NEW OFFER DEVELOPMENT IN BANKING: THE ROLE OF SENIOR LEADERSHIP

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DECLARATION

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ABSTRACT

The development of new offers, an activity that has traditionally been referred to as 'new product development', is key to the survival and growth of long-established banks. The term 'new offer' refers to both tangible goods and intangible services. The extant literature posits a wide range of factors that has been found to affect new offer development success. A critical challenge is effective project management. The style of the senior leader has been identified in previous research as an important factor affecting project success. Senior leadership style refers to the way the senior leader acts. Despite the importance of senior leadership, few studies have empirically examined the association between senior leadership style and new offer development success.

A conceptual model is developed of the association between senior leadership style and new offer development success grounded both in previous literature and in qualitative multiple case studies. Building on the notion of behavioural complexity, it is posited that new offer development success is associated with a senior leadership style characterised by a particular repertoire of control and support. A systematic process was used for conducting case research using criterion sampling and multiple data collection methods. Data was collected from senior leaders and their reports in eight banks in the UK - UBS, Barclays Group, HSBC, Deutsche Bank, ABN Amro, RBS, LloydsTSB and Abbey – involving a total of 33 in-depth interviews.

The findings shed new light on the role of the senior leader in the new offer development context. They suggest that some analysts have exaggerated the involvement of the senior leader at the project level. There is evidence of limited involvement by senior leaders in many development projects. Senior leaders were found to be uninvolved, deploying low support and low control, when the development project was of limited size and scope. High senior leadership involvement was found in developments of large size and strategic importance. Not surprisingly, senior leaders were particularly involved in individual projects, deploying much support and control, when their reputation depended on the project's successful completion. The overall findings indicate that it is less the deployment of a particular senior leadership style that is associated with new offer development success, but rather the constructive interplay of the styles of the senior leader and project leader both operating at different hierarchical levels. This role of multiple leadership in new offer development provides rich possibilities for further research.

CHAPTER 1
INTRODUCTION

1.1. Introduction

This chapter summarises the contents of this study. To this end, it provides the rationale for this thesis, emphasises the research problem, the objectives of the study and the research question. Further, it refers to the conceptual framework and the method, presents an overview of the findings, provides theoretical and managerial implications and discusses limitations.

1.2. The business problem defined

The banking sector is currently undergoing dramatic changes. Main trends include the blurring of industry boundaries; shifts in the regulatory environment; globalisation; pressures from new and existing competitors; rapidly advancing information technologies, and increased customer sophistication (The Banker, 2003a; 2003b). As discussed in chapter 2, leaders in banking are challenged to steer their organisations through a volatile environment characterised by much change and uncertainty. The development of new offers has played, and is likely to continue playing, a key role in this process (Mintel, 2002). The term new offer, increasingly popular with practitioners and researchers, covers both tangible goods and intangible services and comprises a variety of actions taken by the developer to enhance the core product (Mathur & Kenyon, 1997). For both new and traditional banks continuous innovation and new offer development are essential to long-term survival, since both revitalise mature business and create new markets (Johne & Harborne, 2003; Sarin & McDermott, 2003; Mintel, 2002; Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994; Storey & Easingwood, 1993).

The extant literature on new offer development in banking posits a wide range of factors that has been found to affect new offer development success (Jung, Chow & Wu, 2003). Of these, perhaps the most critical challenge is effective management of the projects and people that ultimately are the source of new offers and new ideas (Mumford, 2000). Thus, leadership assumes a key role in successful new offer development in banking (Johne &

Harborne, 2003; Johne & Davies, 1999; Johne & Pavlidis, 1996). The existence of a product champion (Storey & Easingwood, 1995; Edgett & Johnes, 1991), the assumption of a product champion role by the product manager (Edgett & Jones, 1991; Reidenbach & Moak, 1986), and the existence of a development manager have been all linked to development success. New offer development is a senior management responsibility and strong senior management support has been associated with development success (Harborne & Johne, 2002; Johne & Vermaak, 1993; Edgett & Jones, 1991). However, empirical studies addressing the role of the senior leader in the context of new offer development in banking are limited.

The role and function of the senior leader in new offer development has attracted academic attention. Although the contributions of the product champion, project leader and external leader are important, the literature emphasises the key role of the senior leader. As outlined in chapter 2, this thesis utilises the 'senior leader' definition suggested by the Financial Services Authority UK (2002) and defines the senior leader as either the Chief Executive of the Bank, or alternatively, the Head of a significant business unit. Chapter 2 further posits that the style of the senior leader has been identified as being one of the most, if not the most, important factor that affects organisational innovation as the senior leader has the potential to influence all the other factors that facilitate the development process (Jung, Chow & Wu, 2003; Harborne & Johne, 2002; Mumford, 2000; Tannenbaum, Salas & Cannon-Bowers, 1996; Edgett & Jones, 1991). Senior leadership style refers to the way that the senior leader acts (Harborne, 2000).

As discussed in chapter 3, within the literature on senior leadership style a reoccurring issue is the level of senior leader involvement associated with development success (Sethi, Smith & Park, 2001; Bart, 1991). This refers to the benefit of high senior leader involvement versus the benefit of low senior leader involvement in the development context (Sethi, Smith & Park, 2001). This issue has also been referred to in the literature as (a) 'hands-on' versus 'hands-off' leadership style (Harborne, 2000; Barclay & Benson, 1990; Quinn, 1985); (b) 'hands-on' versus 'arms-length' leadership style (Johne & Harborne, 2003), and (c) 'loose' versus 'tight' leadership style (Bart, 1991). However, all

these dichotomies address one essential question: what level of senior leader involvement is beneficial to development success?

1.3. Objectives of the research and research question

Despite the recognition that a supportive senior leader positively influences development performance, there is a surprising lack of knowledge about what the effects are on different performance variables and how it takes place (Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). As explained in chapter 3, past research provides limited insights on the specific leadership style needed to succeed (Jung, Chow & Wu, 2003; Sethi, Smith & Park, 2001; Drew, 1995; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986). A key research question identified in the literature is the level of senior leader involvement needed for development success. In both the academic and practitioner literature, this question has initiated an ongoing debate on the benefits of high senior leader involvement versus the virtues of low senior leader involvement in the development context (Sethi, Smith & Park, 2001; Johne & Vermaak, 1993; Bart, 1991; Takeuchi & Nonaka, 1986).

The limited success in reconciling the two schools of thought, pursued in the works of Sethi, Smith and Park (2001), Johne and Vermaak (1993), Thwaites (1992), Takeuchi and Nonaka (1986), and McDonald and Eastlack (1971), indicate that the phenomenon of senior leadership style is highly complex and cannot be reduced to a mere discussion on high or low involvement. In this context, chapter 3 approaches the phenomenon from a more rudimentary viewpoint and examines the potential spectrum of different leadership actions, rather than a particular style, in order to understand the convolution of senior leadership behaviour. As such, chapter 3 discusses the association between development success and both control-oriented leadership actions and support-oriented leadership actions. As explained in chapter 3, control-oriented senior leadership actions are senior leader initiated control mechanisms, which influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, support-oriented senior leadership actions refer to senior leader support offered to the project team with a view to encourage, facilitate and enable the development project. In

short, the former actions relate to the senior leader *telling* the team hat to do, while the latter refer to the senior leader *facilitating* what the team does.

The debate on control-oriented senior leadership actions and support-oriented leadership actions has produced contradictory empirical support. Both, a high level of control-oriented senior leadership as well as a low level of control-oriented senior leadership have been shown to be associated with development success. In similar vein, both a high-level of support-oriented leadership actions as well as a low level of support-oriented leadership actions have been linked to successful new offer development. Chapter 3 further asserts that some of the literature interpreted control-oriented senior leadership actions and support-oriented leadership as an either/or dichotomy and found one set of leadership actions to be more strongly associated with development success than the other (Johne & Harborne, 2003; Harborne, 2000).

Since research is contradictory in its findings, one cannot yet say which senior leadership style is associated with development success. In particular, research findings on the association between senior leadership style and development success are limited and inconclusive. As senior leadership has been identified as a key success factor in new offer development, researchers and practitioners alike call for more research in this area (Jung, Chow & Wu, 2003; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001; Sethi, Smith and Park, 2001 Drew, 1995; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986). Therefore, the research question of this study is posited as follows:

"What is the association between senior leadership style and new offer development success at the project level?"

1.4. The conceptual framework

To explore the research question this thesis posits the working assumption that successful and less successful development projects are associated with different senior leadership styles. Chapter 5 posits that behaviourally complex senior leaders are associated with development success. Behaviourally complex leaders are defined as those leaders, who

maintain wide and balanced behavioural repertoires. (Kayworth & Leidner, 2002; Hooijberg & Choi, 2000; Hooijberg, 1996; Hart & Quinn, 1993). *Wide repertoire* in a development context refers to the leader deploying both, control-oriented leadership actions as well as support-oriented leadership actions. *Balanced behavioural repertoire* relates to the existence of an equal level of control and support. That is, a high level of control-oriented leadership actions needs to be complemented by a high-level of support-oriented actions, or alternatively, a low level of control-oriented leadership actions needs to be matched with a low-level of support-oriented actions.

In accordance with the literature that informs this study, four different leadership styles are identified: (a) reclusive leadership; (b) ubiquitous leadership; (c) controlling leadership, and (d) supporting leadership. The first two styles are proposed to provide the necessary behavioural complexity to help new offer development success. The last two styles, however, are suggested to lack behavioural complexity due to an imbalance of control and support and hinder successful development. It is proposed that both the *reclusive* as well as the *ubiquitous* leadership style are balanced and have a positive association with development success. The required equilibrium derives from the fact that the reclusive style is reflected by both a low level of support and a low level of control. In similar vein, the ubiquitous style is reflected by both a high level of support and a high level of control. Both styles display corresponding levels of control- and support-oriented actions and therefore provide stability and continuity to the development project. In contrast, the *controlling* and the *supporting* leadership styles are imbalanced and have a negative association with development success. This imbalance is rooted in the opposing levels of control and support that comprise each style. While the controlling style reflects a high level of control but a low level of support, the supporting style reflects a low level of control but a high level of support. This discrepancy in control and support results in an imbalanced leadership style and therefore adds to the ambiguity and confusion inherent in development projects.

Chapter 5 further shows that senior leadership style is not the only variable impacting on development success. Previous research suggests that new offer development success is

influenced by an amalgam of factors, internal to the company and under the control of management. In this study, these factors are ordered using the McKinsey '7Ss' schema popularised by Peters and Waterman (1982).

In sum, the conceptual framework suggests that senior leadership can be divided into four different styles, each of which reflects a wide repertoire of control- and support-oriented actions that vary in intensity. It is proposed that a balanced, behaviourally complex approach characterised either by low control and low support (reclusive style) or by high control and high support (ubiquitous style) has a positive association with development success. Conversely, it is proposed that an imbalanced approach reflected either by high control and low support (controlling style) or by low control and high support (supporting style) has a negative association with development success. It is further proposed that new offer development success is influenced not solely by senior leadership style but by an amalgam of internal factors under control of management.

1.5. Method of the study

This study adopts a positivist methodology. Chapter 6 posits that positivists treat social science as an organised method for combining deductive logic with precise empirical observations to uncover the laws about the workings of the social world. This leads to the discovery of a set of probabilistic casual laws that can be used to predict general patterns of human activity (Denzin & Lincoln, 2000; Bryman, 1984). The positivist epistemological stance is rooted in an ontological belief in physical realism (Hammersley 1998; Bryman, 1984). As such, it rests on the postulation that there is a 'true' world of structured phenomena, which is external to an independent scientist (Denzin & Lincoln, 2000; Hammersley, 1998). This leads to the assumption that a removed observer can study the reality with a view to establishing relationships between phenomena (Hammersley, 1998; Guba, 1985). Nonetheless, in light of the post-positivist stance it is also acknowledged that reality can never be completely captured only approximated (Guba, 1990).

As discussed in chapter 6, this study follows a multiple case study method. Although this study is exploratory in nature, it adheres to the notion of methodological rigour (Miles & Huberman, 1994; Eisenhardt, 1989). To this end, the study adheres to a systematic process of case research involving a multiple case study approach, a criterion sampling procedure and multiple data collection methods (Miles & Huberman, 1994; Leonard-Barton, 1990; Yin, 1994). As pointed out in chapter 5 and chapter 6, before commencing the field study the research question and propositions were formulated and the interview guides devised. Data were collected from eight cases, involving a total of 33 in-depth interviews with senior leaders and their reports. Subsequently, data were analysed in a systematic fashion. To aid this process, interviews were transcribed verbatim. Moreover, qualitative data analysis software and inter-coder reliability tests were deployed.

The case study approach was selected for the following reasons: First, there is limited research into the type of senior leadership style associated with new offer development success. In addition, earlier findings on the topic are contradictory. A further problem with the literature is the ambiguity of the term 'senior leader', which is all too often loosely and inadequately defined. Indeed, several research studies claim to have examined a senior leader, when they have investigated a manager who holds the relatively low hierarchical position of 'Departmental Head' (Johne & Pavlidis, 1996). Other studies omit the senior leader definition altogether (Gomes, de Weerd-Nederhof, Pearson, & Fisher, 2001). This ambiguity of definition often derives from the fact that in a real-life business context personnel is frequently labelled 'senior management', when in reality they fulfil traditional middle management roles. For this study it was therefore necessary to ensure first hand that all informants fulfilled the senior leader definition suggested by the Financial Services Authority (2002).

It was further decided to adopt the case study method because the present research forms an empirical enquiry that investigates a contemporary phenomenon within its real-life context where the boundaries between phenomenon and context are not clearly evident (Yin, 1994). The case study method is deemed especially appropriate for this type of exploratory research because it focuses on documenting a phenomenon within its

organisational context, exploring the boundaries of a phenomenon and integrating information from multiple sources (Leifer, O'Connor & Rice, 2001). As such, case studies are a powerful tool for gathering information and understanding the real conditions that occur in organisations (Eisenhardt, 1989). The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points with data needing to converge in a triangulating fashion (Yin, 1994).

The sample of this study consists of banks operating in the UK. As qualitative research frequently demands an alternative logic of sampling and selection than quantitative research, this thesis deployed a non-probability sample (Mason, 1998). Since no appropriate sampling frame existed, great care was taken to select banks for this study, which allowed the major research issues to be addressed (criterion sampling). As such, an initial sample of 26 senior leaders was interviewed. Only senior leaders and banks, which fulfilled certain criteria were included in the final sample of eight. This resulted in the following criterion sample: HSBC, Deutsche Bank, UBS, ABN Amro, Barclays Group, LloydsTSB, RBS and Abbey. Within these 8 cases, 17 new offer development projects were examined. That is, in each case at least one successful project and one less successful project were explored. The benefits derived from this approach were twofold: Foremost, it allowed for a more comprehensive understanding of the factors that facilitate or impede development success. Moreover, this approach also aided data analysis. Rather than using scales to measure variables in degrees, the variables were explored through emerging data patterns in the successful and less successful new offer development projects. In a second step the observed patterns were compared across projects.

1.6. An overview of the findings

The working assumption of this study asserted that successful and less successful projects are associated with different leadership styles. This is based on the implicit assumption that the senior leader does get involved in the new offer development effort at the project level. However, the findings of this study suggest that the working assumption is incorrect. Instead, the findings suggest that senior leaders do not get involved at the

project level in new offer development by default. As discussed in chapter 8, the findings suggest that senior leaders see their role predominantly at the programme level. That is, they believe that they can add most value as shapers of the overall new offer development effort. Overall, it was found that senior leaders get involved in the development of an individual project only if they have a particular interest in it due to its size or strategic importance. Conversely, it can be generalised that senior leaders do not get involved in a project when it is of merely average size and scope. Accepting the limited involvement of the senior leader at the project level, the following findings emerged in relation to senior leadership style and development success:

(a) Reclusive senior leadership style

The reclusive senior leadership style was defined as being composed of a *low* level of control-oriented leadership actions and a *low* level of support-oriented leadership actions. Thus, it was proposed that the senior leader deploys a limited amount of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. In similar vein, the senior leader offers a limited amount of support to the project team in terms of encouraging, facilitating and enabling the development project.

The reclusive leadership style was found to be the most prominent of all four styles. This finding is perhaps not astonishing given the fact that senior leaders in general get seldom involved in new offer development at the project level. In particular, senior leaders were found to be uninvolved at the project level, deploying a reclusive leadership style, when the development project was of merely average size and scope and thus could easily be delegated to a hierarchically lower project leader. In other terms, the reclusive style was observed in strategically less important projects that had failed to capture the senior leader's interest. Contrary to the propositions, the deployment of the reclusive senior leadership style was found in successful development projects as well as in less successful projects. In particular, it was found that the reclusive senior leadership style with low control and low support led to project success if complemented by a ubiquitous style of the project leader to provide high control and high support to the team. Thus, the

combination of reclusive senior leadership style and ubiquitous project leadership style provides a wide and balanced repertoire of control- and support-oriented actions to the development effort and, therefore, increases the chances for development success.

(b) Ubiquitous senior leadership style

The ubiquitous leadership style is characterised by a *high* level of control-oriented leadership actions and a *high* level of support-oriented senior leadership actions. To this end, it was proposed that the senior leader engages in a high level of leader initiated control mechanisms in the development context to influence the probability that development teams will behave in ways that support the stated objectives of the project. Similarly, the senior leader deploys a high level of support to the project team in terms of encouraging, facilitating and enabling the development project.

The ubiquitous leadership style came second in terms of frequency of occurrence compared with the other leadership styles. The findings suggest that if a development project is important to the senior leader due to its size and proposed strategic impact, he does get heavily involved in its development. This is reflected by the senior leader deploying both control-oriented actions as well as support-oriented actions. However, development projects of major strategic importance are relatively rare in banking and senior leaders only occasionally deploy the ubiquitous leadership style. In line with the propositions, the findings suggest that the ubiquitous leadership style was related solely to successful new offer development. That is, the investment of the senior leader's time and effort in the development of large and strategically important projects did lead to successful results. Thus, if the project outcome was crucial in a strategic context, it was beneficial when the senior leader got intimately involved in the development of the new offer, both in terms of setting objectives and helping the development team whenever high-level intervention was necessary. Specifically, the senior leader ensured, through high-level influence, that the project progressed according to plan by establishing a direct and frequent reporting relationship between him and the project leader. Moreover, he fostered a common vision by communicating the importance of the project throughout the organisation.

Further, most of these projects were characterised by a highly motivated and proactive project leader, who also assumed a ubiquitous style. It is therefore suggested that projects of particularly large scope and size benefit from the proactive involvement of at least two leaders. Due to the high complexity of such projects a particularly high level of goal setting, planning and monitoring activity is required. In similar vein, an extraordinarily high level of stakeholder management, project commitment and resource procurement is needed. Such intense control- and support-oriented activities are most effectively performed by two leaders who occupy different hierarchical levels. While the senior leader conveys the project's importance throughout the organisation, shielding the development against internal impediments, the project leader proactively resolves the project's day-to-day concerns. This active interplay between senior leader and project leader facilitates project development and, eventually, secures development success.

(c) Controlling senior leadership style

The controlling leadership style is characterised by a *high* level of control-oriented leadership actions but a *low* level of support-oriented senior leadership actions. In practice, the behaviour of a leader deploying a controlling leadership style was proposed as follows: The senior leader engages in a high level of initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. However, the senior leader only deploys a low level of support to the project team in terms of encouraging, facilitating and enabling the development project.

Only two out of seventeen development projects in this study were characterised by a controlling leadership style. The case evidence suggests that senior leaders rarely deploy a high level of control-oriented actions while neglecting the support-oriented actions. It was observed that senior leaders are either fully committed to a project of major strategic importance, deploying both support and control, or are faintly interested in a project, offering low support and low control. However, there are only two cases in the sample of this study where the senior leader was highly involved in the project showing much control but only limited support. The reason for this behaviour derived from the fact that

the senior leader was pressured by internal factors to have the project developed but failed to be personally captivated by the development. Contrary to the propositions, the controlling leadership style was connected to both new offer development success as well as lesser development success. The findings indicate that a control-focused senior leadership style contributed to development success only when certain conditions were present: Most importantly, the senior leader was assisted by a project leader, who counterbalanced the control-focused style of the senior leader by assuming a highly supporting role. That is, a controlling senior leadership style, with high control but low support, led to development success because the project leader adopted a supporting leadership style that provided the required balance of support and control to project and team.

(d) Supporting senior leadership style

The supporting leadership style is characterised by a *low* level of control-oriented leadership actions and a *high* level of support-oriented senior leadership actions. For this reason, a senior leader deploying a supporting leadership style engages in a low level of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, the senior leader deploys a high level of support to the project team in terms of encouraging, facilitating and enabling the development project.

The findings suggest that only two out of seventeen projects were associated with a supporting leadership style. As mentioned before, one reason for the limited occurrence of the supporting style is that senior leaders rarely get involved at the project level. Another reason is that, if a project is strategically important enough to capture the senior leader's attention, the senior leader is likely to get fully involved offering both control and support. There are only two projects in the sample of this study where the senior leader provided much support but merely limited control. This was the case because the senior leader was captivated by the project whilst relying on the ability of the project leader to lead the project to success. Contrary to the propositions, the supporting leadership style was associated with development success in one project and with lesser

development success in another project. The findings suggest that it is only under specific circumstances that the senior leader can afford to heavily support a project team whilst not controlling for its output at the same time. This is the case when the senior leader is accompanied by a project leader, who adopts a controlling style thereby counterbalancing the support-focused style of the senior leader. That is, a supporting senior leadership style, with low control but high support, led to development success because the project leader adopted a controlling leadership style that provided the required balance of support and control to project and team.

Overall, the findings then indicate that it is less the deployment of a particular senior leadership style leading to development success, but the harmonious interplay of the styles of multiple leaders at various hierarchical levels. In particular, the style deployed by the senior leader needs to be complemented by the style of the project leader. The project leader is hereby defined as the project sponsor or the project manager. Unless the combined leadership styles provide a wide and balanced repertoire of control and support to project and team, their imbalance may create a disharmonious working climate characterised by much ambiguity and confusion. As such, one cannot overestimate the role of multiple leadership in the development context.

1.7. Contributions to theory and practice

The purpose of this study has been to construct a conceptual framework grounded in theory as well as practice for affording insights into the mechanisms of senior leadership style in new offer development. As discussed in chapter 9, this study makes several contributions to theory. The major insights gained from this exploratory study include: a revised conceptual framework linking senior leadership style to new offer development success; the importance of multiple leadership style; scales to account for senior leadership style, and the need to consider contingent factors within behavioural complexity theory.

Most importantly, this study provides a conceptual framework for the further study of senior leadership in general and senior leadership in new offer development in particular.

Thus, a key benefit of this study is that it sheds more light on how senior organisational decision-makers influence new offer development success. Since the findings are based on the case study method involving 33 in-depth interviews, they offer invaluable insight into how senior leaders act in a development context and how this style links to development outcome. Indeed, such personal access to a substantial number of high-level decision-makers is quite unique within the extant literature on leadership. Surprising new insights were generated, the most relevant being the role of multiple leadership and its association with development success.

This study observed the existence of multiple leaders and stressed the interrelationship between the senior leader and the project leader in the new offer development process. That is, the findings suggest that in addition to the involvement of the senior leader all projects were characterised by the contribution of additional leaders, most notably the project leader. As such, this thesis adds to theoretical models on multiple leadership formulated in the works of Johne and Harborne (2003); West, Borrill, Dawson, Brodbeck, Shapiro and Haward (2003); Ernst (2002); Gomes, de Weerd-Nederhof, Pearson and Fisscher (2001); Oldenboom and Abratt (2000); McGill and Slocum (1998), as well as Burgelman (1983). This thesis concurs with the extant literature suggesting that the leadership styles of multiple leaders need to complement each other in terms of control and support provided to project and team. It adds, however, that style complementarity is particularly important in relation to the styles of the senior leader and the project leader. As such, this study suggests that it is less the deployment of a particular senior leadership style leading to development success, but the harmonious interplay of the styles of the senior leader and the project leader both operating at different hierarchical levels. Future research is encouraged on the role of multiple leadership in a development context. In particular, more research is needed on the interplay between leadership styles across hierarchies, that is to say, senior, middle and lower management.

Further, this thesis provides a two-dimensional measurement scale along the axes of control-oriented senior leadership actions and support-oriented actions. This scale can be

used to examine senior leadership style in a new offer development context. The extant literature suggests a number of measurement scales for exploring senior leadership style (Johne & Harborne, 2003; Bonner, Rueckert & Walker, 2002; Gomes, de Weerd-Nederhof, Pearsson & Fisscher, 2001; Clift & Vandenbosch, 1999; Johne & Vermaak, 1993; Bart, 1991). The present study adds to existing research by providing a scale, which accounts for senior leadership actions in new offer development at the project level, containing over thirty identified actions. This scale is a practical tool for assessing senior leadership style in future research studies, but now needs to be validated and refined in quantitative research. Future research is encouraged to introduce an exact, quantitative measurement element to the present scale thereby adding to its validity and reliability. In particular, the scale's external validity should be evaluated by extending it to other research contexts.

Further, this study adds to the ongoing discussion on behavioural complexity and organisational effectiveness (Kayworth & Leidner, 2002; Hooijberg & Choi, 2000; Hooijberg, Hunt & Dodge 1997; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). It provides empirical support for an association between a behaviourally complex senior leadership style and new offer development success, contributing to existing theory by extending the notion of behavioural complexity to a new offer development context. In addition, this study asserts that behavioural complexity can be 'shared' by multiple leaders. That is, the combined styles of multiple leaders need to be behaviourally complex and not just the style of an individual leader. Although a considerable number of research studies have been conducted in the area of behavioural complexity, the idea of 'sharing' behavioural complexity between multiple leaders is a new concept (Hooijberg & Choi, 2000; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). Thus, more research is encouraged regarding multiple leader behavioural complexity and its association with development success. For instance, qualitative case study research could explore whether or not multiple leaders take a conscious decision of complementing each other's styles and what kinds of leaders take the initiative to adapt their styles. Moreover, it would be worthwhile to investigate

whether or not senior leaders deliberately appoint those project leaders, who complement their styles.

Chapter 9 further asserts the importance of contingency factors in explaining the relationship between senior leadership style and project outcome. Some behavioural complexity theorists posit that contingency-based theories of leadership may be overly simplistic and fail to take into account that multiple leadership styles may be applicable across a broad range of circumstances (Hooijberg, Hunt & Dodge 1997; Hooijberg, 1996; Hart & Quinn, 1993). Other scholars advocate the contingency perspective in behavioural complexity theory, arguing that effective leaders are those who are best able to match their particular leadership style with the contingencies inherent in the situation (Kayworth & Leidner, 2002). The present study concurs with the latter group of researchers and highlights the importance of contingent factors. While an association between a behaviourally complex senior leadership style and development success was found, the absence of such a style did not automatically lead to lesser success. Indeed, the relationship between senior leadership style and development outcome was contingent on additional variables such as the style deployed by the project leader as well as size, scope and strategic importance of the offer to be developed. That is, provided certain contingency factors are in place, behavioural complexity is important but not essential for attaining development success. This is a crucial finding as the majority of behavioural complexity theorists see the theory's main advantage in rendering the consideration of contingent factors unnecessary.

In chapter 10, managerial implications highlight the limited involvement of the senior leader in individual development projects. It is suggested, however, that at the rare occasions when the senior leader gets actively involved in individual development projects his great influence almost always leads to a successful project outcome. Senior leaders are indeed capable of moving mountains, at least internally. Given their facilitating impact on the development process and the large number of development projects in an organisation, senior leaders have to evaluate very carefully which projects to sponsor. In particular, senior leaders need to ensure that their involvement does not

nurture and protect any pet projects, which would otherwise be too weak to survive the competitive internal pressure. Also, senior leaders are advised to be either fully committed to a project, exercising an equal intensity of high control and high support, or assume the role of a distant observer. Any desultory involvement is likely to be detrimental.

1.8. Limitations of the study

As outlined in chapter 10, several limitations arise notwithstanding the substantial consideration warranted to reliability and validity of this study. Foremost, the research study is of exploratory nature and the findings are based on a limited number of case studies in a small number of banks. Thus, the findings should be considered tentative. Moreover, a substantial amount of prior instrumentation was conducted and a framework with propositions was devised despite the qualitative nature of this study. It can be contended that such predetermined theoretical perspectives might bias or even limit the findings. Nonetheless, it is important to note that the constructs of the present study were not as tightly defined as would be the case with quantitative, survey-based research (Miles & Huberman, 1994). Indeed, after data analysis the propositions were restated and the conceptual model was revised. However, without the initial definition of these the study would have shifted into confusion, vagueness and premature abstraction. Third, a potential limitation of this study is the post-hoc research approach. As such, data were collected and respondents interviewed after the completion of the development projects. Thus, at the time when the analysis was undertaken, the outcome of the projects was already known. Even though accepted practice among researchers, the pitfall of this approach is that respondents may rationalise their actions in light of the project outcome (Miles & Huberman, 1994). Poor recall and poor or inaccurate articulation are further issues relating to this approach (Alam, 2002; Leonard-Barton, 1990).

Fourth, critics may argue that the analysis of qualitative data is susceptible to the influence of researcher-induced bias both during the conduct of the interview and during the subsequent analysis of the data. The present study addresses this potential limitation by introducing a data analysis protocol (Lillis, 1999). Last, as opposed to quantitative

research, qualitative research frequently does demand an alternative logic of sampling and selection (Mason, 1998). For this reason, this thesis followed the criterion sampling method.

1.9. Conclusion

The purpose of the present chapter was to outline the contents of the thesis. The subsequent chapters will expand on this summary. To this end, the thesis is structured as follows: chapter 2 introduces the context of the study; chapter 3 reviews the literature on new offer development; chapter 4 discusses the literature on leadership; chapter 5 formulates the research question, propositions, and conceptual model; chapter 6 discusses the methodology and method; chapter 7 offers an overview of the case findings; chapter 8 discusses the findings; chapter 9 reformulates the propositions, amends the conceptual model and explores the contributions to theory and suggestions for further research, and chapter 10 points out the managerial implications as well as the limitations of this study.

CHAPTER 2
THE CONTEXT: LEADERSHIP IN BANKING

2.1. Introduction

This chapter offers a detailed overview of the context of this study. The first part provides a synopsis of the European banking sector, accentuating the growing global interdependence of banks. Second, the focus shifts to the importance of the UK banking sector. As such, the role of London as Europe's banking capital is introduced. Third, recent trends in UK banking are discussed. It is asserted that senior leaders are highly challenged to steer their organisations though a volatile environment characterised by globalisation; changes to the regulatory environment; technological change; mergers and acquisitions; new entrants, and pressures on margins. These trends pose great challenges to the industry by radically changing the environment in which banks have to compete. Fourth, the literature on new offer development in banking is discussed and the importance of new offer development highlighted. The chapter further suggests that leadership assumes a crucial role in successful new offer development in banking. These factors combined render the UK banking sector an ideal context for studying the role of the senior leader in new offer development.

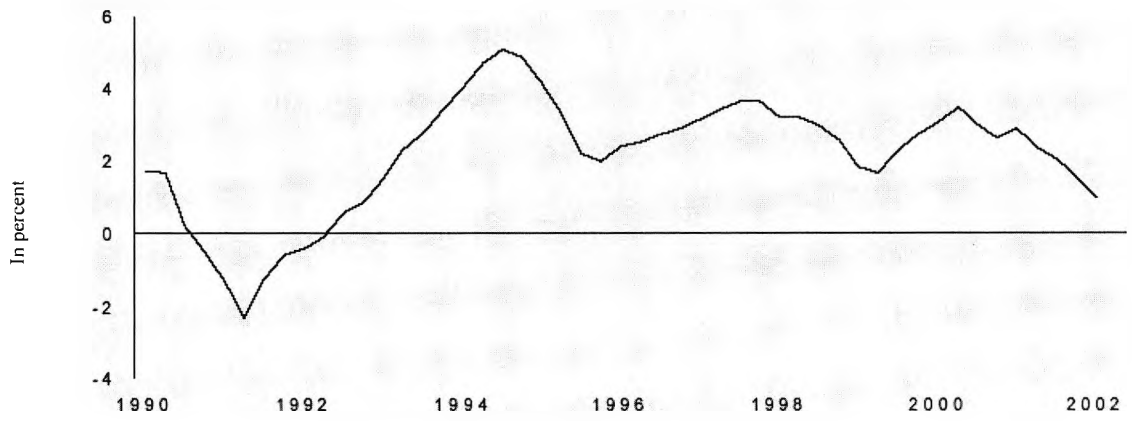
2.2. The European banking sector

Although this thesis focuses on the UK banking sector, the growing global interdependence of banking has to be accentuated. The European banking sector is confronted with major forces that have changed its competitive dynamics and strategic context. On the one hand, the industry sector is currently undergoing rapid transformation involving globalisation; changes in regulation; blurring of industry boundaries; consolidation; technological change; new competition from unexpected industries, and increased customer sophistication (AIB, 2003; Aversa, 2003; KPMG, 2002). On the other hand, business is unpredictable, markets are nervous and confidence remains fragile (KPMG, 2002). Since 2000 the banking industry worldwide has been affected by falling capital markets, volatile equity markets, severe corporate scandals, and reduced consolidation activities. The events of 11 September 2001 further disturbed a global

market that was already experiencing turbulence (KPMG, 2002). As a consequence, in 2002 the UK experienced the lowest economic growth since the early 1990s.

Figure 2.1

Annual change of UK Gross Domestic Product 1990 - 2002



Source: RICS, 2002

CEOs and other senior managers throughout the global banking industry face major challenges and have to make tough decisions as they tackle the consequences of continued uncertainty (KPMG, 2002). Many of them have responded by implementing drastic cost-cutting measures including major job cuts (Kleinbard, 2003b; KPMG, 2002). According to the U.S. Bureau of Labour Statistics, U.S. securities industry employment reached an all-time apex of 840,900 in March 2001 and then steeply declined over the next two years, reaching an estimated 797,400 in March 2003. This was the worst percentage decline in U.S. securities industry employment since the 17 percent decline from 1972-74 (Kleinbard, 2003b).

The economic downturn follows a period of global economic growth. The late 1990s were marked by a strong economy characterised by flourishing equity markets, augmented activity in mergers and acquisitions and the 'dot.com bubble' (Kleinbard 2003b). Banks capitalised on the decade long bull market by significantly growing their

profits (Froud, Johal & Williams 2002). During the same time, banking institutions started pursuing new strategic directions. This shift in banks' business strategy involved industry consolidation, increased product innovation, new delivery channels, disintermediation and increased market segmentation. This resulted in the proliferation of joint ventures and strategic alliances between banking institutions (Silverman & Pretzlik, 2004; Kleinbard, 2003a; Smith, 2003). However, in 2003 the banks' initial enthusiasm for consolidation has given way to scepticism. Underlying banks' newly found risk aversion is the acknowledgement that diversification strategies have produced minimal benefits for investors (Silverman & Pretzlik, 2004). In Europe, diversification has produced many ill-fated ventures, such as banks' consolidations with insurers. Indeed, market risk acquired by banks has recently proved a bigger problem than the credit risk that is their stock in trade (Silverman & Pretzlik, 2004).

In 2002, the European banking sector had suffered from a gradual deterioration in investor sentiment. Bad debts were rising as a consequence of large corporate and sovereign defaults. At the same time revenue growth was slumping. During the early months of 2002, there was tentative evidence that a synchronised recovery of the global economy was underway (Macquarie, 2002). However, this optimism was short lived. The growth of the world economy lost strength by the second half of the year. As such, financial markets were volatile and bank shares under-performing (Bream, 2002; Macquarie, 2002; Pretzlik, 2002a). Moreover, as banks incurred losses from corporate defaults, such as Enron, and from emerging markets crises, such as in Argentina, concerns over credit risk surfaced as a key issue (Macquarie, 2002; Pretzlik, 2002b). A further factor was the over-reliance on equities. This not only weakened investor confidence but also affected profits of many banks (Kleinbard, 2003b; Macquarie, 2002).

The dramatic slowdown in capital markets activity has forced European banks to restructure or consolidate their banking divisions (Coggan, 2003; Burgess, 2002). Prominent examples for extensive organisational restructuring are German banks such as Deutsche Bank and Commerzbank, Spanish banks such as BBVA, and also English banks such as Barclays and LloydsTSB. Falling equity markets have undermined

solvency ratios. As a consequence, some life assurance businesses have caused severe financial problems for their parent banks, such as in the case of Abbey (Croft, 2004; Pretzlik, Croft & Saigol, 2002).

Whilst banking institutions faced a turbulent market environment throughout 2002 to 2003, the situation improved in 2004. Several banks, among them Goldman Sachs, Bear Stearns and Lehman Brothers, reported improved earnings in late 2003 and first half of 2004 (Oster, 2004). Thus, the long and steep decline in financial markets seems to have come to an end (Kleinbard, 2003b). However, despite signs of improving market conditions, the industry's prospects remain challenging: Levels of consumer debt are high relative to household assets and income, but the costs of servicing that debt remain very low (Croft, 2003b; Kleinbard, 2003b). However, the Governor of the Bank of England has warned that consumer spending, fuelled by cheap debt, is unsustainable (Seven, 2003).

In light of this development, the banking industry has been focusing intently on risk management (Kleinbard, 2003b). As such, it appears that banks have managed to mitigate credit risk by transferring it to third parties, through credit derivatives, secondary loan trading or asset securitisation (Kleinbard, 2003b). Nonetheless, central banks and other banking supervisors divulge that they have limited knowledge of the secondary credit market. For instance, they do not know to whom this risk has been transferred (Batchelor, 2003). Thus, it remains to be seen whether the banks have actually managed to pass on the risk to third parties, or whether they retain more than they realise. The lack of transparency of the secondary credit market remains a potential threat to the stability of the financial system.

To sum up, these recent developments are contributing to state of competition of the European banking sector. Banks are likely to face ongoing challenges in the form of changing market conditions (Kleinbard, 2003b). Thus, the UK banking sector, epitomised by London as Europe's prime financial hub, is assuming a key role in the continuous renewal of the world's main banks.

2.3. The UK banking sector

This section provides an overview of the UK banking industry. In a first step, it introduces the UK banking sector. It then highlights London's role as a global financial centre. Banks operating in the UK differ widely in terms of size, ownership and offer palette. Although many banks, such as Barclays Group or UBS, provide a full array of banking services, organisations can be classified according to the type of banking activity they conduct: (a) commercial banks; (b) investment banks; (c) retail banks, and (d) mortgage banks. These are discussed in the following:

(a) Commercial banks

The term commercial bank is relatively broad and refers to any bank licensed under the Banking Act 1987 (Klein, 1995). Commercial banks serve as intermediaries between customers who save money and customers who borrow it. Their principal activities are to collect deposits and extend short-, medium-, and long-term loans. Commercial banks diverge widely in terms of markets and earnings sources (Kleinbard, 2003a). For instance, the large high street banks, such as Barclays Group, RBS, or LloydsTSB, all are commercial banks. In broad terms, there are two kinds of commercial banking institutions, defined largely by the market segments they serve. Wholesale commercial banks, also known as wholesale banks, tend to be large and engage in lending and other practices that are mostly national and global in nature. This market segment caters mainly to a corporate clientele. Retail commercial banks are often more regional in focus and engage in lending practices that tend to reflect a more local orientation. They cater mostly to a consumer and small-business clientele (Kleinbard, 2003a). Many banks are active in both broad segments (Kleinbard, 2003a).

(b) Investment banks

As a highly specialised segment of the finance industry, investment banking has grown into a worldwide industry (BI, 2000). As such, investment banks form an essential part of the City of London's financial services industry. Examples include CSFB, Goldman Sachs and JP Morgan. Investment banks conduct two main activities: raising of bond and equity capital as well as providing advice on mergers, acquisitions, disposals and

takeovers. All other services offered by investment banks are ancillary to these core activities (Chu, 1990). Thus, further services offered by investment banks include broking and trading of equities, bonds, commodities and derivatives. Moreover, they engage in activities such as market making, proprietary trading and risk management (including securitisation and derivatives). In addition, investment banks offer industry research and investment management (Kleinbard, 2003b; BI, 2000; Hitchins, Hogg & Mallet, 1996). Investment banks' largest customers tend to be corporations or governments in need of capital or advice on a merger or acquisition (Kleinbard, 2003b). However, they also provide banking services for public authorities and private clients (Hitchins, Hogg & Mallet, 1996). There is an overlap between investment banks and wholesale banks. Both types of banks provide services to the government as well as to corporate clients (Hitchins, Hogg & Mallet, 1996). The development and expansion of investment banking has been closely linked with the growth and expansion of the financial markets. As a consequence, during the bear market of the early 2000s investment banking activity stagnated (Kleinbard, 2003b).

(c) Retail banks

A retail bank is an organisation that conducts business and maintains accounts on behalf of private and small business customers, often through an extensive branch network (BI, 2000; Hitchins, Hogg & Mallett, 1996). In the retail banking segment, the Big Four banks, that is HSBC, Barclays, RBS and LloydsTSB, continue to dominate the market (Kleinbard, 2003a). As such, they hold a combined market share of 65.8 percent of all current accounts (Kleinbard, 2003a). Moreover, offers provided to personal customers include credit cards and lending. Small business banking encompasses offers such as business accounts, managing money and raising finance (BI, 2000). According to the British Bankers Association, the total number of branches on the UK's high streets shrank by more than 1500 between 1997 and 2002 as a consequence of the growth of remote banking channels (BBA, 2004). Mergers and acquisitions have also played a part in reducing overall branch numbers as outlets have been closed after being identified as uneconomical (BBA, 2004; Kleinbard, 2003a).

The competitive landscape of the retail banking sector is changing. The revolution in information processing and the advent of new technologies have lowered sector entry barriers (Pyun, Seruggs & Nam, 2002; Harborne & Johne, 2001; Rogers, 1999). As a consequence, retailers, stand-alone Internet banks and entertainment companies are challenging incumbent banks through the introduction of new banking offers (see Section 2.4.4.) (Harborne & Johne, 2002). In response, retail banks are pursuing an increasing number of innovations and are marketing their offers through novel delivery channels (BI, 2000). In similar vein, retail banks are broadening their offer palette by introducing mortgages, insurance and investment advice (Croft, 2003a).

(d) Mortgage banks

A mortgage bank is a direct lender that originates its own home loans. Examples include Abbey, Halifax (part of HBOS), Woolwich (part of Barclays Group), Northern Rock (part of LloydsTSB) and Alliance & Leicester (part of Alliance and Leicester Group). As such, the term 'mortgage banks' refers to building societies that have been converted into banks during the 1980s and 1990s. Abbey was the first building society to be demutualised and converted into a public limited company in 1989. Mortgage banks have grown in the last couple of years due to very strong consumer lending, both the secured and the unsecured type. The growth has attracted the attention of foreign players such as Spain's Santander Central Hispano, which in July 2004 agreed to buy Abbey, in a deal valued at 8.9 billion pounds (AFP, 2004). Although many building societies were demultualised and converted into banks, there are still 63 building societies left in the UK (BSA, 2004). Building societies are more commonly perceived as more welcoming and more consumer oriented than banks (Devlin, Ennew, & Mizra, 1995). In addition, building societies offer competitive rates (BSA, 2004). As a consequence, building societies tend to attract more new savings than mortgage banks do (Broby, 2001). For instance, in 2004, total group assets of UK building societies amounted to £224.8 billion, representing a 15 percent increase from 2003 (KPMG, 2004).

Overall, it must be stressed that the banking industry as a whole makes a significant contribution to the UK economy, accounting for an estimated 3.3 percent of GDP in

2000, more than half of the 5.5 percent generated by the financial sector in that year. In 2003, there were 686 authorised banks in the UK. Although the number of UK incorporated banks declined over the past decade, the total number of banks increased. This is due to an increase in the presence and sizeable assets of foreign banks in London in both commercial and investment banking. Many of these banks are from the European Economic Area. This is highlighted in Table 2.1 (IFSL, 2003; BI, 2000). The presence of EEA banks in the UK is likely to increase further due to the EU Banking Consolidation Directive 1993. The Directive states that the home state authority may grant a passport to the Bank throughout the EEA. Thus, the approval of the Financial Services Authority (FSA) is not needed if a bank wishes to cross-border sell or open a branch in the UK (BPP, 2004).

Lending and other assets of the UK banking sector have expanded rapidly over the past decade. In July 2002, they reached £3,572bn, nearly three times the 1990 total. Although their share decreased somewhat during the last decade, foreign banks still hold over half of UK banking sector assets. European Union banks accounted for over a half of this, followed by US and Japanese banks (ISFL, 2003).

Table 2.1

Number of banks in the UK from 1995 to 2003

	1995	1997	1999	2001	2002	2003
UK incorporated	224	212	200	188	184	185
Incorporated outside UK	301	342	410	474	490	501
European Economic Area	146	193	275	N/A	N/A	N/A
Entitled to take Deposits in the UK	102	105	109	98	N/A	N/A
Entitled to take deposits in the UK on cross-border basis	30	50	110	172	N/A	N/A
Other EEA	14	38	56	N/A	N/A	N/A
Outside the EEA	155	149	135	124	N/A	N/A
Total authorised population	525	554	610	662	674	686
Representative Offices	208	215	164	164	167	160
Foreign banks in the UK	509	557	574	481	463	447

Source: IFSL, 2003

The banking industry provides jobs for over 1.6 percent of UK employees and 40 percent of financial services employees. After reaching nearly 445,000 in 1990, employment in the banking industry declined to 358,000 in 1996, only to recover by 2001 to a record 461,000. This was mainly due to the conversion of building societies into banks and increased presence of overseas banks. Employment in overseas banks in the UK increased from 41,400 in 1990 to over 113,000 in 2001 (ISFL, 2003).

In an international comparison, the UK banking sector is positioned strongly (IFSL, 2003; Broby, 2001). Firstly, the UK has the third largest banking sector deposits in the world and the largest in Europe. They totalled $2.4 trillion in 2001 and are only exceeded by the deposits of Japan and the US. Moreover, the UK is the largest single market for cross-border banking with 19 percent of international bank lending conducted in the UK as of March 2003. In addition, UK banks had the third highest return on capital (13 percent) amongst major economies after the US (23 percent) and France (17 percent). Banks in Germany reported an average return of 7 percent while Japan had a negative return of minus 17 percent in 2002 (ISFL, 2003).

As table 2.3 demonstrates, UK banks are also among the largest in Europe. HSBC is Europe's largest bank by far with a market capitalisation of €121bn. RBS ranks number three, LloydsTSB number four and Barclays number five. Table 2.2 demonstrates this:

Table 2.2

Major British banks in context of Europe's ten biggest banks in 2001

Bank	Country	Market capitalisation (€billion)
HSBC	UK	121.0
UBS	CH	67.0
RBS	UK	63.0
Lloyds TSB	UK	55.0
Barclays	UK	52.0
Deutsche Bank	D	49.0
BBVA	E	48.7
BSCH	E	46.9
BNP Paribas	F	39.9
ABN Amro	NL	31.5

Source: Broby, 2001

London's importance as an international financial centre far outstrips the international significance of the wider British economy (Broby, 2001). While the international network of financial centres is expanding and financial operations disperse around the world, only a few cities will have the resources to be dominant. First among them is London, together with New York. London is presently one of the three leading international financial centres alongside New York and Tokyo (IFSL, 2003; Broby, 2001; Sassen, 1999). Although New York and Tokyo source a large volume of business from their domestic markets, London has the largest share of many international financial markets. It hosts the most foreign banks (287), followed by New York (224) and Paris (179) (IFSL, 2003; Broby, 2001).

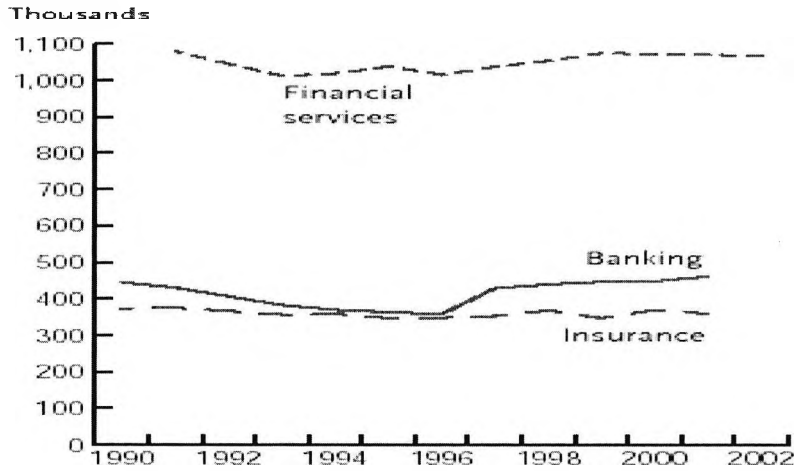
London is also a major international centre for investment banking (ISFL, 2003). Major U.S. and European investment banks have set up specialised offices in London to handle their global business (Sassen, 1999). London is the world's largest fund management centre for institutional equity holdings and the most important over-the-counter derivatives trading market (IFSL, 2003). In addition to this, London has a significant presence in many other international financial markets such as: foreign equity trading; international bond issuance and secondary trading; marine and aviation insurance, and cross-border bank lending (IFSL, 2003; Broby, 2001). Moreover, London is one of the most important centres for onshore private banking, which means that London comparatively attracts a high percentage of private banking assets from UK residents. Further, London is the second most popular destination for offshore wealth after Switzerland, which means that London comparatively attracts a high amount of private banking assets from non-UK residents (IFSL, 2003). Besides, London is the biggest net exporter of financial services, with a surplus of £17.8bn in 2002, with banks contributing £3.1bn to this figure (ISFL, 2003). The capital also leads in international bank lending; consulting on cross-border mergers and acquisitions, and issuing/trading international bonds. Finally, London is the leading global foreign exchange centre, with a 40 percent market share, far ahead of New York (Sassen, 1999).

There are a number of factors, which underpin London's status as an international financial centre. First, London is located between the US and Asian time zones, allowing for relatively easy access to markets in Europe, the US and Asia (IFSL, 2003; Broby, 2001). Further, London uses the English language and has a tradition of welcoming foreign firms. Moreover, London's trading culture has been sustained since the UK was the dominant world trading country over a century ago. This trading culture, combined with the expertise and favourable regulatory climate, enables innovation (IFSL, 2003; Broby, 2001). Further, there is a high concentration of banks in one location: the City of London (City). This contributes to economies of scale and helps to reduce costs. The City attracts high quality professional and support services, such as accounting, actuarial, legal and IT (ISFL, 2003). In addition the City features substantial physical assets, particularly office accommodation and efficient telecommunications infrastructure (ISFL, 2003).

Moreover, London has a concentration of resources and talent (Sassen, 1999). There were 1,067,000 people employed in financial services in June 2002 (Figure 2.2). London's importance as a financial centre contributes to a significant concentration of financial sector employment in the capital, which had 343,000 employed in financial services in 2000 and an additional 1,019,000 in other business services. This was a third of the UK total. The City alone employed 331,000 people in 2000, of which 159,000 were in financial services. Canary Wharf has been growing in importance in recent years. In 2000, it had over 45,000 employees 11,500 of which were employed in financial services (IFSL, 2003).

While London provides a rich pool of banking professionals, it is also home to some of the most prominent individuals in the industry. No other European capital has a similar accumulation of highly senior banking personnel (KPMG, 2002). Their roles and challenges are discussed in the next section.

Figure 2.2
Trends in financial services employment



Source: IFSL, 2003

2.4. Challenges for senior leaders in UK Banking

In the practitioner-oriented literature the term 'senior leader' often refers to the most senior individual in the bank, namely the CEO. The banking industry boasts a variety of interesting and flamboyant characters that frequently draw the attention of the media such as Eric Daniels of LloydsTSB, Josef Ackermann of Deutsche Bank or Bob Diamond of Barclays Group. However, within each banking organisation there are a vast number of managers who are labelled 'senior leader' while holding a position several hierarchical levels below the CEO. The Financial Services Authority (FSA) defines senior leaders as follows (FSA, 2002): If the individual is employed by the firm, he/she is considered a senior leader if he/she reports directly to (a) the governing body; or (b) a member of the governing body; or (c) the chief executive, or (d) the head of a significant business unit. The individual is further considered a senior leader if he/she is employed by a body corporate within the group and reports directly to a person who is the equivalent of (a), (b), (c) or (d) defined above. This definition can be illustrated with the example of Barclays Group. Naturally, the CEO of Barclays Group would be considered a senior leader. However, the Head of Barclaycard, a division of Barclays Group, would also be considered a senior leader as he reports to the CEO of Barclays Group. Further, the Head

of Barclaycard UK, a regional sub-division of Barclaycard, would also be included in the definition of senior leader as he reports to the Head of a significant business unit, which is Barclaycard. If Barclaycard were a body corporate within Barclays Group, the definition of senior leadership would further be extended to all direct reports to the Head of Barclaycard UK.

The responsibilities of the senior leader differ from the responsibilities of other employees within a bank (FSA, 2002). The senior leader is usually responsible for driving shareholder value and for setting long-term organisational strategy. This includes the consideration of external drivers such as the political, economic, technological and social environment, which then form the basis for setting the strategic agenda. Based on what the senior leader considers the most important opportunities and threats in the environment, the senior leader decides on the way forward for the bank. This can include the adaptation to the new capital adequacy rules (Basel II); transition to International Financial Reporting Standards (IFRS); growth of specific business areas through acquisition, and strategic new offer development (The Banker, 2004). As such, the senior leader is challenged to recognise wider economic and social trends well ahead of time and devise corporate strategy accordingly.

In the UK, as in other leading economies, the pace of industry change in banking has been dramatic and still is in flux (KPMG, 2002; Mintel, 2002). Senior leaders are challenged to steer their organisations through a volatile environment characterised by much change and uncertainty. There are six main factors to which these changes can be attributed, namely (a) globalisation; (b) regulatory changes; (c) changes in technology; (d) threat of new entrants; (e) industry consolidation, and (f) increasing pressure on margins. The following section discusses each of these factors in turn. While the discussion focuses on the banking sector in the UK, it needs to be stressed that these trends affect the banking industry on a global level.

2.4.1. Globalisation

The past few decades have seen an increase in globalisation. The inter-dependence of the global economy and financial markets gets more and more pronounced (Kaur, 2001; Rogers, 1999; Lowell, 1993). As a consequence, the environment UK banks compete in is increasingly affected by the state of the global economy. The transformation of the world's financial markets towards globalisation began in the 1970s (Lowell, 1993). Until 1973, when exchange rates first floated, the various national financial economies were closed to one another (Lowell, 1993). Essentially, the only integration between them happened through the cross-border trade of goods. With the advent of floating exchange rates, national economies were first linked together in the foreign exchange markets (Lowell, 1993). As a consequence, a global capital market evolved, which continues to grow in scope, size, and power (Lowell, 1993). This evolution is driven by a global securitisation of flows of funds, stronger linkages through arbitrage and derivatives and an increased interlinking of instruments. Over time, increasing numbers of countries are joining the global marketplace by opening up their financial economies so as to attract the capital they need. This further fuels the increase of globalisation of financial markets (Lowell, 1993).

Major financial players tried to cope with these interdependencies by globalising their activities (Flier, van den Bosch, Volberda, Carnevale, Tomkin, Melin, Quelin & Kriger, 2001). Almost one-third of the largest financial services firms in the world have businesses in three or more continents (Grunzin & Davidow, 2000). In this context, UK banking went from being predominantly domestic to becoming much more global in the past three decades as the City responded to the opportunities that globalisation offered. There is a substantial foreign presence and sizeable assets of foreign banks in London (IFSL, 2003; BI, 2000). Throughout the 1970s, London increasingly became an offshore centre for the newly emerging Eurodollar market. This market kept growing and attracted foreign banks to enter the UK wholesale banking markets. Further, many US banks started opening offices in London, partly because of regulatory restrictions at home. These banks quickly captured a big share in the corporate loan market. Foreign banks did

not penetrate the UK retail market. However, by 1989 they accounted for over 60 per cent of loans to the UK industry, primarily to the large public companies (Rogers, 1999).

Although the City managed to largely capitalise on globalisation, the interdependency of national economies and financial markets had negative consequences as well. For instance, the actions of an individual country, especially a major industrialised country in the region, is likely to have major implications for economies in the region (Kaur, 2001). If the macro-economic climate in one part of the world is in turmoil, the crisis is likely to spread to other parts. One example is the Asian financial crisis in the late 1990s (King, 2001). The crisis erupted in mid-1997 and lasted until the 1998. It originally started as a Baht devaluation and abolishment of the exchange rate peg with the US dollar in Thailand under pressure from currency speculators. Until the end of the summer 1997 it stretched and affected the 'Asian tigers' of Malaysia, Philippines and Singapore. The second stage began in October 1997 and centred on Indonesia, Hongkong and Taiwan. It spread to Japan. It further brought down South Korea, the world's 11th largest economy, in December 1997. The second part of the crisis had the widest impact, causing stock markets in the UK, US and Europe to fall and infecting emerging markets as far away as Brazil and Russia (King, 2001).

The Asian crisis together with the global economic downturn experienced over the years 2002/2003 demonstrates the ever-increasing dependency of the UK banking sector on macro-economic cycles of the US, Asia and the EU (Crooks, 2003). For instance, when the Monetary Policy Committee of the Bank of England set UK interest rates, it considers amongst other factors the macro-economic forecasts for the US economy (Bank of England, 2001).

2.4.2. Regulatory environment

During the past three decades, there have been significant changes to the regulatory environment UK banks operate in. The regulatory environment continues to evolve (BPP, 2004). As there have been a number of significant milestones in the regulatory environment rather than just one, a chronological overview was deemed to prove helpful

to demonstrate these complex events. As such, the following overview demonstrates how the three key regulatory trends of deregulation, the transfer from a largely self-regulated to a statutory system and the harmonisation of global and EU legislation fundamentally affected the environment UK banks operate in.

The overview starts with the regulated industry sector of the early 1970s. At that time, the banking sector was characterised by significant governmental involvement as well as numerous institutional and regulatory limitations on activities of banks and other financial services institutions (Gual, 1999). However, by this time banking had become more competitive on a world-wide scale. Thus, the Bank of England concluded maintaining Britain's traditional, cartel-like system was too costly. As a consequence, the Bank undertook a series of initiatives to encourage more competitive practices, such as the introduction of competition and credit control (McDonald & Keasey, 2002; Rogers, 1999). For instance, the clearing banks were urged to compete much more with one another and with other rival financial services organisations (Rogers, 1999). Moreover, the Bank of England set a requirement in 1970 that had banks publish reports on their true costs and profits, to end a variety of 'creative' accounting procedures. Soon the banks were in shock as their accounts suddenly reflected the true state of affairs. For instance, Midland (now part of HSBC), felt it was doing well when in fact it was close to becoming insolvent (Rogers, 1999).

There was a secondary banking crisis in 1974. Smaller, quasi-banks and fringe banks, had engaged in reckless property lending that threatened to destabilise the entire industry and, potentially, the wider UK. It was a severe crisis and resulted in roughly fifty smaller, fringe banks having to be rescued. The Bank of England had urged the bigger banks to participate in the rescue. This strengthened the big banks' position. Further, more formal controls were forced from the Bank of England over bank practices. This replaced the former approach of informal co-operation and consultation between the Bank of England and the commercial banks (Rogers, 1999). The Banking Act 1979 formalised the Bank of England's supervisory role. The 1979 Act established criteria relating to liquidity and capital adequacy, managerial integrity and the judicious conduct of the overall business.

A significant development was the Financial Services Act 1986. Prior to the advent of the Financial Services Act 1986, the industry was largely self-regulating. Whilst there were some statutory provisions (such as the Prevention of Fraud Act 1958), these were limited in scope. Standards were maintained by an assurance that those in banking and the financial services industry overall had a common set of values and were able and willing to ostracise those who violated them (BPP, 2002).

However, the advent of the Conservative Government in 1979 saw big changes to the industry. The late Professor Gower was appointed to report on the appropriate structure of regulation. Initially, it was felt that he would have a simple choice between either a statutory system, similar to that operated in the US by the SEC, or to continue to rely upon practitioner self-regulation. Instead, Gower chose to recommend a hybrid between the two, a system that became known as 'self-regulation within a statutory framework'. A key element of the system was the Financial Services Act 1986, which contained the basic premise that those conducting investment business in the UK must obtain authorisation. Once authorised, firms and individuals would be regulated by self-regulating organisations such as IMRO, SFA or PIA. It should be noted that the Financial Services Act 1986 only covered investment activities. Retail banking, general insurance, Lloyds of London and mortgages were all covered by separate Acts and Codes (BPP, 2002).

The system was created in the belief that it could combine both the flexibility and understanding of practitioner self-regulation with the enforceability of statute and consequently, deliver the appropriate level of protection. Additionally, this was felt to be the only style of regulation that would be appropriate and acceptable to the UK markets (BPP, 2004). A significant development was the 1986 Building Societies Act (Tomkin, 2000; Rogers, 1999). The Act deregulated the industry to the extent that up to 25 percent of building societies total commercial business was permitted to be in non-traditional services, including insurance, credit cards, money transaction accounts and personal banks (Rogers, 1999). Thus, the traditional lines of demarcation between financial institutions were removed (Thwaites, 1992). Building societies have significantly lower

costs than the clearing banks. Further, they are well placed geographically (Rogers, 1999). As a consequence they started to increasingly compete with the banks in commercial banking services and mortgage lending (Rogers, 1999). Competition started taking place across a much wider product range and involves a greater number of financial intermediaries (Thwaites, 1992). This significantly increased competition in UK banking (Tomkin, 2000; Rogers, 1999).

A further important step was the deregulation of the Stock Exchange and investment banking in 1986 (Rogers, 1999). Numerous changes occurred simultaneously, including elimination of fixed commissions, marked increase in the number of market participants, change in the structure and ownership of trading firms, and rapid movement of stock trading off the floor of the Exchange. This event blurred the market boundary between investment banking and commercial banking (Clemons & Weber, 1990). Global wholesale banking became more competitive than before. Commercial banks entered investment banking on a more considerable scale than just through their own merchant banks. Further, investment banking businesses previously separated by law, brokerage, trading, merchant banking, and asset management, could merge in one financial services corporation. The main clearing banks at the time, Barclays, Lloyds, NatWest and Midland, capitalised on the opportunity by acquiring businesses and expanding subsidiaries. The rationale was to follow large corporate customers to the capital markets, providing them with further securities-related products and services. As such they were able to compete effectively against European-based universal banks as well as investment banks (Rogers, 1999).

In 1997 Labour announced major changes to the financial services industry. The process would take place in two phases. In the first phase the Bank's responsibility for banking supervision would be transferred to the FSA as part of the Bank of England Act 1998. The second phase would consist of a reformed Financial Services Act which would repeal the main provisions of the Financial Services Act 1986, the Insurance Companies Act 1982 and the Banking Act 1987. The 'patchwork quilt' of regulation would,

therefore, be swept away and the FSA would regulate investment business, insurance business, banking, building societies, Friendly Societies and Lloyd's (BPP, 2002).

On November 30, 2001, the Financial Services and Markets Act 2000 (FSMA) came into force, establishing the Financial Services Authority (FSA) and effectively taking the supervisory role from the Bank of England. The FSA is the unitary regulator of banking, securities and derivative and insurance business in the UK, a public authority, that co-ordinates the regulation of the industry (Penn, 2003; BPP, 2002).

The early life of the FSA has been marked by an unprecedented amount of regulatory reform and change. This has been driven by a number of sources. One is the proposed implementation of the new Basel Framework, Basel II, and political response to the fallout from the dot.com boom of the late 1990s (Penn, 2003). Basel II is a capital adequacy regime that will replace the existing capital adequacy regime and allow the industry to match its capital levels more closely with the risks undertaken in each of its businesses. It is planned to be implemented by 2007. Basel II is intended to make the industry more stable and efficient. For some it will mean large cuts in capital and therefore large jumps in profitability and opportunities for growth, for others the reverse will be true (Pretzlik, 2003). Analysts believe this could lead to structural changes and merger activity in the industry that were never envisaged by the rules' architects. How these regulatory and capital issues are resolved until implementation could shape the industry for the next two decades (Pretzlik, 2003).

A further source is the creation of the single market for financial services (BPP, 2004). At EU level, there is a deadline of 2005 for the implementation of the Financial Services Action Plan (FSAP) (BPP, 2004). In order to achieve this, a committee of 'wise men' was set up chaired by Alexandre Lamfalussy. However, with the multitude of directives required to complete the FSAP it is questionable whether the 2005 target will be met. Recent European developments in this context that have forced change in FSA regulation include the introduction of the issue of e-money as a regulated activity causing the addition of the Electronic Money Sourcebook to the FSA Handbook and the

implementation of the E-commerce Directive, implemented by the Electronic Commerce Directive Sourcebook. Forthcoming changes include the implementation of the Financial Groups Directive, the Market Abuse Directive, the Prospectus Directive, and the revised Investment Services Directive (Penn, 2003). In addition, there is the possible implementation of the European Consumer Credit Directive. As the UK does have one of the most relaxed consumer credit laws, the implementation of this Directive could have a significant impact on the UK credit card market (Datamonitor, 2003a).

2.4.3. Technological change

Technology has fundamentally altered the creation, delivery, reception and utilisation of financial products. Examples include advances in computing and telecommunication, operating technology and in customer service technology as well as the rapid development of information and communication technologies (ICTs), with the Internet being one of the most significant (Pyun, Seruggs & Nam, 2002; Harborne & Johne, 2001; Li, 2001; Rogers, 1999; Greenspan, 1997). These factors have eroded economic barriers to competition and have changed the entire nature of retail and wholesale banking (Harborne & Johne, 2001; Li, 2001; Rogers, 1999).

Automated fund transfers, Internet banking and electronic money transfers are all technological innovations that have helped banks to provide faster and easier access for their customers. Technology has allowed banks to deliver their products at cheaper rates than in traditional banking. It changed the face of UK retail banking. Because of the wide array of channels available to the customer today, the place of the branch in retail banking has diminished. Between 1990 and 2001 the number of branches in the UK fell by more than a quarter, from 15,700 to 10,877 (IFSL, 2003).

The Internet is an important factor. The average consumer has accepted the Internet and e-commerce with intensity and speed (Pyun, Seruggs & Nam, 2002). According to Good (1998), the mass adoption of the World Wide Web has only taken six years. The subsequent development of e-commerce and Internet banking has had a significant impact on UK banking (Broby, 2001). Banks maintain online trading systems that can be

accessed 24 hours a day by any participant around the world. Time zones do not matter anymore and communication has become both richer and faster (Felgran, Novos & Collardin, 2001).

While Internet banking operations are not yet profitable for most banks, the cost of attracting and maintaining customers with online banking is so low that investments in electronic and Internet banking are irresistible for banks and non-bank financial institutions (Pyun, Seruggs & Nam, 2002). According to Nathan (1999), an estimated cost of providing the routine business of a full service branch is $1.07 per transaction, as compared to $0.54 for telephone banking, $0.27 for ATM banking and just $0.015 for Internet banking. Despite these considerably lower costs, as much as 30 percent of Internet banks report that their website and related Internet operations are unprofitable (Rackley, 2000).

Many incumbents are implementing full-service Internet banking as a long-term defensive survival strategy (Pyun, Seruggs & Nam, 2002). The need to create powerful barriers to customer defection is a powerful driving force behind the current momentum toward full-service Internet banking (Schechunoff, 2000). The strategy is to tie the bank's customers to its own website. Once a customer becomes a regular user of the website, the likelihood that the customer will take the time and effort to move to another financial institution significantly diminishes (Pyun, Seruggs & Nam, 2002).

Although many banks see the adoption of the Internet as a defensive offer development strategy, online banking provides good opportunities for the launch of new offers and cross-selling activities (Broby, 2001). Customer Relations Management capitalises on the Internet by taking advantage of wider possibilities for customer contact and information gathering. Access to a new breadth and depth of customer information is one of the most important benefits that banks perceive technology is offering (Engler & Essinger, 2000). However, there is also a downside to these technical developments. Security is a significant concern and as such a major barrier to customer confidence in e-banking and e-commerce in general (Broby, 2001). Further, new electronic channels make customers

more knowledgeable about the banking process. This is leading to a rapid shift of bargaining power from banks to customers (Li, 2001).

In addition to Internet and e-banking there are further newly developed offers, which affected the environment incumbent banks compete in. E-wallets and smart cards are recent innovations using the Internet and old machine technology. The e-wallet essentially replaces credit card functions in the Internet. As an electronic version of a debit card it offers added security. E-wallets contain information revealing the identity of the original customer who withdraws from his bank. It enables the bank to track the money as it moves through the banking system (Pyun, Seruggs & Nam, 2002).

Smart cards combine all functions of credit, debit and ATM cards. They are stored-value cards: customers load certain amounts of cash from their accounts to the cards and use them like cash. Once issued from a bank account, the cards can be used without leaving a transaction trail. They offer security for consumers and retailers (Pyun, Seruggs & Nam, 2002). Many smart cards allow transactions to be credited to retailer bank accounts through an automated clearing-house in the area, bypassing banks. This is an added advantage to retailers. Smart cards are already widely used in Europe (Pyun, Seruggs & Nam, 2002).

The above section highlights that the UK banking sector experienced a rapid pace of technological development. This led not only to general new opportunities and threats for incumbent banks, but also to a palette of newly developed offers. As the following section demonstrates, these new offers often come from quite unexpected sources (KPMG, 2002).

2.4.4. New Entrants

The revolution in information processing has lowered entry costs (Pyun, Seruggs & Nam, 2002; Harborne & Johne, 2001; Rogers, 1999). Combined with the advent of new technologies, lower entry barriers have led to an increased number of businesses in the banking sector. Incumbents are increasingly confronted by competition from quite

unexpected sources. Multiple retailers, building societies and entertainment companies are challenging the incumbents through the introduction of new offers to customers (Harborne & Johne, 2002).

New entrant strategies vary. They include leveraging a trusted brand; exploiting a large customer base; utilising new technologies or channels, and expanding into new countries as a specialist provider. One such example is the credit card monoline provider MBNA (Datamonitor, 2003a; KPMG, 2002). In particular, a group of value-focused new entrants in the financial market are experimenting with very different strategies and business models in order to capture high margin businesses and the most profitable customers by leveraging their unique resources and core competence as well as by exploiting the new capabilities of the Internet (Li, 2001).

In the UK, non-banks have taken over five percent of the savings market and over ten per cent of the new mortgage market in only a few of years (IFSL, 2003). Being brand new, the new arrivals can exploit new technology to the full. For instance, new entrants in the banking market do not have the burden of an expensive branch network. This enables them to pass some cost savings to customers (Li, 2001). The Internet further allows new entrants to reach the market without having to set up expensive branch networks. Coming from outside the industry, they also bring in fresh ideas on products, marketing and pricing. Altogether, this adds up to a very aggressive proposition, given that non-banks further tend to offer much better interest rates than traditional banks (IFSL, 2003). Key types of new entrants include stand-alone Internet banks, supermarkets and non-financial institutions (KPMG, 2002). These are described in the following:

- Stand-alone internet banks

  In exploring Internet banking opportunities, some financial institutions have established separate e-brand and stand-alone Internet banks. UK Examples include: Egg (Prudential), Smile (Co-operative Bank), Cahoot (Abbey National), MoreThan (Royal & Sunalliance).

- Supermarkets

  Many of the large supermarket chains offer retail-banking services. The schemes tend to be run in association with different clearing banks. Accounts are often operated by telephone, post or by ATMs situated in the supermarkets. UK examples include: Tesco Personal Finance, Sainsbury's Bank and M&S.

- Non-financial institutions

  Non-financial institutions with strong, trusted brands have also been entering the retail banking industry. There are still numerous international organisations, which could extend their brands into the UK retail banking market

Broby (2001) concludes that new entrants tend to be in the form of joint ventures/partnerships with existing banks. Further, the most successful markets for new entrants are mortgages and credit cards. The current account market share has largely remained with established banks. Table 2.3 displays new entrants into UK banking. They are grouped according to offer type: current accounts, mortgages, personal loans, savings accounts and credit cards.

This section highlighted that technological change lowered the entry barriers to UK banking. Incumbents have been faced with an influx of non-traditional competitors. As a consequence, competition among banks, and competition between banks and other financial institutions have increased (Pyun, Seruggs & Nam, 2002).

2.4.5. M&A activity

In the UK, the banking scene has changed radically as a result of mergers and acquisitions during the last few years, especially in high street banking. Some banks have changed their identity altogether whilst other banks have retained their brand name (Broby, 2001). M&A activity is relevant to new offer development as incumbents may suddenly face different competitors with new competitive strengths and will therefore need to position themselves against the competition with new offers. Consolidation is

expected to be an ongoing trend in the financial services industry (Kauffman & Howcroft, 2003; KPMG, 2002).

Table 2.3

New entrants

Product	*Entrant (since 1989)*	
Current accounts	Abbey National	Nationwide
	Halifax	Woolwich
	Flemings	Citibank
	Virgin One Account	Smile (Co-Operative Bank)
Mortgages	Paragon	The Mortgage Business
	Legal & General	Mortgage Trust
	Direct Line Insurance	Prudential
	AIB Bank	Sainsbury's Bank
	Virgin Direct	Capital Home Loans
	Scottish Widows	Verso
	First Active	Standard Life
Personal Loans	Marks & Spencer	Halifax
	Direct Line Insurance	Bank of Ireland
	Hamilton Direct Bank	Lombard
	MBNA	Goldfish
	Sainsbury's Bank	Beneficial Savings Bank
	Prudential	Capital One
	Liverpool Victoria	Phone-a-Loan
	Egg	Tesco
Savings Accounts	MBNA	Citibank
	Triados	Direct Line Insurance
	Friends Provident	Scottish Widows
	Prudential	Sainsbury's Bank
	Legal & General	Tesco
	Norwich Union	Standard Life
	SAGA	Safeway
	Virgin Direct	Egg
	First-e	
Credit Cards	MBNA	GM
	HFC Bank	People's Bank
	The Associates	Goldfish
	RBS	Sainsbury's Bank
	Tesco	Capital One
	Egg	

Source: Broby, 2001

The consolidation, which is taking place in the banking industry, is a strategic response to a business background demanding greater competitiveness and efficiency. Banks are seeking greater size, precisely to compete better in a market transformed by globalisation, the demographic transformation and technological revolution (Engler & Essinger, 2000).

M&A activity in banking tends to fall into four groups: M&As of domestic banks, M&A's of international banks, M&As forming domestic conglomerates, and M&A's forming international conglomerates. Banks tend to first consolidate their position in the UK market, before going in for cross-border acquisition (Broby, 2001).

Recent domestic M&A activity in the UK include the Royal Bank of Scotland acquisition of NatWest in March 2000 by taking over the entire issued share capital for a consideration of £20,987m (KPMG, 2002; Broby, 2001). Bank of Scotland and Halifax announced their planned merger in May 2001, in a deal worth some £28bn. Halifax is the country's biggest mortgage lender, with a 25 percent share of the net mortgage market as of July 2001 (Broby, 2001). A further UK bank, Barclays Group, took over the Woolwich (KPMG, 2002).

These mergers and acquisitions caused a significant change in UK banking, especially at the retail end of the market. In the 1980s, there were four big clearing banks, NatWest, Lloyds, Barclays and Midland. As Table 2.4 highlights, today there are five: (1) HSBC; (2) RBS; (3) LloydsTSB; (4) Barclays Group, and (5) HBOS (Broby, 2001). The big clearing banks took further steps to widen their customer base, with the result that in 2000 the dominant banks, Barclays, HSBC, LloydsTSB and RBS, were responsible for 72 percent of current accounts, 32 percent of loans and 61 percent of the credit card market (McDonald & Keasey, 2002). In addition to the five big clearing banks there are other important, although smaller, UK banking groups, such as Abbey Group and Alliance & Leicester Group (Table 2.4) (British Bankers Association, 2003).

In addition to mergers and acquisitions that were approved, there are a number of others that were blocked. One example is LloydsTSB's £18.2bn bid for Abbey National. It was referred to the Competition Commission, and after deliberations, the bid was blocked by the Department of Trade and Industry on the grounds that such a merger would reduce competition in the UK market both for personal accounts and SME businesses (Broby, 2001).

Table 2.4
Composition of major UK banking groups

Abbey Group:	
Abbey plc	(Apr 91)
Abbey Treasury Services plc	(Apr 91)
Cater Allen Ltd	(Jul 97)
First National Bank plc	(Aug 95)
Alliance & Leicester Group:	
Alliance & Leicester plc	(Sep 97)
Girobank	(Sep 97)
Barclays Group:	(Nov 81)
Barclays Bank plc	(Nov 81)
Barclays Bank trust Company Ltd	(Nov 81)
Barclays Private Bank Ltd	(Jul 96)
Woolwich plc	(Sep 97)
Barclays Private Bank Ltd	(Dec 00)
HBOS Group:	
Halifax plc	(Sep 97)
Bank of Scotland	(Nov 81)
Bank of Scotland Treasury Services plc	(Mar 92)
Capital Bank plc	(Nov 81)
HSBC Bank Group:	
HSBC Bank plc	(Nov 81)
HSBC Trust Company (UK) Ltd	(Oct 86)
LloydsTSB Group:	
LloydsTSB Bank plc	(Nov 81)
AMC Bank Ltd	(Mar 97)
Cheltenham & Gloucester plc	(Aug 95)
Lloyds Bank (BLSA) Ltd	(Jun 86)
LloydsTSB Private Banking Ltd	(Mar 92)
LloydsTSB Scotland plc	(Oct 86)
Lloyds UDT Ltd	(Nov 81)
Scottish Widows Bank plc	(Mar 00)
Northern Rock plc	(Apr 99)
The Royal Bank of Scotland Group:	
The Royal Bank of Scotland plc	(Oct 86)
Adam and Company plc	(Sep 93)
Direct Line Financial Services Ltd	(Jun 95)
Tesco Personal Finance Ltd	(Sep 98)
National Westminster Bank plc	(Nov 81)
Coutts & Co	(Nov 81)
GEM Money Management Ltd	(Apr 96)
Lombard Bank Ltd	(Dec 87)
Lombard & Ulster Ltd	(Oct 85)
Lombard North Central plc	(Nov 81)
Ulster Bank Ltd	(Oct 85)
Ulster Bank Ireland Ltd	(Oct 85)

Source: British Bankers Association, 2003

Cross-border M&As have been constrained by political agendas, cultural differences, restrictive labour laws and regulatory and tax differences (KPMG, 2002). Despite these obstacles, there have been recent cross-border acquisitions by UK banks, such as Barclays Group's acquisition of the Spanish Banco Zaragozano (Barclays Group, 2003). Barclays bank is planning to expand further in Europe through planned acquisitions. Mergers and acquisitions activity may increase further with the implementation of the new Basel Accord. Basel II, will replace the existing capital adequacy regime and allow the industry to match its capital levels more closely with the risks undertaken in each of its businesses. For some banks this will mean large cuts in capital and therefore large jumps in profitability and opportunities for growth; for others the reverse will be true. Analysts believe this could lead to merger activity in the industry (Pretzlik, 2003).

2.4.6. Pressures on margins

The above factors have resulted in intense pressure on net interest margins. As a consequence, interest margins of UK banks have fallen steadily over the past decade (KPMG, 2002). Table 2.5 highlights this development. The fall in UK net interest margin can be attributed to the low interest environment and competitive pressures in the mortgages and savings markets. In addition to this, UK banks are frequently attacked by consumer groups and MPs because of poor levels of service and elevated margins, such as in the recent Competition Commission Enquiry into small business banking (Croft, 2003). Falling net interest margins are a threat to incumbent banks as many previously profitable offers have stopped contributing to organisations' profits.

Table 2.5

Commercial banks: Percentage net interest margin 1995 – 2000

Country	*1995*	*1996*	*1997*	*1998*	*1999*	*2000*
Germany	1.70	1.46	1.36	1.15	1.09	0.96
France	1.66	1.38	1.29	1.36	1.19	0.97
Spain	3.22	2.90	2.78	2.99	2.43	2.37
Italy	3.29	3.29	2.60	2.46	2.13	2.27
Switzerland	1.42	1.08	1.06	0.99	0.92	1.02
UK	**1.99**	**1.92**	**1.51**	**1.52**	**1.51**	**1.46**

Source: Bankscope, 2001

2.5. Offer development in banking

The previous section revealed that the marketplace in which UK banks compete has changed significantly. As such, the early 1970s environment, characterised by leisurely competition, regulated markets and high barriers to entry, has virtually disappeared (Mintel, 2002). Nowadays, banks operate in an environment in which competition has become intense. This has, in turn, affected both the structure and operation of the market constituents and created considerable new opportunities and threats (Mintel, 2002). Thus, this rapidly changing environment presents a continuing series of challenges to managers as they search for the most effective ways to compete in a dynamic marketplace (Ennew, 2000).

Competitive advantage now depends on the capacity for sustained innovation (Dess & Pickens, 2000; Tushman & O'Reilly, 1997). For both new and traditional providers continuous innovation and offer enhancement is essential to long-term survival, since it both aids retention and discourages switching (Johne & Harborne, 2003; Sarin & McDermott, 2003; Mintel, 2002; Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994; Storey & Easingwood, 1993). Therefore, innovation and new offer development are assuming great importance in banking. New offers are important for growth and survival of firms. Thus, successful innovation is fundamental to business success in the dynamic and highly competitive banking sector (Harborne & Johne, 2003; Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994). They are a key concern for revitalising mature business and creating new markets (Drew, 1995).

2.5.1. Critical success factors for development success in banking

Although banks conduct frequent incremental innovation in the form of updates to existing products and product lines, they pursue radical innovation as well. Examples from the past three decades include ATM networks, electronic payment methods, e-wallets, the introduction of remote banking facilities, branchless banks and alternative investments, such as hedge funds and derivatives (KPMG, 2003; Pyun, Seruggs & Nam, 2002; Flier, van den Bosch, Volberda, Carnevale, Tomkin, Melin, Quelin & Kriger, 2001).

Although it is generally accepted that new offer development is a key concern, and there has been a proliferation of new offers from banks, there is a high rate of new offer failure (Storey & Easingwood, 1993). The actual financial loss from offer failure can be low in the financial sector. However, due to the use of shared delivery and management systems, there are considerable hidden costs to failure: the cost of managerial effort wasted on weak products; the adverse effect a poor offer has on the corporate image, and a reduced ability to introduce other new offers (Storey & Easingwood, 1993). Thus, leaders in banking need to know how to manage new offer development and how to structure the development process in order to ensure new offer successes (Harborne & Johne, 2002; Macfarlane, 2002). In the following the literature on new offer development success in banking is reviewed.

The study of new offer development in banking and the overall financial service industry is a relatively new area of business research. In fact, the research stream on this topic has started around the mid-1980s (Lievens & Moenaert, 2000). An analysis of the literature on financial service innovation reveals several research topics. One set of studies has concentrated on the definition of success for new financial offers (Lievens & Moenaert, 2000). Consequently, a number of specific success measures for financial services has been conceptualised. They include the enhancement of corporate reputation; the improvement of new offer development capability; the achievement of cross selling; the improved loyalty of existing customers, and the successful launch of new banking offers (Johne & Harborne, 2003; Storey & Easingwood, 1993; Easingwood & Percival, 1990).

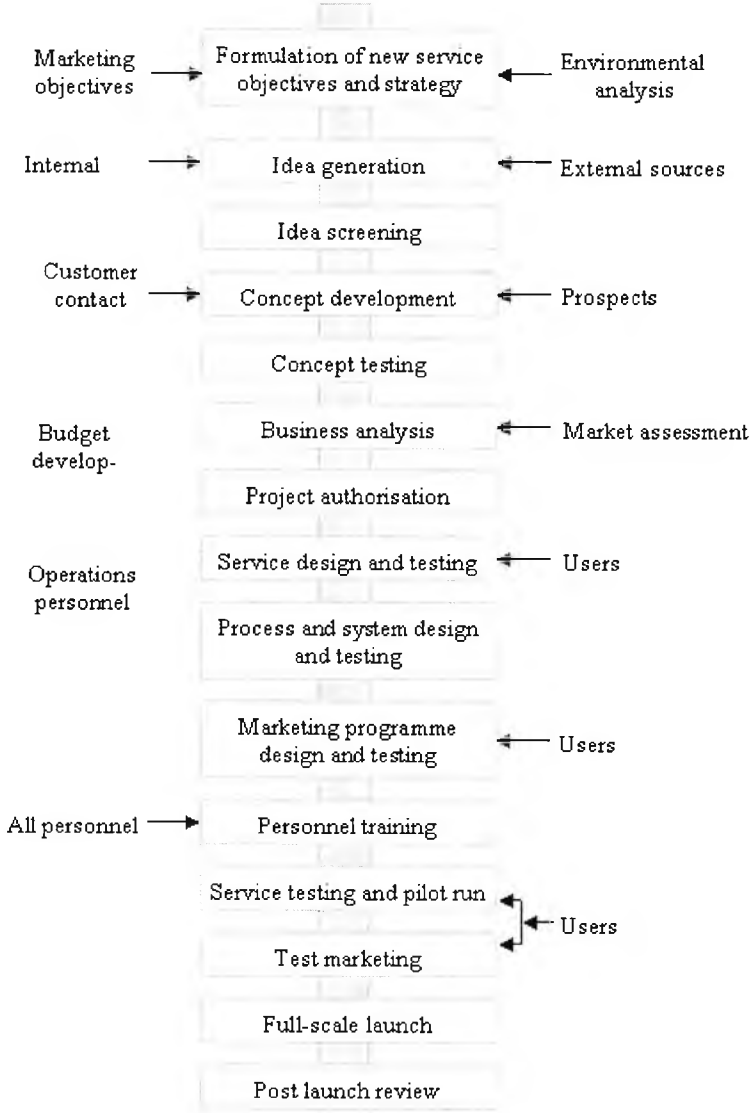
A second stream of research focuses on the strategy deployed when developing new banking offers. As such, it was found that the strategy banks choose when developing new offers has a positive impact on development outcome. The following factors were found to be connected to development success: offer advantage; overall offer quality; offer fit with company, market and internal marketing, and the extent to which the offer is differentiated from competitors' products (Storey & Easingwood, 1995; Edgett & Parkinson, 1994, Easingwood & Storey, 1991; Edgett & Jones, 1991). Storey & Easingwood (1995) further found that the quality of service delivery had a positive

impact on development success. Moreover, market knowledge and a clearly defined target market have shown to increase the chance of launching a successful offer (Storey & Easingwood, 1995; Edgett & Jones, 1991).

A third stream of research focuses on the activities undertaken during new financial service development (Macfarlane, 2002; Edgett, 1996; Reidenbach & Moak, 1986). For instance, a more structured development programme was associated with success (Reidenbach & Moak, 1986). Similarly, a thorough, systematic and well-organised development process is related to a favourable development outcome (Figures 2.3 and 2.4) (Edgett, 1996; Edgett & Jones, 1991). In particular, the development process should be rigorous as well as expert and market-driven (Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994; Edgett & Parkinson 1994). Moreover, banks that are undertaking several stages of the development process were found to be more successful innovators than those, which confined themselves to few broadly defined phases (Reidenbach & Moak, 1986).

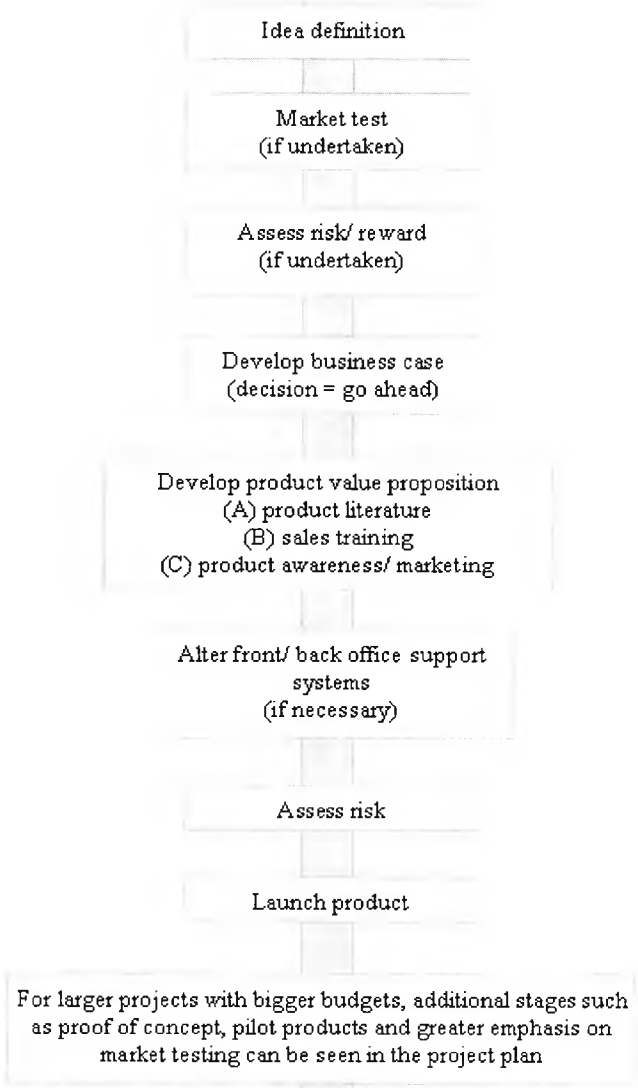
Specifically, certain stages of the development process were found to have a strong association with success. For instance, it was revealed that many banks considered the concept stage to be the most important (Edgett, 1996; Reidenbach & Moak; 1986). For instance, development projects that are strong on formal up-front design and evaluation are more likely to succeed (De Brentani, 1993). Edgett (1996) further points to the role of the detailed market study. Moreover, the launch stage appears to be critical. That is, projects, which are characterised by a formal and extensive launch programme with sufficient funding, are more likely to succeed (Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994; De Brentani, 1993; Edgett & Jones, 1991). Despite the knowledge of the type of development method associated with success, the use of a formal process in banking is limited (Edgett, 1993; Scheuing & Johnson, 1989). In a study conducted in the City of London, Macfarlane (2002) observed that very few banks deploy development processes, which are proven, repeatable and sustainable.

Figure 2.3 Model of new offer development in banking



Source: Scheuing & Johnson, 1989

Figure 2.4 Stage gate approach to new offer development in banking



Source: Macfarlane, 2002

A fourth stream of research investigates the antecedent role of organisational variables on new financial service success. For instance, setting up a separate unit for development was found to have a positive impact on development outcome (Drew, 1995). However, Scheuing and Johnson (1989) conclude that most financial institutions do not have a specialised development function. As such, it is largely the marketing department that is responsible for driving the development of new offers in banks. Further, most organisations use project teams to implement ideas and new offer evaluation committees to assess development concepts (Macfarlane, 2002; Edgett, 1993; Scheuing & Johnson, 1989).

Moreover, high levels of specialisation and formalisation, flexible organisational structures, a high level of involvement as well as participation in decision making are important antecedents of new financial service performance (Macfarlane, 2002; Edgett & Parkinson, 1994; Ennew & Wright, 1990; Reidenbach & Moak, 1986). In addition, effective communication and a supportive environment increase the likelihood of development success in banking (Johne & Harborne, 2003; Lievens & Moenaert, 2000; Storey & Easingwood, 1995; De Brentani, 1993). In particular, Drew (1995) advises to link reward structures to development performance. This communicates the right message in terms of the importance of new offer development.

2.5.2. Leadership and development success in banking

The above analysis highlighted that a wide range of factors has been found to affect new offer development success (Jung, Chow & Wu, 2003). Of these, perhaps the most critical challenge is effective management of the projects and people that ultimately are the source of new offers and new ideas (Mumford, 2000). Thus, leadership assumes a key role in successful new offer development in banking (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Pavlidis, 1996). The existence of a product champion (Storey & Easingwood, 1995; Edgett & Johnes, 1991) and the assumption of a product champion role by the product manager (Edgett & Jones, 1991; Reidenbach & Moak, 1986) were found to increase sales performance of new products. The existence of a development manager has further been linked to success (Reidenbach & Moak, 1986). Moreover, new

offer development is a senior management task and strong senior management support has been associated with development success (Harborne & Johne, 2002; Johne & Vermaak, 1993; Edgett & Jones, 1991). Similarly, lack of top management support has been found to be a main barrier to rapid innovation (Drew, 1995).

While research on leadership in the context of new offer development in banking is surprisingly rare, the limited pool of existing studies reveals the vital role of senior leadership support and involvement for development success. For example, Johne and Vermaak (1993) conducted a study on head office involvement in financial offer development in the City of London. They found that successful innovator banks benefited from greater head office involvement. Specifically, the researchers assert that such banks display an understanding of exploiting longer-term market opportunities. Top management's vision extends beyond satisfying the short-term objectives of shareholders. As a result, projects, which on normal financial criteria would be avoided, are often encouraged in order to capitalise on longer-term market opportunities. Further, top managers of successful innovator banks co-operate with business managers in new offer development activities. Rather than choosing between centralisation and business autonomy, these managers adopt a flexible approach. They afford autonomy in certain operational tasks, while becoming actively involved in others. Specifically, these top managers do not meddle in the day-to-day operations. They delegate responsibility for implementing offer development plans to business managers, including the selection of offer development team members, co-ordination of marketing and technical activities, and the recruitment of personnel.

Further, Johne and Harborne (2003) conducted a study on leadership in retail bank offer development. In their study, all new offer projects were aimed at developing a new area of business and were of great potential importance to the sponsoring businesses in which they were pursued. It was found that completing a project efficiently was associated with the existence of a top manager who encouraged effective co-leadership from more junior colleagues. Co-leadership involved a common leadership style that was enabling, participative and highly communicative.

Johne and Davies (1999) conducted a case study on innovation in medium-sized financial services companies. The focus of their investigation was to understand why some companies are more successful than others at starting innovation. In this context, the researchers stress the role and contribution of the senior leader. Specifically, they found that senior leaders of successful and less successful companies approach innovation in a different manner. For instance, Chief Executives from successful innovator firms set about questioning existing marketing strategies at the start point. They amended organisational structures symbolically to effect a change in shared values. Moreover, they were anxious to eradicate inward-looking power bases in order to establish clearer accountability for market performance and profits. Further, Chief Executives in successful innovator companies initially adopted a dictatorial style of leadership. They were not supportive. They were destructive. They did not show a caring attitude to incumbent staff. Moreover, they were involved in a process of breaking-down existing organisational structures and shared values by adopting an offensive top management style. After the initial breaking-down phase had been completed, important secondary changes were made, especially to leadership style and shared values. It was these secondary changes, which provided successful innovator firms with the new style organisational configuration suited for innovation. The changes involved hiring new specialist staff, especially marketing staff, introducing new management systems and skills. Importantly, Chief Executives of innovator firms involved a deliberate managerial shift through a change in leadership style. The initial dictatorial management style was amended to become more participative, which allowed power to be returned to front-line managers.

Chief Executives from less successful innovators, on the other hand, did not make symbolic changes to their formal organisational structures. They accepted that changes in structure were to follow changes in strategy. Further, they did not engage in a deliberate process of breaking-down. Their approach to managing change was to proceed in an apparently logical, textbook way. As a consequence, little progress was made in moving forward from a debating stage. Moreover, none of the Chief Executives of less successful innovators made alterations to the formal structure by removing top veteran managers

during the initial changes. There was no breaking-down phase. As such, these Chief Executives failed to effect a purge of existing shared values. Further there was evidence of divided top management teams. These divisions over strategy deepened as the change process progressed.

Johne and Pavlidis (1996) examined managerial practices of banks that are acknowledged leaders in bringing new derivatives to market ahead of their competitors. In particular they explored how those first mover banks apply their marketing expertise and they review the advantages those banks enjoy as a result of their success in offer innovation. The study reveals several significant differences between highly active innovators and less active innovators. The authors assert that the role of the senior leader is important in this context. Specifically, they found that in highly active innovator banks the senior leaders do take active steps to reinforce the notion that market-related considerations are the foundation of new offer development.

Edgett and Jones (1991) traced the development of a new offer in a major UK based financial institution using a case study approach. The authors were able to identify a number of factors that were essential to the successful development of this offer. As such, senior management was found to be an important contributor to development success. Specifically, senior management developed and maintained strong liaisons with personnel outside the new offer development team. Further, senior management carefully monitored the delivery phase to ensure that staff were properly trained and that a standardised product of consistent quality was presented to the consumer.

Although senior leadership was revealed as a key factor in driving successful innovation in banking, studies examining senior leadership style and its impact on new offer development success have been few and far between (Jung, Chow & Wu, 2003; Mumford, Scott, Gaddis & Strange, 2002). Thus, it is yet unclear what type of senior leader behaviour is associated with new offer development success. As new offer development is a key concern for banks, it is important for senior leaders to know how to manage the development process to ensure successful innovation. It is therefore

concluded that more empirical research is needed on senior leadership style in new offer development in banking.

2.6. Conclusion

This chapter provided the rationale for choosing the UK banking sector as a suitable context for studying the issue under investigation. To this end, the chapter provided an overview of the European banking industry and examined the importance of the UK banking sector. Further, the chapter discussed major industry trends that radically changed the environment in which banks have to compete. This environment of intense competition affects incumbent banks' strategic positions and erodes profitability. Thus, senior leaders of established British banks are challenged to devise corporate strategies to take advantage of new opportunities and counteract threats. In this context, new offer development has been advanced as a source of competitive advantage in banking. The chapter asserted that senior leadership is a key factor in driving development success. As studies linking leadership style to development outcome are few and far between, more research is needed. The next chapter reviews the literature on new offer development.

CHAPTER 3
NEW OFFER DEVELOPMENT: THE LITERATURE

3.1. Introduction

The previous chapter provided the rationale for choosing the UK banking sector as a suitable context for studying the role of the leader in new offer development. This chapter reviews the development literature with a view to identifying key drivers of success. To this end, the chapter firstly reviews categorisation frameworks of new offers and sets the definition of 'new offer' for the purpose of this study. Second, the chapter analyses success factors for new offer development. In this context, *Style*, the way that leaders act, is identified as a key success factor. The chapter concludes with recognition that although the leader assumes a crucial role in the development process, there is a lack of knowledge on the impact of senior leadership style on development success.

3.2. Offer development, product development and service development

Since the 1970s, a significant body of literature evolved, which focuses on innovation and development (Ernst, 2002). Early studies on the topic address the concept of 'new product development' (Rothwell, 1974). However, the last decade has witnessed an emerging interest in the specifics of 'new services' as well as 'new offers'. Thus, the current body of literature distinguishes between 'new product development', 'new service development' and 'new offer development' (De Brentani, 1998; Mathur & Kenyon, 1997; Johne & Pavlidis, 1996). In most instances, the term 'new product development' refers to the development of tangible products (Johne & Storey, 1998). 'New service development', on the other hand, is defined as the development of intangible products (Johne & Storey, 1998). 'New offer development' is a wider concept than both new product development and new service development. 'New offer' refers to what customers select or reject. The term 'offer' covers both tangible goods and intangible services and comprises a variety of actions taken by the developer to enhance the core product. Therefore, 'new offer development' is defined as the development of a new unit of customer choice. The next few paragraphs provide a short overview of new product development, new service development and new offer development. The discussion

reveals to what extent the concepts are different from each other and to what extent they interrelate. The second part of this section then provides the rationale for using the term new offer development in the context of this study on innovation in banking.

In most instances, the term 'new product development' refers to the development of tangible products (Johne & Storey, 1998). The interest in new product development started in the early 1970s with success factor studies such as SAPPHO (Rothwell, 1974). Since then, the critical success factors have been well documented by researchers, as has the product development process itself (Ernst, 2002; Ayers, Gordon & Schoenbachler, 2001; Schmalen & Wiedemann, 1999; Sounder, Buisson & Garrett 1997; Kotzbauer 1992; Cooper, 1990; Cooper & Kleinschmidt, 1987). These success factors are discussed in more detail in the second part of this chapter.

As the term new product development is widely used in the literature, with various meanings attached to it, the new product development literature conceived frameworks to measure the degree of product newness involved (Booz, Allen & Hamilton, 1982). For instance Ansoff (1957) developed the Ansoff matrix. This is a 2x2 grid, along the dimensions of market newness and technological newness of the product in question. This led to a classification of four types of new products: (1) improved products; (2) market extensions; (3) product line extensions, and (4) innovative diversification.

Similarly Booz, Allen and Hamilton (1982) developed a further framework. They classify new products according to the newness of each product according to the market and to the company. The categories are as follows: (1) new-to-the-world products, which are the first of their kind and create an entirely new market; (2) new product lines, which are new in the context of the company that develops them; (3) additions to existing product lines, which are new to the company and fit into an existing product range; (4) improvements and revisions to existing products, which represent improved variations to existing company products; (5) repositioned products, which represent products that are targeted at a different market or different market sub-segment, and (6) cost reductions, which

represent new products providing similar performance as established products, albeit at a lower cost (Table 3.1).

Table 3.1

Types of new products

New Product Categories	
New-to-the-World products	• New products that create an entirely new market • First of their kind
New product lines	• New products that, for the first time, allow a company to enter an established market • Not new to the market, new to the company
Additions to existing product lines	• New products that supplement a company's established product lines • Not new to the market, new to the company and fit into existing product lines
Improvements & revisions to existing products	• New products that provide improved performance or greater perceived value, and replace existing products. • New and improved type
Repositioning	• Existing products targeted to new markets, or market segments • Retargeting of the product
Cost reductions	• New products that provide similar performance at lower costs

Source: Booz, Allen and Hamilton (1982)

'New service development' is defined as the development of intangible products (Johne & Storey, 1998). The new service sector has only more recently attracted similar attention as the new product sector (Lievens & Moenaert, 2000; Edgett, 1996). Thus, the research on the factors determining new service success and failure is still scarce and more limited in scope than the literature on new product development (Lievens &

Moenaert, 2000). Research has begun to identify the characteristics of successful new service development (Edgett, 1996). In fact, for the development of their research designs the authors largely tapped the literature on new product development as an initial source for the critical success factors. Several key factors for success have emerged from these studies and were subsequently investigated in a business service environment (Lievens & Moenaert, 2000).

As this parallel stream of research emerged, several writers have discussed the differences between innovation in service and manufacturing industries (Drew, 1995). These include the simultaneity of service delivery and consumption, the intangibility of service offerings as well as the heterogeneity and complexity of financial services (Drew, 1995). Despite the differences between new product development and new service development, many success factors were found apply to both new product development and new service development (Oldenboom & Abratt, 2000; Edgett, 1996). Success factors for new service development are discussed in a later part of this chapter, in conjunction with the ones for new product development.

As the term new service development is widely used in the literature, with various meanings attached to it, the new service development literature conceived frameworks to measure the degree of newness involved (Johne, 1993). For instance, Lovelock's scheme proposes the following categories: (1) major innovations, which refers to new products for markets as yet undefined and undimensioned; (2) start-up businesses, which represent new products for a market that is already served by existing products that meet the same generic needs; (3) new products for the currently served market, which refers to new products that attempt to offer existing customers of the organisation a product not previously available there; (4) product line extensions, which represent an augmentation of the existing product line or different way of service; (5) product improvements, which refers to changes in certain features for existing products currently on offer to the currently served market, and (6) style changes, which represent highly visible changes to existing products (Table 3.2).

Table 3.2

Types of new services

Category	*Definition*
Major innovations	New products for markets as yet undefined and undimensioned
Start-up businesses	New products for a market that is already served by existing products that meet the same generic needs
New products for the currently served market	New products that attempt to offer existing customers of the organisation a product not previously available there
Product line extensions	Represent an augmentation of the existing product line or different way of service
Product improvements	Changes in certain features for existing products currently on offer to the currently served market
Style changes	Highly visible changes to existing products

Source: Lovelock (1984)

Johne (1993) developed a further schema of development typology for services. Johne (1993) distinguishes between: (1) product development, which refers to the development of core attributes of a product; (2) market development, which represents the activity of more closely targeting specific market segments; (3) product augmentation, which refers to altering the product 'surround' development, and (4) process development, which represents improvement of costs, which can potentially lead to the production of a new service product. Within each of these four types, development may be as radical as 'new to the world', or simply incremental in the sense of 'product improvement'. Table 3.3 displays Johne's (1993) typology.

Despite the existence of two separate bodies of research, Johne and Storey (1998) found that the words 'new product development' and 'new service development' are often used interchangeably in the literature. The authors also point out that it is unhelpful to differentiate between tangible and intangible product development. Mathur and Kenyon (1997) further posit that in the modern world the borderline between tangibles and intangibles is getting fuzzier, not that it was ever of major, if any, strategic significance.

Table 3.3

Johne's (1993) schema of development typology for services

Category	*Definition*
Product Development	The development of core attributes of a product
Market Development	To more closely target specific market segments, e.g. by positioning the product to more closely meet segment needs.
Product Augmentation	To alter the product 'surround' development, e.g. billing, pre and post sales support, delivery.
Process Development	In the case of goods this is usually to improve cost but process is so integral to services that process development can effectively produce a new service product.

Source: Johne (1993)

The concept of 'new offer development' addresses these issues. 'New offer', coined by Mathur and Kenyon (1997), refers to what customers select or reject. The term offer covers both tangible goods and intangible services and comprises a variety of actions taken by the developer to enhance the core product. The offer is the unit of customer choice. What customers choose, is an individual offer. As a consequence, new offer development is the development of a unit of customer choice. The term new offer development has been mainly used by Johne and Davies (1999); Johne and Storey (1998); Mathur and Kenyon (1997); Johne and Pavlidis (1996), and Johne (1993). All of these researchers examined offer innovation in a financial services context.

Storey and Easingwood (1998) suggest that managers must understand the totality of the offer from the customer's perspective. They explain that the purchase of a product or service is not only influenced by the core benefits but also by such factors as the firm's reputation, offer accessibility, service quality, communication and environment. In this context, Johne and Storey (1998) stress that offer development is a more all-embracing, and potentially far more powerful, competitive activity than concentrating solely on the development of core performance attributes. New offer development is an important route to winning new business. Highly active innovators distinguish themselves by

invoking a broader concept of marketing. They develop new offers, not just core technical product features (Johne & Pavlidis, 1996).

The realisation that customers may be attracted by more than core performance attributes has important practical implications (Johne & Storey, 1998). Operationally, it requires a wider set of variables to be brought into play than has traditionally been the case (Johne & Storey, 1998). For example, in many financial services markets it has been found beneficial to 'augment' core service product attributes with appropriate support in order to achieve differentiation from competitors' offers (Storey & Easingwood, 1994). In this context, the broader and more all embracing concept of new offer development seems well suited in the context of studying innovation in banking.

A further advantage of using the concept of new offer development banking is the fuzzy boundary between products and services in this sector. Van Der Merwe and Chadwick (1989) classify banks' offers as services with 'some goods or delivered through goods'. Thus, it is not surprising that banking practitioners tend to use the terms new product and new service interchangeably or refer to an offer as a 'product', which would traditionally been thought of as a 'service', such as the 'credit card product', which is essentially a service to provide the consumer with a loan. A further example is the derivative product, which is essentially a service to manage risk. As the researcher had suspected, many respondents in this study stressed that it is important to understand that banks do neither develop products nor services, but offers.

Although the term 'new offer development' is relatively new, there are various meanings attached to it. For this reason the new offer development literature conceived frameworks to measure the degree of newness involved (Johne & Storey, 1998). Johne and Storey (1998) developed a 2x2 matrix based on Ansoff (1987). The researchers mapped products according to their newness in terms of product attributes to supplier and according to the product augmentation to supplier. This results in the following four categories: (1) offer improvement with the aim of market penetration; (2) product development; (3) product augmentation development with the aim of market development, and (4) new to the world

offers with the aim of diversification (Table 3.4). This thesis mainly focuses on new offers of the type of new product development as defined by Johne and Storey (1998).

Table 3.4
Growth vectors served by offer development variants

	Newness of the product attributes (to supplier)	
	Low	**High**
Low	**Aim:** Market Penetration **Via: Offer Improvement** e.g. improved core attributes and/or improved augmentation	**Aim:** Product Development **Via predominantly: Product Development** e.g. new product variants such as new derivatives in banking
Newness of the product augmentation (to supplier) **High**	**Aim:** Market Development: **Via predominantly:** Product Augmentation Development e.g. First Direct, Direct Line	**Aim:** Diversification **Via: New-To-The World Offers** e.g. a new business: - - overnight delivery (DHL) - distance education (O.U) - temporary managers

Source: Johne and Storey (1998) based on Ansoff (1987)

3.3. Determinants of development success

The last section provided and overview of new product development, new service development and new offer development. It also provided a rationale for deploying the concept of new offer development for the purpose of this study. The focus of this section is on the key factors of development success. To this end, the study considers research findings from the new offer, new product and new service streams of the development literature. However, it was decided not to specifically distinguish between the success factor studies of the different streams. This decision was made on the basis of two factors: Firstly, Johne and Storey (1998) found that the words 'new product development' and 'new service development' are often used interchangeably in the literature. The

authors equally point out that it is unhelpful to differentiate between tangible and intangible product development. Secondly, several key factors that determine new product success were subsequently investigated in a business service environment (Lievens & Moenaert, 2000). There has been notable insight from such studies suggesting that both services and manufacturing firms need to give attention to similar factors (Oldenboom & Abratt, 2000; Edgett, 1996). Thus, findings about new offers, new products and new services will henceforth all be referred to as 'new offer development'.

The key role played by new offers in the success and growth of companies leads to an interest in finding out what produces success (Balachandra & Friar, 1999). Knowledge of such success factors is important, especially in light of empirical studies pointing to high failure rates of new offers (Brockhoff, 1999). Although many companies are enthusiastic about developing new offers, success is not generally assured. According to a Wall Street Journal article in 1992, hardly ten out of 100 new product introductions succeed in the market. A similar study concluded that for every product launched, only 1 in 5 products are commercially successful in the marketplace. On average it takes 11 ideas to launch 1 product and 75 percent of new products screened have the wrong decision made to 'go-to-market'. Moreover, up to 70 percent of projects take longer and cost more than expected; between 36 percent and 48 percent of development costs are directed towards unsuccessful offers; 80 percent more money is spent on products that fail than on successful offers, and 93 percent of the cost of the launch of a new offer is incurred after the 'go-to-market' decision. Therefore, having a non-optimised offer development process can potentially have disastrous consequences (Ernst, 2002).

It is therefore obvious that senior management is interested in learning about those factors, which impact on development success (Ernst, 2002). The identification of these factors based on empirical research is the objective of success factor studies. Management can use the results of development research by means of benchmarking in order to improve development activities in their respective firms (Ernst, 2002). Due to its direct practical relevance as well as its inherent appeal to researchers, it is not surprising that development research has retained a high level of popularity over the past 30 years.

Empirical development research still receives great attention in the scientific community today (Ernst, 2002).

There is an extensive literature on development success factors (Ernst, 2002; Harborne & Johne, 2002; Johne & Storey, 1998). As such, a wide range of factors affecting the effective and efficient management of development projects has been identified. Success factor studies can broadly be grouped into three streams: (a) single factor studies, (b) multiple factor studies, and (c) meta reviews. The first group of studies focused on single measures of success, such as structures and systems, product design and development, cross-functional teams, communication, culture and climate as well as top management involvement (Olson, Walker, Rueckert, & Bonner, 2001; McDonough, 2000; Ahmed, 1998; Anderson & West, 1998; Morgan, Cronin & Severn, 1995; Rosenthal, 1992; Bantel & Jackson, 1989).

A second group of studies tried to identify the range of factors that underlie development success (Lester, 1998; Edgett & Parkinson, 1994; Johne & Snelson, 1988). For instance, Lester (1998) found that the success of a development effort hinges on 16 critical factors in five areas: senior management commitment, which is a key prerequisite for success; organisational structure and processes that support the new venture; attractive new offer concepts being available for development; venture teams with appropriate staffing and resources, able to communicate effectively with management and markets, and project management able to focus on reducing uncertainties as early as possible. Johne and Snelson (1988) found that development success is determined by the factors of strategy, structure, systems, skills, style, staff and shared values.

Based on these single and multiple success factor studies, a number of researchers conducted a third group of studies: meta reviews. These reviews filter out common denominators from existing studies (Ernst, 2002; Albers, Brockhoff, & Hauschildt, 2001; Connell, Edgar, Olex, Scholl, Shulman & Tjetjen, 2001; Balachandra & Friar; 1997; Montonya-Weiss & Cantalone, 1994; Lilien & Yoon, 1989). For instance, Balachandra and Friar (1997) conducted a meta-review and identified over 70 factors that affect

development outcome. Further, Ernst (2002) groups development success factors using five broad categories, which then split up into further variables. The five broad categories are (a) development process including customer integration; (b) organisation of new product development; (c) culture; (d) role and commitment of senior management, and (e) development strategy. Similarly, Oldenboom and Abratt (2000) performed a factor analysis on the 31 variables of development activities they had identified on the basis of prior literature. Their factor analysis resulted in the emergence of four independent, multi-attribute new service development factors, accounting for 47 percent of the variance. These factors are (a) adequate skills and resources; (b) product advantage; (c) degree of service newness, and (d) cross-functional integration. In addition, Connell, Edgar, Olex, Scholl, Shulman and Tjetjen (2001) found that five critical factors can help development teams succeed. These factors are: (a) executive direction; (b) project team; (c) innovation strategy; (d) internal factors, and (e) external factors.

Various success factor studies highlight the existence of two kinds of environments, which influence development success: external and internal (Ernst, 2002; Connell, Edgar, Olex, Scholl, Shulman & Tjetjen, 2001). The first is the firm's external environment, such as nature of the marketplace at which the new product is targeted, the legal environment (Ernst, 2002) and the regulatory environment or economic conditions (Drew, 1995). Ernst (2002) highlighted that management cannot directly influence these factors. The second kind of environment is the internal environment. It comprises internal organisational factors, such as new offer development strategy, availability of staff, and financial resources. These factors are largely under the control of management (Ernst, 2002).

While several authors highlight that management cannot directly influence external factors, it remains unclear to what extent the external environment impacts on development success. Johne and Snelson (1988) stress that development success will be determined, at least partly, by external factors over which managers have little or no control, for example, a sudden downturn in economic activity or an unexpected competitive reaction that may cause sales of a product to be much lower than expected.

Dougherty (1990), on the other hand, accents the minor role of external environmental factors and refers to the dominant position of controllable endogenous variables in the determination of new product outcome. Nevertheless, even by accepting that they have limited control over external factors, managers can increase the chances of launching products successfully by ensuring that all relevant internal organisational variables are controlled for accordingly. Similarly, Cooper (1979) found that external environmental factors such as the marketplace, the firm (resource base), and the nature of the venture were notable for their lack of impact on new product success. The author refers to this lack of influence of external environmental descriptors as a "provocative finding, particularly in view of the inferred importance of these descriptors in the literature on screening and descriptive models".

The above section has revealed that there is a rich body of literature on development success factors (Ernst, 2002; Albers, Brockhoff, & Hauschildt, 2001; Balachandra & Friar 1997; Hauschildt 1993; Lilien & Yoon 1989). However, a universally valid theoretical framework for the network of correlations between variables and successful innovation does not yet exist (Ernst, 2002; Hauschildt, 1993). Nonetheless, the discussion on development success factors has to be limited to a certain extent and to be structured so as not to loose focus. Thus, researchers have the choice of either selecting a number of factors or of adopting an existing framework of factors that are more relevant than others in determining development success (Ernst, 2002). Hauschildt (1993) observes that two consequences arise from trying to solve this dilemma. On the one hand, one cannot be certain that all relevant factors have been considered. On the other hand, one is not in a position to dismiss definitively those variables, which have repeatedly proved to be meaningless and not worthy of consideration.

Thus, whilst it is acknowledged that there are several ways of measuring development success factors, this study elects to do so with the McKinsey '7Ss' framework. The '7Ss' framework was originally proposed by Peters and Waterman (1982) to account for organisational effectiveness. As such, it consists of seven factors, which impact on

organisational effectiveness. They are: strategy, structure, systems, skills, style, staff, and shared values (Figure 3.1).

Figure 3.1

The '7S' framework of organisational effectiveness

Peters and Waterman (1982) defined the '7S' as follows:

- ***Strategy***: the plan leading to the allocation of resources
- ***Structure***: the characteristics of the organisation chart
- ***Systems***: the nature of proceduralised co-ordination and control mechanisms in place
- ***Skills***: the distinctive capabilities of key personnel
- ***Staff***: type, quantity and quality of functional specialists available in an organisation
- ***Shared values***: the goals shared by organisational members
- ***Style***: the type of leadership style prevailing in an organisation

Source: Peters & Waterman (1982)

Popularised by Peters and Waterman in 1982, the '7S' framework was originally devised for the purpose of organisational analysis. However, extant research has applied the postulated factors at the project level and within the context of new offer development (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Pavlidis, 1996; Johne & Snelson, 1988). In the context of new offer development, the '7S' framework consists of seven factors, which impact on development success: *Strategy* is the offer innovation strategy of the development project under investigation and its relation to business and corporate strategy; *Structure* is the organisational framework of the development project under investigation and offer innovation management in the business in general; *Systems* are the co-ordination and control mechanisms for the development project under investigation and for the development effort of the business in general; *Skills* are the specialist knowledge and methods applied to the development project under investigation and to the development effort in the business in general; *Staff* is the type, quantity and quality of functional specialists required for the development project under investigation

and for the development effort in the business in general; *Shared values* are the project members' beliefs about business objectives, the role of offer innovation in achieving them, and the objectives of the development project under investigation and *Style* is the style of the leader(s) in charge of and involved in the project.

Figure 3.2

The '7S' framework in a development context

Interpreted in a development context, the '7S' are as follows:

- ***Strategy*** is the innovation strategy of the development project under investigation and its relation to business and corporate strategy
- ***Structure*** is the organisational framework of the development project under investigation and offer innovation management in the business in general
- ***Systems*** are the co-ordination and control mechanisms for the development project under investigation and for the development effort of the business in general
- ***Skills*** are the specialist knowledge and methods applied to the development project under investigation and to the development effort in the business in general
- ***Staff*** is the type, quantity and quality of functional specialists required for the development project under investigation and for the development effort in the business in general
- ***Shared values*** are the project members' beliefs about business objectives; the role of offer innovation in achieving them; and the objectives of the development project under investigation
- ***Style*** is the style of the leader(s) in charge of and involved with the project

Source: Johne & Harborne, 2003; Harborne & Johne 2002; Johne & Davies, 1999; Johne & Pavlidis, 1996; Johne & Snelson, 1988

The '7S' framework was selected to structure the discussion of development success factors for the purpose of this study for the following reasons: Firstly, the framework has successfully been deployed in a banking context (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Pavlidis, 1996). Further, Barclay and Benson (1990) note that the

'7S' are strongly interlinked, as the model simplifies the various aspects of the organisation. This makes the framework easily understandable and a practical research tool. Thirdly, the model focuses on internal organisational factors. Whilst external organisational factors were found to impact development success in some studies, other researchers stress the minor role of external environmental factors or even the lack of such a role (Dougherty, 1990; Johne & Snelson, 1988; Cooper, 1979). Dougherty (1990) refers to the dominant position of controllable endogenous variables in the determination of new product outcomes. Besides, management has limited control over external organisational factors (Ernst, 2002; Dougherty, 1990; Johne & Snelson, 1988).

Although the '7S' framework (Peters & Waterman, 1982) is a suitable tool to structure the discussion on development success factors, the model is not without limitations. For instance, the framework abridges the various aspects of the organisation, being only an analytical tool to help make sense of the complexity of organisations. Nevertheless, it is a helpful tool to address most of the internal organisational factors under control of management, which might impact on the innovation process. The following section discusses each of the '7S' and its association with new offer development success in brief.

3.3.1. Strategy

Strategy is the product innovation strategy of the development project under investigation and its relation to business and corporate strategy (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). In a development research context, strategy has been defined to include the development programme or project strategy and the plan leading to the allocation of resources. It is also concerned with the existence and characteristics of an offer development strategy that defines the sort of new products to be developed and the resources to be released for that purpose (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

One of the key factors associated with development success is strategy (Ernst, 2002). Firms that are highly successful at innovation have a separate strategic plan for

development (Drew, 1995). Similarly, an unfocused strategy is one of the main barriers to innovation (Drew, 1995). In particular, a clear mission, strategy and clarity of performance requirements are crucial for project teams to maintain the focus of the project (Benders & Vermeulen, 2002; Wheelwright & Clark, 1992; Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976). The mission may be described as a set of policies and objectives designed to guide development activities. This has also been referred to as a 'product innovation charter' that provides the members of a project team with a clear direction for action (Crawford, 1996). For example, setting clear revenue goals for new offers was found to speed up the development process (Drew, 1995).

Oldenboom and Abratt (2000) point out that most writers agree that in order to succeed, the firm needs to be able to offer something appropriate, different or better. A strong market orientation and the implementation of market-oriented strategy are associated with development success (Cooper and Kleinschmidt 1996; Atuahene-Gima, 1995; Utterback, Allen, Hollomon & Sirbu, 1976). Similarly, a strong customer orientation was found beneficial to superior development (De Brentani, 1989; Rothwell, 1974). Ernst (2002) stresses that project concept and the relative increase in benefits of the new offer for the customer in comparison with a competitor's product must be clearly described. The offer to be developed should be defined prior to development, should correlate with customer needs and wants, and should have been analysed carefully (Ernst, 2002; Balbontin, Yazdani, Cooper & Sounder, 1999; Cooper & Kleinschmidt, 1996; Mishra, Kim & Lee, 1996; Kotzbauer, 1992; De Brentani, 1989; Maidique & Zirger, 1984).

Also, the offer should benefit the customer while the price sensitivity of the customer should be clear (Mishra, Kim & Lee, 1996; Cooper & Kleinschmidt, 1993). The offer should also have a clearly defined target market and positioning strategy. Specifically, the target market should be defined early (Ernst, 2002; Cooper & Kleinschmidt, 1993; Kotzbauer, 1992; Bortree, 1991; Edgett & Jones 1991; Cooper, 1990; Utterback, Allen, Hollomon & Sirbu, 1976). One of the pioneer studies in the development literature found that it is necessary to view offers from the customer's point of view. As such, they must be built on unfulfilled needs within segments. Further, offers incorporating new

technology often require substantial behavioural change and customers must be able to understand what the new product is, what benefit it provides, and how to use it (Berry & Hensal, 1973). To this end, good proficiency of marketing and design activities together with accurate market forecasts and predictions about customer requirements are important (Balbontin, Yazdani, Cooper & Sounder, 1999).

Storey and Easingwood, (1995) associate development success with an overall company/offer fit. Equally important are fit with market needs, product market fit and fit with marketing resources (De Brentani & Ragot, 1996). Moreover, more successful innovators fit their new offers more closely to their current portfolio (Martin & Horne, 1993). That is, 'staying close to home' is positively associated with development success. Further, new offer development success is linked to overall corporate synergy of the project, synergy between the market, new offer and the company, and managerial and financial synergy (Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994; Edgett & Parkinson, 1994).

3.3.2. Structure

Structure is the organisational framework of the development project under investigation and innovation management in the business in general (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). Structure relates to the existence of a function or team devoted to development activities and the placement of this function on the organisation chart. It also includes formal reporting lines to other departments as well as to top management and deals with types of formal organisation structures used to implement offer development activities (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

Organisational structures that support the development project were found to have an important impact on development outcome (Lester, 1998). Specifically, interpersonal and interdepartmental cooperation and team working are key to development success (Harborne & Johne, 2002). Many organisations are compartmentalised, functionally divided units that resemble a 'salad-bowl' of subcultures with disparate 'thought-worlds'

and new offer development processes that follow linear paths (Jasawalla & Sashittal, 2000). The troublesome cooperation and communication between functions, especially between marketing and R&D, has been the subject of many studies. Misunderstandings between these functions are frequent. For instance, marketing staff may not comprehend why R&D is not able to redesign offers to fit changing customer needs, whereas R&D personnel does not see why marketing want these new products so fast (Sounder, 1987). When departments function and make decisions in isolation, development processes become inordinately delayed. Often, the problems are linked to the independently made decisions, which make 'micro-sense' to one department at one time, yet make 'macro-nonsense' to other departments and the organisation. Equally common are delays caused by uncoordinated activities and poorly organised new product workflows (Jasawalla & Sashittal, 2000).

To avoid this scenario, many organisations rely on cross-functional development teams (Benders & Vermeulen, 2002). Indeed, there is a tendency for offer development to become an activity conducted by multidisciplinary teams (Van de Ven, 1999; Ancona & Caldwell, 1997; Eisenhardt & Tabrizi, 1995; Clark & Fujimoto, 1991). Cross-functional development teams are temporary groups of individuals drawn from different functional specialties or departments who are brought together for the common purpose of creating and refining new offers (Sarin & McDermott, 2003; Benders & Vermeulen, 2002; Stoker, Looise, Fisscher & de Jong, 2001; Ulrich & Eppinger, 1995). They propose a way, which allows organisations to cope with pressures from the external environment by providing flexibility and the ability to communicate and execute quickly (Stoker, Looise, Fisscher & de Jong, 2001).

Various types of teams have been distinguished in the product development literature: functional teams, lightweight teams, heavyweight teams and autonomous teams (Wheelwright & Clark, 1992). These teams differ from one another in the type of leader attributed to the team, the time team members can spend on project activities, and the liaison role team members play. These multi-disciplinary teams are also a 'logical means to generate more creative, less problem-riddled solutions, faster' (Donnellon, 1993).

Project teams should display four necessities: a right mix of skills and team roles to do the job; commitment to a common purpose and performance goals; commitment to a common approach on how the work is done, and mutual accountability (Katzenbach & Smith, 1993). The use of such teams combined with integrated offer development concepts aim at overcoming barriers between departments (Daft, 1995). Thereby communication problems are reduced, lead times and costs are improved, and different functional areas are better integrated (Wheelwright & Clark, 1997; 1992; Clark & Fujimoto, 1991). The use of cross-functional teams has been associated with lower development cost; faster speed to market; greater innovation, and better product design and quality (Sarin & Mahajan, 2001).

In order for interfunctional interaction to increase, additional integration mechanisms should accompany the project. An integrated development process can shorten the development process (see section 3.3.3. Systems). Successful integration can be achieved through (a) multidisciplinary teams that consist of team members with complementary skills (see section 3.3.4. Skills); (b) team members who are committed to a common purpose, approach and to the other team members (see section 3.3.6. shared values), and (c) effective leaders who overcome functional differentiation, foster collaborative decision-making, and organise development workflow concurrently (see section 3.4. style) (Jasawalla & Sashittal, 2000).

3.3.3. Systems

Systems are the co-ordination and control mechanisms for the development project under investigation and for the development effort of the business in general (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). Systems are concerned with the existence of a formal development process, the characteristics of the development process, and the flexibility of the development process. They deal with the type of control and co-ordination mechanisms used for executing product development tasks (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

The presence of a formal or informal development process in the firm establishes the basis for success of new offer (Ernst, 2002; Griffin, 1997; Drew, 1995; De Brentani,

1989). Organisational processes that support the development project were found to be positively associated with development success (Lester, 1998). Specifically, success is associated with a development process that is professional, detailed, flexible and thorough (Cooper & Kleinschmidt, 1996; Barczack, 1995; Edgett & Jones, 1991). Moreover, the process should be market-driven (Cooper, Easingwood, Edgett, Kleinschmidt & Storey, 1994). Firms that are highly successful at innovation were found to use a more proactive approach (Drew 1995). Moreover, they are undertaking more stages of the development process and are spending longer on development (Reidenbach & Moak, 1986).

Cooper and Kleinschmidt (1996) stress the importance of process execution quality. They found that a significant characteristic of 'solid performers' was a high-quality offer process, that is, one which is complete and thorough. The researchers point to the emphasis on up-front work (pre-development). Specifically, the quality of planning before the beginning of the actual development stage is decisive for the success (Ernst, 2002). Cooper and Kleinschmidt (1996) further reveal the importance of sharp, early offer definition (prior to development work) and tough go-kill decision points where projects really get killed. A superior development programme should ensure that projects are continually evaluated throughout the course of the process using 'on-going control' such that the projects, which do not meet the previously defined goals, are consequently terminated (Ernst, 2002). In successful development projects, all process steps are aligned with the market requirements. Market information is up-dated throughout the development process and may be used as a basis for the decision to continue or terminate the project (Ernst, 2002).

The existence and execution quality of project phases are also key to development success (Ernst, 2002). Process phases that were found be associated with development success include market research and idea screening (Ernst, 2002; Song & Parry, 1997; Edgett, 1996; Mishra, Kim & Lee, 1996; Barczack, 1995; Parry & Song, 1992; Cooper, 1990; Cooper & Kleinschmidt, 1987). Ernst (2002) argues that the selection of the most promising projects before entering the development phase is especially important. Additional process phases that are associated with development success include offer

development; degree and efficiency of marketing activities; preliminary market assessment; technical assessment; financial analysis; prototype test with customer; test marketing-trial sell, and post launch review (Ernst, 2002; Balbontin, Yazdani, Cooper & Sounder, 1999; Edgett, 1996; Mishra, Kim & Lee, 1996; Kotzbauer, 1992; Dwyer & Mellor, 1991; Cooper, 1990).

A further important factor, which is associated with development success, is cooperation of project team members. Interpersonal and interdepartmental cooperation as well as teamworking are key to development success (Harborne & Johne, 2003). There is the need for increased intra-organisational involvement and integration among departments and for effective communication (Edgett & Parkinson, 1994; Storey & Easingwood, 1995). The troublesome cooperation and communication between functions, especially between marketing and R&D, has been the subject of many studies (Sounder, 1987). Ayers, Gordon and Schoenbachler (2001) point out to the importance of relational norms in this context. The researchers found that relational norms between R&D and marketing personnel involved in the development process enhance the likelihood of development success. Moreover, decentralised decision-making was found to encourage the development of relational norms between R&D and marketing personnel involved in the development process.

A final important aspect of systems in a development context is customer involvement in the development process. More successful firms make greater use of customer information during the development process and let the customer participate in the development of the offer (Gruner & Homburg, 1999; De Brentani & Ragot, 1996; Martin & Horne, 1993). In particular, intensity of customer involvement in idea generation, concept development, assessment and selection of prototypes and market launch was found to be a significant difference between 'big hits' and 'flops' (Gruner & Homburg, 1999). It is beneficial to the development process to involve customers with a higher economic attractiveness, so called 'lead-users', with whom there is scope of a business relationship (Gruner & Homburg, 1999).

3.3.4. Skills

Skills are the specialist knowledge and methods applied to the development project under investigation and to the development effort in the business in general (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). Skills are concerned with the distinctive capabilities of key personnel involved in the development effort and the specialist knowledge and techniques applied for executing product development tasks (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

Skills and expertise are key to the development process (De Brentani & Ragot, 1996; Storey & Easingwood, 1995). Adequate skills and resources for development were found to be associated with offer success (Oldenboom & Abratt, 2000; West, 2000). Specifically, development processes need to be expert-driven. For this reason, it is beneficial to staff the development team with highly skilled experts (De Brentani, 1993). Proficiency in a number of different skills, ranging from conception to launch, is associated with superior development performance. For instance, proficiency of activities in business and market opportunity stages correlate with development success (Amabile & Conti, 1999; Balbontin, Yazdani, Cooper & Sounder, 1999; Sounder, Buisson & Garrett 1997). Moreover, a good proficiency of design activities and proficiency of technical activities during the development process are also associated with development success. Equally important are proficiency in marketing activities and expertise in marketing skills, especially regarding knowledge about the market (Balbontin, Yazdani, Cooper & Sounder, 1999; Sounder, Buisson & Garrett, 1997; Cantalone & di Benedetto, 1988). Last, proficiency of market launch as well as service expertise are further skills associated with development success (Schmalen & Wiedemann, 1999).

3.3.5. Staff

Staff denotes the type, quantity and quality of functional specialists required for the development project under investigation and for the development effort in the business in general (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). Staff in a development context includes the number of staff working in a development role, the number of core members and of peripheral members working on a specific project. It is

also concerned with the deployment of virtual teams, the collocation of team members, and the type of functional specialists involved in executing product development tasks (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

Development teams with appropriate staffing and resources, able to communicate effectively with management and markets, were found to have a positive outcome on development success (Lester, 1998). Specifically, team performance in the context of innovation has shown to be determined by a wide range of factors (West, 2000). A key element is team composition (West, 2000). For example, the team's skills; knowledge; diversity; staff quality; staff experience, and team size have all been associated with development success (West, Borrill, Dawson, Brodbeck, Shapiro & Haward, 2003; West, 2002; 2000; Amabile & Conti, 1999; Hodgson, 1986).

West, Borrill, Dawson, Brodbeck, Shapiro and Haward (2003) found that team size has an impact on the level of innovativeness. Their findings highlight that larger teams have higher levels of innovation across all of their three samples. The authors suggest that this may be because larger teams process more diverse perspectives and therefore have the potential to achieve a more comprehensive processing of information and decisions, which is likely to lead to creative ideas. Another possible interpretation is that larger teams have the critical mass of people necessary to sustain innovation attempts for a longer period of time even when the early stages of the innovation process show discouraging results. Team performance in a development context is further determined by the team's task; clarity of the task; organisational context; team processes; level effort on task; appropriateness of the strategies for achieving the task, and resources available to the team (Benders & Vermeulen, 2002; West, 2000). Specifically, Benders and Vermeulen, (2002) point to the importance of full-time availability of team members.

3.3.6. Shared values

Shared values are the project members' beliefs about business objectives, the role of offer innovation in achieving them, and the objectives of the development project under investigation (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

This definition includes shared values about the development programme in general and specific development projects in particular. It is concerned with the shared belief in the need to pursue offer development for the purpose of growing the business (Harborne & Johne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

Ernst (2002) observes that cultural aspects are key to development success. An effective development culture, which creates a supportive, high involvement project environment, contributes significantly to success (De Brentani & Ragot, 1996; De Brentani, 1993). Further, the culture of the organisation must support and reward innovative 'intrapreneurial' individuals who are engaged in new offer development (Lester, 1998). The organisation must believe that senior management supports innovative thinking and grant the time required for successful results (Lester, 1998). Similarly, a lack of an innovative and competition-oriented culture can be a barrier to fast new offer development (MacMillan & McCaffery, 1984).

Martin and Horne (1995) point to the importance of customer-contact staff, general staff and senior management. In this context, successful banks were found to place emphasis on internal marketing to ensure that persons required to support and control new offers are involved just as much in development as the customers (Johne, 1994). Drew (1995) suggests to link reward structures to performance in order to ensure faster development. The author further observes that business process reengineering can be used to change the organisation's culture.

Encouraging participation and support for innovation was found to facilitate new offer development (West, 2002). Innovation is more likely to occur in teams where the leader encourages support for innovation and rewards rather than punishes innovative attempts (Amabile, 1983; Kanter, 1983). Support for innovation is implied by the leader's expectation, approval, and practical support of attempts to introduce new and improved ways of doing things in the work environment (West, 1990). Leadership support for innovation has been found to be a powerful group process predictor of innovation (West & Anderson, 1996).

3.3.7. Style

Style refers to the style of the leader(s) in charge of and involved in the project (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988). In a development context, this relates to management's provision of active support for those involved in key product development tasks and to the style of the leader(s) in charge of the project (Johne & Harborne, 2003; Johne & Davies, 1999; Johne & Snelson, 1988).

The role and commitment of the leader(s) is key factor of development success (Johne & Harborne, 2003; Ernst, 2002; Weerd-Nederhof, 1998; Reidenbach & Moak, 1986). Connell, Edgar, Olex, Scholl, Shulman and Tietjen (2001) posit that without leadership failure is almost inevitable. Most of the development literature emphasises the critical need for long-term management commitment and support throughout the development process (Stoker, Looise, Fisscher & de Jong, 2001; Edgett & Jones, 1991). Leadership is important even in self-managed teams, affecting both organisational factors, such as acquiring resources for the team, and team member behaviour, such as encouraging the team to take control of its own activities (Nygren & Levine, 1996). Indeed, research on self-managed cross-functional teams shows that teams are less likely to be successful if they do not have a clearly established leader (Cohen & Bailey, 1997).

West, Borrill, Dawson, Brodbeck, Shapiro and Haward (2003) point to the importance of leadership clarity. The researchers found that leadership clarity does predict innovation, because leadership is needed to ensure that a team is able to persist in applying an idea for a new offer or way of working over time. Such persistence is likely to require the compelling direction, motivation and clear guidance that leadership offers (Yukl, 2002). The extent to which the leader defines team objectives and organises the team to ensure progress towards achieving these objectives contributes substantially to innovation success (Zaccaro, Rittman & Marks, 2001). Clear leadership also leads to higher levels of participation than would otherwise be the case and to a greater likelihood of commitment to excellence and innovation (Borrill, Dawson, Brodbeck, Shapiro & Haward, 2003). In addition to leadership clarity there must be regular management contact and encouragement, as well as a commitment of funds to the various stages of development

(Kleinschmidt, 1994; De Brentani, 1993). Leaders of R&D teams are faced with a complex situation. On the one hand, they have to help team members to develop their own competencies. On the other hand, they are responsible for achieving results within time and budget constraints (de Weerd-Nederhof, 1998).

The behaviour of the leader has the potential to influence all the factors that contribute to team innovation, but particularly to clarify objectives, encourage participation and foster commitment (Tannenbaum, Salas & Cannon-Bowers, 1996). The leader brings to the team task expertise, abilities, and attitudes that influence the group design and group norms (Hackman, 2002). Also, the leader monitors progress, offers feedback and provides guidance, all of which enable the team to achieve its tasks and to innovate (West, Borrill, Dawson, Brodbeck, Shapiro & Haward, 2003; McIntyre & Salas, 1995). The leader also helps to define work structures and ensures that organisational supports are in place for the team (Tesluk & Mathieu, 1999). Leaders, who effectively encourage a commitment to excellence by managing competing team perspectives, are likely to encourage the generation of creativity and innovation (Tjosvold, 1998; Nemeth & Owens, 1996).

Effective leaders overcome functional differentiation, foster collaborative decision-making, and organise the development workflow concurrently (Jasawalla & Sashittal, 2000). They create a social environment in which teams come to resemble less a battleground for turf protection behaviours and more a sanctuary in which people with divergent orientations and talents can share hidden agendas, ask for help, take risks, and develop collaborative relationships with others. Effective leaders build trust, foster openness and encourage risk-taking so that highly creative products are developed faster and cheaper (Jasawalla & Sashittal, 2000).

Stoker, Looise, Fisscher and de Jong (2001) analysed the relation between leadership and R&D team outcome variables, such as team effectiveness and satisfaction. They found that consultative leadership and a considerate leadership style correlated with the outcome variables. Teams perceived themselves as being more effective and satisfied

when their leader was considerate, deployed a consultative leadership style and showed initiating structure (Stoker, Looise, Fisscher & de Jong, 2001; De Jong & Carpay, 1991). Moreover, leaders can become more effective if they adapt their style to certain individual characteristics of team members. When a team member in a self-managing team has a high need for direction, a more initiating structure is required (Stoker, Looise, Fisscher & de Jong, 2001). On the other hand, initiating structure was also found to correlate negatively with job satisfaction, which suggests that employees are more satisfied with their job when their leader shows less initiating structure, thereby promoting entrepreneurial self-organisation (De Jong & Carpay, 1991).

Leadership style can also have an impact on creativity (Jung, Chow & Wu, 2003). For example, Hage and Dewar (1973) and Maier (1970) found positive associations between democratic, considerate, and participative leader behaviours and subordinates' creativity. Redmond, Mumford and Teach (1993) concluded that when leaders supported constructive problem solving and followers' self-efficacy, followers displayed higher levels of creativity. In a similar vein, Scott and Bruce (1994) found that the role expectations of a supervisor had a positive influence on subordinates' innovative behaviour.

The development literature points to a number of different leaders who are involved in the development effort. They include (a) the product champion (Oldenboom & Abratt, 2000; Storey & Easingwood, 1995); (b) the project leader (Johne & Harborne, 2003); (c) the external leader (Druskat & Wheeler, 2003), and (d) the senior leader (Bonner, Ruekert & Walker, 2002; Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001). The following section provides a short overview of these different types of leaders and their impact on development success.

(a) The product champion

The product champion acts as a strong advocate for the product to be developed (Benders & Vermeulen, 2002). The role of the champion can get formally assigned or, alternatively, informally taken on (Benders & Vermeulen, 2002). The existence of a

product champion was found to be a significant characteristic of development success (Benders & Vermeulen, 2002; Oldenboom & Abratt, 2000; Storey & Easingwood, 1995). Product champions, or 'souls of fire', are strong advocates for the offer to be developed (Stjernberg & Phillips, 1993). They tend to be seasoned managers who can generate the political support and hence necessary resources, motivate team members, and shield the team from external influence that may hamper progress. The failure of a champion to communicate strategic plans and information to developers results in wasted resources and dissipates new product efforts (Feldman & Page, 1984). Edgett and Jones (1991) suggest that it is the product manager who should assume the role of the product champion. Martin & Horne (1993) reveal that it is important to allow product champions to manage the launch phase of the process.

(b) The project leader

The project leader usually heads the development team (Johne & Harborne, 2003). In most instances, the project leader is formally assigned to the development project (Jasawalla & Sashittal, 2000). As such, the project leader is an individual directly responsible for managing and coordinating the development of an innovation (Harborne, 2000). Effective project leaders are known to be important contributors to offer development and the key managers of interpersonal dynamics among team members (Jasawalla & Sashittal, 2000; Dougherty, 1990). As the main interface between development team members, project leaders are in a critical position to encourage the application of newly learned information to current and future development efforts (Sarin & McDermott, 2003). They protect the teams' autonomy, break down traditional department-specific loyalties, create a unified focus on offer innovation and increase speed of offer development even as they reduce cost and increase creativity (Ancona & Caldwell, 1992; Dougherty, 1990).

As linear decision-making and sequential organisation of workflow contribute greatly to interdepartmental rivalries and to escalated costs and time delays, effective project leaders transform offer innovation into organic processes characterised by collaborative decision-making and concurrent organisation of work-flows. Since offer development

holds little meaning if it takes too long or costs too much, effective project leaders increase creativity and deliver marketable offers faster and cheaper (Jasawalla & Sashittal, 2000). The project leader should preferably be a product champion with experience and status (Benders & Vermeulen, 2002; Cooper, 1999). If managers are not seen to be in command of the process, they are usually replaced to ensure that ideas are carefully evaluated (Oldenboom & Abratt, 2000).

(c) The external leader

The external leader is a project team leader who, as opposed to the traditional project team leader, sits outside of the development team (Druskat & Wheeler, 2003). Druskat and Wheeler (2003) propose that this external team leader is different from the traditional project leader. The authors define the external team leader as "the leader to whom a team reports". External leaders of self-managing work teams face a very different situation than do traditional team leaders. Both are responsible for the performance of their teams. Yet traditional leaders are expected to lead by monitoring and managing those teams, while external leaders are expected to lead by delegating and managing back to their teams (Druskat & Wheeler, 2003). The authors point to the idea that an external leader is positioned at the team-organisation boundary, enabling him/her to develop a strategic link between the team and the organisation that can supply the team with resources and support (Druskat & Wheeler, 2003).

(d) The senior leader

The senior leader is the Chief Executive or Managing Director of a business or a business division and his/her direct reports (Harborne, 2000). A senior leader can enable the development project, development team and project leader (Lievens & Monaert, 2000). Senior management commitment forms an essential foundation of support for the development of new offers (Lester, 1998). As such, top management support has been identified a critical success factor (Lievens & Monaert, 2000; De Brentani & Cooper, 1992; Cooper & De Brentani, 1999). For instance, top management commitment and support throughout the entire development cycle is perhaps the most critical factor for the success of any offer development effort. Similarly, top management isolation from a

project and preoccupation with short-term business performance is a characteristic of failed innovation (Quinn, 1985).

Offer development teams depend heavily on top management for acquisition of necessary resources; approval of design proposals; securing of required legitimacy, and delegation of necessary decision-making authority (Emmanuelides, 1991). In this context, Cantalone, Di Benedetto and Haggblom (1995) point out that the success of a new offer depends on having the support of the elite power holders within the organisation. Interestingly, Maidique and Zirger (1984) uncovered that General Managers did not think that their support was important in the successful execution of innovative projects, while functional line managers stressed the significance of top management backing.

Further, top management's support for the development team and commitment to the project is associated with reduced development time (Emmanuelides, 1991). Similarly, strong interest by top management can speed up development by increasing the flow of resources, providing timely referrals and decisions and by attracting the best people (Emmanuelides, 1991; Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976). Further, it can increase the motivation of project members by giving the project a high profile (Gupta & Wilemon, 1990).

3.4. Senior leadership style in a development context

The last section highlighted the role of specific leaders in the development process. Although the contributions of the product champion, project leader and external leader are important, the literature emphasises the key role of the senior leader. As such, the style of the senior leader has been identified as being one of the most, if not the most important factor that affects organisational innovation as the senior leader has the potential to influence all the other factors that facilitate the development process (Jung, Chow & Wu, 2003; Harborne & Johne, 2002; Mumford, 2000; Tannenbaum, Salas & Cannon-Bowers, 1996; Edgett & Jones, 1991). Leadership style refers to the way that the leader acts (Harborne, 2000).

Despite the recognition that a supportive senior leader positively influences development performance, there is a surprising lack of knowledge about what the effects are on different performance variables and how it takes place (Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). Most of the empirical findings on senior leadership style in a development context demonstrate a simple co-variance between the existence of a senior leader in the development process and increased project performance. However, these research articles do not offer much detail about the way that a senior leader acts, or should be acting in a development context. That is, past research provides limited insights into the specific leadership style needed to succeed (Jung, Chow & Wu, 2003; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001; Sethi, Smith & Park, 2001; Drew, 1995; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986). Few studies have empirically examined the link between top management leadership style and innovation (Jung, Chow & Wu, 2003). However, to increase chances of development success, it is important to know how the senior leader should act in a development context (Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). Therefore, the next section reviews the literature on senior leadership style.

3.4.1. The dilemma

A key topic identified by literature is the level of senior leader involvement associated with development success (Sethi, Smith & Park, 2001; Bart, 1991). This refers to the benefit of high senior leader involvement versus the benefit of low senior leader involvement in the development context (Sethi, Smith & Park, 2001). This issue has also been referred to in the literature as (a) 'hands-on' versus 'hands-off' leadership style (Harborne, 2000; Barclay & Benson, 1990; Quinn, 1985); (b) 'hands-on' versus 'arms-length' leadership style (Johne & Harborne, 2003); and (c) 'loose' versus 'tight' leadership style (Bart, 1991). However, all these dichotomies essentially refer to one concept: the extent to which the senior leader is involved in the development process. The following section reviews research findings concerning the benefit of high senior leader involvement versus the benefit of low senior leader involvement in the development context.

Effective direction and leadership may be required at all levels of the project organisation throughout the project life cycle (Kruglianskas & Thamhain, 2000). In this context, Johne and Harborne (2003) stress the benefits of high senior leader involvement in new offer development. The researchers found that hands-on leadership is associated with project success, whereas arms-length leadership is associated with lesser project success. Barclay and Benson (1990) found a hands-on leadership style to be clearly linked to companies with substantial new offer development effort and low development lead times. Similarly, Johne and Snelson (1988) concluded that, in successful innovator firms, senior leaders are intimately involved in the development process. Moreover, Quinn (1985) found that senior leader isolation from a project is a characteristic of failed innovation and Balachandra (1984) adds that an increase in senior leader involvement was found to have a positive effect on project success.

While some researchers have found a positive association between high senior leader involvement and development success, others have provided contradictory evidence. For instance, Connell, Edgar, Olex, Scholl, Shulman and Tietjen (2001) posit that executive direction encompasses senior leader interest in the project and not micro-management. Indeed, it was found that the degree of senior leader intervention over the course of a development project was negatively related to project performance (Bonner, Ruekert & Walker, 2002). Similarly, Quinn (1985) posits that senior leader involvement is not a matter of direct hands-on control over projects; over-meddling by senior managers actually delays and upsets the innovation process. In this context, meddling senior leaders was found to be one of the most important factors leading to team failure (Harris & Lambert, 1998). Kessler and Chakrabarti (1999) further highlight that with incremental projects, a lack of interference by top management was found to speed up the pace of development.

3.4.2. Attempts at reconciliation

Research findings addressing the virtues of loose versus tight leadership style are inconclusive. As a consequence, some researchers attempted to reconcile the two different research streams by trying to integrate and consolidate conflicting findings

(Sethi, Smith & Park, 2001; Clift & Vandenbosch, 1999; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986; McDonald & Eastlack; 1971). These studies can be grouped into four categories (a) contingency approach; (b) moderate involvement; (c) selective involvement, and (d) blend of leadership styles. These categories are discussed below:

(a) Contingency approach

A first group of researchers deployed a contingency approach to senior leadership and development success. For instance, Clift and Vandenbosch (1999) linked intensity of leadership style to project complexity. They found that the longer the project cycle time and the greater the complexity of the development project, the higher the level of senior management involvement in the development process. However, the researchers could not empirically link their findings to development success.

Moreover, Johne and Vermaak (1993) conducted a study on head office involvement in financial offer development in the City of London. The researchers proposed that the relationship between top management involvement in new offer development activity is moderated by the level of complexity of the strategic business unit, in which the new offer development is being undertaken. The researchers split their sample into strategic business units characterised by high complexity and business units characterised by low complexity. Both successful as well as less successful complex business units were characterised by a senior leader deploying a high involvement leadership style. Further, the researchers omit the discussion on the senior leadership style deployed in the lower complexity strategic business unit. Thus, it can be concluded that the empirical findings show limited support for the proposed relationship.

Further, Bart (1991) found that senior leaders exercised selective differential control by applying a looser or tighter leadership style depending on the type of new offer to be developed. For instance, when a firm pursued an unrelated new offer strategy, senior leaders set up more control mechanisms. That is, senior leaders exercised a fairly high degree of control. Most of the senior leaders interviewed explained that this occurred as a result of the increased business risk resulting from the firm's basic lack of competence or

familiarity with the new product's technology and/or markets. Bart (1991) further found that, when a new offer incrementally built on an already existing offer, senior leaders claimed that the firm already had an existing competence. As a result, senior leaders felt less need for special attention and scrutiny. In fact, most senior leaders in Bart's (1991) study commented on how they 'loosened the reigns' on incremental offer developments in order to encourage increased creativity. Moreover, senior leadership style for imitative products was characterised by tightness. Senior leaders expressed the view that imitative offers lend themselves naturally to higher control due to the attempt to match or overtake a competitor while remaining within the existing offer class. Further, Bart (1991) found that when an offer represents the first entry into a new class of offers, senior leaders felt that a more generous slackening of control was necessary to obtain the requisite degree of flexibility, adaptability and creativity. Other senior leaders in Bart's (1991) study stated that it simply was not possible to monitor original new products to the same degree as imitative ones. Thus, loose control was unavoidable. Although Bart (1991) demonstrated that leaders deploy different styles for different type of new offers, he could not empirically link leadership style to development success.

(b) Moderate involvement

Sethi, Smith and Park (2001) suggest moderate involvement. As such, the team of researchers hypothesised that new offer innovativeness will be highest when project monitoring by senior management is moderate. Unfortunately, the researchers could not find any support for the hypothesised relationship. As a consequence, the authors suggested that the type of senior management associated with project success would be an interesting variable to include in future studies on offer development.

(c) Selective involvement

McDonald and Eastlack (1971) coined the term 'selective involvement'. The researchers found that firms, which were most successful in their new offer activities, were generally those where senior leaders were involved selectively in both the formulation and implementation of new product strategy. Moreover, firms that were generally least successful offer innovators were characterised by senior leaders who had only nominal

involvement in new offer management or limited their interest to specification of financial targets, the approval of overall new product budgets and formal financial review of performance (McDonald & Eastlack, 1971). The specification of the offer areas, budget allocation, and the selection and motivation of new offer personnel were left to divisional management (McDonald & Eastlack, 1971). Although McDonald and Eastlack (1971) established an empirical link between selective senior leader involvement and development success, the researchers present only high-level findings. As such, they do neither formulate theory nor devise a conceptual model.

Takeuchi and Nonaka (1986) suggest deploying subtle control. The researchers assert that senior leaders create an element of tension in the project team by giving it great freedom to carry out a project of strategic importance to the company and by setting challenging requirements. Headquarters' involvement is limited to providing guidance, money and moral support at the outset. On a day-to-day basis, senior leaders seldom intervene and the team is free to set its own direction. In a way, senior leaders act as venture capitalists. One executive said: "We open up our purse but keep our mouth closed" (Takeuchi & Nonaka, 1986). Although project teams are largely on their own, they are not uncontrolled. Senior leaders establish enough checkpoints to prevent instability, ambiguity and tensions turning into chaos. At the same time, senior leaders avoid the kind of rigid control that impairs creativity and spontaneity. Instead, the emphasis is on 'self-control', 'control through peer pressure', and 'control by love', which the authors summarise as 'subtle control' (Takeuchi & Nonaka, 1986). Takeuchi and Nonaka (1986) were able to link their proposed leadership style empirically to development success. While their research provides valuable impetus to practitioners, the authors omit to put their findings into a broader theoretical context.

(d) Blend of leadership styles

Thwaites (1992) conducted a study on organisational characteristics, which influence the effectiveness of the new offer development process in the UK building societies' sector. He suggests a blend of participative and autocratic management styles that encourage autonomy yet maintain firm control and a bias for action. In particular, Thwaites (1992)

proposes that senior leaders should be visible and accessible. They should further commonly delegate tasks as well as encourage more junior managers to take responsibility. Moreover, Thwaites (1992) puts forward that regular reporting lines maintain firm but flexible controls. Consultation should be common especially where the needs of user groups necessitate this approach. In addition, Thwaites (1992) suggests that the senior leader should actively encourage change and support new ideas and initiatives. The senior leader should further stress the need for teamwork and for an active set of beliefs and strategies to guide the organisation. He should also ensure communication to employees at all levels. Moreover, the senior leader should actively pursue market changes and create an environment where response to such change is both rapid and feasible. Thwaites (1992) found a positive relationship between his ''blend of participative and autocratic management style'' and development success. Although Thwaites (1992) proposes a specific senior leadership style and associated leader behaviours, he does not provide an integrated theoretical framework.

The above section reviewed research studies that developed theoretical approaches for reconciling the ongoing debate whether to favour high versus low senior leadership involvement in an offer development context. As such, the section revealed that studies advocating the 'contingency leadership approach' as well as studies proposing 'moderate leadership involvement' were unable to provide empirical support for an association between the particular leadership style deployed and development success. The discussion further established that empirical support was provided by scholars advocating 'selective leadership involvement' and 'blend of leadership styles'. However, while being empirically validated, these two approaches were found to be highly tentative in nature, neither providing an elaborate theoretical framework nor exhaustive managerial implications for practitioners. It is therefore concluded that existing theory on senior leadership style in the development context is both limited and inconclusive.

Indeed, the potential limitations inherent in the theoretical approaches forwarded by Takeuchi & Nonaka (1986), Thwaites (1992) and McDonald and Eastlack (1971) indicate that the phenomenon of senior leadership style is highly complex and cannot be reduced

to a mere discussion on high or low senior leader involvement. To understand the complexity of senior leadership behaviour, it is therefore useful to approach the phenomenon from a more rudimentary viewpoint and to first examine the potential spectrum of different leadership actions rather than a particular style. After all, leadership behaviour comprises a vast array of actions that, in accumulation, assemble the overall style of a leader. Before one is able to understand different styles one must appreciate the different actions. The literature on senior leadership behaviour in the development context identifies a broad spectrum of senior leader actions. These are discussed in the following section.

3.4.3. Leadership actions

There are multifarious leadership actions identified in the literature. To structure a discussion on these it is sensible to distinguish between 'control-oriented' actions and 'support-oriented' actions. Control-oriented senior leadership actions are senior leader initiated control mechanisms, which influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, support-oriented senior leadership actions refer to senior leader support offered to the project team with a view to encourage, facilitate and enable the development project. In short, the former actions relate to the senior leader *telling* the team what to do, while the latter refer to the senior leader merely *facilitating* what the team does. In the following both typologies are discussed.

3.4.3.1. Control-oriented senior leadership actions

The literature identifies several control-oriented senior leadership actions in the context of new offer development. As the following section reveals, control-oriented leadership actions refer to concepts such as described by the planned style (Lewis, Welsh, Dehler and Green, 2002); formal control (Bart, 1991); formal controls (Ayers, Gordon and Schoenbaechler, 2001), and formality (Tatikonda and Rosenthal, 2000). For example, Lewis, Welsh, Dehler and Green (2002) suggest the concept of the planned style. The planned style focuses on the notion of goal setting and monitoring milestones, such as comparing progress to predetermined standards and goals (Lewis, Welsh, Dehler and

Green, 2002). Moreover it refers to formal review, which is the systematic assessment of the project by the senior leader or review board. It also incorporates directive control, which refers to close managerial involvement in project details, feedback and adjustments (Lewis, Welsh, Dehler and Green, 2002). Similarly, Bart (1991) refers to the concept of formal control. He defines formal control as written rules and procedures that identify both the behaviours and performance expected of subordinates. As such, it includes policies and regulations, job descriptions, strategic plans, operating budgets, written instructions, reporting frequency and formal systems to manage these.

Ayers, Gordon and Schoenbaechler (2001) distinguish between formal controls and informal controls. Formal controls are written, management initiated mechanisms, which influence the probability that employees or groups will behave in ways that support the stated objectives of the organisation. Such formal controls include organisational structure elements such as decision-making rules, clear-cut statements of expectations, and explicit reward structures and evaluation criteria (Song, Montonya-Weiss, & Schmidt, 1997).

Tatikonda and Rosenthal (2000) posit the notion of formality. They define formality as the degree to which roles, policies and procedures govern the role behaviour and activities of organisations. In the offer development context, formality occurs via utilisation of structured processes for managing the project. Structured processes consist of rules, procedures and periodic milestones for project control and review. Tatikonda and Rosenthal (2000) point out that project control and review varies from the highly formal, such as employing numerous rules, procedures, contract books, sign-off forms and structured, periodic project or design reviews, to quite formal, such as employing ad hoc project management review and control procedures with few structured progress reviews. The deployment of control-oriented senior leadership actions in offer development does have advantages as well as disadvantages (Tatikonda & Rosenthal, 2000; Gupta & Wilemon, 1990). The following section reviews these in more depth.

There are a number of researchers who linked a high level of control-oriented senior leadership actions to development success. A high degree of formality and senior leader control was found to aid offer development effectiveness for a number of reasons. For instance, development projects must be managed to control for costs, deadlines and environmental changes because external constituents depend on the project team's output (Bart, 1991; Emmanuelides, 1991). Further, the design of the offer must fit into senior leader strategy; it must satisfy functional group objectives; it must be compatible with suppliers' production capabilities, and it must satisfy customer wants (Emmanuelides, 1991).

Proponents of a high level of control-oriented senior leadership actions presume that offer development is more predictable and rational, best managed as a top down process. Successful senior leaders provide discipline and structure, striving to direct team efforts and link project and organisational goals (Lewis, Welsh, Dehler & Green, 2002). From this perspective, monitoring, evaluation and control activities appear tightly coupled, interwoven within a systematic cycle. Milestones help a team methodically track a project. Formal reviews enable critical assessments that inform major decisions, such as continue/terminate project decisions and resource allocation. Further, directive control allows managers to adjust project resources and objectives as necessary (Rosenau & Moran, 1993).

A work process with controls and reviews provides a sense of structure and sequence to the work, reducing ambiguity for project personnel about what to work on (Tatikonda & Rosenthal, 2000). Further, rules and reviews can provide both motivation and a sense of accomplishment because they require personnel to consider their work activities and assess whether these are on track. In addition, such procedures allow earlier surfacing and resolution of potential problems in offer design, development or manufacturing ramp-up, and so reduce overall elapsed time and work effort (Tatikonda & Rosenthal, 2000).

Moreover, formality can cause personnel to adopt a project-focus rather than a solely departmental focus. Formality is holistic and as such promotes cross-functional

communication and co-ordination. Formality brings parties together because project problems are the responsibility of the project group as a whole rather than the fault of a single functional area. Therefore the team works together to resolve problems before they get aired at a formal review gate (Tatikonda & Rosenthal, 2000). Formality has other benefits. Periodic reviews can inject a formal senior management role into the process, proving a time and place for senior management intervention (Tatikonda & Rosenthal, 2000).

Bart (1991) argues that the implications of too loose senior leader control are striking. If senior leader control is too loose, the signals from the corporate office become blurred as to where subordinates should spend their time, effort, resources, and attention. Subordinate managers, therefore, do not give new products the effort required because there is a lack of corporate definition and focus. Bart (1991) found that low new offer output seems to occur when the degree of senior leader control is too loose. Similarly, Cooper and Kleinschmidt (1996; 1995) conclude that a significant characteristic of solid new offer development performers was the intimate involvement of the senior leader in go/kill and spending decisions.

Despite the number of research articles that point out to the benefits of a high level of control-oriented senior leadership actions, there are a number of other scholars advocating a low level of control-oriented senior leadership actions. Opponents of control-oriented senior leadership actions view offer development as inherently ambiguous. As such, they posit that a high level of control-oriented senior leadership actions is associated with lesser development success (Johne & Harborne, 2003; Doherty, 1996). McDonough and Leifer (1986) stress that the notion that offer development can be controlled makes a number of assumptions. These are: the ability to schedule the development of new technologies; the ability to identify of budget targets realistically; and the feasibility of taking meaningful corrective action when deviations from plan occur. McDonough and Leifer (1986) point out that in offer development projects these assumptions rarely hold. Within the R&D function, tasks are ambiguous and unfamiliar. Thus, innovation and new offer development cannot be programmed in advance. As a

result, setting realistic budgets and schedules is difficult, with the end result being that projects usually take much longer to complete than expected (McDonough & Leifer, 1986).

Moreover, conducting reviews and following rules can be very time-consuming, detracting from accomplishment of real work such as prototype development or design of offer sub-systems (Tatikonda & Rosenthal, 2000). An even more problematic concern is that excessive formality can reduce the flexibility required to conduct projects (Rosenthal, 1992). Rules, reviews and structure may force project execution in one pre-determined manner. They do not allow the adaptability necessary to cope with uncertainties that arise in development projects as new market information becomes available or as unanticipated technological problems arise (Tatikonda & Rosenthal, 2000). Although formality does not necessarily imply or require very detailed pre-planning, it does, at a minimum, require the adherence to a somewhat codified overall work structure and process with periodic assessments of project progress by senior management (Tatikonda & Rosenthal, 2000).

Mabert, Muth and Schmenner (1992) posit that the team is best left alone with formal reviews but with the knowledge that senior leaders are interested in the development project. If monitoring of the project by senior management becomes excessively close or involved, the team can perceive this as interference in the project. Such a perception can have a negative effect on the team's motivation and its commitment to developing a truly innovative product. In other words, beyond a point, close monitoring of the project by senior management may have adverse consequences for innovativeness (Sethi, Smith & Park, 2001). As such, the degree of formal process control imposed upon a development project is negatively related to project performance (Harborne & Johne, 2003; Bonner, Ruekert & Walker, 2002; Kessler & Chakrabarti, 1999; Harris & Lambert, 1998).

The above section discussed the benefits of a high level of control-oriented senior leadership actions versus a low level of control-oriented senior leadership actions in a development context. Both approaches were empirically linked to development success

since the literature is somewhat at odds when it comes to predicting the likely effects of process controls on a development team (Tatikonda & Rosenthal, 2000; Bart, 1991; Gupta & Wilemon, 1990). The next section discusses the second broad theme identified in the literature: support-oriented leadership actions.

3.4.3.2. Support-oriented senior leadership actions

The literature identified several support-oriented senior leadership actions in the context of new offer development. As the following section reveals, support-oriented leadership actions refer to concepts, such as support given to the project team (Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001; Brown & Eisenhardt, 1995), and enabling style (Johne & Harborne, 2003).

Offer development teams depend on their task environments in a variety of ways (Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001; Brown & Eisenhardt, 1995; Cantalone, Di Benedetto & Haggblom, 1995). They must obtain human and financial resources; access to design and test facilities; project legitimacy; support from external parties both from inside and outside the organisation; information about customer wants, and supplier manufacturing capabilities (Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001; Cooper & Kleinschmidt, 1996; Brown & Eisenhardt, 1995; Emmanuelides, 1991; Tushman & Nadler, 1986). Moreover, support-oriented senior leadership actions refer to removing barriers; re-prioritisation; provision of political resources to the project team; demonstrating commitment; helping the team surmount obstacles; making things happen; providing encouragement to the team, and being tolerant to failure (McDonough, 2000; Brown & Eisenhardt, 1995). In this context offer development teams depend heavily on senior management for support (Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001; Brown & Eisenhardt, 1995; Emmanuelides, 1991; Tushman & Nadler, 1986).

Johne and Harborne (2003) call this form of leadership 'enabling style'. They define it as the style used to enable the development team by being committed to the project and willing to change priorities and bend rules, with some personal risk, to help give the

project a good chance of success and allow people to deliver. Further, senior leaders face the crucial, personal task of infusing their organisations with a set of values and a sense of enthusiasm that will support innovative behaviour (Tushman & Nadler, 1986). Successful senior leaders put effort into enabling the required behaviours by rewarding desired behaviours, building supportive organisational structures and processes, and by building an effective senior team (Tushman & Nadler, 1986). The deployment of support-oriented senior leadership actions in offer development does have advantages as well as disadvantages (Ernst, 2002). The following section reviews these in more depth.

There are a number of researchers who linked a high level of support-oriented senior leadership actions to development success. Sponsors, coaches, or mentors are senior leaders who provide informal support, access to resources and protection as new offers or ventures emerge. Without these senior leaders, new offers and processes get smothered by organisational constraints (Tushman & Nadler, 1986). As such, it was found that for best self-directed new offer development teams, senior leader support was extensive (Harris & Lambert, 1998). Further, top management's support for the development team and commitment to the project have been shown to be associated with reduced development time (Emmanuelides, 1991).

The role of the senior leader in the innovation process should be one of envisioning, energising and enabling the innovation programme (Tushman & Nadler, 1986). As such, Johne and Harborne (2003) concluded that successful projects were associated with an enabling senior leadership style, which focused on enabling a whole development team to succeed. In particular, it was observed that a senior leader deploying an enabling style might sometimes even bend formal authorisation procedures in order to allow a better understanding of new markets to be acquired before a business case is formally considered (Johne & Harborne, 2003). Similarly, Hershock, Cowman and Peters (1994) found that in a project where reduced cycle time was key, division managers and directors had to change their roles. They had to become enablers, going out of their way to help the project teams to accomplish their goals.

Moreover, a significant characteristic of a successful development project is that senior leaders devote the necessary resources to new offer development (Cooper & Kleinschmidt, 1996; 1995). Indeed, strong interest by senior leader can speed up development by increasing the flow of resources (Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976). Support to the project team, including commitment to agreed resources, is often important for maintaining team focus, motivation and commitment to desired project results (Kruglianskas & Thamhain, 2000). In addition, senior leader support can offer protection from financial and managerial restraints within the firm (Cantalone, di Benedetto & Haggblom, 1995).

Similarly, strong interest by senior leaders can speed up development and facilitate co-ordination within the project team and across departments (Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976). In particular, senior leader interest can foster better interaction between the marketing and R&D departments (Cantalone, Di Benedetto & Haggblom, 1995). Senior leader involvement can further speed up development by attracting the best people and by providing timely referrals and decisions (Emmanuelides, 1991). Further, for radical development to be successful senior leaders need to participate in the entrepreneurial network.

Continuous new offer development occurs largely because senior leaders appreciate innovation and manage their company's value system and atmosphere to support it (Quinn, 1985). Senior leaders of innovating firms were found to provide a supportive environment in which risk-taking and experimentation are encouraged (Booz, Allen & Hamilton, 1982). Further, strong interest by the senior leader in an offer development project can increase the motivation of project members by giving the project a 'high profile' (Gupta & Wilemon, 1990).

Despite the number of research articles that point to the benefits of a high level of support-oriented senior leadership actions, there are a number of others advocating a low level of support-oriented senior leadership actions. Executive direction encompasses senior leader support and participation. This means that senior leaders take an interest in

the project and help the team secure needed funding and other resources, but they do not micro-manage the project. The senior leader's job is to set objectives in broad terms, clearly articulate that objective to the team and then facilitate the team's functioning as intended (Connell, Edgar, Olex, Scholl, Shulman & Tietjen, 2001). Similarly, Mabert, Muth and Schmenner (1992) point out that senior leader support to the team should be evident and swiftly given when sought, but not stifling to the effort.

In this context, Ernst (2002) refers to a problem that may result from well-meant but over-meddling and stifling leader support. With increased support of senior management, the probability that the project will be terminated decreases (Balachandra, 1984). Ernst (2002) argues that this can be interpreted as positive. Senior management has a guiding hand in disputed development projects and may, as a power promoter, overcome internal resistance. This perspective presumes that the projects will eventually lead to a commercial success. However, Ernst (2002) argues that these findings may be interpreted as senior management holding on to their favourite projects at all economic costs. Senior leaders lend them necessary support and protect them from being stopped, even when it might be to the economic advantage of the company to terminate the project. This would be an undesirable investment of scarce resources, which, in light of opportunity cost, might be lacking elsewhere (Ernst, 2002).

3.4.3.3. Summary: control and support oriented leadership actions

In summary, senior managers' leadership style has been identified as one of the most, if not the most, important factor that affects organisational innovation and new offer development (Jung, Chow & Wu, 2003; Harborne & Johne, 2002; Edgett & Jones, 1991). However, the above discussion illustrates the underlying complexity of senior leadership behaviour in a development context. The sheer volume of different senior leader actions clouds rather than clarifies the association between leadership style and development success. Moreover, the implications for senior leaders attending to new offer development are conflicting. The debate on control-oriented senior leadership actions and support-oriented leadership actions has produced contradictory empirical support. Both, a high level of control-oriented senior leadership actions as well as a low level of control-

oriented senior leadership actions has shown to be associated with development success. In similar vein, both a high-level of support-oriented leadership actions as well as a low level of support-oriented leadership actions has been linked to successful new offer development. To complicate matters further, some of the literature treated control-oriented senior leadership actions and support-oriented leadership as an either/or dichotomy and found one set of leadership actions to be more strongly associated with development success than the other (Johne & Harborne, 2003; Harborne, 2000). Since research is contradictory as well as inconclusive one cannot yet say how senior leadership style is associated with development success. To address this question and to find viable impetus, the next chapter examines the literature on leadership in a broader research context, unrelated to the limited area of the senior manager in new offer development.

3.5. Conclusion

This chapter has highlighted that a wide range of factors has been identified to affect new offer development success. Of these, perhaps the most critical challenge is effective leadership of the project because the leader has the potential to influence all the other internal factors that contribute to the development process. The chapter further highlighted that new offer development has been found to be a top management task. Top managers' leadership style has been identified as being one of the most, if not the most important factor that affects development success.

Despite the recognition on the importance of leadership, and especially senior leadership, there is a surprising lack of knowledge on what type of leadership style is associated with development success. A key dilemma revealed by the literature is the level of senior leader involvement associated with development success. The next chapter therefore reviews the general leadership literature, unrelated to the narrow context of new offer development, with a view to finding a theoretical approach to examining the association between senior leadership style and new offer development success.

CHAPTER 4
LEADERSHIP: THE LITERATURE

4.1. Introduction

The previous chapter reviewed the literature on new offer development and identified key success factors. Effective leadership has been identified as one of the most critical challenges as the leader has the potential to influence all the other factors that contribute to the development process (Mumford, 2000; Tannenbaum, Salas & Cannon-Bowers, 1996). Despite the recognition that leadership, and especially senior leadership, positively influences development performance, there is a surprising lack of knowledge about what the effects are on different performance variables (Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). The literature review in chapter 3 revealed that the existing pool of studies on leadership in new offer development is both limited and conflicting, having produced an array of contradictory and inconclusive findings. To examine the phenomenon of senior leadership further and to find vital impetus to the ongoing debate, the present chapter therefore examines the literature on leadership in a broader research context, unrelated to the limited area of new offer development.

Although it is acknowledged that there are many possible approaches to analysing leadership, such as the study of military leaders, sports leaders or political leaders, this chapter focuses on leadership in an organisational setting. Its objective is to discover theories that explain how to organise and motivate people to achieve results in a commercial context. To this end, the chapter structures the discussion on leadership according to the four main research paradigms: (a) the trait theory paradigm; (b) the behavioural studies paradigm; (c) the contingency theory paradigm, and (d) the new studies of leadership paradigm. The chapter concludes with the suggestion that behavioural complexity theory, which implicitly assumes the existence of various contingencies inherent in the leadership situation, can potentially help identify the leadership style associated with new offer development success (Van de Ven, Polley, Garud & Venkataraman, 1999; Hooijberg, Hunt & Dodge 1997).

4.2. Leadership

Leadership is an age-old concept, which can be observed throughout history and throughout much of the world (Hunt, 1999). For example, there are descriptions of leadership in ancient China (Rindova & Starbuck, 1997); the Greek mythology (e.g., Homer); the Old Testament (e.g., Moses); the European Renaissance (e.g. Machiavelli), and early 20th century war strategy (e.g. Clausewitz, 1967). Peterson and Hunt (1997) suggest that leadership, or something similar to leadership, reflects a function that needs to be carried out regardless of time or place and which has institutional roots throughout the globe. So leadership, in some form, appears to be universal throughout developed and less developed countries. Its study attracted a number of researchers (e.g. Hunt, 1999; Sims, 1993; Burns, 1978; Fiedler, 1967; Stogdill, 1948).

Although the phenomenon of leadership has been around since antiquity, its systematic social scientific study did not begin until the early 1930s (House & Aditya, 1997). Research into leadership started with the aim of finding universal personality traits that leaders had to some greater degree than non-leaders (Hunt, 1999). The core theme of the trait approach to leadership is the assumption that leadership ability is innate, thus leaders are born, not made. It involved a search for a set of traits, which effective leaders have in common. The trait approach remained the dominant research paradigm up to the late 1940, when the subsequent research paradigm, the behavioural approach, gained in popularity. The behavioural approach tries to explain leadership in terms of the behaviour that a person engages in. The main focus rests on leader behaviour, assessment of the effectiveness of different styles of leadership, and the idea that leadership effectiveness has to do with how the leader behaves. The behavioural approach remained the dominant paradigm up to the late 1960s. Robbins (1998) notes that both the trait and behavioural approaches have been described as 'false starts', based on their erroneous and oversimplified conception of leadership (Vroom, 1974). This view can be debated, as trait and behavioural approaches can be regarded as the first two, if also slightly misleading, building blocks of our present understanding of leadership.

In the late 1960s the contingency approach became the dominant paradigm in leadership research. The contingency approach focuses on contingency models to explain the inadequacies of previous leadership theories and to reconcile the diversity of earlier findings. The core theme of this research focuses on the context in which leadership is exercised. The assumption is that effective leadership is affected by the situation it is exercised in. This was the dominant paradigm up to the early 1980s. The fourth school of thought, the new theories of leadership, is the most recent development in the area and centres heavily on the transformational idea of leadership (Hunt, 1999). The following sections discuss these four different research paradigms in more depth, covering each paradigm in chronological order. Further, the discussion reviews the core ideas and thinkers as well as shortcomings and prominence in present research with a view to identifying theoretical approaches which help explain how to lead complex new offer development projects.

4.2.1. Trait approach

Of interest to scholars throughout the 20th century, the trait approach was one of the first systematic attempts to studying leadership (Northouse, 2000). Proponents of the trait theory argue that effective leaders possess certain innate qualities, characteristics or personality traits, which distinguish leaders from their followers: the so-called 'Great Man' theory of leadership (Kayworth & Leidner, 2002). Under this view, leaders are 'born, not made' and the bulk of research has focused on identification of leadership attributes in order to predict the success or failure of potential leaders (Kayworth & Leidner, 2002). The trait approach focuses on the man or woman in the job and neither on the followers/team nor on the leadership relationship itself. This approach also suggests that attention be given to the selection of leaders rather than to training for leadership (Northouse, 2000).

Gibb (1947), Jenkins (1947) and Stogdill (1948) conducted influential reviews of the trait literature. However, attempts at identifying common personality, or physical and mental, characteristics of different 'good' or 'successful' leaders have met with little success. For example, Byrd (1987), in a study of trait theory research, identified a long list of traits

which studies had shown differentiated leaders and the led, but found that only five percent of the traits were common to four or more of the studies. Jennings (1961) concluded in another study that fifty years of research have failed to produce one personality trait or set of qualities that can be used to discriminate between leaders and non-leaders. Another main criticism of the traits model is that it relates physical characteristics such as height, weight, appearance, physique, energy and health to effective leadership (Hellriegel, Slocum, & Woodman, 1998). Most of these factors are related to situational demands that can significantly affect a leader's effectiveness, for instance in the military or law enforcement where people must be of a certain height/weight to perform tasks well. Although these characteristics may help an individual to rise to a leadership position in such organisations, neither height nor weight does correlate highly with effective leadership practice (Hellriegel, Slocum, & Woodman, 1998).

Later trait theory studies have identified some correlation between leadership and certain personality traits, for example a significant correlation between leadership effectiveness and the traits of intelligence, supervisory ability, initiative, self-assurance, and individuality in the manner in which work was done (Kayworth & Leidner, 2002). Stogdill (1974) discovered that the average person occupying a position of leadership exceeded the average member of the group in characteristics such as intelligence, scholarship, dependability in exercising responsibility, originality, social participation and socio-economic status. Hellriegel, Slocum, and Woodman (1998) add that despite the known shortcomings of the trait approach, evidence suggests that four traits are shared by most, but not all, successful leaders. Firstly, leaders tend to have somewhat higher intelligence than their subordinates. Secondly, leaders tend to be emotionally mature and have a broad range of interests. Thirdly, leaders want to accomplish things; when they achieve one goal, they seek another. They do not primarily depend on employees for their motivation to achieve goals. Lastly, leaders are able to work effectively with employees in a variety of situations. They respect others and realise that to accomplish tasks they must be considerate of others' needs and values.

The trait approach remained the dominant paradigm up until about the 1940s, when a very influential review by Stogdill (1948) in combination with the early Michigan and Ohio State work on leader behaviour led to a virtual shutdown of trait research by leadership scholars (Hunt, 1999). Although there is still some interest in the trait approach, attention has been directed more to other approaches of leadership (Mullins, 1996). A study conducted by Lowe and Gardner (2000) reflects this fact. The researchers conducted a content analysis on the number and typology of articles published in ten years of Leadership Quarterly. They found that between the years of 1990 and 2000 roughly eight percent of all the articles published in Leadership Quarterly were classified as falling within the trait theory paradigm. This is the fifth highest percentage out of the eight major categories. Consistent with the growing interest in charismatic leadership, however, the Leader Motive Profile (LMP) theory by McClelland (1985; 1975), which has been tied to the motives of such leaders, gained most of this attention (House, Hanges, Ruiz-Quintanilla, Dorfman, Javidian & Dickson, 1999).

Although there is some merit to this approach, a 'pure' trait approach has fallen into disfavor because it fails to take into account actual leader behaviors, as well as the contingency aspects of leadership (Kayworth & Leidner, 2002; Bass, 1990; Mann, 1959). Besides, even if it were possible to identify an agreed list of more specific qualities, this would provide little explanation of the nature of leadership in the context of leading a complex development project. In addition, it would do little to help in the development and training.

4.2.2. Behavioural approach

In contrast, the behavioral view of leadership is a tradition that focuses on actual leadership behavior as opposed to innate qualities. Under this view, effective leadership can be characterised in terms of specific sets of observable activities that can then be used as a basis of comparison for leadership effectiveness (Hoy & Forsyth, 1986). The behavioural approach is very different from the trait approach. Whereas the trait approach emphasises the personality characteristics of the leader, the behavioural approach emphasises the behaviour of the leader. It focuses exclusively on what leaders do and

how they do it (Hellriegel, Slocum, & Woodman, 1998). In shifting the study of leadership from leader characteristics to leader style or behaviour, this new research approach expanded the study of leadership to include the actions of leaders towards subordinates in various contexts (Northouse, 2000).

Classic examples of the behavioural approach are Mintzberg's (1973) managerial roles; Blake and Mouton's (1964) managerial grid (initiating structure versus consideration); Theory X versus Theory Y (McGregor, 1960); managers versus leaders (Zaleznik, 1977); transactional versus transformational leaders (Burns, 1978), and autocratic versus democratic leaders. The popularity of this view is evident in more current team leadership literature that focuses on identifying critical behaviors or activities of successful team leaders (Wade, Mention & Jolly, 1996; Katzenbach & Smith, 1993). Consistent with this behavioral perspective, these typologies typically provide lists of key activities deemed important for effective team leadership. In spite of its popularity, the behavioral approach to leadership still presumes 'one best style' of leadership and fails to take into account the various contingencies that might occur in leadership contexts (such as, group characteristics and nature of task).

Behavioural models suggest that effective leaders assist individuals and teams in achieving their goals in two ways: (1) by having task-centred relations with members that focus attention on the quality and quantity of work accomplished, and (2) by being considerate and supportive of members' attempts to achieve personal goals (such as work satisfaction, promotions, and recognition), settling disputes, keeping people happy, providing encouragement and giving positive reinforcement (Hellriegel, Slocum, & Woodman, 1998). The central purpose of the behavioural approach is to explain how leaders combine these two kinds of behaviours to influence subordinates in their efforts to reach a goal (Northouse, 2000). The greatest number of studies on leader behaviour comes from the Ohio State University leadership studies programme, which began in the late 1940 under the direction of Stogdill (1948). The research was aimed at identifying those leader behaviours that are important for attaining team and organisational goals.

These efforts resulted in the identification of two dimensions of leader behaviour: consideration and initiating structure (Hellriegel, Slocum, & Woodman, 1998).

According to House and Aditya (1997), one of the major empirical contributions from the behavioural school was the identification of two broad classes of leader behaviours task-oriented and person-oriented behaviours. These were identified by repeated factor analyses conducted by the Ohio State group, interviews by the Michigan Group and observation of emergent leaders in laboratories by the Harvard Group. House and Aditya add that a second major contribution of the behavioural paradigm was a more refined and detailed specification of task- and person oriented behaviours.

However, Bryman (1992) found that although a wide range of studies on leadership style validates and gives credibility to the basic tenets of the behavioural approach, research on leader behaviour has not adequately shown how leaders' styles are associated with performance outcomes. In this approach, there was unfortunately no pattern of leader behaviour, which was found to be consistently associated with subordinates' satisfaction or any criteria of supervisor or manager effectiveness (Larson, Hunt & Osborn, 1974; House, 1971). Another criticism is that the behavioural approach has failed to find a universal style of leadership that could be effective in almost every situation. The overarching goal for researchers studying the behavioural approach appeared to be the identification of a universal set of leadership behaviours that would consistently result in effective outcomes. Due to inconsistencies in the research findings, this goal was never reached. The behavioural approach has been unable to identify the universal behaviours that are associated with effective leadership (Northouse, 2000).

These limitations are reflected in a content analysis conducted on number and type of articles published in Leadership Quarterly (Lowe and Gardner, 2000). In the decade from 1990 to 2000 behavioural approaches received the least amount of attention. Moreover, several articles in this category, while focusing on leader behaviour, display differences in focus and methodology from the classical behavioural approaches (Schneider, Paul, White, & Holocombe, 1999; Schriesheim, Cogliser, & Neider, 1995; Fleishman,

Mumford, Zaccaro, Levin, Korotkin & Hein, 1991). As such, these articles provide further evidence that interest in this once dominant paradigm has fallen off markedly.

Due to the limitations of the behavioural models, such as the inability to adequately demonstrate how leaders' styles are associated with performance outcomes (Bryman, 1992), the approach does not appear to be suitable for explaining how to lead complex new offer development projects.

4.2.3. Contingency approach

The contingency approach to leadership assumes that there is no one best style and that effective leadership depends on the fit between the leaders' variables and situational variables (Fiedler, 1967). Path-goal theory (House & Mitchell, 1977) and situational leadership theory (Hersey & Blanchard, 1977) are two examples of contingency-based leadership perspectives. Under the contingency perspective, a given manager's leadership effectiveness will be dependent on his particular style as applied to specific circumstances. For example, an autocratic manager might be perceived as being highly effective under some circumstances (such as in military organisations) and ineffective under others (such as in academic institutions). For example, Fry, Kerr and Lee (1986) found that a task orientation, as opposed to relationship orientation, worked better in teams with high levels of interdependence. Early work by Fiedler (1967) also demonstrated how relationship and task-oriented leadership styles could both be effective, depending on situational variables. However, one problem with contingency-based theories of leadership is that they may be overly simplistic and fail to take into account that multiple leadership styles may be applicable across a broad range of circumstances (Denison, Hooijberg & Quinn, 1995).

Research into the leadership process before the mid-1960s showed no consistent relationship between leadership style and measures of performance, group processes and job satisfaction. Although many researchers concluded that the situation in which a leader functions plays a significant role in determining the leader's effectiveness, they did little to identify the key situational variables (Hellriegel, Slocum, & Woodman, 1998).

Contingency leadership theorists, in contrast, aimed their research at discovering the variables that permit certain leadership characteristics and behaviours to be effective in a given situation (Mullins, 1996).

Contingency theories are based on the belief that there is no single style of leadership appropriate to all situations (Mullins, 1996). Contingency theory is a 'leader-match' theory, which means it tries to match leaders to appropriate situations. It is called 'contingency' because it suggests that a leader's effectiveness depends on how well the leader's style fits the context. To understand the performance of leaders, it is essential to understand the situations in which they lead. Effective leadership is contingent on matching a leader's style to the right setting (Northouse, 2000). Four variables frequently cited as having an influence on a leader's behaviour are: (1) a leader's personal characteristics; (2) employees' personal characteristics; (3) the group's characteristics, and (4) the structure of the group, department, or organisation (Hellriegel, Slocum, & Woodman, 1998). According to House and Aditya (1997), five theories were advanced to reconcile differences among the findings concerning leader behaviour. These were Fiedler's Contingency Theory of Leadership (Fiedler 1971; 1967); the Path Goal Theory of leader effectiveness (House & Mitchell, 1974; House, 1971); Hersey and Blanchard's (1982) life cycle theory; the cognitive resource theory (Fiedler & Garcia, 1987), and the Decision Process Theory (Vroom & Yetton, 1973).

A potential danger with the contingency approach is that the manager may appear to lack consistency in leadership style. However, although subordinates may reasonably expect some degree of consistency from the manager in approaching the same type of problem with the same style, this is not to say that different types of problems should be approached in the same manner. Subordinates would ordinarily expect a different style of managerial leadership according to the contingencies of the situation (Mullins, 1996). Another criticism of contingency theory is that it is cumbersome to use in real-world settings because it requires assessing the leader's style as well as the relatively complex situational variables (Northouse, 2000). A final criticism of contingency theory is that it

fails to explain adequately what organisations should do when there is a mismatch between the leader and the situation in the workplace.

The content analysis conducted by Lowe and Gardner (2000) on number and type of articles published in Leadership Quarterly revealed that in the decade from 1990 to 2000 12 percent of articles were dedicated to the study of contingency theories. This is the fourth highest out of eight categories in terms of frequencies. Garnering the most attention were the Substitutes-for-Leadership (SFL) theory (Howell, 1997; Jermier & Kerr, 1997; Podsakoff & MacKenzie, 1997; Schriesheim, 1997; Tosi & Kiker, 1997; Scandura & Lankau, 1996; Kerr & Jermier, 1978); Cognitive Resource Theory (Ayman, Chemers & Fiedler, 1995; Fiedler, 1995; 1992; Gibson, Fiedler, & Barrett, 1993; Murphy, Blyth, & Fiedler, 1992; Fiedler & Garcia, 1987), and House's (1996, 1971) Path Goal Theory (PGT) (Evans, 1996; Jermier, 1996; Schriesheim & Neider, 1996). Other prominent contingency theories that secured relatively little attention include Fiedler's (1995, 1967) Contingency Theory; the Decision Processes Theory (Vroom & Jago, 1995; 1988; Vroom & Yetton, 1973), and Hersey and Blanchard's (1969) Situational Leadership Theory (Fernandez & Vecchio, 1997; Graeff, 1997). Thus, it appears that the appeal and influence of the contingency approaches, which combined to provide the dominant paradigm for studying leadership research in the 1960s and 1970s, are waning.

Under the contingency approach, effective leadership is contingent on matching a leader's style to the right setting and that there is no single style of leadership appropriate to all situations (Northouse, 2000; Mullins, 1996). As mentioned above, a criticism of contingency theory is that it is cumbersome to use in real-world settings because it requires assessing the leader's style as well as the relatively complex situational variables (Northouse, 2000). In this context, a theory which would explain how to successfully lead new offer development projects would benefit from considering the notion of contingency. However, such a theory should be easy enough for leaders to apply in a real-life context. With this in mind the next section reviews new theories of leadership with the view of identifying a theoretical approach, which addresses these issues.

4.2.4. New theories of leadership

For twenty-five years, from about 1955 to 1980, leadership research was trapped in a two-factor person and task orientation paradigm (House, 1996). At the end of the 1970s and beginning of 1980s, leadership as a field of study had reached an impasse: little new theory was being developed, and serious scholars were asking not where the field should go next but whether leadership even matters (Boal & Hooijberg, 2000). The seminal works of Burns (1978) and House (1977) rekindled an interest in the charismatic and affective aspects of leadership. As a consequence, the study of leadership has undergone both rejuvenation and metamorphosis. Rejuvenation in that the study of leadership seemed like an 'old friend' in which the field of management had lost interest (Boal & Hooijberg, 2000). The ensuing shift to the transformational/charismatic paradigm has changed the field of leadership, moving leadership research out of the doldrums and attracting new scholars and constructs to the field (Hunt, 1999).

By mid 1980, a metamorphosis away from the study of 'supervisory' leadership took place (House & Aditya, 1997). With this change in emphasis came a newly found sense of excitement focusing on Upper Echelon Theory (Hambrick & Mason, 1984) and the study of Top Management Teams and what Bryman (1992) has labelled as the 'new leadership theories'. Included in the new theories of leadership paradigm are charismatic theories of leadership (Bryman, 1992; Conger & Kanugo, 1987; House, 1977); transformational theories of leadership (Bass, 1985); multiple leadership (Johne & Harborne, 2003; Burgelmann, 1983), and visionary theories of leadership (Kousnes & Posner, 1987; Bennis & Nanus, 1985). In addition, emergent research focuses on the behavioural and cognitive complexity of leaders coupled with flexibility and social intelligence (Kayworth & Leidner, 2002; Hooijberg, Hunt & Dodge, 1997; Hunt, 1991; Quinn, 1988).

The content analysis conducted by Lowe and Gardner (2000) on number and type of articles published in Leadership Quarterly revealed that in the decade from 1990 to 2000 the new theories of leadership are by far the most prominent theories, with over a third of the articles published falling into this category. Moreover, the lowest proportion of

articles from the new theories of leadership paradigm for any given year was 12 percent, while this proportion reached highs of 66 percent and 81 percent during the years in which there was a special issue focusing on charismatic/transformational leadership. This observation provides dramatic evidence of a paradigm shift. Moreover, it reinforces the observation of Hunt (1999) that the new theories of leadership paradigm has captured the imagination of many leadership scholars and served to re-invent the field. There is a variety of different theoretical approaches that belong to the new theories of leadership. The following section reviews a selection of theories in greater depth. They are: (a) transformational leadership; (b) charismatic leadership; (c) multiple leadership, and (d) behavioural complexity in leadership.

(a) Transformational leadership

Hunt (1999) argues that the advent of transformational/charismatic leadership, including a whole host of related leadership notions, such as visionary and change-oriented leadership, changed the field. All of these notions are encompassed under Bryman's (1992) 'new leadership school' or House and Aditya's (1997) 'neocharismatic school'. Hunt (1999) uses the 'new leadership' term interchangeably with transformational/charismatic leadership.

Beyer (1999) argues that the transformational-charismatic-values based leadership paradigm is the current poster child of the new paradigm theories. Burns coined the term 'transformational leadership' in 1978 in reaction to the 'transactional leadership' of the previous two decades. Burns (1978) and others have criticised the leadership theories and contingency models of the 1970s and 1980s for being contractual, mechanical and promoting procedures over purpose. Researchers identified the need for leadership that would be unifying and encouraging from the heart rather than merely utilitarian (McGill & Slocum, 1998). Transformational leadership was seen as a way to bind leaders and followers "in mutual pursuit of higher purposes". Transformational leaders were said to bring about this mutual pursuit by virtue of their charisma, inspiration, individualised consideration and intellectual stimulation (McGill & Slocum, 1998).

This distinction between transactional and transformational leadership is very close to the distinction between management and leadership (Sadler, 1999). Transactional leadership occurs when managers take the initiative to offer some form of need satisfaction in return for something valued by employees, such as pay, promotion, improved job satisfaction or recognition. The manager/leader sets clear goals, is adept at understanding the needs of employees and selects appropriate, motivating rewards (Sadler, 1999). Transformational leadership, however, is the process of engaging the commitment of employees in the context of shared values and a shared vision. It is particularly relevant in the context of managing change. Transformational leadership involves relationships of mutual trust between leaders and those they lead. Transactional and transformational leadership should not, however, be viewed as opposing approaches to getting things done. Transformational leadership is built on top of transactional leadership, it produces levels of subordinate effort and performance that go beyond what would occur with a transactional approach alone (Robbins, 1998).

(b) Charismatic leadership

Another stream of research of the new school of leadership is charismatic leadership. Charismatic leadership theory posits that followers make attributions of heroic or extraordinary leadership abilities when they observe certain behaviours. Studies on charismatic leadership have for the most part, been directed at identifying those behaviours that differentiate charismatic leaders from their non-charismatic counterparts. Attention has recently been focused on trying to determine how charismatic leaders actually influence followers. The process begins by the leader articulating an appealing vision. This vision provides a sense of continuity for followers by linking the present with a better future for the organisation. The leader then communicates high performance expectations and expresses confidence that followers can attain them. This enhances follower self-esteem and self-confidence. Next, the leader conveys, through words and actions, a new set of values and, by his or her behaviour, sets an example for followers to imitate. Finally, the charismatic leader makes self-sacrifices and engages in unconventional behaviour to demonstrate courage and convictions about the vision (Robbins, 1998).

(c) Multiple leadership

Multiple leadership is a further stream of research belonging to the new school of leadership. As early as 1983, Burgelmann introduced the concept of multiple leadership. Johne & Harborne (2003) define multiple leadership as "ideally involving three leaders working together to a common vision and exhibiting a common leadership style". They observed the existence of a senior leader, business leader and project leader. Unfortunately, the leadership literature has not given great attention to the concept of multiple leadership (Johne & Harborne, 2003; McGill & Slocum, 1998; Kotter, 1996). The few empirical studies, which have embraced this concept advocate the need for greater use of more than just one leader (Harborne & Johne, 2001; Harborne, 2000; McGill & Slocum, 1998; Bower, 1997; Heifetz & Laurie, 1997). Johne & Harborne (2003) found that success in completing a project efficiently was associated with effective co-leadership. Lesser project success was found when leadership was confined to a single leader.

(d) Behavioural complexity in leadership

Another set of theories of the new paradigm focuses on the notion of behavioural complexity. Behavioural complexity embraces the idea that effective leadership is dependent on the ability to display multiple, contrasting leadership styles in complex settings. Further, behavioural complexity is based on the notion that for leaders to be effective, they need to engage in seemingly opposing behaviours, such as to recognise the need for flexibility and control in one and the same leadership situation. The concept of behavioural complexity is based on accepting and embracing the paradox inherent in the leadership function (Hooijberg & Choi, 2000). Behavioural complexity researchers distinguish between two key components, namely behavioural repertoire and behavioural differentiation (Hooijberg, 1996; Denison, Hooijberg & Hunt, 1995; Hart & Quinn, 1993).

Behavioural repertoire refers to the portfolio of leadership tasks a managerial leader can perform. A broad portfolio of leadership tasks makes it more likely that a managerial leader can perform the appropriate leadership task for a given situation and meet the

expectations of a variety of stakeholders. The concept of behavioural differentiation, refers to the ability of managerial leaders to perform the leadership tasks they have in their behavioural repertoire differently (more adaptively, more flexibly, more appropriately, more individually, and more situation specifically), depending on the organisational situation. Past research has emphasised the need for managerial leaders to take into consideration the characteristics of their subordinates and the structure and clarity of the task when performing their leadership tasks (e.g. Fiedler, 1967).

The concept of behavioural complexity addresses three problems of behavioural approaches to leadership (Hooijberg, Dodge & Hunt, 1997): (1) the impossibility of specifying the appropriate leadership task for all possible contingencies; (2) the implicit assumption that all followers are subordinates, and (3) the need for leaders, especially in organisational settings, to meet the expectations of stakeholders other than the followers.

Effective leaders were found to display a wider degree of behavioural repertoires (behavioural complexity) as evidenced by activities related to tasks (role clarity and communication) as well as relationships (mentoring, understanding, and attitude) (Kayworth & Leidner, 2002). Similarly, effective leaders simultaneously demonstrated the ability to be assertive and authoritative while still remaining understanding and empathetic toward team members. Given the potentially competing and paradoxical nature of these two roles, the findings suggest that leaders who were effective in these roles exhibited higher levels of behavioural complexity. Conversely, less effective leaders did not exhibit the ability to simultaneously carry out these two roles (Kayworth & Leidner, 2002).

The notion that behaviourally complex leaders are more effective is a theoretical approach, which could potentially help explain the leadership style associated with new offer development success (Van de Ven, Polley, Garud & Venkataraman, 1999). Behavioural complexity theory implicitly assumes that there are various contingencies inherent in the leadership situation (Hooijberg, Hunt & Dodge 1997). Behavioural complexity theorists, however, point out that it is next to impossible to specify the

appropriate leadership task for all possible contingencies (Hooijberg, Hunt & Dodge, 1997). They argue that the availability of a broad behavioural repertoire, that is the portfolio of leadership tasks a managerial leader can perform, makes it more likely that a managerial leader can execute the suitable leadership task for a given situation and, therefore, meet the expectations of a range of stakeholders (Hooijberg, 1996). The availability of behavioural differentiation, (e.g. the ability of managerial leaders to perform the leadership tasks they have in their behavioural repertoire differently depending on the organisational situation), has a further positive impact on organisational effectiveness (Hooijberg, 1996). The next chapter addresses behavioural complexity in leadership in more detail and adapts the theory to the context of new offer development.

4.3. Conclusion

This chapter has reviewed the relevant leadership literature. Its objective was to discover theories that explain how to organise and motivate people to achieve results in a commercial project context. To this end, the chapter structured the discussion on leadership according to four main research paradigms: the trait theory paradigm; the behavioural studies paradigm; the contingency theory paradigm, and the new studies of leadership paradigm. The chapter concluded that behavioural complexity theory, which implicitly assumes the existence of various contingencies inherent in the leadership situation, can potentially help explain the association between senior leadership style and new offer development success (Van de Ven, Polley, Garud & Venkataraman, 1999; Hooijberg, Hunt & Dodge 1997). The next chapter adapts behavioural complexity theory to the context of senior leadership in new offer development, develops propositions and a conceptual model.

CHAPTER 5
PROPOSITIONS AND CONCEPTUAL MODEL

5.1. Introduction

This chapter presents the conceptual model for the study. To this end, the need for research is reiterated and the research question is proposed. Second, the chapter builds on behavioural complexity theory in leadership and advances a set of research propositions. In a third step, the propositions are depicted by means of a tentative, conceptual model. Lastly, the chapter elucidates the model and provides a definition for independent and dependent variables.

5.2. Research question

Chapter 3 asserted that senior managers' leadership style has been identified as one of the most, if not the most, important factor that affects organisational innovation and new offer development (Jung, Chow & Wu, 2003; Harborne & Johne, 2002; Edgett & Jones, 1991). Despite the recognition that a supportive senior leader positively influences development performance, there is a surprising lack of knowledge about what the effects are on different performance variables and how it takes place (Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). As such, past research provides limited insights on the specific leadership style needed to succeed (Jung, Chow & Wu, 2003; Sethi, Smith & Park, 2001; Drew, 1995; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986). A key research question identified by research literature is the level of senior leader involvement needed for development success. In the literature, this question initiated an ongoing debate on the benefits of high senior leader involvement versus the virtues of low senior leader involvement in a development context (Sethi, Smith & Park, 2001; Johne & Vermaak, 1993; Bart, 1991; Takeuchi & Nonaka, 1986).

The limited success in reconciling these two schools of thoughts, pursued in the works of Sethi, Smith and Park (2001); Johne and Vermaak (1993); Thwaites (1992); Takeuchi and Nonaka (1986), and McDonalds and Eastlack (1971) indicate that the phenomenon of senior leadership style is highly complex and cannot be reduced to a mere discussion on

high or low senior leader involvement. In this context, Section 3.4.3. approached the phenomenon from a more rudimentary viewpoint and examined the potential spectrum of different leadership actions rather than a particular style in order to understand the complexity of senior leadership behaviour. As such, Section 3.4.3. discussed the association between development success and both control-oriented leadership actions and support-oriented leadership actions. Interestingly, the debate on control-oriented senior leadership actions and support-oriented leadership actions has produced contradictory empirical support. Both, a high level of control-oriented senior leadership actions as well as a low level of control-oriented senior leadership actions have shown to be associated with development success. In similar vein, both a high-level of support-oriented leadership actions as well as a low level of support-oriented leadership actions have been linked to successful new offer development. Section 3.4.3. further asserted that some of the literature treated control-oriented senior leadership actions and support-oriented leadership as an either/or dichotomy and found one set of leadership actions to be more strongly associated with development success than the other one (Johne & Harborne, 2003; Harborne, 2000).

Since research findings are contradictory one cannot be sure which senior leadership style is associated with development success. In particular, research findings on the association between senior leadership style and development success are limited and inconclusive. As senior leadership style has been identified as a key success factor in new offer development, researchers and practitioners alike call for more research in this area (Jung, Chow & Wu, 2003; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001; Sethi, Smith and Park, 2001 Drew, 1995; Thwaites, 1992; Bart, 1991; Takeuchi & Nonaka, 1986). Therefore, the research question of this study is posited as follows:

"What is the association between senior leadership style and new offer development success at the project level?"

5.3. Senior leadership style and behavioural complexity theory

Section 3.4. asserted that the type of leadership style suited for achieving new offer development success has long been the subject of conjecture. However, the extant literature asserts that different leadership styles lead to different project outcomes. In this context, project success and lesser project success have been associated with different types of senior leadership styles (Johne & Harborne, 2003; Jung, Chow & Wu, 2003; Lewis, Welsh, Dehler & Green, 2002; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001, Sethi, Smith & Park, 2001; Johne & Vermaak, 1993; Bart, 1991; Gupta & Wilemon, 1990; Takeuchi & Nonaka, 1986; Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976). Indeed, the association between style and performance is a common theme in the extant literature on senior leadership and new offer development success. It has been tested several times and received empirical support by a multitude of studies (Johne & Harborne, 2003; Bonner, Ruekert & Walker, 2002; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001; Tatikonda and Rosenthal, 2000; Kessler & Chakrabarti, 1999; Harris & Lambert, 1998; Drew, 1995; Johne & Vermaak, 1993; Emmanuelides, 1991; Barclay & Benson; 1990; Balachandra, 1984). The present study therefore adopts the notion that successful and less successful development projects are associated with different senior leadership styles. Accordingly, the working assumption of this study is posited as follows:

Working assumption:

Project success is associated with a style of leadership, which is different from that of less successful projects.

After establishing the working assumption, the question arises which leadership style is associated with development success? To address this issue one has to refer back to chapter 4, where the literature on leadership was examined in a broader research context, unrelated to the limited area of the senior manager in new offer development. It was suggested that behavioural complexity theory can help examine the association between senior leadership style and new offer development success.

The concept of behavioural complexity is based on accepting and embracing the paradox inherent in the leadership function (Quinn, 1988). Effective leadership is dependent on the ability to display multiple, contrasting leadership styles in complex settings and the need for leaders to engage in seemingly opposing behaviours (Hooijberg & Choi, 2000; Quinn & Rohrbaugh, 1983). Thus, more insightful conceptual frameworks of leadership move from a traditional, 'either/or' approach to a 'both/and' approach, making it possible to see management behaviour in genuinely new ways. Based on the work of behavioural complexity, researchers distinguish two key components, namely behavioural repertoire and behavioural differentiation (Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). Behavioural repertoire refers to the portfolio of leadership tasks a managerial leader can perform. A broad portfolio of leadership tasks makes it more likely that a managerial leader can perform the appropriate leadership task for a given situation and meet the expectations of a variety of stakeholders. The concept of behavioural differentiation refers to the ability of managerial leaders to perform the leadership tasks they have in their behavioural repertoire differently, that is more adaptively, more flexibly, more appropriately, more individually, and more situation specifically, depending on the organisational situation. Past research has emphasised the need for managerial leaders to take into consideration the characteristics of their subordinates and the structure and clarity of the task when performing their leadership function (Fiedler, 1967).

Behavioural complexity theory implicitly assumes that there are various contingencies inherent in the leadership situation (Hooijberg, Hunt & Dodge, 1997). Behavioural complexity theorists, however, point out that it is next to impossible to specify the appropriate leadership task for all possible contingencies (Hooijberg, Hunt & Dodge 1997). They argue that the availability of a broad behavioural repertoire (e.g. the portfolio of leadership tasks a managerial leader can perform) makes it more likely that a managerial leader can perform the appropriate leadership task for a given situation and meet the expectations of a variety of stakeholders (Hooijberg, 1996). The availability of behavioural differentiation (e.g. the ability of managerial leaders to perform the leadership tasks they have in their behavioural repertoire differently depending on the

organisational situation) has a further positive impact on organisational effectiveness (Hooijberg, 1996).

Empirical research asserts that behaviourally complex leaders are more effective leaders (Kayworth & Leidner, 2002; Quinn, Spreitzer & Hart, 1991; Denison, Hooijberg & Quinn, 1995; Quinn, 1988; 1984). For instance, effective leaders were found to display a wider degree of behavioural repertoires, that is, behavioural complexity. This was evidenced by activities relating to tasks, such as role clarity and communication, as well as relationships, such as mentoring, understanding and attitude (Kayworth & Leidner, 2002). In similar vein, effective leaders simultaneously demonstrated the ability to be assertive and authoritative while still remaining understanding and empathetic toward team members. Given the potentially competing and paradoxical nature of these two roles, the findings suggest that leaders who were effective in these roles exhibited higher levels of behavioural complexity. Conversely, less effective leaders did not exhibit the ability to simultaneously carry out more than one role (Kayworth & Leidner, 2002).

Similarly, Quinn, Spreitzer, and Hart (1991) found that managerial leaders who perform multiple leadership tasks score higher on leader effectiveness than those who display a limited task repertoire. In their study on managerial leaders from a Fortune 50 company, the researchers observed that those leaders who balanced competing demands well by performing multiple leadership tasks outperformed managerial leaders who focused on one demand over another. In similar vein, Denison, Hooijberg and Quinn (1995) studied effective and ineffective managerial leaders from the public utility industry. They found that more effective executives exhibit a greater variety of leadership tasks than less effective executives. More effective executives also show much more of the underlying structure of leadership tasks proposed by the Quinn (1988; 1984) model than less effective executives. In this context the authors suggest that the concepts of paradox and behavioural complexity are instrumental to a fuller understanding of managerial leadership.

More importantly, the general leadership literature asserts that behaviourally complex leaders are associated with successful firm performance (Hooijberg & Choi, 2000; Hooijberg, Hunt & Dodge, 1997; Hart & Quinn, 1993). As such Hart and Quinn (1993) were the first to prove that behavioural repertoire not only impacts on managerial but also on organisational effectiveness. Hart and Quinn (1993) studied CEOs and found that the high-balanced CEOs, those who scored in the top third on the four leadership tasks under study, had significantly more impact on firm performance than the low-balanced CEOs, those who scored high on some tasks and low on others. Thus, managerial leaders with wide and balanced behavioural repertoires seem to be more effective than those with smaller behavioural repertoires. The assertion that behaviourally complex leaders are associated with higher firm performance was further confirmed by Hooijberg and Choi (2000) as well as Hooijberg, Hunt and Dodge (1997).

The notion that behaviourally complex leaders are more effective is a theoretical approach, which can potentially help explain the leadership style associated with new offer development success (Van de Ven, Polley, Garud & Venkataraman, 1999). Earlier in this section it was established that behavioural complexity embraces two concepts, namely (a) behavioural repertoire and (b) behavioural differentiation (Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). Behavioural repertoire refers to the portfolio of leadership tasks a managerial leader can perform. That is, a leader with a wide repertoire is able to perform a higher number of different leadership tasks than a managerial leader with a narrow repertoire. On the other hand, behavioural differentiation refers to the ability of managerial leaders to perform the leadership tasks they have in their behavioural repertoire more situation-specifically. For example, a leader who excels at behavioural differentiation will be able to select the matching style from his repertoire for any given situation. As such, behavioural differentiation derives from, as well as builds on, behavioural repertoire because the concept of behavioural differentiation assumes that the leader not only has a wide repertoire of styles to choose from but also has the ability to select the most appropriate style for any given situation. As the notion of behavioural complexity in a new offer development context is new, it first needs to be established whether or not there is a causal link between the more basic concept of

behavioural repertoire and new offer development success. Once this fundamental relationship has been explored, research can then build on the findings by introducing the more advanced concept of behavioural differentiation. However, this second step lies outside of the scope of this thesis.

Section 3.4. asserted that leadership behaviour comprises a vast array of actions that, in accumulation, assemble the overall style of a leader. The discussion of this broad spectrum of senior leader actions was structured into two categories, namely 'control-oriented' leadership actions and 'support-oriented' leadership actions. Section 3.4.3 defined control-oriented senior leadership actions as senior leader initiated control mechanisms which influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, support-oriented senior leadership actions refer to senior leader support offered to the project team with a view to encourage, facilitate and enable the development project. In short, the former actions relate to the senior leader *telling* the team what to do, while the latter refer to the senior leader (merely) *facilitating* what the team does.

Section 3.4. further suggested that the debate on control-oriented senior leadership actions and support-oriented leadership actions has produced contradictory empirical support. Both, a high level of control-oriented senior leadership actions as well as a low level of control-oriented senior leadership actions has shown to be associated with development success. In similar vein, both a high-level of support-oriented leadership actions as well as a low level of support-oriented leadership actions has been linked to successful new offer development. To complicate matters further, some of the literature treated control-oriented senior leadership actions and support-oriented leadership as an either/or dichotomy and found one set of leadership actions to be more strongly associated with development success than the other (Johne & Harborne, 2003; Harborne, 2000).

Building on behavioural complexity theory, it can be argued that in fact both, control-oriented leadership actions as well as support-oriented senior leadership actions are

necessary to foster development success. Emmanuelides (1991) puts forward that development teams depend on their task environments in a variety of ways. First, external constituents depend on the project team's output. The design of the end product must fit into top management's strategy, it must satisfy functional group objectives, it must be compatible with suppliers' production capabilities and it must satisfy customer wants (Emmanuelides, 1991). To achieve these goals, the senior leader needs to deploy *control* oriented leadership actions. At the same time, the senior leader is challenged to deploy *support* oriented leadership actions. The senior leader needs to support the development team in obtaining information, resources, and backing from external parties, both inside and outside the organisation (Emmanuelides, 1991). Based on the notion of behavioural complexity theory and Emmanuelides' (1991) assertion that the project team is dependent on the senior leader's control and support, this thesis proposes that behaviourally complex senior leaders are associated with development success. Behaviourally complex leaders are those leaders, whose styles rest on a wide and balanced behavioural repertoire. That is, leaders who deploy a leadership style characterised by both control-oriented actions *and* support-oriented actions. The following section further develops this argument and formulates propositions.

5.4. Proposition development

The above section proposed that behaviourally complex senior leaders are associated with development success. Behaviourally complex leaders were defined as those leaders, who deploy a leadership style, characterised by both control-oriented senior leadership actions and support-oriented senior leadership actions. Section 3.4.3. defined control-oriented senior leadership actions as "senior leader initiated control mechanisms, which influence the probability that development teams will behave in ways that support the stated objectives of the project". Conversely, Section 3.4.3. defined support-oriented senior leadership actions as "senior leader support offered to the project team with a view to encourage, facilitate and enable the development project". In short, control-oriented actions relate to the senior leader *telling* the team what to do, while support-oriented actions refer to the senior leader (merely) *facilitating* what the team does.

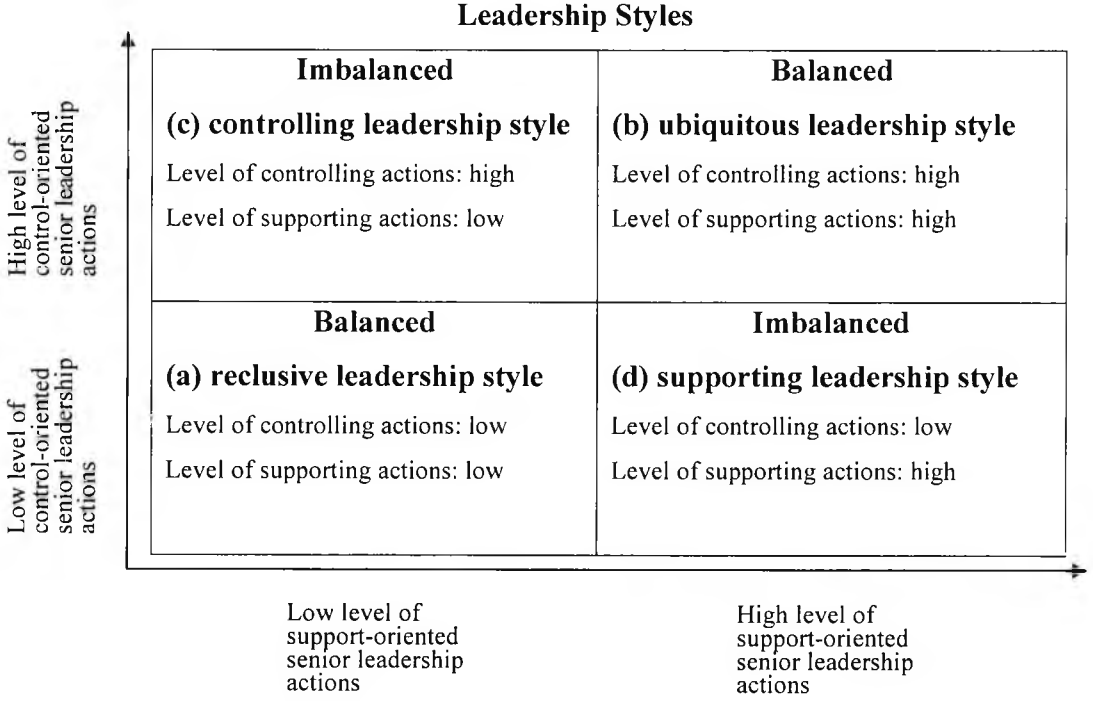
The question now arises how a behaviourally complex leadership style can be operationalised? In theory, the level of both control-oriented leadership actions as well as support-oriented leadership actions forms a continuum from 'very low' at one end to 'very high' at the other end. However, to facilitate the exploration, it was decided to create a matrix with two axes. One axis represents the *control*-oriented actions, which are divided into 'high control' and 'low control'. The second axis displays the *support*-oriented actions, which are divided into 'high support' and 'low support'. When both axes are combined, a matrix with four quadrants emerges (Figure 5.1). Each quadrant represents one of four different leadership styles. They are as follows: (a) *reclusive leadership style*, characterised by a low level of control-oriented leadership actions and a low level support-oriented senior leadership actions; (b) *ubiquitous leadership style*, characterised by a high level of control-oriented leadership actions and high level of support-oriented senior leadership actions; (c) *controlling leadership style*, characterised by a high level of control-oriented leadership actions and a low level of support-oriented senior leadership actions, and (d) *supporting leadership style*, characterised by a low level of control-oriented leadership actions and a high level of support-oriented senior leadership actions.

The extant literature on behavioural complexity theory asserts that successful firms are characterised by leaders with wide and balanced behavioural repertoires (Kayworth & Leidner, 2002; Hooijberg & Choi, 2000; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). *Wide repertoire* in a development context refers to the leader deploying both, control-oriented leadership actions as well as support-oriented leadership actions. *Balanced behavioural repertoire* relates to the existence of an equal level of control and support. That is, a high level of control-oriented leadership actions needs to be complemented by a high-level of support-oriented actions, or alternatively, a low level of control-oriented leadership actions needs to be matched with a low-level of support-oriented actions. To this end, it is proposed that successful development projects are associated with senior leaders with wide and balanced behavioural repertoires. Two of the four proposed leadership styles, the reclusive style and the ubiquitous leadership style, match these criteria. For this reason it is proposed that these are associated with

development success. However, the other two leadership styles, the controlling style and the supporting style, fail to reflect a wide and balanced behavioural repertoire. As such, these are proposed to be associated with lesser development success. This argument is further explored in the following.

Figure 5.1

Leadership Styles



(a) Reclusive leadership style

A reclusive leadership style is characterised by a *low* level of control-oriented leadership actions and a *low* level of support-oriented senior leadership actions. In practice, this means that the senior leader deploys a limited amount of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. In similar vein, the senior leader offers a limited amount of support to the project team in terms of encouraging, facilitating and enabling the development project. The reclusive leadership style is based on a wide behavioural repertoire as it encompasses both control-oriented and support-oriented leadership actions. Moreover, it is based on a balanced repertoire as both the level of control and the level of support are low. Therefore, the present study proposes that the

reclusive leadership style is associated with new offer development success. Accordingly, Proposition 1 is posited as follows:

Proposition 1:

The reclusive leadership style is associated with new offer development success.

(b) Ubiquitous leadership style

A ubiquitous leadership style is characterised by a high level of control-oriented leadership actions and a high level of support-oriented senior leadership actions. That is, the senior leader engages in a high amount of leader initiated control mechanisms in the development context to influence the probability that development teams will behave in ways that support the stated objectives of the project. Similarly, the senior leader deploys a high amount of support to the project team in terms of encouraging, facilitating and enabling the development project. Similar to the reclusive leadership style, the ubiquitous leadership style is based on a wide and balanced behavioural repertoire. However, the ubiquitous leadership style is characterised by a higher level of senior leader involvement than the reclusive leadership style as both control and support are high. Based on the notion that success is associated with wide and balanced behavioural repertoires, this study proposes that the ubiquitous leadership style is associated with new offer development success. Accordingly, Proposition 2 is posited as follows:

Proposition 2:

The ubiquitous leadership style is associated with new offer development success.

(c) Controlling leadership style

The first two propositions discussed the balanced leadership styles. The following two propositions are concerned with the imbalanced leadership styles. The first imbalanced style is the controlling leadership style. This style is characterised by a *high* level of control-oriented leadership actions but a *low* level of support-oriented senior leadership actions. In practice, the behaviour of a leader deploying a controlling leadership style is as follows: He engages in a high amount of senior leader initiated control mechanisms to

influence the probability that development teams will behave in ways that support the stated objectives of the project. However, the senior leader only deploys a low amount of support to the project team in terms of encouraging, facilitating and enabling the development project. The notion of behavioural complexity asserts that success is associated with a wide and balanced leadership style. It can be argued that the controlling leadership style is wide as it contains some elements of support-oriented leadership actions. However, it lacks balance as the level of control is considerably higher than the level of support. Therefore, the present study proposes that the controlling leadership style is associated with lesser new offer development success. Accordingly, Proposition 3 is posited as follows:

Proposition 3:
The controlling leadership style is associated with lesser new offer development success.

(d) Supporting leadership style
Last, a supporting leadership style is characterised by a *low* level of control-oriented leadership actions and a *high* level of support-oriented senior leadership actions. For this reason, a senior leader deploying a supporting leadership style engages in a low amount of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, the senior leader deploys a high amount of support to the project team in terms of encouraging, facilitating and enabling the development project. Similar to the controlling leadership style, the supporting leadership style is imbalanced. While the level of control-oriented actions is low, the level of support-oriented actions is disproportionately high. Therefore, the present study proposes that the supporting leadership style is associated with lesser new offer development success. Accordingly, Proposition 4 is posited as follows:

Proposition 4:
The supporting leadership style is associated with lesser new offer development success.

5.5. The conceptual framework

The last section formulated the propositions of this study. This section develops a tentative conceptual model according to these propositions. In this model, senior leadership style, the primary independent variable, is associated with new offer development success, the dependent variable. The conceptual model (Figure 5.2) illustrates several underlying assumptions and propositions. In general, it is assumed that successful and less successful development projects are associated with different senior leadership styles. Senior leaders of successful projects are suggested to provide the necessary behavioural complexity by displaying wide and balanced behavioural repertoires. (Kayworth & Leidner, 2002; Hooijberg & Choi, 2000; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). This is not only reflected by the existence of both control and support oriented leadership actions, but also by an equal intensity of control and support.

In accordance with the literature that informs this study, four different leadership styles are identified. Two of these are proposed to provide the necessary behavioural complexity to help new offer development success. The other two, however, are suggested to lack behavioural complexity due to an imbalance of control and support. As such, they hinder successful development. As illustrated in Figure 5.2, it is proposed that both the ubiquitous as well as the reclusive leadership style are balanced and have a positive association with development success. The required equilibrium derives from the fact that the ubiquitous style is reflected by both a high level of support and a high level of control. In similar vein, the reclusive style is reflected by both a low level of support and a low level of control. Both styles display corresponding levels of control and support and therefore provide stability and continuity to the development project. In contrast, the model further proposes that both the controlling and the supporting leadership style are imbalanced and have a negative association with development success. This imbalance is rooted in the opposing levels of control and support that comprises each style. While the controlling style reflects a high level of control but a low level of support, the supporting style reflects a low level of control but a high level of support. This discrepancy in

control and support results in an imbalanced leadership style and therefore adds to the ambiguity and confusion inherent in the development project.

Further, the model proposes that senior leadership style is not the only variable expected to impact on the dependent variable. As such, the extant literature reveals that new offer development success is affected by a combination of factors, internal to the company and under the control of management. In this study, these factors are addressed by deploying the McKinsey '7S' framework (Peters & Waterman, 1982).

The '7S' framework has been applied in the extant literature on new offer development (Harborne, 2000; Johne & Davies, 1999; Johne & Pavlidis, 1996; Dwyer & Mellor, 1991; Barclay & Benson, 1990). As explained in Section 3.3., the framework is based on seven main variables that can be controlled by management. Each of these seven constructs starts with an 'S': *Style* is identical with the primary independent variable and refers to the type of leadership practiced by senior management. *Strategy* epitomises the plan for new offer development. *Shared values* embody the project members' beliefs about new offer development. *Systems* refer to the coordination and control mechanisms in place to organise the development process. *Structure* relates to the organisational framework deployed for new offer development. *Skills* refer to the specialist knowledge and methods applied. *Staff* embraces to the range and number of functional specialists contributing to the development effort. Although the framework was originally formulated for organisational level analysis, many researchers have since applied the factors at both the business and project level of analysis (Johne & Davies, 1999; Barclay & Benson, 1990; Johne & Snelson, 1988).

In sum, the conceptual model suggests that senior leadership can be divided into four different styles, each of which reflects a wide repertoire of control and support oriented actions that vary in intensity. It is proposed that a balanced approach characterised either by low control and low support (reclusive style) or by high control and high support (ubiquitous style) has a positive association with development success. Conversely, it is proposed that an imbalanced approach reflected either by low control and high support

(supporting style) or by high control and low support (controlling style) has a negative association with development success. It is further proposed that new offer development success is not only influenced by senior leadership style but also by an amalgam of internal factors under control of management.

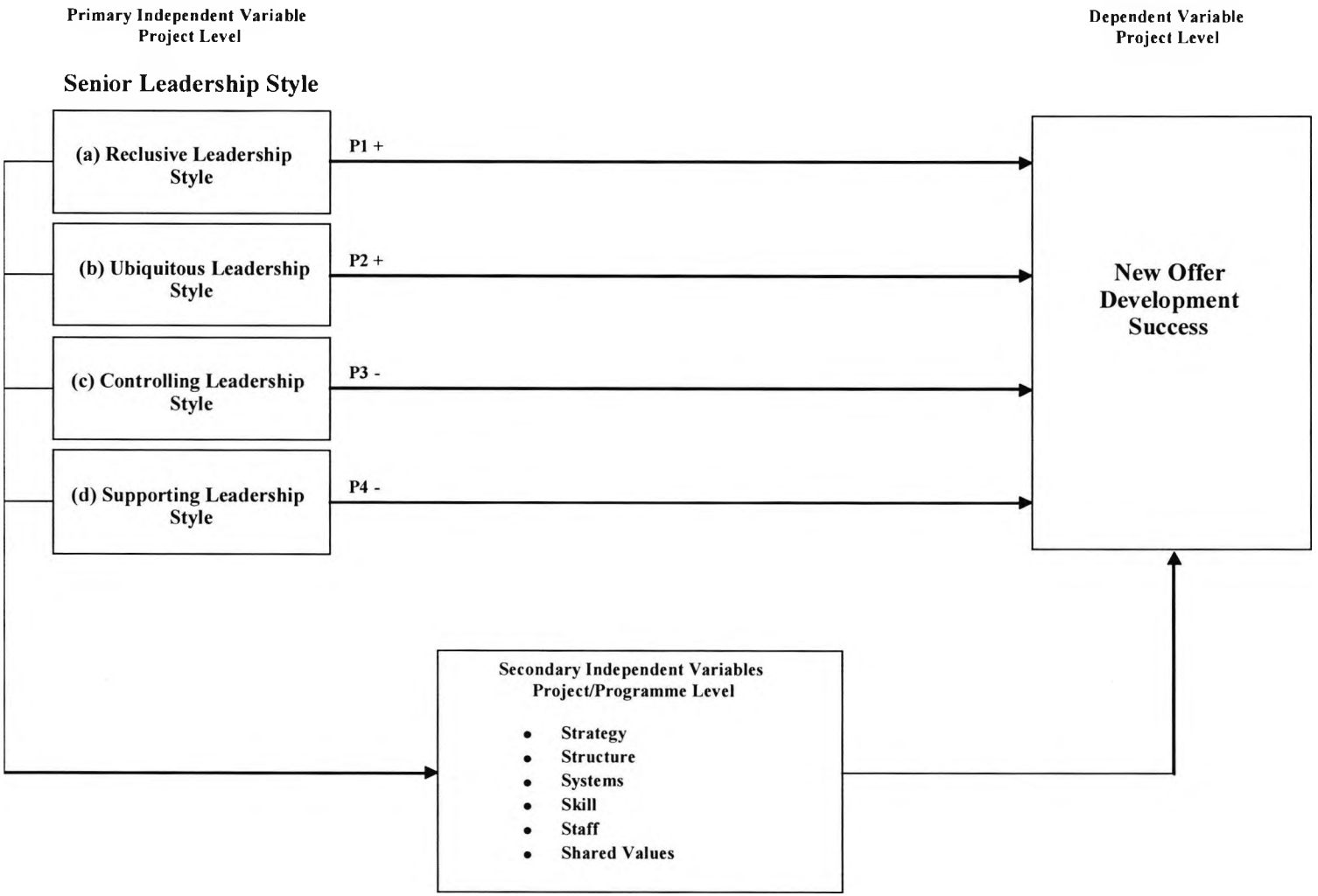
The tentative model (Figure 5.2) encompasses three different variables: (a) the primary independent variable, senior leadership style divided into the four leadership styles, ubiquitous, reclusive, supporting and controlling; (b) the dependent variable, new offer development success; and (c) the secondary independent variables, the McKinsey '7S' framework consisting of strategy, structure, systems, skills, staff and shared values.

5.6. Definition of Variables

Before discussing the variables in detail the research method is briefly considered. As elaborated in chapter 6, the propositions are explored by deploying the qualitative case study method. Qualitative field research is often believed to forgo an elaborate process of prior instrumentation in order to maintain the spontaneous element in data collection. It is common practice among leading scholars, however, to carefully devise the data collection process before commencing with the field study. Indeed, the prior development of a conceptual framework, research question and propositions not only has a boundary-spanning role but also ensures focus (Miles and Huberman, 1994). As evident in this chapter a considerable amount of prior instrumentation is undertaken with the primary and secondary variables being clearly defined. Indeed, the prior definition of these is essential to warrant cross-case cohesiveness in data analysis (Miles and Huberman, 1994). Great care was taken, however, to warrant the exploratory and inductive nature of this research by deploying the conceptual framework as a guide only and to revert to spontaneous prompts frequently during the interview process (Miles and Huberman, 1994).

Figure 5.2:

Conceptual Model; proposed association between senior leadership style and new offer development success



For instance, Table 5.1. provides examples of the type of control-oriented as well as support-oriented actions that the senior leader may deploy during the development of a project. These examples are derived from previous literature (Section 3.4). However, these examples do not serve as a prescriptive or exhaustive list but as a signpost of the type of leadership action to be expected in the field. As such, senior leaders are neither expected to conduct all these actions, nor are they expected to cover only these. As further explained in chapter 6, data for all variables are collected through in-depth interviews and documentary evidence. Rather than using scales to measure variables in degrees, the variables are explored through emerging data patterns in the successful and less successful new offer development projects. Consequently, these patterns are compared within and across cases in relation to the propositions (Miles and Huberman, 1994).

5.6.1. Primary independent variable

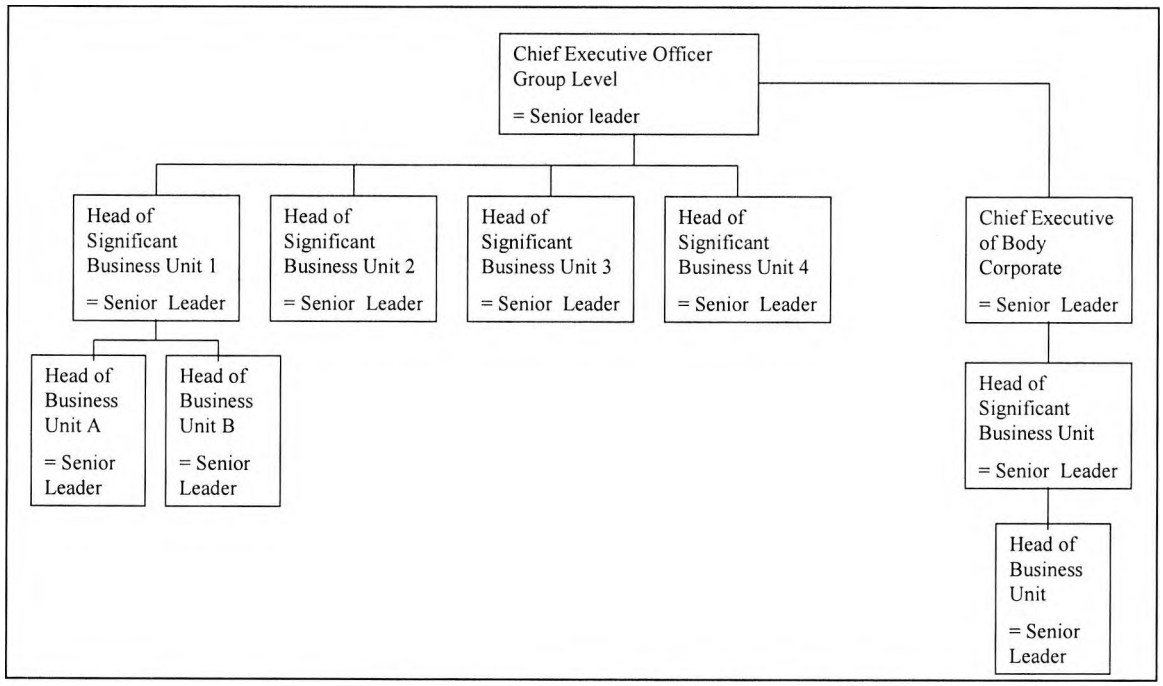
There are two types of independent variables in this study: the primary independent variable and the secondary independent variables. The primary independent variable, senior leadership style, is the main focus of this study. The secondary independent variables are variables, which also influence the dependent variable, but are of secondary interest to this investigation. On a conceptual level, the primary independent variable is the senior leadership style deployed in the context of a single development project.

The present study adheres to the definition of the senior leader proposed by the Financial Services Authority (FSA) (Figure 5.3.). The FSA defines senior leaders as follows (FSA, 2002): If the individual is employed by the firm, he/she is considered a senior leader if he/she reports directly to (a) the governing body; or (b) a member of the governing body; or (c) the chief executive, or (d) the head of a significant business unit. The individual is further considered a senior leader if he/she is employed by a body corporate within the group and reports directly to a person who is the equivalent of (a), (b), (c) or (d) defined above.

This definition can be illustrated with the example of Barclays Group. Naturally, the CEO of Barclays Group would be considered a senior leader. However, the Head of Barclaycard, a division of Barclays Group, would also be considered a senior leader as he reports to the CEO of Barclays Group. Further, the Head of Barclaycard UK, a regional sub-division of Barclaycard, would also be included in the definition of senior leader as he reports to the Head of a significant business unit, which is Barclaycard. If Barclaycard were a body corporate within Barclays Group, the definition of senior leadership would further be extended to all direct reports to the Head of Barclaycard UK. The definition provided by the FSA (2002) is similar to the one proposed to Johne and Harborne (2003), who conducted a multiple case study on leadership in new offer development in banking.

Figure 5.3

Definition of the senior leader



Source: FSA, 2002

As discussed in Section 3.4, senior leadership was found to be an important success factor at the project level as the success of a new offer depends on having the commitment and support of the elite power holders within the organisation throughout

the entire project cycle (Connell, Edgar, Olex, Scholl, Shulman & Tjetjen, 2001; Cantalone, Di Benedetto & Haggblom, 1995; Quinn, 1985; Maidique & Zirger, 1984). For instance, the senior leader can enable the development project, development team and project leader by providing necessary resources, approving proposals, securing required legitimacy, delegating the necessary decision-making authority, providing timely referrals and decisions, as well as attracting the best people (Lievens & Monaert, 2000; Emmanuelides, 1991; Gupta & Wilemon, 1990; Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976).

Despite this knowledge that senior leadership matters, there is surprisingly little knowledge of what the senior leader does or should be doing during the development of a new offer. Section 3.4 pointed to the dilemma about the benefits of high senior leader involvement versus low senior leadership involvement and the ensuing unsuccessful attempts at reconciliation. As senior leadership style at the project level was identified as a key success factor, it is important to define what is meant by the term 'leadership style'. This study adheres to the definition of Harborne (2000), who defines leadership style as 'the way the leader acts'. Senior leadership style, therefore, refers to the way that the *senior* leader acts. That is, the type of actions the senior leader undertakes towards a development project, project leader and team. The present study groups senior leadership actions into control-oriented actions and support-oriented actions (Table 5.1). Senior leadership style is operationalised by four different styles, each of which is characterised by varying levels of controlling actions and supporting actions (Table 5.2). The resulting four leadership styles are as follows: (a) reclusive style; (b) ubiquitous style; (c) controlling style, and (d) supporting style.

(a) Reclusive style defined

A reclusive senior leadership style is composed of a low level of control-oriented leadership actions and a low level of support-oriented leadership actions (Table 5.2). As discussed in Section 5.4, it is based on a wide and balanced behavioural repertoire and therefore fulfils the criteria of behavioural complexity. In practice, a reclusive leadership style might look as follows: A senior leader deploying a reclusive style does not conduct

many control-oriented actions, nor does he conduct them frequently (Table 5.2). For this reason, his involvement in the systematic assessment of the project and in providing discipline and structure for the project team is limited. The senior leader is likely to delegate such leadership actions to the project leader. Similarly, the senior leader does not deploy many support-oriented actions. As such, the senior leader may only occasionally help the team to surmount obstacles and to make things happen. The senior leader leaves considerable autonomy to the project leader and team for resolving difficult and complex issues (Table 5.1).

(b) Ubiquitous style defined

A ubiquitous leadership style comprises a high level of control-oriented leadership actions as well as a high level of support-oriented leadership actions (Table 5.2). As such, the ubiquitous style is behaviourally complex as it is based on a wide as well as balanced behavioural repertoire (Section 5.4.). A senior leader deploying a ubiquitous style would engage in many control-oriented activities and would do so frequently (Table 5.1). For instance, he may be closely involved in project details, feedback and adjustments. Further, he determines explicit reward structures and evaluation criteria and establishes periodic milestones for project control and review. In similar vein, the senior leader would frequently deploy a range of support-oriented leadership actions (Table 5.1). As such, he is likely to demonstrate strong commitment to the project, providing political resources to the project team by removing barriers, undertaking re-prioritisation and offering protection during the development process.

(c) Controlling style defined

A controlling leadership style is based on a combination of high levels of control-oriented senior leadership actions and low levels of support-oriented senior leadership actions (Table 5.2). As outlined in Section 5.4, the controlling style is not behaviourally complex as it is based on a wide, but unbalanced behavioural repertoire. In practice, this may be reflected in the following behaviour: A senior leader, who deploys a controlling style, engages in several control-oriented leadership actions and does so frequently (Table 5.1).

Table 5.1
Control oriented leadership actions versus support oriented leadership actions

	Control-oriented senior leadership actions	Support-oriented senior leadership actions
Definition	• Senior leader initiated control mechanisms, which influence the probability that development teams will behave in ways that support the stated objectives of the project. • In short, the senior leader *tells* the team what to do	• Senior leader support offered to the project team with a view to encourage, facilitate and enable the development project • In short, the senior leader merely *facilitates* what the team is doing.
Examples from the literature (as in Section 3.4.1)	• Senior leader compares progress to predetermined standards and goals • Senior leader undertakes a systematic assessment of the project • Senior leader is closely involved in project details, feedback and adjustments • Senior leader determines decision-making rules • Senior leader provides clear-cut statements of expectations • Senior leader establishes periodic milestones for project control and review • Senior management determines explicit reward structures and evaluation criteria • Senior leader provides discipline and structure, striving to direct team efforts and link project goals to organisational goals • Senior leader organises and structures new offer development in advance • Senior leader imposes formal process control onto the development team	• Senior leader provides political resources to the project team by removing barriers, undertaking re-prioritisation and offering protection as new offers emerge • Senior leader facilitates co-ordination within the project team and across departments • Senior leader demonstrates commitment • Senior leader helps the team to surmount obstacles and makes things happen • Senior leader provides encouragement to the project team • Senior leader is tolerant to failure • Senior leader is willing to change priorities and bend rules, with some personal risk, to help give the project a good chance of success and allow people to deliver • Senior leader provides informal support • Senior leader provides access to resources
High	• The senior leader conducts many control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.	• The senior leader conducts many support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.
Low	• The senior leader conducts few control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.	• The senior leader conducts few support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.

Source: Literature review

Table 5.2

Leadership styles

	Reclusive Leadership Style	Ubiquitous leadership style	Controlling leadership style	Supporting leadership style
Definition	Characterised by a *low* level of control-oriented senior leadership actions and a *low* level support-oriented senior leadership actions	Characterised by a *high* level of control-oriented senior leadership actions and *high* level of support-oriented senior leadership actions	Characterised by a *high* level of control-oriented senior leadership actions and a *low* level of support-oriented senior leadership actions	Characterised by a *low* level of control-oriented senior leadership actions and a *high* level of support-oriented senior leadership actions
Behavioural complexity criteria	Behaviourally complex Based on wide and balanced behavioural repertoire	Behaviourally complex Based on wide and balanced behavioural repertoire	Not behaviourally complex Based on wide and imbalanced behavioural repertoire	Not behaviourally complex Based on wide and imbalanced behavioural repertoire
Control-oriented senior leadership actions	Low The senior leader conducts few control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.	High The senior leader conducts many control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.	High The senior leader conducts many control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.	Low The senior leader conducts few control-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.
Support-oriented senior leadership actions	Low The senior leader conducts few support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.	High The senior leader conducts many support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.	Low The senior leader conducts few support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these infrequently.	High The senior leader conducts many support-oriented actions (see examples) over the project lifecycle. Moreover, he conducts these frequently.

Source: Literature review

For instance, he provides clear-cut statements of expectations, explicit reward structures and evaluation criteria and then regularly compares project progress to predetermined standards and goals. However, the senior leader makes only sparingly use of support-oriented leadership actions (Table 5.1). As such, he may, for instance, demonstrate limited commitment to the project and project team, leaving it to the project leader to provide informal support and encouragement to the project team.

(d) Supporting style defined

A supporting style is characterised by low levels of control-oriented leadership actions but high levels of support-oriented leadership actions. A supporting leadership style is not behaviourally complex as it is based on a wide, but unbalanced behavioural repertoire (Section 5.4). Since the senior leader does not engage in many control-oriented actions, he is likely to delegate tasks such as determining project details and setting periodic milestones for control and review to the project manager (Table 5.1). However, the senior leader frequently deploys a range of support-oriented leadership actions. This could include the facilitation of coordination within the project team and across departments as well as the provision of informal support and access to resources. In addition, the senior leader might be willing to change priorities and bend rules, with some personal risk, to help give the project a good chance of success and allow people to deliver (Table 5.1).

5.6.2. Secondary independent variables

The secondary independent variables comprise internal factors under control of management that have shown in previous research to have an important impact on development success. Whilst it is acknowledged that there are several ways of investigating internal organisational factors, this study elects to do so with the McKinsey '7S' framework (Table 5.3). Popularised by Peters and Waterman in 1982, the '7S' framework was originally devised for organisational analysis. As discussed in Section 3.3, previous research has applied the postulated factors also at the project level and within the context of new offer development (Johne & Harborne, 2003; Harborne & Johne 2002; Johne & Davies, 1999; Johne & Pavlidis, 1996; Johne & Snelson, 1988).

Table 5.3

The secondary independent variables: the '7S' Framework

	Project level of analysis	*Programme level of analysis*
Strategy	Definition Strategy is the strategy of the development project under investigation and its relation to business and corporate strategy.	Definition Strategy is strategy of the general offer development strategy pursued by the business and its relation to business and corporate strategy.
Structure	Definition Structure is the organisational framework deployed for the development project under investigation.	Definition Structure is the organisational framework deployed for new offer development management in the business in general.
Systems	Definition Systems are the coordination and control mechanisms for the development project under investigation.	Definition Systems are the coordination and control mechanisms for the new offer development effort of the business in general.
Skills	Definition Skills are the specialist knowledge and methods applied to the development project under investigation.	Definition Skills are the specialist knowledge and methods applied to the new offer development effort in the business in general.
Staff	Definition *Staff* is the type, quantity and quality of functional specialists required for the development project under investigation. Traditionally, the concept of staff only refers staff in non-leader roles. This study, however, defines staff more broadly by embracing the entire project team. As such, it includes the project leader.	Definition *Staff* is the type, quantity and quality of functional specialists required for the development effort in the business in general. Traditionally, the concept of staff only refers staff in non-leader roles. This study, however, defines staff more broadly by embracing the entire project team. As such, it includes the project leader.
Shared Values	Definition Shared values are the project members' beliefs about the objectives of the development project under investigation and its role in meeting overall business objectives.	Definition Shared values are the project members' beliefs about offer development in general and its role in meeting overall business objectives.
Style	Definition Primary independent variable, thus defined separately in Section 5.6	Definition Not applicable to study context.

Source: Adapted from Johne & Harborne, 2003; Johne & Snelson, 1988; Peters and Waterman, 1982

Table 5.3 shows how the '7S' framework has been adapted for examining internal organisational factors at the project level of analysis as well as the programme level of analysis. The framework is parsimonious since all factors are embraced under only seven headings, all of which are readily understood by and meaningful to practitioners (Barclay and Benson, 1990). Although it is not claimed that the framework captures the full complexity of what underlies the development process, it is a helpful tool for facilitating

intricacy and assessing potential factors that have shown to impact on development success.

5.6.3. Dependent variable

This section focuses on the dependent variable of this study, development success. The literature suggests that there are different levels at which development success can be examined: the project, programme, or the organisational level (Storey & Kelly, 2001; Griffin & Page, 1996; Hultnik & Robben 1995; Griffin, 1993). For instance, development success can be examined at the project level, where the success of an individual new offer is measured. Most development success studies have evaluated success at the project level (Griffin & Page, 1996). Maidique and Zirger (1984) assert that using the project as the unit of analysis makes data gathering easier as the project is a clearly identifiable entity. Alternatively, success can be examined at the programme level. Programme level success relies on a procession of project successes, rather than one-off success. Montoya-Weiss and Calantone (1994) reviewed development success and concluded that more programme level studies are needed to increase the generalisability of findings. Moreover, project-specific characteristics may be atypical and widely variable from firm to firm, thus limiting the validity of indiscriminately combining results across projects and across firms in a single study. Last, success can be examined at the organisational level. That is, the development effort of the entire organisation during a given time is taken into consideration when investigating success.

Every level of examination has its distinct advantages and disadvantages. Ultimately, it is up to the researcher to decide which level of examination is appropriate for a study. Section 5.6.1. provided the rationale for examining senior leadership style at the project level. Correspondingly, this study examines the dependent variable, development success, also at the project level.

The question arises which criteria should be deployed for examining new offer development success? The literature suggests a broad spectrum of success criteria used in different contexts by researchers and practitioners. For instance, Booz, Allen and

Hamilton (1982) found that two-thirds of all companies surveyed do measure new offer performance and nearly two-thirds use more than one measure of success. In fact, many studies have identified development success as a multi-dimensional concept (Harborne, 2000; Johne & Storey, 1998; Storey & Easingwood, 1996; Griffin & Page, 1993; Cooper 1988; Johne & Snelson 1988).

There are a number of meta-studies, which attempt to categorise criteria for development success (Storey & Kelly, 2001; Griffin & Page, 1996; Griffin, 1993). These meta-studies suggest that success criteria can involve more than the traditional offer based financial benefits, and suggest a plethora of other performance criteria (Griffin & Page, 1996; Montonya-Weiss & Cantalone, 1994; Shipley, Edgett & Forbes, 1991; Easingwood & Percival, 1990; Davison, Watkins & Wright, 1989; De Brentani, 1989; Cooper & Kleinschmidt, 1987; Baker, Green & Bean, 1986). These criteria include among others: opening a window of opportunity on a new category of offers or on a new market; enhancing corporate reputation; creating beneficial perceptions of business performance amongst customers and the market; satisfying customer needs; attracting new customers to the firm; achieving cost efficiencies; gaining competitive advantage; increasing sales and/or increased profitability of existing offers; producing a platform for future new offers; improving the loyalty of existing customers, and impacting on market position (Harborne, 2000; Griffin & Page, 1996; Montonya-Weiss & Cantalone, 1994; Shipley, Edgett & Forbes, 1991; Easingwood & Percival, 1990; Davison, Watkins & Wright, 1989; De Brentani, 1989; Cooper & Kleinschmidt, 1987; Baker, Green & Bean, 1986).

Practitioners often consider non-financial criteria to be the most useful (Griffin & Page, 1996). Further, Harborne (2000) asserts that financial measures are often too commercially sensitive to be shared outside the business and therefore may be less suitable for research purposes. Moreover, the question whether or not single offers generate revenue is secondary for banks as they are rather interested in cultivating a profitable long-term relationship with clients. For banks, it is the overall volume and value of business with a client that constitutes financial performance, not necessarily the profitability of a single offer. Therefore, in the context of new offer development, banks

tend to be primarily concerned with the smooth delivery of the new offer on time and on budget (Harborne, 2000).

This study deploys multiple, non-financial success criteria. As such, it adheres to the criteria forwarded by Johne and Harborne (2003) and Harborne (2000) who evaluate success on the basis of whether or not certain project objectives have been met. These objectives are (a) project on time, (b) project on budget, and (c) project to specifications. For example, to be considered successful a new offer development project has succeeded in meeting all three criteria: completed on time, completed on budget, and completed to specifications. Conversely, to be considered less successful a new offer development project has failed to meet one or more criteria. Harborne (2000) argues that the milestones of specification, cost, and time-scale are effective criteria for success because failure to achieve these means that the new offer will have failed to meet its opportunity window. As such, the new offer may be under-featured, too late or too expensive in order to: (i) enhance corporate reputation; (ii) attract new customers to the firm; (iii) achieve cost efficiencies; (iv) gain competitive advantage; (v) improve the loyalty of existing customers, or (vi) impact on market position. While it is acknowledged that there are alternative success criteria, it is maintained that delivering against pre-set objectives is a common performance standard in new offer development, readily understood by and meaningful to practitioners (Harborne, 2000).

5.7. Conclusion

This chapter has presented the conceptual framework and propositions for the study. It was proposed that development success is associated with a behaviourally complex senior leadership style. Four different styles were posited, each of which reflects a wide repertoire of control and support oriented actions that vary in intensity. It was proposed that a balanced approach characterised either by low control and low support (reclusive style) or by high control and high support (ubiquitous style) has a positive association with development success. Conversely, it was proposed that an imbalanced approach reflected either by low control and high support (supporting style) or by high control and low support (controlling style) has a negative association with development success. It

was further proposed that new offer development success is not only influenced by senior leadership style but also by an amalgam of internal factors under control of management. The next chapter discusses the research methodology and the research method deployed as well as the sample selected to explore the propositions.

CHAPTER 6
METHOD OF DATA COLLECTION AND ANALYSIS

6.1. Introduction

This chapter describes the research design deployed in this study. First, the research objective, methodology and the research method are explored. Further, the rationale is provided for examining the propositions by means of qualitative case studies. In a second step, the chapter explains the preliminary fieldwork and discusses the sample selection. Lastly, the chapter explores the process of data collection and data analysis, discussing analysis tools and methods.

6.2. Research Objective

The objective of this study is to contribute to theory and practice by examining the relationship between senior leadership style and new offer development success. Specifically, the present thesis endeavours to enhance scholastic knowledge of the function and impact of senior leadership style in new offer development. In similar vein, this study aims to endow senior leaders with the understanding necessary to enable successful new offer development, ascertaining the effective launch of the new offers. To meet these objectives, the study examines the association between four different senior leadership styles, reflected by varying levels of support and control, and new offer development success at the project level. To this end, the study explores senior leadership style in more successful development projects and in less successful development projects and then determines the differences between the two. The benefits derived from this approach are twofold: Foremost, it allows for a more comprehensive understanding of the factors that facilitate or impede development success. Moreover, this approach also aids data analysis. Rather than using scales to measure variables in degrees, the variables are explored through emerging data patterns in the successful and less successful new offer development projects. In a second step the observed patterns are compared across projects.

6.3. The interpretive framework

The research methodology, contrary to the research method, is defined as the philosophy that forms the basis of the research procedure (Richardson, 1996). As such, this interpretive framework centres on how the researcher knows the world or obtains knowledge of it (Guba, 1990). In particular, the methodology lays the groundwork for all later decisions about the research method. Methodology encompasses the concepts of ontology and epistemology (Chua, 1986). Ontological beliefs raise basic questions about the nature of reality and the nature of the human being in the world (Denzin & Lincoln, 2000; Guba, 1990). Epistemological beliefs describe how reality, the images of the world and the relationship between the enquirer and the known are conceptualised (Denzin & Lincoln, 2000). The epistemological stance is determined by the ontological viewpoint adopted by the researcher (Chua, 1986). This study adopts an ontological belief grounded in physical realism (Otley & Berry, 1994). As such, it rests on the postulation that there is a 'true' world of structured phenomena, which is external to an independent scientist (Denzin & Lincoln, 2000; Hammersley, 1998). Thus, the ontological belief grounded in physical realism is based on the assumption that realty can be observed (Guba, 1990).

In line with the ontological belief, this study is rooted in a positivist epistemological paradigm (Hammersley 1998; Bryman, 1984). Positivism is shaped by the positivist traditions in the physical and social sciences (Denzin & Lincoln, 2000). Positivists treat social science as an organised method for combining deductive logic with precise empirical observations to uncover the laws about the workings of the social world. It is assumed that there is a reality out there to be studied, captured, and understood (Guba, 1990). This leads to the discovery of a set of probabilistic casual laws that can be used to predict general patterns of human activity (Denzin & Lincoln, 2000; Bryman, 1984). Nonetheless, in light of the post-positivist stance it is also recognised that reality can never be completely captured only approximated (Guba, 1990). The positivist paradigm is manifested in the formulation of a provisional conceptual framework and a set of propositions. It is further mirrored in the emphasis on validity and reliability (Miles and Huberman, 1994).

Before settling on the positivist stance, this study contemplated a different methodological stance, namely the constructivist-interpretive. The constructivist paradigm adopts a relativist-ontology (the existence of multiple realities), a subjectivist epistemology (understandings are co-created by knower and respondent) and a naturalistic (in the natural world) set of methodological processes (Denzin & Lincoln, 2000). However, after careful evaluation it was decided to opt for the positivist epistemological stance, since it reduces vagueness and abstraction inherent in a study's findings by emphasising internal and external validity, reliability, and objectivity (Denzin & Lincoln, 2000; Miles & Huberman, 1994). Nonetheless, despite this rigorous approach the cultivation of innovative research insights in this study was fostered through the analysis of rich contextual data collected in the conduct of research.

6.4. Method of Data Collection

6.4.1. Case study approach

This section introduces the research approach selected for this study. In particular, the sample selection is presented; the unit of study and unit of analysis considered; the concepts of reliability and validity addressed, and the methods for data collection and data analysis discussed. Before settling on the case study design, different research approaches were contemplated including the laboratory experiment, the ethnography and questionnaire-based survey (Miles & Huberman, 1994). After careful consideration, it was decided that it is impractical to conduct laboratory experiments within a guarded commercial context such as banking. On the contrary, conducting an ethnography is a lengthy process, which is resource intensive as well as deficient in immediacy for practitioners. Moreover as, banking institutions are surrounded by secrecy, access to commercially sensitive data, and thus the conduct of an ethnography, is rendered difficult.

As the above approaches were deemed impractical to address the research question, the choice was between the case study and the questionnaire-based survey, thus the qualitative versus the quantitative approach. One of the main differences between the qualitative and quantitative methods is the approach to analytic categories. The

quantitative method segregates and defines categories with great precision prior to conducting a study. In a second step, it the exact link between these categories is established, allowing for statistical generalisation. Conversely, the intent of the qualitative method is frequently the segregation and subsequent definition of these categories by means of fieldwork (Yin, 1994). As such, the character and definition of analytic categories are anticipated to transform during the investigation. Statistical generalisation is not applicable in the context of qualitative research (McCracken, 1999; Miles & Huberman, 1994; Yin, 1991; Brenner, 1985; Glaser & Strauss, 1965).

Yin (1994) further points to the importance of sample size. That is, quantitative research studies necessitate a certain sample size and composition to allow for generalisation of the findings to the larger universe (Yin, 1994). Conversely, McCracken (1999) and Yin (1994) posit that in qualitative research the key aspect is data access and not generalisability. Thus, the aim of the qualitative approach is not to ascertain how many or what type of people share a certain attribute (Yin, 1991; Glaser & Strauss, 1965). Rather, the objective of the qualitative method is to obtain access to the assumptions according to which one culture, such as senior leaders, interprets the world. According to Glaser and Strauss (1965) it is the categories and assumptions, not those who hold them, that matter. Thus, whilst the qualitative researcher considers rich descriptions of the social world to be valuable, the quantitative researcher is not concerned with them (McCracken 1999; Guba, 1990; Patton, 1990). In sum, the two research approaches represent two sets of intellectual habits and paradigms and cannot be substituted for one another (Yin, 1994). As such, one cannot draw quantitative conclusions, such as statistical generalisations, from qualitative research studies (Yin, 1991; Patton, 1990; Brenner, 1985).

After carefully evaluating different research methods, it was decided to explore the propositions of this study by deploying the qualitative case study approach. Yin (1994) defines the case study as an empirical enquiry that investigates a contemporary phenomenon within its real-life context. It is the preferred method of inquiry when 'how' or 'why' questions are being posed. As such, the key benefit of the case study approach is that it generates an explanation of the causal links in real-life interventions that are too

complex for the survey or experimental strategies (Yin, 1994). As senior leadership style in new offer development is a complex process, the case study provides the potential to capture the richness and complexity of relations between the variables under investigation, within the complex organisational reality in which they occur. Scapens (1990) argues that this is an important comparative advantage of the case study method over other research methods.

Further, the case study is particularly useful in exploratory research when the researcher has little empirical research at his/her disposal and in the absence of standardised measuring instruments with which to test the theory (Chua, 1996; Yin 1994). Chapter 3 demonstrated that research into senior leadership style in new offer development limited, inconclusive and contradictory. A further problem with the extant literature is the ambiguity of the term 'senior leader', which is all too often loosely and inadequately defined. Indeed, several research studies claim to have examined a senior leader, when they have investigated a manager who holds, in fact, the relatively low hierarchical position of Departmental Head (Johne & Pavlidis, 1996). Other studies omit the senior leader definition altogether (Gomes, de Weerd-Nederhof, Pearson, & Fisher, 2001). As lack of data impedes the development of a valid and reliable survey instrument and measurement scales, the case study method is deemed appropriate for exploring the relationship between senior leadership style and new offer development success.

To sum up, the case study approach is especially appropriate for exploratory research such as the present study because it focuses on documenting a complex, yet under-researched phenomenon within its organisational context, exploring its boundaries and integrating information from multiple sources (Leifer, O'Connor & Rice, 2001; Chua, 1996; Yin, 1994; Eisenhardt, 1989; Meredith, Raturi, Amoako-Gyampah & Kaplan, 1989). That is, the case study is considered a powerful tool for gathering information and understanding the link between senior leadership style and new offer development success in banking.

In particular, the research question was addressed with a multiple, cross-sectional case study design. It is maintained, however, that before settling on this approach, other forms of case study were considered, such as the single case study and longitudinal case study. Conducting a single case study was rejected on the grounds that it would prevent the opportunity to compare and contrast data from different cases with the objective of filtering out core themes and generating an understanding of a single-case finding in the context of the larger picture. Such an opportunity was deemed to yield greater insight into how senior leadership style affects development success. Further, the evidence from multiple cases is often considered more robust due to strengthened validity of the findings (Miles and Huberman, 1994; Herriot & Firestone, 1983). Although the findings are more compelling as a result of case replication, the issue of generalisability does not change (Miles and Huberman, 1994, Yin, 1991). That is, case studies attempt to generalise to a theory and not to a population of cases (Scapens, 1990; Yin, 1989).

The second alternative in qualitative research, the longitudinal case study, seemed an attractive option at first as it allows the researcher to analyse project development in real-time (Miles & Huberman, 1994). However, it is a very time-consuming endeavour and therefore incongruous for a PhD thesis, which must be conducted within a certain time frame. A further argument against the longitudinal case study is the tendency to miss the fuzzy front-end of new offer development. During the very early stages of the development process, banks are often not fully aware of a project being underway. It might be difficult for the researcher to detect an emerging project within an organisation. A further restriction of the longitudinal research design is the difficulty of adhering to a multiple case design due to resource and time constraints as well as restrictions to access. Also, accompanying a development project throughout its life cycle poses the difficulty of not being able to determine the project outcome beforehand. If the project is terminated prior to completion, the researcher might be stranded with insufficient data.

Although its completion required much time and effort by the single researcher, the qualitative, multiple case-study approach was nevertheless deemed the most appropriate for generating understanding of the role of the senior leader in the new offer development

process. Only the multiple case study permits the level of complexity in data collection that matches the level of complexity inherent in the constructs under investigation. It is maintained, however, that this study neither denies nor ignores the limitations inherent in case study research. The ensuing sections of this chapter describe the effort that has been made to address these limitations.

6.4.2. Prior instrumentation and framework

According to Miles and Huberman (1994), a case can be made both for loose as well as tight research design depending on the situation. Highly inductive, loosely designed studies make good sense when experienced researchers have plenty of time and explore exotic cultures, understudied phenomena, or very complex social phenomena. However, if a researcher is new to qualitative studies and is looking at a better-understood phenomenon with a familiar culture or subculture, a loose inductive design may be a waste of time. Months of fieldwork and voluminous case studies may yield only a few banalities (Miles & Huberman, 1994).

Miles and Huberman (1994) argue that tighter designs are wise for researchers working with well-delineated constructs. Qualitative research can be outright confirmatory, that is, it can seek to test or further explicate a conceptualisation. Thus, an argument can be made for tight, pre-structured qualitative designs as well as for loose, emergent ones. However, much qualitative research lies between the two extremes (Leifer, O'Connor & Rice, 2001). Something is known conceptually about the phenomenon, but not enough to house a theory. The researcher has an idea of the parts of the phenomenon that are not well understood and knows where to look for these things, in which settings, among which actors. Further, the researcher usually has some initial ideas about how to gather the information and usually has at least a rudimentary conceptual framework, a general research question as well as some notions about sampling and some initial data gathering devices.

Miles and Huberman (1994)'s stance lies off centre, toward the structured end. In addition to their epistemological reasons mentioned earlier, there are other arguments.

First, the looser the initial design, the less selective the collection of data; everything looks important at the outset if the researcher is waiting for the key constructs or regularities to emerge from the case(s) and that wait can be a long one. The researcher, submerged in data, will need months to sort it out. Second, in multiple case research, the looser the initial framework, the more the researcher(s) can be receptive to local idiosyncrasies. As a consequence, cross-case comparability will be difficult to obtain and the costs as well as the information load will be colossal (Miles & Huberman, 1994).

However, tightly co-ordinated designs face the opposite dilemma: They yield more economical, comparable, and potentially generalisable findings, but they are less case sensitive and may entail bending data out of contextual shape to answer a cross-case analytic question. Miles and Huberman (1994) advocate that the solution may well lie in avoiding the extremes. Reviewing the literature, it was decided that both extremes are untenable and unnecessary and the process of ongoing theory advancement requires continuous interplay between the two. As outlined in chapter 5, although this study is qualitative and descriptive in nature, a considerable amount of prior instrumentation was undertaken. A set of propositions was formulated from the beginning and a theoretical framework was constructed prior to the field study. However, it is important to note that these constructs were not as tightly defined as would be the case with survey-based research. As such, this study is mainly concerned with inductive theory building, but includes some deduction based on prior theory.

6.4.3. Case study design

After settling on the multiple case method, it is important to determine the specific case design. Yin (1994) distinguishes between two multiple case designs: holistic designs and embedded designs. The difference between the two is that the embedded design focuses on different subunits within each case. This study deploys an embedded research approach and explores two subunits in each case: a successful development project and a less successful development project. The advantage of such a research design is that it allows for both literal replications, that is comparing successes with successes expecting similar results; as well as theoretical replications, that is comparing successes with lesser

successes, expecting contrasting results for predictable reasons (Miles and Huberman, 1994).

An important step in these replication procedures is the existence of a rich, theoretical framework, as explained in chapter 5. As such, this framework states the conditions under which a literal replication is expected to occur. Similarly, it establishes the conditions when a theoretical replication is expected to surface (Yin, 1994). Brownell (1995) asserts that literal and theoretical replications provide an important mechanism through which the study's internal validity is enhanced. The replication logic is similar to that used in multiple experiments (Hersen & Barlow, 1976). This stands in contrast to the 'sampling logic' deployed in the quantitative survey method. The methodological differences between these two approaches are manifested in the different rationales underlying the replication as opposed to the sampling logics (Yin, 1994).

6.4.4. Construct, internal and external validity and reliability

Brownell (1995) suggests that conducting field research within a coherent framework can minimise the risks to the validity and reliability of a study. Given the variety and contextual dependency of case based research, Yin (1994) asserts that actions undertaken by a researcher to address issues of validity and reliability should neither be standard nor routine but rather situation and time specific. As a research design is supposed to represent a logical set of statements, one can judge the quality of any given design according to certain logical tests. Four tests have been commonly used to establish the quality of any empirical social research. The tests of construct validity, internal validity, external validity and reliability are also relevant to case study research (Yin 1994):

- *Construct validity*: establishes the correct operational measures for the concepts being studied

- *Internal validity* (for explanatory or causal studies only, and not for descriptive or exploratory studies): establishes a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished for spurious relationships

- *External validity*: establishes the domain to which a study's findings can be generalised beyond the immediate case study. The generalisation is not automatic, however. A theory must be tested through replications of the findings once or twice, where the theory has specified that the same results should occur. Once such a replication has been made, the results might be accepted for a much larger number of similar cases, where the theory has specified that the same results should occur, even though further replications have not been performed.

- *Reliability*: demonstrates that the operations of a study, such as the data collection procedures, can be repeated, with the same results. The objective is to be sure that, if a future investigator followed exactly the same procedures as described by an earlier investigator and conducted the same case study all over again, the latter investigator should arrive at the same findings and conclusions. The goal of reliability is to minimise the errors and biases in a study.

Yin (1994) points out that there are a number of tactics the case study researcher can use to ensure validity and reliability of a study. Table 6.1 describes useful tactics to ensure construct validity, internal validity, external validity and reliability. The table also points out the research stage where the tactic should be deployed. The following sections describe how the above tactics have been deployed for the purpose of this study, referring to each of the four tests in turn.

(a) Construct Validity

Yin (1994) defines construct validity as the process of establishing correct operational measures for the concepts being studied. For the purpose of this study multiple sources of evidence were collected from semi-structured interviews, documents and archival records. This was done to enhance the level of construct validity through the process of triangulation, also called converging lines of enquiry (Yin, 1989). Mishler (1986) asserts that triangulation allows the deficiencies of any one method to be overcome by combining methods and thus, capitalising on their individual strengths.

Table 6.1

Reliability and validity

Tests	Case study tactic	Phase of research in which tactic occurs
Construct validity	▪ Use multiple source of evidence ▪ Establish chain of evidence ▪ Have key informants review draft case study report	Data collection Data collection Composition
Internal validity	▪ Do pattern matching ▪ Do explanation building ▪ Do time-series analysis	Data analysis Data analysis Data analysis
External validity	▪ Use replication logic in multiple case studies	Research design
Reliability	▪ Use case study protocol ▪ Develop case study database	Data collection Data collection

(Source: Yin, 1994)

(b) Internal Validity

Concerns about internal validity are often expressed in case-based research due to the impossibility of ruling out all possible rival propositions (Brownell, 1995). However, this study deploys a multiple case design and, therefore, enhances internal validity. Specifically, the ability to undertake literal and theoretical replications enhances internal validity by providing more settings in which rival propositions can surface. This reduces the risk that results are actually caused by undiscovered rival explanations. Further, the use of a case study protocol, interview guide and data analysis protocol enables systematic data collection and establishes an audit trail, which improves the impartiality and completeness of data collection and analysis (Lillis, 1999).

(c) External Validity

Yin (1989) defines external validity as establishing the domain to which a study's findings can be generalised. Case studies have traditionally been criticised due to their apparent inability to be statistically generalised to a population of cases that might have been studied (Brownell, 1995). It can be argued, however, that case studies attempt to generalise to a theory and not to a population of cases (Scapens, 1990; Yin, 1989). Thus, the use of literal and theoretical replication logic in the selection of cases improves the theoretical generalisability of this research (Scapens, 1990).

(d) Reliability

The objective of reliability is to minimise the errors and biases in a study (Yin, 1994). To this end, it is important to carefully select the appropriate data collection and analysis tools and to ensure their effective application during the study (Miles and Huberman, 1994). This study selected the most appropriate research strategy, formulated propositions based on the literature, and established the method of data collection and analysis before commencing fieldwork. In a further attempt to increase the reliability of this study, preliminary fieldwork was undertaken to ensure that the concepts used in this study were familiar to banking practitioners. Based on the results of the preliminary fieldwork, difficult concepts were slightly amended.

In addition, a case study protocol was created for increasing the reliability of the field-based research. The protocol consisted of an overview of the project; the interview guide; a guide as to documents and archival records sought; and the case database in which interviews, interview notes, observations, documents and archival records collected were logged. The case protocol guided the conduct of the research and enhances the ability of future researchers to replicate the study as it serves as a record of what has been done (Yin, 1989). Further, to avoid interviewer-induced bias during data analysis, a systematic data analysis protocol was developed, as proposed by Miles and Huberman (1994). The use of such a protocol established a systematic means of data reduction, classification, and interpretation, which allowed an audit trail to be established (Lillis, 1999).

To further increase the reliability of the information in this study, a chain of evidence was maintained. Yin (1994) states that, as with criminological evidence, the process should be tight enough that evidence presented in 'court', the case study report, is assuredly the same evidence that was collected at the scene of the 'crime' during the data collection process; conversely, no original evidence should have been lost, through carelessness or bias, and therefore fail to receive appropriate attention in considering the 'facts' of a case. If these objectives are achieved, a case study also will have addressed the methodological problem of determining construct validity, thereby increasing the overall quality of the case.

6.4.5. Sample selection

In the broadest definition, sampling and selection are principles and procedures used to identify, choose and gain access to relevant units, which will be used for data generation (Mason, 1998). These units relate to a relevant wider population or universe. The principles and procedures can be governed by alternative underlying logics, although the term 'sampling' is very often associated solely with a logic derived from general laws of statistics and probability (Mason, 1998). This is unfortunate because in qualitative research the logic of probability is rarely employed, yet its strong association with the term sampling means that alternative logics are less visibly practiced and perhaps less well understood. However, qualitative research frequently does demand an alternative logic of sampling and selection, which, if appropriately conceived and executed, is a vitally important strategic element of qualitative research (Mason, 1998).

Earlier sections of this chapter highlighted that qualitative researchers usually work with small samples, which are nested in their context and studied in-depth. This stands in contrast with quantitative researchers, who aim for larger numbers of context-stripped cases and seek statistical significance (Miles & Huberman, 1994). Case studies, however, rely on theoretical generalisations and as such attempt to generalise theories so that they explain the observations that have been made (Brownell, 1995; Scapens, 1990). It is interesting to note that samples in qualitative studies are usually not wholly pre-specified, but can evolve once fieldwork commences. Initial choices of informants lead the researcher to similar and different ones; observing one class of events invites comparison with another; and understanding one key relationship in the setting reveals facets to be studied in others. This is known as conceptually-driven sequential sampling (Miles & Huberman, 1994).

Sampling in qualitative research involves two actions (Miles & Huberman, 1994). First, it is necessary to set boundaries: to define aspects of the cases that the researcher can study within the limits of time and means that connect directly to the research question and that probably will include examples of what the researcher wants to study. Second, at the

same time, the researcher needs to create a frame to help uncover, confirm, or qualify the basic processes and constructs that underpin the study.

6.4.5.1. Population, unit of analysis and level of analysis

The first step in creating the sampling frame is to set the boundary for research: to specify a population, unit of analysis, and level of analysis. This is done to limit extraneous variations and sharpen external validity (Miles & Huberman, 1994). The population of this study was defined as all 'strategic banking business units' operating in the UK that develop new offers. In a second step, the unit of analysis was defined as the senior leader. As discussed previously, the senior leader is defined in accordance with the definition provided by the Financial Services Authority (FSA, 2002): A member of staff is considered a senior leader if he/she reports directly to (a) the governing body; or (b) a member of the governing body; or (c) the chief executive, or (d) the head of a significant business unit. The individual is further considered a senior leader if he/she is employed by a body corporate within the group and reports directly to a person who is the equivalent of (a), (b), (c) or (d) defined above. Accordingly, all senior leaders in the sample of this study either report directly to the Global CEO or their direct superior reports directly to the Global CEO. Depending on the organisation and organisational culture, heads of strategic business units carry a number of different titles such as Chief Executive, Managing Director, General Manager, President, Vice President, Head, or Country Head. The title 'Managing Director' was most prominent in the sample of this study, being the preferred title awarded to heads of strategic business units in UK banking. It needs to be pointed out, however, that despite the variability in titles the hierarchical standing and managerial responsibilities of informants were largely homogeneous across the sample.

In a third step, the level of analysis was determined as the new offer development project. Since this study follows an embedded case design, there are two subunits for each case, a successful development project and a less successful development project. For inclusion in this study, the projects needed to be completed (or terminated) within the past two years. Based on earlier studies on the subject and based on the preliminary fieldwork of

this study, it was further established that both continuous (incremental) and discontinuous (radical) innovation are evident in banking, with the latter being relatively rare subject (McDonough, 2000; Hackman, 1990). It was therefore decided to include both significant updates to existing products as well as new to the firm products in the sample. This excludes moderate updates to existing products or minor design changes because they may not follow all the stages of the development process. For the purpose of this study two further sampling decisions had to be made. First, the cases had to be sampled. Second, one had to decide on the sampling within cases. That is, specific development projects had to be sampled to be included for each case. These two sampling decisions are discussed in the following.

6.4.5.2. Case sampling

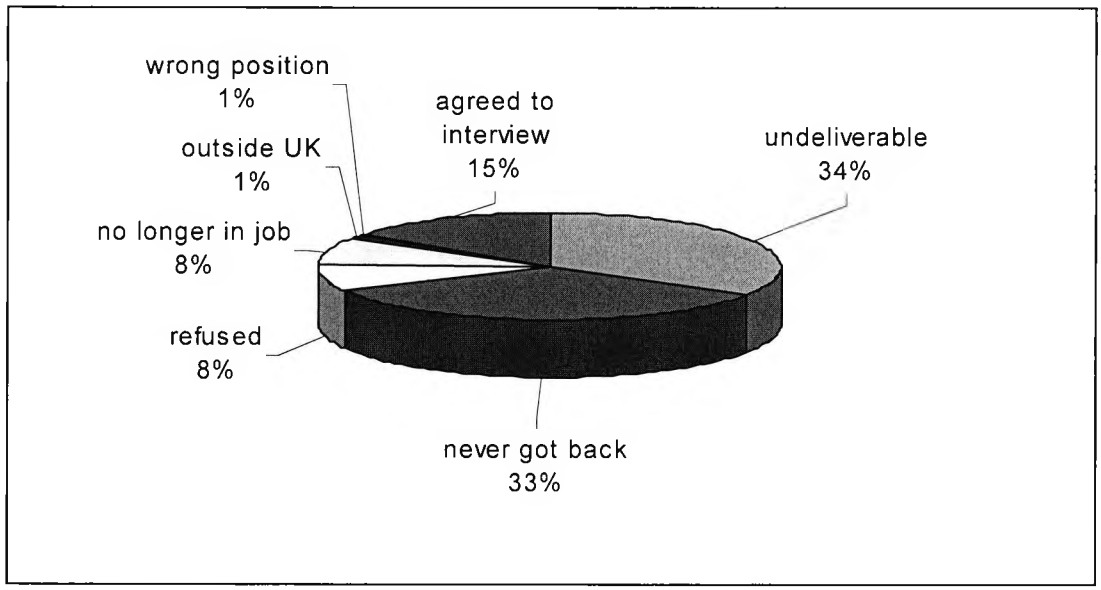
For the sampling of cases, it was decided to deploy criterion sampling (Patton, 1990). Criterion sampling means that all cases, which meet certain criteria, are included in the study. Miles and Huberman (1994) point out that criterion sampling is useful for quality assurance. In this study, the criterion sampling method was deployed to identify strategic banking business units and their senior leaders. For identification purposes three main sources were used: (a) an edition of 'Who's Who in the City' published in 2002; (b) the Internet directory base 'financialdirectories.com', and (c) the name registers of annual reports of banks. Since these sources turned out to be inconclusive, the range of references had to be broadened to include press releases, professional conference proceedings, and the alumni directories of City Business School and European Business School. The sampling process commenced in June 2002 and continued until December 2002. The final sampling frame comprised 173 strategic banking business units and their corresponding senior leaders.

After identifying the divisions, a letter of introduction was sent to the senior leader, explaining the research and requesting the organisation's participation in this study, (Appendix A). It was decided to send a highly personalised letter directly to the senior managers' personal e-mail account because a contact trial phase had revealed that by circumventing gatekeepers, one could boost the response rate considerably. In total, 173

e-mails were sent. As Figure 6.1 illustrates, 34 percent of these turned out to be undeliverable because the person was not known at the domain. A further 33 percent did not reply to the e-mail and eight percent refused to participate in the study. In addition, eight percent of business leaders were no longer in their jobs, whereas one percent now held positions outside the UK and a further one percent was in an unsuitable position. A final 26 senior leaders, or 15 percent, agreed to participate in the study.

Figure 6.1

Contact Statistics



Source: Field study

It was then decided to interview all 26 senior leaders who voiced an interest in this research. These personal face-to-face interviews lasted between 50 and 90 minutes each. After transcribing the interview tapes, the interviews were scanned for certain criteria the divisions had to meet to be included in the final sampling frame. Table 6.2 displays the criteria for case inclusion; outlining the strategic business units that did not meet the criteria:

Table 6.2

Final sampling frame

Primary criteria

A) **The business needed to have conducted at least one successful and one less successful development project during the past two years** **NO:** Dresdner Kleinwort Wasserstein BNP Paribas Rothschild Asset Management Bank of America Citigroup
B) **The senior leader's position in the bank had to correspond to the FSA's (2002) definition of 'senior leader'** **NO:** RBS, business unit 1 CSFB Sportscard HSBC, business unit 1 JP Morgan, business unit 1

Secondary criteria

C) **The senior leader needed to identify a successful and a less successful project** **NO:** NM Rothschild Morgan Stanley
D) **The senior leader needed to be willing to talk about both of them in considerable depth** **NO:** Commonwealth Bank of Australia
E) **The senior leader needed to be able to recall his specific leadership style in question to the specific projects** **NO:** N/A
F) **The senior leader needed to nominate key individuals (informants) for each project for triangulation purposes** **NO:** Commerzbank Credit Agricole Barclays Group, business unit 1
G) **The nominated informants needed to be willing to participate** **NO:** JP Morgan, business unit 2
I) **The nominated informants needed to be willing and able to recall the senior leadership style in regards to each project in considerable depth** **NO:** Julius Baer

Source: Field study

Primary criteria

- The business needed to have conducted at least one successful and one less successful development project during the past two years
- The senior leader's position in the bank had to correspond to the FSA's (2002) definition of 'senior leader'

Secondary criteria

- The senior leader needed to identify a successful and a less successful project
- The senior leader needed to be willing to talk about both of them in considerable depth
- The senior leader needed to be able to recall his specific leadership style in question to the specific projects
- The senior leader needed to nominate key individuals (informants) for each project for triangulation purposes (Patton, 1990: Snowball or Chain Sampling)
- The nominated informants needed to be willing to participate
- The nominated informants needed to be willing and able to recall the senior leadership style in regards to each project in considerable depth

After eliminating those businesses that did not fulfil the selection criteria A to E, the final sampling frame consisted of 13 businesses. These were then requested to further participate in this study. Five refused further participation out of confidentiality considerations. As such, they did not fulfil selection criteria F to I. A final sample of eight banks agreed to participate in this case study. They are the following: HSBC, UBS, Deutsche Bank, ABN Amro, Barclays Group, LloydsTSB, RBS and Abbey.

6.4.5.3. Within-case sampling

For the sampling within cases, this study followed the suggestions of Miles and Huberman (1994), who argue that within-case sampling has an iterative or rolling quality, working in progressive waves as the study progresses. Sampling is investigative, that is the researcher observes, talks to people and picks up artefacts or documents. This leads to new samples of informants, observations and documents. After settling on the final list of eight cases to be studied, the within-case sampling process helped identifying the range of informants, who had to be interviewed in addition to the senior leader. The additional informants were sampled through a combination of chain sampling and criterion sampling (Patton, 1990). Chain sampling is a process of asking the key informant for further informants that are knowledgeable about the subject (Miles & Huberman, 1994). Additional participants were drawn from multiple levels within each of the business

units. The senior leaders assisted in the identification of further informants and in some cases even approached these directly to encourage their participation. Over the course of the personal face-to-face interview these respondents were then requested to suggest others who were involved in the project and who had knowledge of or were intimately involved in aspects of the specific development project under investigation. "Who else was involved?" was a key inquiry. By asking explicitly for the names of others with knowledge of these activities, criterion sampling elicited representation of key personnel involved within each of the specific development projects, regardless of the local title or position in the division. While this method yielded roughly equivalent positions across the cases, a more important outcome was knowledge equivalence.

6.4.6. Preliminary Fieldwork

Yin (1994) points out that a final preparation for data collection is the conduct of a pilot study. The pilot may be chosen for several reasons unrelated to the criteria for selecting the final cases in the case study design. The pilot case study helps investigators refine their data collection plans with respect to both the content of the data and the procedures to be followed. In this regard, it is important to note that a pilot test is not a pre-test. The pilot case is used more formatively, assisting an investigator to develop relevant lines of questions, possibly even providing some conceptual clarification for the research design as well (Yin, 1994). In general, convenience, access and geographic proximity can be the main criteria for selecting the pilot case or cases. The inquiry for the pilot case can be much broader and less focused than the ultimate data collection plan. Moreover, the inquiry can cover both substantive and methodological issues (Yin, 1994).

Before starting the actual case study research, a series of pilot interviews were conducted to help in sample selection and interview consistency. These were done in two phases. At an initial stage, personal interviews were conducted with five practitioners involved in new offer development. These interviews were informal and unstructured and mainly served to verify whether issues raised in theory were relevant to practitioners. This group of interviewees consisted of two senior leaders, a CEO of a financial services business and a Division Executive from a pharmaceutical firm, as well as three new offer

development staff: an offer development manager, a director of international offer strategy and development, and a virtual offer development team member. The objective of this first phase of data piloting was to gain more insight into the dynamics of the new offer development process and the role of senior leaders.

The second stage of pilot interviewing was more formal and served to test the study's interview guide and case study design. The senior leader of a small financial advisor firm (35 employees) was contacted for a personal interview, which served as an opportunity to deploy the tentative interview guide. After concluding the interview, the senior leader named two individuals who were involved in the respective successful and unsuccessful development projects. After interviewing these, all recorded testimonies were transcribed to check for respondents' consistency and interview bias. Eventually, the interview guide was amended accordingly.

6.4.7. Case evidence

Miles and Huberman (1994) point out that data collection for case studies should rely on many sources of evidence. Yin (1994) states that a good case study uses as many sources as possible since the various sources are highly complementary. The author names six of these: documentation, archival records, interviews, direct observations, participant observation and physical artefacts. Marshall and Rossman (1999), include participation in the setting, direct observation, interviewing and the application of (quantitative) surveys, along with document and archival record collection as suitable data collection techniques for use in case studies. Case studies generally gather evidence relating to the constructs of interest from multiple sources, thereby permitting triangulation of data (Yin, 1989).

However, the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, the process of triangulation (Patton, 1990). Any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information. With triangulation, the potential problems of construct validity can also be addressed, because the multiple sources of evidence essentially provide multiple measures of the same phenomenon. In

addition to the attention given to these individual sources, some overriding principles are important to any data collection effort in doing case studies. These include the use of (a) multiple sources of evidence, that is, evidence from two or more sources, but converging on the same set of facts or findings; (b) a case study database, that is, a formal assembly of evidence distinct from the final case study report; and (c) a chain of evidence, that is, explicit linkages between the questions asked, the data collected, and the conclusions drawn (Yin, 1994). For the purpose of this study, data was collected from three different sources, namely semi-structured interviews, documents and quantitative archival records. Semi-structured interviews served as the primary data source (McCracken, 1999). Triangulation of data was achieved by comparing the primary source evidence against, and incorporating the primary source evidence with, alternative data sources. The following section introduces the main data collection techniques used to gather evidence.

(a) Semi-structured interviewing

Semi-structured interviewing, one of the most powerful tools in qualitative research, formed the main method of data collection (McCracken, 1999). It should be noted that a first round of interviews was being conducted while preparations for further interviews were still ongoing. This allowed for constantly refining the circle of potential informants according to the data being collected. For each case, at least four semi-structured in-depth interviews were conducted, lasting between 50 and 90 minutes each. The interviews were designed to encourage respondents to pursue topics and raise themes of interest that addressed the propositions of this study (Mishler, 1986; Minichiello, Aroni, Timewell & Alexander, 1995). As mentioned previously, an interview guide was developed and deployed to ensure that all relevant questions of interest were covered in each interview and to help minimise the potential of interviewer induced bias (Minichiello, Aroni, Timewell & Alexander, 1995; Brenner, 1985). The pre-specification of non-directive questions and associated prompts reduced the necessity to resort to unplanned, non-neutral probes during the course of the interview (Lillis, 1999; McCracken, 1988). The development of the interview guide followed the questionnaire design technique propounded by Wilson (1985) and ensured that all areas to be discussed during interviews were adequately covered in the guide and that question wording and

sequencing had been refined (Appendix B). The interview guide was then reviewed in both an academic and non-academic setting to check for clarity, comprehensiveness and consistency.

One or two days before the actual interview the appointments were reconfirmed. This was done to avoid interview cancellations due to misunderstandings. After the interview, a written thank-you note was forwarded. All interviews were tape-recorded after obtaining permission from the respondents and were transcribed verbatim shortly after interview completion. McCracken (1988) asserts that this is the only means of obtaining a full and accurate record of the interview. Recording and transcribing interviews precludes the necessity to take notes and thus avoids what can be an unnecessary and annoying distraction (Marshall & Rossman, 1999). During the conduct of interviews no participant objected to the use of the tape recorder and it appeared neither to be perceived as invasive nor to inhibit the responses of participants. Recording all interviews provided the benefit of a greater ability to listen and manage the interview, greater accountability and the possibility to review as well as assess the interviews after completion (Marshall & Rossman, 1999; McCracken, 1988).

(b) Documentary Evidence

Documents provided the second source of data. Marshall and Rossman (1999) suggest that the review of documents is an unobtrusive method that provides rich information as to the values, beliefs and activities of participants in the organisation under investigation. Similarly, Yin (1994) expounds the validity of the use of documentary evidence as an important source of data for use in case studies. To support the interview material, documentary evidence was collected. These include internal organisational documents used for the development project under investigation as well as documents the businesses created solely for the purpose of this study. Internal sources include: documentation about the generic development process; documentation regarding specific development projects; team presentation slides; GANTT charts; documentation of new offers; inspections of tangible components such as leaflets or packaging, and online and offline press reports regarding offer strategy, offer development and launches of new offers.

Specifically created information includes written explanation of generic and specific development processes and drawings illustrating the development process. In addition, generic background information about the businesses was collected and includes annual reports; newspaper clippings; company web page information, and Mintel and Reuters business reports.

(c) Archival Records

The collection of archival records forms another source of data. Yin (1989) as well as Marshall and Rossman (1999) point out that archival records are also considered important data sources. The archival records of this study comprise documentation about specific development projects, budgets, meeting agendas, internal memos and team presentation slides. In many instances the informants shared their archival records during the personal interview, explaining the documents and highlighting specific points. However, due to confidentiality issues respondents usually retained these documents after the meeting.

6.5. Data analysis

As discussed above, this study conducted semi-structured interviews as the primary source of qualitative evidence to explore the constructs of this study. However, such data are susceptible to the influence of researcher-induced bias both during the conduct of the interview and during the subsequent analysis of the data. Lillis (1999) suggests that in order to ensure that a rigorous piece of qualitative research is created, it is important to demonstrate adherence to strict data collection and analysis protocols. In line with Lillis (1999), this study deployed a disciplined protocol to avoid researcher-induced bias during the qualitative data analysis. The following section discuses how comprehensiveness and impartiality were cultivated during the process of data analysis as a means to enhance the validity and reliability of the findings.

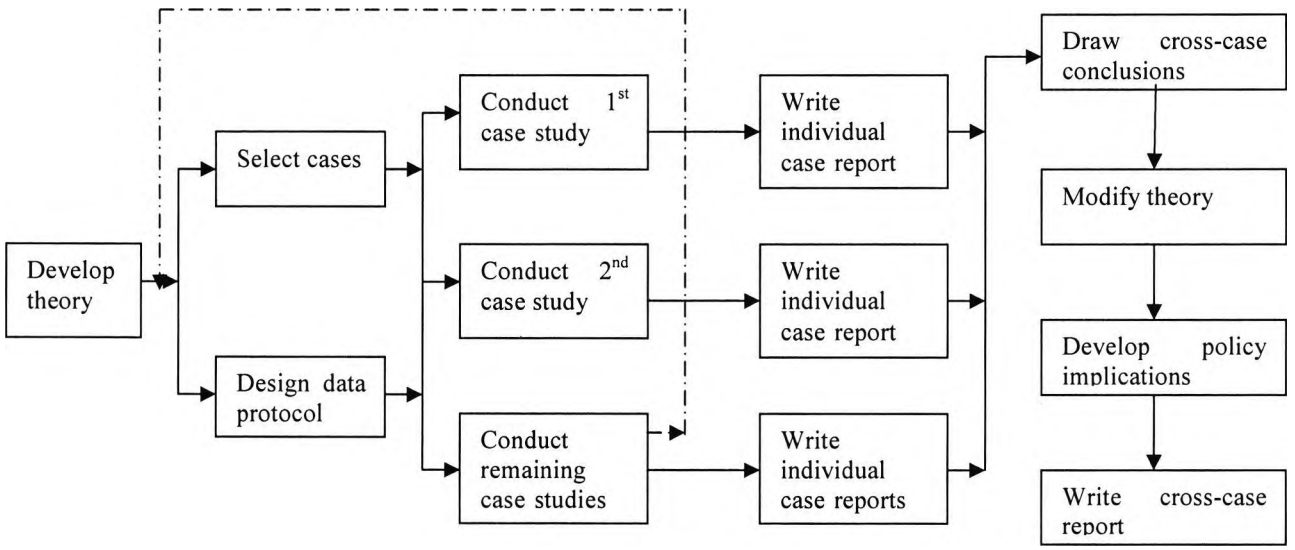
6.5.1. Macro-level analysis

Miles (1979) asserts that the analysis of qualitative data is perhaps the most demanding and least examined aspect of the qualitative research process. The analysis of qualitative

data followed in this study builds on the techniques suggested by Miles and Huberman (1994), Yin (1994), Carney (1990), and McCracken (1988). To structure a discussion on data analysis it is sensible to first refer to the 'macro-level' analysis. For the purpose of this thesis, the term macro-level analysis relates to the broad steps taken to arrive at the cross-case conclusions. In conducting the macro-analysis this study adheres to Yin's (1994) mode of analysis for the multiple case study method. Yin (1994) suggests following a two-stage analysis process, starting with the analysis of the individual cases. Thus, in a first step this study analysed the eight cases on an individual basis and drew individual conclusions. In line with Yin (1994) as well as Miles and Huberman (1994), it was only after conducting the single case analysis that the focus shifted to the cross-case analysis, drawing cross-case conclusions. Figure 6.2 illustrates the process of data analysis at the macro level.

Figure 6.2

Process of Data Analysis



Source: Yin, 1994

6.5.2. Micro-level Analysis

For the purpose of this study, the term 'micro-level' analysis refers to the detailed process followed for examining the testimonies of individual informants in each single case. The adequacy of the micro-level process is key to the data analysis because it will ultimately affect the quality of the research study. To this end, micro-level analysis techniques by McCracken (1988) and Carney (1990) were considered. Both researchers use a similar micro-level approach, advocating a detailed, multiple-stage process of analysis.

McCracken (1988) advocates a five-stage process for analysing qualitative data. Each stage represents a higher level of generality. The first stage treats each utterance in the interview transcript in its own terms, ignoring its relationship to other aspects of the text. In a second stage, the researcher takes these observations and develops them by themselves, according to the evidence in the transcript, and according to the previous literature and cultural review. In a third stage, the researcher examines the interconnection of the second-level observations, resorting once again to the previous acts of literature and culture review. The focus of attention now shifts away from the transcript and towards the observations themselves. Reference to the transcript is now made only to check ideas that emerge from the process of observation comparison. The fourth stage takes the observations generated at previous levels and subjects them to collective scrutiny. The object of analysis is the determination of patterns of inter-theme consistency and contradiction. In a fifth stage, the researcher takes these patterns and themes, as they appear in the several interviews, and subjects them to a final process of analysis. This five-stage process inscribes a movement from the particular to the general.

McCracken (1988) argues that, analytic advantages aside, his five-stage method has the additional virtue of creating a record of the processes of reflection and analysis in which the investigator engages. Such a record has been identified as a condition of the qualitative reliability check (Kirk & Miller, 1986). Similar to McCracken (1988), Carney (1990) explains the analytic process as a ladder of abstraction as presented in Figure 6.3. At first, the researcher concentrates on the transcribed text and starts summarising and packaging the data. From there, the researcher moves on to repackaging and aggregating

the data, eventually synthesizing the data in one conceptual framework. As such, the researcher aims for data transformation, as information is condensed, clustered, sorted, and linked over time (Carney, 1990). For the purpose of this study it was decided to follow the analysis process suggested by Carney (1990), because it divides the often-complex procedure of data analysis into three straightforward stages:

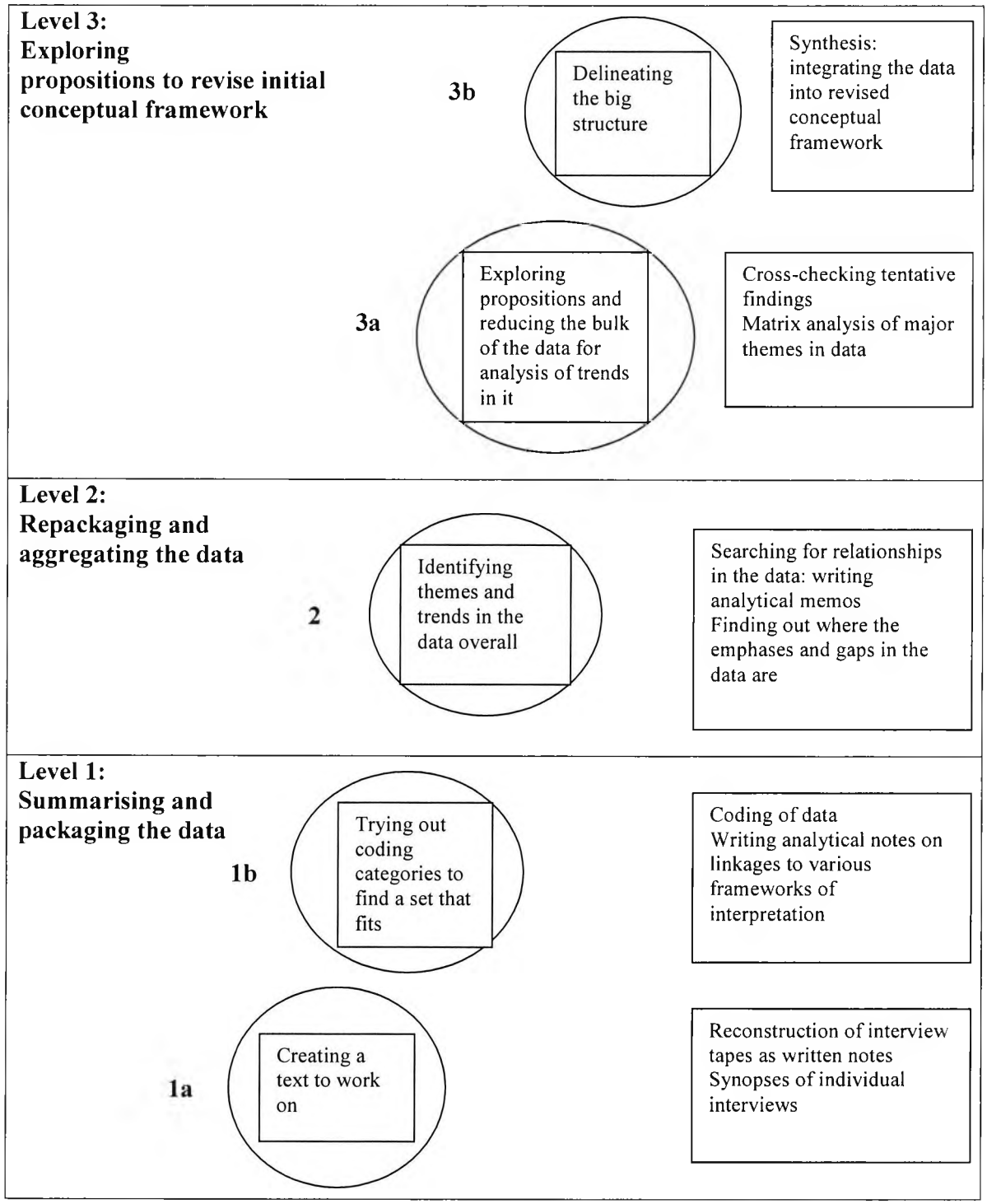
Level 1: Summarising and packaging the data

For the first stage of summarising and packaging the data, a verbatim-transcribed text was created. A common problem in fieldwork, which involves qualitative data, is the danger that the researcher will take incomplete notes, or later erroneously paraphrase the respondent. Either problem can lead to inappropriate inferences, since the basic data are of variable fidelity and may be incomplete. There is also the danger of not being able to distinguish note taking from narrative writing (Jelinek & Schoonhoven, 1990). In order to circumvent these potential shortfalls and to ensure the accuracy of data, all interviews were tape-recorded.

Miles and Huberman (1994) recommend early analysis of recorded testimonies, because it helps the fieldworker cycle back and forth between thinking about the existing data and generating strategies for collecting new, often better, data. Thus, shortly after the completion of data collection, all interviews were transcribed verbatim, creating hundreds of pages of transcripts. Once transcribed, there was no need for second-hand reworking of the field notes as the transcribed interviews provided rich, detailed data. To check for accurate transcription and to correct typographical errors, the researcher listened again to the tapes, comparing the transcripts with the verbal testimonies.

Once all interviews were transcribed and a written text was created, the attention shifted to developing a data-coding tree. Codes are tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study. Codes are used to retrieve and organise the chunks of data (Miles and Huberman, 1994). Since a large amount of qualitative evidence had been collected, it first deemed necessary to make the data tractable in order to facilitate analysis.

Figure 6.3
The Ladder of Analytical Abstraction



(Source: Carney, 1990)

The use of qualitative analysis software was invaluable to this end. The software package N6 (2002) was used, ensuring a systematic approach to the complex task of analysing interview transcripts. An analogy can be drawn here to the use of statistical software packages such as SPSS in the analysis of quantitative data. In similar fashion, the N6 (2002) package enables the easy coding, annotating and comparing of data. To this end, a preliminary data-coding tree was created (Appendix C).

To ensure that this data-coding tree included all original variables in an orderly fashion and not missed out on key concepts that came up during the interviews, three interviews from three different cases were first hand-coded. In addition, an inter-coder reliability test was conducted as suggested by Miles and Huberman (1994). An inter-coder reliability test is traditionally performed when two researchers share the work in coding the same set of data to guarantee for consistency. Even though a single researcher coded the data of this study, inter-coder reliability testing was conducted to ensure a clear definition of all constructs, the exclusion of ambiguity, as well as coding consistency across interviews and cases. Following the practice advocated by Miles and Huberman (1994), the investigator invited a fellow researcher to assist in inter-coder reliability testing. The researchers separately coded three verbatim transcribed interviews taken from three cases. Based on the outcome of this exercise the inter-coder reliability coefficient was calculated using the Simple Holsti Formula (Holsti, 1969):

Figure 6.4
The Simple Holsti Formula

$$\text{Inter-coder reliability} = \frac{\text{Number of agreements}}{\text{Total number of agreements + disagreements}}$$

Source: Holsti, 1969

The first inter-coder reliability test resulted in a relatively low inter-coder reliability coefficient of about 70 percent. According to Miles and Huberman (1994), this is acceptable but not excellent. Thus, the data coding-tree was amended based on the discussions of the two researchers. In consequence, the inter-coder reliability test was repeated, using the same conditions as in the first round. This led to a more satisfactorily result of about 90 percent (Miles and Huberman, 1994).

Once the reliability of the coding system was established, the researcher started coding all interviews and supporting documentation that made up a case. During the case-by-case coding, words, sentences or paragraphs from raw and non-summarised transcripts were associated with one or more of the constructs in this study. The constructs were defined in a coding structure and reflected the variables of interest under investigation. Thus, at the end of the coding phase each text unit had been associated with one or more pre-determined codes. The potential of coder-induced bias at this stage of analysis deemed minimal as the process reflected a thematic grouping of text units rather than an interpretive procedure and no data reduction occurred (Lillis, 1999). All but the most superfluous data was classified. Any chunks of text that appeared of interest but did not relate to a pre-specified code were assigned a temporary code to facilitate the analysis of emergent themes.

The software package N6 (2002) contains a system for categorising the various data chunks, allowing the researcher to quickly find, pull out and cluster the segments relating to a particular, proposition, construct or theme. Clustering and the display of condensed data chunks then set the stage for drawing conclusions (Miles & Huberman, 1994). Thus, during coding, points of interest that were identified as being of potential relevance for future analysis were recorded in memos. These memos discussed preliminary insights into the key themes of interest and formed the basis for further analysis.

Level 2: Repackaging and aggregating the data

The second step of analysis involved the repackaging and aggregating of data. Once coding was completed, attention now shifted to exploring the propositions and reducing

the bulk of data to emerging data themes. As suggested by Yin (1994), this was firstly done on a single-case basis, drawing individual case conclusions. To this end, the reorganised transcripts for each of the cases were systematically analysed. Summaries of the key data themes were created for each interviewee including quotations from the interview transcripts as well as memos created by the authors. An intensive search for data patterns and data themes was conducted, combing through the transcripts, highlighting information on key concepts, and comparing information revealed in one testimony to that of others in the same organisation, across levels and positions for similarities and differences. While reviewing and analysing the data patterns, relevant documents obtained from the respondents were also consulted for triangulation purposes.

Level 3: Exploring propositions to revise initial conceptual framework

The third and last level of the analysis focused on exploring the propositions and on revising the initial conceptual framework. This was addressed in two steps. First, the single case analysis was conducted, exploring propositions in the context of each individual case. Secondly, the multiple case analysis was administered where the eight cases were examined at an aggregate level. However, rather than measuring the variables with scales, they were explored through emerging data patterns within and across cases. During the conduct of the single case analysis, the researchers referred back to the data patterns generated during levels 1 and 2 of the analysis and subjected these patterns to the propositions. This process was conducted as follows:

(a) First, the senior leadership style was determined for the successful project. Subsequently, the senior leadership style was determined for the less successful project. A detailed explanation on how this process was conducted can be found in (Appendix D).

(b) Second, the emerging data patterns of the successful project were subjected to the propositions. As such, the link between senior leadership style and offer development success was explored, cautiously assessing whether the emerging data patterns strengthened or weakened a proposition or whether no inference regarding that

proposition could be made. Subsequently, this analysis was repeated for the less successful project.

(c) Thirdly, again referring to the more successful project, additional internal organisational factors that may have emerged over data analysis were identified and their associations with the main variables were explored. Consequently, this process was administered to the less successful project.

Chapter 7 provides an overview of the single-case findings. Upon completion of the single case analysis, the focus shifted to the aggregate of cases. The purpose of the multiple case analysis was to evaluate whether propositions were strengthened or weakened on the basis of multiple cases and to draw conclusions across all cases (Miles & Huberman, 1994). Chapter 8 discusses emergent data themes of the cross-case analysis.

6.6. Conclusion

This chapter presented the research objective, the research design and the methodology followed. Also, the chapter provided the rationale for conducting qualitative case studies. It was asserted that this thesis elects the personal in-depth interview as the primary tool for data collection and, as a secondary tool, case documentation. Data was collected in eight cases, each case comprising at least one more and one less successful development project. Data was analysed through the methods of single-case pattern matching and cross-case meta-matrices. The next chapter explores the single-case findings.

CHAPTER 7
THE CASE FINDINGS

7.1. Introduction

This chapter presents an overview of the single-case findings. As such, it analyses each of the eight cases in isolation and investigates a more successful and a less successful offer development project in each case. The chapter is structured as follows: In a first instance, it provides an overview of the eight cases explored in this study. Second, the chapter discusses each of the eight cases by exploring the relationship between the independent variables, senior leadership style and the '7S', and the dependent variable for both the successful project and the less successful project. Lastly, the impact of each of the eight cases on the propositions is explored.

7.2. Overview of the cases

As pointed out in the previous chapter, eight cases were conducted for the purpose of this case study. The following banks participated in this study: UBS, Barclays Group, Deutsche Bank, HSBC, ABN Amro, RBS, LloydsTSB and Abbey. Participants of this study were assured confidentiality. For this reason, code names in the form of Greek letters are assigned to participating banks. In similar vein, the individuals participating in this study are only referred to by their job titles and roles (Figure 7.1).

The analysis of the single cases is structured into four sections: The first section of each case provides an overview of the division where propositions were explored. The second section examines the successful project. The third section focuses on the less successful project. The fourth section then considers the impact of the case evidence on the propositions. While great care was taken to warrant methodological rigour, it is maintained that qualitative case-study research is always descriptive and exploratory in nature. Therefore, the following analysis should be considered tentative.

Figure 7.1 Case study interview respondents

Case 1: Bank Alpha, Cards Division
- Head of UK Cards Division (SP and LSP) = senior leader
- Head of New Offer Development (SP and LSP) = additional leader
- New Offer Development Manager (SP and LSP) = project leader
- Associate New Offer Development (SP) = team member

Case 2: Bank Beta, Business Banking Division
- Deputy Head of Business Banking Division (SP and LSP) = senior leader
- Head of New Offer Development (SP and LSP) = project leader
- Head of E-banking Offer (LSP) = project leader
- New Offer Development Manager (SP and LSP) = team member
- Head of Branding Consultancy (SP) = consultant

Case 3: Bank Gamma, Asset Management Division
- Head of UK Asset Management Division (SP and LSP) = senior leader
- Head of Fund Management (SP and LSP) = project sponsor
- Head of Market Neutral Funds (SP) = project leader
- Associate (SP and LSP) = team member

Case 4: Bank Delta, Retail Division
- Head of Retail Division (SP and LSP) = senior leader
- Head of Personal Borrowing (SP and LSP) = project leader
- Manager Personal Borrowing (SP and LSP) = tech. project manager
- Senior Analyst (SP) = team member

Case 5: Bank Epsilon, Commercial Banking Division
- Head of Commercial Banking Division (SP and LSP) = senior leader
- Head of Products Management, Payments and Cash Management (SP and LSP) = project sponsor
- Senior Project Manager Global Payments and Cash Management (SP and LSP) = tech. project manager
- Associate Global Payments and Cash management (SP) = team member

Case 6: Bank Zeta, Asset Management Division
- Head of Asset Management Division (SP1, SP2 and LSP) = senior leader
- Head of Global Product Management (SP1, SP2 and LSP) = additional leader
- Senior Manager Fixed Income (SP1) = project leader
- Head of Property (SP2) = project sponsor

Case 7: Bank Iota, Commercial Cards Division
- Head of Commercial Cards Division (SP and LSP) = senior leader
- Head of Business Solutions (SP and LSP) = project sponsor
- Head of Business Development (SP and LSP) = project sponsor
- Head of Products (SP and LSP) = project sponsor

Case 8: Bank Kappa, Private Banking Division
- Head of UK Private Banking Division (SP and LSP) = senior leader
- Senior Manager Funds (SP and LSP) = project leader
- Funds Manager (SP and LSP) = team member
- Quantitative Analyst (SP) = team member

Key: SP= successful project; LSP= less successful project

Source: Data Collection

7.3. Bank Alpha

7.3.1. Background information

The first case explored for the purpose of this study is the Bank Alpha case. At Bank Alpha, the propositions were explored in the UK Cards Division. For the purpose of readability, the UK Cards Division of Bank Alpha will henceforth be referred to as Bank Alpha. The entire group will be referred to as Bank Alpha Group. Competition in the UK Cards market is fierce (Mintel, 2002). Providers fight for market share and wallet share (Mintel, 2002). Wallet share refers to the actual spend of a card user. Bank Alpha sees new offer development as an important tool in this fight and therefore places much emphasis on it in its current business strategy. In order to appreciate the position of Bank Alpha, it is important to look at how the firm has approached new offer development in the past four decades. In fact, Bank Alpha has a history of innovation and new offer development. As such, it was one of the first banks to introduce credit cards into the UK market and also pioneered a card reward scheme in the 1980s. In the late 1980s and early 1990s, however, new offer development activities at Bank Alpha slowed down. As a consequence, Bank Alpha lost its development capabilities to a large extent.

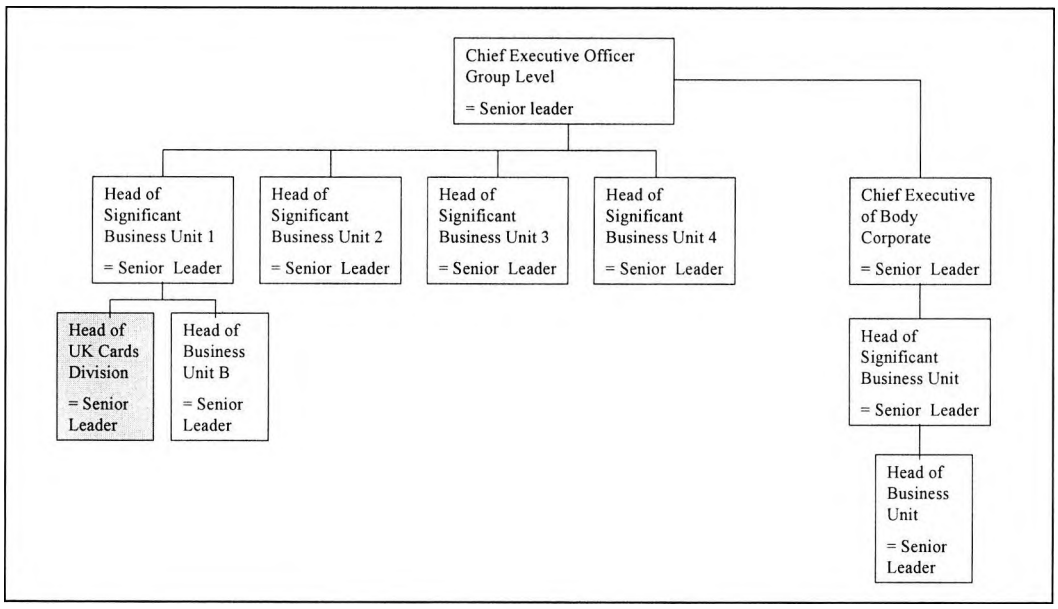
However, as competition in the card market started rising in the second half of the 1990s, Bank Alpha realised that it had to make a significant investment into new offer development capabilities. Therefore, Bank Alpha completely overhauled its new offer development process in 1998. By doing so, the firm closely mirrored best practice in banking as well as manufacturing industry. As a consequence, the current development process at Bank Alpha is highly structured, characterised by distinct project phases, milestones, a new offer development function, highly qualified staff and adequate reporting lines to senior management. Bank Alpha follow an interesting new offer development strategy. If benchmarked to industry practice, it is quite unique. Being aware that many new offers fail in the marketplace, Bank Alpha pilot about 300 new ideas annually. It is only the new offers with the most successful pilot results that are rolled out nationally. Several projects are terminated in this process. The first newly developed offers rolled out from the new 'assembly line' were perceived as something special by the staff at Bank Alpha. There was much support for it within the business.

However, throughout the years staff got used to new offer development due to the sheer volume of development activity being undertaken. The development of new offers is now perceived as 'business as usual' by the Bank Alpha staff.

The senior leader is the Head of the UK Cards Division. As such, he reports to the Head of the overall Cards Division (Figure 7.2). The senior leader sits on the Operations Committee of Bank Alpha Group, a strategic decision-making body consisting of the Group Chief Executive Officer and the following two layers of management, that is, all the Heads of the significant divisions.

Figure 7.2

Senior leader Bank Alpha



Source: Field study

In line with the research method proposed in chapter 6, two projects were explored at Bank Alpha: a successful project and a less successful project. The successful project surveyed at Bank Alpha was a credit card reward scheme for card users. The less successful project was a credit card targeted at the DIY enthusiast. The following section discusses each of the two projects in turn by demonstrating the association between the

independent variables, senior leadership style and the '7Ss' and the dependent variable, development success.

7.3.2. Successful project

As mentioned above, the successful project was a credit card reward scheme. It was launched on time, on budget and to specification. The new reward scheme replaced Bank Alphas' old reward scheme. The reward scheme was developed in conjunction with other blue-chip firms in a consortium approach. That is, Bank Alpha, like the other participant firms, developed an individual, stand-alone project. However, the project at Bank Alpha linked into the other projects through advisory boards. These advisory boards, such as the Management Advisory Board or the Advertising Advisory Board, met at regular intervals. That is, they assured coordination amongst all the individual, stand-alone projects.

Although Bank Alpha is an active developer of new offers, the reward scheme project stood out. It was larger and of greater strategic importance than the average development project as it was targeted at all existing Bank Alpha customers as well as at a prospective customer base of 50 percent of the UK adult population. Moreover, most business areas at Bank Alpha, such as Customer Value Management, Internal Communications and Legal and Compliance, contributed to the project's development. Despite its complexity, the reward scheme project was completed on time, on budget and to specification.

Control-oriented senior leadership actions

Overall, it was observed that the senior leader was more intensely involved in the development of the reward scheme than in the average development project. This could be linked to the complexity and strategic importance of the reward scheme project. The level of control-oriented leadership actions was found to be high. In a first instance, the senior leader was involved in setting the goal for the development project. That is, the senior leader managed the initial contact with the partner organisations of the consortium. Further, he decided that that Bank Alpha would develop the reward scheme in conjunction with the consortium. Secondly, the senior leader set broad strategic

objectives for the development project. As such, he specified that the new reward scheme would need to solve the business problems posed by the old reward scheme. The senior leader also suggested that the new reward scheme should be able to attract new customers to buy Bank Alpha's card offers. Thirdly, the senior leader was involved in making and overruling decisions regarding new offer design. Specifically, the senior leader influenced decisions made at lower levels when he cut through legal issues. As such, he decided to accept to take certain risks, which his reports were not willing to take. The senior leader also partly overruled decisions of the Marketing and Customer Value Management departments when he decided that membership in the reward scheme should be offered to all customers as opposed to just high value customers. By doing so, the senior leader overruled some of the original business case assumptions made by the development team.

Fourthly, the senior leader was also involved in project scheduling. Although he did not set checkpoints and milestones for this project, he was involved in determining the launch date. Fifthly, the senior leader was involved in checking on performance. As such, the senior leader led the steering committee of the project. In his role as the Head of the Steering Committee, the senior leader oversaw the development project. He also met with the development team at milestones. That is, he conducted team meetings to evaluate project progress about every six to eight weeks. In addition to these regular, formal updates, the senior leader was also updated on the project's progress either by walking the floor or by regular contact with the Head of New Offer Development. Finally, the senior leader was also involved in the critical review and evaluation of the proposed project. After the senior leader had been approached by the consortium, he commissioned his business to conduct research into the benefits of developing the reward scheme in conjunction with the consortium. The senior leader then reviewed this information and decided that Bank Alpha would indeed opt for the consortium approach. At a slightly later stage, the senior leader signed-off the business case for the proposed project. He also signed off the final launch proposal.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be high. The senior leader was active in all of the support-oriented subcategories. He further provided personal sponsorship capital. Specifically, his involvement looked as follows: Firstly the senior leader provided commitment to the project. He did this by sponsoring this project as an executive sponsor. Moreover, he reportedly invested more personal sponsorship capital into this project than into the average development project. This could be linked to the fact that the reward scheme was a complex and strategically important project. In his role as an executive sponsor the senior leader was involved during the entire project lifecycle, from contract negotiations with the consortium to the launch of the final offer.

Further, the senior leader was involved in external stakeholder management. As such, he actively supported the development team in negotiating and liaising with the partner organisations within the consortium both during initial contract negotiations and during development and launch. In two instances he even personally intervened to help the development team who had reached a 'dead end'. Moreover, the senior leader, together with the Chief Executive, brought a further partner organisation into the consortium. They both knew the Chief Executive of the partner organisation personally, and therefore convinced him of the benefits of joining the consortium. Further, the senior leader was involved in internal stakeholder management. As such, he acted as the liaison between the project and top management by keeping the Bank Alpha Chief Executive as well as the Group Chief Executive updated on project progress. Moreover, the leader was involved in removing blockages lower down in the organisational hierarchy by mediating a conflict between two of his direct reports.

Also, the senior leader was involved in securing financial resources. The development of the reward scheme required a considerable investment (> £100,000). Therefore, the senior leader could not authorise funds to sponsor the project team. However, the senior leader secured the funds from Bank Alpha Group. He achieved this by presenting a business case to the Bank Alpha Group Operating Committee, that is the Group Chief Executive and the next two layers of management. The senior leader did this twice, once

at the beginning of the project and then shortly before launch as the original project objectives had changed slightly over the course of the development. In addition, the senior leader was involved in securing non-financial resources. As such, the senior leader gave this project some priority over other projects. For instance, due to his involvement in re-prioritisation, IT systems could be developed more quickly than otherwise possible. The senior leader also re-prioritised customer communication slots in favour of the project in order to speed up development.

The above section suggested that the level of control-oriented leadership actions was high. The level of support-oriented leadership actions was also found to be high. Due to this combination of actions, the leadership style was found to be ubiquitous. Exploring the case data, it can be concluded that senior leadership style had a considerable impact on performance outcome.

In addition to senior leadership style, additional variables were found to have an impact on development success. Most importantly, *Staff* was found to positively affect the dependent variable. This refers to the project team consisting of experienced members on all hierarchical levels. It also includes the support by the Bank Alpha Chief Executive, the Bank Alpha Group Chief Executive and the contribution of various direct and indirect reports of the senior leader. Specifically, the data indicates the important role of the project leader, a capable and motivated individual, who was responsible for the project's day-to-day management. As such, he heavily assisted the senior leader by deploying a high amount of control-oriented as well as support-oriented leadership actions.

In addition, other secondary independent variables were also associated with development success. For instance, *Structure* was found to have a positive impact. This refers to the team's direct and regular access to the senior leader and the senior leader's role as the Head of the Steering Committee. In addition, the project was characterised by suitable governance structures and advisory boards, linking into partner organisations. Further, *Systems* was found to have a positive impact on development outcome. This relates to pre-specified and well-structured development processes deployed by the

development team, such as the application of regular milestones and business case. *Skills* was another factor, which had a positive impact. Specifically, this refers to superior project management skills. Lastly, *Shared values* also had a positive impact on development success. Firstly, the senior leader and project leader shared the same vision for the project. Moreover, the entire organisation knew of the importance of the project and the support given by the senior leader along with the Bank Alpha Chief Executive and the Bank Alpha Group Chief Executive. There was also deliberate and successful involvement of all staff achieved by a targeted internal communications campaign.

7.3.3. Less successful project

This section explores the less successful project at Bank Alpha, which was terminated after the market test phase. As mentioned before, the less successful project developed at Bank Alpha is a credit card targeted at the DIY enthusiast. The DIY card was a hybrid between a credit card and a loan. As such, it served as a means of payment (credit card). Moreover, there was a pre-agreed level of spending for the duration of the contract between the customer and Bank Alpha (loan). As opposed to the reward scheme, the successful project, the DIY card was an average development project. As such, it was one of the 300 new offers that Bank Alpha develops and pilots every year. The project was developed and subsequently market-tested. As the DIY card received lower than average test results, the project was terminated after the pilot test phase. The following section explores the relationship between the variables. The discussion begins with the primary independent variable, senior leadership style.

Control-oriented senior leadership actions

Overall, the senior leader was not involved in this project as heavily as he was in the successful project. This could be linked to the fact that the DIY card project was a project of merely average importance. The senior leader does not see it as his responsibility to get heavily involved in the development of the average project. So what leadership style did the senior leader deploy? The level of control-oriented leadership actions was found to be low. As such, the senior leader did not get involved in setting the goal for this project. His involvement was restricted to setting the goal for the overall new offer

development programme, that is, to develop several new offers every two months. In this context, the project team developed the concept of the DIY card. Similarly, the senior leader was neither involved in making nor in overruling decisions regarding new offer design. He was neither involved in project scheduling. Moreover, the senior leader hardly checked on the performance of the DIY card development project. He only reviewed this project in the context of the overall programme. As the test result of the DIY card offer lagged behind the ones of other offers, the senior leader acknowledged that the offer was "not very popular with customers". Marketing funds are limited to rolling out the strongest pilot test performers. Therefore, the DIY card project was terminated after the pilot phase due to the lack of funds. However, it was the project team, project leader and Head of New Offer Development who took this decision. The senior leader was not involved in it.

Support-oriented senior leadership actions

The level of support was found to be low. That is, the leader did not get involved at the project level. Firstly, the senior leader was admittedly not committed to the project. For instance, he decided not to act as an executive sponsor for this project as it was neither big nor strategically important. The senior leader does neither want to, nor has time, to sponsor every project. He believes that this is the job of more junior leaders. Further, the senior leader neither got involved in internal stakeholder management nor in external stakeholder management. In addition, the senior leader was not involved in securing financial resources. He neither made funds available from his own budget to market the DIY card nationally nor did he secure funding from the Group Operating Committee to do so. Similarly, the senior leader was not involved in securing non-financial resources.

The last section suggested that the level of control-oriented leadership actions was low. The level of support-oriented leadership actions was also found to be low. For this reason, the senior leadership style deployed for the DIY card project is reclusive. However, style of the senior leader is only to a certain extent associated with the project outcome. The senior leader suggested that had he wanted to see this project succeed, he could have stepped in to 'save it'. As such, he could have offered a higher level of

support to the project team by securing funds to market it nationally. However, the senior leader decided not to do so as there were more promising projects in the pipeline that deserved the funds for a national marketing campaign. This statement was confirmed by other informants.

Further, some of the secondary independent variables had an impact on development outcome. Specifically, *Staff* affected the dependent variable. That is, the project leader, responsible for day-to-day management, was reluctant to enlist the help of the senior leader to obtain funds, assuming that the project was not important enough to trouble the senior leader. Moreover, as the project was just one of many in the development pipeline, the project leader admittedly did not perceive the need to push the project in order to press for results.

In addition, *Strategy* was associated with lesser development success. As such, Bank Alpha admitted that the offer proposition could have been stronger by involving a third party with a strong brand name in the DIY industry, such as Home Depot. This could have led to more convincing market testing results. Further, *Structure* also had an impact on development outcome. This refers to the project being removed from the senior leader as he did not lead the Steering Committee. Moreover, the DIY card project did not involve any senior decision-makers on a day-to-day basis. In addition, *Systems* had an impact on development success. This specifically relates to the programme level. As Bank Alpha pilots roughly 300 offers annually and only allocates marketing funds to the strongest performers, less promising projects will not be allocated funds. Lastly, *Shared values* also had an impact on the dependent variable. Due to the strong overall new offer development programme, there is a perception among staff that it is acceptable for an individual project to be less successful or even get terminated. Many offers are market-tested and therefore some offers are bound to receive worse pilot results than others.

7.3.4. Impact on propositions

The Bank Alpha case had the following impact on the propositions: Proposition 1 was weakened as the reclusive style was associated with lesser success. Conversely,

Proposition 2 was strengthened because the ubiquitous leadership style was associated with development success. Further, no conclusions could be drawn about Propositions 3 and 4 since neither the controlling nor the supporting style were deployed.

7.4. Bank Beta

7.4.1. Background information

The second case studied for the purpose of this thesis is the Bank Beta case. Bank Beta is a large UK bank. At Bank Beta, the propositions were explored in the Business Banking Division. The Business Banking Division will henceforth be referred to as Bank Beta. The overall Bank Beta Group will be referred to as Bank Beta Group. UK business banking is a saturated and mature market. There is limited scope to grow market share. Moreover, Bank Beta faced criticism from the Competition Commission Enquiry into small business banking in the early 2000s as Bank Beta has a considerable market share (Cruickshank, 2000). Although Bank Beta had been launching a reasonable number of new offers during the past few years, there is no culture of continuous innovation. Bank Beta has a new offer development department with designated project managers and established reporting lines to the senior leader. When developing new offers, Bank Beta follows a standardised new offer development process with regular milestones, where project progress is evaluated against objectives.

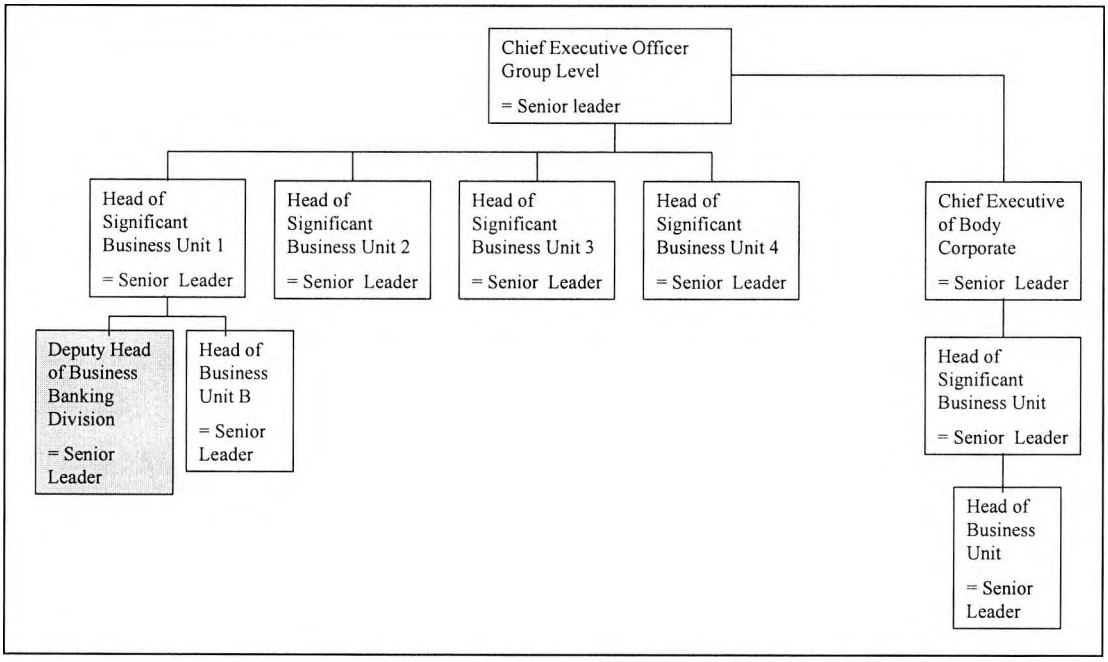
The senior leader is the Deputy Head of the Business Banking Division. As such, he reports to the Head of the Business Banking Division (Figure 7.3). The Head of the Business Banking Division reports to the Chief Executive of Bank Beta Group. The senior leader sits on the Business Banking Board, a decision-making body comprised of the Head of the Business Banking Division, the senior leader and the peers of the senior leader. The Business Banking Board is responsible for strategic decision-making in the context of the Business Banking Division.

Two projects were explored in the context of the Bank Beta case: a successful project and a less successful project. The successful project surveyed at Bank Beta was Project Blue, a suite of new business banking accounts. The less successful project surveyed at Bank

Beta was an e-banking offer. The following section discusses each of the two projects in turn, demonstrating the association between the independent variables, senior leadership style and the '7S' and the dependent variable, development success.

Figure 7.3

Senior leader Bank Beta



Source: Field study

7.4.2. Successful project

Project Blue, the successful project, was launched on time, on budget and to specification. Project Blue consisted of two new accounts for small business customers. One of the offers was an innovative current account for businesses. The second offer developed under the Project Blue umbrella was a savings account. The value proposition of the savings account is that Bank Beta credits money to the savings account provided the account maintains a certain balance. The background of Project Blue was the need for quick wins in light of the remedies imposed on Bank Beta by the Competition Commission as well as a desire by customers and staff for new products. The following section explores the senior leadership style deployed for Project Blue. It first discusses

control-oriented leadership actions and then focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented actions was found to be high. Firstly, the senior leader was involved in setting the goal for the project. For instance, in the beginning of 2001, the senior leader together with the Business Banking Board agreed to a medium to long-term strategy regarding the business banking offer range. Together with the remedies imposed by the Competition Commission, this formed the background for Project Blue. The senior leader then communicated to the Head of New Offer Development that he needed some new, fresh offers in the small business market space and spoke about the imperatives Small Business Banking was facing. Moreover, the senior leader set the project objectives to be achieved and communicated to the Head of New Offer Development the top three offers that the senior leader wanted the business function to develop, such as a simpler version of the regular savings account as offered by the retail business of Bank Beta.

Moreover, the senior leader was involved in making and overruling decisions regarding new offer design. As mentioned above, the senior leader was involved in generating the actual product idea. For instance, at the beginning of the project, the senior leader told the team to develop a fact base. Once the team had conducted research and developed a fact base, they reported potential offers to be developed to the senior leader. The senior leader then told the team, which option he preferred. He further stressed the need for simplicity of the customer proposition and insisted on a business case and sales projections. The senior leader was also involved in project scheduling. He agreed to the milestones and launch date set by the team. Besides, he told the team they had to meet the launch date 'come hell or high water'.

Further, the senior leader was involved in checking on performance, both formally and informally. In the context of formal updates, the senior leader met with the Head of New Offer Development and project team at regular milestones to review progress. In

addition, the senior leader, together with the other stakeholders, received a monthly stakeholder report. This was a two-page summary outlining key milestones against what had been achieved to date. It also listed problem areas that needed to be addressed. Moreover, three weeks before launch, the Head of New Offer Development together with the team presented the final offer design to the senior leader and Business Banking Board. Informal updates consisted on informal discussions about project progress between the Head of New Offer Development and the senior leader. The leader was also involved in the critical review and evaluation of the proposed project. As the business case requires support from all stakeholders and particularly the business area, the senior leader was consulted and subsequently agreed to the development of Project Blue. Moreover, the senior leader, together with the Business Banking Board, signed-off both the development team's proposals as well as the high-level business case. Moreover, the senior leader, together with the Business Banking Board, oversaw and signed-off the final launch proposals.

Support-oriented senior leadership actions

The level of support-oriented leadership actions were found to be low. Although the leader was supportive of the project and showed interest, there is no evidence of him deploying any personal sponsorship capital. As such, he did not go out of his way "to make things happen". His support-oriented actions towards the team occurred mostly in the context of the overall new offer development programme. At one stage, the leader even had concerns about the project when he was made accountable for the project outcome in the context of the Competition Commission Enquiry by the Head of the Business Banking Division. Moreover, the senior leader's involvement in internal stakeholder management was limited to updating the Business Banking Board on the project's progress. For instance, it was the Head of New Offer Development who approached and managed the relationship with the brand consultancy, which assisted Bank Beta in the concept stage of Project Blue. The senior leader was not involved. The senior leader was neither involved in approving nor in securing financial resources as the Head of New Offer Development could authorise funding himself. In similar vein, the senior leader was not involved in securing non-financial resources.

The discussion on the senior leadership style in the successful project asserted that the level of control-oriented leadership actions was high. Conversely, the level of support-oriented leadership actions was found to be low. For this reason, the senior leadership style deployed for Project Blue is controlling. According to the propositions described in chapter 5, a controlling leadership style is proposed to be associated with lesser development success. This was not the case. Although there is some association between the two variables, such as the senior leader ensuring that the project was delivered on time, on budget and to specification, some of the secondary independent variables also had an impact on development success. Specifically, the data reveals the importance of *Staff*. That is, the project was associated with a highly capable and motivated Head of New Offer Development who was responsible for the day-to-day management of the project. He went out of his way to support the project by organising a constructive and fun 'brainstorming away-day', soliciting help from a brand consultancy, organising financial and non-financial resources and generally creating a culture, which encouraged the new offer development process. As such, the Head of New Offer Development mainly focused on support-oriented leadership actions.

Moreover, *Structure* had a positive influence. Specifically, the existence of a new offer development function, which had a formal and direct reporting relationship to the senior leader, was found to be beneficial. Further, *Systems* was also associated with development success. In particular, this refers to a detailed development process including clearly defined development phases, milestones and a business case. *Skills* was also associated with the dependent variable. This refers to internal skills, that is, high-quality research and project management skills. It also refers to external skills, such as the management of idea generation, concept development and workshop facilitation. Lastly, *Shared values* was also associated with development success. This refers to the desire of the Head of New Offer Development and team to be active offer developers and to be perceived as such.

7.4.3. Less successful project

The less successful project observed at Bank Beta is the development of an e-banking offer for small business customers. The background of this project was the desire to generate revenue outside of the core business banking market. The UK business banking market is relatively saturated and there is limited scope for growth. Thus, in line with most UK banks, Bank Beta decided to capitalise on the opportunities offered by the Internet. The e-banking offer was launched with a severe delay. The following section explores the senior leadership style deployed for the development of this project. First, control-oriented leadership actions are discussed. Then, the focus shifts to support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. Senior leader involvement in goal setting was limited. Although the senior leader identified the need to generate revenue outside the core-banking sector, he was not involved in setting the goal for the actual development project. Senior leader involvement in making and overruling decisions regarding new offer design was limited to the beginning of the project. The senior leader, together with the Business Banking Board, decided to create a separate sub-unit for the e-banking offer and to organise a separate project office for the development team. However, the leader was not involved in any decision-making regarding the customer proposition or the design of the new offer. Neither was the senior leader involved in project scheduling. It was only when the development of the e-banking offer got delayed that the leader wanted to know when the team would be able to complete the project. Further, the leader did not regularly check on performance of the project. Besides, his involvement in critical review and evaluation of proposed projects was limited. As such, senior leader involvement was restricted to signing off the inception business case, as well as the business case.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be high. The leader was highly committed to the project. At the beginning of the e-banking offer project, it was

the "baby" of the senior leader as it represented an opportunity to generate significant revenue outside of the core business banking market by participating in the Internet boom. Moreover, the senior leader was involved in managing external stakeholders. For instance, during the conception phase, when the team deliberated about possible on-line strategies, the senior leader supported the negotiation team in discussions with Internet providers. The senior leader was also involved in internal stakeholder management. As such, he communicated to the business that the development of the e-banking offer was a strategic priority and should be treated as such. Moreover, the senior leader managed the relationship between the project team and the Business Banking Board. As such, he kept the Head of Business Banking and his peers updated about the progress of the project. In addition, the senior leader was also involved in securing financial resources. In particular, he authorised funds for development twice, one time at the inception business case stage and the other time at the business case stage. Furthermore, the senior leader was involved in securing non-financial resources. He ensured that the creative e-banking offer team received a separate project office. He further allocated highly skilled staff to work on the e-banking offer project team.

The above discussion asserted that the level of control-oriented leadership actions was low. Conversely, the level of support-oriented leadership actions was found to be high. This combination results in a supportive leadership style. The case exploration suggested that there is a positive association between senior leadership style and project success. Further, some of the secondary independent variables also had an impact on development success. For example, *Staff* was found to have an impact on project outcome. In particular, the project leader, responsible for the day-to-day management of the project, had just recently joined the bank and was not adept with the development procedures of a large organisation. Coming from a small, highly entrepreneurial firm he was very innovative, creative, committed and enabling but had a tendency to reject formalised control mechanisms and standardised quality controls. Also, he insisted on taking sole responsibility for the project, and as such was reluctant to accept 'interference' by the senior leader. Only after the project had encountered several quality-related drawbacks, suffering a delay of three weeks, the project manager reluctantly contacted the senior

leader for assistance. Therefore, the project leader exhibited a high level of support-oriented actions, but a low level of control-oriented leadership actions towards the project team.

In addition, *Structure* had an impact on development success. This refers to the team sitting in a separate office and thus being removed from the senior leader, both in a physical as well as a non-physical sense. *Systems* had a further impact on development success. The case exploration suggested that the development process did not follow a standard format. As such it lacked adequate milestones and effective project planning. Lastly *Shared values* was also associated with project outcome. The e-banking offer subunit developed a subculture different from the rest of Bank Beta. That is, the fast-moving e-banking offer development team did not understand the benefits of following the lengthy Bank Beta project management method. They also did not appreciate the benefits of producing sales forecasts and a business case.

7.4.4. Impact on propositions

The impact on propositions was as follows: No interferences could be drawn about Propositions 1 and 2 as neither the reclusive nor the ubiquitous leadership styles were deployed. Proposition 3 was weakened as the controlling style was related to new offer development success. Conversely, Proposition 4 was strengthened because the supporting leadership style was linked to lesser success.

7.5. Bank Gamma

7.5.1. Background information

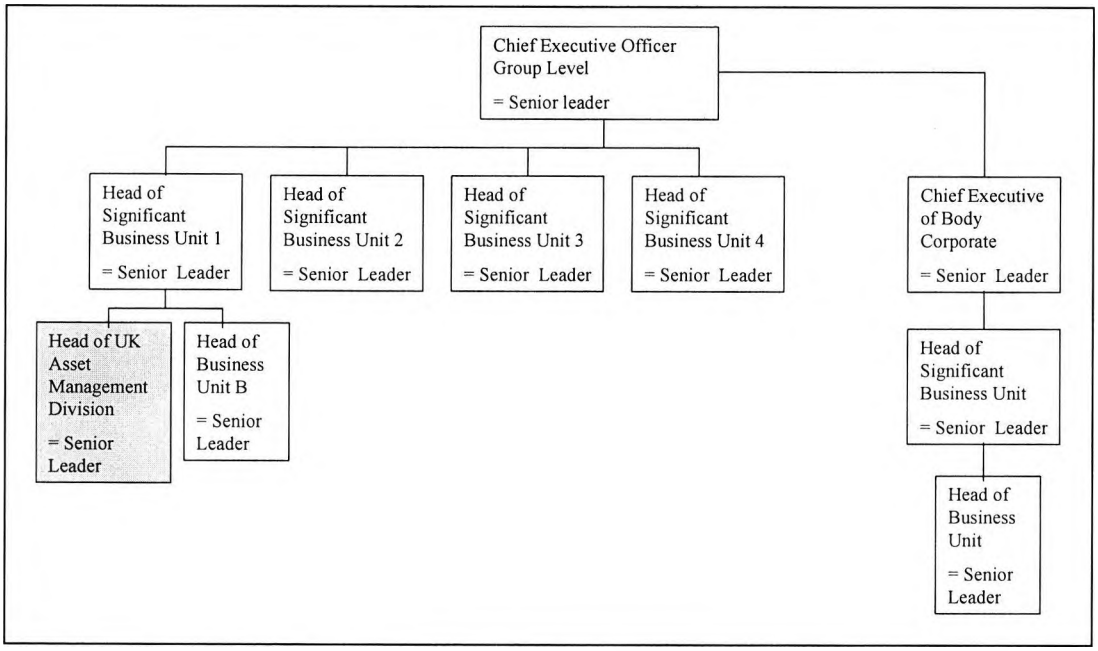
The third case studied for the purpose of this thesis is the Bank Gamma case. At Bank Gamma, the propositions were explored in the context of the Asset Management Division. The Asset Management Division will henceforth be referred to as Bank Gamma. The overall group, to which the Asset Management Division belongs, will be referred to as Bank Gamma Group. Bank Gamma is an active innovator with a history of new offer development in the asset management sector. As new offer development is important to Bank Gamma, the Division does have a separate 'think tank' conducting

research into fund structuring and general investment issues. This think tank splits into a small core group and a virtual global research team consisting of 50 members.

The senior leader investigated for this project is the Head of UK Asset Management (Figure 7.4). He reports to the Global Head of the Asset Management, who in turn reports to the Global Chief Executive. Although the senior leader carries the title of Head of UK Asset Management, the case exploration revealed that his role is relatively hands-off and resembles somewhat that of a Chairman.

Figure 7.4

Senior leader Bank Gamma



Source: Field study

Two projects were explored in the context of the Bank Gamma case: a successful project and a less successful project. The successful project observed at Bank Gamma was the development of a new hedge fund. The less successful project was an index fund. The following section discusses each of the two projects in turn, demonstrating the association between the independent variables, senior leadership style and the '7S' and the dependent variable, development success.

7.5.2. Successful project

As mentioned above, the successful project developed at Bank Gamma was a hedge fund. It was launched on time, on budget and to specification. This hedge fund was the first in a planned series of hedge funds targeted at UK and continental investors. The underlying investment strategy is the market neutral strategy. The aim of the market neutral strategy is to provide investors with consistent absolute returns independent of market movements. In addition, this hedge fund also opened up a new distribution channel. The development project was completed on time, on budget and to specification. The following section explores the senior leadership style deployed for the hedge fund project. In a first step, control-oriented leadership actions are explored. In a second step, the discussion focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. First, the senior leader was not involved in setting the project goals. Moreover, the senior leader did neither make nor overrule decisions regarding new offer design. In addition, the senior leader was not involved in project scheduling. That is, he neither set milestones or launch date, nor did he approve them or was asked to approve them. Similarly, the senior leader did not regularly check on project performance. Further, senior leader involvement in critical review and evaluation of the proposed project was limited to him approving it twice. There was an initial informal approval when the senior leader, together with many other opinion leaders, was approached by the project leader, an internal entrepreneur. This informal stakeholder approval is accepted practice at Bank Gamma. It took place about six months before any development effort started. In a second step, the senior leader, together with the Chief Investment Officer, signed off the business case. This was a dual sign-off process as both the business side (senior leader) and manufacturing side (Chief Investment Officer) needed to approve the proposed development project. With their signatures the senior leader and Chief Investment Officer confirmed that the project was feasible to develop as well as worth the investment.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be low. Although the senior leader was made aware of the development project by the project leader, he decided not to invest any personal sponsorship capital. As such, the senior leader did neither feel committed to the project nor did he feel terribly comfortable with the offer idea. By signing off the business case, the senior leader was effectively saying that he was not going to get in the way of the development effort as opposed to him positively buying into the project. Moreover, senior leader involvement in external stakeholder management was limited to the assistance in obtaining seed capital. In this context, the senior leader spoke to high-profile clients and so promoted the fund. However, he was not successful. Further, the senior leader was not involved in internal stakeholder management. The project leader, assisted by a more senior project sponsor, dealt with internal stakeholder management instead. In addition, the senior leader was neither involved in securing financial resources nor in securing non-financial resources.

The last section suggested that the level of control-oriented leadership actions was low. Similarly, the level of support-oriented leadership actions was found to be low. For this reason, the leadership style is reclusive. The case exploration suggested that there is limited association between senior leadership style and project outcome. However, some of the secondary independent variables had an impact on development outcome. Most notably, *Staff* had an impact on development success. The project leader, an internal entrepreneur, conceived the idea, secured buy-in from the senior leader as well as other senior managers, planned and supervised the development activity and generally "pushed hard" for the development project to happen. As such, he managed a small team of dedicated specialists. In his leadership task the project leader was minimally assisted by a more senior project sponsor. Moreover, *Skills* was positively associated with the development outcome. Specifically, this refers to technical expertise and project management skills.

7.5.3. Less successful project

As mentioned above, the less successful project explored at Bank Gamma was the development of a multinational index fund. Multinational index funds group equities into different categories. That is, equities are grouped according to industry as opposed to national economy. This technique makes these categories easier to forecast, simply because they are more homogenous within each category and more different across categories. This was an intellectual innovation as opposed to a pure new customer proposition. The project was neither finished on time nor to specification. The following section explores the senior leadership style deployed for the multinational index fund project. It first discusses control-oriented leadership actions and then focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. First, the senior leader was not involved in setting the goal for the project. Moreover, the senior leader was neither involved in making nor in overruling decisions regarding new offer design, as his involvement was limited to the programme level. In addition, the senior leader was not involved in project scheduling. That is, he neither set milestones and launch date, nor did he approve them. In similar vein, the senior leader was neither regularly updated about the project's progress nor did he request to be regularly updated. The senior leader was to a certain extent involved in the critical review and evaluation of the proposed project. As such, he approved the project twice. There was an initial informal approval of the offer idea. The senior leader, together with other key stakeholders, was approached by the project leader in the context of generating general positive groundswell for the project. In a second step, the senior leader, together with the Chief Investment Officer, signed off the business case. This is a dual, standardised sign-off process, since both the business side (senior leader) and the manufacturing side (CIO) need to approve the proposed development. By signing off the business case the senior leader and the CIO confirm that the project is a worthwhile investment and that the Division has the capabilities to develop it.

Support-oriented senior leadership actions

The level of support was found to be low. As such, senior leader commitment to the project was limited. Although he heard about the project idea directly from the project leader, the senior leader did not provide personal sponsorship capital. However, the senior leader was to a certain extent involved in external stakeholder management. He was engaged in a "soft way", that is by adopting a public relations and marketing role. As such, he talked to clients about the new offer and dropped bits and pieces during lunchtime conversations with important clients. Conversely, the senior leader was not involved in internal stakeholder management. Further, the senior leader was neither involved in securing financial resources nor in securing non-financial resources.

The last section suggested that the level of control-oriented leadership actions was low. In similar vein, the level of support-oriented leadership actions was also found to be low. For this reason, the leadership style is characterised as reclusive. The case exploration suggested that there is limited association between senior leadership style and project outcome. However, some of the secondary independent variables had an impact on lesser development success. Specifically, *Staff* had a negative impact on project outcome. This mostly refers to the project leader. Although he had been involved in new offer development before, he had never been in charge of managing a development project. As such, he reportedly underestimated the importance of project control mechanisms. This resulted in a launch delay. In addition, *Systems* was associated with project outcome. *Systems* specifically refers to the unstructured development process that was deployed in this project. Lastly, *Skills* had an impact on the dependent variable. There was a lack of necessary project management skills during the development phase.

7.5.4. Impact on propositions

The impact on propositions is as follows: Proposition 1 was both strengthened and weakened by the data pattern. That is, the reclusive leadership style was associated with development success in the first project. Conversely, the reclusive style was linked to lesser success in the second project. Further, no inferences could be drawn about

Propositions 2, 3 and 4 as the senior leader did not apply the ubiquitous, controlling and supporting styles.

7.6. Bank Delta

7.6.1. Background information

The fourth case studied for the purpose of this thesis is the Bank Delta case. The Retail Division of Bank Delta was selected to explore the propositions. The Retail Division will henceforth be referred to as Bank Delta. Consequently, the whole Bank Delta Group will be referred to as Bank Delta Group. Bank Delta provides a full range of personal financial services. Bank Delta is an active offer innovator. However, the main type of new offer development conducted at Bank Delta is of incremental nature. In 1998, Bank Delta conducted a 'best in practice' review on offer development to benchmark itself against its competitors. Based on the outcome of this review, Bank Delta changed its development process. It is now characterised by regular milestones and a business case.

The senior leader of Bank Delta was the Head of Retail Division (Figure 7.5). The senior leader reports to the Chief Executive Officer. The successful project surveyed at Bank Delta is the new overdraft pricing offer. The less successful project explored is a new credit card offer. The following section examines the relationship between the independent variables, senior leadership style and the '7S', and the dependent variable, development success.

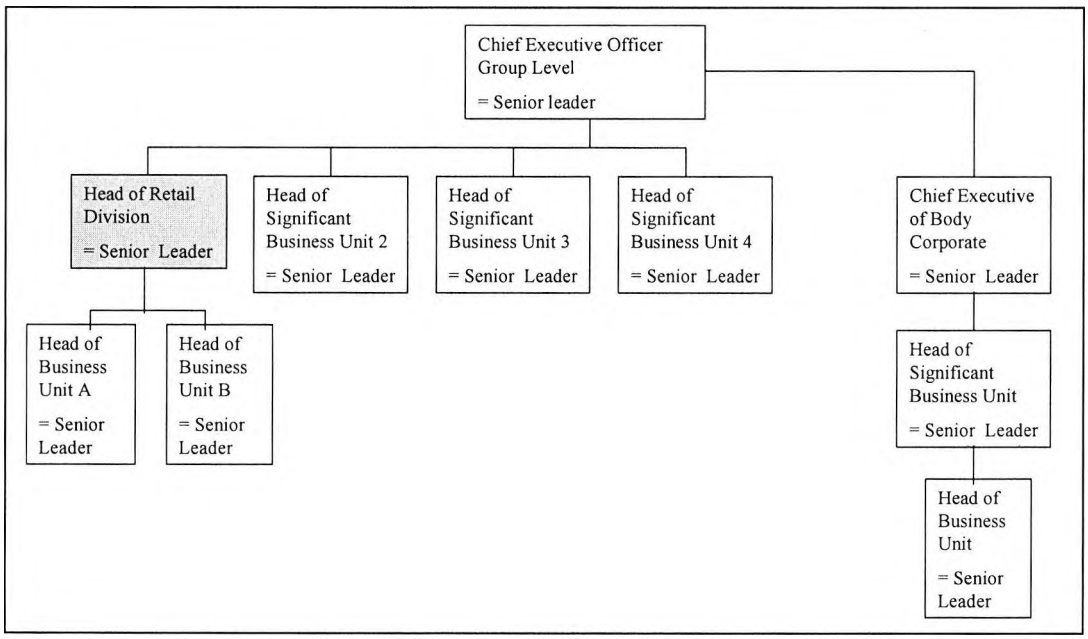
7.6.2. Successful project

The successful project surveyed at Bank Delta is the new overdraft pricing offer, launched on time, on budget and to specification. This is a new offer proposition to personal customers, where overdraft pricing is structured in a different, more customer-friendly way then before. The main focus of this offer development was getting the customer proposition right. The project was developed slowly under the care of a project leader. At the beginning of the project, the project leader analysed customer overdraft spending patterns without being aware that this would lead to a major new offer development project. It was only during the course of this analysis and in conversation

with the senior leader and other top managers that the objective of the development project crystallised. Overall, the senior leader was involved much more closely in this project that in the average development project due to the size and scope of the development. The following section explores the senior leadership style deployed in greater depth. In a first step, the discussion focuses on control-oriented leadership actions. Consequently, the support-oriented leadership actions are explored.

Figure 7.5

Senior leader Bank Delta



Source: Field study

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be high. Firstly, the senior leader was involved in goal setting. As soon as the senior leader was informed about the existence of the project by the project leader, he started to get involved by setting strategic objectives. Once the senior leader had helped the project leader to formulate an offer concept, the senior leader decided to involve the Chief Executive as well. This decision was taken on the basis of the project's size and scope. During the course of three long meetings involving the project leader, the senior leader, the Chief Executive and

other top management members, the broad strategic objectives for the project were shaped. Moreover, during implementation, when the development team wanted to change some elements of the offer, the senior leader decided that the development team was to adhere to the original project objectives.

The senior leader was further involved in making and overruling decisions regarding new offer design. For instance, during conception phase, the senior leader helped the project leader to put a streamlined customer proposition together. In this context, the senior leader met with the project leader in a series of semi-formal meetings. During these meetings, the senior leader provided detailed feedback and made suggestions for improvement regarding new offer design. This process continued until the senior leader was pleased with the concept. At a second stage, after the senior leader had decided to involve the Chief Executive, there were three lengthy meetings attended by the top team as mentioned above. During these meetings, the customer proposition was again re-shaped to fit with the strategic priorities of the business. However, the senior leader, Chief Executive and Chief Operating Officer did not tell the project leader what to do, they told him what was important. At one of these meetings, the senior leader together with the other top management team members, further decided to market-test the offer proposition. In addition, the senior leader was involved in project scheduling. Together with the Chief Executive, Chief Operating Officer and project leader, the senior leader set the launch date for the project. However, the senior leader was not involved in setting the milestones.

Moreover, the senior leader was involved in checking on performance. Once the project leader had approached the senior leader with the offer idea, the project leader regularly updated the senior leader on project progress, both formally and informally. These updates were most frequent during the second half of the conception phase and the development phase. The senior leader was further approached on ad-hoc basis whenever problems arose. Further, the senior leader was involved in the critical review and evaluation of the proposed project. As such, the senior leader informally approved the

project when the project leader approached him with the idea. At a later stage, the senior leader formally signed off the business case and launch proposal.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be high. First, the senior leader was committed to this project as it affected the entire personal customer base. He invested personal sponsorship capital by devoting considerable time to the project. As there were no important external stakeholders involved in this project, the senior leader did not get involved in external stakeholder management. However, the senior leader was involved in internal stakeholder management. For instance, the senior leader decided that the project should come to the attention of the Chief Executive. Therefore, the senior leader set up a number of meetings with the Chief Executive where the project leader had a chance to present the offer concept. Moreover, once development had been agreed, the senior leader prepared a note to the entire top management team to communicate project priority, Chief Executive buy-in and to solicit understanding for possible disruptions. In another instance, the senior leader met with his top management colleagues to discuss a potential joint offer proposition including all divisions of Bank Delta Group. As such, the senior leader backed-up the project leader who had not been able to reach a successful conclusion with the other Heads of Division. In addition, the senior leader also supported the project leader during the implementation phase when the project team wanted to alter some elements of the offer proposition and the project leader did not agree.

Moreover, the senior leader was involved in securing financial resources. As such, he authorised funds for the development of the project. In addition, during implementation phase the senior leader made additional funds available. Similarly, the senior leader was involved in securing non-financial resources. As the project had not been in the annual plan, it did not have an allocated IT systems development slot. The senior leader, together with the Chief Operating Officer, re-prioritised IT slots in favour of the development project.

The last section suggested that the level of control-oriented leadership actions was high. In similar vein, the level of support-oriented leadership actions was found to be high. For this reason, the leadership style is ubiquitous. The case exploration suggests that senior leadership style had a positive impact on development success. Further, some of the secondary independent variables had an impact on development success. The analysis of the data revealed the importance of *Staff.* As such, the project was led by a dedicated project leader, an internal entrepreneur, who developed the concept, secured senior-leader buy-in, oversaw the development of the new offer and was ultimately responsible for the project's successful conclusion. As this was a complex development, the project leader was further assisted by a more junior, technical project manager during the implementation phase. In addition, the project was associated with a supportive top management team including the Chief Executive and Chief Operating Officer.

Moreover, S*tructure* was positively related to development outcome. Specifically, this relates to the project leader having regular access to senior leader, Chief Executive and other top management team members. Moreover, *Systems* also had a positive impact on development success. This refers to the effective project development process, which was employed from start to finish of the project and included milestones and a business case. Furthermore, *Skills*, such as high quality project management skills and technical expertise, had an impact on development success. *Shared values* was also found to be positively associated with the development outcome. This refers to the understanding that the project was a strategic priority for the business and important to senior leader and Chief Executive.

7.6.3. Less successful project

As mentioned above, the less successful project explored at Bank Delta was the development of a new credit card offer. The offer contained a card fee, an attribute, which existing Bank Delta cards did not have before. At the time, the cards area of Bank Delta was not generating optimal profits. For this reason, there was pressure to launch an offer, which would contribute significantly to revenues. The project leader and development team did not buy into the customer proposition. Therefore, the project

leader and the senior leader could not agree on the best way forward. The senior leader rejected the first five concepts generated by the team. Concept number five was ground to a halt two days before launch. As a consequence, the final offer (concept number six) was launched with a severe delay. The following section explores the senior leadership style deployed for the new credit card offer. It first discusses control-oriented leadership actions and then focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be high. First, the senior leader was involved in goal setting. As such, the senior leader set the strategic objective of introducing a new type of credit card that would generate more money than existing credit card offers. Moreover, the senior leader was involved in making and overruling decisions regarding new offer design. As the leader of the steering committee, the senior leader was involved in setting the customer proposition. In this context, the senior leader suggested that the new offer should be a credit card with an annual fee. Moreover, the senior leader was involved in project scheduling. As such, the senior leader, together with the steering committee, set the launch date. Moreover, he agreed to the milestones.

In similar vein, the senior leader was involved in checking on performance. This took place both formally and informally. In the formal sense, the senior leader was updated on project progress at milestones. In addition, the senior leader was in frequent informal contact with the project leader. The frequency of informal contact increased shortly before the planned launch of proposition five. For example, the senior leader called the project leader after work to enquire whether it would be sensible to go ahead with the proposed launch. Moreover, the senior leader was involved in the critical review and evaluation of the proposed project. Specifically, the senior leader reviewed and rejected the first three offer propositions. He then approved proposition four and signed off the business case. However, he stopped it before launch. A similar scenario happened with proposition five. The senior leader then accepted proposition six, signing off the business case and launch proposal.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be low. Firstly, the senior leader got involved in the project because it had massive financial implications and affected the majority of the customer base. However, commitment to the project in terms of positive buy-in and sponsorship capital was limited. As such, the senior leader did not support the project leader and team in what they felt was the best way forward. Specifically, the senior leader went against the informed recommendations of his team because he was under pressure to generate income. As a consequence, the senior leader and team had a difficult working relationship. Further, the senior leader was neither involved in external stakeholder management nor in internal stakeholder management. Conversely, he was involved in securing financial resources. Specifically, he authorised funding to develop new offer propositions. Similarly, he was involved in securing non-financial resources by assisting the project leader in securing an IT systems development slot for concept number six.

The above section suggested that the level of control-oriented leadership actions was high. Conversely, the level of support-oriented leadership actions was found to be low. This leads to a controlling leadership style. The case exploration suggested that senior leadership style had a negative impact on project performance. The senior leader, pressured by the need to generate income, insisted on a fee-based card offer despite strong reservations of the project leader and team. Further, some of the secondary independent variables also had an impact on development outcome.

Most importantly, this refers to *Staff*. As mentioned before, the project leader and team had a difficult working relationship with the senior leader. Although they understood the pressure the senior leader faced, the team and particularly the project leader felt strongly against the project goals and customer propositions advocated by the senior leader as market research and customer feedback had highlighted that it may not be the best way forward. As a consequence, the team, led by the project leader, took the initiative to formulate several alternative customer propositions and offer concepts, all of which were rejected by the senior leader as they were not in line with his requirements. Whilst the

project leader devised these alternative courses of action with the best of intentions, he reckons with hindsight that this contributed to the launch delay. Moreover, *Strategy* had a negative impact on development success. As the senior leader and team had second thoughts about the offer proposition, the development effort was ground to a halt twice shortly before launch, which caused a delay. Lastly, *Shared values* was also associated with development outcome. In particular, the project leader and team did not buy into the vision of the senior leader. That is, the primary objective of the senior leader was to generate high returns on investment, whereas the project leader aspired to create a highly innovative offer. This aggravated the situation between the senior leader and project leader/team and contributed to the launch delay.

7.6.4. Impact on propositions

The impact on propositions was as follows: No conclusion could be drawn about Proposition 1 as the reclusive style was not deployed. Proposition 2 was strengthened because the ubiquitous leadership style was associated with development success. Conversely, Proposition 3 was strengthened. That is, the controlling leadership style was associated with lesser success. Further, no inferences can be made regarding Proposition 4 as the senior leader did not apply the supporting style.

7.7. Bank Epsilon

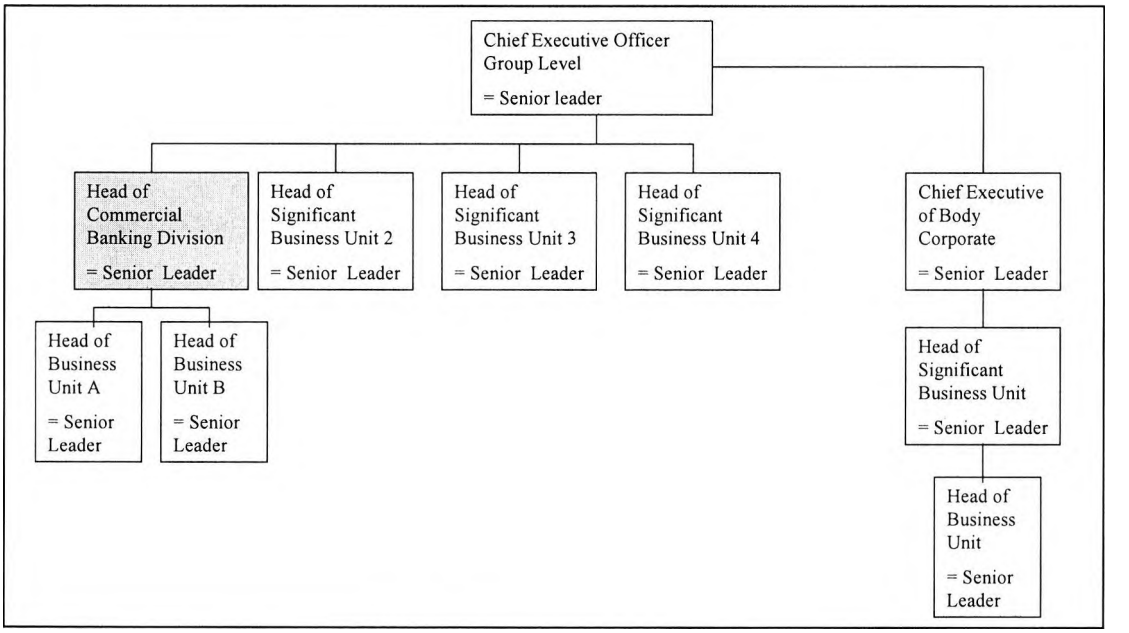
7.7.1. Background information

The fifth case explored for the purpose of this study is the Bank Epsilon case. At Bank Epsilon, the propositions were examined in the Commercial Banking Division. The Commercial Banking Division of Bank Epsilon is henceforth referred to as Bank Epsilon. The entire Group is referred to as Bank Epsilon Group. Bank Epsilon provides offers to small and medium-size enterprises. Bank Epsilon do neither have a budget for offer development nor a dedicated development function. However, they have a function of dedicated project managers to lead new offer development projects. When the case study was conducted, Bank Epsilon's respondents stressed that they approach new offer development as the development of new customer propositions rather than the development of off-the-shelf products.

The senior leader of Bank Epsilon is the Head of the Commercial Banking Division (Figure 7.6). As such, he reports to the Chief Executive Officer of Bank Epsilon Group.

Figure 7.6

Senior leader Bank Epsilon



Source: Field study

In line with the research method outlined in chapter 6, two projects were explored in the context of the Bank Epsilon case: a successful project and a less successful project. The successful project surveyed is the development of a suite of new small business banking offers. Similarly, the less successful project examined is the development of a new offer targeted at small business banking customers. The following section explores the relationship between the dependent variable and the independent variables, senior leadership style and the '7S'.

7.7.2. Successful project

As mentioned above, the successful project surveyed at Bank Epsilon is the development of a suite of new small business banking offers. It was completed on time, on budget and to specification. This development project is a consequence of the Competition

Commission Enquiry (CCE) into small business banking in the UK, which was conducted by the Office of Fair Trading (OFT). After completing their investigation, the OFT imposed remedies on Bank Epsilon and the other UK banks (Cruickshank, 2000). Overall, the senior leader was more involved in this development project than in the average development project due to its size, scope and external pressure. The following section explores the senior leadership style deployed. First, the discussion focuses on control-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be high. Firstly, the senior leader was involved in goal setting. For instance, the senior leader set the project goal, which was to comply with the remedies imposed by the OFT. Moreover, the senior leader chaired the overall bank steering group for managing responses to the CCE. In this context, he was in charge of strategic aspects. Further, the senior leader stressed to the project team that the project would have to be completed on-time as well as to specification due to the external pressures applied by the OFT. In addition, the senior leader was involved in making or overruling decisions regarding new offer design. This included structuring responses to the CCE, such as formulating customer propositions; participating in offer design; structuring offer development; agreeing to the customer communication strategy, and generally contributing his opinion on development issues. Further, the senior leader did occasionally influence decisions made at lower levels. For instance, in an ad-hoc meeting with the steering committee, he decided that the changes for small businesses would also apply to charities. Despite the senior leader's involvement in the above activities, he did not get involved in the day-to-day management of the project. New offer development teams were conducting all the detailed work.

The leader had limited involvement in project scheduling. As such, it was the project sponsor, and not the senior leader, who set the milestones. The launch date was imposed by the OFT. However, the senior leader approved major milestones and the launch date. Moreover, the senior leader checked on project performance. As Chairman of the

Steering Group, he met formally with the team every month to monitor progress of the project. In addition, the senior leader was also updated on progress informally through contacts within the business and ad-hoc meetings. However, the senior leader did not participate in the implementation work group meetings as "it would not have been appropriate to do so for someone in his position". The senior leader was further involved in the critical review and evaluation of the proposed project. That is, he signed off the business case, launch proposal and various documentation, such as the agreement regarding customer communication.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be high. First, the senior leader was intimately involved in and highly committed to this project. He invested personal sponsorship capital. If any key issues arose between Steering Group meetings, the senior leader was accessible to the project sponsor/team and met with them on ad-hoc basis. Moreover, the senior leader was involved in external stakeholder management. That is, the senior leader led the team in charge of the responses to the CEE. For instance, he attended a series of public and private hearings. In addition, he supported the team in formulating opinions and negotiating with the OFT.

Further, the senior leader was involved in internal stakeholder management. As such, he kept the Chief Executive informed about the progress of the CCE. Furthermore, during the development phase, the senior leader managed the communication between development team and top management. For instance, he kept key stakeholders informed, solicited for understanding about disrupting other projects and represented the interests of the project team. In addition, the senior leader was involved in securing financial resources. As such, he made funds available to the development team. However, it was not necessary for the senior leader to become involved in securing non-financial resources. Since the project sponsor managed to secure an IT systems development slot, there was no need for the senior manager to get personally involved in IT scheduling.

The last section suggested that the level of control-oriented leadership actions was high. The level of support-oriented leadership actions was also high. For this reason, the leadership style is ubiquitous. The case exploration suggested that senior leadership style had an impact on development success. Further, some of the secondary independent variables also had an impact on development success. Most notably, *Staff* was positively related to development outcome. This relates to the existence of a highly motivated and capable project sponsor. He was responsible for the day-to-day management of the project. As such, he was intensely involved in goal setting, project planning and comparing progress to predetermined standards. Moreover, he supported the project team by demonstrating commitment, managing stakeholders and securing funds. The project leader was further assisted by more junior managers responsible for individual project objectives. In addition, the project was characterised by motivated and capable project team members as well as support and involvement of the Chief Executive.

Moreover, *Structure* was associated with development success. Specifically, this refers to the arrangement of the project team being led by the project sponsor and supervised by the overall steering group (chaired by the senior leader). This project team split into further well-coordinated satellite teams. Moreover, *Systems* was positively related to development outcome. This refers to the existence of a structured development process with regular milestones and a business case sign-off. In addition, *Skills*, such as strong project management skills, also influenced development success. Lastly, *Shared values*, that is the awareness of the need to deliver due to leader interest and external pressure, also had an impact on development success.

7.7.3. Less successful project

As mentioned above, the less successful project surveyed at Bank Epsilon was a new offer targeted at small businesses. This project was an average development project. During development, the team defined some of the offer specifications incorrectly. This was only noticed once the systems build phase had already started. Thus, the team had to abandon the IT systems replacement phase and re-work the offer specifications. As a consequence, the offer was launched with a delay. The following section explores the

senior leadership style deployed for this project. First control-oriented leadership actions are discussed. Then the focus shifts to support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. The senior leader was not involved in setting the strategic objectives for the project. In similar vein, the senior leader was not involved in making or overruling decisions regarding new offer design. Further, the senior leader was not involved in scheduling. As such, he neither set milestones nor a launch date for the project. He was also not involved in approving them. However, once it became clear that there would be a delay, the senior leader wanted to know when the team would be ready to launch. Moreover, the senior leader did not regularly check on performance. As such, he was neither regularly updated on project progress nor did he ask to be updated. When the team noticed that a mistake had been committed, the project sponsor informed the leader about the situation. As a consequence, the senior leader asked for a weekly progress report. The leader further enquired how the team would address the problem. Moreover, the senior leader had limited involvement in the critical review and evaluation of the proposed project. His involvement was restricted to signing off the business case.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be low with the senior leader not being committed to the project. As such, he neither invested any kind of personal sponsorship capital nor did he chair the Steering Group. In similar vein, the senior leader was neither involved in external nor internal stakeholder management. However, he authorised funds for the offer development. Once the senior leader had been informed about the launch delay, he offered further funds to the team to secure the project work. However, the senior leader was not involved in obtaining non-financial resources. It was only when the team encountered problems that the senior leader offered non-financial resources to get the project back on track.

The last section suggested that the level of control-oriented leadership actions was low. In similar vein, the level of support-oriented leadership actions was low. Therefore, the leadership style was reclusive. The case exploration suggested that senior leadership style was somewhat associated with development success. Further, some of the secondary independent variables also had an impact on development outcome. Specifically, *Staff* was related to lesser development success. That is, the project sponsor, who was responsible for a number of different development projects, admittedly did not spend enough time focusing on the project in question. Thus, he failed to notice in time that the team had committed a severe development mistake. The mistake forced the team to abandon IT systems development. This caused a launch delay.

Moreover, *Systems* had an impact on lesser development success. This refers to the offer development process, which was not fully under control as well as the lack of adherence to a critical path. Further, *Skills* was also associated with development outcome. This relates to insufficient development skills in terms of technical expertise, which led to a mistake in the conception phase. Lastly, *Shared values*, the knowledge that the project was strategically unimportant, affected development outcome.

7.7.4. Impact on propositions

Impact on propositions was as follows: Proposition 1 was weakened as the reclusive style was linked to lesser success. Conversely, Proposition 2 was strengthened since the ubiquitous leadership style was connected to development success. Further, no conclusions can be drawn regarding Propositions 3 and 4. That is, the senior leader did neither deploy the controlling leadership style nor the supporting style.

7.8. Bank Zeta

7.8.1. Background information

The sixth case studied for the purpose of this thesis is the Bank Zeta case. At Bank Zeta, the Asset Management Division was selected to examine the propositions. The Asset Management Division will henceforth be referred to as Bank Zeta. In similar vein, the entire banking group will be referred to as Bank Zeta Group. Bank Zeta focuses on

managing money for consumers as well as for institutional clients, which include central banks, pension funds and insurance companies. Bank Zeta has capabilities in the management of equities, fixed income, money market, property and quantitative products. In 2000, Bank Zeta decided that it wanted to be more innovative. As a consequence, it re-designed its new offer development process. The new process is based on 'best practice' in the banking industry. This new process was implemented in 2001. The aim of the new approach was to standardise the development process and sponsorship of projects. As such, it addressed a specific problem of the old approach, which was a limited and selective involvement by the senior leader. This caused some of the projects being developed without high-level sponsorship, which often had negative consequences.

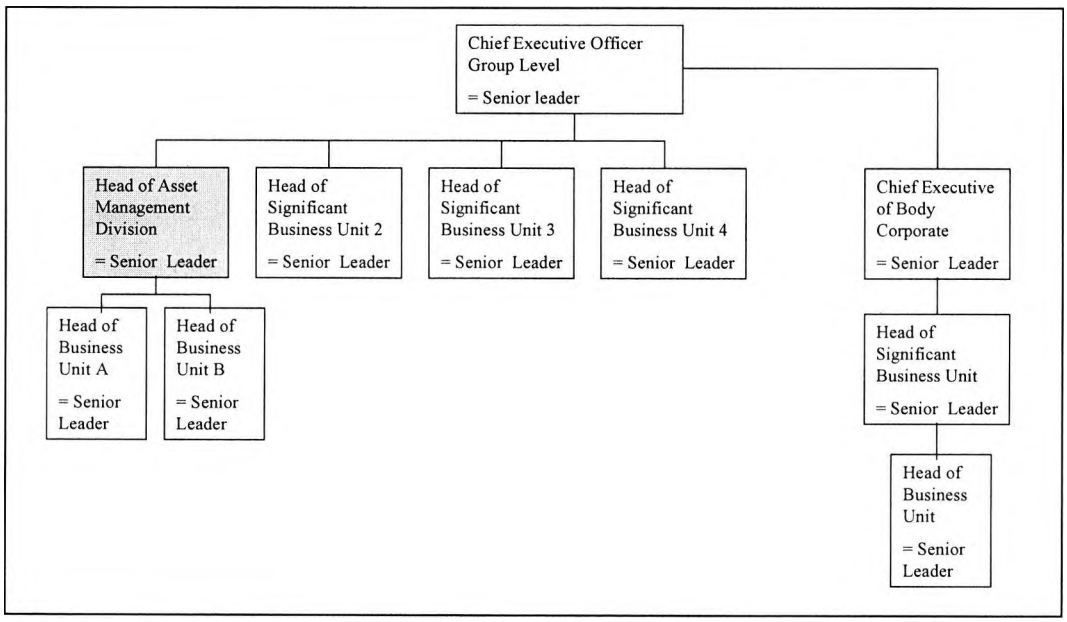
Under the new approach, senior leader involvement is distributed evenly among all projects. As such, his involvement centres on reviewing the development project at three different stages: at the concept stage, the development stage and at launch stage. The actual 'leadership role' is delegated to a designated project sponsor. This new process guarantees leadership involvement for each project whilst alleviating the burden of the senior leader. To examine the role played by the senior leader in these different circumstances, it was decided to explore three development projects instead of the usual two. Two projects, a successful one and a less successful one, were developed under the old approach. One project, a successful one, was developed under the new approach.

The senior leader of Bank Zeta is the Head of the Asset Management Division (Figure 7.7). As such, he reports to the Chief Executive Officer of Bank Zeta Group. The senior leader is part of the Executive Committee, which consists of the senior leader, his peers and the Group Chief Executive. The first successful project surveyed at Bank Zeta is a bond fund. It was developed under the old development process. The second successful project developed at Bank Zeta was a property fund. The property fund was developed under the new approach. The less successful project was the behavioural finance fund, which was developed under the old approach. The following section explores the

association between the dependent variable and the independent variables, senior leadership style and the '7S'.

Figure 7.7

Senior leader Bank Zeta



Source: Field study

7.8.2. Successful project I

As mentioned above, the successful project developed at Bank Zeta was a bond fund. The bond fund was launched on time, on budget and to specification. A similar fund had previously been developed for the US market. As the market environment for this type of fund was found to be favourable, it was decided to develop a similar offer targeted at the UK/European market. A large amount of senior leader energy and determination was required to bring this project to conclusion. The following section explores the senior leadership style in greater detail. Firstly, control-oriented leadership actions are explored. Secondly, the discussion focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. The senior leader was not involved in goal setting. It was the project leader who set the strategic objectives for the project. Moreover, senior leader involvement in making or overruling decisions regarding new offer design was limited. For instance, the senior leader left it to the project leader and staff to conduct the detailed work in terms of structuring the fund. However, once the fund had been developed and was ready to be launched, the leader took the decision to seed the fund with Bank Zeta capital. He would take this decision for any project as he is responsible for seed money allocation. In this context, the senior leader decided to hedge the Bank Zeta Capital as the funds were invested in a volatile area. However, he was not involved in the actual structuring of the hedge. Moreover, the senior leader neither got involved in project scheduling nor did he regularly check on performance. In addition, the senior leader had limited involvement in critical review and evaluation of the proposed project. As such, he approved the project twice, once during the conception phase and then shortly before launch.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was high with the senior leader being committed to the project. As such, he invested more sponsorship capital into this project than into the average development project. In addition, senior leader involvement in external stakeholder management was not necessary as there were no external stakeholders. However, the senior leader did get involved in internal stakeholder management. The project leader faced considerable obstacles in the form of an uncooperative line manager, who was not willing to support the project. Therefore, the senior leader had to convince this person of the strategic importance of the proposed offer development. In addition, the senior leader advised the project leader and team of who to talk to at Bank Zeta to ensure that outstanding issues got resolved. Moreover, the senior leader had to get agreement between different Bank Zeta functions to enable the investment in the high-yield product manufacturing capability. Furthermore, the senior leader was involved in securing financial resources. As such, he approved the budget for the development of the project. In similar vein, the senior leader was involved in securing

non-financial resources. The senior leader agreed that outside experts could be employed to structure the fund. This was necessary as Bank Zeta did not have the product manufacturing capability in high-yield bonds at the time.

The last section suggested that the level of control-oriented leadership actions was low. Conversely, the level of support-oriented leadership actions was high. For this reason, the leadership style is supporting. The case exploration suggested that senior leadership style had a large impact on project success. Moreover, some of the secondary independent variables had an impact on development success. Specifically, the data analysis reveals the importance of *Staff.* This specifically relates to the existence of a project leader, an internal entrepreneur, who invested a lot of effort in seeing this project through. He conceived the idea; set goals; formulated the customer proposition; planned the project; compared progress to predetermined standards, and generally acted as a major driving force in ensuring that the offer development was progressing according to plan. As such, the project leader mainly focused on controlling leadership actions. Moreover, *Structure* had a favourable impact. After the project leader had approached the senior leader for help, there was a direct link between the two individuals. This close link allowed for direct and frequent communication. Moreover, *Skills* was also associated with development success. That is, the project leader and team had technical expertise and project management skills to enable development.

7.8.3. Successful project II

As mentioned above, the second successful project developed at Bank Zeta was a property fund. This project was completed on time, on budget and to specification. When the property fund was developed, the new development process was already in place. Therefore, there was less need and scope for the senior leader to get involved in this project than in the first successful project. As such, the leadership actions at the project level occurred in the context of the senior leader being a member of the New Offer Committee. As mentioned previously, the standard involvement of the Committee is to check on performance in three instances: at conception, development and launch. The following section explores the senior leadership style in more detail.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. The senior leader was not involved in goal setting. It was the project sponsor and development team who set broad strategic objectives for the property fund. Further, the senior leader was neither involved in making nor in overruling decisions regarding new offer design. Moreover, the senior leader had limited involvement in project scheduling. That is, he neither set the launch date nor milestones. However, the senior leader, together with the other New Offer Committee members, approved launch date. The senior leader had limited involvement in checking on performance. It was only in the context of the New Offer Committee meetings that he reviewed performance. Similarly, the senior leader, together with the other Committee members, was involved in the project's go/no go decision three times. That is, the Committee initially screened the idea. At a later stage, the members agreed to the business case. Eventually, they approved the project for launch. The senior leader further signed off on the currency hedge to protect the seed capital.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was low. The senior leader was supportive of this project in a passive way, neither showing any active commitment nor investing personal sponsorship capital as he had done for the first successful project. Instead, project sponsorship was delegated to a senior member of Bank Zeta. Thus, it was the responsibility of this project sponsor to provide commitment to the project and to drive it forward. Moreover, the senior leader was not involved in external stakeholder management. Similarly, he had only limited involvement in internal stakeholder management. In the context of his New Offer Committee membership, he kept the Executive Committee informed about the overall new offer development programme. The remaining internal stakeholder management tasks were delegated to the project sponsor. Further, the senior leader was involved in securing financial resources. As a New Offer Committee member, he agreed to fund the development project. However, he was not involved in securing non-financial resources.

The previous section suggested that the level of control-oriented leadership actions was low. In similar vein, the level of support-oriented leadership actions was low. For this reason, the leadership style was reclusive. The case exploration suggested that senior leadership style had not a large, direct impact on success. However, some of the secondary independent variables had an impact on development success. Specifically, this refers to *Staff*. That is, the project was led by a project sponsor, an internal entrepreneur, who conceived the idea; drove concept development; formulated the customer proposition; planned the project, and compared progress to predetermined standards. Naturally the project sponsor demonstrated commitment to the project by managing internal stakeholders and securing funds for development. As such, he exhibited a high level of control-oriented as well as support-oriented leadership actions. The project was further characterised by a supportive Head of the New Offer Function (Head of Global Product Management) as well as interested top management team members. In addition, *Structure* was positively related to development success. This refers to the proficient development structure, which was in place. It consisted of a New Offer Development Committee, the Head of the New Offer Function and a formally appointed, senior project sponsor. Further, *Systems* also had a positive impact on development outcome. This relates to the structured development process containing milestones and sign-off points.

7.8.4. Less successful project

The less successful project at Bank Zeta was a behavioural finance fund. The project was not completed on time. The behavioural finance fund was an average development project, developed under the old development process. Behavioural finance is based on the notion that some financial phenomena can plausibly be understood using models in which some agents are not fully rational (Barberis & Thaler, 2001). That is, behavioural finance accounts for the human element in financial markets. The field of modern financial economics assumes that people behave with extreme rationality, but they do not. Furthermore, people's deviations from rationality are often systematic. Behavioural finance relaxes the traditional assumptions of financial economics by incorporating these observable, systematic, and very human departures from rationality into standard models

of financial markets (Barber & Odean, 1999). The following section explores the senior leadership style deployed for the Behavioural Finance Fund. First, control-oriented leadership actions are discussed. In a second step, the focus shifts to support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. The senior leader was not involved in goal setting. It was the development team who set the overall objectives for the development project. The senior leader was neither involved in making nor in overruling decisions regarding new offer design. Similarly, the senior leader was not involved in project scheduling. As such, he neither got involved in determining the launch date nor in setting the milestones. Moreover, the senior leader was not involved in checking on performance. However, the senior leader was involved in the critical review and evaluation of the proposed project. As such, he approved the project three times. For instance, during conception phase, the leader approved the project informally. Had he felt strongly against the project, "he could have killed it off at that stage". Then, at a second stage, the senior leader approved the formal project concept. Lastly, the senior leader approved the launch decision.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was found to be low, as the senior leader was not committed to the project. Nevertheless, he did not feel so strongly against it as to kill it off at the informal approval stage or to obstruct it in any way during development. Essentially, the senior leader agreed to approve development as it had very strong sponsorship from his direct reports. Moreover, the senior leader was neither involved in external stakeholder management nor in internal stakeholder management. Similarly, the senior leader was neither involved in securing financial resources nor in securing non-financial resources.

The last section asserted that the level of control-oriented leadership actions was low. Similarly, the level of support-oriented leadership actions was low. This leads to a

reclusive leadership style. The case exploration found that senior leadership style did not have a large, direct impact on development outcome. However, one of the secondary independent variables had an impact on the development outcome: *Systems*. This refers to the development process, which was inadequate for the type of offer that was developed. At the stage, when the relevant offer was developed, Bank Zeta was in the process of reengineering its development process. Thus, the relevant project controls had not yet been fully implemented and adjusted. Therefore, the development took much longer than envisaged.

7.8.5. Impact on propositions

The impact on propositions was as follows: Proposition 1 was both strengthened and weakened by the data. That is, the reclusive style was associated with success in the second project and with lesser success in the third project. Moreover, no inferences could be made regarding Propositions 2 and 3 as neither the ubiquitous nor the controlling styles were deployed. Lastly, Proposition 4 was weakened since the supporting style was related to success.

7.9. Bank Iota

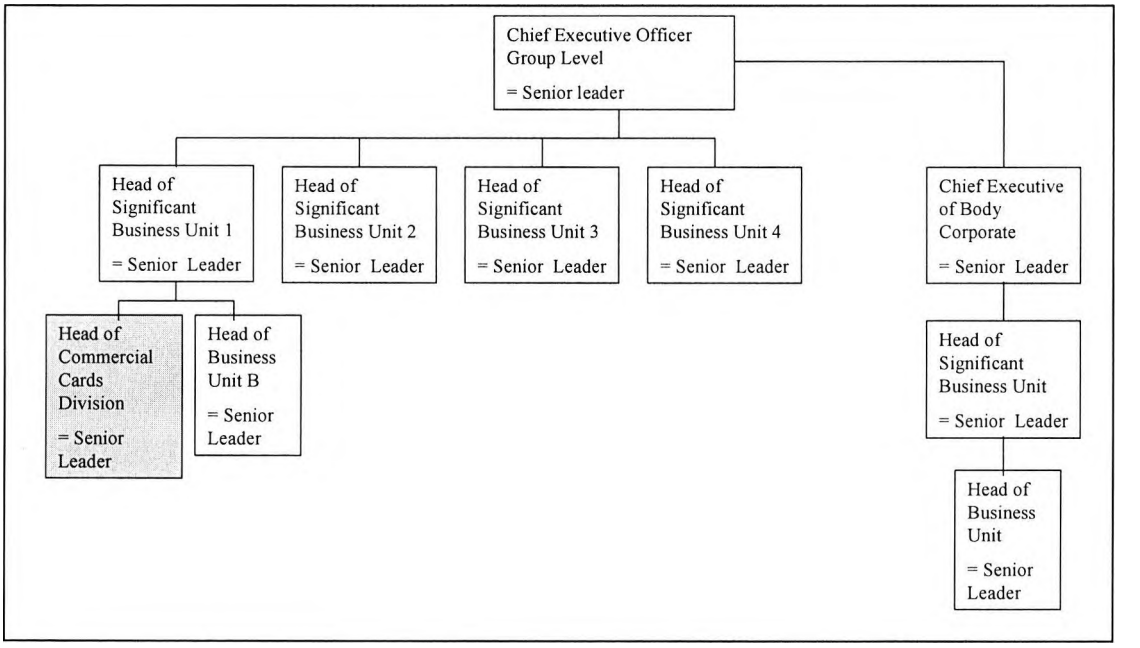
7.9.1. Background information

The seventh case studied for the purpose of this thesis is the Bank Iota case. At Bank Iota, the Commercial Cards Division was selected to explore the propositions of this study. The Commercial Cards Division will henceforth be referred to as Bank Iota. The entire banking group will be referred to as Bank Iota Group. Bank Iota is an active developer of new offers. The senior leader as well as staff perceive innovation and new offer development as key to growth. As part of this strategy, Bank Iota launches a series of new offers every year. The structure of Bank Iota is aligned to new offer development. Each project is assigned three project sponsors: one to lead the conception phase, one to monitor the development phase and one to supervise the launch phase. Correspondingly, there are three different junior project managers assigned, that is, one for every phase. In addition, Bank Iota follows a standardised development process with regular milestones. New offer development is so ingrained into Bank Iota's operating philosophy, that the

senior leader feels his involvement in individual projects is not necessary. Indeed, he hardly gets involved at the project level. The senior leader at Bank Iota is the Head of the Commercial Cards Division (Figure 7.8).

Figure 7.8

Senior leader Bank Iota



Source: Field study

In line with the research propositions, two projects were examined at Bank Iota: a successful project and a less successful project. Both of these projects were new credit card offers.

7.9.2. Successful project

The successful project surveyed at Bank Iota was a new credit card offer. The project was completed on time, to specification and on budget. As mentioned above, the senior leader has only limited involvement at the project level. Therefore, his role in the development of this project was limited. The following section examines the senior leadership style in more detail. First, control-oriented leadership actions are explored. In a second step the discussion focuses on support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented leadership actions was found to be low. That is, the senior leader was only actively involved in the up-front process of strategy formulation. On a more granular level, it was the project sponsors who were in charge of setting project goals. Further, the senior leader did not have a role in making or overruling decisions regarding new offer design. This activity was conducted by the project sponsors. Similarly, the senior leader was not involved in project scheduling. The project sponsors were in charge of setting milestones and the launch date. Further, the role of the senior leader in checking on performance was limited to obtaining a weekly update on the overall development effort undertaken at Bank Iota. The senior leader also only had limited involvement in the critical review and evaluation of the proposed project. That is, he reviewed the profit projections and signed off the launch proposal.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was low. For instance, the senior leader was supportive of the project in a passive way, that is, in the context of being supportive of new offer development in general. However, he did not provide much personal sponsorship capital. Further, the senior leader did not have a role in external stakeholder management. The project sponsors dealt with the external stakeholders. Similarly, the senior leader only had limited involvement in internal stakeholder management. Further, he neither helped to secure financial resources nor non-financial resources.

The above section asserted that the level of control-oriented leadership actions was low. Similarly, the level of support was low. This leads to a reclusive leadership style. The case data suggest that the senior leadership style had little impact on development success. However, some of the secondary independent variables are associated with development outcome. Interestingly, the data point to the key role played by *Staff*. In particular, this refers to the senior leader being assisted by three experienced and competent project sponsors: one was in charge of the concept phase, the second in charge of the development phase and the third responsible for the launch phase. As such, project sponsors exhibited many control-oriented as well as support-oriented leadership actions,

which were officially delegated to them from the senior leader. Moreover, the project was characterised by trained and motivated junior project managers as well as project team members. Moreover, *Structure* had a positive effect on the dependent variable. There are three new offer development departments at Bank Iota. Each of these departments is responsible for one phase of the development process: conception, development and launch. Moreover, these departments interlinked well during the process. Similarly, *Systems* was associated with development success. This relates to a structured development process including milestones and sign-off stages. *Skills*, that is technical and project management expertise, also had an impact on development outcome. Lastly, *Shared values* was also associated with development success. This relates to a desire to innovate by the project team and project sponsors.

7.9.3. Less successful project

As mentioned above, the less successful project observed at Bank Iota was also a new card offer. The concept phase went smoothly and was completed on time. However, during development phase a problem arose. The offer development necessitated changes to be made to the IT system. During the system development phase, however, it turned out that these changes would not be as straightforward as envisaged. Major amendments to the IT system had to be implemented before the new card offer could be realised. This disrupted the project schedule and, as a consequence, delayed the new offer launch. Similar to the successful project, the senior leader restricted his involvement to the programme level. The following section explores his leadership style in more depth.

Control-oriented senior leadership actions

The level of control-oriented senior leadership actions was low. For instance, the senior leader only played a minor role in setting strategy and goals for this offer. Goal setting was mainly conducted by the project sponsors. In addition, the senior leader did neither take part in making nor in overruling decisions regarding new offer design. In fact, during the development and launch phases, senior leader involvement was "nil". Moreover, the senior leader was not involved in project scheduling. It was the project sponsors who set the milestones and launch date. Further, the senior leader did not check on performance

of the project in question. The project sponsors ensured that the project progressed according to plan, that the milestones were met and that the project did not accumulate any delay. The project sponsors provided the senior leader with a weekly update on the overall new offer development programme. Moreover, there were monthly update meetings, which were attended by the entire executive team. However, once the problem arose, one of the project sponsors kept the senior leader regularly updated. Similarly, the senior leader had limited involvement in the critical review and evaluation of the proposed project. That is, he restricted his role to reviewing the new offer strategy, profit projections and signed off the launch proposal.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was low. The senior leader was supportive of the project in a passive way, that is, in the context of being interested in the development effort at the programme level. However, he did not provide much sponsorship capital. Once the project had encountered an impasse and the team had approached the senior leader for help, he started providing more support. Similarly, the senior leader was not involved in internal stakeholder management before the problem arose. It was the project sponsors who dealt with internal stakeholders. Once the problem arose, the leader spoke to his contacts within the organisation to try and solve it by achieving systems reprioritisation. The senior leader was not active in managing external stakeholders. Further, the senior leader was neither involved in securing financial resources nor in securing non-financial resources.

The above discussion asserted that the level of control-oriented senior leadership actions was low. The level of support-oriented leadership actions was also low. Therefore, the leadership style is reclusive. The case evidence suggests that senior leadership style only had a limited impact on development outcome. However, some of the secondary independent variables were associated with the dependent variable. Interestingly, *Staff* contributed to lesser development success. That is, the project sponsor responsible for the concept phase and the sponsor in charge of the development phase admittedly did not manage the coordination between the two project teams well. This was based on the fact

that the two sponsors were involved in an unusually high numbers of projects at the time all of which required more attention that the tight schedule permitted. This led to a slip in the timetable and consequently to a launch delay. Moreover, *Systems* contributed to lesser development success. This refers to the limited level of prior planning as well as a lack of adherence to a critical development path.

7.9.4. Impact on propositions

The impact on propositions is as follows: Proposition 1 was both strengthened and weakened by the data pattern. That is, the reclusive leadership style was associated with development success in the first project. Conversely, the reclusive style was linked to lesser success in the second project. Further, no inferences could be drawn about Propositions 2, 3 and 4 as the senior leader did not apply the ubiquitous, controlling and supporting styles.

7.10. Bank Kappa

7.10.1. Background information

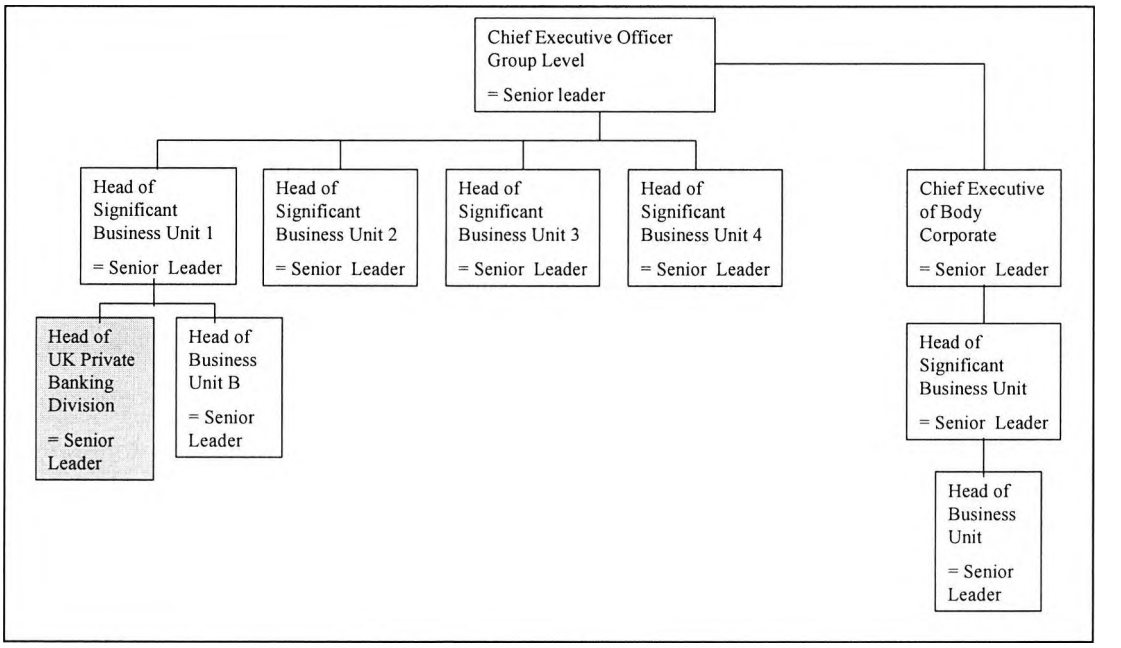
The eighth case explored for the purpose of this thesis is the Bank Kappa case. At Bank Kappa, the UK Private Banking Division was selected to examine the propositions. The UK Private Banking Division will henceforth be referred to as Bank Kappa. Similarly, the entire banking group will be referred to as Bank Kappa Group. Bank Kappa offers the complete range of wealth management services, including asset management, estate planning, corporate finance advice and art banking. Bank Kappa only started to target the UK on-shore market recently. An on-shore market refers to UK investors investing in the UK. As part of targeting this new market segment, Bank Kappa launched a number of new offers. Due to the desire to grow this market segment, Bank Kappa is an active offer developer. There are usually about half-a-dozen new offers in the development pipeline. Bank Kappa follows a standardised new offer development process with regular milestones and a business case sign-off.

The senior leader of Bank Kappa was the Head of the UK Private Banking Division (Figure 7.9). As such, she had a dual reporting relationship to the Global Head of Private

Banking and the UK country head, who both reported to the Global Chief Executive. In line with the research propositions outlined in chapter 6, two projects were examined in the Bank Kappa case: a successful project and a less successful project. The successful project is a derivative offer. The less successful project is an equity related offer. The following section explores the relationship between the dependent and independent variables in detail.

Figure 7.9

Senior leader Bank Kappa



Source: Field study

7.10.2. Successful project

As mentioned above, the successful project was a derivative offer for private clients. This project was completed on-time, on-budget and to specification. At the time when this offer was launched, Bank Kappa was the market leader in this offer category. As this project focused on the area of expertise of the senior leader, she had more involvement in this project than in the average development project. The following section discusses leadership style in detail. First, the discussion explores control-oriented senior leadership actions. Second, the focus shifts to support-oriented leadership actions.

Control-oriented senior leadership actions

The level of control-oriented senior leadership actions was high. Firstly, the senior leader was involved in goal setting. As such, she participated in setting the strategy for the new offer and advised the team of how the initial customer proposition could be changed in order to appeal to a broader target audience. Further, the senior leader was also involved in making and overruling decisions regarding new offer design. That is, due to her technical expertise in the area of derivatives she contributed to the offer design and in formulating the customer proposition. In addition, the senior leader was involved in project scheduling. As such, she participated in setting project milestones and the launch date. In similar vein, the senior leader checked on performance, both formally and informally. In a formal sense, she attended many of the bi-weekly project meetings where progress was compared to predetermined objectives. In addition, she was also informally updated on progress between formal project meetings through her contacts in the business. Moreover, the senior leader was involved in critical review and evaluation of the proposed project. That is, the leader reviewed the project during concept stage. At a later stage, she approved it for development. The senior leader also signed the project off for launch.

Support-oriented senior leadership actions

The level of support-oriented leadership actions was also found to be high with the senior leader being heavily committed to the project. On the one hand, she felt that this offer would constitute an attractive value proposition for private customers. On the other hand, she was interested in its development as it focused on her area of expertise. For this reason, she invested personal sponsorship capital in the project's development. Moreover, the senior leader was involved in external stakeholder management. As such, she talked to key clients to sense-check the customer value proposition and to promote the offer. She also liaised with outside experts, such as tax professionals, to determine the most favourable offer structure. Similarly, the senior leader played an active role in internal stakeholder management. In particular, she kept her boss as well as her peers updated on project progress. In addition, the senior leader was also involved in securing financial

resources. That is, she authorised funds for the development of the offer. However, the senior leader was not involved in securing non-financial resources.

The level of control-oriented activities is high. In similar vein, the level of support-oriented activities is high. Therefore, the senior leadership style is ubiquitous. The case evidence suggests that the senior leader contributed to the success of the offer. Further, some of the secondary independent variables also had an impact on the dependent variable. First, *Structure* was associated with development success. This refers to the direct and close link of the development team to the senior leader. In addition, *Systems* also had an impact on development outcome. This relates to a well-planned development process, characterised by regular milestones and a business case. Similarly, *Skills*, both internal and external, contributed to the project outcome. That is, the skill set of the project team matched the needs of the project. In terms of internal skills, the project used a combination of client facing people and technical experts to develop the offer. Additionally, the skills of the project team were complemented by external skills, supplied by tax experts and lawyers. Moreover, *Shared values* had a positive impact on development outcome. The development project was widely supported within the business because of the need for new offers and Bank Kappa's expertise in derivatives.

7.10.3. Less successful project

As mentioned above, the less successful project surveyed at Bank Kappa was an equity related offer. The idea concept was developed by the Head Office, that is, the boss of the senior leader. It was also the Head Office who determined that Bank Kappa was to develop the offer. In addition, Head Office specified the launch date, resulting in much pressure for the development team to meet the pre-specified deadline. Although the development team managed to adhere to the launch date, it failed to complete the project to specification. As a consequence, the team modified the offer after launch to implement original specifications. Overall, it was observed that both the senior leader and development team did not buy into Head Office's vision for the new offer. The following section examines the leadership style deployed by the senior leader in greater depth.

Control-oriented senior leadership actions

The level of control-oriented senior leadership actions was low. First, it was the boss of the senior leader who set the objectives for the offer to be developed without the senior leader being involved. In similar vein, the senior leader was neither involved in making nor in overruling decisions regarding new offer design. It was the project team who interpreted the objectives set by Head Office. Further, the senior leader was not involved in project scheduling. In addition, the senior leader did not regularly check on performance of the development project. Therefore, some issues, which needed to be resolved did not get addressed quickly enough. However, the senior leader played a role in the critical review and evaluation of the proposed project. As such, she reviewed and approved the project at idea stage and development stage. She also approved the launch phase.

Support-oriented senior leadership actions

The level of support-oriented actions was low with the senior leader admittedly not being fully committed to the project. It was her boss who devised the offer concept. Since the senior leader had doubts whether the offer would meet the expectations of the target market, she did not buy into the project. As a consequence, the senior leader was sceptical of the development effort and did not invest any personal sponsorship capital. Further, the senior leader was not involved in external stakeholder management. In similar vein, she played only a limited role in internal stakeholder management. As such, she kept her involvement in managing the communication between her boss and the project team to a minimum. Moreover, the senior leader did not get involved in improving the difficult relationship between Head Office and the development team. However, the senior leader was involved in securing financial resources. As such, she sponsored the business case to obtain funding for development project. Conversely, the senior leader did not have a role in securing non-financial resources.

The above section asserted that both the level of control-oriented leadership actions and the level of support-oriented leadership actions were low. Thus the senior leadership style for this project was reclusive. The case evidence suggests that senior leadership style was

not the only determinant of project outcome. Some of the secondary independent variables also had an impact on lesser development success. In a first instance, *Systems* had an impact on development outcome. That is, the development process did not contain appropriate milestones for the senior leader or project leader to review progress and address problem areas. Further, *Skills* was also associated with lesser development success. As such, the cross-functional development team did not contain client-facing staff. As a consequence, the view of the customer was not adequately considered. Moreover, *Staff* had an impact. This refers to the boss of the senior leader, the Global Head of Private Banking. According to the senior leader and other informants, he had limited consideration for the informed views of the senior leader and the project leader/development team, who had their reservations whether or not the new offer would suit the target audience. Lastly, *Shared values* also contributed to the project outcome. In particular, the project was instigated by the boss of the senior leader. Neither the senior leader, project leader nor team believed in the offer concept. As a consequence, there was resistance towards the project, both from the senior leader and from the project leader/team. This resulted in the offer being developed in a half-hearted, non-committed fashion.

7.10.4. Impact on propositions

Impact on propositions was as follows: Proposition 1 was weakened as the reclusive style was linked to lesser success. Conversely, Proposition 2 was strengthened since the ubiquitous leadership style was connected to development success. Further, no conclusions can be drawn regarding Propositions 3 and 4. That is, the senior leader did neither deploy the controlling leadership style nor the supporting style.

7.11. Conclusion

This chapter presented an overview of the findings by analysing each case in isolation and drawing a conclusion on the basis of each individual case. As such, it explored the relationship between the dependent variable, development success, and the independent variables, senior leadership style and the '7S'. The chapter further examined whether each individual case strengthens or weakens the propositions. The next chapter builds on

the individual case findings by exploring the propositions on an aggregate level and by drawing cross-case conclusions.

CHAPTER 8
DISCUSSION OF THE FINDINGS

8.1. Introduction

The previous chapter provided the findings of the case analysis. The present chapter discusses these findings at an aggregate level and draws conclusions based on the total of eight cases. To this end, chapter 8 is structured as follows: First, the findings are discussed with reference to the working assumption and the initial propositions formulated. Second, the secondary independent variables are discussed and their association with development success is explored.

8.2. Discussion of working assumption

The working assumption, grounded in previous literature, asserted that successful and less successful projects are associated with different leadership styles (Section 5.3.). This was based on the implicit assumption that the senior leader does get involved in the new offer development effort at the project level. However, the multiple case analysis reveals that the data pattern does not match this assumption. Contrary to earlier findings (Section 3.4), senior leaders do not get involved at the project level of new offer development by default. The single case analysis (chapter 7) suggests that in only two of the cases, Bank Beta and Bank Kappa, the senior leader regularly gets involved at the project level. Conversely, the senior leaders of the remaining six banks see their role predominantly at the programme level. That is, they believe that as shapers of the overall new offer development effort they can add most value. These top managers are mostly informed on the projects in the development pipeline, sign-off business cases and launch proposals, and help to steer projects back that got delayed. In general, however, they make a conscious decision not to get involved in the development of individual projects. On the one hand, it is their perception that for most projects this task can be delegated to more junior leaders. On the other hand, the senior leaders stated that it simply takes too much of their time and effort to get involved in individual development projects.

The above suggests that senior leaders see their role predominantly at the programme level and restrict their role at the project level to few, selected projects. The question arises: "which factors determine involvement in individual development projects"? In order to address this issue, the antecedents of senior leader involvement at the project level were analysed. This study found that the following factors positively affect the level of senior leader involvement at the project level (Table 8.1): (a) large project; (b) strategically important project; (c) project, which is aligned to group strategic priority; (d) large impact of the project on existing customer base or potential customer base; (e) high level of financial implications; (f) high level of outside exposure and media involvement; (g) senior leader affinity with project either through pet project status, belief in idea, or perception of strong commercial potential; (h) interest of Chief Executive (boss of senior leader); (i) external pressure through imposed regulatory requirements, such as in the case of the Competition Commission Enquiry into Small Business Banking; (j) threat to reputation of business unit and organisation as a whole, and (k) customer and staff pressure to launch new offers.

Conversely, this study found that the following factors negatively affect the level of senior leader involvement at the project level (Table 8.1): (a) smaller or average sized project; (b) project of lesser strategic importance; (c) senior leader time constraints; (d) senior leader belief that new offer development can generally be delegated; (e) senior leader belief in strong development programme, thus no perceived need to invest personal sponsorship capital; (f) senior belief that his/her involvement makes no difference; (g) senior leader doubt in project, that is, he/she does not believe in the idea, the commercial impact of the offer or the attractiveness of the offer proposition, and (h) lack of initiative from project leader to enlist senior leader support.

Overall, it was found that the senior leader gets involved in the development of an individual project if he has an interest in it due to its size or strategic importance. Conversely, it can be generalised that the senior leader does not get involved in a project when it is of average size and scope. Having highlighted the limited involvement of the

senior leader in new offer development at the project level, the next section discusses the propositions.

Table 8.1

Antecedents of project level involvement

Factors positively affecting senior leadership at the project level	Factors negatively affecting senior leadership at the project level
(a) large project	(a) smaller or average sized project
(b) strategically important project	(b) project of lesser strategic importance
(c) project, which is aligned to group strategic Priority	(c) senior leader time constraints
(d) large impact of the project on existing customer base or potential customer base	(d) senior leader belief that new offer development can generally be delegated
(e) high level of financial implications	(e) senior leader belief in strong development programme, thus no perceived need to invest personal sponsorship capital
(f) high level of outside exposure and media Involvement	(f) senior belief that his/her involvement makes no difference
(g) senior leader affinity with project either through pet project status, belief in idea, or perception of strong commercial potential	(g) senior leader doubt in project, that is, he/she does not believe in the idea, the commercial impact of the offer or the attractiveness of the offer proposition
(h) interest of Chief Executive	(h) lack of initiative from project leader to enlist senior leader support
(i) external pressure through imposed regulatory requirements, such as in the case of the Competition Commission Enquiry into Small Business Banking	
(j) threat to reputation of business unit and organisation as a whole	
(k) customer and staff pressure to launch new Offers	

Source: Field study

8.3. Discussion of propositions

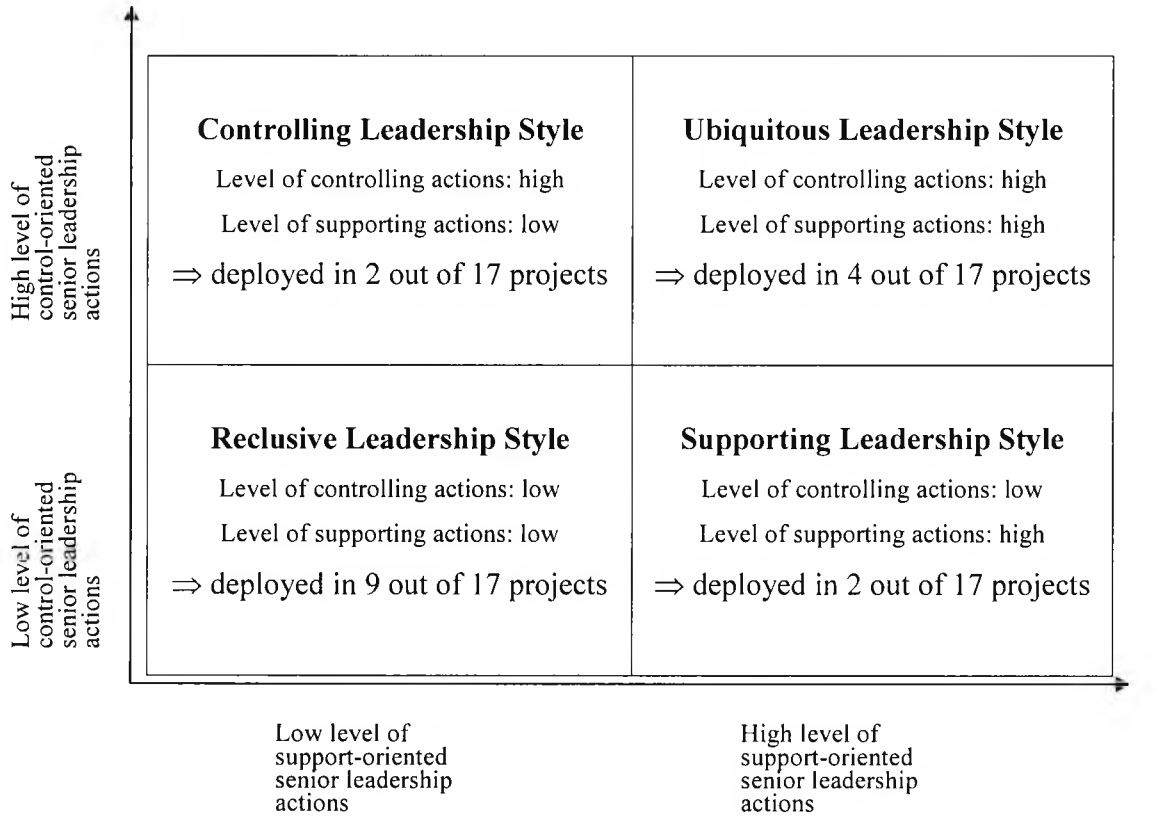
Chapter 5 suggested that the primary independent variable, senior leadership style, can be operationalised according to four different styles: the reclusive style, the ubiquitous style, the controlling style and the supporting style. These four styles result from the creation of a matrix with two axes. One axis represents the *control*-oriented actions, which are divided into 'high control' and 'low control'. The second axis displays the *support*-oriented actions, which are divided into 'high support' and 'low support'. When both axes are combined, a matrix with four quadrants emerges (Figure 8.1).

Each of the four quadrants represents one of the four different leadership styles. The analysis of the case data revealed that some styles were observed more frequently than others. As illustrated in Figure 8.1, the reclusive leadership style was observed in nine projects. The ubiquitous leadership style was detected in four projects. The controlling and supporting leadership styles, however, were found in merely two projects.

In the following, the initial propositions for each of these four leadership styles are discussed in turn. The discussion first provides an overview on the nature and characteristics of the leadership style in question, before addressing the association between style and development success.

Figure 8.1

Frequency of leadership styles



Source: Field study

8.3.1. Proposition 1: reclusive leadership style

Chapter 5 defined a reclusive senior leadership style as one composed of a *low* level of control-oriented leadership actions and a *low* level of support-oriented leadership actions. Thus, it was proposed that the senior leader deploys a limited amount of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. In similar vein, the senior leader offers a limited amount of support to the project team in terms of encouraging, facilitating and enabling the development project.

As mentioned above, the reclusive leadership style was observed in nine out of seventeen projects (both projects at Bank Gamma and Bank Iota, two projects at Bank Zeta and the less successful projects at Bank Alpha, Bank Epsilon and Bank Kappa). As such, the reclusive leadership style was found to be the most prominent of all four styles. This finding is not astonishing given the fact that senior leaders in general get rarely involved in new offer development at the project level. In particular, senior leaders were found to be uninvolved at the project level, deploying a reclusive leadership style, when the development project was of merely average size and scope and thus could easily be delegated to hierarchically lower project leaders. In other terms, the reclusive style was observed in strategically less important projects that had failed to capture the senior leader's interest.

Chapter 7 analysed the senior leadership style observed in each project. Based on this analysis, it can be concluded that, in projects associated with a reclusive style, the senior leader displayed the lowest level of involvement that business policy would permit. Specifically, the following patterns were observed: The senior leader was only active in one or two sub-categories of control-oriented actions. That is, the majority of senior leaders occasionally checked on project performance, had some involvement in the critical review and evaluation of the project, and possibly agreed to the launch date. These activities mostly took place prior to signing off the business case and launch proposal. However, the activity level in each of these categories was low or only applied to a specific project phase. Similarly, the level of support-oriented activities was observed

to be low. As such, many projects were associated with limited senior leader commitment. Some senior leaders got involved in securing financial resources. However, a limited activity level was noted in regards to securing non-financial resources and in managing stakeholders.

After reviewing the prominence and characteristics of the reclusive leadership style, the focus now shifts to the discussion of Proposition 1. Chapter 5 suggested that successful development projects are associated with senior leaders with wide and balanced behavioural repertoires. The reclusive leadership style is based on a wide behavioural repertoire as it encompasses both control-oriented and support-oriented leadership actions. Moreover, it is based on a balanced repertoire as both the level of control and the level of support are low. Therefore, it was proposed that the reclusive leadership style is associated with new offer development success. Accordingly, Proposition 1 was posited as follows:

Proposition 1:
The reclusive leadership style is associated with new offer development success.

The analysis of the findings reveals that the reclusive leadership style is associated with new offer development success in three projects, and lesser development success in six projects. As the reclusive leadership style was connected to both new offer success and lesser new offer development success, the association between the two variables is not as straightforward as proposed. Thus, the next section will first review evidence that strengthens Proposition 1:

Reclusive leadership style associated with development success
The question arises what underlying features reclusive successful projects have in common and what sets them apart from reclusive less successful projects? The analysis of the findings points to the existence of various leaders in addition to the senior leader. That is, in some projects up to six different leaders were observed to contribute to the development of a new offer. These leaders were based on various hierarchical levels and

carried a number of different job titles. The specific number and types of leaders differed from project to project and also from bank to bank. Some of these additional leaders only contributed to certain project phases whereas others were present throughout the entire process. However, of all additional leaders the project leader was found to play the most important role. The project leader is herby defined as the individual who is ultimately in charge of the day-to-day management of the project. While the project leader always occupied a hierarchically lower position than the senior leader, the exact hierarchical level varied across cases and was mostly situated at what is commonly labelled as 'middle management'. In some organisations the project leader carried the title 'project manager', in others he was labelled 'project sponsor'. While position and title assigned to the project leader varied from case to case, his responsibility remained the same across cases. In all cases, the project leader was responsible for skilfully managing the project's day-to-day demands. As such, the project leader was ultimately responsible for the project's successful completion.

The analysis of the findings highlights that the relationship between the project leader and the senior leader is the most important determinant of project outcome. That is, all reclusive successful projects were characterised by a project leader who exhibited a ubiquitous style. For instance, at Bank Zeta, the project was led by a project leader, an internal entrepreneur, who conceived the idea, led concept development, formulated the customer proposition, planned the project and compared progress to predetermined standards. Naturally the project leader demonstrated commitment to the project by managing internal stakeholders and securing funds for development. As such, he exhibited a high level of control-oriented as well as support-oriented leadership actions, which are characteristic of the ubiquitous style. A similar project leadership style was observed at Bank Gamma. At Bank Iota, however, the senior leader was assisted by three project leaders: one was in charge of the concept phase, the second in charge of the development phase and the third responsible for the launch phase. Interestingly, each project leader exhibited a ubiquitous leadership style, deploying high control and high support, in managing his particular project phase.

The above section presented evidence that strengthens Proposition 1. Generalising from the data it can be said that projects characterised by a reclusive senior leadership style are connected to development success if they have a project leader who deploys a ubiquitous style. As such, the project leader counterbalances the reclusive, hands-off style of the senior leader by providing a high level of support and control to project and team.

Reclusive leadership style associated with lesser development success

Conversely, six projects were associated with lesser development success and thus provide evidence that weakens Proposition 1. Similar to the patterns observed in regards to the successful projects, a number of additional leaders were identified. Yet again, the analysis of the findings point to the key role of the project leader and his relationship to the senior leader. As such, it is suggested that the relationship between the reclusive senior leadership style and lesser development success is influenced by the way the project leader acts.

That is, in five out of six development projects the style deployed by the project leader reinforced the negative relationship between the reclusive senior leadership style and development outcome. For instance, at Bank Alpha, the project leader, responsible for day-to-day management, was reluctant to enlist the help of the senior leader to obtain funds, assuming that the project was not important enough to trouble the senior leader. Moreover, as the project was just one of many in the development pipeline, the project leader admittedly did not perceive the need to push the project in order to press for results. A similar scenario could be observed at Bank Epsilon. There, the project leader responsible for a number of different development projects admittedly did not spend enough time focusing on the project in question. Thus, he failed to notice in time that the team had committed a severe development mistake. The mistake forced the team to abandon systems development, which caused a launch delay. Similar patterns were found at Bank Gamma, Bank Iota and Bank Kappa.

Overall then, the evidence suggests that a reclusive senior leadership style is associated with lesser success when the project is managed by a project leader who also deploys a

reclusive style characterised by low control and low support. By doing so, the project leader fails to counterbalance the reclusive style of the senior leader. As a consequence, some control-oriented and/or support-oriented leadership actions, which are necessary to bring the project to successful conclusion, are either lacking or remain imbalanced.

Interestingly, one reclusive less successful project did not match the data patterns suggested above. At Bank Zeta, the reclusive style of the senior leader was matched with a project leader exhibiting a ubiquitous leadership style, characterised by a high level of control and a high level of support. By the line of argument, this project should have resulted in a success. However, it did not. Why was this the case? The evidence suggests that at the time when this offer was developed, Bank Zeta was in the process of re-engineering its development processes. Thus, the relevant project controls had not yet been fully implemented and adjusted. As a consequence, the new offer was launched with a delay despite the ubiquitous style exercised by the project leader.

Proposition 1: summary

The discussion on Proposition 1 suggested that the reclusive leadership style was related both, to new offer development success as well as lesser development success. As the exploration of the relationship between the reclusive leadership style and development outcome does not provide any conclusive evidence on the benefits of deploying the reclusive style, this section further considered the influence of the secondary independent variables. As such, it was asserted that the relationship between the reclusive leadership style and the development outcome is further affected by the leadership style exhibited by the project leader.

It was suggested that the senior leader only can afford not to be intimately involved in the development of a new offer, if ultimate project accountability is properly delegated from the senior leader to a hierarchically lower project leader. This project leader needs to ensure effective project completion through direct and frequent interaction with the development team. Most importantly, he needs to counterbalance the 'hands-off' style of the senior leader by acting as a 'hands-on' leader. This involves attending to all project

and project team needs, such as the management of internal stakeholders and the setting of project goals, to which the senior leader does not pay attention. A highly proactive leadership style deployed by the project leader ensures that the project is warranted the necessary balance of support and control and thus increases the likelihood that it is completed on-time, on budget and to specification.

8.3.2. Proposition 2: ubiquitous leadership style

Chapter 5 stated that a ubiquitous leadership style is characterised by a *high* level of control-oriented leadership actions and a *high* level of support-oriented senior leadership actions. To this end, it was proposed that the senior leader engages in a high amount of leader initiated control mechanisms in the development context to influence the probability that development teams will behave in ways that support the stated objectives of the project. Similarly, the senior leader deploys a high amount of support to the project team in terms of encouraging, facilitating and enabling the development project.

As mentioned above, the ubiquitous leadership style came second in terms of frequency of occurrence compared with the other leadership styles. It was deployed in four development projects (the successful projects at Bank Alpha, Bank Delta, Bank Epsilon and Bank Kappa). The data analysis suggests that if a development project is important to the senior leader due to its size and proposed strategic impact, he does get heavily involved in its development. This is reflected by the senior leader deploying control-oriented actions as well as support-oriented actions and thus a ubiquitous leadership style. However, as development projects of major strategic importance are relatively rare in banking, senior leaders only occasionally deployed a ubiquitous leadership style.

What did the ubiquitous style look like in practice? It was observed that senior leaders who deployed a ubiquitous leadership style went far beyond their usual project involvement. As such, senior leaders were involved in the majority of subcategories of control-oriented actions. That is, they were involved in setting goals for the new offer and contributed to new offer design. Senior leaders also agreed to milestones and the launch date. They further regularly checked on performance, not only formally but also

informally by 'walking the floor'. Moreover, senior leaders critically reviewed and evaluated the offer to be developed. Involvement in support-oriented actions was similarly intense. All leaders showed considerable commitment to the projects and bought into the vision for the new offer to be developed. The majority of senior leaders contributed to securing financial and non-financial resources. That is, they made development budgets available and ensured that the project was appropriately staffed. Where necessary, the senior leaders also re-prioritised IT systems development slots or marketing communication slots in favour of the development project. A further area, where intense activity was noted, is stakeholder management. Senior leaders of all four projects involved their bosses (Chief Executive) and/or additional top management team members in the development effort.

After covering the prominence and characteristics of the ubiquitous leadership style, the following focuses on the discussion of the proposition. As the ubiquitous leadership style encompasses both control-oriented and support-oriented leadership actions it is based on a wide behavioural repertoire. Further, the ubiquitous style rests on a balanced repertoire because both the level of control and the level of support are high. Chapter 5 suggested that successful development projects are associated with senior leaders with wide and balanced behavioural repertoires. Therefore, it was proposed that the ubiquitous leadership style is associated with new offer development success. Accordingly, Proposition 2 was formulated as follows:

Proposition 2:
The ubiquitous leadership style is associated with new offer development success.

The multiple case findings assert that the ubiquitous leadership style is connected to new offer development success in four projects. Interestingly, the ubiquitous leadership style was not associated with lesser development success in any of the projects. That is, all projects where the senior leader adopted a ubiquitous style eventually turned out to be successful. As mentioned previously, it is only in exceptional circumstances that the senior leader assumes a ubiquitous style. This is likely to happen when the project is of

substantial size and strategic importance due to envisaged customer impact or external regulatory pressure. Thus, failure to complete such strategically important projects on time, on budget and to specification is likely to have adverse consequences on the bank as well as on the senior leader's personal reputation. For this reason, it was observed that every possible precaution was taken by senior leaders to ensure the effective realisation of strategically important projects. Since all projects associated with ubiquitous senior leadership style were related to success, the next section only reviews evidence that strengthens Proposition 2:

Ubiquitous leadership style associated with development success

Similar to the patterns regarding the reclusive leadership style, projects characterised by the ubiquitous leadership style displayed evidence of a variety of additional leaders. Apart from the senior leader, the project leader emerged as the most important contributor to the development outcome in three out of four projects. As such, it was the style of the project leader, which had a positive impact on the relationship between the style of the senior leader and development success. For instance at Bank Alpha the development effort was co-ordinated by project leader, a capable and motivated individual, who heavily assisted the senior leader by deploying a high amount of control-oriented as well as support-oriented leadership actions. In similar vein, the project at Bank Epsilon was led by a project leader who was intensely involved in goal setting, project planning and comparing progress to predetermined standards. Moreover, he also supported the project team by demonstrating commitment, managing stakeholders and securing funds. The project leader was further assisted by more junior managers responsible for individual project objectives. A similar leader configuration was found at Bank Delta.

Overall then, the emerging data pattern suggests that a hands-on, ubiquitous senior leadership style was associated with successful projects only. These projects were considered as of particular strategic importance to the firm. Further, most of these projects were characterised by a highly motivated and proactive project leader, who also assumed a ubiquitous style. It is therefore suggested that projects of particularly large

scope and size benefit from the proactive involvement of at least two leaders. Due to the high complexity of such projects a particularly high level of goal setting, planning and monitoring activity is required. In similar vein, an extraordinarily high level of stakeholder management, project commitment and resource procurement is needed. Such intense control- and support-oriented activities are most effectively performed by two leaders who occupy different hierarchical levels. While the senior leader conveys the project's importance throughout the organisation, shielding the development against internal impediments, the project leader proactively resolves the project's day-to-day concerns. This active interplay between senior leader and project leader facilitates project development at the programme and project level and, eventually, secures development success.

However, one out of four projects did not meet the data pattern observed above. At Bank Kappa, the successful project was associated with a ubiquitous senior leadership style but a reclusive project leadership style. While the senior leader was highly involved in the project's development and executed many support- and control-oriented actions, the designated project leader assumed the role of an assistant. The project enjoyed a successful development outcome nonetheless. However, the reclusive style of the project leader was intentionally deployed and mutually agreed with the senior leader. Since the project focused on the area of expertise of the senior leader, she had a keen interest in its development and therefore assumed many project management tasks, being in close and direct contact with the project team. As the project was of merely average size and scope the project leader happily surrendered his responsibilities to the senior leader and attended to other, more pressing projects.

Proposition 2: summary

The discussion of Proposition 2 asserted that the ubiquitous leadership style was related solely to successful new offer development. As such, it was suggested that the investment of the senior leader's time and effort in the development of large and strategically important projects is well rewarded. Thus, if project outcome is crucial in a strategic context, it is beneficial when the senior leader is intimately involved in the development

of the new offer, both in terms of setting objectives and helping the development team whenever high-level intervention is necessary. Specifically, the senior leader can ensure, through high-level influence, that the project has internal obstacles removed and progresses according to schedule. Moreover, he can foster a common vision by communicating the importance of the project throughout the organisation. In addition, the likelihood of success can be further increased with a proactive project leader, who maintains a close and frequent relationship with the senior leader, shares a common vision about the development project, and implements this vision at the project level.

8.3.3. Proposition 3: controlling leadership style

Chapter 5 suggested that the controlling leadership style is characterised by a *high* level of control-oriented leadership actions but a *low* level of support-oriented senior leadership actions. In practice, the behaviour of a leader deploying a controlling leadership style was proposed as follows: The senior leader engages in a high amount of leader initiated control mechanisms to influence the probability that the development team will behave in ways that support the stated objectives of the project. However, the senior leader only deploys a low amount of support to the project team in terms of encouraging, facilitating and enabling the development project.

Only two out of seventeen development projects in this study were characterised by a controlling leadership style. The case evidence suggests that senior leaders rarely deploy a high level of control-oriented actions while neglecting the support-oriented actions. It was observed that senior leaders are either fully committed to a project of major strategic importance, deploying both support and control, or are faintly interested in a project, offering low support and low control. The latter scenario tends to be the case when the project fails to capture the senior leader's interest due to its strategic unimportance. There are only two cases in the sample of this study where the senior leader was highly involved in the project showing much control but only limited support. The reason for this behaviour derived from the fact that the senior leader was pressured by internal factors to have the project developed but failed to be personally captivated by the development.

This controlling style looked as follows: In both projects characterised by a controlling style the senior leader was involved in all of the control-subcategories. That is, the senior leader set the goals for the project, made decisions regarding the new offer design, was involved in project scheduling, and regularly checked on performance. In both projects this took place both formally and informally with close contact between the senior leaders and teams. However, the senior leaders in both projects displayed a low level of support-oriented actions. That is, they neither had much involvement in securing financial and non-financial resources, nor in managing stakeholders. Further, both of the senior leaders showed some form of commitment. However, they were more committed to objectives to be achieved by the projects, rather than to the projects themselves and to the corresponding development teams. For example, this relates to complying with remedies imposed by the Competition Commission Enquiry into Small Business Banking in Bank Beta or to increasing profits in Bank Delta. Moreover, the senior leaders did not deploy any personal sponsorship capital.

After exploring the prominence and characteristics of the controlling style, this section focuses on the analysis of Proposition 3. As the controlling leadership style encompasses both control-oriented and support-oriented leadership actions is based on a wide behavioural repertoire. However, it rests on an imbalanced repertoire because the level of control is high and, conversely, the level of support is low. Chapter 5 suggested that less successful development projects are associated with senior leaders with imbalanced behavioural repertoires. Thus, it was proposed that the controlling leadership style is associated with lesser new offer development success. Accordingly, Proposition 3 was formulated as follows:

Proposition 3:

The controlling leadership style is associated with lesser new offer development success.

The analysis of the findings reveals that the controlling leadership style was associated with new offer development success in one project, that is, Bank Beta. However, in

another project, Bank Delta, the controlling leadership style was related to lesser development success. As the controlling leadership style was connected to both new offer development success and lesser new offer development success, the next section will first review evidence that weakens Proposition 3.

Controlling leadership style associated with development success

As mentioned above, the multiple case analysis revealed a relationship between the controlling leadership style and development success. As success was not the only project outcome connected with this style, the question arises what underlying features distinguish the successful project from less successful project? Similar to the project characteristics observed in regards to the reclusive style, the controlling successful project was associated with additional leaders. Specifically, the project leader was found to play a key role. At Bank Beta, the project was associated with a highly capable and motivated project leader who was responsible for the day-to-day management of the project. He went out of his way to support the project by organising a constructive and fun 'brainstorming away-day', soliciting help from a brand consultancy, organising financial and non-financial resources and generally creating a culture, which encouraged the new offer development process. By deploying a very high level of support-oriented leadership actions, the project leader was able to warrant the project and its team the support necessary to bring the project to a successful conclusion. Conversely, the project leader deployed a low level of control. Although he had some involvement in project scheduling and monitored progress against predetermined standards, he did neither take part in setting project goals, formulating the customer proposition nor in evaluating the proposed project. As the senior leader was heavily involved in control-oriented activities, the project leader felt that it was his task to lend the necessary support to the project team.

Drawing conclusions from only one project, it is suggested that a project characterised by a controlling leadership style is connected to development success when the senior leader is assisted by a project leader who deploys a supporting leadership style. As such, it is ensured that the project team receives the necessary balance of support and control to advance the development effort.

Controlling leadership style associated with lesser development success

Conversely, one project was related to lesser development success, providing evidence that strengthens Proposition 3. Similar to the above discussion, additional leaders were observed with the project leader playing an important role. Particularly, it was the style of the project leader, which amplified the negative relationship between senior leadership style and lesser success. At Bank Delta, the project leader and team had a difficult working relationship with the senior leader. Although they understood the pressure the senior leader was facing, the team and particularly the project leader felt strongly against the project goals advocated by the senior leader. As a consequence, the team, led by the project leader, took the initiative to formulate several alternative customer propositions and offer concepts, all of which were rejected by the senior leader as they were not in line with his requirements. Whilst the project leader devised these alternative courses of action with the best of intentions, he reckons with hindsight that this contributed to the launch delay. The leadership actions exhibited by the project leader are characteristic of a controlling leadership style, exemplified by actions such as goal setting, evaluating the proposed project, making and overruling decisions regarding new offer design and conversely, a lack of commitment to project and no evidence of stakeholder management. As a consequence of both the senior leader and the project leader deploying a controlling leadership style, a lengthy debate on the best way forward arose. This led to a 'power struggle' on the most appropriate project strategy and was eventually associated with a launch delay.

Proposition 3: summary

The discussion on Proposition 3 asserted that the controlling leadership style was connected both, to new offer development success as well as to lesser development success. It was suggested that the senior leader can afford to deploy a style that is heavily control-focused only when certain conditions are present: Most importantly, the senior leader is assisted by a project leader who counterbalances the one-dimensional style of the senior leader by helping the project team to surmount internal and external obstacles. That is, a controlling senior leadership style, with high control but low support, is likely to be associated with development success when a hierarchically lower-standing project

leader adopts a supporting leadership style that provides the required balance of support and control to project and team. If this supporting influence by the project leader is exchanged with a controlling influence, the combined leadership actions of both leaders can result in overly control-focused micromanagement.

8.3.4. Proposition 4: supporting leadership style

Chapter 5 stated that a supporting leadership style is characterised by a *low* level of control-oriented leadership actions and a *high* level of support-oriented senior leadership actions. For this reason, a senior leader deploying a supporting leadership style engages in a low amount of senior leader initiated control mechanisms to influence the probability that development teams will behave in ways that support the stated objectives of the project. Conversely, the senior leader deploys a high amount of support to the project team in terms of encouraging, facilitating and enabling the development project.

The analysis of the findings revealed that only two out of seventeen projects are associated with a supporting leadership style (the less successful project at Bank Beta and one of the successful projects at Bank Zeta). Why was the supporting style observed with such low frequency? As mentioned in the context of the controlling style, the senior leader does not frequently get involved at the project level to start with. However, if a project is strategically important enough to capture the senior leader's attention, he is likely to get fully involved offering both control and support. There are only two projects in the sample of this study where the senior leader provided much support but merely limited control. This was the case because the senior leader was captivated by the project whilst at the same time relying on the ability of the project leader to plan and monitor the development effort.

The leadership patterns observed in relation to the supporting style can be described as follows: The level of control-oriented leadership actions was found to be low in both of these projects as the senior leaders had faith in the ability and seniority of the project leaders. As such, the senior leader had limited to no involvement in goal setting, new offer design, project scheduling and checking on performance. The senior leader critically

reviewed the project at conception stage, at the business case stage and before launch. However, the senior leaders in both projects did not ask for frequent and formal progress updates. Conversely, the senior leaders of both projects were significantly involved in lending support to the project team. As such, both senior leaders had high hopes in the projects and thus were highly committed to them. They offered personal sponsorship capital in terms of dealing with stakeholders. Moreover, both leaders secured financial and non-financial resources for the development.

After discussing prominence and characteristics of the supporting style, the following discussion focuses on the exploration of the proposition. As the supporting leadership style encompasses both control-oriented and support-oriented leadership actions it is based on a wide behavioural repertoire. However, this behavioural repertoire is also imbalanced since the level of control is low but the level of support is high. For this reason it was proposed that the supporting leadership style is associated with lesser new offer development success. Proposition 4 was formulated as follows:

Proposition 4:
The supporting leadership style is associated with lesser new offer development success.

Chapter 7 asserted that the supporting leadership style is related to new offer development success in one project, at Bank Zeta, and to lesser new offer development in another project, at Bank Beta. Since the supporting style was associated with two different project outcomes, success and lesser success, the next section will first explore evidence that weakens Proposition 4.

Supporting leadership style associated with development success
As mentioned above, the multiple case analysis revealed an association between the supporting leadership style and development success. As success was not the only project outcome connected with this style, the question arises what characteristics distinguish the supporting successful project from the supporting less successful project? To this end, the

analysis of the findings suggests that the supporting successful project was, yet again, associated with additional leaders of which the project leader stands out as a crucial contributor. In particular, it is the style of the project leader that influences the relationship between senior leadership style and development success. Specifically, the data analysis of Bank Zeta revealed a project leader, who assumed the role of a champion and internal entrepreneur. As such, he conceived the idea, set goals, formulated the customer proposition, planned the project, compared progress to predetermined standards and generally acted as a major driving force in ensuring that the project was progressing according to plan. Therefore, he deployed many control-oriented senior leadership actions. As the project encountered considerable obstacles early on in the development process, the project leader solicited help from the senior leader. The senior leader, being highly committed to the project, readily provided support and deployed his influence to remove internal impediments. While the senior leader henceforth assumed all support-oriented actions, the hierarchically lower standing project leader focused on controlling leadership actions, addressing goal setting as well as progress control against predetermined standards.

Overall then, the emerging data pattern suggests that a project associated with a supporting senior leadership style is likely to be connected to success when the senior leader is assisted by a project leader, who exhibits a controlling leadership style. By doing so, the project team is warranted the necessary balance of support and control.

Supporting leadership style associated with lesser development success

Conversely, one development project was related to lesser development success and thus provides evidence that strengthens Proposition 4. Yet again, the emerging data pattern suggests that the relationship between the supporting senior leadership style and lesser development success was influenced by the style exhibited by the project leader. That is, at Bank Beta, the development effort was associated with a project leader, who had just recently joined the bank. Thus, he was not adept with the development procedures of a large organisation. Coming from a small, highly entrepreneurial firm he was innovative, creative, committed and enabling but had a tendency to reject formalised control

mechanisms and standardised quality controls. Therefore, the project leader exhibited a high level of support-oriented actions, but a low level of control-oriented leadership actions towards the project team. Since the senior leader as well as the project leader deployed a supporting leadership style, project progress remained largely uncontrolled throughout project execution. Consequently, the timetable slipped and the project was launched heavily delayed.

Overall then, the data pattern indicates that a supporting senior leadership style is related to lesser development success when the project leader also assumes a heavily support-oriented leadership style. This leads to an imbalanced level of support and control, with the lack of control resulting in project delays.

Proposition 4: summary

The above analysis suggested that the supporting leadership style was associated with development success as well as lesser development success. It was asserted that it is only under specific circumstances that the senior leader can afford to heavily support a project team whilst not controlling for its output at the same time. To succeed, the project needs to be driven by a dedicated and capable project leader, who counterbalances the support-oriented style of the senior leader by assuming a highly control-focused role. Since the senior leader does not check for project progress, it is the responsibility of the project leader to monitor progress on a day-to-day and long-term basis in order to advance the project and to ensure its successful completion on time, on budget and to specification.

8.4. Secondary independent variables at the project level

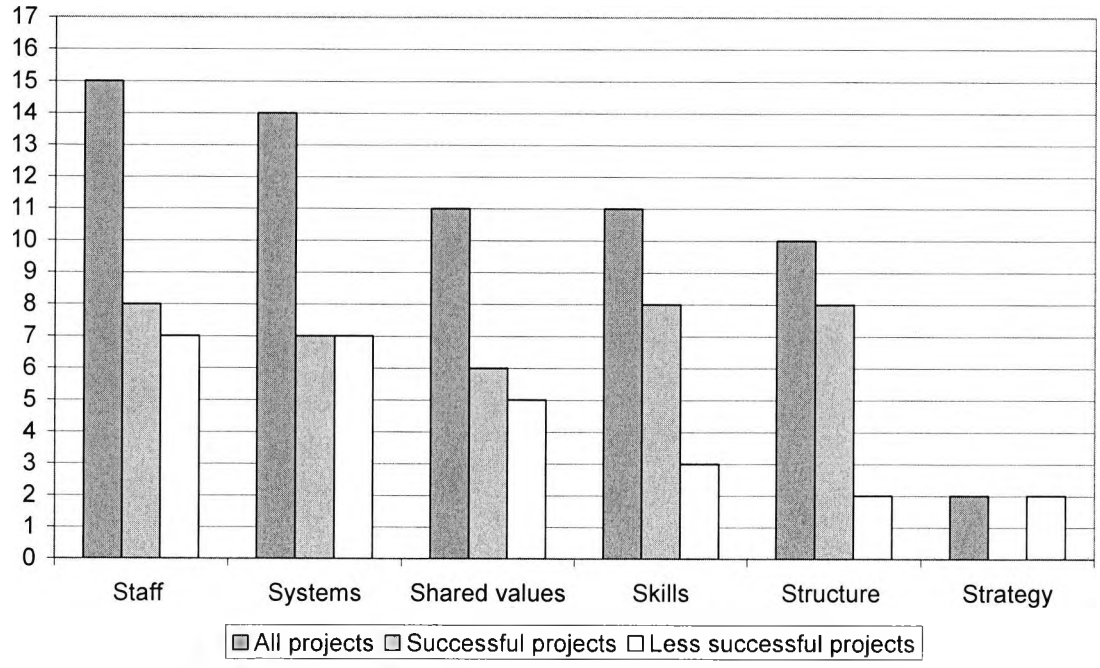
The previous section provided a synthesis of the cross-case findings and discussed the findings with reference to the initial propositions formulated. The overall findings indicate that it is less the deployment of a particular senior leadership style that is associated with new offer development success, but rather the constructive interplay of the styles of the senior leader and project leader both operating at different hierarchical levels. However, as proposed in chapter 5 new offer development success was found to be influenced not only by leadership style but also by an amalgam of internal factors

under control of management. As explained in section 5.6.2, this study adapted the McKinsey '7S' framework for examining these internal organisational factors at the project level of analysis as well as the programme level of analysis. The following section now discusses these secondary independent variables and their association with development success.

As anticipated, some of the secondary independent variables have shown to be particularly conducive for successful development. As illustrated in Figure 8.2, *Staff* had the most frequent association with development outcome, being found in fifteen out of seventeen projects. Of these, eight were successful projects and seven were less successful projects. In descending order of importance *Staff* was followed by *Systems*, *Shared values*, *Skills*, *Structure* and *Strategy*.

Figure 8.2:

Association of '7S' with development outcome



Source: Field study

8.4.1. Staff

Staff at the project level refers to the type, quantity and quality of functional specialists required for the development project under investigation. As such, *Staff* includes both staff in leader roles (other than the senior leader) as well as staff in non-leader roles (such as project team members). *Staff* was the secondary independent variable, which was most frequently associated with development outcome, that is, in 15 out of 17 projects. It impacted project outcome in both, successful projects and less successful projects. The following discussion first addresses *Staff* in leader roles and, subsequently, concentrates on *Staff* in non-leader roles.

(a) Staff in leader roles

As mentioned repeatedly throughout this chapter, all projects under investigation were associated with additional leaders. That is, this study identified a range of leaders, who participated in the development effort. These leaders can be described as follows: (1) the project leader, responsible for the day-to-day management of the project (2) the additional, more junior project manager assisting the project leader with distinct phases or areas of the project; (3) the project sponsor, who, although not directly responsible for the day-to-day management of the project, contributed to the project's success; (4) the Head of New Offer Development, who got involved in the development effort in context of programme level responsibilities; (5) the Chief Executive, boss of the senior leader, who got drawn into the project due to its strategic importance, and (6) other top management team members, whose business areas were affected by the development effort.

Interestingly, the analysis of the findings revealed that all projects, the successful and the less successful ones, were characterised by active involvement of multiple leaders. Thus, the sheer involvement of multiple leaders displayed no clear association with development success. Moreover, the analysis revealed that number and seniority of leaders involved in the development effort is related to the *Strategy* deployed for the development project. That is, the larger and the more strategically important a project, the greater is the likelihood that several leaders will be involved in its development.

However, there is no indication that number and seniority of leaders are related to development success.

Multiple leaders and teamwork effectiveness

The project leader was found to play a key role apart from the senior leader. Section 8.3.1. defined the project leader as the individual who is ultimately in charge of the day-to-day management of the project. While the project leader always occupied a hierarchically lower position than the senior leader, the exact hierarchical level varied across cases and was mostly situated at what is commonly labelled as 'middle management'. In some organisations the project leader carried the title 'project manager', in others he was labelled 'project sponsor'. While position and title assigned to the project leader varied from case to case, his responsibility remained the same across cases. In all cases, the project leader was responsible for skilfully managing the project's day-to-day demands. As such, the project leader was ultimately responsible for the project's successful completion.

The analysis of the propositions demonstrated that project outcome was generally associated with multiple leadership team effectiveness, that is, how well the leaders co-ordinated their leadership actions in regards to the project. In particular, the analysis revealed the importance of *Style complementarity* between the senior leader and the project leader. That is, in successful projects the style of the senior leader and the style of the project leader complemented each other in terms of control and support provided to project and team. For example, in successful projects characterised by a controlling senior leadership style, the project leader 'counterbalanced' the control-focused style of the senior leader by assuming many support-oriented actions. Conversely, in successful projects characterised by a supporting senior leadership style, the project leader offset this support-focused style by deploying many control-oriented actions. This process of style complementarity, provided a wide and balanced repertoire of control and support-oriented actions to the development effort and, therefore, increased the chances for development success.

A similar form of leadership complementarity was observed in successful projects characterised by either the reclusive or ubiquitous senior leadership style. In both scenarios, the project leader adopted a ubiquitous style, assuming a highly control and support-focused role. In cases of a reclusive senior leader, a highly proactive project leader was essential for providing the critical amount of support and control to the project team. In cases of ubiquitous senior leadership, most development projects were of extraordinary size and scope and thus required a highly proactive project leader in addition to a hands-on senior leader. The active interplay between senior leader and project leader then facilitated project development at different organisational levels. Overall then, it can be concluded that style complementarity aids project execution and thereby amplifies the likelihood of development success. While the case data suggest that it is often the project leader who adapts his style to the style of the senior leader, and not vice versa, the data give no indication whether the project leader initiates this style complementarity consciously or subconsciously.

Moreover, the findings suggest the importance of *Project phase complementarity* between the senior leader and the project leader. This refers to the extent to which the senior leader and project leader complement each other in terms of contributions made to different phases of the project. *Project phase complementarity* can best be described as the relay-race approach to leadership, where each of the leaders plays a dominant role in a particular project phase. For example, the successful project of Bank Delta was driven by the project leader during the first half of conception phase. When the workload and project complexity increased during the second half of the conception phase and the development phase, the senior leader assumed the leading role and contributed heavily to the development effort. During the implementation phase, when project complexity decreased, the project was again driven by the project leader, with only minimal assistance provided by the senior leader. This teamwork between leaders had a positive impact on development outcome.

(b) Staff in non-leader roles

The above section asserted that *Staff* in leader roles, played a key role in the new offer development process. However, *Staff* in non-leader roles also had an impact on development outcome. For instance, it was found that successful projects were characterised by the contribution of staff from all hierarchical levels. Specifically, these employees were well trained, dedicated and capable. Moreover, many of them were specialists in their respective fields. Conversely, less successful projects were associated with non-committed staff, who had failed to buy into the new offer development strategy and who showed a general lack of interest. While such behaviour diminished perceived teamwork effectiveness in the short run, it also affected the overall project performance when it continued for too long and when it originated from crucial contributors. Thus, it can be concluded that quality of *Staff* in non-leader roles had an impact on project outcome. Contrary to expectations, however, quantity of staff showed no association with either success or lesser success. That is, the number of team members making up the development team could not be linked to development outcome.

8.4.2. Systems

Systems at the project level refers to the coordination and control mechanisms deployed for the development project under investigation. The analysis of the findings demonstrated that *Systems* was associated with development outcome in 14 out of 17 development projects (Figure 8.2). The association of *Systems* with development outcome was equally prominent in successful and less successful projects. The question arises what specific configuration of the variable *Systems* increases the likelihood for development success?

The case evidence suggests that the project team is best advised to follow a clearly defined development process, with a project path outlined at the outset. To ensure its effectiveness, the process should be applied from start to finish of the project. Further, it was found helpful if the process contained clearly defined development phases. Most banks were observed to distinguish between the concept phase, development phase and launch phase. Generalising from the data, it was revealed that during concept phase the

idea is generated, strategic objectives are set, the customer proposition is formulated, the budget is drawn up and some form of feasibility analysis is undertaken. During the development phase the development team then translates the concept into an offer. It was revealed that in the context of banks, IT systems development is one of the important tasks taking place during development phase. This step is notorious for causing delays. That is, projects, which do not have a systems development slot pre-booked in the annual plan, have to wait until the necessary resources become available. Lastly, during the launch phase the new offer is presented to the market.

Successful projects were further characterised by regular milestones between and within project phases. At each milestone, progress was reviewed against predetermined standards. Finally, most successful projects were characterised by the existence of a business case. This is a 'major' milestone, usually taking place between the concept phase and the development phase. It consists of a presentation containing the strategy and rationale behind the introduction of the new offer as well as financial projections. To sum up, a standardised and formalised development process aids senior leadership style and increases the probability for new offer development success.

Conversely, the analysis of the data suggested that projects, which do not follow a well-planned and validated development process were associated with lesser success. This specifically refers to a process, which lacks distinct project phases, milestones as well as a business case and does not adhere to a critical path. As such, this ineffective process rendered the work of the senior leader more difficult and, therefore, amplified the chances of lesser development success.

8.4.3. Shared values

Shared values at the project level refers to the project members' beliefs about the objectives of the development project under investigation and its contribution to business objectives. *Shared values* was associated with development outcome in 11 out of 17 development projects (Figure 8.2). As such, the connection between *Shared values* and development success was equally prominent as the relationship between *Shared values*

and lesser success. The findings suggest that *Shared values* affect new offer development success in four different ways.

Firstly, the data pattern reveals the importance of the working relationship between the senior leader and the project leader. In particular, this refers to the extent to which the senior leader and the project leader bought into the same vision and could agree on how to turn this vision into a new offer. Successful projects were generally associated with a senior leader and a project leader, who had strong *Shared values*. For instance, at Bank Zeta the senior and project leader not only believed in the great commercial potential of the new offer, but also concurred on the customer proposition and development strategy. Conversely, less successful projects were generally associated with a senior leader and a project leader who did not share a common vision about the development project. For example, at Bank Delta, the primary objective of the senior leader was to generate high returns on investment, whereas the project leader aspired to create a highly innovative offer. This disagreement negatively affected the working relationship between the leaders and was consequently associated with a severe launch delay.

Secondly, the findings highlight the importance of *Shared values* among all leaders involved in the development project in addition to the senior and project leader. Yet, again, successful projects were characterised by a host of leaders, who shared the same values about a project. This refers to leaders, who all stood behind the project, believed in the offer proposition and were enthusiastic about the development effort. It was observed that positive buy-in did not have to exist from the very beginning of the project. However, it needed to be established before the team encountered significant obstacles. For instance, at Bank Epsilon the sheer scale of the project and its tight development schedule required that all leaders, including the Chief Executive, were highly committed to the new offer and collaborated proactively throughout development. Conversely, some of the less successful projects were characterised by a group of leaders, who had *conflicting values*. For instance, the less successful project at Bank Kappa was instigated by the boss of the senior leader. Neither the senior leader nor the project leader believed in the offer concept. As a consequence, the offer was developed in a half-hearted, non-

committed fashion that failed to meet specifications. It should be noted, however, that the association of *Shared values* among leaders and development outcome was less frequent in less successful projects than in successful projects. This indicates that *Shared values* among leaders is important but not essential for development success.

Thirdly, the findings stress the importance of *Shared values* within the project team. That is, a shared vision among project team members, aligned to the bank's values and goals, was associated with development success. In particular, it was found beneficial when the development team perceived the need to deliver; had the desire to develop new offers; and wanted to convey the image of being active innovators, both to the rest of the organisation and the industry at large. Conversely, lack of a shared vision within the project team was found increase the likelihood of lesser new offer development success.

Lastly, development success was associated with wide support for the new offer development project within the entire bank. The data suggest that such support arose as a consequence of (a) the perception of the need for new offers; (b) the understanding that the project was a strategic priority; (c) the organisation's expertise in the area the offer was developed; (d) senior leader and top management support, and (e) external competitive pressure. The case analysis suggests that organisation-wide support can be created by a targeted internal communications campaign featuring the senior leader and/or Chief Executive. Yet again, the lack of wide support generally increased the likelihood of lesser success.

8.4.4. Skills

Skills at the project level refers to the specialist knowledge and methods applied to the development project under investigation. This study found that *Skills* was a contributor to development outcome in 11 out of 17 projects (Figure 8.2). Interestingly, this association was observed more frequently in successful projects than in less successful projects. Thus, it can be concluded that the deployment of sound skills enables the new offer development process. In particular, it was found that both internal and external skills contributed to project outcome. Internal skills refer to specialist knowledge and methods

sourced from within the organisation, including project management skills and technical expertise. Moreover, it was found beneficial to staff the development team with a combination of customer relationship managers and financial specialists to ensure a well-rounded assortment of skills. Successful development teams further matched the specific skill set requirement of the development project. In addition, banks were found to supplement their internal skill sets by external skills. External skills refer to specialist knowledge and methods sourced from outside the organisation. To this end, banks outsourced parts of the development process, such as idea generation facilitation and market research, or drew on experts in highly specialised areas such as financial regulation or taxation.

Conversely, a limited number of projects were characterised by the absence of the necessary skill set and were subsequently associated with lesser success. As such, the data revealed that insufficient technical expertise can lead to mistakes during the conception or development phases. The lack of client-facing staff, on the other hand, was observed to result in a non-customer-oriented offer in one of the projects. Lastly, weak project management skills were associated with launch delays.

8.4.5. Structure

Structure at the project level refers to the organisational framework deployed for the project under investigation. This study found that the secondary independent variable of *Structure* was a contributor to development outcome in ten out of 17 projects (Figure 8.2). Interestingly, successful projects were generally associated with an organisational framework, which was aligned to the requirements of new offer development. This refers to clear governance structures and associated links between the different parts of the organisation, which contributed to the development effort. This can take many forms. Projects of a larger size usually profited from a steering committee, chaired by the senior leader and consisting of the project leader and senior stakeholders such as Function Heads and, if appropriate, top management team members. For example, the main responsibility of the steering committee was to monitor the project team's progress

against predetermined standards and to deal with problems that demanded senior management attention across different functions of the bank.

A key advantage of clear governance structures is that they allow the team and project leader direct and regular access to the senior leader and other senior management stakeholders. Large projects were observed to be split into further satellite teams responsible for different project phases or areas, led by more junior project managers who were accountable to the overall project leader. Smaller projects, which resulted in successes, had similar structures in place, the difference being that it was the project leader who chaired the steering committee. In addition, in successful projects the project leader was politically astute and had the necessary drive to bring the project to a satisfactory conclusion. The existence of an appropriately staffed and well-run new offer development function, with an information-sharing line to the senior leader, was further found to support the development process.

Conversely, *Structure* only had an impact on lesser success in two projects. In both instances, this refers to the lack of a clearly established reporting relationship between the project leader and senior leader. As a consequence, the project leader and senior leader did not remain in regular contact regarding the project's development. Thus, issues, which demanded top management intervention did not come to the senior leader's attention in time, resulting in one project being delayed and the other one being terminated.

8.4.6. Strategy

Strategy at the project level refers to the strategy of the development project under investigation and its relation to business and corporate strategy. This study found *Strategy* to be of lesser importance in affecting project outcome. That is, *Strategy* was associated with the dependent variable in only two cases, both of which were less successful projects (Figure 8.2). In one project a weak customer proposition contributed to unsatisfactory market test results and, as a consequence, triggered project termination. In the other

project, the senior leader and project leader could not agree on the new offer development strategy, which impeded development and resulted in a severe launch delay.

Moreover, it can be argued that *Strategy* does determine the level of senior leader involvement at the project level. As outlined in Section 8.2, the senior leader is more likely to get involved in individual development projects if a certain project strategy is pursued. That is, if the project is of major strategic importance and key to business and corporate strategy, the senior leader is likely to get heavily involved in its development at the project level. However, if the development project plays only a minor part in the overall strategic agenda, senior leader involvement tends to be very limited.

8.5. Secondary independent variables at the programme level

This study focused on development success at the project level. However, to put project level findings into perspective, factors at the programme level of analysis were also explored. As such, it was found that the '7S' at the programme level were highly influential on the corresponding '7S' variables at the project level. That is, if a bank's '7S' at the programme level were aligned to development success, it took less effort to re-align them for every individual development project. For example, if a firm has a standardised development process in place at the programme level, the effort of adapting this predefined process for individual development projects is relatively small.

Moreover, the findings suggest that the '7S' at the programme level are interlinked. For instance, it was frequently observed that banks which have new offer development goals clearly articulated in their annual plan (*Strategy*) also had a separate development function and an established reporting relationship between this function and the senior leader (*Structure*). In addition, these banks had formulated a standardised development process (*Systems*). Further, these organisations had employed and trained a range of experts (*Staff*) to ensure the availability of the necessary project development skills and technical expertise (*Skills*). Lastly, these banks had fostered a shared understanding of the importance of new offer development for the ongoing survival of the firm (*Shared values*).

However, no data pattern emerged linking the '7S' at the programme level to senior leadership style and new offer development success at the project level. Further, it is asserted that an exhaustive examination of the '7S' at the programme level would have far exceeded the scope of this study. Bearing in mind that the following findings are suggestive, the present section briefly explores the '7S' at the programme level.

(a) Strategy at the programme level

Strategy at the programme level was defined as the general offer development strategy pursued by the business and its relation to business and corporate strategy. A well-defined development strategy, driven by corporate strategy and objectives, is essential to any sound new offer development programme. It was observed that most banks had clearly defined new offer development strategies. However, the case data indicate neither a clear association between *Strategy* and senior leadership style nor between *Strategy* and development success. As mentioned above, *Strategy* at the programme level partly determined *Strategy* at the project level.

(b) Structure at the programme level

Structure at the programme level refers to the organisational framework deployed for new offer development management in the business in general. The case exploration asserted that some organisations had an elaborate new offer development department with a separate budget and direct and regular reporting lines to the to the senior leader. Other organisations approached new offer development from an ad hoc perspective, defining roles and reporting lines for each individual project. An analysis of the findings neither revealed a connection between *Structure* and senior leadership style, nor between *Structure* and development success.

(c) Systems at the programme level

Systems at the programme level are the coordination and control mechanisms for the new offer development effort of the business in general. It was observed that many of the banks work with a standardised new offer development process. As such, this process contains milestones as well as sign-off points, where the senior leader approves key steps

of the development process. It was observed that the standardised method a bank uses gets adjusted to the size of an individual project. For instance, for larger projects there are more milestones in place than for smaller projects. Moreover, in more complex projects the process requires the senior leader to approve the development of the new offer several times throughout development. However, *Systems* at the programme level could neither be linked to senior leadership style nor to new offer development success.

(d) Skills at the programme level

This factor refers to the expertise of the business in encouraging offer development and launching successful new offers. Interestingly, it was found that most banks did have the required development skills to realise new offers, both from a project management as well as a technical standpoint. In addition, it became evident that many of these major global banks complemented their internal skills with capabilities from outside the organisation. These included the assistance of lawyers, tax experts, consultants, facilitators, researchers and marketing specialists. However, a relationship could neither be observed between *Skills* and senior leadership style nor between *Skills* and development success.

(e) Staff at the programme level

Staff was defined as the availability and deployment of new offer development experts. As such, *Staff* included employees in both leader and non-leader roles. In general, all banks maintained capable and motivated staff in regards to new offer development. Moreover, many banks employed a number of skilled project managers. These project managers usually lead a number of new offer development projects at the same time. Similar to the other '7S' at the programme level, *Staff* was neither associated with senior leadership style nor with new offer development success.

(f) Shared values at the programme level

Shared values at the programme level has been defined as project members' beliefs about new offer development in general and its role in meeting overall business objectives. Interestingly, in many banks a joint shared vision of the importance of new offer

development in meeting overall business goals was evident. This was reflected in the fact that employees, and not senior management, initiated innovation in many of the projects observed. Generally, project team members were enthusiastic about developing new offers and had a willingness to deliver. However, *Shared values* at the programme level could neither be linked to senior leadership style nor to new offer development success.

8.6. Dependent variable

As outlined in Section 5.6.3, this study deployed multiple, non-financial success criteria. As such, it adhered to the criteria forwarded by Johne and Harborne (2003) and Harborne (2000) who evaluate success on the basis of whether or not certain project objectives have been met. These objectives are (a) project on time, (b) project on budget, and (c) project to specifications. For example, to be considered successful a new offer development project has succeeded in meeting all three criteria: completed on time, completed on budget, and completed to specifications. Conversely, to be considered less successful a new offer development project has failed to meet one or more criteria. Harborne (2000) argues that the milestones of specification, cost, and time-scale are effective criteria for success because failure to achieve these means that the new offer will have failed to meet its opportunity window. As such, the new offer may be under-featured, too late or too expensive in order to: (i) enhance corporate reputation; (ii) attract new customers to the firm; (iii) achieve cost efficiencies; (iv) gain competitive advantage; (v) improve the loyalty of existing customers, or (vi) impact on market position.

Interestingly, the findings unexpectedly provided support for the relationship proposed by Harborne (2000). That is, a link emerged between projects that met their objectives and subsequent commercial success of the new offer. In the context of this thesis commercial success is defined as offers popular with customers and yielding financial benefits to the bank. As such, all offers, which were launched on time, on budget and to specifications turned out to be subsequent commercial successes. Conversely, almost all offers that had failed to meet one or more of the launch criteria, did not turn out to be commercially successful. This was the case with the projects at Bank Alpha, Bank Beta, Bank Gamma, Bank Delta, Bank Epsilon, Bank Zeta and Bank Iota. The only exception to this

relationship is Bank Kappa. The less successful project at Bank Kappa had not been launched to specification. After launch, the original specification was re-worked and the project eventually turned out a commercial success.

8.7. Conclusion

The purpose of this chapter was to explore the findings at an aggregate level and to draw conclusions based on the total of eight cases. The overall findings indicate that it is less the deployment of a particular senior leadership style that is associated with new offer development success, but rather the constructive interplay of the styles of the senior leader and project leader both operating at different hierarchical levels. It was further asserted that new offer development success is influenced not only by leadership style but also by an amalgam of internal factors under control of management. Subsequently, these secondary independent variables and their association with development success were explored. The next chapter presents the revised conceptual model and propositions, discusses the contributions to theory, and makes suggestions for further research.

CHAPTER 9
REVISED CONCEPTUAL FRAMEWORK, CONTRIBUTION TO THEORY AND SUGGESTIONS FOR FURTHER RESEARCH

9.1. Introduction

The previous chapter presented a discussion of the findings. This chapter builds on the discussion by presenting the revised conceptual framework and a revised set of propositions. Moreover, it focuses on the contribution to theory and proposes suggestions for further research.

9.2. Revised propositions and conceptual framework

Chapter 8 subjected the multiple case evidence to the propositions. As such, the discussion explored the association between leadership style and development success. This section now reformulates these propositions and revises the conceptual model to accommodate the most relevant findings derived from this analysis. The discussion commences with the relationship between style and success and subsequently focuses on the impact of the antecedent variables and secondary independent variables.

9.2.1. Propositions: senior leadership style and development success

9.2.1.1. Reclusive style

The analysis of the propositions found that the reclusive senior leadership style was associated both with development success and lesser development success. In an attempt to uncover the distinguishing factors between a successful project outcome and a less successful project outcome, the discussion revealed the important role of additional leaders. As such, it was asserted that it is less the deployment of a particular senior leadership style associated with development success, but the harmonious interplay of the styles of multiple leaders at various hierarchical levels. In particular, the findings suggest that the style of the senior leader and the style of the project leader need to complement each other in terms of control and support provided to project and team. It was found that a reclusive style deployed by the senior leader with low control and low support needs to be complemented by a ubiquitous style of the project leader to provide high control and

high support to the team. Thus, the combination of reclusive senior leadership style and ubiquitous project leadership style provides a wide and balanced repertoire of control- and support-oriented actions to the development effort and, therefore, increases the chances for development success. Proposition 1 is reformulated accordingly:

P1: *Reclusive senior leadership style coupled with ubiquitous project leadership style will provide a wide and balanced repertoire of control and support to the development team and, therefore, will be positively associated with new offer development success.*

9.2.1.2. Ubiquitous style

The discussion of the findings further asserted that the ubiquitous senior leadership style was associated with success in all projects. The majority of these projects were large, complex and strategically important. They took several months to complete and were often divided into different work streams. As a consequence, there was the need for a higher than usual level of leadership involvement to bring the complex project to completion. In particular, it was found beneficial for the senior leader to be assisted by a highly motivated project leader who also deployed a hands-on ubiquitous leadership style. Thus, the combination of ubiquitous senior leadership style and ubiquitous project leadership style provides a wide and balanced repertoire of control- and support-oriented actions to particularly large and complex developments and, therefore, increases the chances for development success. Proposition 2 is reformulated accordingly:

P2: *Ubiquitous senior leadership style coupled with ubiquitous project leadership style will provide a wide and balanced repertoire of control and support to the development team and, therefore, will be positively associated with new offer development success.*

9.2.1.3. Controlling style

The case evidence also suggested that senior leaders rarely deploy a high level of control-oriented actions while neglecting the support-oriented actions. It was observed that senior leaders are either fully committed to a project of major strategic importance, deploying both support and control, or are faintly interested in a project, offering low support and low control. There were only two projects in the sample of this study where the senior leaders were highly involved in the projects showing much control but only limited support. The reason for this behaviour derived from the fact that the senior leaders were pressured by internal factors to have the project developed but failed to be personally captivated by the development. This controlling leadership style was connected to development success in one project and to lesser development success in the other project. Thus, the question arose what distinguishes the successful project from the less successful project? The analysis of the findings suggested that a controlling senior leadership style is connected success, when the senior leader is assisted by a project leader who counterbalances the control-focused style of the senior leader by assuming many support-oriented actions. Thus, the combination of controlling senior leadership style and supporting project leadership style provides a wide and balanced repertoire of control- and support-oriented actions to the development effort and, therefore, increases the chances for development success. Proposition 3 is reformulated accordingly:

P3: *Controlling senior leadership style coupled with supporting project leadership style will provide a wide and balanced repertoire of control and support to the development team and, therefore, will be positively associated with new offer development success.*

9.2.1.4. Supporting style

The findings further suggested that only two out of seventeen projects were associated with a supporting leadership style. As mentioned before, the main reason for the limited occurrence of the supporting style is that, if a project is strategically important enough to capture the senior leader's attention, the senior leader is likely to get fully involved offering both control and support. There are only two projects in the sample of this study

where the senior leader provided much support but merely limited control. This was the case because the senior leader was captivated by the project and relied on the ability of the project leader to guide the project to success. This supporting leadership style was connected to development success in one project and to lesser development success in the other project. It was suggested that a supporting senior leadership style is associated with development success when there is frequent, intensive contact between the senior leader and the project leader. In particular, project progress needs to be heavily controlled by a dedicated and capable project leader who is a very close and trusted aide of the senior leader. Thus, the combination of supporting senior leadership style and controlling project leadership style provides a wide and balanced repertoire of control and support-oriented actions to the development effort and, therefore, increases the chances for development success. Proposition 4 is reformulated accordingly:

P4: *Supporting senior leadership style coupled with controlling project leadership style will provide a wide and balanced repertoire of control and support to the development team and, therefore, will be positively associated with new offer development success.*

9.2.2. Antecedent variable

Chapter 8 further asserted that senior leaders do not get involved at the project level of new offer development routinely. That is, senior leaders see their role predominantly at the programme level, as shapers of the overall development effort. As such, they restrict their involvement at the project level to few selected projects. In this context, the question arose, which factors determine involvement in individual development projects? An analysis of antecedent variables of senior leader involvement at the project level revealed that the senior leader is more likely to get engaged in new offer development at the project level if the following factors are present: Most importantly, senior leaders tend to get heavily involved in projects, which are of major strategic importance.

As discussed in chapter 8, projects of major strategic importance are characterised by their extraordinarily size, scope and impact. Project size relates to the number of

organisational functions involved and the project's development costs and efforts. Project scope refers to the level of outside exposure and media involvement, the extent to which the highest echelons of the organisations (e.g. the Chief Executive and/or additional top management members) are interested in the project's development and the perceived commercial potential. Project impact includes the development's impact on the existing customer base or the potential customer base, external pressure surrounding the project, and the level of perceived threat to the long-term survival of the bank.

Conversely, the analysis of the findings revealed that projects of lesser strategic importance were associated with lower senior leader involvement at the project level. This refers to projects, which are more routine and smaller in size, scope and impact. It was observed that in projects of lesser strategic importance, senior leaders restricted their involvement to the necessary sign-off points, such as the authorisation of the business case. Otherwise, the senior leaders handed all aspects of project development over to a project leader. In general, the findings then suggest that senior leaders display higher involvement in projects of higher strategic importance and lower involvement in projects of lower strategic importance. Accordingly, Proposition 5 and Proposition 6 are formulated as follows:

P5: *The larger the size, scope and impact of the development project, the higher senior leader involvement.*

P6: *The smaller the size, scope and impact of the development project, the lower senior leader involvement.*

9.2.3. Secondary independent variables

(a) Structure

The analysis of the propositions further revealed that it was beneficial for a development team to be in a direct and frequent reporting relationship with either the senior leader, or alternatively, the project leader. That is, close communication between the project team and a key decision-maker facilitated the new offer development effort. As such, an

interactive collaboration characterised by frequent, intense communication aided senior leadership style and thus amplified the probability for new offer development success. Proposition 7 is formulated accordingly:

P7: *A direct and frequent reporting relationship between the senior leader and the development team will facilitate the development process and, therefore, will aid senior leadership style and increase the probability for new offer development success.*

(b) Systems

This study also found that the use of a standardised new offer development method, which is well planned, well executed and characterised by regular milestones and sign-off points, supports the development process. This standardised method assists senior leadership style and, therefore, improves the chances for new offer development success. Proposition 8 is formulated accordingly:

P8: *The use of a standardised development method will facilitate the development process and, therefore, will aid senior leadership style and increase the probability for new offer development success.*

(c) Skills

The analysis of the findings further asserted that the deployment of superior development skills supports the development effort. Superior skills refer to the application of reliable and sound project management skills, technical product structuring skills as well as market and marketing knowledge, sourced from inside and outside the bank. The application of superior development skills aids the senior leadership style and increases the likelihood of development success. Proposition 9 is formulated accordingly:

P9: *The application of superior development skills will facilitate the development process and, therefore, will aid senior leadership style and increase the probability for new offer development success.*

(d) Staff

The quality of *Staff* was also linked to new offer development success. It was found that trained and experienced staff, who have the motivation to deploy the extra effort to realise the project, facilitate the development process by aiding senior leadership style. This increases the probability for new offer development success. Proposition 10 is formulated accordingly

P10: *Trained, experienced and motivated staff will facilitate the development process and, therefore, will aid senior leadership style and increase the probability for new offer development success.*

(e) Shared values

The multiple case analysis also revealed the influence of *Shared values* on development success. That is, strong values among senior leader, project leader, additional leaders and project team, aligned to business values and goals, were found to have a positive impact on the development process. As such, a common understanding of the importance of the development project gave support to senior leadership style and increased the chances for new offer development success. Proposition 11 is formulated accordingly:

P11: *Strong shared values among senior leader, project leader, additional leaders and project team, aligned to business values and goals, will facilitate the development process and, therefore, will aid senior leadership style and increase the probability for new offer development success.*

9.2.4. Revised conceptual framework

Based on the analysis of the findings a revised conceptual model is devised. As discussed above, the framework links the reclusive, ubiquitous, controlling and supporting senior leadership style to development success. In doing so, the revised model includes a variable that mediates this association: project leadership style. Project leadership style refers to the style of the project leader in charge of the day-to-day project management.

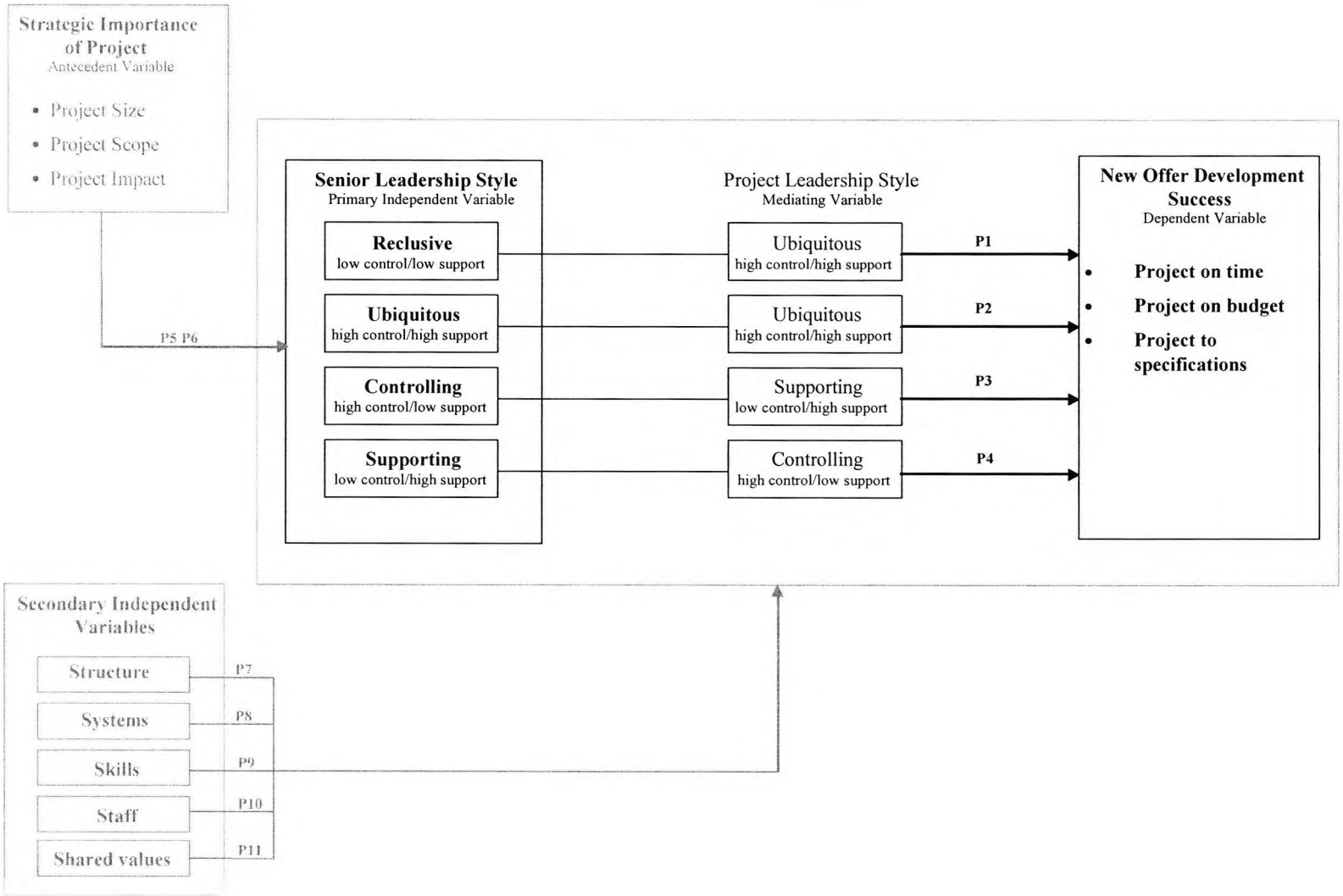
The revised conceptual model (Figure 9.1) asserts that it is less the deployment of a particular senior leadership style leading to development success, but the harmonious interplay of senior leadership style and project leadership style. Any of the four senior leadership styles can lead to development success, provided they are complemented by the appropriate type of project leadership style. Unless the two leadership styles complement each other in terms of control and support provided to project and team, their imbalance may create a disharmonious working climate characterised by much ambiguity and confusion. As such, the framework incorporates the notion of 'multiple leadership'. Proposition 1 to Proposition 4 address the association between senior leadership style and new offer development success.

Further, the revised conceptual framework incorporates an antecedent variable, namely the strategic importance of the development project. The antecedent variable determines the level of senior leader involvement in a development project. Thus, the larger the project's size, scope and impact the higher senior leader involvement. Conversely, the smaller size, scope and impact of the project the lower senior leader involvement. Proposition 5 and Proposition 6 address this relationship.

Finally, the secondary independent variables of *Structure*, *Staff*, *Style*, *Skills* and *Shared values* are proposed to have an impact on the relationship between senior leadership style and development success. That is, if these variables are aligned to the development project, they increase the likelihood of new offer development success by facilitating both the development process and the senior leader's effort. Proposition 7 to Proposition 11 address this relationship.

Figure 9.1:

Revised conceptual model: the association between senior leadership style and new offer development success



9.3. Contribution to theory and suggestions for further research

The purpose of this study has been to construct a conceptual framework grounded in theory as well as practice for affording insights into the mechanisms of senior leadership style in new offer development. As such, this study makes several contributions to theory. The major insights gained from this exploratory study include: a revised conceptual framework linking senior leadership style to new offer development success; scales to account for senior leadership style; the importance of multiple leadership style, and the need to consider contingent factors within behavioural complexity theory. These issues are reviewed in the following and suggestions for further research are briefly discussed.

9.3.1. Conceptual framework of senior leadership style

Firstly, this study provides a conceptual framework for the further study of senior leadership in general and senior leadership in new offer development in particular. Thus, a key benefit of this study is that it sheds more light on how senior organisational decision-makers influence new offer development success. Studies centring on senior leaders in new offer development success have been few and far between as data access can prove difficult (Jung, Chow & Wu, 2003; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001). The present study addresses this research gap. Moreover, as the findings are based on the case study method involving 33 in-depth interviews, they offer invaluable insight into how senior leaders act in a development context and how this style links to development outcome. Indeed, such personal access to a substantial number of high-level decision-makers is quite unique within the extant literature on leadership and generated surprising new insights. The most relevant being the role of multiple leadership and its association with development success.

However, the conceptual model is based on a limited qualitative sample drawn from a restricted organisational context. Thus, results must be interpreted with caution until the model has been verified and its internal validity has been assessed with the aid of a large quantitative sample. Moreover, the framework's external validity should be examined by replicating the study in another industry and task environment. This will help to identify

whether the relationships embedded in this model can be generalised to other organisational contexts.

9.3.2. Measurement scale to account for senior leadership style

Similarly, this thesis provides a two-dimensional measurement scale along the axes of control-oriented senior leadership actions and support-oriented actions. This scale can be used to examine senior leadership style in a new offer development context. The extant literature suggests a number of measurement scales for exploring senior leadership style in new offer development (Johne & Harborne, 2003; Bonner, Rueckert and Walker, 2002; Gomes, de Weerd-Nederhof, Pearsson and Fisscher, 2001; Clift and Vandenbosch, 1999; Johne & Vermaak, 1993; Bart, 1991). Many researchers suggest relatively simple, dichotomous or Likert-type scales to account for the extent to which leadership style is enabling, supporting, hands-on or characterised by communication (Johne & Harborne, 2003; Clift and Vandenbosch, 1999; Johne & Vermaak, 1993; Bart, 1991).

Other researchers use more elaborate scales. For instance Gomes, de Weerd-Nederhof, Pearsson and Fisscher (2001) define senior leadership style according to direct and indirect influence at project level as well as indirect influence at the programme level. The researchers suggest a number of senior leader activities for each of the influence types. However, Gomes, de Weerd-Nederhof, Pearsson and Fisscher (2001) do not attempt to formulate distinct leadership styles on the basis of these influence types. Moreover, Bonner, Rueckert and Walker (2002) suggest six types of control mechanisms, which are process control, output control, team-based rewards, team strategic control, team operational control and management intervention. The researchers also provide scales to account for these different control types. However, Bonner, Rueckert and Walker (2002) do not account for support-oriented leadership actions, which are known to be important contributors to development success (Johne & Harborne, 2003; Kruglianskas & Thamhain, 2000; Harris & Lambert, 1998; Hershock, Cowman & Peters, 1994; Emmanuelides, 1991). More detailed leadership scales are put forward by behavioural complexity theorists (Hooijberg & Choi, 2002; Hooijberg, 1996; Denison,

Hooijberg & Hunt, 1995; Hart & Quinn, 1993). However, these scales focus on a general management context and not on a new offer development environment.

The present study adds to existing research by providing a scale, which accounts for all senior leadership actions observed in a new offer development context at the project level (Appendix D). As such, this scale contains over thirty different senior leadership actions. These actions can then be grouped into ten subcategories, and ultimately, into control-oriented senior leadership actions and support-oriented actions. Depending on the intensity of these actions, one of four leadership styles can then be assigned to the senior leader: (a) reclusive; (b) ubiquitous; (c) controlling, or (d) supporting. The advantage of this scale over previous scales is that it accounts for different types of senior leadership styles in new offer development in a very granular fashion. That is, as opposed to earlier scales, which focused on only one or a limited number of leadership actions, the present scale accounts for all observable actions that were found in the context of this study. As such, it is multi-dimensional. Moreover, the scale proposed by this study is grounded in prior literature and field research. Thus, it is not only applicable to tasks executed in a new offer development context, but also easily understood by practitioners.

To sum up, the scale developed by this study is a practical tool to account for senior leadership style in future research studies. However, it is grounded in qualitative research. Thus, the present scale does not measure the exact degree of leadership actions, for instance with the aid of a five-point Likert-scale. Future research is encouraged to introduce an exact, quantitative measurement element to the present scale. Moreover, the scale is based on a small sample of case studies. Therefore, its internal validity and reliability need to be assessed. Moreover, its external validity should be evaluated by extending the scale to other research contexts. All of these issues could be addressed by means of a large, quantitative study.

9.3.3. Project level involvement

Chapter 8 asserted that senior leaders do not get involved at the project level by default. As such, most senior leaders see their role in new offer development predominantly at the

programme level. That is, senior leaders believe that they can add most value as shapers of the overall new offer development effort. Although top managers are mostly kept informed of the projects in the development pipeline, they generally make a conscious decision not to get involved at the project level. As such, they restrict their active participation to few select projects.

Interestingly, the extant literature is divided over the role of the senior leader in the new offer development process. Some studies document the active role of the senior leader in individual projects, asserting that project success and lesser project success are associated with different senior leadership styles (Johne & Harborne, 2003; Jung, Chow & Wu, 2003; Bonner, Ruekert & Walker, 2002; Lewis, Welsh, Dehler & Green, 2002; Gomes, Weerd-Nederhof, Pearson & Fisscher, 2001, Sethi, Smith & Park, 2001; Tatikonda and Rosenthal, 2000; Kessler & Chakrabarti, 1999; Harris & Lambert, 1998; Drew, 1995; Johne & Vermaak, 1993; Bart, 1991; Edgett & Jones, 1991; Emmanuelides, 1991; Barclay & Benson; 1990; Gupta & Wilemon, 1990; Wolf, 1988; Takeuchi & Nonaka, 1986; Balachandra, 1984; Rubenstein, Chakrabarti, O'Keefe, Sounder & Young, 1976).

Other researchers assert that senior leaders are responsible for setting the strategic direction of the organisation and argue that the role of the senior leader in new offer development is restricted to the programme level. For instance, Porter (1980) concludes that in terms of new offer development, top management is enjoined to look at the needs and capabilities of the firm, the resource commitments represented by lines of research and the commercial potential of projects. As such, senior leaders are held responsible for considering hundreds of projects and trying to recognise, select and support those that have potential for significant strategic impact (Green, 1995; Burgelman, 1991; Maidique & Hayes, 1984). Senior leaders have to select carefully where to place their limited time and resources and, as a consequence, their influence in the new offer development process should be limited to the manipulation of the structural context (Green, 1995; Brown & Karagozoglu, 1989; Burgelman, 1991). They delegate responsibility for implementing offer development plans to business managers, including the selection of offer development team members, co-ordination of marketing and technical activities,

and the recruitment of personnel (Johne & Vermaak, 1993). As such, senior leaders do not meddle in the day-to-day operations (Johne & Vermaak, 1993).

The findings of the present study strengthen the findings of the latter group of researchers by concluding that senior leaders see their role mostly at the programme level of new offer development. The present study further adds to the existing body of research by offering an indication of why the role of the senior leader at the project level has been portrayed so differently. Reviewing the extant literature on new offer development it becomes evident that the term 'senior leader' has been defined in a number of ways ranging from the CEO (Johne & Harborne, 2003) or company president (Bart, 1991) to traditional middle management roles, such as the Head of a smaller business unit or a department (Gomes, de Weerd-Nederhof, Pearson & Fisscher, 2001; Johne & Pavlidis, 1996). Whilst conducting this field study, it was observed that the role middle managers play in new offer development is distinct from the role adopted by senior leaders. That is, middle managers act as project leaders in many projects and, therefore, display considerably higher involvement at the project level than the respective senior leader.

Thus, future work needs be more precise in defining the type and seniority of the senior leader under investigation. Also, a rationale needs be provided why the study concentrates on either a small or a broad range of hierarchical levels. In addition, more research is encouraged to explore the role middle managers play in the new offer development process. Due to their unique position as the linking pin between senior management and the project team, middle management has a considerable influence in helping or hindering the new offer development process (Johne & Harborne, 2003). Specific questions that should be addressed relate to the tasks that middle managers execute in regards to new offer development and how these impact on development outcome. Moreover, future research is encouraged to examine the extent to which traditional senior leadership tasks can be successfully delegated to middle managers in projects of smaller size and scope and lesser strategic importance. Lastly, as research at the programme level is limited, future studies should focus on the role of the senior leader

at the new offer development programme level and its association with development success.

9.3.4. Antecedents of senior leader involvement

Further, the findings indicate that the senior leader does get involved in the development of individual new offer development projects if certain factors are present. For instance, Green (1995) lists four antecedents, which lead to greater top management involvement at the project level. He found that senior leaders participate more closely in development projects, which are expected to yield greater contributions to the firm. Similarly, the larger the perceived investment in a project, the more likely is high top management involvement. Moreover, after controlling for size of investment and expected contributions, there is an increased chance that top management gets involved in the development of radically new offers than in incremental improvements in existing offers and processes. Lastly, projects advocated by a business source are more likely to experience top management support than research originating solely within R&D.

Frost and Egri (1991) assert that the new offer development process is influenced by organisational politics, since advocators of any innovation need to negotiate and acquire a share of the organisation's common resources to make room for the development of their innovation. Ammeter, Douglas, Gardner, Hochwarter and Ferris's (2002) comment on the motivation for leaders to engage in political behaviour in a general leadership context. They found that for senior leaders to engage in political behaviour certain antecedents have to be present. For instance, the authors assert that the leader has to have a political will to exercise influence in ways that foster leader and organisational objectives. Moreover, the leader needs to have the resources available to engage in political behaviour. These resources are often made available through interpersonal ties within the organisation. Lastly, the status and power of the group or task towards which the leader behaviour is directed is also an important antecedent.

This study concurs with Ammeter, Douglas, Gardner, Hochwarter and Ferris (2002) as well as with Green (1995) and Frost and Egri (1991) by proposing similar antecedents to

senior leader involvement at the project level. Moreover, this study adds to the existing body of research by providing a detailed list of factors, some of them newly identified, which determine senior leader involvement in individual projects. For example, it was observed that projects, which enjoy considerable media exposure, are likely to attract senior leader involvement at the project level. In addition, it was found that the political perspective to leader involvement suggested by Ammeter, Douglas, Gardner, Hochwarter and Ferris (2002) is also applicable to a new offer development context. This specifically refers to the association between senior leader involvement at the project level and project alignment with group strategic priorities. To sum up, this study contributes to the understanding of factors that cause senior leader involvement or non-involvement at the project level. However, these findings are exploratory. Further research should assess the reliability and validity of the proposed list of factors in order to determine whether or not these can be generalised beyond the narrow confines of the present study. Such research could potentially form the basis of a measurement scale to account for antecedents of senior leadership involvement at the project level.

9.3.5. Multiple leadership

(a) The existence of multiple leaders

This study observed the existence of multiple leaders and stressed the interrelationship between the senior leader, project leader and additional leaders involved in the development effort. The findings suggest that in addition to the involvement of the senior leader all projects were characterised by the contribution of one or more additional leader(s). This finding is mirrored by the extant literature (Johne & Harborne, 2003; West, Borrill, Dawson, Brodbeck, Shapiro & Haward, 2003; Ernst, 2002; Gomes, de Weerd-Nederhof, Pearson & Fisscher, 2001; Oldenboom & Abratt, 2000; McGill & Slocum, 1998; Burgelman, 1983). For instance Johne & Harborne (2003) suggest that although much of the research on leadership has focused on the contribution made by a single leader, leadership in a development context can also be provided by more than one individual. As such, the concept of multiple leadership posits that leaders do not act in isolation (Johne & Harborne 2003; Burgelman, 1983).

In similar vein, Gomes, de Weerd-Nederhof, Pearson and Fisscher (2001) found evidence of joint leadership between senior managers and project managers. Moreover, Johne and Harborne (2003) as well as Burgelman (1983) suggest that multiple leadership is associated with three leaders: (1) the senior leader, who is responsible for the overall strategic direction and resource budgets; (2) the business leader, who is in charge of the selection of projects, and (3) the project leader who is responsible for delivering project objectives. The present study concurs with the above researchers. However, its findings also indicate that the number and types of leaders involved are not as easily identifiable as the work by Johne and Harborne (2003) and Gomes, de Weerd-Nederhof, Pearson and Fisscher (2001) may suggest. That is, multiple leader involvement differs from project to project and is often dependent on the size, scope and strategic importance of a project. The present study further contributes to existing research by proposing that, apart from the senior leader, there are six different kinds of leaders who participate in the development effort. They are as follows: (1) the project leader, who, apart from the senior leader, often plays the most important part in the development effort; (2) the additional, more junior project manager; (3) the project sponsor; (4) the Head of New Offer Development; (5) the Chief Executive, and (6) other top management team members.

Further, the present study concurs with the extant literature on the important role that champions or sponsors play in the new offer development process. As such, the findings support the works of Sarin and McDermott (2003); Ernst (2002); Hauschild and Kirchman (2001); Oldenboom and Abratt (2000); McGill and Slocum (1998); Bower (1997); Heifetz and Laurie (1997); Stjernberg and Phillips (1993), and Witte (1973). For instance, Stjernberg and Phillips (1993) found that champions are strong advocates for the offer to be developed. Champions tend to be seasoned managers who can generate the political support and hence necessary resources, motivate team members, and shield the team from external influence that may hamper progress. Moreover, Hauschild and Kirchman (2001) identified an emerging use of promoters responsible for removing obstacles to innovation. In similar vein, Witte (1973) suggested that promoters are necessary to overcome two major barriers to innovation: organisational resistance to change and technical ignorance.

The present study observed the importance of champion and promoter roles in encouraging the new offer development effort as suggested by Hauschild and Kirchmann (2001), Stjernberg and Phillips (1993) as well as Witte (1973). Interestingly, in many projects the promoter role was not limited to a single individual. While the project leader frequently assumed the role of a highly enthusiastic project champion, he was often supported in his exertion by additional leaders such as the senior leader; the designated project sponsor; the ad hoc project sponsor; the Head of New Offer Development and other top management team members.

Moreover, the findings of this study suggest that leaders other than the senior leader, are either formally appointed to the role or take on the role proactively. As such, this thesis concurs with the findings of West, Borrill, Dawson, Brodbeck, Shapiro and Haward, (2003) as well as Benders and Vermeulen (2002) who observed that leaders are not always formally appointed to a project. However, the present study adds to these findings by observing the antecedents of ad hoc leadership. Ad hoc leadership was witnessed to be the result of a senior manager identifying the need for leadership in regards to a development project and, therefore, proactively assuming the role. Alternatively, ad hoc leadership was the result of a project team member or project leader soliciting help from a senior individual within the bank. That is, the senior leader was approached by a project leader to assist with specific aspects of the project, such as the management of internal stakeholders, which could not be satisfactorily addressed by the project leader alone.

Despite pointing to the existence of various leaders, the leadership literature has not given great attention to the concept of multiple leadership (Harborne & Johne, 2003; McGill & Slocum, 1998). Further research should focus on the different types of leaders participating in the development effort. In particular, future studies are encouraged to address a research gap by exploring the role(s) that middle managers play in the development of new offers and how this links to success. Specifically, further research needs to examine how middle managers can best support senior managers in the task of leading complex new offer development projects and the extent to which senior leadership responsibility can successfully be delegated to middle managers.

(b) Complementarity of leadership style and project phase

Further, the findings indicate that all projects, the successful and the less successful ones, were characterised by multiple leaders. Thus, it was the leadership style deployed by multiple leaders, which was a key determinant of success and lesser success. Several researchers, both within the offer development as well as the general literature, commented on the need for effective co-leadership between the senior leader and his more junior colleagues (Johne & Harborne, 2003; Martin & Simons, 2002; Hughes & James, 1999; Svara, 1998; Butler, 1996; Burgelman, 1983). These authors advocate that it is the adoption of a particular leadership style by all leaders in a project team that marks the difference between the more and less successful development projects. However, there are different schools of thought in regards to the style of multiple leaders associated with development success.

On the one hand, Johne and Harborne (2003) refer to the importance of exhibiting a common, rather than a complementing leadership style. Specifically, the authors point to the importance of non-hierarchical hands-on leadership, enabling leadership and extensive communication. That is, more successful projects were associated with more regular interaction between all leaders throughout the project. Senior leaders encouraged relationships that enabled project success rather than relationships that demonstrated their positional power. Multiple leaders operated as a leadership team. Conversely, in less successful projects, there was hierarchical interaction between the three leaders; any interaction between senior leader and project leader was also not continuous throughout the project, but concentrated on authorisation and review stages.

On the other hand, Martin and Simons (2002), Hughes and James (1999), Svara (1998), Butler (1996) as well as Heinzen (1990) stress the need for a complementing, rather than a common, leadership style. These authors conducted research on the link between complementarity of senior leadership style and organisational effectiveness. For instance, Hughes and James (1999) identified the importance of complementary styles of the head teacher (principal) and the deputy head in a study of management dynamics in UK primary schools. It was argued that having complementary styles provided greater

insurance that a wider range of tasks or problems could be managed. In addition, Butler (1996) argues that to adopt one particular style is fraught with problems while complementarity of styles ensures that more options and viewpoints are considered. The author suggests that complementarity has the advantage of allowing senior managers to select an optimal strategy from a wider range of alternatives. Similarly, Martin and Simons (2002) conducted a study on public sector leadership. The authors concluded that multiple leaders are more likely to perceive an effective working relationship when they have different but complementary managerial styles. Further, evidence suggests that contrasting leadership roles within a single organisation creates a climate for organisational creativity and provides greater scope for problem solving by senior management teams (Martin & Simons, 2002; Heinzen, 1990).

The present study advocates the need for complementarity. That is, the style of the senior leader and the style of the project leader need to complement each other in terms of control and support provided to project and team. For instance, a reclusive style deployed by the senior leader, characterised by low control and low support, needs to be complemented by a ubiquitous style of the project leader to provide the necessary balance of control and support to the team. This increases the chances for development success. As such, this study mirrors the findings of Martin and Simons (2002); Hughes and James (1999), Svara (1998), Butler (1996) as well as Heinzen (1990).

In particular, this study adds to existing research in two ways. First, it demonstrates that the notion of style complementarity is also applicable to a new offer development context. Second, this study presents a 'practitioner's toolbox' of leadership styles consisting of the reclusive, ubiquitous, controlling and supporting style. As such, this study describes the four styles in detail and advocates which senior leadership style should be used in combination with which project leadership style to achieve complementarity, and ultimately, to increase the likelihood of success. For instance, a controlling senior leadership style should be complemented by a supporting project leadership style to provide an equal intensity of support and control to project and team. However, the study cautions against complementing a supporting senior leadership style

with a supporting project leadership style as the two styles would exaggerate the supporting element while neglecting project control.

In sum, the present study contributes to the extant knowledge by presenting preliminary findings into multiple leadership styles and their association with development success. However, these findings now need to be tested in the context of a large-scale quantitative study to assess their reliability and validity. In addition, it is important to explore how multiple leaders can achieve style complementarity. In particular, the question should be addressed whether it is the onus of the middle management leader and project leader to complement the style of the senior leader or vice versa.

(c) Multiple leaders and shared values

Moreover, the findings suggest that *Shared values* within the multiple leadership team was associated with development outcome. Johne and Harborne (2003) stress the importance of *Shared values* within the multiple leadership team and found that successful projects were associated with leaders working together towards a common vision, involving extensive communication. The authors concluded that *Shared values* among the group of leaders was particularly important in respect to energising and inspiring the whole development team. The present study echoes the findings by Johne and Harborne (2003) and adds that although multiple leaders need to be aware of the common goal they are working towards, they also need to share an understanding of the best way forward for the project. That is, multiple leaders need to agree on the steps necessary to achieve the common vision.

A note of caution regarding the closeness of leader relationships is warranted though. It is possible for relationships between the various leaders in a development project to become so close that relationships become dysfunctional. For example, when the senior leader becomes overly enthusiastic about a particular project or when the relationships between the leaders become too close, individual parties to the relationship may hesitate to point out potential development problems. The extant management literature refers to this situation as "too good friends syndrome" (Sounder, 1987). Too much conformity among

the group of leaders may inhibit the conflict, debate, and disagreement necessary for innovation. Further research is needed on how *Shared values* can be best established within the team and whether or not it should be the senior leader who drives this process.

9.3.6. Behavioural complexity

(a) Evidence of behavioural complexity

This study proposed an association between a behaviourally complex senior leadership style and new offer development success. As such, the findings presented in this study can be related to the ongoing discussion on behavioural complexity and organisational effectiveness (Kayworth & Leidner, 2002; Hooijberg & Choi, 2000; Hooijberg, Hunt & Dodge, 1997; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). Hooijberg (1996), Denison, Hooijberg and Quinn (1995) as well as Hart and Quinn (1993) posit that behavioural complexity embraces the notion that effective leadership is dependent on the ability of the leader to display multiple, contrasting leadership styles in complex settings.

Empirical research asserts that behaviourally complex leaders are more effective leaders (Kayworth & Leidner, 2002; Quinn, Spreitzer & Hart, 1991; Denison, Hooijberg & Quinn, 1995; Quinn, 1988; 1984). More importantly, the general leadership literature posits that behaviourally complex leaders are associated with successful firm performance (Kayworth & Leidner, 2002; Hooijberg and Choi, 2000; Hooijberg, Hunt & Dodge, 1997; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). This study concurs with the above researchers by suggesting that successful new offer development projects are associated with behaviourally complex leaders. As such, the findings add to existing theory by extending the notion of behavioural complexity to a new offer development context. In addition, this study asserts that behavioural complexity can be 'shared' by multiple leaders. That is, the combined styles of the senior leader and the project leader need to be behaviourally complex and not just the style of an individual leader.

As discussed in Section 9.3.5, *style complementarity* can be achieved if, for instance, a senior leader, who deploys many control-oriented leadership actions, is assisted by a project leader who adopts many support-oriented leadership actions. As a consequence, the combined leadership styles are behaviourally complex. This form of behavioural complexity was found to be associated with development success. However, the findings are tentative. Although a considerable number of research studies has been conducted in the area of behavioural complexity, the idea of 'sharing' behavioural complexity between multiple leaders is a new concept (Hooijberg & Choi, 2000; Hooijberg, 1996; Denison, Hooijberg & Quinn, 1995; Hart & Quinn, 1993). Thus, more research is encouraged regarding multiple leader behavioural complexity and its association with development success. For instance, qualitative case study research could explore whether or not multiple leaders take a conscious decision of complementing each others' styles and whether it is the senior leader or the project leader who takes the initiative to adapt his style. Moreover, it would be worthwhile to investigate whether senior leaders deliberately appoint those project sponsors and project leaders, who complement their styles.

(b) Behavioural complexity and contingency theory

The findings of this study assert the importance of contingency factors in explaining the relationship between senior leadership style and project outcome. Early work by Fiedler (1967) demonstrated how different leadership styles could be effective, depending on situational variables. Although, behavioural complexity theory implicitly assumes that there are various contingencies inherent in the leadership situation, the extant literature is polarised in terms of how to best to address this issue (Kayworth & Leidner; Hooijberg, Hunt & Dodge, 1997; Hooijberg, 1996).

On one hand, behavioural complexity theorists posit that contingency-based theories of leadership may be overly simplistic and fail to take into account that multiple leadership styles may be applicable across a broad range of circumstances (Denison, Hooijberg & Quinn, 1995). Moreover, behavioural complexity theorists stress that it is next to impossible to specify the appropriate leadership task for all possible contingencies (Hooijberg, Hunt & Dodge 1997; Hooijberg, 1996; Hart & Quinn, 1993). Thus,

Hooijberg (1996) argues that the availability of a *wide* behavioural repertoire, that is the portfolio of leadership tasks a managerial leader can perform, makes it more likely that a managerial leader can perform the appropriate leadership task for a given situation. Thus, whereas earlier contingency-based theories would identify the most appropriate leadership style for the given situation, behavioural complexity theory recognises that the ability to perform multiple, contrasting leadership behaviours in a given situation may be a better indicator of effective leadership. This, in effect, renders the consideration of contingent factors unnecessary. Support for this theory has been found in numerous studies (Denison, Hooijberg, & Quinn, 1995; Hart & Quinn, 1993; Bullis, 1992; Bass, 1981).

On the other hand, Kayworth and Leidner (2002) suggest that the contingency perspective should be taken into account, even when applying behavioural complexity theory. The researchers argue that the contingency of the environment in which leadership is exercised in, does place an added emphasis on leader communication and relational skills. Thus, according to the contingency perspective, effective leaders are those who are best able to match their particular leadership style with the contingencies inherent in the situation. However, the researchers were unable to substantiate this relationship. The present study concurs with Kayworth and Leider (2002) and provides empirical evidence for the proposed association. Although the present study demonstrates an association between a behaviourally complex senior leadership style and development success, the absence of such a style did not automatically lead to lesser success. That is, the relationship between senior leadership style and development outcome was contingent on additional variables: style deployed by the project leader as well as size, scope and strategic importance of the offer to be developed.

Thus, this study adds to existing research by supporting the notion of behavioural complexity contributing to development success. However, provided certain contingency factors are in place, behavioural complexity is important but not essential for attaining development success. This is a crucial finding as the majority of behavioural complexity theorists see the theory's main advantage in rendering the consideration of contingent

factors unnecessary. As the findings of the present study are not only controversial but also tentative, further research is encouraged. A large-scale, quantitative study would be well suited to test the reliability and validity of the present findings.

9.4. Conclusion

This chapter presented a revised conceptual model and a reformulated set of propositions. Moreover, it explored the contributions to theory and advanced suggestions for further research. Contributions were provided to organisation research and research in marketing, concentrating on senior leadership style in new offer development. Several suggestions for further research were proposed. First, further research is encouraged to focus on the roles played by multiple leaders and their association with development success. Second, future studies should examine the notion of behavioural complexity and contingency theory in new offer development. Last, research is encouraged on the extent to which behavioural complexity can be 'shared' by multiple leaders. The next and final chapter presents the managerial implications and addresses the limitations of the study.

CHAPTER 10
MANAGERIAL IMPLICATIONS AND LIMITATIONS OF THE STUDY

10.1. Introduction

The previous chapter revised the conceptual framework, commented on contributions to theory, and made suggestions for further research. The present chapter puts forward the managerial implications and the limitations of the study. First, the discussion outlines the managerial implications of this study and examines how the findings can assist senior leaders in managing new offer development. Second, the chapter re-examines the validity and reliability of this study and addresses its limitations.

10.2. Managerial Implications

Is there a relationship between a particular senior leadership style and the success of an individual new offer development? This is an important question with potentially major implications for the management style deployed by senior leaders. While there are several studies claiming to have examined senior leadership style in a development context, the present study is one of the very few that secured personal access to a circle of truly high-ranking senior leaders in major, global banking organisations. Adhering to the senior leader definition suggested by the Financial Services Authority UK (2002), only heads of major business units and their reports found inclusion in the sample of this study. The findings shed new light on the role of the senior leader in new offer development. They suggest that some analysts have exaggerated the involvement of the senior leader at the project level. There is limited evidence of the senior leader taking on an active role in the development of individual new offers. As strategic thinkers and visionaries they see their role predominantly as the shapers of the firm's overall development programme and delegate the execution of single projects to reports. Not surprisingly, senior leaders have to address a vast array of strategic issues and the development of new offers is rarely one of highest priority.

The findings suggest, however, that on the rare occasions when the senior leader gets actively involved in individual development projects his influence almost always leads to a successful project outcome. Project success is hereby defined as the project being completed on time, on budget, and to specification. A hands-on senior leader can affect project success in several different ways. Most importantly, the senior leader is a source of influence on organisational culture and his sheer involvement can give an air of importance to a development project. The senior leader can redirect resources to the project, positively affect staffing, facilitate coordination with other critical functional areas, and remove internal and external obstacles to project success. As such, the senior leader can use his influence to actively guide the development of innovations by monitoring progress, resolving conflicts and selling the innovation to organisational members.

However, such heavy involvement of senior leaders may at times cross the line between control and support and become meddling, where they begin to micromanage projects. Nevertheless, in this study behaviours that might be seen as overly controlling and supporting, such as exerting influence over project level decisions and closely monitoring project performance, were seen by project members as part of a larger assistance construct. The findings suggest that even though senior leaders might increase their control over the project, that control was not generally seen as autocratic or meddling. Thus at least in this sample, it appears that when senior leaders chose to be involved at the project level they were seen as adopting a shepherding posture in managing innovations. It is the contention of this study that high senior leadership involvement in a development project, with the senior leader exercising high control and high support, is impetus for successful new offer development. As such, it is less the question whether or not the senior leader should adopt a proactive stance in new offer development but rather which projects warrant his time and effort? Given the large number of ongoing development projects in an organisation and the limited time available to top management, it is evident that senior leaders must be making choices about which projects to sponsor.

Indeed, high senior leader involvement was clearly related to project characteristics. Senior leaders were more likely to assume support and control roles when projects were more directly tied to competitive issues such as firm needs and risks. Projects of major strategic importance that involved various organisational functions, represented major investments, and affected a large customer base were associated with high senior leader involvement. Thus senior leader involvement in individual development projects does appear in part a strategic choice. High senior leader involvement also was more likely when the project was focused on radical rather than incremental innovation and when the project held major commercial potential. In other terms, the senior leader assumed a highly active role in development efforts that were too big to allow for failure and where the senior leader's personal reputation depended on the project's successful completion. This suggests that senior leaders are sensitive to strategic dimensions that go beyond financial concerns.

Moreover, senior leaders require information about the firm's innovation setting in a timely, informative, and accurate fashion so that they can make strategically informed choices about where their involvement could be most beneficial. The role that project leaders and champions hereby play cannot be overestimated. Senior leaders rarely decide upon the strategic importance of a project in isolation. Frequently they are persuaded by a project leader, who assumes the role of a champion and internal entrepreneur. This individual usually originated and advanced the new offer idea and now seeks a powerful internal backer. By actively and enthusiastically promoting the idea, the project leader gets the key decision-makers involved and, in some cases, secures the senior leader's interest and sponsorship. Indeed, high senior leadership involvement was frequently associated with a close relationship between the senior leader and the project leader throughout project execution. The question remains, however, whether the senior leader got attracted by the true potential of the development project or rather the persuasive communication skills of the project leader.

Furthermore, the role of multiple leadership must be emphasised. While this study concentrated on the senior leader and the project leader, a host of other leaders was

identified such as project associates and top management members. Indeed, up to six different leaders involved in one and the same development project were found over the course of this study. For a project to succeed, it is vital that all leaders involved collaborate harmoniously towards a common development goal. Unless the various leadership styles complement each other in terms of control and support provided to project and team, their imbalance may create a disharmonious working climate characterised by much ambiguity and confusion. A dysfunctional or even hostile relationship between the leaders at different hierarchical levels may seriously impede the development effort. It is there where the power of the senior leader once again comes into play. The senior leader has the ability to align the positions of the various leaders involved, either by force or more subtle influence, and foster collaboration and mutual interdependence. In particular, the senior leader can empower the often hierarchically lower-standing project leader to overcome organisational obstacles created through internal politics and rivalry.

A note of caution regarding the closeness of leader relationships is warranted though. It is possible for relationships between the various leaders in a development project to become so close that relationships become dysfunctional. For example, when the senior leader becomes overly enthusiastic about a particular project or when the relationships between the leaders become too close, individual parties to the relationship may hesitate to point out potential development problems. The extant management literature refers to this situation as "too good friends syndrome" (Sounder, 1987). Too much conformity among the group of leaders may inhibit the conflict, debate and disagreement necessary for innovation. While a certain level of shared vision about the development is undoubtedly important, there also needs to be some debate among the various leaders on the best way forward for the project.

In sum, senior leaders are encouraged to take on an active role in development projects that hold major strategic implications due their size, scope, and impact. The fear of meddling or micromanaging is inappropriate. Projects that stretch across the organisation involving many departments and impacting a large customer base need a 'Godfather' at

the apex of the organisation who ensures their effective realisation. In particular, senior leaders are advised to manage strategically important projects through a hands-on approach, deploying both control- and support-oriented actions. Control-oriented actions consist of goal setting; contributing to decisions regarding new offer design; involvement in project scheduling; checking on performance, and evaluation of the proposed project. Support-oriented actions comprise project commitment; external stakeholder management; internal stakeholder management; securing financial resources, and securing non-financial resources. Senior leaders are advised to deploy an equal intensity of control and support. That is, senior leader's control over project progress needs to be as intense and frequent as senior leader's support in project execution. Corresponding levels of high control and high support provide stability and continuity to the development project and greatly propel the development effort.

What type of senior leadership style was then observed in smaller projects of lesser strategic importance that often made the bulk of a firm's development programme? The findings of this study suggest that development projects, which fail to attract the senior leader's interest and involvement, must strive much harder in their development effort. They have to compete against all other internal development projects for limited funds, staff, IT slots, and marketing budgets. They are subjected to rigorous scrutiny from other departments and have to battle against the many obstacles created by internal politics and rivalry. Indeed, most organisations abide by the Darwinian rule of survival of the fittest, where only the most promising projects are approved for further development. The senior leader is usually broadly informed about the various projects in the development pipeline, but maintains no direct relationship with individual project leaders, being updated on progress only through departmental progress reports. Quite frequently, the senior leader makes a conscious decision not to support struggling projects and to let them fight for survival or get terminated. Yet again, this is seen as a healthy selection process, which ensures that only the most resilient projects are being launched.

Given the tough evaluation criteria applied for the majority of development projects, the question emerges whether or not the senior leader's pet projects enjoy far too comfortable

treatment? This question is particularly pressing since these projects are usually considered the most strategically important within the firm's development programme. Albeit more evidence is needed, the findings of this study suggest that development projects guarded by the senior leader often have obstacles removed, which take other projects much time and effort to surmount. Senior leaders tend to justify such special treatment with the necessity of cutting red tape in order to accelerate the development process of particularly important projects. Measures undertaken to facilitate the development effort range from the redirection of financial resources to the reprioritising of IT systems development and marketing slots and even include the skipping of evaluation stages. However, why projects of special strategic importance should enjoy less rather than more scrutiny remains open to debate. Besides, when excessive red tape is a recognised problem within a firm's development programme, as frequently stated by senior leaders, why not eliminate cumbersome bureaucratic structures and procedures altogether? Senior leaders are encouraged to contemplate carefully the potential impact of their support on projects. If senior leader involvement is a relevant factor in keeping a project alive, perhaps the project is not as healthy and potentially valuable as initially anticipated.

Furthermore, this study cautions against the senior leader getting moderately involved in individual development projects. It was observed that in most developments senior leaders are either fully committed to a project of major strategic importance, deploying both high support and high control, or are faintly interested in a project, offering low support and low control. In other terms, the majority of senior leaders were situated at the extremes of being highly involved or uninvolved. There are some projects in the sample of this study, however, where the senior leader was moderately involved showing much control but only limited support. The reason for this behaviour derived from the fact that the senior leader was pressured by internal factors to have the project developed but failed to be personally captivated by the development. Likewise, in some projects the senior leader provided much support but merely limited control. This was the case because the senior leader was captivated by the project whilst at the same time relying on the ability of the project sponsor to lead the project to success.

The findings indicate that a control-focused senior leadership style contributed to development success only when certain conditions were present: Most importantly, the senior leader was assisted by a project leader, who compensated for the control-focused style of the senior leader by assuming a highly supporting role. That is, a controlling senior leadership style, with high control but low support, led to development success because the project leader adopted a supporting leadership style that provided the required balance of support and control to project and team. In similar vein, the findings suggest that it is only under specific circumstances that the senior leader can afford to heavily support a project team whilst not controlling for its output at the same time. This is the case when the senior leader is accompanied by a project leader, who adopts a controlling style thereby counterbalancing the support-focused style of the senior leader. To avoid complications and confusion, senior leaders are advised to deploy a balanced leadership approach with equal intensity of control and support, may it be high or low.

Finally, this study found several factors that can facilitate the development effort independent from the type of senior leadership applied. The emergence of these usual suspects was anticipated as their relevance has been widely documented in the extant management literature. Most importantly, project success was associated with a highly enthusiastic and experienced project leader. This individual shields the project against denigration, secures financial and non-financial resources, and skilfully manages the project's day-to-day demands. As mentioned previously, it is the enthusiasm of the project leader that usually captivates and enthrals the senior leader. In relation to this, a direct and frequent reporting relationship between project leader and the senior leader was found to be vital for matching project progress with stakeholder expectations. To meet project objectives, these must be clearly established beforehand and mutually agreed with decision-makers at various hierarchical levels. Moreover, the deployment of a well-planned development process with regular checkpoints and milestones was found to greatly assist the development. Ideally, the firm has a standardised development process in place at the programme level, which then gets customised according to the requirements of individual projects. Further, a large pool of well-trained functional specialists, with sufficient time available to devote their full attention to particular

projects, was associated with successful development. Last, a common understanding among project members of the nature, objectives, and relevance of the development has shown to be central to success. The management of all these factors at the project level is usually the responsibility of the project leader. However, the senior leader can ensure that the firm has ample measures in place to nurture and support these factors at the programme level. Indeed, maintaining standardised development processes and control mechanisms, training staff members, and promoting the importance of new offer development should be chief among programme measures undertaken to ensure successful development at the project level.

In conclusion, this research has exposed the limited involvement of the senior leader in individual development projects and, as a consequence, has established that at the rare occasions where the senior leader gets actively involved, his great influence almost always leads to a successful project outcome. It is the contention of this study that high senior leadership involvement in a development project, with the senior leader exercising high control and high support, is greatly beneficial for new offer development. Senior leaders are indeed capable of moving mountains, at least internally. However, given their facilitating impact on the development process and the large number of development projects in an organisation, senior leaders have to evaluate very carefully which projects to support. In particular, senior leaders need to ensure that their involvement does not nurture and protect any pet projects, which would otherwise be too weak to survive the competitive internal pressure.

To stress the complexity involved in senior leadership is by no means to argue against a proactive senior leadership style applied to selected development projects of particularly strategic importance. It is further not to assert the imperative for high senior leadership involvement in each and every development project. However, it is to take the influence of senior leadership on organisational norms and constructs seriously, to acknowledge how it works 'in real life' and to arrive at a conclusion of just how greatly senior leadership style can impact on new offer development at the project level.

10.3. Limitations

This study produced important contributions to theory and practice. Nonetheless, there are several limitations inherent in its design. Although great care has been taken to minimise these limitations by focusing on reliability and validity (see chapter 6), they should nevertheless be explicitly recognised when interpreting the findings of this study. Several of the limitations regarding the method of this study have been briefly addressed in chapter 6. This section reviews key limitations and discusses steps that have been taken to address these.

(a) Prior Instrumentation and Framework

A substantial amount of prior instrumentation was conducted despite the qualitative nature of this study (Miles & Huberman, 1994). That is, a theoretical framework was constructed and a set of propositions advanced before to entering the field. It can be criticised that such predetermined theoretical perspectives might bias or even limit the findings. However, it is important to note that the constructs of the present study were not as tightly defined as would be the case with quantitative, survey-based research (Miles & Huberman, 1994). Moreover, the looser the initial design, the less selective the collection of data. Everything looks important at the outset if the researcher is waiting for the key constructs or regularities to emerge. The researcher, submerged in data, will need months to sort it out (Miles & Huberman, 1994; Yin, 1994; Eisenhardt, 1989).

In addition, the looser the initial framework, the more the researcher can be receptive to local idiosyncrasies. As a consequence, cross-case comparability will be hard to obtain (Miles and Huberman, 1994). In particular, formulating the research question, propositions and a conceptual framework before entering the field is advantageous if the study contains more than one case (Miles and Huberman, 1994). However, it is just as important to recognise that these are tentative in qualitative research (Eisenhardt, 1989). As suggested by Miles and Huberman (1994), the propositions of the present study were occasionally reiterated and the conceptual model revised during the process of data analysis.

(b) Case Study Design

The findings of this study were generated on the basis of eight cases. Eisenhardt (1989) recommends the examination of four to ten cases. She asserts that with less than four cases, it is often difficult to generate theory with much complexity, and its empirical grounding is likely to be unconvincing, unless the cases have several mini-cases within them. With more than ten cases, it becomes very difficult to cope with the complexity and volume of the data. Eight cases allowed generating theory for the purpose of this study. However, it was found that eight cases were at times overwhelming for a sole researcher due to the amount of data generated. Based on this experience, it is recommended that a future study containing eight or more cases be conducted in a team of several researchers.

(c) Tentative Findings

As the findings of this study are based on a limited number of case studies in a small number of banks they should be considered tentative.

(d) Sampling

Quantitative research aims for larger numbers of context-stripped cases and seeks statistical significance. As such, it is often governed by probability sampling (Miles & Huberman, 1994). Qualitative research frequently does demand an alternative logic of sampling and selection. If appropriately conceived and executed they are vitally important strategic elements of qualitative research (Mason, 1998). Thus, this thesis deployed a non-probability sample. As no appropriate sampling frame existed, great care was taken to select banks for this study, which allowed the major research issues to be addressed (criterion sampling). As such, an initial sample of 26 senior leaders was interviewed. Only senior leaders and banks, which fulfilled certain criteria were included in the final sample of eight cases. The appropriate level of seniority was a key selection criteria for inclusion in the final sample. Whilst great care was taken to ensure all senior leaders were on a similar hierarchical level, small divergences were nonetheless unavoidable. Moreover, the sample did not contain any Chief Executive Officers at Group level as access to these most senior individuals proved problematic.

Once a bank had been selected for inclusion in the sample, the senior leader was then free to choose two projects within a specified framework. In addition, further informants were selected on the basis of the senior leader's accounts of events. Both the process of project selection and informant selection introduced potential bias. That is, the senior leader could have chosen only those projects and informants that presented him and his bank in a favourable light. However, this concern was addressed by asking the senior leader to select two projects, a successful one and a less successful one, according to pre-specified criteria. Further, great care was taken to triangulate the account provided by the senior leader with additional informants as well as supporting documentation (Leonard-Barton, 1990; LeCompte & Goetz, 1982). This allowed for the information to be crosschecked and verified.

(e) Data collection

Post-hoc research approach

A potential limitation of this study is the post-hoc research approach. As such, data were collected and respondents interviewed after the completion of the development projects. Thus, at the time when the analysis was undertaken, the outcome of the projects was already known. The pitfall of this approach is that respondents may rationalise their actions in light of the project outcome (Miles & Huberman, 1994). Although there are limitations inherent in this approach, post-hoc research is nevertheless accepted practice among researchers.

Perception bias

This study relied on managerial perceptions of senior leaders and additional informants. Even though this method is 'accepted practice' in the extant literature, it may potentially give rise to bias effect (Leonard-Barton, 1990). The problem of bias was attended to by applying triangulation of evidence, such as with supporting documentation and triangulation of respondents (LeCompte & Goetz, 1982). Further problems include poor recall and poor or inaccurate articulation. As suggested by Alam (2002), this potential limitation was addressed by asking respondents of this study for names of participants

and dates of events during the interview to keep them grounded in the particulars and thus to aid their recall.

Case administration

Data was collected by overlapping cases with each other. That is, the data collection process commenced whilst still identifying more banks to be included in the study. Critics may argue that there is a potential limitation inherent in this approach, criticising that during data collection the frame of reference of the researcher broadens. In addition, new themes may emerge that may not have been observed in earlier cases. To address these limitations, interviews were conducted in an overlay method and not in a case-by-case method. That is, several cases were explored in a parallel fashion to allow for direct comparison of emerging data patterns. Moreover, any divergences or emerging data themes in regards to earlier cases were reconciled in follow-up conversations with informants. This approach was found beneficial despite its potential limitations as it enabled the researcher to contact more suited respondents based on prior experience in the field.

Commercial sensitivity

Banks often treat development activities as commercially sensitive issues. Thus, before entering the field there was concern that the researcher would be met by reluctance of practitioners in speaking openly about development projects. This could potentially have led to problems in accessing reliable and valid data and therefore an inability to complete the present study. Being aware of this potential threat, the issue of commercial sensitivity was addressed carefully. Firstly, confidentiality of identity and data was assured. Moreover, a key criterion for a case to be included in the final sample was the willingness of the senior leader and informants to speak openly about a successful project and a less successful project. That is, any cases, in which this openness was not provided, were not included in the final sample. As a consequence of this careful screening process, respondents of the final eight cases went to great lengths to provide insights far beyond their firm's policy of confidentiality, mostly being self-critical as well as critical of their organisations. This criticism was not of a cynical nature but rather constructive and

objective. In addition, supporting documents such as timelines, project plans, agendas, and circulars could be accessed. Further, informants talked the researcher through project proposals and project plans. Even though various data sources could be accessed, this study ideally would have liked to consider e-mail exchanges and financial records.

(f) Data Analysis

Critics may argue that the analysis of qualitative data is susceptible to the influence of researcher-induced bias both during the conduct of the interview and during the subsequent analysis of the data. This study addressed this potential limitation by introducing a strict data analysis protocol as suggested by Lillis (1999). Specifically, this study followed a two-stage analysis process. As such, individual conclusions were drawn before shifting the focus to the cross-case analysis (Yin, 1994). Moreover, a multiple-stage process was deployed for analysing the data (Carney, 1990; McCracken, 1988). In addition, a data-coding tree was developed and qualitative analysis software was used to facilitate coding of transcripts (Miles and Huberman, 1994). To ensure that no key concepts were missed out an inter-coder reliability test was conducted (Miles & Huberman, 1994; Holsti, 1969).

10.4. Conclusion

This study constructed a conceptual model of the association between senior leadership style and new offer development success grounded both in previous literature and in qualitative multiple case studies. The findings provide limited evidence of the senior leader getting actively involved in individual development projects. The majority of senior leaders were found to be uninvolved, deploying low support and low control, when the development project was of merely average size and scope and thus could be delegated to reports. The findings suggest, however, that on the rare occasions where the senior leader got actively involved in individual development projects his influence almost always led to a successful project outcome. High senior leadership involvement only was found in developments of particularly large size and strategic importance.

Given their facilitating impact on the development process and the large number of development projects in an organisation, senior leaders have to evaluate very carefully which projects to support. Further, senior leaders need to be either fully committed to a project, exercising an equal intensity of high control and high support, or assume the role of a distant observer. Any desultory involvement is likely to be detrimental. The findings also suggest that senior leadership style needs to be complemented by the style of the project leader. Unless the two leadership styles complement each other in terms of control and support provided to project and team, their imbalance may create a disharmonious working climate characterised by much ambiguity and confusion. The role of multiple leadership in new offer development provides rich possibilities for further research.

Aristotle once described leadership together with love as one of the most vexing and least understood phenomenon of human relations: highly complex, often dangerous, and yet essential. This study contributes to enriching our understanding of leadership and happily concludes that over the centuries the subject has lost nothing of its fascination, intricacy or relevance.

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Appendix A

Contact letters

Mr Joe Bloggs
Executive Chairman
Bank Rho EMEA
Bank Rho

Dear Mr Bloggs,

At City Business School we are currently managing a large research project trying to uncover the primary drivers of innovation. Tied in with this overarching objective, our study investigates ways in which senior executive leadership style affects success levels in complex new product and service development projects in banks.

Our objective in talking to Chief Executives and Managing Directors of banks is to hear first hand accounts on how they manage and inspire staff to create an environment where innovation and new product development can take place. For this reason, we are currently running a series of interviews asking senior executives on how they manage innovation and new product/service development. At this stage, we have spoken to a number of Chief Executives and Managing Directors of leading UK as well as foreign banks. These interviews have provided us with interesting insights.

We are contacting you because we are highly interested in talking to you about your role as Executive Chairman of Bank Rho EMEA as part of our research study on senior leadership style and innovation. The interview will take about one hour. All responses will be anonymous and confidentiality is assured.

We very much would like to include Bank Rho in our study. Please let us know whether we can count on your participation by sending us a short reply indicating a convenient interview date/time for the months of November or December.

Yours sincerely,

Stephanie Gademann,
CENTIVE - Centre for New Technologies and Innovation
Faculty of Management
City University Business School

City University
Business School
London

Dear Phil,

I don't know whether you remember me. I contacted you about a year ago with some basic questions about how you manage new product development at Bank Sigma. You were very supportive and helped me out. Our initial investigation at City Business School has now turned into a large-scale research project: We are trying to uncover the primary drivers of innovation.

Tied in with this overarching objective, our study investigates ways in which innovation is managed and to what extent superior project management affects success levels in complex new product and service development (NPD/NSD) projects in banks. We have been interviewing during the past few months and the experts we have had a chance to speak to provided us with interesting insights.

In this context, we had the pleasure of speaking to Jason Bloggs, UK Managing Director of Bank Sigma. During our conversation, Jason spoke about the recent launch of The Big Development Project. The Big Development Project strikes us as a particularly intriguing project due to its size, strategic importance, and strong initial customer interest. For this reason, we would like to know how you and your team successfully turned the initial concept into a highly successful product. Jason mentioned that you held a key role in the development process of The Big Development Project. For this reason, we are very much interested in talking to you about your role as Senior New Product Development and Product Manager at Bank Sigma. The interview will take about an hour. We can assure you that the data will be used for academic purposes only. Provided you are interested in participating in our study, would you be free to meet at some stage on November 28?

Thanks a lot for your support,

Yours sincerely,

Stephanie Gademann,
CENTIVE - Centre for New Technologies and Innovation
Faculty of Management
City University Business School

Appendix B

Interview guides

Interview Guide: Senior leader

1. Introduction

1.1. Thank candidate for participation
1.2. Explain candidate purpose of study
1.3. Provide candidate with an overview of the interview agenda
1.4. Point out that candidate should not feel obliged in any way to answer any questions, which he/she feels uncomfortable with

2. Background information

2.1. **Background information candidate**

2.2.1. **How long have you been with XYZ?**
Prompts: when did you join the bank? What have you been doing before?

2.2.2. **What is your current role?**
Prompts: what are your main responsibilities? What does your typical day look like? What are the main aspects of your work?

2.2.3. **What are your reporting relationships?**
Prompts: Who do you report to? Who do they report to? Are you in a matrix reporting relationship? Who does report to you? How many direct reports do you have? How many function heads do report to you? What function heads do report to you?

2.2. **Background information business unit**

2.2.1. **What is the purpose of business unit?**
Prompts: What is the role of this business unit? What are its main outputs? How does this business unit link into the rest of the organisation?

3. New offer development at the programme level

3.1. **Is this business unit an active innovator in terms of new offer development?**
(This relates to strategy)
Prompts: Is new offer development (NOD) an issue covered in the annual planning process? Is NOD a strategic objective of the business unit? How important are new offers to the business? How many new offers does the business develop on an annual basis? How many new offers are usually/currently in the development pipeline? Is there a budget for NOD? Is there an offer development strategy that defines the type of new offers to be developed? What sort of new offers does the business unit develop? Incremental or radical?

3.2. **How does the business organise for new offer development?**
(This relates to structure)
Prompts: What is the organisational framework for NOD? What type of formal organisation structures are used to implement offer development activities? How many hierarchical levels are involved in NOD? What specific hierarchical levels are involved in NOD? Is there an NOD function? Is there a person responsible for NOD? If yes, what are the reporting relationships? If no, what alternative arrangements are used? To what extent does your role link into the NOD department/ Head of NOD?

3.3. **What are the co-ordination and control mechanisms for NOD?**
(This relates to systems)
Prompts: What type of control and co-ordination mechanisms are used for executing offer development tasks? Do you work with an established NOD process? If so, what does it look like? Are specific project phases? Are there milestones? Are there any progress reports? Is there a business case sign-off? Is there a pre-launch approval? How flexible is this process? To what extent are offers developed outside of the standardised process? To what extent are offers developed in a concurrent approach as opposed to a 'hard hand-over' approach between functions?

3.4. **What are the specialist knowledge and methods applied to NOD?**
(This relates to skills)
Prompts: What specialist skill sets are deployed for NOD? What functions contribute to NOD? Are there a set of functions, which contribute to every NOD project? What are the distinctive capabilities of key personnel involved in NOD? What specialist knowledge and techniques are applied for executing offer development tasks? To what extent does the business unit use in-house experts only vs. outside experts?

3.5. **What are the type, quantity and quality of functional staff deployed for NOD?**
(This relates to staff)
Prompts: What type of staff is involved in NOD? What is their expertise in terms of NOD? How many people participate in the average NOD project? How many of these are core members as opposed to peripheral members? To what extent do the project team members work on the project full-time as opposed to part-time? Do they solely work in NOD or do they return to their normal roles once the development project is completed? Does the business unit deploy project managers? Is there a NOD team or a designated function of project managers? Are there any other leaders participating in the development effort, such as project sponsors, Heads of department, etc.?

3.6. **How is NOD perceived in this business unit?**
(This relates to shared values)
Prompts: What are the beliefs about NOD in this business unit? Is there a shared belief in the need to pursue offer development for the purpose of growing the business? Is there collective support for innovation in general? Does staff perceive NOD as a disruption to their normal work processes? How is NOD perceived in comparison to how other work processes are perceived?

3.7. **To what extent do you get involved in NOD?**
(This relates to style)
Prompts: Do you have a specific role in terms of NOD? Where do you see your role to be? How high does NOD rank on your agenda as opposed to other business processes? Does your involvement differ according to different types of projects? If there is a difference in involvement, which factors determine the level of your involvement?

4. Successful Project

4.1. **Ask respondent to nominate a project, which was completed on-time, on-cost and to specification**

4.2. **Tell respondent that you will now ask him/her a few questions about this project**

4.3. **What was the strategy behind this offer development project**?
(This relates to strategy)
Prompts: What was this offer about? What was the strategic importance of this project in terms of achieving the goals of the business unit? Did this project come out of an annual planning process? Where did the idea originate? How new was this offer in the context of the business unit? How new was this offer in the context of the industry sector? How big was it compared to the average project? How did it compare to the average project overall?

4.2. **How did the business organise for the development of this project?**
(This relates to structure)
Prompts: What was the organisational framework used for this NOD project? What type of formal organisation structures were used to develop this offer? How many hierarchical levels were involved? What specific hierarchical levels were involved? Was there an NOD function involved? Was there a day-today project leader? If yes, what was the reporting relationship? If no, what was the alternative arrangement used? To what extent did your role link into the NOD department/ Head of NOD/ project leader? Did you head the steering committee? If no, who headed the steering committee? To what extent was this development project kept separate from day-to-day business processes? To what extent did this project differ from the average project?

4.3. **What were the co-ordination and control mechanisms for this development project?**
(This relates to systems)
Prompts: What type of control and co-ordination mechanisms were used for this project? Did you work with an established NOD process? If so, was it the one you described to me before? If not, to what extent did it differ from the one described before? Were there specific project phases? Were there milestones? Were there any progress reports? Was there a business case sign-off? Was there a pre-launch approval? Was there a need to alter the process in any shape or form? Could this be accommodated? Was this offer developed in a concurrent approach or in a relay race approach? To what extent did this project differ from the average project?

4.4. **What are the specialist knowledge and methods applied to this NOD project?**
(This relates to skills)
Prompts: What specialist skill sets were deployed for this NOD project? What functions contributed to it? What were the distinctive capabilities of key personnel involved in this project? What specialist knowledge and techniques were applied for executing the development tasks? What was the functional background of project leader? Were any outside experts involved? If so, what skill sets did they bring to the project? To what extent did this project differ from the average project?

4.5. **What are the type, quantity and quality of functional staff deployed for this NOD project?**
(This relates to staff)
Prompts: What type of staff was involved? What was their expertise in terms of NOD? How many people participated in this project? How many of these were core members as opposed to peripheral members? Did some of these members join the project only for specific phases? To what extent did the project team members work on the project full-time as opposed to part-time? Do these people solely work on NOD projects or did they return to their normal roles once the development project was completed? Was there a project manager involved? Were there any other leaders who participated in the development effort, such as project sponsors, Heads of department, etc.? To what extent did this project differ from the average project?

4.6. **How was the project perceived in the business unit?**
(This relates to shared values)
Prompts: What were the project members' beliefs about this NOD project? To what extent were project members clear about project objectives? What were other staff's beliefs about this NOD project? Was there a shared belief in the need to pursue this project for the purpose of growing the business? Did staff perceive this project as a disruption to their normal work processes? To what extent did this project differ from the average project?

4.7. **What was your role in this development project?**
(This relates to style)

How intensely were you involved?

4.7.1. **Involvement**
Prompts: to what extent were you involved in this development project? How high did this project rank on your agenda as opposed to other projects? How did your involvement differ in this project as opposed to the average project? Were you more involved or were you less involved? How did you hear about the offer concept?

Could you please describe me your involvement in the project from when you first heard about it through to launch?

4.7.2. **Control**
Prompts: Did you sit on the steering committee? Was there a formal reporting relationship between yourself and the project leader/team? Were you involved in approving the project? If so, when and what context? Were you involved in the idea generation? Were you involved in setting the strategic objectives? Did you tell the team how to go about certain things?

4.7.3. **Support**
Prompts: How did you feel about this project? Were you in favour of this project? Were you at any stage involved in removing blockages, which hindered the progress of the project? Where you at any stage involved in solving any conflicts between project team members? Did you make any funding available to the team?

5. Less successful Project

5.1. **Ask respondent to nominate a project, which was either not completed on-time, on-cost or to specification**

Repeat questions of Section 4.

6. Is there anything else, which you believe is relevant? Are there any areas we have not touched on?

7. Nomination of key informants
7.1. **Ask respondent for permission to speak to additional informants**

8. Thank respondent for participating in this study

Interview Guide: Informant

1. Introduction

1.1. Thank candidate for participation
1.2. Explain candidate purpose of study
1.3. Provide candidate with an overview of the interview agenda
1.4. Point out that candidate should not feel obliged in any way to answer any questions, which he/ she feels uncomfortable with

2. Background information

2.1. **Background information candidate**

2.2.1. **How long have you been with XYZ?**
Prompts: when did you join the bank? What have you been doing before?

2.2.2. **What is your current role?**
Prompts: what are your main responsibilities? What does your typical day look like? What are the main aspects of your work?

2.2.3. **What are your reporting relationships?**
Prompts: Who do you report to? Who do they report to? Are you in a matrix reporting relationship? What is your reporting/information sharing relationship with the senior leader? Do you have any direct reports? How many direct reports do you have? What are their roles?

2.2. **Background information business unit**

2.2.1. **What is the purpose of business unit?**
Prompts: What is the role of this business unit? What are its main outputs? How does this business unit link into the rest of the organisation?

3. New offer development at the programme level

3.1. **Is this business unit an active innovator in terms of new offer development?**
(This relates to strategy)
Prompts: Is new offer development (NOD) an issue covered in the annual planning process? Is NOD a strategic objective of the business unit? How important are new offers to the business? How many new offers does the business develop on an annual basis? How many new offers are usually/currently in the development pipeline? Is there a budget for NOD? Is there an offer development strategy that defines the type of new offers to be developed? What sort of new offers does the business unit develop? Incremental or radical?

3.2. **How does the business organise for new offer development?**
(This relates to structure)
Prompts: What is the organisational framework for NOD? What type of formal organisation structures are used to implement offer development activities? How many hierarchical levels are involved in NOD? What specific hierarchical levels are involved in NOD? Is there an NOD function? Is there a person responsible for NOD? If yes, what are the reporting relationships? If no, what alternative arrangements are used? To what extent does your role link into the NOD department/ Head of NOD?

3.3. **What are the co-ordination and control mechanisms for NOD?**
(This relates to systems)
Prompts: What type of control and co-ordination mechanisms are used for executing offer development tasks? Do you work with an established NOD process? If so, what does it look like? Are specific project phases? Are there milestones? Are there any progress reports? Is there a business case sign-off? Is there a pre-launch approval? How flexible is this process? To what extent are offers developed outside of the standardised process? To what extent are offers developed in a concurrent approach as opposed to a 'hard hand-over' approach between functions?

3.4. **What are the specialist knowledge and methods applied to NOD?**
(This relates to skills)
Prompts: What specialist skill sets are deployed for NOD? What functions contribute to NOD? Are there a set of functions, which contribute to every NOD project? What are the distinctive capabilities of key personnel involved in NOD? What specialist knowledge and techniques are applied for executing offer development tasks? To what extent does the business unit use in-house experts only vs. outside experts?

3.5. **What are the type, quantity and quality of functional staff deployed for NOD?**
(This relates to staff)
Prompts: What type of staff is involved in NOD? What is their expertise in terms of NOD? How many people participate in the average NOD project? How many of these are core members as opposed to peripheral members? To what extent do the project team members work on the project full-time as opposed to part-time? Do they solely work in NOD or do they return to their normal roles once the development project is completed? Does the business unit deploy project managers? Is there a NOD team or a designated function of project managers? Are there any other leaders participating in the development effort, such as project sponsors, Heads of department, etc.?

3.6. **How is NOD perceived in this business unit?**
(This relates to shared values)
Prompts: What are the beliefs about NOD in this business unit? Is there a shared belief in the need to pursue offer development for the purpose of growing the business? Is there collective support for innovation in general? Does staff perceive NOD as a disruption to their normal work processes? How is NOD perceived in comparison to how other work processes are perceived?

3.7. **To what extent do you get involved in NOD?**
Prompts: Do you have a specific role in terms of NOD? Where do you see your role to be? How high does NOD rank on your agenda as opposed to other business processes? Does your involvement differ according to different types of projects? If there is a difference in involvement, which factors determine the level of your involvement?

3.8. **To what extent does the senior leader get involved in NOD?**
(This relates to style)
Prompts: Does the senior leader have a specific role in terms of NOD? Where do you see his/her role to be? How high does NOD rank on the senior leader's agenda as opposed to other business processes? Does his/her involvement differ according to different types of projects? If there is a difference the senior leader's involvement, which factors determine the level of his/her involvement?

4. Successful Project

4.1. **Inform the respondent that you spoke to the senior leader about project X**

4.2. **Tell respondent that you will now ask him/her a few questions about project X**

4.3. **What was the strategy behind this offer development project**?
(This relates to strategy)
Prompts: What was this offer about? What was the strategic importance of this project in terms of achieving the goals of the business unit? Did this project come out of an annual planning process? Where did the idea originate? How new was this offer in the context of the business unit? How new was this offer in the context of the industry sector? How big was it compared to the average project? How did it compare to the average project overall?

4.2. **How does the business organise for the development of this project?**
(This relates to structure)
Prompts: What was the organisational framework used for this NOD project? What type of formal organisation structures were used to develop this offer? How many hierarchical levels were involved? What specific hierarchical levels were involved? Was there an NOD function involved? Was there a day-today project

leader (if applicable)? If no, what was the alternative arrangement used? To what extent did your role link into the NOD department/Head of NOD/project leader/senior leader? Did you head the steering committee? If no, who headed the steering committee? To what extent was this development project kept separate from day-to-day business processes? To what extent did this project differ from the average project?

4.3. **What were the co-ordination and control mechanisms for this development project?**
(This relates to systems)
Prompts: What type of control and co-ordination mechanisms were used for this project? Did you work with an established NOD process? If so, was it the one you described to me before? If not, to what extent did it differ from the one described before? Were there specific project phases? Were there milestones? Were there any progress reports? Was there a business case sign-off? Was there a pre-launch approval? Was there a need to alter the process in any shape or form? Could this be accommodated? Was this offer developed in a concurrent approach or in a relay race approach? To what extent did this project differ from the average project?

4.4. **What are the specialist knowledge and methods applied to this NOD project?**
(This relates to skills)
Prompts: What specialist skill sets were deployed for this NOD project? What functions contributed to it? What were the distinctive capabilities of key personnel involved in this project? What specialist knowledge and techniques were applied for executing the development tasks? What was the functional background of project leader (if applicable)? Were any outside experts involved? If so, what skill sets did they bring to the project? To what extent did this project differ from the average project?

4.5. **What are the type, quantity and quality of functional staff deployed for this NOD project?**
(This relates to staff)
Prompts: What type of staff was involved? What was their expertise in terms of NOD? How many people participated in this project? How many of these were core members as opposed to peripheral members? Did some of these members join the project only for specific phases? To what extent did the project team members work on the project full-time as opposed to part-time? Do these people solely work on NOD projects or did they return to their normal roles once the development project was completed? Was there a project manager involved (if applicable)? Were there any other leaders who participated in the development effort, such as project sponsors, Heads of department, etc.? To what extent did this project differ from the average project?

4.6. **How was the project perceived in the business unit?**
(This relates to shared values)
Prompts: What were the team's beliefs about this NOD project? To what extent were you clear about project objectives? What were other staff's beliefs about this NOD project? Was there a shared belief in the need to pursue this project for the purpose of growing the business? Did staff perceive this project as a disruption to their normal work processes? To what extent did this project differ from the average project?

4.7. **What was your role in this development project?**
Prompts: How intensely were you involved? What were your responsibilities in regards to this project? What was the nature of your relationship with the senior leader in regards to this project? How frequent were your interactions with the senior leader? What was the nature of your relationship with the project leader (if applicable)? What was the nature of your relationship with the project team members? Could you please describe your involvement in the project from when you first heard about it through to launch?

4.8. **What was the role of the senior leader in this development project?**
(This relates to style)

How intensely was he/she involved?

4.8.1. **Involvement**
Prompts: to what extent was he/she involved in this development project? How high did this project rank on his/her agenda as opposed to other projects? How did his/her involvement differ in this project as opposed to the average project? Was he/she more involved or was he/she less involved? How did he/she hear about the offer concept?

Could you please describe me the senior leader's involvement in the project from when he/she first heard about it through to launch?

4.8.2. **Control**
Prompts: Did he/she sit on the steering committee? Was there a formal reporting relationship between him/her and yourself/the development team? Was the senior leader involved in approving the project? If so, when and what context? Was he/she involved in the idea generation? Was he/she involved in setting the strategic objectives? Did the senior leader tell the team how to go about certain things?

4.8.3. **Support**
Prompts: How do you think the senior leader felt about this project? Was he/she in favour of this project? Was the senior leader at any stage involved in removing blockages, which hindered the progress of the project? Was he/she at any stage

involved in solving any conflicts between project team members? Did the senior leader make any funding available to the team?

5. Less successful Project

5.1. **Inform the respondent that you spoke to the senior leader about project Y**
Repeat questions of Section 4.

6. Is there anything else, which you believe is relevant? Are there any areas we have not touched on?

7. Nomination of further informants

7.1. **Ask respondent for permission to speak to additional informants**

8. Thank respondent for participating in this study

Appendix C

Data tree

1st level	2nd level	3rd level	4th level	5th level	6th level
Programme Level		Contextual information			
		Strategy			
		Structure			
		Systems			
		Skills			
		Shared Values			
		Staff	Non-leaders		
			Other leaders		
		Style			
Project level	Successful project				
		Strategy			
		Structure			
		Systems			
		Skills			
		Shared Values			
		Staff	Non-leaders		
			Other leaders	Number of leaders involved and their hierarchical level	
				Leadership actions	
				Shared values	
				Project leader	Control-oriented leadership actions
					Support-oriented leadership actions
		Style	Control	Goal setting	**Refers to following incidents observed in transcripts:** • Leader sets strategic objectives for the project • Leader makes clear that people will have to deliver on time and to specification • In case of problem, leader demands quick resolution of problem

				Making or overruling decisions regarding new offer design	**Refers to following incidents observed in transcripts:** • Leader takes decisions or overrules decisions that have previously been made by staff regarding the specifics/design/details of new offer • Leader tells team how to go about development, e.g. in terms of conducting customer research, designing processes, formulating propositions, fixing problems, designing investment vehicles, structuring currency hedges, taking hiring decisions
				Doing the scheduling	**Refers to following incidents observed in transcripts:** • Leader sets milestones, stage gates and launch date • Leader agrees to milestones, stage gates and launch date
				Checking on performance	**Refers to following incidents observed in transcripts:** • Leader is kept updated about project progress either formally, informally, or both • Leader conducts regular progress reviews, e.g. at milestones
				Critical review and evaluation of the proposed Project	**Refers to following incidents observed in transcripts:** • Leader conducts official and unofficial approval and sign-off of proposed project • Leader agrees to project development at various stages: concept stage, business case stage and launch
			Support	Commitment to project	**Refers to following incidents observed in transcripts:** • Leader acts as an official/unofficial executive sponsor for the project • Leader deploys personal sponsorship capital • Leader shows an interest in the development • Leader is being supportive of the development • The project is the pet project of the leader • Leader is accessible and approachable to team • Leader acts as coach to team

				External stakeholder management	**Refers to following incidents observed in transcripts:** • Leader offers support in negotiating with third parties • Leader protects project from external (outside organisation) threats • Leader represents project outside of the organisation, e.g. with media or authorities • Leader leads a team in negotiations • Leader negotiates partner agreements • Leader approaches potential project partners or key corporate clients
				Internal stakeholder management	**Refers to following incidents observed in transcripts:** • Leader manages project – organisation top management boundary in terms of the following: keeps superiors updated on project progress on behalf of team, puts in a good word for the project at higher level, legitimises project with top management of Group, liaises with top management about whether their businesses want to develop a similar offer, involves group top management in project to gain their support, searches for support of top management colleagues for project support/disruption, acts as bearer of bad project news to top management • Leader represents the project within the business in terms of the following: asks for support of business for project in general as well as disruptions caused by the project, enlists other departments' help for project • Leader advises project team who to approach for help with specific project issues • Leader mediates conflicts between internal stakeholders and project team • Leader communicates that project is a strategic priority and should be treated as such
				Securing financial resources	**Refers to following incidents observed in transcripts:** • Leader gets funds for development from the Group • Leader gets additional funds for development, e.g. to employ external experts to work on project • Leader authorises funds for development • Leader authorises additional funds for development

				Securing non-financial Resources	**Refers to following incidents observed in transcripts:** • Leader gives project priority over other work, such as day-to-day work or other development projects • Leader re-prioritises work in favour of project, e.g. systems development, customer communication slots • Leader provides non-financial resources for project, such as separate office or project room
	Less Successful project	Strategy			
		Structure			
		Systems			
		Skills			
		Shared Values			
		Staff	Non-leaders		
			Other leaders	Number of leaders involved and their hierarchical level	
				Leadership actions	
				Shared values	
				Project leader	Control-oriented leadership actions
					Support-oriented leadership actions
		Style	Control	Goal setting	**Refers to following incidents observed in transcripts:** • Leader sets strategic objectives for the project • Leader makes clear that people will have to deliver on time and to specification • In case of problem, leader demands quick resolution of problem

				Making or overruling decisions regarding new offer design	**Refers to following incidents observed in transcripts:** • Leader takes decisions or overrules decisions that have previously been made by staff regarding the specifics/design/details of new offer • Leader tells team how to go about development, e.g. in terms of conducting customer research, designing processes, formulating propositions, fixing problems, designing investment vehicles, structuring currency hedges, taking hiring decisions
				Doing the scheduling	**Refers to following incidents observed in transcripts:** • Leader sets milestones, stage gates and launch date. • Leader agrees to milestones, stage gates and launch date
				Checking on performance	**Refers to following incidents observed in transcripts:** • Leader is kept updated about project progress either formally, informally, or both • Leader conducts regular progress reviews, e.g. at milestones
				Critical review and evaluation of the proposed Project	**Refers to following incidents observed in transcripts:** • Leader conducts official and unofficial approval and sign-off of proposed project. • Leader agrees to project development at various stages: concept stage, business case stage and launch
			Support	Commitment to project	**Refers to following incidents observed in transcripts:** • Leader acts as an official/unofficial executive sponsor for the project • Leader deploys personal sponsorship capital • Leader shows an interest in the development • Leader is being supportive of the development • The project is the pet project of the leader • Leader is accessible and approachable to team • Leader acts as coach to team

				External stakeholder management	**Refers to following incidents observed in transcripts:** • Leader offers support in negotiating with third parties • Leader protects project from external (outside organisation) threats • Leader represents project outside of the organisation, e.g. with media or authorities • Leader leads a team in negotiations • Leader negotiates partner agreements • Leader approaches potential project partners or key corporate clients
				Internal stakeholder management	**Refers to following incidents observed in transcripts:** • Leader manages project – organisation top management boundary in terms of the following: keeps superiors updated on project progress on behalf of team, puts in a good word for the project at higher level, legitimises project with top management of Group, liaises with top management about whether their businesses want to develop a similar offer, involves group top management in project to gain their support, searching for support of top management colleagues for project support/disruption, acts as bearer of bad project news to top management • Leader represents the project within the business in terms of the following: asks for support of business for project in general as well as disruptions caused by the project, enlists other departments' help for project • Leader advises project team who to approach for help with specific project issues • Leader mediates conflicts between internal stakeholders and project team • Leader communicates that project is a strategic priority and should be treated as such
				Securing financial resources	**Refers to following incidents observed in transcripts:** • Leader gets funds for development from the Group • Leader gets additional funds for development, e.g. to employ external experts to work on project • Leader authorises funds for development • Leader authorises additional funds for development

				Securing non-financial resources	**Refers to following incidents observed in transcripts:** • Leader gives project priority over other work, such as day-to-day work or other development projects • Leader re-prioritises work in favour of project, e.g. systems development, customer communication slots • Leader provides non-financial resources for project, such as separate office or project room

Source: Field Study

Appendix D

Senior leadership style - data analysis protocol

Senior leadership style - data analysis protocol

As explained in chapter 6, a systematic data analysis protocol was developed (Miles & Huberman, 1994). The use of such a protocol established a systematic means of data reduction, classification and interpretation as suggested by Lillis (1999). This appendix focuses on the data analysis protocol deployed in regards to the primary independent variable, that is, senior leadership style. As such, this appendix describes the step-by-step process followed to classify and interpret individual senior leadership actions to arrive at the overall style for each senior leader.

Step-by-step process

As mentioned above, the process of reducing, classifying and interpreting data consisted of several steps. In a first step, all transcripts were searched for senior leadership actions. In consequence, a list of all senior leadership actions found in this study was compiled. Examples of such actions include the senior leader telling the team that the project needs to be ready for launch in July or the senior leader showing interest in the development.

In a second step, these actions were then bundled together to form subcategories of roughly similar actions. Examples of subcategories include project scheduling actions or external stakeholder management actions. This involved a lengthy process of drawing up lists of potential subcategories, referring back to case data for verification and then amending them accordingly. At the end of this step, a list of ten subcategories that matched all case data was established.

In a third step, each of these ten subcategories was then either assigned to control-oriented senior leadership actions or support-oriented leadership actions. If the subcategory was concerned with 'senior leader initiated control mechanisms, which influence the probability that development teams will behave in ways that support the stated objectives of the project' (Section 3.4.3.), it was assigned to control. Alternatively, if the subcategory described 'senior leader support offered to the project team with a view to encourage, facilitate and enable the development project' (Section 3.4.3.), it formed part of support.

Control-oriented leadership actions

As a consequence, it was found that control-oriented actions consist of the following subcategories: (1) goal setting; (2) making or overruling decisions regarding new offer design; (3) project scheduling; (4) checking on performance, and (5) critical review and evaluation of the proposed project. The definitions of these subcategories can be found in Table 1.

Table 1
Control-oriented senior leadership actions

Control sub-category	Examples of senior leadership actions
1. Goal setting	• Leader sets strategic objectives for the project • Leader makes clear that people will have to deliver on time and to specification • In case of problem, leader demands quick resolution of problem
2. Making or overruling decisions regarding new offer design	• Leader takes decisions or, alternatively, overrules decisions that have previously been made by staff regarding the specifics/design/details of new offer • Leader tells team how to go about development, e.g. in terms of conducting customer research, designing processes, formulating propositions, fixing problems, designing investment vehicles, structuring currency hedges, taking hiring decisions
3. Project scheduling	• Leader sets milestones, stage gates and launch date • Leader agrees to milestones, stage gates and launch date
4. Checking on performance	• Leader is kept updated about project progress either formally, informally, or both • Leader conducts regular progress reviews, e.g. at milestones
5. Critical review and evaluation of proposed project	• Leader conducts official and unofficial approval and sign-off of proposed project • Leader agrees to project development at various stages: concept stage, business case stage and launch

Source: Field study

Table 2
Support-oriented senior leadership actions

Support sub-category	Examples of senior leadership actions
1. Commitment to project	• Leader acts as an official/unofficial executive sponsor for the project • Leader deploys personal sponsorship capital • Leader shows an interest in the development • Leader is being supportive of the development • The project is the pet project of the leader • Leader is accessible and approachable to team • Leader acts as coach to team
2. External stakeholder management	• Leader offers support-oriented actions in negotiating with third parties • Leader protects project from external (outside organisation) threats • Leader represents project outside of the organisation, e.g. with media or authorities • Leader leads a team in negotiations • Leader negotiates partner agreements
3. Internal stakeholder management	• Leader manages the boundary between the project and the organisation's top management in terms of the following: keeps superiors updated on project progress on behalf of team, puts in a good word for the project at higher level, legitimises project with top management of Group, liaises with top management peers about whether their businesses want to develop a similar offer, involves group top management in project to gain their support-oriented actions, solicits for support-oriented actions from top management peers, e.g. due to disruption caused by project, acts as bearer of bad project news • Leader represents the project within the business in terms of the following: asks for support-oriented actions of business for project in general as well as for disruptions caused by the project, enlists other departments' help for project • Leader advises project team who to approach for help with specific project issues • Leader mediates conflicts between internal stakeholders and project team • Leader communicates that project is a strategic priority and should be treated as such
4. Securing financial resources	• Leader obtains funds for development from the Group • Leader obtains additional funds for development, e.g. to employ external experts to work on project • Leader authorises funds for development • Leader authorises additional funds for development
5. Securing non-financial resources	• Leader gives project priority over other work, such as day-to-day work or other development projects • Leader re-prioritises work processes within business in favour of project, e.g. systems development slots, customer communication slots • Leader provides non-financial resources for project, such as a separate office or project room

Source: Field Study

Support-oriented senior leadership actions

Similarly, it was found that support-oriented actions contain the following subcategories: (1) commitment to project; (2) external stakeholder management; (3) internal stakeholder management; (4) securing financial resources, and (5) securing non-financial resources. The definitions of these subcategories can be found in Table 2.

Once the coding system had been devised, the case data was coded in step four. At the end of this coding process, each senior leadership action had then been assigned to a specific subcategory, and subsequently, to control or support. The question arises on what grounds it was determined that the level of control or support was found to be low, respectively high? To this end, a set of rules were devised, which are described in Table 3 (control) and Table 4 (support). Based on these rules, the level of control-oriented senior leadership actions and the level of support-oriented actions were determined for each project (step five).

Table 3
Control-oriented senior leadership actions

Low level of control-oriented actions	High level of control-oriented actions
• Leadership at the project level is only given for one or two subcategories • Leadership at the project level is given for three subcategories. Although the leader was active in three subcategories, the activity level in each of the three is low or not particularly applicable or only relevant to a short phase of the project • Level of control-oriented actions in one project in any given case is considerably lower than in the other project of the same case	• Leadership at the project level is given for all five subcategories • Leadership at the project level is given for four out of five subcategories. Leadership for one or more of these four subcategories is particularly active • Leadership at the project level is given for all applicable subcategories • Leadership at the project level is given for three subcategories. Although the leader was active in three subcategories, the activity level in each of the three is particularly high or applicable • Level of control-oriented actions in one project in any given case is considerably higher than in the other project of the same case

Source: Field Study

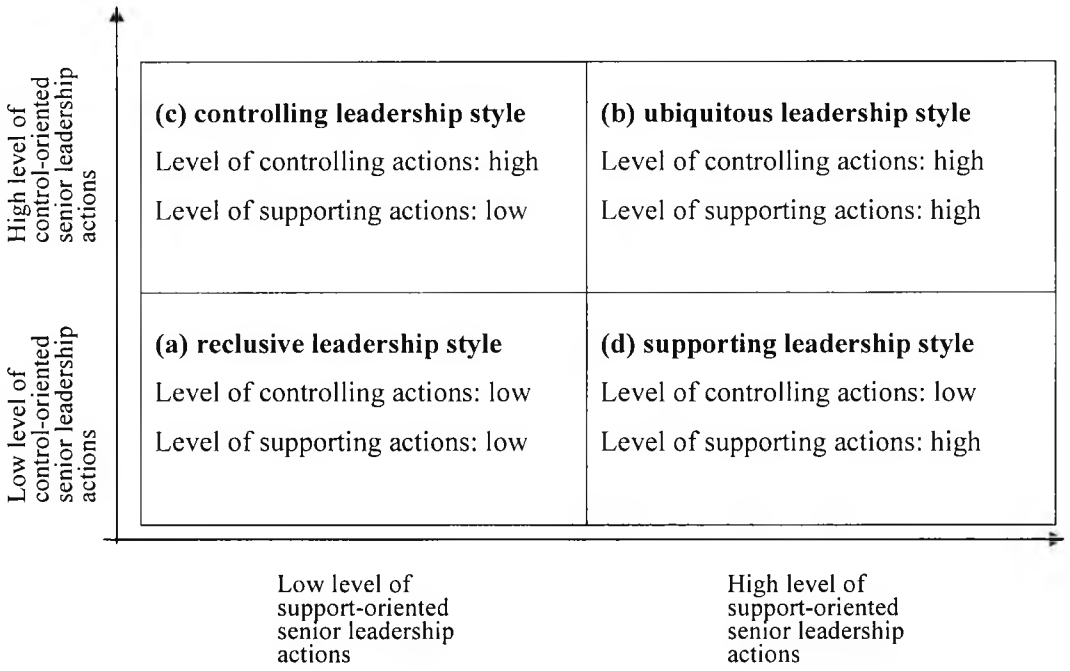
Based on the level of control-oriented actions and the level of support-oriented actions, the final step of the analysis established the senior leadership style for each project based on the rules set out in chapter 5. Thus, low control and low support resulted in the reclusive leadership style; high control and high support in the ubiquitous style; high control and low support in the controlling style, and low control and high support in the supporting style (Table 5).

Table 4
Support-oriented senior leadership actions

Low level of support-oriented actions	High level of support-oriented actions
• Leadership at the project level is only given for one or two subcategories • Leadership at the project level is given for three subcategories. Although the leader was active in three subcategories, the activity level in each of the three is low or not particularly applicable or only relevant to a short phase of the project • Level of support-oriented actions in one project in any given case is considerably lower than in the other project of the same case	• Leadership at the project level is given for all five subcategories • Leadership at the project level is given for four out of five subcategories. Leadership for one or more of these four subcategories is particularly active • Leadership at the project level is given for all applicable subcategories • Leadership at the project level is given for three subcategories. Although the leader was active in three subcategories, the activity level in each of the three is particularly high or applicable • Level of support-oriented actions in one project in any given case is considerably higher than in the other project of the same case

Source: Field Study

Table 5
Senior leadership styles



Source: Field Study