FAILING TO LEARN FROM FAILURE: AN EXPLORATORY STUDY OF CORPORATE ENTREPRENEURSHIP OUTCOMES

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ABSTRACT

Firms that are able to react and respond to today's dynamic environment through market, process and product innovations—also called Corporate Entrepreneurship (CE) —are better able to gain and sustain a competitive advantage. In fact, business strategy can be described as a firm's "theory of competitive advantage" or a set of hypotheses about the firm's competencies and their relationship to external factors. This implies that CE initiatives can be thought of as "tests" of the firm's strategic "theory-in-use." Thus an innovation that is aligned with a firm's strategy and is successful confirms the existing strategy; an unsuccessful innovation indicates a change in strategy may be needed. In this paper we examine 54 new product development projects and assessed whether they were successful, whether they aligned with the business strategy, and whether the strategy was subsequently modified. We found that successful projects aligned with strategy did indeed confirm the strategy, but unsuccessful projects resulted in strategy modifications only 38% of the time. The lack of strategy modification when projects are unsuccessful indicates that firms are not learning as much as they might from their failures.

INTRODUCTION

In today's dynamic environment, static firms are not likely to endure. Rather, companies must adapt to their environments' varying conditions, react to their competitors' actions, and respond to their customers' changing requirements. To be successful, organizations must find ways "to redefine or rejuvenate themselves, their positions within markets and industries, or the competitive arenas in which they compete" (Covin & Miles, 1999). Based on their particular situations, some firms favor sustained regeneration, which "support and encourage a continuous stream of new product introductions in current markets as well as entries with existing products into new markets" (Dess, Ireland, Zahra, Floyd, Janney and Lane, 2003: 354), while others engage in strategic renewal, in which "the firm is seeking to change

In the academic literature, these activities are generally aggregated under the terms intrapreneurship or, more recently, corporate entrepreneurship. Corporate entrepreneurship (CE), has been defined as the "formal and informal activities aimed at creating new business in established companies through product and process innovations and market developments…with the unifying objective of improving a company's competitive position and financial performance" (Zahra, 1991: 262). Research has found that CE initiatives can materially improve an existing organization's agility and are positively associated with financial performance (Zahra, 1991). Although these corporate entrepreneurship initiatives can "bubble-up" in informal, emergent manner from anywhere in the organization (Burgleman, 1983, Mintzberg & Waters, 1985), this study focused on the formal or deliberate entrepreneurial activities undertaken by existing firms to update or even radically change their strategy.

The underlying assumption of deliberate corporate entrepreneurship is that organization members—typically top managers—can accurately assess or predict what strategic changes are required by external events such as a new competitor entering its market space or the creation of a new technology. Importantly, deliberate CE also presumes that managers can accurately assess the implications of the outcomes that resulted from internal actions like successful implementation of a new process or the failed launch of a new product. Presumably, success would imply that the firm was on the right track, while failure would indicate a problem or issue.

Indeed, as Floyd and Lane (2000: 154) noted, "top management often must internalize, as part of the organizational knowledge base, information and initiatives that diverge from its view of strategy and must use these to shape new competencies." Thus, from this perspective, negative information—what doesn't work—is just as important to a dynamic concept of a firm's strategy as positive information—what does work. Negative information would imply a need to review an organization's assumptions or those "hypotheses" that form the basis for its strategy.

STRATEGIC MEANS AND ENDS

Indeed, some researchers have viewed strategy as a "theory-in-use," in that it is a "framework for critically understanding phenomena" and forms "a basis for considering how what is unknown might be organized" (Silverman, 2001: 4). It is comprised of "statement[s] of relationships between units observed or approximated in the empirical world" (Bacharach, 1989: 496), such that it "establishes the substantive meaning of constructs, variables and their linkages" (Bacharach, 1989: 501). By specifying a strategy, organization members are, in a way, constructing hypotheses as to what are the most appropriate ends for the organization given its environment, and which means will get them to the desired ends. Implied in the strategy is that reaching the specified ends using the right means will result in an overall successful outcome for the firm.

In the traditional, rational, top-down strategic planning model, top managers and their staff use formal planning tools to analyze data regarding internal resources and capabilities, external markets,

technologies, competitors and other environmental conditions. The results of these analyses are then used to determine the vision or "meaning" of the organization: why does the firm exist and how will it perpetuate itself? From this meaning, top managers derive an explicit, comprehensive, strategic plan, including specific "strategic ends," typically described by mission, goals, and objective statements (Brews & Hunt, 1999).

After top management disseminates the strategic ends, middle managers use the formal strategic ends as a mandate to drive the "strategic means." They determine what activities and initiatives will enable the firm to attain the desired outcomes. In the rational strategic planning model, middle managers analyze the firm's current ways of producing value for customers (e.g., processes and products) and any initiatives already underway. The current portfolio is compared to the desired one, and strategic gaps between the two are identified. Additional project ideas are then generated to address these issues. The intent is to construct a specific, well-balanced portfolio of initiatives that will address the firm's strategic ends within the context of available resources and capabilities (Baker, Green & Bean, 1986; Cooper, Edgett & Kleinschmidt, 1997).

Middle management's next step is to implement the plan through context management activities such as delegating decision-making authority (McDonough, 1986), structuring development activities (Olson, Walker & Ruekert, 1995), and allocating resources ENRef(e.g., Henderson & Cockburn, 1994; Ramanjam & Mensch , 1985). The latter activity is especially important, since the "allocation of resources to some [initiatives], and the denial of resources to others, is a key event or decision in the implementation of strategy" ENRef(Christensen & Bower , 1996: 215). Once again, there is an implicit assumption that the middle managers' portfolio and context management activities will lead to the appropriate strategic means, described as "the patterns of action which marshal/allocate organizational resources into postures that, once implemented, increase the probability of attaining organizational ends" (Brews & Hunt, 1999: 891).

Finally, the activities necessary to turn the planned CE into reality are typically performed by team members that represent the different functional backgrounds within the firm—such as research and development (R&D), marketing, sales, finance, engineering and other technical specialists—either sequentially or, preferably, in cross-functional teams ENRef(Brown & Eisenhardt, 1995). In some firms, the team is given an explicit contract or project charter with "deliverables," such as a launch date, a project budget and specific product attributes. Often formal tools, like project management techniques and Gantt charts, are used to plan project implementation, and are then subsequently used to track the team's progress.

At the project level, the link to strategy is mainly implicit, although at periodic points during the project, it may be formally assessed for its strategic fit. For example, Cooper et al. (1997) describe "strategic checks," which incorporate strategic criteria into initiative go/no-go decisions as a method that keeps projects aligned with the strategic plan. Thus team members will interpret the outcomes' implication for strategic means, but most likely from a functional or activity perspective. Team

members also have implicit assumptions; they assume that their implementation decisions—also a form of strategic means—will lead to the success of the resulting product or process.

Thus at the conclusion of an initiative, according to this "theory-in-use" view of strategy, organization members will assess its outcome--typically in terms of success or failure. Then they assess what that particular outcome implies for the validity of their assumptions regarding the firm's strategy. Successful projects that are considered aligned with the firm's existing strategy will affirm that the current strategy's means and ends are valid. Failed projects that are aligned with existing strategy, on the other hand, will raise the question that the current strategic goals or objectives (i.e., ends) might not fit with either the firm's environmental conditions or internal capabilities or that the firm's means of attaining these goals is flawed.

Hypothesis 1a: *When CE initiatives are perceived as aligned and successful, organization members will interpret that as a confirmation of the firm's strategy, and there will be no need for change.*

Hypothesis 1b: *When CE initiatives are perceived aligned but unsuccessful, organization members will interpret that as invalidating the firm's strategy, which will indicate a need for change to the firm's strategic means and/or ends.*

The reverse situation is expected when the project is deemed unaligned with strategy. In that case, if a project is successful, yet unaligned with the existing strategy, this is a clear signal that the strategy must be adjusted to accommodate the new initiative. If a project is unaligned with strategy and is also unsuccessful, this will serve as confirmation that the strategy is appropriate and needs no adjustment.

Hypothesis 2a: *When CE initiatives are perceived as unaligned yet successful, organization members will interpret that as invalidating the firm's strategy, which will indicate a need for change to the firm's strategic means and/or ends.*

Hypothesis 2b: *When CE initiatives are perceived as unaligned and unsuccessful, organization members will interpret that as a confirmation of the firm's strategy, and there will be no need for change.*

To review, in an analogous manner to experimental results and hypotheses, corporate entrepreneurship outcomes are implicitly considered "tests" of the firm's "theory-in-use" commonly

known as strategy. If the "test" is deemed accurate—i.e., the product is considered aligned with strategy—then a good outcome supports the strategy and a negative outcome refutes the strategy. The converse holds true when the outcome is not considered reflective of the intended strategy. The next section reviews how these hypotheses were tested, and describes the results. Finally, the limitations of this exploratory study are outlined, conclusions are drawn and suggestions for future research are made.

METHODS

As noted above, intrapreneurship or corporate entrepreneurship is composed of many activities including market, product and process development. To sharpen its focus, however, this research study investigated a subset of these CE initiatives, namely product development projects. This unit of analysis was selected for several reasons. First, most significant product development projects include elements of market and process development—like new manufacturing techniques, innovative distribution channels and equity-building marketing activities such as promotion and advertising. Second, new product development was a core competency for the firms that participated in the study; these companies are each known for their abilities in this arena. Finally, the firms had formal new product development processes in place, which made identifying deliberate entrepreneurial activities and the people involved in them easier to identify and track.

Over one-hundred interviews were conducted at multiple organizational levels—top, middle and project—within five strategic business units (SBUs) of a well-known consumer products company. To maintain confidentiality, these divisions are referred to here as Alpha, Beta, Gamma, Delta and Epsilon. The corporation that owned the SBUs was formed via a series of acquisitions over many decades; therefore, each unit had a different founder, a unique history and culture, and was run somewhat independently from corporate oversight. The firms used overlapping, but in some cases, quite different distribution channels and addressed different target markets. The manufacturing technologies they used ranged from traditional assembly line to batch manufacturing to continuous processing. So, despite their common corporate parent, these five operating companies varied significantly on a number of key organizational dimensions.

The pool of interviewees was also fairly diverse. For various reasons, not all respondents were asked or answered all the questions, so only ninety-two (92) of the interviews could be included in this particular analysis. Of these participants, twenty-two (22) were from Alpha, seventeen (17) came from Beta, eighteen (18) worked for Gamma, seventeen (17) were from Delta, and eighteen (18) were members of the Epsilon organization. Twenty-three (23) senior managers are represented in the sample, as well as twenty-five (25) middle managers, and forty-four (44) team members. The distribution of functional specialties in the sample is as follows: four (4) division presidents (i.e., general managers), thirty-four (34) worked in marketing, twenty-seven (27) were product developers or engineers, six (6) were in the sales department, sixteen (16) represented operations or logistics, and, finally, five (5) individuals were from finance.

The respondents were asked to discuss a completed initiative that they had worked on (the new product development project had to be completed so that the outcomes were known). These projects ranged in complexity from simple product improvements—sustained strategy regeneration—to radical new products that created new technologies and addressed new market segments—strategic renewal. Twenty-seven (27) of the projects were perceived to be successful and an equal number were judged unsuccessful; thirty-seven (37) projects were assessed as aligned with strategy when they ended, while seventeen (17) were deemed unaligned. Most projects had one respondent, but eighteen (18) of the initiatives had two or more.

The interviewees were asked to assess if the project was aligned with strategy when it was completed. They were also asked if the project was successful or not. Finally, they were asked if the project they were discussing impacted the firm's business strategy going forward (see APPENDIX 1 for interview excerpts). Therefore, the data represent the respondents' retrospective perceptions of the corporate entrepreneurship initiatives with which they had been involved.

RESULTS

The respondents' answers were coded by a trained, but independent research assistant who was not aware of the purpose of the study, nor the specific hypotheses to be tested. In particular, three factors were coded: did the respondent indicated that the project successful (yes-or-no), did the respondent judge that the project aligned with strategy when it was launched (yes-or-no), and did the respondent perceive that the project's outcome influenced strategy going forward (yes-or-no). All of the data are perceptual in nature, but, the success and failure assessments were corroborated where possible by documentary evidence (e.g., financial statements, continued market presence, business plans). In the rare cases where multiple respondents for a project disagreed, the majority opinion was used in the data analysis. In the extremely rare cases where there was a tie, the senior organizational member's perspective was used, since in these fairly hierarchical firms, top managers were considered "closer" to the strategy.

Table 1: Summary of Hypothesis Results.

Hypothesis	# responses	% supporting
H1a (aligned + success = confirmation)	43	72%
H1b (aligned + failure = modification)	13	38%
H2a (unaligned + success = modification)	0	n/a
H2b (unaligned + failure = confirmation)	37	51%

As Table 1, above, indicates, simple descriptive statistics were used to explore the data in relation to the hypotheses presented above. Given the exploratory nature of the study and the

retrospective, perceptual nature of the data, this approach was deemed the most appropriate. A sophisticated analysis using cutting-edge statistical techniques would not be warranted. The results are discussed the sections that follow.

HYPOTHESIS 1A

Not surprisingly, and in support of Hypothesis 1a, which proposed that aligned and successful CE initiatives will confirm strategy, most organization members did not indicate that strategy had changed when the initiative was considered aligned with business strategy and its outcome was considered a success. In seventy-two percent (72%) of those cases, respondents indicated the project had simply confirmed that the strategy was "on track." For example, a senior marketing manager of Beta company noted: "[the project] just reinforced what we did going in" (Interview 037) and a mid-level Marketing manager from Epsilon noted, "the strategy was pretty clear…it was the place to go for growth. It made sense since we already had a [large] share of the market in [product x]. So we'd still approach the strategy the same way" (Interview 051). This supports the concept of business strategy as being a "theory of competitive advantage," where the projects are analogous to experiments run to test the validity of implicit hypotheses underlying that theory.

A majority of the 28% who indicated the project did influence strategy (and were therefore coded as not supporting the hypothesis) spoke of the changes as enhancing current strategic means and ends, rather than materially changing or redirecting them. Organization members spoke of changing the weightings of future investments, broadening their perception of the product category, being more focused on process issues, and being more open to similar ideas. For instance, the president of Beta noted: "Yes. [The project] has [changed strategy]. I'm going to be more…willing to look at growth initiatives in categories and businesses that might not seem appropriate. But a good idea, well executed, leveraging a core competence can really make a difference even in categories where you can't naturally compete well" (Interview 043).

To summarize, in general, product development related corporate entrepreneurship initiatives that were considered successful and were perceived as aligned with strategy, are consistent with the implicit theories underlying current strategy. In other words, aligned, successful projects appeared to confirm strategic ends and means in the minds of organization members. Therefore, Hypothesis 1a is supported.

HYPOTHESIS 1B

Thirteen (13) interviews satisfied the conditions for hypothesis 1b—the project was considered aligned with strategy yet failed. However, respondents in eight of these cases or seventy-two percent (72%) indicated that strategy did not change as a result. Of those interviewees that made clarifying comments, most indicated that they still felt that the strategy was correct, like this quote from an Epsilon

team member representing Operations: "It makes sense; it's the right thing to do" (Interview 111). In another example, a marketing team member from Beta said, "I'd say that the business strategy employed was the right strategy; the thinking that led up to it was the right approach" (Interview 047).

Only five or thirty-eight percent (38%) of the respondents indicated that the strategy was modified as a result of their focal project's outcomes. In fact, of those respondents that did indicate that the strategy changed, and made clarifying comments, all of them focused on the changes to the *means* of strategy not the ends. Senior managers tended to highlight mistakes made regarding portfolio issues (a part of implementation or means), such as this comment by a senior sales executive from Alpha: "What we did was, we put so many resources against this concept, we threw so many advertising dollars and people resources against this project, that we reduced emphasis on other areas" (Interview 067). Team members also focused on modifications to the strategic means, rather than strategic ends, like this comment by a product developer from Beta: "Here's another product…that sounds good in concept, and we're going to spend a bunch of money bringing out because everyone thinks it's a great idea. But, let's be careful with how we bring it out" (Interview 099).

Thus, overall, Hypothesis 1b is not supported. Thinking of strategy as a "theory of competitive advantage," would imply that a failure would cast the strategy—either the means or ends or both—in doubt. However, it seems that this occurs only for a small minority of organization members. Even then, the failure of an aligned project only persuaded organization members that a modification of strategic means was called for. It rarely caused them to examine strategic ends. Thus, at least in the eyes of these respondents, strategic ends are entrenched and only some of the strategic means are amenable to change. Of course, given that the sample size is quite small—only thirteen projects—this conclusion can only be considered preliminary.

HYPOTHESIS 2A

Unfortunately, none of the interviews in the usable sample met the requirements necessary to test Hypothesis 2a. In other words, no interviewees discussed a project that was considered unaligned with strategy yet was also considered successful. Therefore, no conclusions can be drawn regarding this particular hypothesis, except perhaps that there may be some assumption on the part of organization members that successful projects must somehow be aligned with strategy, otherwise they would not have been successful. This, of course, is pure conjecture, but would be a very interesting topic for a future study.

HYPOTHESIS 2B

Thirty-seven (37) interviews in the data set met the conditions necessary to test this hypothesis—respondents in these cases spoke of unaligned projects that they considered unsuccessful. Here, however, the data are inconclusive. Nineteen, or roughly half (51%), of these interviewees

reported that the strategy changed after the initiative's failure, as was predicted by the hypothesis, but a significant minority (eighteen or 49%) of the interviewees responded to the contrary in regards to their particular projects.

Therefore, projects that are perceived as unaligned seem to send ambiguous messages to organization members. Given the equivocal "design" of the product development "experiment," organization members cannot be sure if the lack of alignment is due to poor strategic ends, improperly implemented strategic means, or both, or even some other extraneous factor. Unlike real experiments, firms rarely if ever have control groups or control factors in their strategic experiments, thus it can be very difficult, if not impossible, to determine causality.

Given that causality is difficult to determine, we further analyzed the data. We wanted to see if those respondents who indicated that strategy changed as result of the failed initiative, focused more on the strategic means or the strategic ends. Strategic means are more immediate and more concrete than strategic ends, so would seem to be more salient. Indeed, of the nineteen (19) respondents that perceived a change in strategy after the failure—i.e., supported the hypothesis, fifteen (15) or seventy-nine percent (79%) reported subsequent changes in the firm's strategic means. For example, a senior finance executive from Alpha, noted: "We came back and course-corrected. Not our desire to have new products [in this area—i.e., the ends], but what's the right mix of those new products from close in line extensions to new trademarks and to new technology [i.e., the means]" (Interview 042). Of the three (3) senior managers in this subset—arguably those who would be closest to the strategic ends—two (2) indicated that the means had been modified, and only one indicated the ends had changed. Given senior management's alleged focus on strategic ends, this finding, while it cannot claim to be significant, is interesting.

As noted above, however, a significant minority of the data did not support Hypothesis 2b. Eighteen (18) respondents in this category, in which initiatives were considered unaligned and unsuccessful, indicated that neither the strategic ends nor means changed due to these disappointing outcomes. Given the unexpected findings, we did the same finer-grained means/ends analysis of the available data (unfortunately, eight respondents did not elaborate on their assessments). We also assessed if the participant's location in the organizational hierarchy had any correlation with the responses.

Of those that did explain their conclusions, six (6) indicated that the strategic means were the reason the product was unsuccessful, and four (4) indicated that the strategic ends were to blame. One might reasonably suspect that the means versus ends explanation stemmed from the interviewees' particular hierarchical perspective: as noted above, senior managers typically focus on strategic ends, while middle managers and team members focus on the means of attaining these goals. However, a closer inspection of the data does not reveal a hierarchical pattern to the responses as might be predicted by the top-down processes used in these firms (see Table 2 below).

Table 2: Respondents' Perceptions of Strategy Changes Due to Unaligned Failed Initiative			
Hierarchical Level	Means	Ends	Total
Senior	2	0	2
Middle	2	2	4
Team	2	4	4
Total	6	4	10

Thus, the data, even when viewed from a more fine-grained perspective, are equivocal. Given the small numbers of respondents, especially within each category, it is difficult to draw definitive conclusions or even surface possible explanations for the anomalies. Therefore, Hypothesis 2b is not supported.

DISCUSSION

Overall, there was mixed support for the hypotheses. Despite the widely held analogy of strategy as a "theory-in-use" or as a "theory of competitive advantage" and product development related-CE initiatives as "tests" of the underlying relationships outlined in that theory, the data only supported the supposition that aligned projects that were successful were generally viewed as confirming existing strategic means and ends. The other hypotheses were not supported.

Given these surprising results we explored two additional, alternative explanations for what we observed. The results of this supplemental analysis are reported below. We speculated that the results might be (1) due to poor strategy specification on the part of the operating companies or (2) due to extreme stability in the industry, which would have a dampening effect on any attempts to modify existing strategy.

First, the surprising results might occur if the firms were not very good at specifying strategic ends and means. If the overall strategy was vague, organization members might have difficulty assessing the meaning of CE initiative outcomes. To assess this, we examined the strategic plans of all five strategic business units. The documentary evidence indicated that these five strategic business units have strong means and ends specificity, which is defined as having "many ends…developed for [the] firm and formally documented in the strategy formation process, including a statement of firm mission/purpose, and specification of strategic objectives/goals for different areas of the firm" (Brews & Hunt, 1999: 909). In the operating companies' business plans, the ends are clearly defined and labeled as strategic objectives, such as "deliver solid financial performance through organic [i.e., internal] growth" (Document 012: 4).

Likewise, the strategic means were also explicitly defined. "The firm has a carefully developed, comprehensive strategic plan, detailing on a step-by-step basis a number of specific actions and programs the firm is implementing, or will implement in order to achieve it objectives, and thus

accomplish its ends" (Brews & Hunt, 1999: 911). In these companies, for example, in the strategic plans, the ends were diagrammatically connected, through several levels, to specific initiatives like "address quality issues" and "leverage package innovation" (Document 012: 7).

The explicit means and ends were widely disseminated through out the divisions using several methods. The means and ends were communicated in person (e.g., managers explained the strategy to subordinates face-to-face; presidents held town hall meetings; strategy was discussed at CE initiative status meetings). Lower-level organization members also attended "strategy training" workshops. In addition, hard copies of the written strategic plans were distributed to all company employees at the level of manager and above.

Therefore, we conclude that the strategic means and ends in these operating companies were fairly well specified. In addition, the strategic means and ends were widely dissemination throughout the organizations. Given these conclusions, a lack of such specificity does not seem to be a reasonable explanation for the unexpected patterns in the data.

Second, another possible explanation for the findings may stem from the strength of industry forces. Brews and Hunt (1999: 906), after analyzing their data, concluded that, "in the case of ends, as environmental instability grows so does flexibility." Thus, if the environment was extremely stable, changes in means or ends—i.e., strategic flexibility—would be difficult to attain: too many environmental forces would be in place to reinforce current practices.

An independent analysis of the firms' environments (not cited here to protect the firms' and the respondents' confidentiality) revealed that the companies were operating in what is called "mature/unstable" environments. Their industries had been fairly stable in the past, but were now facing new entrants, mergers and acquisitions, intense industry rationalization, significant increases in customer power, and major technological changes, all destabilizing forces (Brews & Hunt, 1999: 894). Therefore it is unlikely that these industry factors have served as a "drag" on the rate of strategic change in these strategic business units.

Given that these two possible alternative explanations of the surprising findings are not likely, future research should investigate other possible causes. The data used in this study were retrospective and perceptual. Longitudinal studies that combine both subjective and objective data would help eliminate the possibility that the unexpected findings were due to respondent biases, halo effects and other "noise" in the data. In addition, conducting studies in non-consumer products companies (e.g., firms in high-technology, capital intensive or services industries) would improve the generalizability of the results. Finally, controlling for other factors, such as internal communication flows, project post-audits, and political agendas may shed additional light on this important topic.

IMPLICATIONS

When formulating strategic plans, managers rely on assumptions and "theories in use" regarding the relationship between means and ends. Having specific ends and means gives these managers a

frame of reference with which to interpret or make sense of the results. In other words, managers can use the plan to make sense of the environmental clues they receive from various new product development initiatives. Thus, instead of simply "implementing" strategic plans, entrepreneurial firms should be focused on "testing" both strategic ends and means. This shift is more than semantics; if one simply implements a plan, a failure automatically implies that the implementation was faulty. However, if one focuses on testing the plan, failure must then be interpreted as a call to find the source of the problem: was it the wrong ends, the wrong means, or the wrong relationship between the two?

These findings have significant implications for corporate entrepreneurship. It is a widely held assumption that investing in entrepreneurial activities enables firms to modify their strategies in response to environmental changes, competitive threats or changes in customer needs. This implies that the results from these initiatives are seamlessly integrated into a continually evolving theory of the firm's competitive advantage. However, the findings presented here are more in line with the concept of core rigidities (Leonard-Barton, 1992), especially since it does not appear that industry stability is constraining the potential for strategic change. In these firms, many past projects were aligned and successful, which reinforced the validity of the organization's prevailing strategy. When contrary evidence invalidates the firm's strategy, however, those years of supporting evidence may form an ingrained "wisdom" that is quite difficult to overcome.

Few would argue, given today's dynamic environment, against the notion that firms must continually update and improve their competitive advantages; and to do so they must continually update, renew and rejuvenate their strategy. This study indicates, however, that this process is quite difficult. Corporate entrepreneurship requires that people think beyond current conditions. It means that the firm's current strategy must serve as a springboard to future competencies, not as a straightjacket binding firms to its current activities, products and processes. Only a conscientious effort to fully integrate the learning that stems from corporate entrepreneurship initiative outcomes, both successes and failures, will fully enable this process.

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