing 5. B = Values camaraderie among managers and employees 6. C = values conservative, trust, support
PEU 1. A & C firms above average to high PEU 2. Consumer choice is greatest perceived threat 3. PEU is greatest for lower level mgt. in all firms	1. Customer choice greatest environmental threat for each firm 2. Customer satisfaction an important part each culture
Mgr. Demos. A = Most managers came from same corp. firm B = Longest average tenure for all managers C = Managers in current positions longest	1. A = Mgrs. from same culture; some mgrs. at all levels say it's too early to tell what culture will be. 2. Managers brought experience from other firms to Company A.
Life Cycle Stage A = 1 year old—introductory to growth stage B = 17 years old — mature C = 38 years old — mature	1. Newest firm: intro. stage - culture still being established 2. Oldest firm: culture most consistent; values, etc. unspoken, but present in mature stage. 3. B in mature stage; culture slowing the need to change

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philosophy. For example, quality control was not emphasized as an important competitive method; however, based on the comments made by managers, studying company newsletters and bulletins, and by observation within the units, it was obvious that quality control was very important to this company.

Another aspect that was not emphasized in the interviews but which upper management "took for granted" was budgetary responsibility. While upper management downplayed or did not speak about budget matters, middle and lower level management indicated that it was understood that budgetary responsibility was very important to upper level management.

Finney and Mitroff (1986) stated that "cultures do not emerge overnight; they have a history," (p. 319). Company A is an example of an emerging culture. In this firm, many of the managers said that it was too early to describe the culture in their firm. Many of the management staff at Company A came from the company where their concept originated. The current culture of Company A reflected some aspects of this former company. Part of the reflection of that culture was purposeful, such as in the use of training techniques. Not enough time had passed to make these borrowed training methods unique to Company A. In fact most

of the procedures in Company A came from some other company culture in which the managers had worked.

Several managers in Company A commented that there were not many rituals or ceremonies that were company specific, because, "...there hadn't been enough time yet." One unit manager commented that the new hourly employees and new managers would, in time, "...forge the culture."

Company B, on the other hand, was in the mature stage of its life cycle. Similar to Company C, it had a culture that had many unspoken expectations. Many of these expectations involved maintaining the status quo. In fact, it seemed that the culture was becoming a hindrance to the kind of change that was necessary for the company to remain competitive. For example, there were managers at all levels who liked things "...the way they were." One upper level manager commented that Company B "...didn't ever want to go anywhere it wasn't comfortable." As long as these managers remained involved, changing the culture, much less changing the direction being taken by this company's concept, would be difficult.

> P2: There is an interactive effect between manager demographics and organizational culture, and between managers' perceived environmental uncertainty and organizational culture.

Manager demographics   ↔   Organizational culture
Perceived Environmental
Uncertainty

Manager demographics was not included as a variable in

the initial Model of Strategy Implementation for Restaurant

Firms.   However, the demographic information about the

managers that was collected during the interview process was

analyzed to see if it was associated with any of the

variables in the original model.

The effect of manager demographics on the

organizational culture was evident in Company A.   See Table

5-1.   A large number of its managers came from the corporate

restaurant firm that had previously owned this company.

These managers brought ideas and procedures from that firm

into Company A. The Chief Executive Officer had also worked

for another major food conglomerate, as well as Company A's

former parent firm. While at the conglomerate, he learned

the culture and the competitive methods and the structural

configuration of a company of that size.   He and other upper

level managers, who had gained experience in larger firms,

expressed their decision to keep the "corporate" out of the

present culture. They wanted to maintain an atmosphere of

openness, sharing and concern for employees -- an attitude

not seen as occurring frequently enough in their past managerial experiences.

Several of the lower level managers in Company A had worked for full-service restaurants before coming to Company A. It was apparent, through the interviews and observations, that their service style background affected how they perceived customers. There was a much greater concern for customer comfort in the dining room among these managers when compared to those managers with only a fast food background. Based on comments that were made by the Chief Executive Officer during his interview, it seemed apparent that this type of concern for the customer would become part of Firm A's culture.

The association between manager demographics and culture is interactive because the interests and backgrounds of managers create the culture, and, in turn, the culture dictates manager behavior. This was demonstrated in both Companies B and C where managers with long tenure had learned the accepted modes of operation, dress, and management style.

The culture also effects the manager-community interaction. This was demonstrated in both Companies A and C, particularly in their methods of local store marketing and community outreach. The charities they supported and

their interactions with the community were a reflection of the values espoused by their firm's culture.

The interaction between a firm's perceived environmental uncertainty and the organizational culture was observed when comparing certain aspects of each firm's culture with each firm's perception of the environment. See Table 5-1. An explanation of this interaction follows.

When the managers in each firm were asked to describe the culture, each one mentioned the importance of customer satisfaction. The employee training programs in each firm exemplified the fact that maintaining customer satisfaction had been internalized and made part of the culture. The training programs in each firm emphasized the particular concept and service style used to attract customers. Although employee training about customer interaction was more focused in Companies A and C, Company B's attention to the customer through server interaction had recently been approached more aggressively than in the past.

When each manager was asked to name the factor in the environment that posed the greatest threat to their firm, the answer of each was change in consumer choice. This response provided evidence that the culture reflected the needs posed by the environment, e.g., providing products that customers wanted in order to keep them coming back. At the same time, managers within the culture had made two

decisions. First, to address the needs of customers, and
secondly, which groups of customers they would target.
Through the selection of a concept, they targeted a
particular group of customers. They then trained their
employees to interact with those customers in a manner that
would encourage them to become repeat buyers.

     P3:   Organizational culture influences project
             initiation style, information systems, and
             resource allocation, and in turn, strategy
             implementation.

Organizational → Project Initiation Style → Strategy
Culture   Information Systems   Implementation
                  Planning & Control

The association between organizational culture and
manager project initiation style, which was suggested by
Bourgeois and Brodwin (1984), was most clearly demonstrated
in Company B. See Table 5-2. The organizational culture in
this company was characterized by camaraderie among managers
and employees and a high level of informal interaction both
within and between management levels. The project initiation
style used most often in this firm was to justify and

Table 5-2

Comparison Matrix of Context and Process Variables:
Culture with Project Initiation Style

	Process Variable
	Project Initiation Style
	1. Proj. init. style depends on risk level & type of project - A & C 2. Varied with mgt. level — all 3. Upper & lower mgt. preferred justify and solicit, but as risk level increased or project importance increased, upper & lower used manager directed in A & C 4. Mid. mgt. consistently used delegation in all firms 5. Justify and solicit used mostly at all levels in B in B.
Context Variables	
Culture	
1. Hardwork emphasized — all 2. Customer satisfaction emphasized — all 3. A & B = founder of firm = hero 4. A = values openness and sharing 5. B = Values camaraderie among managers and employees 6. C = values conservative, trust, support	1. In B = camaraderie among mgrs. and employees was important. 2. Justify & solicit was preferred proj. init. style

solicit support, a less directive and more participatory
style.

In Companies A and C, the cultures appeared more formal
and structured than in Company B. Although openness was
encouraged and there was support for each other in these
firms, project initiation style was also more formal and
more frequently manager directed.

The association between organizational culture and the
characteristics of the information system was exemplified
best in Company B. In this company, camaraderie among
managers and employees was valued, suggesting a frequent and
informal flow of information.

The predicted ease of information flow was most
apparent in Company B. See Table 5-5. This was, perhaps, a
result of the fact that the culture was much more
established. A casualness among management was evident.
Moreover, much information was transferred by word of mouth
as it had been done for many years.

The organizational culture's impact on planning and
control measures can be demonstrated with an example from
Company A. See Table 5-4. As previously mentioned, many of
the managers in this firm had come from the former parent
company. They brought with them, as part of the culture,
standards for manager and employee performance and for
quality control. As was mentioned previously, lower level

managers who had worked in full service restaurants brought this type of experience into the present culture.

The standards and the experience from other companies affected the planning and control system in Company A in two ways. First, the standards that were developed reflected the prior standards and experience of its managers. Secondly, the monitoring of standards reflected this prior experience. The result was that there was a greater emphasis on providing quality customer service.

In summary, organizational culture is affected by the life cycle stage of the company. There is also an interactive association with culture and perceived environmental uncertainty, and with culture and the demographics of managers. Culture, then, influences the project initiation style of managers, the planning and control system, and the information system. The ultimate result is that all of these variables affect how strategy is implemented.

Perceived Environmental Uncertainty

The next group of propositions focuses on the role that perceived environmental uncertainty has on strategy implementation.

P4:   Company size and geographic dispersion influence
       the level of manager perceived environmental
       uncertainty.

Size & geographic dispersion → PEU

The managers at Companies A and C perceived the level
of environmental uncertainty to be much higher than the
managers in Company B. See Table 5-3. This difference of
perception may be partially attributed to the size of the
companies, and/or the range of geographic locations for the
units in these companies.

The rationale for this argument is based on the
research of Duncan (1972). His research showed that
decisions made in environments that are dynamic and complex,
as opposed to static and simple, cause the greatest amount
of uncertainty. Companies, such as A and C, which competed
in several regions of the country had to deal with regional
environmental differences. The recent variations in regional
economies (Milchalski, 1991) verify that the sales volume of
restaurant firms is dependent upon the health of the
regional economy in which they compete, as well as the
quality and consistency of the product they serve. Thus,
even though a firm produces a highly consistent product that

Table 5-3

Comparison Matrix of Context Variables and New Elements:
Perceived Environmental Uncertainty with Size and Geographic Dispersion

	New Element
	Size & Geographic Dispersion 1. A = 20 units—clustered in several geograhic regions 2. B = 33 units — one geographic area 3. C = 255 units — several geographic regions
Context Variables	
PEU 1. A & C firms above average to high PEU 2. Consumer choice is greatest perceived threat 3. PEU is greatest for lower lovel mgt. in all firms	1. A and C — more geographically dispersed A and C — have higher PEU than B

is of good quality, upper level managers may perceive more uncertainty if the firm has units dispersed over a wide and/or diverse geographic area, as opposed to a limited geographic area.

There was also evidence in this investigation that perceived environmental uncertainty could be a function of company size alone, as was suggested by Ouchi (1977). In this study, the largest firm (C) as well as the firm with the most extensive growth plans (A) perceived the environment as more uncertain than the firm which chose to remain small with under 40 units (B).

This argument is similarly supported by the research of Duncan (1972). A larger company has to acknowledge more factors that affect its viability in the environment. As a company increases in size, it may choose to diversify in structure and/or concept as did Company C. As a result, the uncertainty levels become higher because of the increased number of factors in the environment that must be considered. Quantity of supplies, level of technology, and the role of government regulations all become more important concerns. Dynamism, the rate and degree of change, in these factors also becomes a larger concern because more of the company's resources are at stake.

P5:   The level of manager perceived environmental
      uncertainty influences the firm's planning and
      control system, specifically the company-wide
      information system and the monitoring and feedback
      mechanism; and, in turn, influences strategy
      implementation.

      PEU → Planning & Control → Strategy Implementation

      Companies A and C serve as examples to explain
Proposition Five, which deals with the planning and control
aspect of strategy implementation.   See Table 5-4.

      In Companies A and C, which were experiencing high
levels of perceived environmental uncertainty, the usual
methods for transmitting performance information were being
enhanced with computer technology.   The immediate collection
and feedback capabilities of a computer system allowed for
more frequent monitoring and feedback.   The frequent
monitoring affected the way in which planning and control
functioned.   Frequent monitoring permitted rapid changes to
be made in the implementation process or, if necessary, the
strategic project.   The computer system also affected the
evaluation process of managers, since their activities

Table 5-4

Comparison Matrix of Context and Process Variables:
Culture, Perceived Environmental Uncertainty, and Structure with Planning and Control

	Process Variable
	P &C 1. A & C had strategic plan written by upper mgt. 2. P & L statements frequently monitored & feedback given weekly in all firms; feedback daily via computer in A & C 3. Quality Control formal monitoring according to specific criteria in A & C 4. All units are profit centers in all firms 5. System to evaluate mgrs. in all firms 6. A & C are augmenting traditional info. system of P & L's & memos with computer
Context Variables	
PEU 1. A & C firms above average to high PEU 2. Consumer choice is greatest perceived threat 3. PEU is greatest for lower level mgt. in all firms	1. Increase in information processing in A & C; also higher PEU 2. Increase in monitoring & feedback in A & C; also higher PEU
Culture 1. Hardwork emphasized - all 2. Customer satisfaction emphasized - all 3. A & B = founder of firm = hero 4. A = values openness and sharing 5. B = values camaraderie among managers and employees 6. C = values conservative, trust, support	1. A = the Quality Control program came from the former parent firm, where many mgrs. worked 2. Previous firms' cultures & previous mgrs' cultures affect new firm's methods of developing standards & monitoring practices
Structure 1. Centralized decision-making - all 2. Hierarchical structure - all 3. B & C changing to increase information flow and/or change decision-making 4. Input from all levels of management on all but except strategic decisions 5. Org. chart closely followed in A & C	1. No lower level mgrs. involved in early planning of strategic project in any firm 2. Centralized decision-making in all firms 3. Closely followed org. chart and frequent & formal monitoring of performance in A & C

became part of the company record at the end of every day, as opposed to on a weekly or monthly basis.

In Company A, the computer system was highly praised by upper management for its ability to track progress and to enable management to quickly react to changes in the environment. Company C, while recognizing the need for computer technology, had a more cautious approach to incorporating it into their planning and control system. They were piloting the computer system's use in a small number of stores before making a decision to implement it throughout the company.

The increased use of computer technology has the capacity to decrease the number of face to face interactions that are traditionally used in strategy implementation. Information that is usually transmitted by middle management's presence or telephone conversations is sent via electronic mail or computer print-out.

In Company C, the computer generated feedback process was enhanced by the presence of upper and middle level management in the units. During the initial implementation phases of the strategic project, upper and middle level managers were able to provide immediate input and encouragement to lower level managers, in this manner.

P6:   The level of manager perceived environmental

uncertainty influences the firm's information

system, specifically within-level informal

integration which, in turn, influences strategy

implementation.

PEU → Information Systems → Strategy Implementation

It was noted in Chapter Four that the level of
perceived environmental uncertainty was consistently higher
among the lower level managers than either middle or upper
level managers in all three firms in this study. See Table
5-5.   Lorsch and Allen (1973) indicated that firms which
experienced greater levels of uncertainty had more complex
operating structures, increased information processing, and
made greater use of lateral or within-level integrative
processes.   Galbraith and Kazanjian (1986) stated, "The more
new product activity, and the higher the level of technology
and uncertainty, the more the hierarchy needs to be
buttressed with cross-departmental coordination mechanisms,"
(p. 79).

This same principle can be applied within firms. The
unit managers who dealt with the day to day fluctuations in
supplies, customers, and other environmental factors in this
study perceived more environmental uncertainty than middle

Table 5-5

Comparison Matrix of Context and Process Variables:
Culture, Perceived Environmental Uncertainty, and Structure with Information Systems

Context Variables	Process Variable
	Information System
	1. Info. flow freq. & open between adjacent mgt. levels in A & B
	2. Informal and casual communication is preferred in B
	3. Face to face & telephone are preferred modes - all
	4. Short-term financial reports (wk & mo) preferred by all mgt levels - all
	5. Informal network among low level mgt - all
	6. Short-term issues discussed frequently in all firms at all levels. In A & C upper mgt. discussed long & short term more frequently
	7. At least some informal gatherings include all mgt levels in all firms
PEU	
1. A & C firms above average to high PEU	1. Communication is more frequent/informal between lower level mgt.
2. Consumer choice is greatest perceived threat	2. Lower level mgt. have higher PEU
3. PEU is greatest for lower level mgt. in all firms	
Culture	
1. Hardwork emphasized - all	1. In A openness is valued; in B camaraderie among mgrs. & employees is valued
2. Customer satisfaction emphasized - all	2. Information flow between adjacent mgt. levels is frequent in A & B
3. A & B = founder of firm = hero	3. Informal communication is preferred in A & B
4. A = values openness and sharing	
5. B = values camaraderie among managers and employees	
6. C = values conservative, trust, support	
Structure	1. Centralized decision-making preferred in all firms
1. Centralized decision-making - all	2. Input from all levels on decisions - short term issues discussed, short term financial reports, face to face and phone used, informal gatherings include all mgt. levels
2. Hierarchical structure - all	
3. B & C changing to increase information flow and/or change decision-making	3. Information transmittal followed chain of command to adjacent mgt. levels in A & C; information re: strategic sent in same manner
4. Input from all levels of management on all but except strategic decisions	
5. Org. chart closely followed by A & C	

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or upper level managers. One way this group of managers chose to cope with the uncertainty was to establish a strong informal network among themselves; an example of increased within-level integration. Many of the unit level managers frequently communicated with one another concerning food and labor costs, menu promotions, and other operational issues. They also spent their free time together when time and logistics allowed. This even occurred in Company C, where units were often hundreds of miles apart and communication was limited to the Aud-X system and the computer.

The increased level of between unit integration among lower level management could affect strategy implementation, either positively or negatively. If lower level management understands the strategy to be implemented and is committed to it, the team work that ensues with lower level management integration could enhance the implementation process. But, if lower level management is not committed to the strategy, the integration of managers could hinder the implementation process (Guth & MacMillan, 1986).

In one of the firms, Company C, there was also evidence of frequent within-level integration among upper level management. This was exemplified by comments about joint decisions which had been made by the Group Vice Presidents of Marketing and Operations. Although managers at this level were not always present at corporate headquarters,

there was still a great deal of informal conversation and discussion of business issues "in the hallways" when they were there. The comment was made by one group vice president that, "...while decisions are not finalized in these encounters, information is passed and issues are discussed."

In addition to the frequent within-level integration, there was a relatively high degree of differentiation between functional departments in Company C. This finding is contrary to that of Lawrence and Lorch (1967) who found a low level of integration between highly differentiated departments. However, the high level of environmental uncertainty experienced by managers at Company C may have contributed to the increased level of integration (Galbraith & Kazanjian, 1986).

Thus, the level of perceived environmental uncertainty among managers appeared to influence the nature of the information systems by increasing the amount of interaction among managers at the same level. In all of the companies this interaction was evident for lower level management. In Company C, it was also evident for upper level management. At Company C, it appeared that the increased interaction among upper level management enhanced the implementation of strategy. A comment made by one upper level manager at Company C, that the "usual operations/marketing fight that

occurs in the industry does not exist in this firm--it can't exist," helps to verify the expediency given to the implementation of strategy by within-level integration of managers.

To summarize the propositions in this section, the level of perceived environmental uncertainty among managers can be influenced by the size and geographic dispersion of the company. The level of perceived environmental uncertainty, then, influences the design and nature of company information systems, specifically the amount of interaction that occurs within management levels.

Perceived environmental uncertainty also affects the planning and control systems. The introduction of computer technology, which results from the need to address the environment, can enhance the system by allowing more efficient monitoring and feedback. At the same time, however, the technology alters the traditional face to face interaction that often accompanies strategy implementation.

Structure -- The Decision-Making Aspect

Structure is a multi-faceted concept. In order to better define its role in strategy implementation it has been divided into three aspects: decision-making, formalization, and hierarchy. The next three propositions address the decision-making aspect, referred to as centralization by Pugh, Hickson, and Hinings (1969).

P7:   The level of manager perceived environmental
       uncertainty influences the decision-making aspect
       of organizational structure.

       PEU → Structure (Decision-making)

Two reasons for centralized decision-making have been
discussed in the literature. First, Bolman and Deal (1991)
noted the prevalence of centralized decision-making in
organizations which satisfy customers by selling product
consistency at all outlets. Secondly, Lorsch and Allen
(1973) found that increased environmental unrest caused
firms to remain centralized at the upper level. Both of
these findings are supported by this study. See Table 5-6.

Decision-making was centralized for all major issues at
the upper level of management in each of the firms. In
Companies A and B, the Chief Executive made all the
decisions. In Company C all decisions were made either by
the Chief Executive or the Group Vice Presidents in the
second tier of upper level management.

Each of the firms also provided their customers with a
consistent product. The product was delivered in an outlet
(restaurant unit) that provided consistency through
appearance and service. These companies were attempting to

Table 5-6

Comparison Matrix of Context Variables and New Elements: Size & Geographic Dispersion, Perceived Environmental Uncertainty, Corporate Strategy & Business Strategy

	Context Variable
	Structure 1. Centralized decision-making - all 2. Hierarchical structure - all 3. B & C changing to increase information flow and/or change decision-making 4. Input from all levels of management on all but except strategic decisions 5. Org. chart closely followed by A & C
Context Variables	
PEU 1. A & C firms above average to high PEU 2. Consumer choice is greatest perceived threat 3. PEU is greatest for lower level mgt. in all firms	1. Consumer choice greatest perceived threat of the environment 2. Centralized decision-making in all firms 3. Hierarchical structure in A & C
Size & Geographic Dispersion 1. A = 20 units - clustered in several geographic regions 2. B = 33 units - one geographic area 3. C = 255 units - several geographic regions	1. Formalization is greater in A & C 2. Companies A & C are more geographically dispersed than B 3. C has more units than A or B
Business Strategy 1. Tight control in ops in all firms 2. Tight control in ops & product in A & C 3. Reputation important in B & C (older firms) 4. All want to improve existing product	1. A & C = tight controls in operations & over product 2. A & C = org. chart followed closely; more overall formalization
Corporate Strategy 1. A & B are single-business 2. A & B are in restaurant business 3. All concerned with growth 4. C only firm that was diversified	1. A & B are single business and have centralized decision-making 2. C has product and concept diversity; decision-making is moving down to form a flatter organization structure

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reduce the environmental uncertainty caused by customer
dissatisfaction by offering a consistent product and type of
service. The inability to maintain a satisfied customer
base was seen by all three firms as the greatest threat in
the environment. Thus, in the face of environmental threats,
centralized decision-making was perhaps viewed as a
necessity.

P8: Corporate strategy influences the decision-making
     aspect of organizational structure.

Corporate Strategy → Structure (Decision-Making)

According to Rumelt (1974), an organization structured
as a single business utilizes more centralized decision-
making than one that is structured as a diversified
business. In this study, Companies A and B were single
business organizations. These two companies were small;
they were managing under 40 units. Company A was organized
as a single business because it was new and was concerned
with promoting its unique concept. Company B was organized
as a single business and chose to remain small and limit its
expansion to a relatively local region. See Table 5-6. In

these firms, final decisions were usually made by the
highest ranking executive in the organization.

On the other hand, Company C operated two divisions. In
this firm, final decision-making was becoming less
centralized and was more frequently done by the second tier
of upper management. This shift in decision-making was
evolving, as a result of the recent corporate restructure.
Moreover, Company C had recently acquired some related food
product companies. With these acquisitions, the company
added to its diversified structure.

Corporate strategy plays an important role in the
implementation of business and operating level strategies,
since it identifies the primary or corporate structure of an
organization (Hrebeniak and Joyce, 1984). The primary
structure sets the parameters within which the business and
operating structures are developed. Within those two
structures, the integration of activities and information
occurs. This integration drives the implementation process.

P9: The decision-making aspect of organizational
structure influences information systems, resource
allocation, and planning and control, all of which
affect strategy implementation.

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Structure      →  Information Systems  →  Strategy
(Decision-Making)    Resource Allocation    Implementation
                     Planning & Control
```
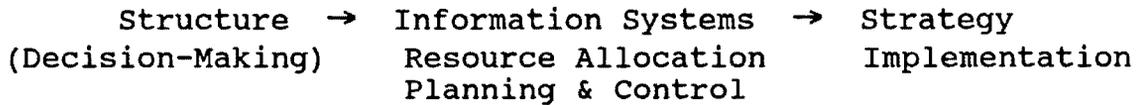
The information system in each of the firms studied was influenced by its structure. Each firm practiced centralized decision-making, in that most major decisions were made at the upper level of management. See Table 5-5. Also, upper level management in each firm stated that they encouraged input from all levels. This policy may have been one reason for the frequent discussion of short term issues, the preference for short term financial statements (weekly or monthly), and, at all levels, the preference for face to face and telephone communication. All of the above types of communication allow for, and in the case of short term issues, require more immediate input into decision-making.

Langley's (1989) work on motives for vertical interaction between management levels indicated that the primary motive for top-down interaction was to direct activities, while the most usual motive for bottom-up interaction was for persuasive purposes. These motives were exemplified in the way that centralized decision-making affected the design of the firms' information systems. All management levels reviewed the same issues, with lower and middle level management supplying the issues for discussion,

e.g., short term financial information. Upper level management representatives then made the decisions and passed them down through the hierarchical system.

The association between the decision-making aspect of structure and resource allocation is evident. See Table 5-7. In each firm, resources were allocated by upper level management; likewise, most final decisions were made at that level.

The effect of centralized decision-making on planning and control and the tendency for top-down interaction to be primarily directive is exemplified by the way in which each company planned its strategic project. See Table 5-4. In each firm, the idea and method of implementation originated with upper level management. In Companies A and C, middle management was brought in fairly early in the planning, but lower level management was not brought in until just before implementation was to begin. In Company B, upper management indicated that they did all of the initial planning.

In summary, the decision-making aspect of structure is affected by the corporate strategy and the level of perceived environmental uncertainty. How decisions are made affects the design of the information systems, how resources are allocated, and the nature of planning and control. All of these variables ultimately affect how the strategy is

implemented in terms of communication, resources, and the monitoring of performance.

Structure -- The Formalization Aspect

The formalization aspect of organizational structure refers to the presence of and adherence to written rules, policies and the organizational chart (Pugh, Hickson & Hinings, 1969). The propositions in this section refer to the formalization aspect of structure as it related to strategy implementation in the firms studied.

P10: The size and geographic dispersion of a firm influences the degree of formalization of the structure.

Size & geographic dispersion $\rightarrow$ Structure (Formalization)

The research by Miller and Droge (1986) indicated that the size of an organization is a good predictor of formalization; thus, larger firms are usually more formalized and centralized. In this study Company C was the largest and most formalized firm. Information was frequently transmitted by written memoranda, which were signed by each person before being sent on. Procedure manuals were maintained and regularly updated. All

materials used in training were developed and maintained at corporate headquarters.

In Companies A and C, there were more written rules and policies and a closer adherence to the organizational chart than in Company B. In fact, there was no written organizational chart in Company B. See Table 5-6. An increased level of formalization was necessary in Company C because of its large size (255 units). The strategic plan for Company A indicated that it planned to grow by an additional 10 to 15 units every year for the next five years. These new units were to be clustered in several different geographic regions of the United States. Although the firm was still small at the time of this study, its plans for growth suggested the need for an increased level of formalization.

P11: There is an interactive effect between perceived environmental uncertainty and business strategy, which, in turn, affects formalization of the structure.

PEU ↔ Business Strategy → Structure
(Formalization)

The interactive association between perceived environmental uncertainty and business strategy is based on the rationale that managers can enact their environments and choose the levels of uncertainty that they want to address (Weick, 1969; Khandwalla, 1976/77; Bourgeois, 1980).

Managers in Companies A and C perceived the environment as highly uncertain; changes in customer choice were the greatest threat. See Table 5-8. In order to meet customer needs, both companies chose to address environmental challenges by emphasizing tight control of operations and product quality in their business strategies.

The structure in each of these firms emphasized more formalization than Company B, especially in terms of written policies and close adherence to the organizational chart. See Table 5-6. Company B perceived the environment as less uncertain than either Company A or C. Neither their intended nor their realized business strategy, as indicated through the interviews, placed as much emphasis on control as did the business strategies of Companies A and C.

P12: The degree of formalization of the organizational structure influences information systems, planning and control, and the method of training, which influence strategy implementation.

Table 5-7

Comparison Matrix of Context and Process Variables and New Elements: Structure with Training and Resource Allocation

	Context Variable
	Structure
	1. Centralized decision-making - all
	2. Hierarchical structure - all
	3. B & C changing to increase information flow and/or change decision-making
	4. Input from all levels of management on all but strategic decisions
	5. Org. chart closely followed in A & C
Process Variables	
RA	
1. Top person allocated resources generally in all irms	1. Centralized decision-making in all firms
2. C:1st & 2nd tier upper mgt allocated for strategic project	2. Resource allocation at top of all firms
3. B: amoney allocated incrementally for strategic project	
Training	
1. All firms = conducted systematically corporate guidelines corporate trainers in new stores (C)	1. Higher level of formalization and centralized decision-making in A & C
2. All firms = training manuals	2. Training more standardized in A & C
3. A & C = specific training for strategic project	

Table 5-8

Comparison Matrix of Context Variables:
Business Strategy with Perceived Environmental Uncertainty

	Context Variable
	Business Strategy 1. Tight control in ops in all firms 2. Tight control in ops & product in A & C 3. Reputation important in B & C 4. All want to improve existing product
Context Variable	
PEU 1. A & C firms above average to high PEU 2. Consumer choice is greatest perceived threat 3. PEU is greatest for lower level mgt. in all firms	1. Interactive affect between PEU & strategy; each firm chose a strategy to deal with specific aspects of the environment, e.g. the customer

Structure → Information Systems → Strategy
(formalization)   Planning & Control   Implementation
                    Method of Training
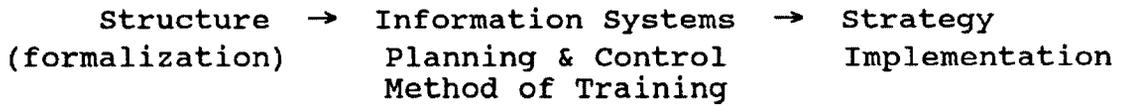
Companies A and C exemplified how the formalization
aspect of structure influences both planning and control and
information systems. See Tables 5-4 and 5-5. As was
previously mentioned, the structure in each of these firms
was characterized by a high level of formalization, e.g.,
written rules and policies.

Formalization was reflected in each of the firms'
information systems by the ways in which information was
transmitted to managers, primarily by memoranda, bulletin,
and the computer system. Secondarily, it was transmitted by
verbal interaction.

Formalization was also expressed by the design of the
planning and control systems in these firms (Companies A and
C). For example, performance guidelines for quality control
and manager evaluation were in written form. These
guidelines were used as criteria for monitoring and
feedback, which is a major part of planning and control.
Finally, the existence of a written strategic plan, as
opposed to a verbally explained plan, was indicative of a
higher level of formalization.

Although training was not a variable in the initial
Model for Strategy Implementation in Restaurant Firms, it
played a major part in strategy implementation in all of the
firms. See Table 5-7. In Companies A and C, the method of
training was very consistent. Training was based upon
written materials that were formulated and distributed by
the corporate office. Included in the training materials
were guidelines and criteria for all aspects of quality
control, and manager and hourly employee evaluation. In
Company B, training was more informal and less consistent.
Aside from the manual for managers, there appeared to be few
written guidelines. Thus, in this study the firms with a
more formalized structure trained their employees in a more
consistent manner, according to information provided during
manager interviews.

In summary, the results of this study suggested that
perceived environmental uncertainty and business level
strategy interact to influence the formalization aspect of
structure. The degree of formalization of the structure
then influences the design of the information system, the
planning and control system, and the method of training.
These factors have an impact on the implementation of
strategy, as they affect information transfer, monitoring of
performance, and the actual performance, itself.

Structure -- The Hierarchical Aspect

Hierarchy in the organizational structure refers to the firm's adherence to the chain of command or formal communication linkages between vertically adjacent management levels. This aspect of structure is sometimes referred to as the scalar principle, and includes the grading of duties, according to degrees of authority and corresponding responsibility. This hierarchy of positions was part of Weber's (1947) model of the perfectly rational organization. The following proposition addresses the association between hierarchy, as it is defined here, and information systems as noted in this study.

> P13: The degree of hierarchy in the organizational
> structure influences information systems and,
> thus, strategy implementation.

Structure → Information Systems → Strategy
(Hierarchy)   Implementation

The structure in both Companies A and C was defined as hierarchial, both by the managers and in the organizational chart. See Table 5-5. Level of responsibility was reflected in the organizational chart. Organizational charts were closely adhered to in each firm.

In Companies A and C, information about strategic issues was transmitted through the organization from each adjacent administrative level to the next. This was especially true with regard to written information. Managers at all levels indicated that the formal chain of command was followed in most instances.

In Company B, the structure was not described as hierarchical. It was explained as being somewhat fluid and ill defined. While some managers indicated that the formal chain of command was followed, others indicated that was not always the case. Several unit managers spoke of instances when upper level management, rather than middle level management, contacted them regarding policy changes from corporate headquarters. Some lower level managers indicated that this practice sometimes lead to confusion as to where responsibility lay, and where to go to seek information. Interviews of lower and middle level managers indicated that the chain of command for managers who had been with the company for a long time, was made up of different people than the chain of command for the newer managers. The findings in this study suggest that consistency in the transmission of information in the firm is related to the degree of hierarchy in the firm's structure, as was indicated by Hax and Majluf (1984).

Interactions Between Process Variables

The last proposition involves three process variables, information systems, planning and control, and rewards and incentives, and how the interactions among these variables were observed in this investigation. See Table 5-9.

P14: Planning and control influences the reward and incentive system and interacts with the information system, to affect strategy implementation.

Planning & Control ↔ Information Systems → Strategy
          ↓   Implementation
Rewards & Incentives

In Companies A and C, there was an emphasis on the systematic and frequent monitoring of performance and quality. Lower and middle level managers self-monitored both the financial and non-financial performance of their areas of responsibility. Upper level management maintained a close watch on performance measures. Feedback was given to middle and upper level management on a weekly or, sometimes, daily basis.

Rewards and incentives were systematically and regularly awarded in Companies A and C. They were distributed in conjunction with the monitoring and feedback

Table 5-9

Comparison Matrix of Process Variables:
Planning & Control, Information Systems, and Rewards & Incentives

Process Variables	Process Variable
	P & C 1. A & C had strategic plan written by upper mgt. 2. P & L statements frequently monitored & feedback given weekly in all firms; feedback daily via computer in A & C 3. Quality Control formal monitoring according to specific criteria in A & C 4. All units are profit centers in all firms 5. System to evaluate mgrs. in all firms 6. A & C are augmenting traditional info. system of P & L's & memos with computer
Information Systems 1. Info. flow freq. & open between adjacent mgt levels in A & B 2. Informal communication is preferred in A & B 3. Face to face & telephone are preferred modes - all 4. Short-term financial reports (wk & mo) preferred by all mgr levels - all 5. Informal network among low level mgt - all 6. Short-term issues discussed frequently in all firms at all levels. In A & C upper mgt. discussed long & short term more frequently 7. At least some informal gatherings include all mgt levels in all firms	1. A & C = info system augmented with computer; 2. Upper mgt. discussed short & long term issues more frequently in A & C, than in B 3. Computer assists with monitoring performance in A & C
R & I 1. A & C use combination of subjective & formula for determining compensation of all levels 2. A & C bonuses depend on profitability of area of responsibility 3. A & C lower level mgrs. are rewarded more frequently than upper & middle 4. No consistent bonus system in B	1. In A & C bonuses depend on profitability of area of responsibility 2. Bonus system is consistent in A & C 3. Monitoring in A & C is consistent; rewards given in conjunction with monitoring of performance

features of the planning and control system. The performance of lower level managers was evaluated quarterly; middle and upper level managers were evaluated yearly. An attempt in each of these companies was made to coordinate distribution of the rewards and incentives with the accomplishment of the goals outlined in the strategic plan.

In Company B, the reward system was a randomly administered program that was not coordinated with the planning and control system. One lower level manager commented that in past years the only way he could determine how well he was doing in the eyes of upper level management was to compare the size of his bonus with that of his fellow managers. If it was smaller than the others, he knew his work had not been as good as upper management would have preferred. Another manager commented that recently he had received an unannounced cash bonus with no explanation as to why it was given. According to his observations, he knew he had been outperforming other units. However, management did not share that information with him when they presented the bonus. Upper level management stated that they preferred this type of reward and incentive system as opposed to one that was more predictable. They felt that this system kept the managers "on their toes".

In two out of the three firms in this study (A & C), the distribution of rewards and incentives was incorporated

into the design of the planning and control system. In these two firms, coordinating rewards and incentives with the strategic plan was being discussed.

Although effectiveness of the strategy implementation process was not measured in this study, research suggests that if rewards are coordinated with the outcome of the strategic project, effectiveness of implementation should increase (Stonich, 1981; Hrebiniak & Joyce, 1984). Given this criteria, the implementation processes in Companies A and C should be more effective than Company B's, but this is only speculation.

The planning and control and information systems of any organization are linked by the nature of their design. Both systems transfer information, but for different purposes. The information system includes all the processes for communication in the organization. The planning and control system transfers information necessary to monitor performance. There is usually overlap between the two systems, if computer technology has been implemented, because of the computer's capabilities to process, transmit, and in some cases interpret information.

In this study, the design of the information systems affected the method of transmission of information for monitoring performance and providing feedback. In Companies A and C, a significant part of the information systems were

memoranda and bulletins. Information was transmitted along
the hierarchical chain of command in a consistent manner.
The planning and control systems functioned similarly.
Computer technology played a major role in the monitoring of
activities.

In Company B, both systems were less formal and
consistent. In terms of the methods that were used,
information transfer and the monitoring and feedback of
performance reflected one another. Word of mouth was the
preferred method.

Conclusions

This chapter presented 14 propositions. The
propositions demonstrated how the variables in the initial
model functioned as part of context and process in
describing strategy implementation. The propositions
provided a more complete definition of strategy
implementation as it was observed in the three firms
investigated in this study.

Three context variables emerged as having a major
effect on the process variables, as defined in this study.
The context variables were organizational culture, perceived
environmental uncertainty, and organizational structure.
Two of these variables, organizational culture and perceived
environmental uncertainty, were included in the initial

model because of their noted importance to firms in the restaurant industry.

The three context variables referred to above were influenced by two other context variables, as defined in this study: corporate strategy and business strategy. Three new elements, organizational life cycle stage, manager demographics, and company size and geographic dispersion were observed as influencing organizational culture, organizational structure, and perceived environmental uncertainty. Together, the new elements and the original variables interacted in a reciprocal or associative manner within the context where strategy implementation occurred.

Three process variables, information systems, planning and control, and resource allocation, were observed as having a major affect on strategy implementation. They were directly influenced by the most important context variables, organizational structure, organizational culture, and perceived environmental uncertainty.

One other process variable, project initiation style, played a part in the implementation process. A new element, method of training, was also involved as an aspect of strategy implementation.

In Chapter Six, a framework is presented that further delineates the associations between the variables that were demonstrated in the propositions. It is referred to as a

framework, rather than a model, because its purpose is to delineate relationships and associations between variables but not to infer causality. The framework, which is a result of this research, describes strategy implementation as being comprised of two components, context and process, and the elements within each of the components. The framework, together with the propositions, can serve as a base upon which to further study strategy implementation.

CHAPTER SIX

CONCLUSIONS AND SUMMARY

Introduction

This chapter presents a framework of strategy implementation for restaurant firms. It has been termed a framework, as opposed to a model, because causality between the variables is not to be implied. Its formulation was based on the compilation and analysis of interviews of managers at three multi-unit restaurant firms, study of the firms' literature, and site-based observations of how a strategic project was implemented in several units in each of the firms. These interviews, et. al., were discussed in Chapter Four and resulted in a listing of 14 propositions in Chapter Five. The propositions are the direct progenitor of the framework.

Also included in this chapter are suggestions for future research in strategy. These suggestions are grouped around three categories: subject area, research design and methodology.

Framework Description

The Framework for the Implementation of Strategy as Observed Through Strategic Project Implementation in Three Multi-Unit Restaurant Firms is shown in Figure 6-1. The unit of analysis, a strategic project, serves as a surrogate and frame of reference from which strategy implementation

Strategic Project Implementation

Context Variables

Process Variables

PEU

Size & geographic dispension

STRUCTURE
- Decision-Making
- Formalization
- Hierarchy

LC Stage

Mgr. Demo.

Corp. Strat.

Bus. Strat.

Organizational Culture

Info. Systems

Planning & Control

Rewards & Incentives

Proj. Init. Style

Resource Allocation

Method of Training

Secondary Variables | Primary Variables | Primary Variables | Secondary Variables

Legend for Figure 6-1

PEU ～～～～
Culture ■ ■ ■ ■
Structure/Decision-Making ▨▨▨▨▨
Structure/Formalization ▬▬▬
Planning & Control ◆ ◆ ◆
Corporate Strategy ────
Size & Geographic Dispersion ⋯⋯⋯
Structure/Hierarchy ── ──
LC Stage ⋙⋙⋙
Manager Demographics ▤▤▤

Figure 6-1
Framework for the Implementation of Strategy as Observed Through Strategic Project Implementation in
Three Multi-Unit Restaurant Firms

can be described. The configuration suggests that strategy implementation is the result of a progression from context, one of its two main components, to the other main component, process. That is, the activities of the context component directly affect the activities of the process component.

Each component contains several primary and secondary variables. Primary context variables directly affect primary process variables, which directly affect strategy implementation. Secondary context variables affect the definition, activity or function of the primary context variables. Secondary process variables are affected by primary process variables. In some cases, these variables (primary and/or secondary) either interact in a reciprocal manner with or have a one-way effect upon each other.

In developing the framework, the author has suggested the relative importance of the primary and secondary variables in each component by varying the size of the cells that represent them. That is, the larger the cell, the more impact the variable has within the component vis-a-vis the framework. No scale is indicated because of the qualitative base upon which the framework is developed.

Context Component

The context component of the model describes the setting in which the strategy is to be implemented. It

contains three primary variables and five secondary
variables.

Primary Variables

The three primary variables are organizational culture,
organizational structure, and perceived environmental
uncertainty, each of which has been defined in Chapter
Three. They are depicted in relatively large cells because
in the three firms studied, they contributed in an important
manner to the implementation of strategy. The propositions
demonstrated how these variables interacted with and were
affected by the other context variables.

According to the proposed framework, culture is
affected by the life cycle stage of the organization. It
also interacts with the demographics of the managers and
their level of perceived environmental uncertainty. Level
of perceived environmental uncertainty is affected by the
size and geographic dispersion of a firm.

This investigation suggested that the function of
structure, as it relates to strategy implementation, is more
effectively defined when it is viewed from three
perspectives: decision-making, formalization, and hierarchy.
Two of these perspectives, decision-making and formalization
are associated with three other variables in the context
component, as explained below.

The decision-making aspect of structure is affected by perceived environmental uncertainty. Among the firms in this study, as the level of perceived environmental uncertainty increased, so did the degree of centralization in decision-making.

Corporate strategy also affects the decision-making aspect of structure. In the firms in this study which followed a single business strategy, decision-making was more centralized.

The formalization aspect of structure is affected by the content of the firms' business strategies. In the firms where the strategy indicated tighter controls, the degree of formalization was greater.

Secondary Variables

The secondary variables in the context component of the proposed framework are corporate strategy, business strategy, company size and geographic dispersion, organizational life cycle stage, and manager demographics.

Corporate strategy is associated with the decision-making aspect of structure because of its role in the determination of the primary structure of an organization. Business strategy, in terms of its content, influences the formalization aspect of structure; perceived environmental uncertainty influences business strategy.

In the proposed framework, company size is defined as the number of company-owned and franchised units, rather than sales. Geographic dispersion is defined as the number of regions, either nationally or internationally, in which the firm competes. These two concepts are combined because of their potential relationship to each other; competing in several geographic regions often suggests the presence of more units. Size and geographic dispersion are depicted in the framework in a larger cell than other secondary context variables because of the important, though indirect impact on strategy implementation, as seen in this study. As size and geographic dispersion increased, the level of perceived environmental uncertainty and the degree of formalization of structure increased.

Stage of the organizational life cycle in the framework is defined according to Porter (1980) as "...the inflection point in the rate of growth of industry sales, ..." (p. 157), and also infers the function of age. Levitt (1965) and Wasson 1974) were two of the first theorists to develop arguments supporting the importance of product life cycle as a contingency variable. Kimberly (1980) conducted further work which related the product life cycle concept to organizations.

In this framework, the stage of the organizational life cycle influences organizational culture. It was noted that

the culture of the firm which was in the introductory stage
of its life cycle reflected the cultures of its newly hired
managers. The culture of the firms that were in the mature
stage were well established; many aspects were "taken for
granted."

Manager demographics in the framework are defined to
include tenure in the industry in which he or she is
currently employed, previous industry background,
educational background, tenure in the current firm, and
tenure in the current managerial position. The framework
defines manager demographics as a secondary context
variable, which influences organizational culture.

The primary and secondary variables in the context
component of the framework work together to provide the
setting in which the implementation of the strategy occurs.
The context component contains the basic elements of the
organizational milieu in which the process component
functions.

Process Component

The process component of the framework consists of five
primary variables and one secondary variable. The primary
variables are information systems, planning and control,
project initiation style, resource allocation and method of
training. The secondary variable is rewards and incentives.

These variables, except for method of training, have been defined in Chapter Three.

Primary Variables

The propositions in Chapter Five exhibited the importance of three of the process variables in terms of how they affected strategy implementation. The variables were information systems, planning and control, and resource allocation.

Two of the process variables, information systems and planning and control interact. The design of the information system and the planning and control mechanism dictate their interaction. Goold and Quinn (1990) defined a control system as "...the process which allows senior management to determine whether a business unit is performing satisfactorily, and which provides motivation for business unit management to see that it continues to do so. It normally involves ... monitoring of performance against ... objectives and feedback on results achieved." (p. 43).

The information system, in essence, provides the tools required by the planning and control mechanism to accomplish its mission. Hrebiniak and Joyce (1984) mentioned the importance of monitoring and feedback to effective implementation. Therefore, it is reasonable that in this proposed framework these two process variables interact. The results of this investigation indicated this interaction.

The interaction between information systems and planning and control is also important because of the relevance of the communication aspect of planning (Camillus & Grant, 1980; Lorange, 1982). To be effective, planning must be an iterative activity. A well designed and effective communication system is necessary for this interaction to occur.

In this framework, information systems, planning and control, and resource allocations are depicted in larger cells than the other two primary variables. This is because the major contingencies between the context and process components of the framework occur between information systems, planning and control, and resource allocation; and, the three primary context variables organizational structure, organizational culture, and perceived environmental uncertainty. The specific associations are explained below.

First, the information systems variable is influenced by perceived environmental uncertainty, organizational culture, and the hierarchical, decision-making, and formalization aspects of structure. Second, there is an association between planning and control, the decision-making and formalization aspects of structure, and organizational culture. Third, resource allocation is affected by the decision-making aspect of structure. These

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associations were observed in the strategic project implementation in this study.

Although resource allocation has only one association with the context component, it is a significant process variable. This is because of the importance given to the adequate allocation of resources for strategy implementation (Anand & Merrifield, 1982; Bower, 1970).

Project initiation style is influenced by the organizational culture. In the firms studied, project initiation style was not seen as important a variable to strategy implementation as other variables were. However, it remains part of the proposed framework; a different operational definition that emphasizes more about leadership qualities might provide greater insight into its effect.

Method of training is a variable that was not included in the initial Strategy Implementation Model for Restaurant Firms. Method of training refers to the systemization and consistency of the training program, and the types of pedagogy that are used. Method of training is included in the new framework because of its importance to the implementation process in each of the firms studied.

Training was frequently mentioned by all management levels as a part of the implementation process in all of the firms. In two of them, training was very consistent and systemized; written procedures were augmented with computer

networking. In the third firm, training was discussed more
that it appeared to be conducted. As is indicated in the
framework, the degree of formalization of the organizational
structure was associated with the consistency and
systemization of training.

Secondary Variables

The only secondary variable in the process component of
the framework, rewards and incentives, is influenced by
planning and control. In the current study, this variable
was indirectly associated with strategy implementation.
Rewards and incentives were tied into the planning and
control system in two of the three firms that were
investigated. As performance was monitored, it was rewarded
consistently and according to the performance criteria that
had been established.

Hrebiniak and Joyce (1984) recommended that as
strategic projects are planned, rewards and incentives
should be specifically related to the success or failure of
the project being implemented. This, however, was not
observed in the firms studied. Instead, the reward and
incentive systems were guided by the history of practices in
each firm.

To summarize, the process component of the strategy
implementation framework functions within the organizational
milieu represented by the context component. The two

components work in concert to accomplish the implementation of the strategy.

Critique of the Framework

The proposed framework is unique, because it is developed from an investigation of only restaurant firms. As such, it includes variables indicated to be specifically important to the restaurant industry in Chapters One and Two -- perceived environmental uncertainty, organizational culture, and information systems.

Secondly, the framework is unique because it is comprised of two components, context and process. Implementation is often referred to as a process. In this framework, implementation is presented as the combination of process, defined by six variables that comprise the tools necessary to accomplish the task of implementation; and context, defined as the elements of the organizational setting and its strategies. The context component contributes to the definition of the process component. Each component contains of primary and secondary variables. The identification of the variables as primary or secondary gives the framework more clarity, because of the differentiation in level of importance and function for each of the variables.

Inherent in this framework is a linking relationship between the context and process components. This

relationship between the components and the synergism among the variables within the components should result in a more effective implementation of strategy. If the variables are carefully defined for firms, and the relationship between the context and the process is understood and articulated by managers, firms may be more able to remain among "the fittest," through the successful implementation of strategy.

Voyer (1986) defined strategy implementation as "...organizational strategic activities." (p. 24). This framework describes those activities and defines the mechanics of strategy implementation. It does not address the political aspects of strategy implementation, e.g., the roadblocks that inhibit the process, the problems with resistance to change, or the role of power at different levels of the organization that can help or hinder activities. However, the framework is a significant contribution because it provides a guide which allows researchers to control for the rational administrative tasks, while investigating the political aspects of implementation.

Contribution of This Research

As was mentioned in Chapter One, this research provided three contributions to the body of literature about the restaurant industry. First, it provided in-depth

information about how strategy was implemented in three
multi-unit restaurant firms. Secondly, it provided future
researchers with a series of propositions about strategy
implementation that can be investigated in greater depth in
other restaurant companies.

Third, this research yielded a framework for strategy
implementation that is based solely on the restaurant
industry. The framework consists of two components. The
context component affects the process component. Yet,
within each component there are both one-way and interactive
associations between the elements that comprise each of the
components. Moreover, the framework discriminates between
primary and secondary variables. Primary variables have a
direct effect on either other primary variables or on
strategy implementation. Secondary variables affect the
function or activity of the primary variables.

The framework further demonstrates the findings of this
study, which indicated that three context variables and
three process variables contributed in an important way to
strategy implementation. Those variables were
organizational culture, perceived environmental uncertainty,
and organizational structure; and, information systems,
planning and control, and resource allocation, respectively.

Suggestions for Further Research

There are several ways to approach the subject of future research concerning strategy implementation. One way is to discuss how to study the subject matter, itself; another is to consider alterations of the design of the study; and, a third way, is to consider the use of different types of research methodology.

Subject Areas

In terms of studying the subject of strategy implementation, each of the propositions discussed in Chapter Five could serve as a basis for future research. If each proposition were studied in more depth in one or several firms, a meta-analysis of all of the investigations would provide further information about the implementation process.

Another suggested area of study, although not mentioned in the propositions, is the investigation of how the involvement of lower level management in the initial planning stages of a strategic project affects the success of the project. In each of the firms in this study, initial planning for the strategic project was conducted exclusively by upper level management. Although effectiveness was not measured in this study, it stands to reason that those who do the actual implementation could provide valuable input at the initial planning stages. Three recent studies support

the idea of the inclusion of lower levels of management in planning strategic projects (Woolridge & Floyd, 1986; Guth & MacMillan, 1986; Westley, 1990).

A third area suggested by this research involves the evolution of the role of middle management in the strategy implementation process. In this study, it was observed that the role of middle level management was rather ill-defined, but chiefly was one of acting as a liaison between upper and lower level management, communicating messages as well as philosophy both upward and downward.

Huseman and Miles (1990) suggested that much of the information transmission aspect of the middle level management job is being assumed by computer technology. This leaves primarily the affective aspects of the job to middle level managers. Thus, it would seem that as computer technology becomes more prevalent in companies, the role of middle level management will change from one as a transmitter of information to one that is primarily concerned with motivation, inspiration, and interpretation of information. This change in technology has a direct impact on the nature of information systems and communication. The present study indicated that information systems played a major role in how strategy was implemented. Thus, the nature and design of information systems, as they

relate to middle management, is a suggested area for future study regarding strategy implementation.

A fourth area of study could be the investigation of informal networks, as they relate to implementation of strategy. In each of the firms in this study, a strong informal network existed between lower level managers, while there were few formal meetings planned solely for this group. If lower level managers were viewed as a formal group with decision-making privileges, this might enhance strategy implementation, as well as reduce burnout and turnover among this management level in the industry. The establishment of a formalized group could help create stronger cohesiveness and commitment within this group toward the firm.

Other variables, such as the commitment of managers to the strategic project and obstacles to the success of the project could also be investigated. However, there is still a great need to continue, in some fashion, the study of the process of strategy implementation as a whole.

Design of the Study

The design of the study could be altered in several ways. First, one firm could be investigated in depth, over an extended period of time. This would require the researcher to become an integral part of the firm's staff or, as in anthropological studies, a trusted observer. In either situation, the researcher would be able to gain

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access to a greater variety of information -- written, spoken, and observed, over a longer period of time.

A second design change would be to study two or three firms which compete in the same segment of the restaurant industry. This type of comparison would provide scholars with more information about implementation that is specific to one segment of the industry.

A larger comparative study could be conducted with several researchers collecting and analyzing data in several firms. The team approach to case study methodology was used by Eisenhardt (1989), and is one way to reduce bias in reporting the findings. A study of this sort should be conducted over an extended time period, since the strategic implementation process usually takes several years from inception to conclusion (Hambrick & Cannella, 1990).

Types of Research Methodology

The use of other research methodologies is limited, if the entire process of strategy implementation is to be effectively studied. Due to the contextual nature of the process, the use of cross-sectional questionnaires does not result in an accurate description of implementation. In this study the use of recorded interviews allowed for the interpretation of questions where necessary, as well as an opportunity for interviewers to speak about issues not included in the questionnaire. Thus, the information

gathered in this investigation was more inclusive than that
which would have been gathered by survey questionnaire.

Questionnaires could, however, be used to gather
information from a sample of managers or hourly employees
about certain variables in the framework. This information,
in combination with that gathered from interviews,
observations, and archival data could result in a more
complete picture of strategy implementation.

Summary

This study was an exploratory investigation of how
strategy was implemented in three multi-unit restaurant
firms. Each firm represented an organization of a different
size and age, espousing a different strategy, from a
different segment of the industry. Despite these
differences, there were similarities in how each firm
implemented its project. One similarity was that in all of
the firms, the organizational structures were described as
functioning with centralized decision-making. Another
similarity was the strong informal network among lower level
management that was part of the organizational cultures and
information systems of each firm.

A refined framework for implementation of strategy in
restaurant firms resulted from the analysis of the data in
this study. Three secondary variables were added to the
context aspect of the framework. Those variables were

manager demographics, life cycle stage, and size of the firm. Two context variables from the original model, corporate strategy and business strategy, were re-categorized as secondary context variables. A new primary process variable, method of training, was added to the framework. One process variable from the original model, rewards and incentives, was re-categorized as a secondary process variable.

The inclusion of the new variables in the study of strategy implementation re-emphasizes its contextual nature. The rearrangement of some of the variables in the framework indicate that the findings in this study served to alter a model that had been suggested by theory alone.

Although portions of the new framework can be investigated, researchers must keep in mind that implementation of strategy reflects most of the activities of the organization. Therefore, all of those aspects of the organization must be investigated concurrently in order to gain a full understanding of how strategy implementation works.

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APPENDIX

INTERVIEW PROCEDURE AND QUESTIONS

<u>Setting for the interview</u>

After introductions, the interviewer will review the purpose of the research project. The person being interviewed will be asked some general questions about their company and the market in which the company competes, as well as some specific questions about the strategic project that is being studied.

It will be further explained that the interviews are being taped, but that all of the contents of the tapes will be kept confidential.

Interview Questions

1. What is your present position or job title at (company name)?

2. How many years or what length of time have you held this position?

3. How many years have you been with the company?

4. What other positions (in the company) have you held during that time?

5. How many years have you worked in the restaurant industry?

6. This may seem like an obvious question, but in your own words, tell me what business (company name) is in.

7. Again, in your own words, please tell me what the mission of (company name) is.

8. How would you define the segment of the industry in which (company name) competes?

9. Let's talk more about the industry segment. On this card I have listed 6 factors that affect the activities that occur in all industry segments. In your opinion, how OFTEN, in terms of months or years, do you see changes in each of the factors listed in 1, 2, 5, and 6? Then please discuss the level of difficulty for 3 and 4.

   1. Changes in marketing practices

   2. Changes in the rate at which products become obsolete

   3. How well you can predict competitors' actions

   4. How easily you can predict demand for your product

   5. Changes in consumer choices

   6. Changes in equipment for production and service

   (ASK FOR MORE SPECIFICS HERE)

10. In which of the areas listed on the card do you think changes cause the greatest threat to your firm?

11. On this card is a definition of organizational culture. Using this definition as a guide, how would you define your firm's culture?

   "Culture is the shared understanding of an organization's employees--how we do things around here. These beliefs, values, ... and philosophies determine how things work. They define expected standards of behavior, speech, presentation of self and 'shoulds.'"

Now I would like to ask you about how (company name) competes with other restaurant firms.

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12. I have listed on this card several methods of competing. Please take a few minutes to read them, and then rank each one in terms of how important each has been to the company during the past 12 months.

Rank on a scale of 1 to 5
1 -- least important
2 -- somewhat important
3 -- moderately important
4 -- very important
5 -- most important

1. Emphasizes new ideas in facilities and equipment

   _____

2. Emphasizes efficiency & tight control in operations _____

3. Requires specifications for the purchase of food and supplies _____

4. Offers a specialized product and type of service

   _____

5. In purchasing, is more concerned about getting the best product rather than the best price _____

6. Develops new products or services to appeal to a broad market _____

7. Targets and serves a special market _____

8. Depends on forecasting to determine market growth

   _____

9. Emphasizes the use of quality control measures in operations _____

10. Believes industry reputation is very important

    _____

11. Prefers to own outlets, rather than franchise to others _____

12. Standardizes operations to reduce overhead _____

13. Serves a limited geographic market _____

14. Emphasizes new ideas in marketing, promotions, and advertising _____

15. Seeks to improve existing products and services _____

16. Maintains competitive prices for products and services _____

17. Emphasizes promotion of company identity _____

13. Can you tell me about the types of decisions you are allowed to make?

        Probe for * product or service offerings
                         * operations
                         * marketing strategy
                         * research and development
                         * capital budget decisions
                         * long term strategy decisions

Now I would like to ask you about the how information flows in your firm.

14. Do you follow a formal chain of command in your company when you communicate to managers or other employees?

15. When you receive orders from upper level management, is the formal chain of command followed?

16. Would you consider the channels of communication (company name) open and informal, or closed and formal?

17. Would you say that access to financial and operating information is limited or unlimited?

18. What **types** of company financial reports do you find the most helpful in doing your job?

        Probe for * five or multiple year planning
                          documents
                         * annual budget documents
                         * quarterly budget documents
                         * monthly budget report
                         * monthly operating report
                         * weekly operating report
                         * others

19. What was the **most helpful type** of financial report that you used for the _____ Project?

20. How frequently are meetings held concerning long term company progress?

21. Who attends these meetings?

22. How frequently are meetings held concerning short term company progress?

23. Who attends these meetings?

24. How frequently were meetings held concerning _____ Project?

25. Who attended these meetings?

26. How frequently are meetings held concerning progress of the _____ Project?

27. Who attends these meetings?

28. Do you ever have informal get togethers outside of work with other managers or employees?

29. If so, what type of activities are involved and how often do these get togethers occur?

30. What type of communication provides you with the most helpful information in terms of day to day operations?

        Probe for   * written memos or reports
                      * telephone conversations
                      * electronic mail messages via computer
                      * newsletters or company bulletins
                      * face to face

31. What type of communication provides you with the most helpful information on long range company issues?

        Probe for   * written memos or reports
                      * telephone conversations
                      * electronic mail messages via computer
                      * newsletters or company bulletins
                      * face to face

32. What type of communication provided you with the most helpful information about _____ Project?

   (Unit managers: probe for communication between units)

   (District: probe for communication out & back from units)

Now I would like to ask you about the communication style that you use to introduce a new project to other managers or employees. Four different styles are listed on this card. Please take a moment to read them and then refer to them as you answer the next 3 questions.

   a. Justify the need for the project, show how performance can be improved by the project, and then solicit the support of key people in the organization.

   b. Delegate all the planning and decision making for the project to one group.

   c. Delegate all of the planning and decision-making to one person, who is an expert in the project area.

   d. Formulate the plan for the new project yourself, and then issue a directive that the plan will be adopted.

33. Does the management style you use depend on the nature of the project that you are introducing? If so, in what way?

34. Which management style would you say you use most often?

35. What management style did you use to initiate the _____ Project? (CORPORATE AND AREA)

I would like to ask you about resource allocation in your company.

36. Who decides how resources will be allocated?

37. What criteria is used?

38. Who decided how resources were to be allocated for _____ Project?

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39. What criteria were used to allocate resources for _____ Project?

I wonder if you could tell me about the types of controls that you have in your company.

40. Does your company have any of the following control devices in place to gather information about performance?

    1) a company wide information system

    2) cost centers for cost control

    3) profit centers and profit targets

    4) quality control standards in operations

    5) cost control by fixing standard costs and analyzing variation.

    6) formal appraisal of personnel

    (Unit: Ask more about 4, 5, and 6).

41a. What types of information are collected to monitor the financial performance of a region, area, or a unit in your company? (CORPORATE)

42a. Are the same types of information being collected to monitor the financial performance of the _____ Project? (CORPORATE)

41b. What types of financial data are collected to monitor performance of the _____ Project? (DISTRICT, UNIT)

42b. Are other types of data collected and sent to corporate, such as guest count, number of employees, etc.? (DISTRICT, UNIT)

43. How frequently is data collected for _____ Project?

44. How often is performance feedback on the _____ Project sent to the manager in charge of each unit? To the Area of District manager?

        Ask for * profitability
                * customer numbers, etc.

I would now like to ask you about incentives and rewards in your company.

45. How are incentives and rewards determined for managers?

> Probe for
> * long-term vs. short-term oriented
> * formula vs. subjective or a combination
> * based on unit/region/company performance

46. What incentives were presented for _____ Project?

47. How were bonuses awarded for _____ Project?

FOR UNIT MANAGERS

48. How many FTE's are there at this unit?

49. Can you tell how employees are scheduled/positioned in the front and back of the house?

50. How many customers per day do you serve?

51. What is your role in marketing for your unit specifically, for what aspects of advertising and promotion are you responsible?

52. Are there specific policies and procedures that you follow for hiring, firing, and promoting employees at the unit level?

53. What type of training procedures do you follow at the unit level?

VITA

Claire Elizabeth Dobson Schmelzer, daughter of George and Patricia Dobson, was born January 3, 1947, in Coffeyville, Kansas. She spent her formative years near Moweaqua, Illinois, where she graduated from high school in 1965.
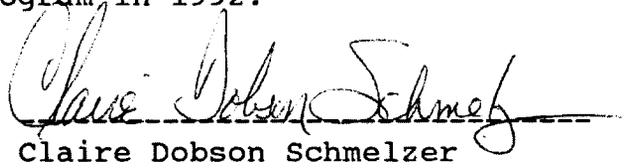
She received a Bachelor of Science degree in Foods and Nutrition from the University of Illinois in 1969. She completed a dietetic internship at Hines Veterans Hospital, Maywood, Illinois, in 1970.

For the next 13 years she worked in a variety of institutional food service facilities as a Registered Dietitian. She also completed a Master of Science in Public Health at the University of South Carolina in 1983.

In 1983, she began her career in higher education as an Assistant Professor at the University of Kentucky, where she taught food production and management courses in the Nutrition and Food Science Department.

She began her doctoral studies in the Hotel, Restaurant and Institution Management Department at Virginia Polytechnic Institute and State University in 1987. Her major area of study was strategic management in the restaurant industry.

In 1990, she was promoted to Associate Professor at the University of Kentucky, where she was employed at the completion of her doctoral program in 1992.

Claire Dobson Schmelzer