Chapter 9
Becoming Strategic in Small Businesses

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ABSTRACT
While strategy has been described as a plan or pattern of actions aligned to a conscious intent, it can also be conceptualised as the deliberate activities those in business engage in to realise a strategic intent. It is this activity oriented conception of strategy that is fuelling the turn towards practice in strategy scholarship. This chapter draws on this perspective and the ‘communication as constitutive of organisations’ (CCO) perspective to explore what is involved in becoming strategic in an active and experiential sense in a small business. To do this, it uses illustrations from a series of studies of business startup or restart from the creative, ICT, and construction industries in New Zealand. The empirically-based synthesis presents strategic management in small businesses as a relational process producing a narrative infrastructure that weaves together episodes of strategy praxis to produce a coherent thread that ‘tells the firm forward’ (See Deuten & Rip, 2000). The chapter finishes by briefly exploring the implications of this view for those seeking to become more strategic in small businesses.

INTRODUCTION
Strategy is not merely a plan that “relates the strategic advantages of the firm to the challenges of the environment” (Jauch & Glueck, 1988, p. 11) or a “pattern in a stream of actions” aligned with a conscious intent (Mintzberg & Quinn, 1988, p. 11). It can also be conceived of as the daily practices people engage in as they respond to environmental opportunities and challenges and propel their business forward towards the achievement of its goals. It is this focus on people ‘doing’ strategy that is fuelling the emerging practice orientation in strategy scholarship (See Jarzabkowski, 2005; Jarzabkowski, Balogun & Seidl, 2007; Whittington, 1996, 2001, 2006, 2007). This orientation is directing researchers’ attention away from the firm’s plans and patterned actions towards the interrelated dimensions of praxis, strategy practitioners, and practices (Whittington, 2007; Jarzabkowski & Whittington, 2008); in other words, toward people and what they actually do (i.e., their praxis) in practice and how this is shaped by and contributes to strategy.
practices – “the routines and norms of strategy work” (Whittington, 2007, p. 1579).

This chapter shows how such an activity-based notion of strategy coupled with considerations of the relational and narrative dimensions of business activity can provide a useful frame for understanding strategic management in micro and small businesses1 (henceforth called small businesses). To do this, it draws on the findings from a range of New Zealand studies of business startup and restart. These small businesses include a new pregnancy clothing franchisee (Mills & Pawson, 2006), 44 emerging designer fashion businesses (Mills, 2011a, 2011b), eight nascent entrepreneurs in the ICT sector (Mills & Pawson, 2012), 10 businesses in the devastated High Street fashion precinct (Ho, 2012) forced to restart after the 2010–2011 Canterbury earthquakes in New Zealand (Mills, 2012), and eight trades people who chose to ‘go out on their own’ in the construction industry (Stewart, 2008).

While the chapter is informed by studies from one country, it is written with a broad international readership in mind. The active and experiential practice-based perspective of strategic management it offers will be relevant to nascent entrepreneurs, entrepreneurship scholars and educators, enterprise support agencies, and policy makers; in fact, anyone who has an interest in understanding how strategy occurs in practice from the nascent business developer’s perspective and how strategic management can be encouraged.

The chapter is organised around the following questions:

1. What do we mean by ‘strategy’ in small businesses and how can we realistically study it?
2. How does strategy emerge in practice in small businesses?
3. What conditions support the emergence of a strategic orientation towards practice in small businesses?
4. How can small business owners use the perspective presented here to become more strategic?

**WHAT DO WE MEAN BY ‘STRATEGY’ IN SMALL BUSINESSES AND HOW CAN WE REALISTICALLY STUDY IT?**

The word ‘strategy’ and its derivatives are widely used yet remain ambiguous terms with many conflicting definitions (French, 2009; Giles, 1991; Hussey, 1994; Ruocco & Proctor, 1994). In 1988, Mintzberg and Quinn (1988) observed that the term strategy had been defined in four interrelated ways: as a plan, perspective, pattern, and position, yet seven years later he and his colleagues observed that first and foremost people still consider strategy to be a plan (Mintzberg, Quinn, & Voyer, 1995). It seems that regardless of whether people adhere to classical or more contemporary processual, evolutionary, or systemic perspectives of strategy (Whittington, 2001), the term ‘strategy’ can still conjure up images of planning meetings and documents that identify opportunities and articulate grand plans and associated tactics for taking advantage of these opportunities. These images also align with the dominant view of the startup process in the entrepreneurship literature, which centres on a linear design-then-execution framework (Shane & Venkataraman, 2000; Stevenson & Jarillo, 1990) or what Baker, Miner, and Eesley (2003, p. 3) refer to as “design-precedes-execution.”

Such images can be far removed from the deliberate day-to-day praxis of nascent entrepreneurs and new small business owners as they steer their businesses into the future. Their written strategic plan, if they have one, may well be gathering dust on a shelf and only integrated into future actions in so far as it provides a benchmark against which to measure company activity when financial reports are needed or applications to funding agencies like banks and enterprise development funds
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