

# OPEN STRATEGY: TOWARDS A SHARED UNDERSTANDING

*Developmental Workshop on Open Research and Practice in IS, Research in Progress*

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## Extended abstract

*Openness is a relevant topic for IS research as this workshop and the establishment of the AIS-SIGOPEN illustrate. Openness refers to public accessibility of IT, transparent, collaborative work practices and permeable organizational boundaries enabled by collaborative processes and knowledge-sharing among peers (Benkler 2006; Schlagwein et al. 2014). IS researchers have focused on openness as a principle for organizing operational work and loosely-coupled ‘grassroots’ community work, especially open-source development (Sarker 2014). Recently, however, several large organizations have embraced openness on a higher, strategic level (e.g. Daimler, IBM, Wikimedia). Chesbrough and Appleyard (2007) have dubbed this phenomenon ‘open strategy’ to emphasize the relation to, but difference from open innovation and open source development.*

*We systematically analyzed the literature relating to this phenomenon with regard to the precise use of the term<sup>1</sup> and the characterization of the concept and its components (see Appendix A)(Webster and Watson 2002). We also analyzed industry cases, regardless of whether they are published in academia or not.*

*Findings from our review of the phenomenon and the practice of ‘open strategy’ include a broad agreement on general principles of what constitutes open strategy:*

*A) Inclusiveness: In ‘open strategy’ initiatives, the strategy formation process is made more participative, i.e. individuals beyond CXO-level/strategy teams are part of the process (Chesbrough and Appleyard 2007);*

*B) Transparency: Outcomes of the strategy formation process are published (Whittington et al. 2011).*

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<sup>1</sup> While a literature stream on ‘open strategy’ has emerged, the concept is far from clearly defined or commonly accepted. Even on Wikipedia, an article on ‘open strategy’ was created and then deleted by the administrators, stating that the term is “obviously invented”.

*Moving towards a definition, we identified areas in which authors do not agree with one another, or are vague in their definition. Particularly, there is disagreement or ambiguity concerning the following elements:*

*C) Protagonists: It is debated whether strategizing is opened for employees (Stieger et al. 2012) or also the wider public (Chesbrough and Appleyard 2007; Whittington et al. 2011);*

*D) Process: Researchers argue that different strategizing activities (see Appendix B) are subject to openness, e.g. idea generation (Tackx and Verdin 2014), idea selection/decision-making (Dobusch and Müller-Seitz 2015) or strategy implementation (Matzler et al. 2014b);*

*E) Technology: A key prerequisite for enabling 'open strategy' are information systems (Haefliger et al. 2011; Stieger et al. 2012). Our review, however, revealed that this topic is even less exhaustively covered.*

*Our definition is based on the intent to meaningfully resolve conflicting definitions and to more exhaustively frame the phenomenon (with the intent to support future research). We suggest to understand 'open strategy' as opening one or several of the activities in the strategy formation process. The process is made transparent for collective participation of top management, employees and external individuals and communities. This includes discussion of intermediary results and artifacts that are created during each stage of the process, where protagonists contribute in a participative and inclusive, asynchronous process towards defining the organizations' strategic goals, and policies required to achieving them. The overall formation process is enabled typically through social technologies allowing to communicate, collaborate, and synthesize individual contributions efficiently and effectively.*

*Keywords: Open Strategy, Crowdsourcing Strategy, Openness, Definition.*

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## Appendix A: 'Open strategy' components

Component	'Open' strategy	'Closed' strategy
Context		
Strategy <i>What is strategy?</i>	"[...] a competitive strategy is [...] a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals." (Porter 1980, p.xvi)	
Scope <i>Who could potentially benefit from openness?</i>	Applicable to all organizations, non- and for-profit, public and private as well as governmental with a strategic planning process (Whittington et al. 2011)	
Openness		
Protagonists <i>Who participates in an open strategic planning process?</i>	Wide range of participants, i.e. top management members, employees and external individuals, partners and members of other organizations (Chesbrough and Appleyard 2007; Doz and Kosonen 2008; Tackx and Verdin 2014)	Formal CXO-level leaders and corporate elite (Montgomery 2008)
Results <i>What is publicly shared?</i>	Outcomes of individual strategy planning activities, e.g. pool of ideas, final strategy document (Tackx and Verdin 2014)	Public communication of overall vision and mission or final strategy document, if at all
Process <i>Which activities of strategic planning are 'opened'?</i>	Complete transparency of the strategic formation process (or selected parts of it) (Matzler et al. 2014b; Tackx and Verdin 2014)	No transparency at all, or if only during communication of the strategy (or parts thereof) (Powley et al. 2004)
Strategy formation		
Mode <i>How is strategy planned?</i>	Participative and inclusive, asynchronous process (Stieger et al. 2012); neither time nor location bound; executed with more momentum (Tackx and Verdin 2014)	Secret or non-public (Makadok and Barney 2001) strategy workshops (Johnson et al. 2010)
Technology role <i>What is the role of IT?</i>	'Enabler', allowing participation of masses (e.g. through communication and collaboration) (Amrollahi et al. 2014; Haefliger et al. 2011)	'Supporter', used to build summarizing communication material, e.g. simple diagrams and dashboards (Whittington 2015)
Technology artifacts <i>What kind of IT is used?</i>	Social media and Enterprise 2.0 technology, in addition to Office applications (Amrollahi et al. 2014; Whittington 2015)	Office applications, e.g. PowerPoint, Excel (Whittington 2015)

Table 1. 'Open strategy' vs. 'closed strategy' a comparison

## Appendix B: Strategy formation process

Strategy formation process	Selected case studies applying ‘open strategy’			
<p><b>STRATEGY FORMATION</b></p> <p>Idea generation</p> <p>Idea aggregation</p>	<p><b>Daimler</b></p> <p>Generating ideas for new business models, e.g. car sharing</p>	<p><b>DialogTage</b></p> <p>Collaborative ideation for pre-defined strategic topics</p>	<p><b>IBM</b></p> <p>Crowdsourcing of ideas for a pre-defined set of broad strategic areas</p>	<p><b>Wikimedia</b></p> <p>Idea generation in the Wikipedia community for 5-year strategic plan</p>
	N/A	N/A	Automated aggregation of contributions	N/A
<p><b>EVALUATION AND CHOICE OF STRATEGY</b></p> <p>Decision making</p>	N/A	Ranking (and selection) of ideas via calculated impact factor	N/A	N/A
	<p><b>IMPLEMENTATION OF STRATEGY</b></p> <p>Strategy communication</p> <p>Strategy implementation planning</p>	N/A	Communication of results in management letter to employees	Public communication of innovation jam results
N/A		N/A	N/A	Community members are involved in operational spec. of strategy
(Matzler et al. 2014a; Matzler et al. 2014b)		(Stieger et al. 2012)	(Bjelland 2008; Matzler et al. 2014b)	(Dobusch and Kapeller 2013; Matzler et al. 2014b)

Figure 1. Exemplary ‘open strategy’ studies along the strategy formation process