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# Strategic foresight in a high-speed environment

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## Abstract

This paper explores how a top management team developed strategic foresight and decided to launch an Internet bank in a context of uncertainty about the future take up of e-commerce. For this purpose, a single inductive case study is used. The settings are those of the UK financial services industry, characterised by rapid change, mainly driven by the new technology. The focus of analysis is Sunshine, a stand-alone Internet bank. The study, which is part of a broader project on the management of innovation in financial services, is based on qualitative data captured from semi-structured interviews undertaken with a number of Sunshine's directors.

The case study reveals that developing strategic foresight is a learning process, which takes place within a broad vision, and enacts the future by a mechanism of probing it through cheap multiple devices. At a more general level, the data suggest that in turbulent environments the retention of the unity of the whole organisational system is a challenging task, particularly when its physical dimensions grow too quickly. In this context, the data suggest that nimbleness, visible and structured processes, extensive communication glued together by a focused and eccentric management team form an important core capability that impacts on the firm's ability to develop strategic foresight and innovate continuously without falling apart.

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## 1. Introduction

In a fast changing business environment the capability to develop strategic foresight is of paramount importance to the capability of a company to innovate continuously. This is the type of innovation, which normally goes beyond the single product, or service change, to embrace change in the whole organisation. This paper explores this phenomenon by drawing attention to a single case study, the launch of a Euro-

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pean stand-alone Internet bank in the UK banking industry. Particularly, the case shows how a top management team developed strategic foresight into the future and decided to be a first mover in the adoption of e-commerce, at a time when there was no real justification about the possible take-up of Internet banking in the UK market. It also discusses the organisational challenges that this fast growing Internet bank faces in order to ensure that its strategic foresight does not dilute over time in the presence of growing dimensions, such that the company can keep innovating continuously and fast.

Many aspects of this study are closely linked to similar research conducted by Brown and Eisenhardt [1] in the computing industry. The two authors stated, “In high-velocity environments, characterised by frequent speed of change, short product cycles and fast moving landscapes, companies compete by having the capability to change continuously”. For firms such as Intel, Wal-Mart, 3M, Hewlett-Packard, and Gillette, the ability to change rapidly and continuously by developing new products is not only a core competence, but also it is at the heart of their cultures. Brown and Eisenhardt argue that in this case “change is not the rare, episodic phenomenon, which is generally described by the punctuated equilibrium model, but it is endemic to the way that these companies compete” [1].

Moreover, it is argued that in some industries, like computing, change does not just involve product innovation, but also a complete transformation of the firm. Hewlett-Packard is cited as a classical example of such transformation [1]. They changed from an instrument company to a computer firm through rapid, continuous product development, rather than the type of radical or disruptive type of change that, sometimes, involves a process of cannibalisation of the existing business [2]. Similar examples can also be found in new industries, such as Internet search engines. For example, Rindova and Kotha [3] cite the examples of Yahoo! and Excite who, since 1994, had undergone several transformations. This is a process defined as ‘continuous morphing’, which is all about the change in the range of products and services, along the reconfiguration of the resources, capitals and structures employed [3].

However, research on innovation in fast changing industries has yet to show the mechanisms through which organisations develop strategic foresight, which is the antecedent to continuous innovation and change. For this purpose, the case study of Sunshine,<sup>1</sup> a European Internet stand-alone bank, is presented in this paper. This case is shown, first because it represents a good example of how a financial services organisation innovates fast in a high-velocity environment, which is contextual to the take up of e-commerce. Secondly, the availability of comprehensive qualitative data<sup>2</sup> permits the development of an understanding of the way that a top management team developed strategic foresight into the future. The case, indeed, describes the full story of this bank from the development of strategic foresight, then the launch of the business initiative—the Internet bank—to the organisational challenges that

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<sup>1</sup> For confidentiality reasons the pseudonym of Sunshine has been adopted.

<sup>2</sup> Qualitative data are part of the dataset of the author’s current PhD project on innovation management in financial services.

this organisation faces at present. Particularly, it is found that a major challenge for firms such as Sunshine is to ensure that its strategic foresight does not dilute over time.

The paper is structured in two main parts. The first part investigates how the top management team of this European bank developed strategic foresight prior to the launch of the Internet bank and probed the future. This is followed by a discussion of the emerging theoretical insights. The second part investigates how this bank can ensure that its strategic foresight does not dilute over future years in the presence of growing dimensions through continuous innovation and its relationship with strategic foresight. This is also followed by a discussion of the emerging theoretical insights. Finally, conclusions are drawn. However, before presenting the research findings, the type of methodology applied is first outlined in the following section.

## 2. Methodology, data collection and analysis

### 2.1. Methodology

This study applies the logic of inductive inquiry. The main reason for this is that exploratory fieldwork is appropriate to research a phenomenon, which has been poorly researched before or shows a lack of extant theory and data [4]. Also, this type of method is appropriate when the phenomenon under investigation—the strategic and organisational mechanisms leading to innovation—cannot be easily measured from a quantitative point of view [5,6]. Moreover, exploratory fieldwork enables the researcher to formulate theoretical propositions that might become object of further research [7]. Particularly, the underlying logic of the research presented here is ‘grounded-theory’ building through the case study method.

### 2.2. Data collection and analysis

Altogether, 5 in-depth face-to-face interviews were carried out at the level of top-middle management (A list of interviewees is presented in Table 1). The initial informal contact with key people within the organisation facilitated the identification

Table 1  
Details of interviewees

Fast innovator	Total interviews—departments involved in the interviews
Sunshine (SS)	Head of HR Director of IT Director of customer experience Director of marketing Director of multi-delivery channels

of the potential informants for the interviews. Primary data were collected through recorded, semi-structured interviews with open-ended questions, whilst secondary data from magazines and newspapers was collected prior to the visit to the sites. Secondary information, gathered from internal documentation, was also collected during the visit or supplied by the informants soon after the visit. The interviews were conducted on the basis of several trips to the sites. Once collected, the tapes were transcribed. Each interview lasted on average 1–2 hrs. In order to ensure that the same themes were covered in each interview the protocol interview reported in the Appendix was put in place.

Standard practices for qualitative data analysis were employed following the guidelines of Miles and Huberman [8]. Interviews data were collated and summarised, and detailed written descriptions prepared for each interviewee under the heading of the major themes indicated in the Appendix. Sunshine, the only single case study presented in this paper, presented unique features in relation to the following themes: 1) developing strategic foresight and probing the future; 2) managing continuous innovation in the present. With the first theme, it is shown how the top management team developed strategic foresight and decided to embrace e-commerce by launching an Internet bank with the name of Sunshine. With the second theme, the organisational challenges that this Internet bank faces today, in order to fast innovate and ensure that the management's strategic foresight does not dilute, are shown.

### 3. Case study

#### 3.1. Part I: Developing strategic foresight and probing the future

The launch of Sunshine, the European stand-alone Internet bank in the UK market was a risky operation as it happened in a context of complete uncertainty about the future. Despite this situation, the Internet bank was, indeed, launched before there was any real evidence or justification about the possible take up of the Internet phenomenon in this market. The evidence from this single case study reveals that the managers did not possess any detailed information that could be used to extrapolate the future from the past when designing the content of their strategy to enter the UK banking industry. Nor they did possess any vast and in depth knowledge of the new technology—the Internet—that they could leverage, for example, to build possible scenarios on how the new technology could be applied to the banking industry, though some founding directors had worked in financial services. Not only they did not try to use any traditional planning technique, but they also did not even think to plan any future. Instead, the senior management team made sense of the future by learning from the current trends in the external environment. For example, there were some market signals from both the US and the UK, which led the senior managers to shape a common consensus about the future developments of e-commerce in the UK banking industry. Some informants commented,

“We saw a road on the way that Dot.Internet<sup>3</sup> had launched just before us...Probably, without Dot.Internet who have done that, we would not have been able to launch it. The external environment was very important to us at that time”.

“...There were some signs posted from the States: the taking up of the Internet. The way that the UK financial services market was moving, what was happening to the margins on deposit accounts...There were some indicators in the States that nobody was actually copying”.

Although limiting, this fragmented information on the current trends was quite important to engage the management team into a process of visioning the future. In other words the managers learned proactively by the current trends, by mainly being creative, which was all about the capability to step away from the common strategic thinking established in the financial services industry. In a sense, these managers were able to ‘think out of the normal box’. A tangible example of their creativity was the idea of launching a bank with the name of ‘Sunshine’, quite unusual for the banking industry:

“...It is quite difficult to see how you can innovate into financial services. I think you have to be creative to do that. You have to be prepared to be creative. We use the term ‘step outside the box’. So, there is a fixed box on how you do things in financial services, and if we had followed that box, we would have never launched the company with a name like ‘Sunshine’”.

Although creativity was important in engaging the top management team in a process of visioning the future, it did not lead to the development of strategic foresight. This did not just derive from the capability of developing radical views about the future, but also by risk taking attitudes. One manager commented,

“There are two things that go with the launch of Sunshine. One is definitely this bunch of creative people. But, it is not necessarily that that creates this incredible foresight and...enables people to look forward into the future and say, ‘this is what is going to happen in three years time’...I think risk taking probably plays more a part in our innovation and creativity...”

Then, once a clear vision about the future was formed, the senior managers again did not use any detailed plan outlining the next steps to undertake to achieve the end-goal. But, they just did it with a sense of great fun. One director commented, “When we first started, actually we were designing stuff for ourselves, which was good fun”; by also institutionalising a process of continuous learning by mistakes. For example, at the beginning of their operations, Sunshine’s systems were not adequate to cope with the level of demand. In a sense they made a poor projection

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<sup>3</sup> Dot.Internet is the pseudonym of an Internet service provider.

of the demand. Their systems crashed several times, causing some bad publicity. However, it was the effect of this learning that enabled them to smoothly evolve from the present and actually create a future and build unique core competencies. For instance, one informant commented, "...There is definitely a technology competence. We spent the last two years with systems falling over and doing stuff with systems that have never been asked to do that sort of thing before, building platforms, making mistakes...So, now we have technical competence that is hard to match...Internet knowledge—you can find here".

Through this process of learning, the managers did not avoid the uncertainty of the future. But, they just probed it on a regular basis, by institutionalising internal experimentation, monitoring the external environment, establishing intelligent networks, and strategic partnerships. These probes are now described in the following sub-sections.

### *3.1.1. Cheap and quick experimentation*

The managers probed the future technologies through continuous experimentation. This, however, did not involve traditional large corporate-style R&D budgets according to pre-planned detailed programs. Instead, experimentation took place in the form of small and cheap trials, which were continuously carried out on the bases of short-term investments. For example, when dealing with untested technologies and new delivery channels—i.e. Web Access Phones (WAP)—and the decision about the type of technology to seriously pursue in the near future, the managers never put all their bets in one type of technology, neglecting the potential development of other alternative technologies. They always used to spread their limited resources among small and cheap multi-experiments. By doing so, they were not locked into one type of technology. For instance, one director commented, "...The problem in the new economy is that it is hard to see which is the right choice to make, because who can tell where the market will move to? So, there is always a need to keep your finger in a lot of pies to see which one would go..." This type of experimentation, however, did not eliminate the uncertainty about the future. But, it eventually enabled the management team to better control it and minimise the consequences of bad decisions. One director commented, "...We do not know which one of those channels or products will succeed or fail, no idea...what I aim to do is to...use that channel very quickly and very cheaply, if it comes- fantastic. If it does not, I have not spent too much money and invested in a channel, which dies..."

### *3.1.2. Strategic partnerships*

The fieldwork revealed that strategic partnerships with customers were useful sources of learning. The evidence from the research showed that 'listening to customers' provided the managers with useful insights into the understanding of the future product and service developments to undertake. For instance, the management team used to work closely with them in order to gain some knowledge about the customers' future needs. One informant commented, "...The customer knowledge is critical in terms of understanding what products and services customers want in the future, how they want them, how you can offer it to them...you know all that learn-

ing”. In other words, they learned proactively from customers, who, very often, volunteered to be part of forums or face-to-face focused groups brought into the organisations. On these occasions, customers used to contribute inputs around a theme of interest, which then enabled the management team to investigate the possible products and services developments to bring to the market in the near future. Customers were considered as equal, business partners who were directly involved in the experimentation of new products and services. They were a sort of ‘sounding board’, to actually probe the future products and services developments. One manager commented, “We have got that as proactively, a voice of 3000 real customers that can come and share their views with us, we use them as a sounding board, and they equally come back and tell us when we are not getting it right...”.

### 3.1.3. *Monitoring the external environment*

Sunshine’s managers also probed the future through a continuous check of the developments in the external environment. However, this monitoring was never the type of SWOT analysis, purposely aimed at finding a fit within the competitive environment. Although the external monitoring included competitors, the management team did not consider competitors’ actions as relevant. One informant, for example, said, “I think our competitors are just one of a lot of external factors...we do not need to keep an eye because there is not much going on. In terms of size, scale, what they are doing, they are not near us”. Their main concern was about the monitoring of the fast evolution of the new technology. Sunshine, indeed, is a fast moving company that competes on the basis of early adoption of new technology, whereby the understanding of the technological trend is important to its competitive advantage. In other words, this monitoring would simply help the senior management team to get early information about the newest technologies. Certainly, it was a limiting tool in respect of the capability of foreseeing every technological breakthrough coming along. One informant commented, “There is a danger for us: that some leap-frog technology, some technological innovation may come in that we do not foresee. Maybe, there is a new broad band application that somebody else will bring to the market and will become dominant...”.

Continuous learning about new technologies was never myopic, for example, with a focus exclusively locked into the UK financial services industry. The senior managers used to look outside the boundaries of their own industry. One informant commented, “...What is more important for us is to keep an eye on what is going on in adjacent industries, on what is going on in adjacent geography. So, it is more important for us, what is going on in the travel market, or what is going on in financial services in the States, that is not what is happening in the UK banking industry”.

Looking across different industries’ boundaries enabled the management team to frame possible pictures of the near future likely to occur in the UK market. For example, they watched the moves of the American Internet player, ECommerce<sup>4</sup> that

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<sup>4</sup> ECommerce is the pseudonymous of an American Internet bank.

had just opened a branch network in the USA. The knowledge of this event led them to think about a partnership with a UK high-street retailer as the next plausible step to move their strategy forward. This approach would have given them a physical presence in addition to the existing online presence. It could be argued that partnering with the high-street retailer was like a copycat strategy, adopted in a situation of no plan for the future. In reality, observing the moves of ECommerce enabled the management team to understand the current trends in other markets and accordingly to see similar events likely to happen in the UK market. By reflecting on ECommerce's strategic move, they did not just think to establish a physical presence in the UK market, but they also made sense of the next developments occurring in the Internet arena. For example, they started to share a common consensus about the use of the partnership approach as a potential business model that the Internet players would have increasingly adopted in their strategies of competitive advantage. For instance, an informant said:

“...I think in the e-commerce world, you have got to see people around you as equals and form partnerships with them rather than wanting to be...the dominant player, which is typically how financial services companies will have operated. Those opportunities do not exist and if you do not form alliances and partnerships, you know...”

“In the US, people at ECommerce found that they needed a physical presence as well as an online presence and that means what traditional branch networks might look like. So, I think if you look at the sorts of deal that we have done with retailer X, which gives us a sort of physical high street presence...it is quite an interesting new way for financial services to go into the high street”.

#### *3.1.4. Networks of intelligence*

The evidence from the field research also shows that the managers at Sunshine did not rely on vast internal expertise or core competencies, for example, in the areas of financial services and new technologies. Instead, they used to rely on a broad knowledge, spanning across many different areas. They gained access to this knowledge by establishing systematic links with external consultants. These, who were generally gurus or leading experts in developing business areas, such as the new technology, ran training courses for the senior management team. The overall aim of these ‘intelligent’ networks was to educate the management team in developing ‘divergent thinking’ skills, which were considered essential to the capability of imagining the future. The marketing director commented, “We have a lot of management development and a lot of internal training, developing senior management in those sorts of skills, particularly transformation technology from the US. We run courses with one of the experts...that have written a number of transformation technology books. We have actually run courses and we use a number of other sources... which is all about visioning the future rather than working on vast experiences. So any technique in that space has to be creative”.



### 3.1.5. Discussion

The single case study presented in this paper has shown how a top management team developed its strategic foresight and shaped the decision to launch an Internet bank—Sunshine—in a context of complete uncertainty about the future take up of Internet banking in the UK market. Particularly, the case study shows some emerging insights around the mechanisms that can be used to develop strategic foresight within a high-velocity environment, e-banking, where the ability to innovate continuously and faster than competitors is paramount to a company's competitive advantage. From the data presented above, the main theoretical insights emerged around the themes of developing strategic foresight and probing the future.

The development of strategic foresight starts with a process of visioning the future, mainly driven by the divergent thinking of creative managers. Then, it gradually evolves by generating deep insights into the current technological and business trends, emerging across different industries' boundaries. By doing so, managers are not blinded by a myopic analysis of their own industry. Instead, they are exposed to a wide range of information, through which they can develop sense making of arising market opportunities or new gaps to fill [9,10]. Moreover, the knowledge of the current trends is useful to build managers' confidence in their sense making of the future. In the extant theory, it is already observed that without "a solid factual foundation, a vision is going to remain fantastical" [10]. It is argued that 'foresight' is more than 'vision'. Whilst a "vision connotes a dream" [10], industry foresight goes beyond a simple vision, as "it requires a deep understanding of the current trends" [10] in society. Also, the evidence from this study suggests that the managers here do not define future scenarios as probabilistic events, but rather they keep their vision focused on a 'broad' desirable goal [11]. This was, indeed, simply defined as, "Making financial services more accessible to people". Moreover, such vision was kept fixed. One manager for example said, "The vision does not change that much. So, the vision is pretty much the same... We keep the same vision and change stuff around where needed..." Thus, once a 'likely future' is imagined, strategic foresight evolves along the identification of the steps that are needed in order to enact that future. However, the intermediary steps—'what is needed'—to achieve the end goal are not prescribed in a formal plan for the future. Instead, making use of different 'probes' and proactively learning from these 'probes' enacts the future. In this context, developing strategic foresight becomes close to a learning process, taking place within a broad vision.

Hence, it is proposed that strategic foresight is not an end goal. In a dynamic environment, which keeps changing all the time, strategic foresight develops continuously within a broad vision and enacts the future by a mechanism of 'probing and learning' (See Fig. 1). For example, the top managers make sense of the near future by using some probes, such as cheap and quick experimentation, monitoring of the external environment, building networks of intelligence, and establishing strategic partnerships. These findings are not very dissimilar from the results of previous research on continuous change in high-velocity environments [1]. Moreover, the probes discussed in this case are not disjointed from learning, as managers can learn proactively from a wide variety of sources, which lead them to explore possible

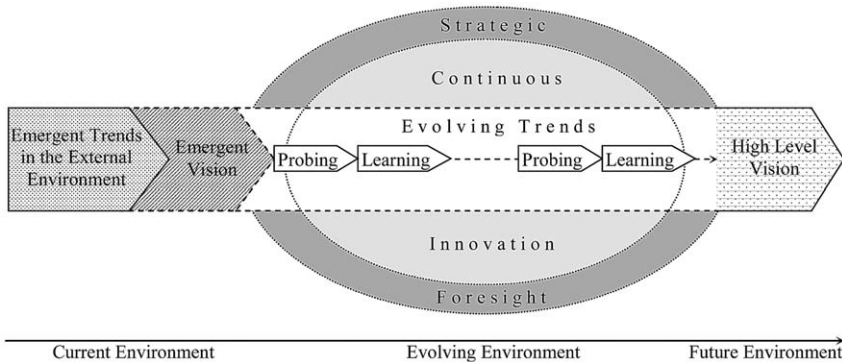


Fig. 1. Strategic foresight and continuous innovation in a high-speed environment.

futures and deal with the consequences of bad decisions with little efforts. Like the probes mentioned by Brown and Eisenhardt [1], the probes that Sunshine's managers use are cheap devices, whereby any loss caused by their use is quickly noticed without inhibiting creativity and learning by doing. Overall, the case is like the 'probe and learn' process that Lynn et al. [12] describe when they attempt to explain the search of a market for discontinuous innovation. Lynn et al. [12] found that the "Development of a discontinuous innovation becomes more a process of successive approximation, probing and learning again and again, each time striving to take a step closer to a winning combination of product and market" [12]. However, in contrast with the Lynn et al.' study, at Sunshine the 'probing and learning' approach did not just focus on one type of innovation. It included several multi-experiments, each one related to a potential type of innovation. These cheap and quick multi-experiments would provide the managers with something readily available for the near future. As Brown and Eisenhardt [1] stated, "In high-velocity industries, new futures arrive quickly, making it particularly challenging to predict which of the possible futures will arrive and when". So, these probes become powerful tools that give managers more options to choose from when the future will arrive. As they have something readily available, they can adjust to new situations. Moreover, when a pattern starts to emerge as the right course, all the available resources can quickly be amassed around the most realistic option [13].

However, the use of these multiple probes is not without negative effects on the ability to develop strategic foresight. For instance, it is argued that, whilst managerial insight hinges on a willingness to use multiple perspectives [14], dealing with multiple and ambiguous information may obstruct the decisive action and that managers, in practice, all they need is strategic focus [15]. However, the case presented here does not seem to confirm this view completely. Despite the use of multiple probes, the managers at Sunshine were still able to focus. On many occasions, the managers mentioned "a capable, focused and eccentric management team" as one of the key elements that enable the company to develop strategic foresight continuously. Although, it is highly speculative, here the argument is that the use of multiple probes affects industry foresight within the space the high level vision creates. As during

the process of probing the future the high level vision does not change, it guides the management team to remain focused on the end goal.

The data shown also seem to replicate some of the findings of Honda's case. Honda's managers were sent to the US to learn how to sell cars over there. The Japanese managers learned by their own mistakes and experience [15]. This is a learning that generally requires time and experimentation [15]. In this case study, the managers probed the future by experimenting, too. However, their learning was not too close to the type of learning involved, for example, in retrospective making sense [16]. Retrospective-making sense involves a wide range of experiences, so that managers can reflect on them and then decide which action to retain [15]. In a high-velocity environment like the case presented in this paper, the managers very often do not have enough time for reflection. By probing the future, Sunshine's managers are simply learning and acting at the speed of the industry events. In this context, their strategic foresight evolves, as sense making of the future evolves quickly over-time.

The 'probing and learning' process was also characterised by a relevant market-orientation of Sunshine. At Sunshine, the managers were always focusing on the customers' future needs. Prahalad and Hamel [10] have underlined the positive impact of the focus on the future customers' needs on the firm's ability of visioning the future and create new markets. A reason for this may be that working closely with customers enables managers to learn about the developments of their market faster than their competitors. Slater and Narver [17] have underlined the aspect of being market-oriented as being closely associated with learning. They mentioned that being market-led is not enough to compete in very dynamic environments. But, the ability to learn faster than competitors gives competitive advantage [18].

Therefore, from the broad perspective of strategic management, it is proposed that in turbulent environments, where the speed of change is frequent, managers should develop strategic foresight by adopting market-oriented strategies rather than resource-based strategies. Thus, the desired balance between the market and resource strategic perspectives that some recent strategic literature [15] proposes is inadequate within an environmental context characterised by uncertainty and rapid change.

### *3.2. Part II—What's next? Managing continuous innovation in the present*

Developing strategic foresight has led the management team to the launch of Sunshine in the UK banking industry. Three years after its launch, the bank has been able to achieve the break-even-point. With a base of over 1 million affluent customers and a number of over 2000 employees, today this fast moving company is continuously seeking for new opportunities, so that new products and services can be brought to the market. Also, in its effort to innovate faster than its competitors, Sunshine is trying to re-invent itself on a regular basis:

“We innovate to an extent that we completely, if you like, change our business every 9–12 months. The core products are still very similar. But, if we move from being a telephone savings organisation to be an Internet savings organisation, to

be an Internet credit card organisation, to be an Internet financial services organisation..., so every 6–9–12 months we are completely changing our business”.

In a sense, continuous innovation is now at the core of the company’s strategy. Also, it is at the heart of its culture. Within the company there is, indeed, an expectation of change:

“There is an expectation of change. So, that is just part of the culture. So, it is not just a shock to the systems. In fact it is almost like an internal joke, when there is another structural change. It is just saying as the way things are around here. There is a high degree of tolerance for it, which I would have thought it is a difficult thing to get in an old organisation”.

At the same time, Sunshine is continuing to develop its strategic foresight. This, indeed, is not an end process. Since its start, the company’s strategic foresight has evolved at the same pace of change of the external environment through a process of ‘probing and learning’ (see part I). In order not to stop this process, at the time of the field research, the management team was making sure that appropriate structures were in place. For this purpose, for example, the organisational structures were evolving from a situation of chaos, where ideas and business initiatives were, respectively, generated and started from everywhere in the organisation, towards a more disciplined situation. These structured processes would allow Sunshine to better control its costs. One manager wondered,

“We have probably been operating in this way [chaotic approach] and we are trying to move more toward that one [disciplined approach] at the moment. This [chaotic approach] is the great way to operate, it is good fun, but it can be a lot of wastage, can be very costly...So, it ends up moving towards this much more controlled methodology”.

Despite the increasing discipline and degree of structures in the processes, these were still flexible enough to encourage a great deal of creativity from everywhere within the organisation. Structured processes combined with visible and clear responsibilities were designed to support and enhance creativity within the business and, therefore, the flow of innovations, rather than representing a barrier for innovation. One manager, for instance, argued, “The difficulty is moving to that more structured model, can we encourage creativity and can we foster innovation? I think we are structured to respond to or encourage creativity. So, one of our directors is responsible for creativity in the organisation and he has people that we employ purely to try to create to look at the future, to imagine financial services and other products we deliver”. Basically, creativity emerged as an important function, which was institutionalised within the business. However, this function did not appear to be the exclusive domain of a few people. Regardless the presence of more structured processes and the assignment of clear responsibilities for creativity to specific people,

creativity was still a collective business function, participated by every member of the organisation. For instance, a manager commented,

“At the front-end of everything we do now, in terms of new projects, new ideas, new propositions, we have got a group called EDC, which is effective design council...The idea is that anyone, who has got an idea for the business from wherever, can come to this group where there are all sorts of director people. And we try to work out if it is going to be a great idea and we all support it, and if it fits with everything that is going on”.

Moreover, although being structured, these processes were quite informal or loose, evolving all the time throughout the organisation: “There is an informal creative process as such, very loose. I think there are a few specific individuals that we look to in the organisation to be a focus for creativity, to be a channel for it. But, to look at it, it much more evolves throughout the organisation...It is more an evolutionary approach to creativity and innovation than a formal process...” These evolving processes were also characterised by a high degree of nimbleness, which the managers at Sunshine regarded as a strategic capability: “...I think nimbleness is the most important asset of Sunshine and we need to be in the short-medium term. What I mean by nimbleness is the ability of us to bring all new products and services and add all new channels to the market very quickly, very cheaply and very effectively”.

In addition to the evolving structures, another reason for which this bank may continue to innovate, without falling apart, has to be seen in the role played by the top management team. On many occasions the managers referred to the existence of a ‘strong, focused, and eccentric management team stuck together’, a ‘scalable organisational culture’ and, overall, the ‘evolutionary approach to innovation and creativity’, as some key factors that enabled them to innovate continuously. At the time of the field research, the management team was also putting considerable efforts in ensuring reliable cross-communication channels within the organisation. This was the result of the increasing concern about the growing dimensions of the company and the impact of these on the internal communication systems and, ultimately, on the company’s nimbleness. In this regard, one director commented, “...Because, as we have said before, e.com companies have to be very nimble, have to move direction, if the board of directors want to move directions, we have to get that information communicated down to 2000 people very quickly and often it does not. Sometimes people see the communication by e-mail or by voice and still do not want to pay attention to it because they are so attached to their ideas and they find another way to get it delivered and carried on. So, we have relatively flat structures, but still not flat enough- probably”.

### *3.2.1. Discussion*

The results presented here lie within the concept of ‘semi-structures’ introduced by Brown and Eisenhardt [1] to describe those organisations where some features—i.e. clear responsibilities—are defined, but others are not. Similar findings emerge in the case study presented here. Whilst the management team expressed a growing

concern for the organisational structures as not being, perhaps, ‘flat enough’, they emphasised a desirable and smooth shift from a situation of chaotic processes to a situation of more structured processes. These processes, however, were not completely rigid, but still flexible enough to encourage a great deal of creativity that unfolded from everywhere within the organisation. One reason why a combination of flexible and structured processes with visible and clear responsibilities are associated with strategic foresight and continuous innovation may be that these organisational mechanisms help the whole organisation to make sense of the near future. For instance, previous research [1] suggested that limited structures help people to make sense of a fast changing environment. Structures can help people to get an understanding of the environment and build the confidence to make fast decisions [19]. Thus, the organisation can keep its strategic foresight evolving all the time.

More significantly, the case study presented here also reveals that the ability to develop strategic foresight and innovate continuously in a fast changing environment is also affected by the nimbleness of the organisational structures. Previous research [13] suggested that in dynamic environments the concept of nimbleness could be better understood within the context of ‘complex adaptive systems’ [13]. A ‘complex adaptive system’ is like a ‘living system’ that operates as a single unity, whereby its capacity resides not in the individual parts but in the function of the whole [20]. Brown and Eisenhardt [1] also refer to ‘complexity theory’ [21,22] to explain some of the findings of their research on continuous innovation in the computing industry. The two researchers propose that there is a point called the ‘edge of chaos’ where companies can move. Brown and Eisenhardt [1] do not use the term ‘nimbleness’, however they explain that at the ‘edge of chaos’ there are the most adaptive systems that keep changing continuously. Given the limited nature of the data presented in this study, it would be highly speculative to invoke CAS as a model applicable to Sunshine. Instead, the existence of an eccentric management team may explain the reason for which this type of organisation keeps changing all the time without falling apart. Rindova and Kotha [3] who researched the organisational evolution of Yahoo! found similar findings. The two authors mention that Yahoo!’s managers explain the organisational evolution of Yahoo! by referring to “having a scalable organisation”, to an “organisation that clones itself”, to “Yahoo!’s evolvability” and to “the ability to have put together a management team that’s stuck together for a long time”. Thus, they concluded, “A top management team may serve as a bridge between the organisational actors who learn, and the organisational structures and routines” [23].

At a more general level, the emerging theoretical insights of visible organisational structures and nimbleness suggest that the retention of the single unity, which functions as a whole, is one of the most challenging tasks that a company who changes continuously has to face, particularly when it grows its dimensions too quickly. It is argued that growing dimensions may represent an internal threat [24] to the unity of the whole system. In this circumstance, it may be argued that an eccentric and focused management team is a key asset for retaining the unity of the system, so that it avoids that the whole system falls apart in the presence of major shocks.

Therefore, it is proposed that nimbleness, visible and structured processes, exten-

sive communications glued together by an eccentric management team form a core capability for creating continuous innovation in high-dynamic environments.

Finally, an interesting raising issue might be whether this type of functioning of the Internet bank and the role deployed by the management team would have been achievable if the bank had been part of a larger institution. The extant research [2] [25] has already suggested that radical innovations could only successfully develop in a separate business unit, whose vision is completely autonomous from the parent's vision. This separation would avoid a conflict of resource allocation between the new and the old business. Hence, it might be argued that developing strategic foresight continuously in a context where companies compete on speed to the market and fast change, requires among the other factors, not just a radical vision about the future, but also an autonomous vision encumbered by any existing routine or practice.

#### 4. Conclusions

The single inductive case study described in this paper suggests that developing strategic foresight is a learning process, which takes place within a broad vision. It enacts the future by a mechanism of 'probing and learning'. In this context, as there is no time for reflection, the managers simply learn and act at the speed of the industry events. Hence, strategic foresight evolves as sense making of the future evolves quickly overtime.

From an organisational perspective, by introducing the concept of 'visible and structured processes', this study confirms the findings of the existence of 'semi-structures' within organisations that keep changing all the time [1]. At a more general level, it suggests that the retention of the single unity of the system is one of the most challenging tasks that a fast moving company faces, particularly when it grows its dimensions too quickly. In this case, the existence of an eccentric and focused management team is a key asset for the retention of the unity of the whole system. Ultimately, it is proposed that in dynamic environments, nimbleness, visible and structured processes, extensive communications glued together by a top management team may form a core capability for creating continuous innovation in high-dynamic environments. This concept adds more insights to the concept of core capability introduced by Brown and Eisenhardt [1]. These authors simply concluded that the practices of "improvisation of current projects, limited structures, real time communication, experimentation into the future through low-cost probes, and rhythmically choreographed transitions from the present to the future form a core capability" [1].

It is suggested that similar research may be carried out in other settings. If future research validates these results, a better knowledge around the concept of 'core capability' can be generated. This will be extremely useful to companies that already operate in a context characterised by fast change (i.e. e-commerce companies), but also to all those companies that are attempting to re-invent themselves on a regular basis and embrace new technologies. At a more general level, it could be useful to examine, in more details, the role of a top management team in organisations that continuously change and what impact it will have on companies' performance.

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## Appendix. Interview themes

- Background of the interviewee
- Interviewee's role within the company
- Interviewee's perception of the importance of innovation for competitive advantage
- Interviewee's perception of the drivers and barriers of innovation
- Comment on the major strategic change of the company in the last 5 years
- Interviewee's perception of what the company's strategic focus has been in the past
- Interviewee's views about competitors and changes in the external environment
- Interviewee's perceptions of where he/she will see the company in the future
- The nature of the organisational structures
- Interviewee's perception of the importance of creativity for innovation
- Interviewee's perceptions of the processes in place to generate and develop new ideas
- Interviewee's perceptions of the importance of the customer in the process of innovation
- Interviewee's perception of the importance of new technology for innovation

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