The How and Why of Organisational Ambidexterity: a comparative analysis of multinational organisations

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A Comparative Analysis of Multinational Organisations

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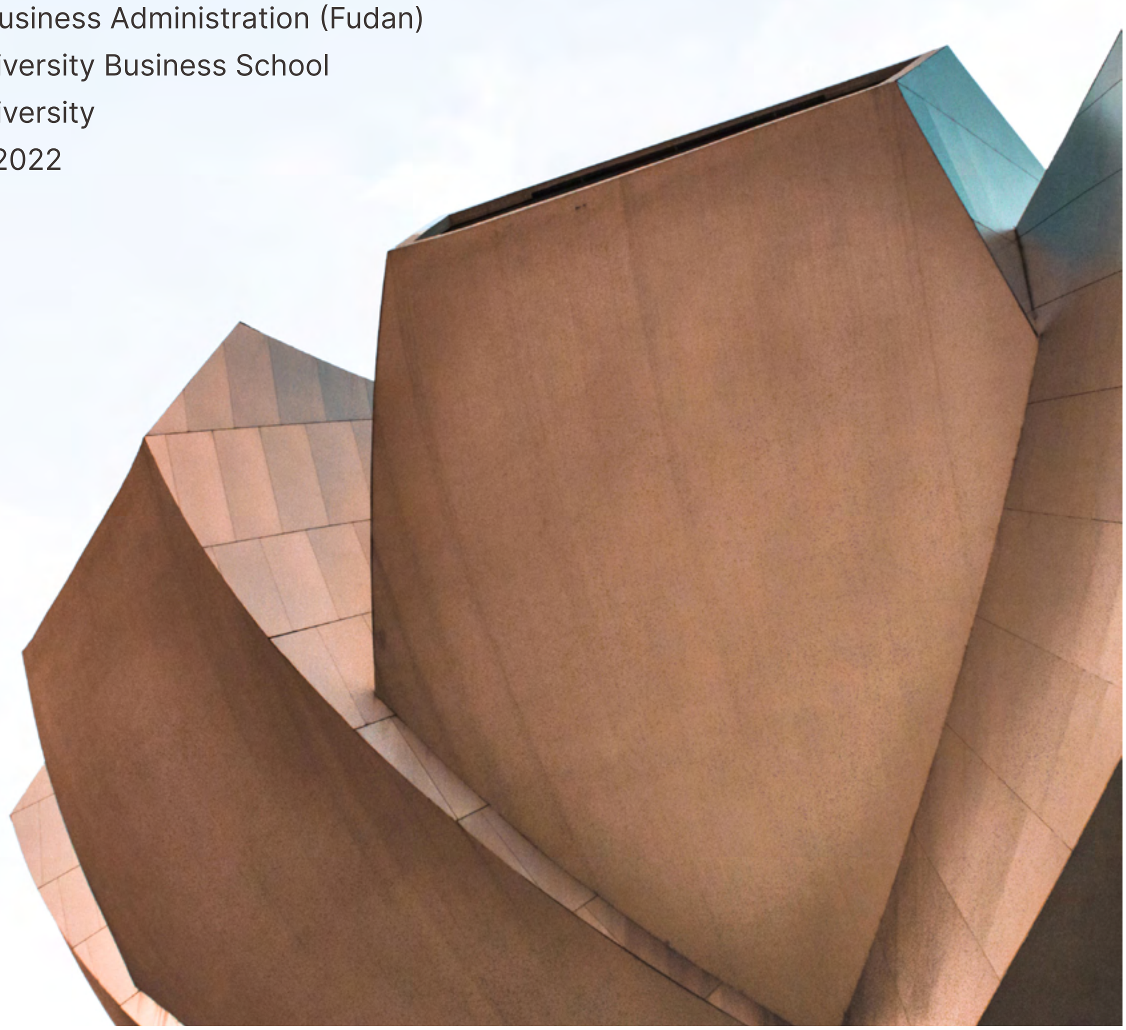

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Abstract

Organisational ambidexterity has been shown to improve organisational outcomes by almost every measure. Unfortunately, becoming ambidextrous is notoriously difficult. This research leverages extensive privileged access to conduct a comparative analysis of established, multinational organisations and finds evidence that ambidexterity is not a singular capability, but rather a composite of multiple attributes within an organisation, which must not only be implemented, but also enabled through key organisational features. A new measure of ambidexterity is also proposed which improves relevancy in a practitioner context.

1 Introduction

For the better part of the last century, the value of Standard and Poor's S&P 500 Index, which tracks the market performance of some of the largest companies in the world, has grown by nearly 8% per year (*S&P 500 Historical Annual Returns*, 2021). Today, some individual organisations have a market capitalisation greater than the gross domestic product of developed countries such as France, Canada, and Italy (The World Bank, 2022; Companies Market Cap, 2022). Unfortunately, where there are winners there are also losers. Whilst this group of organisations are hitting new milestones, the average tenure of a company on the S&P 500 is now around 18 years, down from more than 60 years in 1958 (Viguerie et al., 2021). The modern competitive environment is clearly abundant with both perils and potential.

As the competitive landscape increases in volatility and velocity, performing in these circumstances in the short term is challenging enough, much less doing so across any sort of significant time horizon. Both logic and research agree – it is essential for organisations to evolve over time to remain relevant and perform as the world around them changes (Mens et al., 2015b; O'Reilly & Tushman, 2011; Teece et al., 1997). Critically, even in stable markets, customer tastes still drift over time, and should the organisation fail to adapt, its performance will suffer (Mens et al., 2015b).

Yet a tension exists for organisational leaders as they reconcile the competing priorities of optimising for short-term opportunities and performance, alongside the requirement to explore long-term possibilities. The ability to achieve this balancing act – the exploitation of things which are known in conjunction with the exploration of that which is not - is termed ambidexterity (March, 1991). Research has shown that ambidexterity is positively linked to performance across a wide range of measures including sales growth rate (He & Wong, 2004), market growth (Yalcinkaya et al., 2007), organisational longevity (Kim & Huh, 2015) and market performance (Gibson & Birkinshaw, 2004). Moreover, the significance of these results are amplified for large, established organisations competing in volatile environments (O'Reilly & Tushman, 2013; Uotila et al., 2009). Further, March (1991) made the observation that ambidexterity is a primary factor in both the survival and prosperity of organisations.

This research leverages privileged access to conduct a comparative analysis of sixteen pairs of organisations to determine how and why modern organisations become ambidextrous, aimed at addressing key gaps in existing knowledge, and developing practical direction for leaders with ambitions for ambidexterity.

2 Literature Review

To conduct this literature review, a process of theoretical saturation adapted from qualitative research methodology (Saunders et al., 2017) has been used. Prioritising the highest-quality materials available, literature relating to both organisational ambidexterity and adjacent fields has been reviewed extensively, with the introduction of new material ceasing at the point that no significantly new information was being uncovered.

2.1 Defining Ambidexterity

In 1934, economist Joseph Schumpeter kickstarted the field of organisational ambidexterity, using the term to describe adaptive organisations capable of delivering both explorative and exploitative initiatives (Schumpeter, 1934). Yet the subject failed to capture enduring attention from management and academic authors until more than fifty years later when March (1991) ignited interest with a seminal paper on the subject. In this paper, March created the foundations for later work, making the significant contribution of a working definition of organisational ambidexterity which earlier work had stopped short of doing. For example, Chandler (1990) discussed at length the efforts of organisations such as Singer Company and Proctor and Gamble to create new markets whilst simultaneously optimising existing ones, but never used the term ambidextrous. This lack of consistent terminology is carried through to today, particularly within the practitioner field.

The definition supplied by March (1991) paints a picture of ambidextrous organisations balancing two very different types of activities – exploitation of things which are known (market knowledge, existing infrastructure, etc.) and exploration of things unknown (new markets, emerging customers, new methodologies, etc.). Unfortunately, whilst this definition helps considerably with developing a common understanding of the concept, it falls short of providing specific guidance to practitioners.

Owing to the different time horizons on which the two aspects of organisational ambidexterity operate, the term ‘ambidexterity’ is seldom used by practitioners. Instead, the phenomenon is often divided into more readily defined activities which fall into the realms of exploitation (for example agile methodologies, triple bottom line, or even simply optimisation), and exploration (for example, research and development, innovation, and so forth). This is illustrated by prolific ambidexterity authors Tushman & O’Reilly (2004, 2008, 2011, 2013; 1996) who write about ambidexterity in a practitioner context at length, but rather than use the term itself, often prefer labels such as innovation and disruption (O’Reilly & Tushman, 2021).

Importantly, organisational ambidexterity is not a solution. Rather like the human ability from which its name is derived, organisational ambidexterity is a capability. Successful development of ambidextrous capabilities may act as a competitive advantage (O'Reilly & Tushman, 2011) which enables the organisation to better respond to the opportunities and challenges at hand, but on its own it does little to contribute to the success of the organisation.

March's definition suggests a binary view of the organisation – all efforts are either exploitative or explorative. The significance of this view is that it has implications regarding the practicalities of developing ambidextrous capabilities. For example, is it essential that an organisation successfully execute exploitative and exploratory initiatives simultaneously to be considered ambidextrous? Or would a sequential approach be valid? Is there always a trade-off between the two or can they be complementary? Do some activities simultaneously serve both purposes? The literature is divided.

2.2 Differing Views

The debate regarding simultaneous versus sequential ambidexterity has endured amongst both academics and practitioners.

Simultaneous ambidexterity requires the organisation to successfully embark on both exploratory and exploitative activities at the same time, although not necessarily in the same location within the organisation (O'Reilly & Tushman, 2013). As Christensen (1997) advised, simultaneous ambidexterity can be delivered by dividing the two structurally within the organisation, bringing them together at the executive management level. Alternatively, simultaneous ambidexterity may be achieved contextually, seen when individuals throughout the organisation are intellectually and functionally able to handle the dualities of ambidexterity and deliver both aspects together (Andriopoulos & Lewis, 2009; Gibson & Birkinshaw, 2004).

In the case of sequential ambidexterity, the organisation delivers exploitative and explorative initiatives, but at different times (Markides, 2013), a concept which practitioners often refer to as a transformation (Beckman, 2018), or a pivot McGrath (2010). Ambidexterity in this form sees the organisation all but exhaust immediate exploitation opportunities before embarking on significant exploration for the next opportunity.

March (1991) considered both breeds of ambidexterity to be valid, however most academic authors take the view that simultaneous ambidexterity is the only legitimate form. Representative examples are Gupta et al. (2006), O'Reilly and Tushman (2011), Andriopoulos and Lewis (2009), He and Wong (2004), and Úbeda-García et al. (2019). Further, Cao et al. (2009) found that for large organisations with access to plentiful (or at a minimum sufficient) resources, simultaneous ambidexterity is not only achievable, but in fact preferable.

Putting aside the legitimacy debate, O'Reilly and Tushman (2008) identified that the practical challenges of delivering simultaneous and sequential ambidexterity are notably different. Simultaneous ambidexterity demands an ability to harmonise opposing forces. Successful sequential ambidexterity requires capabilities in change management and evolution. For practitioners, this distinction is crucial as the capabilities needed are significantly different. In either case, it is necessary to compete with the enduring human desire to perpetuate the status quo.

Another point of disagreement is about whether organisational ambidexterity is orthogonal or continuous. In other words, can the two aspects of ambidexterity coexist harmoniously? Or are they destined for conflict as the two seek to deliver on opposing objectives? Uotila et al. (2009) argued the two exist on a continuum and a trade-off must exist. This is supported by several authors who argue the finite nature of resources means that at some point or on some level, prioritisation must occur and thus a trade-off will eventuate. He and Wong (2004), Wang and Li (2008), Kim and Huh (2015), and March (1991) are all examples of such arguments.

At the outset of their study, Taylor and Greve (2006) viewed ambidexterity as a continuous phenomenon, however their work found it can be orthogonal – the two aspects of ambidexterity do not have to work against each other, but can in fact operate in harmony, or at least independently and not require a strategic concession (O'Reilly & Tushman, 2008). Christensen and Bower (1996) seek to resolve the perceived tensions associated with simultaneous ambidexterity by proposing an organisational structure which functionally separates the two aspects, uniting them with an overarching vision and executive level leadership. This way, no trade-off is necessary amongst individuals or business units, and instead sits at an organisational level with regards to deployment of resources. The alternative orthogonal view supposes that modern organisations rarely exist within a single tightly defined field, and as such activities intended to exploit the circumstances in one field may simultaneously be exploratory in another adjacent field (Baum et al., 2000).

Gupta et al. (2006) argue that it is not possible to universally declare ambidexterity as either orthogonal or continuous, as the context is an important variable. Further, that the views of the researcher govern how it is tested and studied, thus colouring the findings of any such work.

In practice, the reality is that the skills, knowledge, resources, and processed required for successful exploration and exploitation are different. Accordingly, it is often most effective to appoint the tasks and ownership for each to different individuals or divisions within an organisation such that the two aspects can be delivered simultaneously (Christensen, 1997; Gupta et al., 2006). Quite critically, humans find it difficult to reconcile the duality associated with ambidexterity, showing a strong preference for sorting the world into opposing pairs. For example, fairness and opportunism, right and wrong, good and evil, exploitation and exploration. Intellectually and socially, humans continuously reinforce the idea that these extremes are incompatible, in turn limiting the possibilities for both organisations and the people who work for them (Ricciardi et al., 2016). When the two aspects of ambidexterity operate in a single domain (for example with a single person or business unit) the two are inevitably mutually exclusive. This is consistent with findings that large organisations are more likely to be successful in attempts to develop ambidextrous capabilities (March, 1991) – the bigger the organisation, the greater the scale and volume of resources at its disposal, and thus the greater the likelihood it will be able to divide and conquer rather than ask available resources to do double duty.

Finally, as noted by Gupta et al. (2006), there is little consensus on the parameters of exploitation as a whole. For example, there is considerably discrepancy regarding the term innovation. Ought all innovation be classed as exploratory or can some innovation efforts be exploitative? In the 1960s, Levitt (2004) noted the distinction between sustaining and exploratory innovation, observing that most customer research tends to be centred around opportunities for exploitation (for example, changing existing product) rather than explorative (for example, radically new ways to solve existing and emerging customer problems). As language around ambidexterity has been introduced, along with the widespread popularity of all things innovation, the clarity of argument has become diluted. Today, delineation between incremental (sustaining) innovation and transformative (exploratory) innovation is often cloudy.

2.3 The Case for Ambidexterity

Organisational ambidexterity is an uncommon capability, even amongst the world's most enduring and successful organisations. Delivering both exploitative and explorative activities with equal dexterity is an extremely challenging feat. The path to ambidexterity is abundant with challenges, and the likelihood of success is not high, making a strong case against even attempting to do so. Yet it has repeatedly been shown that organisations which focus their attentions too strongly on exploitation may have positive outcomes in the short term, but are likely to suffer negative consequences in the long run (March, 1991).

Despite common systems of thought, large and successful organisations are in no way guaranteed to continue to enjoy such results, and in fact such size and scale may hinder the ability for an organisation to respond to changing circumstances (O'Reilly & Tushman, 2008). As competitive environments change, consumer preferences drift, and marketplaces alter, the need for organisations to evolve to remain competitive is clear. Perhaps obviously, the more volatile the environment, the more essential the need for such agility will be, and performance against almost any measure will be dependent upon on the adaptiveness of the organisation (Ricciardi et al., 2016). This is supported by a significant volume of research which finds that despite organisational ambidexterity being duplicative and inefficient, in dynamic environments with high market and technological change, organisations with ambidextrous capabilities typically enjoy more positive outcomes (O'Reilly & Tushman, 2013; Uotila et al., 2009; Wang & Li, 2008). This effect is amplified when there is increased competition, when an organisation has access to more resources, and for bigger organisations.

Tasked with generating positive short-term outcomes, exploitation-focused activities minimise variety and optimise the output of known variables. Challengingly, such efforts may diminish long-term results as the variety reduction necessitated by exploitative activities and optimisation of established processes diminishes the chance of accidental discovery and innovation. Lucas and Goh (2009) argue that the very systems and processes developed by an organisation on its path to success are the same systems and processes that will result in it dismissing innovative changes too far removed from the norm. Accordingly, the means by which an organisation sures up its short term success by refining and repeating lessons from the past may very well by its undoing in the long run (Uotila et al., 2009). As previously indicated however, is not a solution in itself, but rather a capability possessed by many organisations that are successful in answering the challenge of delivering results in the short term whilst simultaneously devoting sufficient resources and attention to the discovery and realisation of opportunities in the longer term. Success in exploitative and explorative initiatives each offers its own worthwhile outcomes, however the ability to achieve both creates cumulative benefits offering synergistic outcomes. For instance, ambidextrous organisations have been found to be nine times more likely to generate breakthrough innovations (O'Reilly & Tushman, 2004), have increased survival rates (O'Reilly & Tushman, 2013), and higher sales growth rates (He & Wong, 2004) than their non-ambidextrous peers.

Whilst the case for developing ambidextrous capabilities is strong, the inverse is also true. Focusing too intently on either aspect of ambidexterity has been found to be detrimental to organisational performance (Birkinshaw & Gibson, 2004; Wang & Li, 2008) and diminish sales growth rate (He & Wong, 2004). In other words, it is possible to do too much of either. In circumstances which necessitate a choice however, overexploitation is more damaging to performance than overexploration in volatile markets (and vice versa) (Wang & Li, 2008). Slightly contradictory to this observation however, more recent research found that in a volatile environment, an organisation which focuses on exploratory innovation suffers a diminished probability of survival. This research found instead that balancing sustaining and exploratory innovation is key to increased survival (Kim & Huh, 2015). Auh and Menguc (2004) somewhat resolved this discrepancy by finding that the intensity of competition and organisational placement in the competitive landscape (established defender or emerging competitor) are moderating variables in determining the optimal blend of exploration and exploitation focused initiatives.

Interestingly, it is possible that when it comes to exploration, the degree to which the initiative deviates from the core business may not be as important as some believe. In a recent study, Yalcinkaya et al. (2007) found that the degree of product innovation amongst organisations did not notably impact their performance. On a similar note, Banbury and Mitchell (1995) observed that incremental innovation may be a key competitive factor in developed markets and industries. These findings suggest that although radical innovation may get the attention of stakeholders such as media, it does not necessarily result in financial success. It is not clear whether this finding holds for organisations which trade on the strength of consumer perception of their brand, such as those with direct to consumer business models.

Gupta et al. (2006) investigated if it is even possible for an organisation which persists with an imbalance between exploitation and exploration activities to succeed in the long run. Their research found that specialising in one or the other is a viable option, providing a sufficiently high-level view is held and the organisation has alternative means by which to meet its complementary exploitation or exploration needs. For example, through a partnership or similar agreement with another organisation in which each is dedicated exploitation or exploration and they exist symbiotically. This approach may prove workable or even desirable when organisations do not have access to the full suite of resources needed to achieve ambidexterity owing to size, age, or other factors. This approach is empirically endorsed by Rothaermel and Deeds (2004) who found support for the effectiveness of such relationships in a study of alliances in organisations motivated by fulfilling exploitation and exploration needs.

Ultimately, thanks to the greater likelihood of returns, shorter-term exploitative activities are the source of capital needed to invest in longer-term exploratory initiatives, which have a reduced likelihood of payoff (Yalcinkaya et al., 2007). In short, exploitation creates the resources required for exploration which in turn contributes to long-term market results. Failure to either exploit or explore is damaging for both the enduring performance and survival of the organisation.

2.4 Measuring Ambidexterity

As ambidexterity is a capability rather than a result, both conceptualising and quantifying ambidexterity has proven to be challenging and inconsistencies exist within the literature (Cao et al., 2009). For clarity, long-term organisational performance coupled with survival, in conjunction with short-term performance is the primary objective of organisational ambidexterity (O'Reilly & Tushman, 2013). Assuming it can be agreed that the principal objective driving commercial organisations is value creation through profit maximisation for shareholders, then organisational performance in this context must be primarily financial. Critically however, the effect of exploration and exploitation efforts are realised over different time horizons (Uotila et al., 2009).

Many researchers in the field of ambidexterity choose to use self-reported measures. He and Wong (2004) for example, conducted a survey asking for respondents to rate the exploratory and exploitative strategies of the organisation, and then used the delta of the scores to calculate the balance (imbalance) of the two aspects. Other researchers, for example Cao et al. (2010), have adopted variations on this method.

To develop a less subjective view of the ambidextrous capabilities of an organisation, some researchers have examined the language and actions of organisations. Uotila et al. (2009) examined the language in news articles about organisations to quantify the exploration orientation of the organisation by employing a large scale automated content analysis. In this study the degree of exploration was operationalised as the number of exploration-related mentions divided by the total of exploration and exploitation mentions. Another common proxy for exploration is patent activity. For example citation-weighted patent counts (Galasso & Simcoe, 2011) or patent applications (Balsmeier & Buchwald, 2014).

A minority of researchers employ organisational performance measures to test the ambidexterity of an organisation (rather than ambidexterity itself). A good example of such a measure is the use of Tobin's Q, operationalised as the market value of assets divided by the book value of assets (Uotila et al., 2009; Wang & Li, 2008).

In the practitioner world, much work has been done to examine the introduction of explorative divisions within organisations, which demand a more specific system of measurement. Thomke (2003) documented such a program in detail as an organisation sought to bring exploration practices developed for a product-based environment to a services environment. Previously, the organisation had satisfied exploratory needs via merger and acquisition activities and had not prioritised innovation nor cultivated capabilities in this field. In this program, leadership implemented a system to facilitate exploration, experimentation, and innovation which valued failure as a key component of the process. As part of this, the organisation championed measurement of and insights generated from experiments over any other factor. The determination of success of the program was not confined to outcomes of those experiments but also loftier variables such as shifts in culture and systems of thinking throughout the organisation, as well as factors including staff turnover (Thomke, 2003).

As organisational ambidexterity has multiple contributing factors, and the impact of exploitative and explorative initiatives are delivered over different periods of time, it is challenging to measure. A substantial amount of fidelity often dissolves in the process of articulating the phenomenon enough that it might be measured and tested.

2.5 Facilitating Ambidexterity

Across both aspects of ambidexterity, organisations make explicit and implicit choices. Explicit choices are obvious – typically deliberate, well-rationalised decisions which consider alternatives. Conversely, implicit choices are those which are hidden throughout organisations, in processes, organisational structures, cultural norms, and day-to-day micro-decisions (March, 1991). It is important to distinguish between the two in practical terms. Typically, explicit choices are the responsibility of leadership and are often more distinct, simpler to measure and identify, and made at a specific point in time. On the other hand, implicit choices are found throughout the organisation, represent the bulk of decisions made by more junior employees, are relatively more nebulous, ongoing, and may be more difficult to articulate and quantify. Researchers have found that when it comes to realising the ambition of ambidexterity, implicit choices may in fact outweigh their explicit siblings (O'Reilly & Tushman, 2011).

Of course, ambidexterity is extremely unlikely to happen by accident. Explicit choices are needed to achieve this feat. O'Reilly and Tushman (2011) suggested that an organisation can improve the likelihood of successfully developing ambidextrous capabilities when it possesses five key components:

1. Intellectual justification by means of a compelling strategic intention which makes a case for both aspects of ambidexterity
2. An overarching vision or common cause which creates unity across both aspects
3. Independent but aligned structures for both aspects
4. Incentives which reflect ambidextrous ambitions for the executive leadership team
5. A leader who is ambidextrous and involved equally in both aspects of the organisation

Without doubt, each item listed above requires explicit foundational choices to be made to create the environment for strong and impactful implicit choices in execution. For instance, developing and communicating a compelling strategic intention does more than providing clarity to leadership. Done well, it provides ongoing intellectual justification and rationale for the wider team and explains why the organisation is embarking on a multitude of seemingly contradictory activities (O'Reilly & Tushman, 2011). This gives stakeholders the context to be able to handle the duality of ambidexterity, and goes some way to ensuring the overarching belief is that both exploitative and explorative efforts must be successful (Smith & Tushman, 2005). Importantly, such clarity also provides direction to suitably motivated employees to act spontaneously, realising the opportunities they uncover to act without specific instruction in the best interests of the organisation (Gibson & Birkinshaw, 2004).

On matters of organisational ambidexterity, the saying 'perception is reality' stands (Levinthal & March, 1993). Specifically, if the organisation does not identify a challenge, it does not exist. As time goes by, organisations establish a collective myopia about the landscape and the role of the organisation in it (Levitt, 2004). Both formally and informally, the organisation collects and retains ideas about what it deems relevant and irrelevant. Such mental models are particularly difficult to disassemble (Assink, 2006) and spawns not just blindness or even misclassification of opportunities, but also threats. Further, it does the extra disservice of ensuring new ideas will be pursued or terminated according to this particular world view.

In practice, the examples of this are plentiful. USA Today made the expansive shift from defining itself as being in the newspaper business to the wider category of news information (O'Reilly & Tushman, 2011). Similarly, Kodak's decline has been attributed to failing to make the shift to digital imaging thanks to a strongly held employee belief that Kodak was all about film (Lucas & Goh, 2009). Owing to this, the essential nature of a unifying vision or business identity which justifies both aspects of ambidexterity is obvious.

Problematically, humans often find the duality of ambidexterity a difficult paradox to comprehend (Ricciardi et al., 2016). Accordingly, as recommended by O'Reilly and Tushman (2011), many authors propose that exploitative and explorative efforts be structurally separated within an organisation, uniting them at an executive level to allow the individuals responsible for execution to focus their attentions accordingly. This also facilitates the building of appropriate cultures, processes, and systems to support the goals of each division. Examples authors proposing such a separation include Egford and Sund (2020), Kim and Min (2015), Christensen (1997), and Benner and Tushman (2001). Conversely, other authors maintain the idea that humans have the ability to intellectually and practically grapple with the dual tensions of ambidexterity, provided they are supported by the internal workings of the organisation, which treats the two aspects of ambidexterity as synergistic pairs rather than an either-or trade-off (Andriopoulos & Lewis, 2009; Gibson & Birkinshaw, 2004).

Egford and Sund (2020), explored how perspective influences the ability for an organisation to perceive emerging changes in the competitive environment. The study examined three groups within an industry: two groups were inside an organisation - one dedicated to exploitation, and one to exploration, a third group were industry experts but not part of the organisation. This research observed there were no trends identified by the external experts which were invisible to the organisation. However, the teams within the organisation each observed different trends. These two teams only aligned on three in 15 themes, illustrating the necessity for both perspectives in compiling a comprehensive view.

When it is time to action identified trends, research has found two key factors diminish the ability for an organisation to successfully engage in disruptive change: what the organisation deems an acceptable gross margin, and how significant an opportunity needs to be before it is deemed worthy of action (Christensen & Overdorf, 2000). In each case, the assessment is made based on a substantial number of factors including explicit elements already made such as the established business model (Tripsas & Gavetti, 2000), and implicit elements such as culture (Lucas & Goh, 2009), alongside individual variables including job function (Egford & Sund, 2020), incentives (Manso, 2011), and professional experiences (Taylor & Greve, 2006).

It is not surprising to note that when an individual achieves success for their organisation they are often promoted into positions of power. Those with proven results executing the processes and systems characteristic of exploitation are generally promoted, and their remit expanded to scale their influence and hopefully propagate their results to other areas. Successful explorers frequently receive similar accolades. Conversely, individuals who shun process for the sake of process and seek novelty are often driven out, diminishing exploratory efforts and encouraging a default to the status quo (Benner & Tushman, 2001). Thus, biases based on historic occurrences perpetuate throughout the organisation and colour decision making (Levinthal & March, 1993). Similarly, organisations tend to both formally (via reports and similar avenues) and informally (through culture and word of mouth) label outcomes as good or bad, failed or successful, and foster explanatory stories regarding the causes of these which propagate throughout the organisation and impact decision making. Indeed, research has found that organisations often conduct exploration in ways decision makers perceive as less risky, instead focusing on adjacent fields where established knowledge and processes might be more applicable. Such exploration however creates a bias which opposes discoveries too far removed from past choices, fundamentally limiting the potential of the organisation's evolution by narrowing the field of potential pursuits (Baum et al., 2000).

Problematically, organisations often under-represent, giving influential people throughout the organisation a distorted view of risk by promoting and hiring people who were successful in the past and firing, demoting, or simply stalling those who were not. The cumulative result is that people within the organisation create echo chambers, believing their own wisdom which in turn impacts how they discern gaps in their knowledge. McGrath (2001) adds texture to this observation, finding in circumstances which warrant significant exploration, the effectiveness of organisational learning will be amplified if it is independent of managerial supervision and goal setting. The inverse is also true: the usefulness of such independence subsides as the necessity for exploration diminishes, needing control to be tightened to maintain effectiveness.

Levinthal and March (1993) outline three distinct types of learning myopia which influence the ability for an organisation to develop ambidextrous capabilities:

1. **Temporal myopia:** thanks to a form of recency bias resulting from availability of feedback, learning typically gives preference to the short term over the long term.
2. **Spatial myopia:** there is a greater emphasis placed on results the closer they are to the learner.
3. **Failure myopia:** organisations generally operate with the belief there is more to learn from success than failure and as a result, undersample the latter.

O'Reilly and Tushman (2013) support this view, arguing that successful ambidexterity efforts rely on the capacity for the organisation to identify and mobilise emerging opportunities through simultaneously embarking on exploitation and exploration initiatives. In many ways, this makes ambidexterity more a leadership challenge than a one of structure. Earlier research by the same authors preempts this, finding that the development of ambidextrous capabilities is owing to a series of interrelated leadership decisions (O'Reilly & Tushman, 2008).

Much exploration has been done into the function of an executive leadership team (defined as the CEO and direct reports) in developing ambidextrous capabilities. Cao et al. (2010) observed that the extensiveness of the CEO's network has a positive association with degree of ambidexterity developed by the organisation. Yet the research also showed that it is essential to blend the roles of CEO and their direct reports when considering the impact of this group on ambidexterity, suggesting it is the entire executive leadership team and not any singular role which is the major contributing factor.

It is generally accepted that the CEO is role is key to organisational performance, and innovation performance in particular is no exception. In research conducted by Galasso and Simcoe (2011), it was shown that the introduction of an overconfident CEO in a substantial, publicly listed organisation was associated with improvement in innovation performance. Balsmeier and Buchwald (2014) found that CEOs appointed through internal promotion are correlate with significantly greater innovation performance than newcomer appointments. Additionally, the tenure of the CEO has been shown to have a considerably negative relationship with patent activity generally (Balsmeier & Buchwald, 2014) and the longer an individual is in this office, the greater their impact on research and development (Barker & Mueller, 2002). Balsmeier and Buchwald (2014) argued that this may be because there is likely less and less time remaining for them to reap the benefit of innovations in which they invest, but other research suggests this is more likely down to the diminished ability for incumbent individuals to accurately discern emerging threats and opportunities, combined with the fact that change resistance only grows with tenure (Levinthal & March, 1993; Mens et al., 2015a; O'Reilly & Tushman, 2011; Taylor & Greve, 2006). A somewhat kinder alternative is that the CEO shapes the organisation over time to reflect particular personal preferences (Barker & Mueller, 2002).

In exploring the role the CEO plays in developing ambidextrous capabilities, Christensen and Overdorf (2000) even claim they have never seen an organisation successfully develop ambidextrous capabilities when the CEO was not equally attentive to both the exploitative and explorative efforts of the organisation, personally ensuring sufficient resource availability for explorative initiatives. This observation is supported by research by Sund et al. (2016) which showed that if an organisation is to somehow find a workable balance between support from the parent organisation and independence for exploration, complete support from the CEO is essential to success. In such a situation, the function of the CEO is in ensuring the fledgling unit is protected and provided with suitable resources, yet also given autonomy from the parent organisation.

Much case analysis of organisations had been conducted to better understand the essential role executive decision making and perspective plays in developing ambidextrous capabilities. Tripsas and Gavetti (2000) analysed Polaroid at length, exploring the how the executive leadership team's view of the wider landscape was related to the evolution of organisational capabilities including ambidexterity. Overall, they discovered that the executive leadership team's established beliefs heavily influenced the organisation's development. The organisation dismissed any opportunity for incremental innovation which it labelled as too simple or too easy to copy, or even owing to established beliefs about customer expectations. For example, the belief that customers wanted instant physical photography meant creations such as video camcorders were terminated, and a systemic belief in the prevalent razor/blade business model meant decision makers believed that money couldn't be made on hardware. Over time this strongly influenced the actions which occurred, but also those which didn't, such as the areas the company invested in, and the evolution of marketing. Ultimately, the result was that initiatives that reinforced the established wisdom of the executive leadership team received considerable funding and protection, but those which represented a challenge were shelved or ignored. This exploration finds that despite what popular wisdom may purport, it was not for lack of technological capabilities, resources, or capacity that Polaroid failed, but instead the executive leadership teams' established beliefs and worldviews. The mental inertia of the executive leadership team was almost completely responsible for the challenges the organisation had in changes necessary to adopt digital imaging.

Polaroid is not an isolated case. Indeed, Chesbrough (2010) documented how the explorative initiatives which could be incorporated easily into Xerox' incumbent business model were supported and funded, those which did not were terminated, abandoned, or allowed to leave along with their creators. This is similar to the study of Kodak by Lucas and Goh (2009) which found middle management at Kodak thwarted digital photography opportunities for a number of reasons, making themselves part of the very sclerosis which meant Kodak failed was unable to successfully transform.

Fundamentally, despite ambidextrous activities being carried out by individuals within the organisation, the organisational environment within which these activities occur plays a significant role in determining the success of such efforts (Lin & McDonough, 2011). The executive leadership team can create and shape this context through factors such as their decisions and actions (Ghoshal & Bartlett, 1994).

Studying innovation in the comic book industry, Taylor and Greve (2006) showed that creative (innovative) teams made up of individuals with a high degree of diversity of experience enjoyed increased performance outcomes. Further, in keeping with the nature of innovation work, this study confirmed that performance of teams with multiple members, a history of working together, and experience obtained across several genres has a greater variance in outcomes (of both extremes). Chandler (1990) translates this into a more commercial context, making the case that detailed knowledge of specific fields is essential to the long-term success of an organisation. Conversely however, on the matter of position in market, decision makers are a leading source of sclerosis owing to self-imposed cognitive constraints. Typically, organisations use peer organisations as a reference point when selecting their strategy and market position. Accordingly, if an established organisation chooses to embark on a new direction, it is likely to mimic an approach already apparent in market rather than going about the difficult (and seemingly more risky) task of introducing something completely novel (Greve, 1998). Considered together, this creates a case that a team with a range of perspectives might be useful in creating a diverse yet actionable view of the competitive environment.

Unfortunately, the more domain-specific knowledge a group possesses, the more difficulty it has accurately identifying forthcoming threats and opportunities, yet this task is essential to the success or failure of the organisation in the long run (O'Reilly & Tushman, 2011). Recent research has shown that the functional unit in which an individual works influences the ability for that individual to perceive changes in the environment. Importantly, this can affect the ability for the organisation to succeed in efforts to transform (Egfjord & Sund, 2020). Bertolini et al. (2015) hold a similar view, arguing that alignment between existing team capabilities and emerging organisational needs, is essential to the success of efforts in building ambidextrous capabilities. This supports the belief first outlined by Levitt in 1960 – an organisations' most senior decision makers generally perceive changes in the organisational landscape, but fail to accurately appreciate their significance. Ultimately, organisations need individuals who can successfully tackle the challenges of today, but also those with the ability to perceive opportunities and threats which emerge from a shifting landscape and address them. This is an enduring observation reinforced by much work across the field of ambidexterity. The case repeatedly being made is that to succeed in ambidextrous ambitions, an organisation must have an executive leadership team which is capable of facilitating learning, supporting and understanding the role of failure, and enabling knowledge share, despite the fact that the exploitative areas of the organisation have opposing needs (O'Reilly & Tushman, 2011).

Significant evidence shows that it is factors internal to an organisation created by the sum of decisions made by executives which result in the success or failure of an organisation, not lack of opportunities, capabilities, or technological advancements (Chandler, 1990). Kim and Min (2015) support this finding having theoretically proposed that although existing assets and established resource formations can create an environment which is fertile or hostile to innovative factor being introduced, choices made by decision makers are fundamentally key to mobilising the opportunity the innovative factor presents.

Significant research has explored extrinsic diversity of teams and the role it plays in determining the performance outcomes (across multiple measures) of such groups. In recent years this has been furthered by exploring the outcome of ambidextrous capabilities including innovation. Post et al. (2021) studied how and in what ways organisations alter innovation activities after introducing women to executive leadership teams. The research found organisations which introduce women to such teams grow their openness to transformation and other types of change, and reduce their appetite for higher-risk actions. For example, a change in focus away from mergers and acquisitions in favour of research and development.

It can be argued that the single most substantial contribution an executive leadership team might be able to make to their organisation is by blending autonomous and induced strategy, leveraging the explicit decisions within their control to create the circumstances which are fertile to favourable implicit decisions (Burgelman & Grove, 2007; Lin & McDonough, 2011). This is of utmost importance, as with ambidexterity, it would seem execution is more important than strategy (O'Reilly & Tushman, 2011). Given organisations likely embark on significantly more autonomous strategy than most authors often believe, yet the majority of this activity does nothing for the longevity of the organisation (Burgelman & Grove, 2007), this may prove to be a significant opportunity for executive leadership.

2.6 Barriers to Ambidexterity

The barriers to developing ambidextrous capabilities in practice are plentiful. As is the case with facilitating ambidextrous efforts, these barriers can be both generated and alleviated through explicit and implicit choices made by decision makers within the organisation.

Individual and organisational pay incentives structures – both those formal and informal – have a key role to play in cultivating an environment which fosters or hinders ambidexterity. Conventional pay for short term performance style incentives given to individuals in an organisation as well as organisational performance measures often governed by the market may curb innovation (Benner & Tushman, 2001; Manso, 2011; March, 1991). Importantly however, the inverse also holds true – the ideal terms and agreements with which to incentivise people within an organisation to exploit and explore are intrinsically at odds with one another (Manso, 2011), creating additional support to the idea of structurally dividing the two aspects of ambidexterity within an organisation.

It has been proposed that the way an organisation monitors its own performance may be an area which both reveals a necessity for better balance across the two aspects of ambidexterity, as well as potentially being a barrier to ambidexterity itself. Bertolini et al. (2015) illustrate this in practice through examples of organisations employing metrics developed on historical factors or based on organisational beliefs rather than anchoring them on the stakeholders from which their value is derived. In doing so, such organisations create multiple barriers to ambidexterity. These barriers are seen in implicit decisions made throughout the organisation, not only in terms of actions taken but also in the way employees perceive the opportunities and challenges at hand as they seek to perform against these measures.

Unsurprisingly, day-to-day implicit decisions which characterise much of the inner workings of an organisation have a considerable influence over the success (failure) of efforts to build ambidextrous capabilities (Birkinshaw & Gibson, 2004). Thomke (2003) documented an innovation program in which the implementation team were targeted engaging in sufficiently radical exploration that they achieved a 30% rate of failure. In practice however, just 10% of their initiatives failed, suggesting the team were substantially less radical than leadership had intended the team to be. The root cause of this was a belief of the innovation team that the cultural norms of the organisation meant the viability of an initiative was determined based on traditional performance outcomes. Given the team had a strong desire for the rest of the organisation to perceive them as successful, they were inclined to conform to traditional expectations, being highly conservative in their efforts, even though this was not what they had been tasked to achieve. Accordingly, the team favoured experiments which would confirm existing ideas rather than generate radical ones by introducing major changes with unknown outcomes.

These observations were reinforced by Lucas and Goh (2009) in a different organisation, who documented additional examples of real world barriers. In a study of Kodak, the authors explore the idea of core rigidities – a phenomenon which occurs when the existing capabilities of an established organisation are so optimised to deliver in the current circumstances that they are all but useless when the situation necessitates the exploration of new solutions in response to shifting competitive conditions. Similarly, Burgelman and Grove (2007) coined the phrase *creosote bush conundrum* which they used to describe the situation which occurs when an organisation is so adept at solving for a particular set of circumstances that it becomes hostile to the shoots of anything new. In turn this results in an organisation incapable of successfully delivering explorative initiatives.

Christensen and Bower (1996) further argue that established organisations tend to use the validation of success of the past as an excuse for ignoring or otherwise dismissing disruptive newness which in turn creates a considerable barrier to exploratory success. This argument is furthered by Lucas and Goh (2009) who incorporate the barriers which can arise from the cultural norms of the organisation, such as the beliefs of employees about how the organisation operates, the structure of the organisation, or processes within the organisation. A study by Assink (2006) supports these ideas, having found that a risk adverse environment as well as the inability of individuals (and organisations as a whole) to unlearn obsolete mental models are two key factors which inhibit established organisations in their quest to deliver transformative innovations.

A myriad of authors, such as Wang and Li (2008), Yalcinkaya et al. (2007), Benner and Tushman (2001), Birkinshaw and Gibson (2004), and Levitt (2004) have all made the argument that organisations which become too focused on production create an environment hostile to innovation and exploration as a whole. Logically, this makes sense. As process management methodologies are intended to optimise the outputs of existing resources, resulting in continual improvement through consistency and reduction in anomalies, the more they are used the less opportunity there is for radical outliers to eventuate. Thus the opportunity for innovative outcomes is diminished. In fact, as Benner and Tushman (2001) even processes created to produce innovative outcomes will increasingly generate outputs close to those generated before.

Bertolini et al. (2015) outlined three additional challenges encountered on the road to organisational ambidexterity; employee engagement, investor satisfaction, and customer confusion. Problematically, each of these may be a double-edged sword. First, they each act as an incentive to not embark on ambidextrous initiatives. Lacklustre employee engagement can manifest as presenteeism, malicious or negligent sabotage of ambidextrous efforts, turnover, or just being generally unhelpful. Dissatisfied investors may negatively impact market performance, and confused customers are likely to take their business elsewhere. Although each of these challenges can be addressed through explicit choices and concerted efforts, failure to address them adequately may well lead to implicit choices made throughout the organisation which result in the issue occurring anyway. In turn, this acts as an additional barrier to success.

Finally, organisational obsolescence theory suggests that as it ages, an organisation will increasingly find it difficult to react to environmental changes as customer tastes shift and market circumstances are altered (Mens et al., 2015b). This sclerosis is not thwarted with staff turnover as a sufficient number of employees are still exposed to the organisation's established systems, processes, culture, and so forth over time to ensure that the formal and informal nervous system and connective tissue of the organisation will still age (Mens et al., 2015a).

2.7 The Ambidexterity Neighbourhood

The organisational ambidexterity neighbourhood is highly populous. Six key concepts live and work alongside ambidexterity in both literature and practice and are worthy of consideration to truly appreciate the context in which it operates.

Dynamic capabilities is a term used to describe the ability for an organisation to reorganise its competencies in response to changes in the competitive landscape (Teece et al., 1997). This concept is critically different from the resource-based view (RBV) of organisations, which furthers the idea that the strategic resources of an organisation are unevenly distributed amongst players in a marketplace and that such differences continue over time (Barney, 1991). The function of leadership in this equation is to determine the distribution of resources with the aim of creating a (sustainable) competitive advantage. To compare and contrast the two, dynamic capabilities emphasises organisational survival through evolution and prioritises long-term performance, whereas RBV places importance on the development of a sustainable competitive advantage by developing the ability to perpetually reconfigure resources in response to shifting circumstances (O'Reilly & Tushman, 2011). In other words, dynamic capabilities takes the view that organisations are fluid and can change in response to the environment. RBV meanwhile has a more static take on the state of organisations.

Both dynamic capabilities and RBV exist in concert with organisational ambidexterity literature. O'Reilly and Tushman (2008) argue that ambidexterity is itself a dynamic capability. The same authors later made a case that dynamic capabilities is the most relevant theoretical framework through which to explore ambidexterity (O'Reilly & Tushman, 2013). Notably, the dynamic capabilities view has an external standpoint, believing that organisations are able to build a competitive advantage through the reconfiguration, development, and retirement of organisational assets, in response to changes in the competitive landscape (Teece et al., 1997). Conversely, RBV assumes the organisation selects its competitive position by determining the best possible application of its available resources and then works to maintain this position over time (Barney, 1991).

Several authors have argued that organisations can achieve a competitive advantage by developing dynamic capabilities. By way of example, Yalcinkaya et al. (2007) explore an organisation through a dynamic capabilities perspective to determine how ambidextrous capabilities impact the radicalness of product innovation and overall market performance. Their assertion is that cultivating a competitive advantage to some degree necessitates the development of dynamic capabilities.

The business model view of the organisation has also been proposed as the alternative to RBV (McGrath, 2010). Whilst RBV works with the assumption that the value of the organisation is held in its resources (Barney, 1991), the business model view contends that an organisation's value is held in the systems and processes by which it derives value from its resources (Chesbrough, 2010). Critics of RBV in the context of organisational ambidexterity have two key arguments. The first is that it provides very few avenues by which leadership might act in response to changing market conditions. Although the explorative aspect of ambidexterity principally involves agile response in a shifting competitive environment, as Porter (1980) noted, responsiveness and deviation from an agreed strategy makes developing a competitive advantage highly unlikely. The second is that RBV fails to incorporate the perspective of customers (McGrath, 2010). In contrast, the business model view creates opportunities to better consider and include ways in which the resources available to an organisation may be translated into a proposition of value to the customer. The business model view adjusts the primary focus away from the resources of the organisation and instead orients itself around the best use of those resources to generate value (McGrath, 2010).

Importantly, business model innovation (BMI) may provide a way for organisations to develop ambidextrous capabilities. Arguably, in some cases an organisation which successfully competes with two business models exhibits a type of organisational ambidexterity (Markides, 2013), but many other forms of ambidexterity do exist. Chesbrough (2010) connects business models and the exploratory aspect of ambidexterity, by making the observation that companies derive the intrinsic value of new ideas and technologies by means of their business models. In the wild, we see this in action: many organisations engage in extensive and radical exploratory initiatives into areas such as new technologies, products, and ventures, but seemingly forget to explore ways to commercialise the results. This is critical to note because (as per Kodak (Anthony, 2016)), ideas which are not commercialised are of little to no use to a commercial organisation. Additionally, organisations with innovation capabilities that focus on product innovation but are short the means to bring new products to market, increase the likelihood they will exit through merger or acquisition (Cefis & Marsili, 2012).

In relation to organisational ambidexterity, business models are extremely relevant for the simple reason this is the means by which the value of explorative initiatives are extracted (Euchner & Ganguly, 2014). Notably, the business model itself can create an environment fertile or hostile to innovation. Should the organisation create an innovation which capitalises on the current business model of the organisation, it will naturally find success much more readily than one which requires a change in the established business model (Chesbrough, 2010). In the case that a product innovation (for example) necessitates a new business model to extract value, stakeholders must effectively be asked to innovate twice. The challenge of this is exacerbated for incumbent leaders who have risen to their positions of power by working within the confines of the existing business model, and will tend to favour innovations which do not upset it (Chesbrough, 2010).

By many accounts, organisations have as much if not more to gain from developing a new business model as any other type of innovation (Chesbrough, 2010). Problematically, it seems that a cognitive barrier exists regarding exploration and experimentation in business model design. Specifically, the success enjoyed with the existing business model colours the perception that decision makers have of new alternatives (Bertolini et al., 2015). This is a significant challenge which organisations may do well to resolve. If it can be agreed that the business model is the means by which an organisation extracts value from both exploitative and explorative initiatives, and that competitive landscapes constantly change, it follows that the business model itself will be in need of adjustment over time so as to remain the optimal means of value generation (Euchner & Ganguly, 2014).

Disruption theory is another important viewpoint in the discussion regarding organisational ambidexterity. This theory describes the process by which small organisations with comparatively fewer resources are able to successfully pose a threat to the most significant players in a market through the introduction of a solution which is cheaper and is often inferior against many attributes (Christensen et al., 2015). Over the course of time, the new entrant refines its virtues until such time that it can fulfil the needs of the market's most sophisticated customers. This demonstrates the necessity for established organisations to develop ambidextrous capabilities, but also provides a direction for exploration.

Christensen and Bower (1996) showed that the incumbent organisations typically direct resources toward initiatives which build value for their most significant existing customers over emerging customer groups. This makes sense in the short term but leads them to focus on exploitation and incremental innovation rather than radical innovation and as such over time the organisation fails. Disruptive innovations by nature start life in low-tier or emerging markets, but importantly this does not necessarily mean they are low quality solutions. Disruptive organisations often focus their attention on the business model of the organisation and concentrate on making it effective, rather than paying undue attention to product perfection (Christensen et al., 2015). Interestingly, disruption often occurs through business model innovation, and not always via start-up organisations, but also from parties not before considered competition. By way of example, the business model of Apple's iTunes Store disrupted the music industry (Assink, 2006). Apple was by every measure not a fledgling organisation, nor a poor-quality brand, nor was this a low-quality solution. That said, it offered considerably better value than the available alternatives – a key characteristic of disruption. On a similar note, a solution or organisation may transform one market and simultaneously disrupt another. The iPhone for example transformed the market for mobile phones but ultimately disrupted the laptop market (Christensen et al., 2015).

Perhaps ironically given their importance, developing business models and technologies are often dismissed by established organisations, as they tend to lack immediate application to familiar markets (Christensen & Bower, 1996). As such, the organisation typically finds the challenge of accurately identifying the emerging threat / opportunity until it is too late.

Incumbent organisations often receive criticism from both stakeholders and commentators for the lack or inadequacy of their response to shifting market circumstances (Hannan & Freeman, 1984; Mens et al., 2015a). It is perhaps surprising then that established organisations have been shown to be quite capable of delivering the size and complexity of change needed to capitalise on such environmental changes – but only when it is required by their most valuable customers. Conversely, even the most straightforward change is seemingly insurmountable when it is needed to address a comparatively small or currently low-value market, simply because it is considered low priority and thus starved of resources (Christensen & Bower, 1996). In one study, the cost and risk of a minor incremental innovation to satisfy an established customer were substantial, but as it serviced a known market decision-makers approved the initiative, inaccurately perceiving its cost and risk profile. On the other hand, conceiving and executing radical innovations - even when other organisations had paved the way - was believed to be much riskier and more costly as the end market could not be readily identified. The authors noted the irony that in this study it was common for the failed organisation to be in possession of the disruptive innovation which ultimately lead to their downfall – they simply didn't know what to do with it.

Assuming it can be believed that the ultimate goal of ambidexterity is the long-term performance and survival of the organisation, then organisational longevity is a highly relevant field. March (1991) observed that cultivating and then maintaining ambidextrous capabilities is a key factor in both survival and prosperity. As such, survival and ongoing performance of the organisation is often claimed to be the single essential condition of ambidexterity (O'Reilly & Tushman, 2013). Despite ambidexterity not being the same as long-lasting performance and organisational survival, as of today the literature

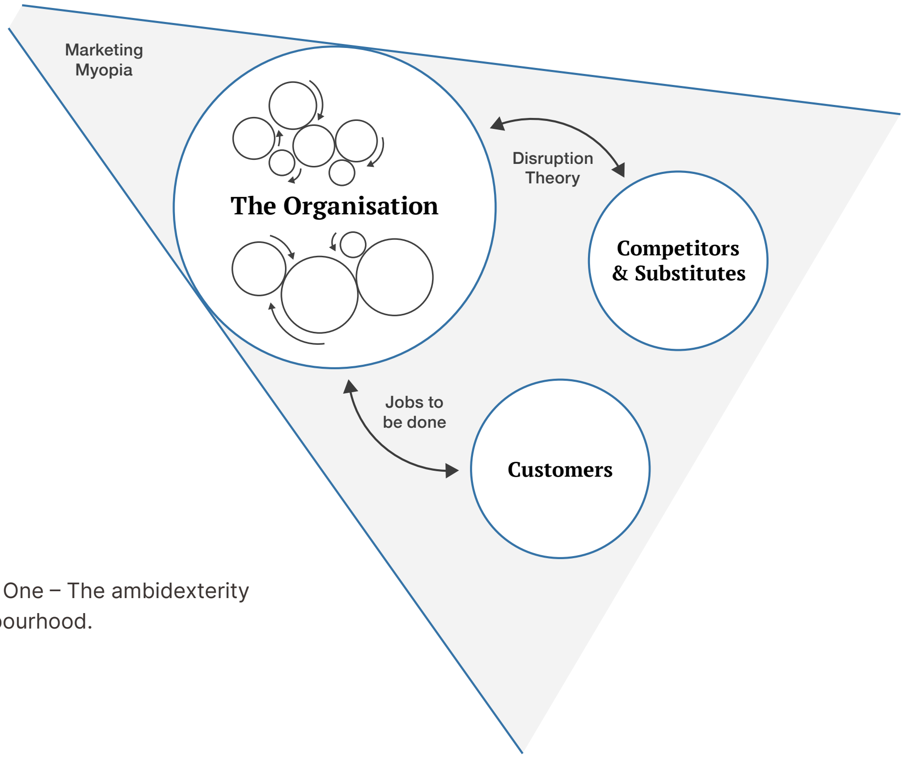


Figure One – The ambidexterity neighbourhood.

is devoid of examples of ambidextrous organisations which do not perform in the long term or die.

Innovation as a field must also be considered critical to any discussion regarding organisational ambidexterity. Despite the field being beset by multiple inconsistencies in definitions and parameters, innovation is a specific effort intended to answer the same needs as ambidexterity – enduring survival and performance. Unsurprisingly, many authors who explore innovation also address ambidexterity in some way, even if they do not use the term. Banbury and Mitchell (1995) for example, explore how the success and survival of an organisation is impacted by incremental innovation. Cefis and Marsili (2006) analyse the relationship that exists between the survival rate of organisations and their innovation efforts. Ignoring the enduring and aforementioned misalignment about whether all innovation is exploratory or can in some contexts be considered exploitative, innovation is clearly part of the ambidexterity equation. Whilst ambidexterity may not be mentioned in either of these studies, the interrelationship between innovation and ambidexterity is apparent. yet in each case, the concept of ambidexterity is not discussed, nor is it or any of its related terms used, however the interrelationship is clear.

Figure One illustrates the ambidexterity neighbourhood.

2.8 Gap Analysis

More than thirty years after March (1991) reignited interest in organisational ambidexterity, the world is such that the case made then, and even earlier by Schumpeter (1934) is equally if not more relevant. Modern competitive landscapes are characterised by volatile markets with increasingly brief periods of superior organisational performance (Viguerie et al., 2021) making the case for ambidexterity abundantly apparent.

As with any research, those in the field of ambidexterity have created measures and definitions which reflect the information to which they have access. From a practitioner standpoint, this is inherently limited (and perhaps easily dismissed) as it represents a perspective largely developed without the benefit of day-to-day immersion in the realities of attempting to develop ambidextrous capabilities, nor insider access across a broad range of organisations to the information that practitioners consider most valuable. This creates two distinct gaps. The first is that the measures of ambidexterity used by prior researchers are largely theoretical, asymmetrical, or self-reported. There is a need to update this to create a case for ambidexterity in a practitioner context. Secondly, although there is a degree of consensus amongst academics as to the definition of ambidexterity, it is a limited one, as evidenced by the obvious lack of usage of the term in the practitioner community. Prior researchers have used definitions which are more opportunistic than practical. There is a significant gap which exists here, that may be remediated by building upon the existing definition but incorporating the practitioner viewpoint to create a definition which is more meaningful in a practitioner context.

A number of authors have also observed that organisations which deliver declining performance to the point of failure or takeover are seldom the victim of external factors, but rather their circumstances are owing to variables located within the organisation (Christensen, 1997; Levitt, 2004; O'Reilly & Tushman, 2008). Put simply, whilst modern practitioners may not be able to completely control the fate of the organisations under their leadership, it is most certainly possible for them to stack the odds heavily in their favour. This observation implies a significant question – exactly what factors contribute to the development of an internal environment fertile or hostile to ambidexterity, and what influences the ability to remain ambidextrous? That is, what within the control of leadership will pay the greatest dividends in terms of outcomes?

Finally, whilst existing research has addressed these gaps in some fashion, it has not had the opportunity to incorporate the recent environmental circumstances tackled by modern organisations. There is a substantial opportunity to explore the relevance of earlier findings in this context.

3 Research Design and Methodology

3.1 Research Questions

The central question of this research is: *How and in what ways do ambidextrous organisations differ from those which are not ambidextrous, but still perform?*

To answer this question, several sub questions require exploration:

1. In practice, how do organisations become ambidextrous?
2. What characteristics separate ambidextrous organisations from those which are not?
3. What are these characteristics and how are they different?
4. How do the outcomes vary for ambidextrous organisations and those which are not?

3.2 Theoretical Framework

In qualitative research, theoretical perspectives are a useful tool for orienting research and supplying a foundational explanation for phenomena which is likely to be observed during study (Creswell & Creswell, 2018). There are several relevant perspectives which are notable in the context of this study.

Perhaps the most prevalent theory is dynamic capabilities, defined as the ability for an organisation to create, blend, and adapt internal and external competencies in response to observed changes in the marketplace (Teece et al., 1997). In other words, an organisation with dynamic capabilities is able to perpetually reconfigure its competencies to both tackle the challenges and capitalise on the opportunities it identifies. The necessity for and effectiveness of dynamic capabilities is amplified amongst those operating in highly volatile markets where change is rapid and particularly difficult to reliably foretell, both in terms of direction and outcome. Arguably this is an apt description of many modern marketplaces. The argument made by proponents of this theory is that the ability for an organisation to accurately read this changing competitive environment is critical to its enduring financial success. Dynamic capabilities theory is important to consider in the context of ambidexterity as it validates the strategic approach of ambidexterity. Further, it establishes an objective and rationale for ambidextrous efforts which distinguish it from other alternatives. Whilst not synonymous, ambidexterity is a dynamic capability.

Disruption theory furthers the dynamic capabilities perspective, providing additional context, particularly regarding how an organisation perceives changes in the competitive landscape, and the exploratory component of ambidexterity. This theory seeks to provide an explanation as to how established organisations are usurped by cheaper, inferior solutions (Christensen, 2006; Christensen & Overdorf, 2000). According to disruption theory, the cause of such upheaval lies not with the newcomer as conventional wisdom may attest, but rather in how the established organisation perceives this new element. In disruption theory, incumbent organisations are overthrown from their positions of dominance because they fundamentally fail to see the future potential of the new element as it grows in sophistication. Initially, the newcomer is unable to service the incumbent's most valuable customers, or even any of its current customers. Accordingly, the organisation dismisses it as inferior and irrelevant. Over time, it grows more sophisticated and is able to satisfy the demands of an increasingly large portion of the market, until it is a valid alternative.

The critical nature of the established organisation's perception of market changes is also core to the theory of marketing myopia which describes the role of the organisation's definition of business scope in creating the conditions for identification of opportunities and threats. Specifically, marketing myopia is suffered by organisations which use too narrow or too literal a definition of the value they provide to their customers, considering it to involve the provision of a particular product or service rather than the solution of a certain customer problem (Levitt, 2004). For example, a bank believing it is in the business of providing mortgages, losing sight of the fact that no customer really wants a mortgage, but rather to buy their first home, an investment property, a place for an aging parent, etc.

In exploitation, disruption theory and marketing myopia provide an explanation as to how organisations may both miss opportunities and misinterpret threats, particularly as it applies to the way various aspects of the organisation's solution is communicated to customers. Further, as various aspects of the organisation are incrementally updated to optimise exploitative initiatives, these theories account for the fact that organisations often do so relative to their existing solutions viewing opportunities through the lens of what has been desirable in the past, rather than relative to emerging consumers or consumer demands which change over time. Similarly, in exploration, these theories make sense of the observation that many organisations engage in exploration relative to their existing knowledge base and solutions, failing to consider emerging markets, technologies, and the like as relevant.

Both disruption theory and marketing myopia are important to consider in this research as they provide a framework to understand the critical nature of the internal context of an organisation in the pursuit of ambidexterity. These theories suggest that how an organisation perceives itself has considerable impact when it comes to both exploitative and explorative initiatives.

Lastly, jobs to be done theory provides a system of orientation for organisations seeking to become ambidextrous. By remaining attune to the value which the organisation offers a customer (the 'job' the customer hires the organisation's product or service to fulfil) this theory holds that the organisation is able to more accurately identify substitutes and accordingly take appropriate action/s as they emerge, or indeed create them as new technologies become available (Christensen et al., 2016). Jobs to be done theory is important in the context of ambidexterity as it suggests a way that the organisation can optimise both its exploitation and exploration efforts. In the case of exploitation, jobs to be done theory offers a filter for incremental innovation initiatives, ensuring that the organisation does not drift towards creating solution updates which are convenient for it to provide, rather than those which genuinely add value for the customer. In exploration, jobs to be done theory assists with preventing marketing myopia by providing a lens through which to canvas for new opportunities, avoiding the temptations of potentially irrelevant trends, technologies, and so forth.

These theories have been used in this study to assist with focusing enquiry during data collection, and with interpretation of data.

3.3 Hypothesis Development and Direction of Enquiry

3.3.1 Hypotheses

Perhaps ironically, the majority of obstacles to ambidexterity lie within organisations (Burgelman & Grove, 2007; Chesbrough, 2010; Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2008), meaning the biggest hurdles to overcome are self-inflicted. Further, in pursuing ambidexterity, implementation is more important than strategy (O'Reilly & Tushman, 2011). Yet we live in a time of abundant and accessible knowledge. There is no shortage of information about how to be successful in such efforts, and established organisations arguably have considerable resources at their disposal to direct at whatever objectives they so choose. Yet as has been discussed, ample evidence suggests that most organisations are unsuccessful in becoming ambidextrous.

Prior research has found that organisations which succeed in developing ambidextrous capabilities possess several internal characteristics which make them distinctly different from those which fail. Notably however, much of this research has used failed organisations as the point of comparison, rather than successful organisations which do not have ambidextrous capabilities. It would be helpful to understand what distinguishes ambidextrous organisations from successful organisations without such capabilities.

It is clear there are specific characteristics which distinguish the ambidextrous from those which are not. It is expected that this research will find this is true not only in the absence or appearance of attributes, but importantly in the more nebulous 'how' of implementation for particular organisational attributes. For example, how the organisation handles internal communication (Birkinshaw & Gibson, 2004).

Accordingly, it is anticipated that it will be observed that ambidexterity is a matter of nuance not novelty. In other words, it is not a matter of ambidextrous organisations possessing some new breakthrough knowledge or advanced process. Rather there is a small, but impactful difference in the way ambidextrous and non-ambidextrous organisations pursue exploitative and explorative initiatives, which may appear minor, but have an outsized impact on outcomes.

H_1: There is a difference in how ambidextrous and non-ambidextrous organisations embark on initiatives.

Organisational ambidexterity is simultaneously highly desirable and extremely challenging to achieve (March, 1991). In volatile competitive environments characterised by rapid rates of change, ambidextrous organisations typically return more positive results than their non-ambidextrous peers (O'Reilly & Tushman, 2013; Uotila et al., 2009; Wang & Li, 2008). Interestingly, this disparity in performance is amplified when competition is increased, when an organisation has abundant resources, and for larger organisations. Accordingly, it is expected that this research will find that for large, established organisations in modern multinational marketplaces, possessing ambidextrous capabilities will enable an organisation to return greater value to shareholders than its non-ambidextrous peers.

H_2: If an organisation has ambidextrous capabilities, then it will achieve substantially greater performance outcomes than a comparative organisation without such capabilities.

Figure Two depicts the relationship between these hypotheses and the theoretical framework, represented as a research model.

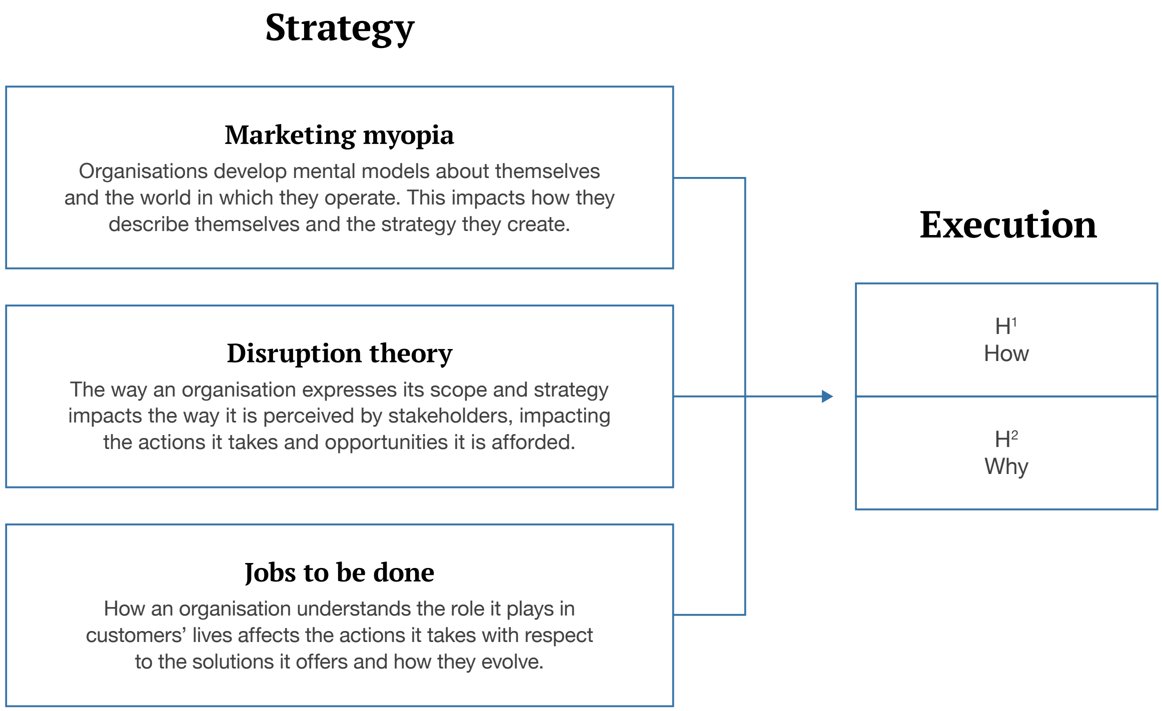


Figure Two – Established theories and their relationship to proposed hypotheses for this research.

3.3.2 Direction of Enquiry

Existing research provides directional clues as to the areas of organisations which may be the most impactful in developing ambidextrous capabilities.

In incumbent organisations, people are typically rewarded for perpetuating the status quo, as those who succeed within the confines of existing knowledge are promoted, benefit financially, and receive other recognition, whereas those who challenge accepted norms on the basis of innovation often receive fewer accolades (or are even driven out of the organisation altogether) (Benner & Tushman, 2001). Further, humans themselves struggle to reconcile the need for two seemingly opposing aspects of ambidexterity (Ricciardi et al., 2016). In practice, this means that the context in which organisations seek to develop ambidextrous capabilities defaults to hostile. How organisations seek to overcome this is an avenue worthy of exploration.

If execution is more important than strategy when it comes to achieving ambidexterity (O'Reilly & Tushman, 2011), ensuring everyone throughout the organisation is clear about the overarching strategic intention of the organisation and their role in contributing towards this common goal is critical. As organisations scale and workforces become larger and more dispersed, the opportunity for and impact of misinterpretation and contradictory action is logically amplified. How organisations facilitate or thwart unified action at scale towards a common goal warrants exploration.

Established organisations which have enjoyed success tend to become oriented around their existing solution and ways of working, developing specific ideas about the competitive environment, how it functions, and the organisation's role in it (Levitt, 2004). In the short term, this is beneficial as it accelerates exploitative efforts. In doing so however, such organisations are prone to losing sight of the core problem they are solving / value they are providing to customers (Christensen et al., 2016). This myopic view becomes reality and when the organisation detects a shift in the competitive environment, spotting an opportunity or threat, it is this lens which helps people throughout the organisation decide what action to take (Levinthal & March, 1993). Importantly, organisations may lose their distinct position in the marketplace over time by making incremental compromises in pursuit of short-term advantage. How organisations remain true to a distinct identity in the marketplace yet evolve over time to respond to changing market conditions is an area worth exploring.

As the concept of customer centricity has become increasingly popular in management circles, many organisations have begun to pursue the idea of mining customer insight and feedback to direct product development and innovation initiatives. Research has found however, that although worthwhile, relying solely on this often results in organisations inadvertently positioning themselves for disruption as they act somewhat reactively and prioritise the needs of their most valuable customer segment(s), and struggle to bring to life even the simplest of innovations to address emerging markets (Christensen & Bower, 1996). Given this, how organisations develop unique and future-facing ideas about market evolution and seek to action that is an area worth exploring.

In research conducted by Cao et al. (2010), it was found that it is impactful to blend the role of CEO and direct reports to improve the effectiveness of leadership on ambidexterity. This indicates that it is not the CEO role alone which influences ambidexterity, but rather a wider group. Importantly, the beliefs of this group have a critical role to play in governing how the organisation both perceives and addresses threats and opportunities in the market. It has been argued that management's possession of a deep industry knowledge is essential to the ability for an organisation to develop ambidextrous capabilities (Chandler, 1990). Conversely, in their analysis of Polaroid Tripsas and Gavetti (2000) examined the relationship which existed between leadership's understanding of the market and the development of capabilities including ambidexterity. In this analysis they found that detailed, historic knowledge of the industry possessed by leadership created rigid beliefs which directly resulted in the organisation proving incapable of commercialising digital imaging capabilities. On a similar note, it has been observed that individuals who have been successful through the exploitative activities of an organisation and have progressed thanks to this success will have a diminished capacity for accurately identifying threats and opportunities in the wider competitive landscape (Levinthal & March, 1993; Levitt, 2004; O'Reilly & Tushman, 2011). How executive leadership is connected to both the wider organisation and the market itself is an area which may prove to hold insightful nuance.

3.4 System of Enquiry

3.4.1 Research Philosophy

Although the underlying philosophy may not be immediately apparent in practical research, it nonetheless exists, playing an important role in governing the approach taken to designing, conducting, and ultimately interpreting the results of research (Creswell & Creswell, 2018).

This body of work is anchored in the real world, and is practice oriented, concerning itself chiefly with the realities of developing and maintaining ambidextrous capabilities. Accordingly, it lends itself to a pragmatic philosophical approach. This philosophical stance takes the view that the relevancy of theories are limited to when they support action (Saunders et al., 2019). Research conducted with this philosophy in mind starts with a problem (rather than for example intending to simply summarise observable phenomenon) and seeks to contribute actionable solutions which inform practice.

It is acknowledged that this is not a common research philosophy taken for research conducted using qualitative methods (Creswell & Creswell, 2018; Saunders et al., 2019), yet given the particular nature of this research, it seems most suited.

3.4.2 Research Design

There are many ways these hypotheses may be explored and owing to a personal preference for numbers over narratives, it was originally intended that this work be conducted using a quantitative approach. This was further confirmed by modern management adages such as 'data-driven decision making'. Owing however to the desire to ensure the greatest likelihood of impact to practice from this work, it was prudent to validate the underlying belief and preference which supported such an approach.

Through a series of informal conversations with the target audience of the ultimate artefact of this work, (C-suite executives and their equivalents at established, multi-national consumer-facing organisations) it became apparent that this was in fact, far from accurate. Conversely, many were familiar with the existing theories and statistics, but instead were unclear as to how exactly successful organisations and their leaders put these into practice. Many could cite historical landmark examples – several of which are now the subject of management folklore and were those on which commonly referenced theories were built. Yet the consensus was that it was unclear as to how these applied in a modern context. Similarly, several executives had ready examples of where existing data had been disregarded owing to a belief that for one reason or another, it was not relevant to the case at hand.

Given this, an exploratory and evaluative study, using a mixed method approach to develop comparative case studies which emphasise narrative-based outcomes was selected for this research, split into two projects.

Here, the term case study is used per the definition provided by Yin (2018) which is simply a detailed analysis about a subject or phenomenon within its actual setting. Selection of the focal subjects and parameters of the case study / studies are a key component of the development of a case and these are outlined in section 2.5.4.

3.4.2.1 Project One

The first project in this research was a comparative analysis of selected pair organisations which involved both archival and documentary research, and semi-structured inductive interviews, as described by Saunders et al. (2019).

Archival and documentary research involves the analysis of existing information about each organisation in the study, for example annual reports, earnings call transcripts, news articles, case studies, press releases, etc. This was supported using IBM's Watson Natural Language Understanding to allow for the ingestion and analysis of a large volume of sources in a condensed timeframe. This AI-based tool uses natural language processing to examine large volumes of structured and unstructured content and extract components such as concepts, keywords, relations, and semantic roles (IBM, 2021). This content was analysed using the research questions, hypotheses, and theoretical framework as a lens through which to assess the information.

Semi-structured inductive interviews were then conducted with several senior executives within the focal organisations. These interviews were intended to augment the information gleaned from the archival and documentary research with explanatory and other background detail.

3.4.2.2 Project Two

The second project synthesised the findings from Project One to help ensure that these are presented in a way which is actionable and useful in a practical context. The chief objective of this project was to ensure the impact to practice of this body of work is not only theoretical, but demonstrable.

This project concerned itself with developing actionable recommendations from the themes identified in Project One, which could be supported with demonstrable and importantly comparative examples. In other words, not only what to do, but critically what not to do.

The outcome of this project was the development of a practitioner artefact which took the form of a presentation used with consultancy clients.

The validity and impact of this artefact was confirmed by revisiting senior executives who had participated in interviews from Project One as well as introducing it to new senior executives outside the focus organisations for feedback. Finally, the artefact has now been used in professional work and has been shown to be financially lucrative. Details of this is available in section 6.2.

3.4.3 Definitions

For the purposes of ensuring the quality of this research, it was essential to work with consistent definitions and parameters for certain terms used. These are documented below.

- *Exploitation.* Exploitative initiatives are those which capitalised on established business models, markets, processes, etc. (March, 1991; O'Reilly & Tushman, 2008).
- *Exploration.* Explorative initiatives are any which introduced a new element to the existing circumstances of the organisation, such as a new market, new sales channel, new brand, etc. (March, 1991; O'Reilly & Tushman, 2008).
- *Definition of business identity.* This is how the organisation views itself, its contribution to the market, or its role in the larger ecosystem. For example, Lululemon Athletica considered itself to be a wellness company (Lululemon - Former Chief Executive Officer, 2021), and Under Armour a performance company (Under Armour - Vice President, 2021), yet ultimately both sold similar products.
- *Ambidexterity.* For the purposes of this study, simultaneous ambidexterity was considered the only valid form of ambidexterity. The measure of ambidexterity is defined in section 2.4.4.

3.4.4 Parameters, Selection, and Operationalisation

The observation period used for this study is the decade beginning the first day of trading in 2010 and ending with the first day of trading in 2020. This period was selected for recency, which improved data availability, but also to avoid major market-impacting events in recent history (e.g. the global financial crisis of late 2007 to mid 2009 and COVID-19 in early 2020), so as to limit confounding factors.

Key to this research was the selection of organisations which formed the focus of the study. Ultimately, eight pairs of organisations were chosen for analysis in detail per the philosophy and methods outlined in section 2.5.1.

Initial selection criteria for these organisations were as follows:

- Listed on a major stock exchange. This requirement was established to reflect one of the catalysing statistics of this work - the tenure of organisations listed on the S&P 500 Index has on average declined considerably across the last fifty years (Viguerie et al., 2021).

- Has been publicly listed for 10 or more years as of 2010. This reflects research about how the agility of organisations diminishes with age (Mens et al., 2015b) and incorporates the prediction that the average period an organisation is listed on the S&P 500 has now contracted to 18 years (Viguerie et al., 2021).
- Primarily operate consumer facing brands. This is to improve availability of interview subjects owing to the extensive network and access available to the researcher.

Using these criteria, the S&P 500 Index and similar indexes from other large exchanges were reviewed, looking for pairs of comparable organisations.

To be deemed comparable, it was required that the organisations be generally considered as providing reasonable substitutes. For example, British Airways (a major British airline) and Virgin Australia (a major Australian airline) would not be paired. Although these two organisations are similar in many respects, they principally operate in different competitive markets. Although the intention of this work is not the comparison of competitors, it is worth minimising erroneous variables wherever possible.

Against these criteria, sixteen pairs of organisations were selected for comparative analysis. The process of analysis is outlined in section 3.4.6.

3.4.5 Data Sources and Collection

Accessible, high-quality sources of data were critical to the success of this research. A non-exhaustive list of sources of this data is as follows:

- Archive (www.archive.org) was used for historical versions of websites published by focal companies
- Seeking Alpha (www.seekingalpha.com) provided financial data, annual reports, and earnings call transcripts
- Google Scholar (www.scholar.google.com) was used to source case studies about focal organisations
- Durham Library was used for books and case studies about focal organisations
- LinkedIn (www.linkedin.com) was both a recruitment source for senior executives and a source of detail regarding professional history of individuals
- Archival articles from numerous industry and reputable business publications (for example, Harvard Business Review) were used for overviews of particular events and to obtain an understanding of market sentiment
- Podcasts with senior executives from focal organisations who met the selection criteria for interviews where full conversation recordings were provided
- Private reports, emails, presentations, etc. provided by interview subjects to the researcher
- Individual, in-depth interviews conducted with the researcher and senior executives with each focal organisation

To be considered for interview, it was required that an individual:

- Had worked at the focal organisation for a minimum of three years during the observation period
- Held a senior leadership role during that period

Access to individuals with the seniority required to meaningfully contribute to this research was obtained largely via the extensive personal network of the researcher. This was augmented with cold requests where necessary. Interviews were conducted by video call and were recorded and transcribed.

As outlined by Srivastava and Hopwood (2009), data collection and associated analysis was iterative and conducted using a process of theoretical sampling (Saunders et al., 2019). Accordingly, both the number of interviews and volume of documentary and archival sources analysed varied by organisation, as they were obtained to the point when new information gleaned served only to reiterate existing knowledge. Interviews were also conducted for reasons of data triangulation (Fusch & Ness, 2015), to obtain improved objectivity. Owing to the iterative nature of this research, some interviewees were contacted more than once to clarify earlier statements or provide further context. On average three people were interviewed per organisation. No fewer than three were interviewed, but in some cases as many as seven.

These interviews were semi-structured, inductive style. Questions evolved somewhat between participants based on information already obtained during documentary and archival research, but also from prior interview subjects.

3.4.6 Method

3.4.6.1 Selecting focal organisations

Against the criteria documented in section 2.4.4, eight pairs of organisations were selected for study. It was required that both organisations in the pair must have remained in business (defined as still actively trading on their respective stock exchange) throughout the observation period. This requirement was imposed to ensure that there was good data availability, but also to avoid the temptation of obvious comparisons. Put simply, it is too easy to compare a successful organisation with one which has so clearly failed. It is much more interesting to compare two organisations which are still operating – in some cases performing – but have very different performance outcomes and explore the differences between the two.

Per section 1.4, most researchers have previously opted for self-reported measures of ambidexterity. Alternatively, patent activity has been used as a proxy for exploration. As this research examines organisational circumstances retrospectively, it is possible to study the inner workings of the focal organisations considering actual outcomes to determine the success of ambidextrous efforts.

The twenty-four organisations initially selected are listed in Table One, below.

ORGANISATION
Lululemon Athletica
Under Armour
Burberry
Tapestry
New York Times
Meredith
Southwest Airlines
JetBlue Airways
Columbia Sportswear
VF Corporation
Honda
Toyota
Expedia
Trip.com
Yum! Brands
Domino's Pizza
Electronic Arts
Nintendo
TomTom
Garmin
Royal Caribbean
Carnival
Starbucks
McDonald's

Table One – Organisations initially considered as focal organisations for research.

Analysis of these organisations was done in three stages. The first was focused on identifying and selecting pairs of organisations in which it was plausible that one had ambidextrous capabilities and one did not, by looking for the hallmarks of ambidexterity. The second was focused on answering the central question of this research - *how and in what ways do ambidextrous organisations differ from those which are not ambidextrous, but still perform?*

Finally, the third stage concerned itself with exploring the relationship between ambidexterity and performance outcomes.

3.4.6.1.1 Stage One

Taking inspiration from prior research which has found that organisations with ambidextrous capabilities are more adaptive than organisations without such capabilities, the first stage of this research looked for organisations which had shown themselves to be adaptive to shifting competitive circumstances as depicted through resilience in organisational performance. Specifically, the ability for the organisation to consistently perform during market volatility, or recover from a performance downturn and return to pre-downturn levels.

Performance in this stage was operationalised as net profit, classified as desirable or undesirable:

Desirable performance was defined as either:

a. Year-on-year consistent or growing net profit in five or more years during the observation period, and / or
b. Recovery from a setback in performance during the observation period, defined as a contraction in net profit, yet recovered from it in no more than two years, returning to pre-decline figures,

Undesirable performance was thus defined as lacking these. That is:

a. Negative net profit, declining net profit, or four or more years of profit contraction, and / or
b. Failure to recover within two years from a setback in performance during the observation period.

This variable was chosen for the ability to measure the performance of the organisation relative to itself, thus allowing for some degree of comparison between organisations of different size and industry.

The eight pairs of organisations were examined, and to be selected for further study, it was required that in each pair of organisations, one exhibited desirable performance and one undesirable performance.

Against these criteria, it was determined that in eight of the pairs, that one organisation could plausibly have ambidextrous capabilities, and the other to not have such capabilities. One pair in this group met the criteria but was an outlier – the difference in performance between the two was much smaller than the others. It has been retained for the purpose of exploring and illustrating the validity of findings of this study.

A summary of this is outlined below in Table Two across the following pages. The organisations which were kept for the second stage of analysis have been highlighted in blue.

COMPANY	2010 REVENUE	2010 NET PROFIT	2011 REVENUE	2011 REVENUE CHANGE	2011 NET PROFIT	2011 PROFIT CHANGE
Lululemon	$452,898,000	$58,281,000	$711,704,000	57.14%	$121,847,000	109.07%
Under Armour	$1,063,927,000	$68,477,000	$1,472,684,000	38.42%	$96,919,000	41.54%
Burberry	£1,279,900,000	£81,400,000	£1,550,600,000	21.15%	£208,400,000	156.02%
Tapestry	$3,607,636,000	$734,940,000	$4,158,507,000	15.27%	$880,800,000	19.85%
New York Times	$1,980,727,000	$107,704,000	$1,554,574,000	-21.51%	-$37,648,000	-134.96%
Meredith	$1,382,831,000	$103,963,000	$1,400,480,000	1.28%	$127,432,000	22.57%
SouthWest	$12,104,000,000	$459,000,000	$15,658,000,000	29.36%	$178,000,000	-61.22%
JetBlue	$3,779,000,000	$97,000,000	$4,504,000,000	19.18%	$86,000,000	-11.34%
Columbia	$1,483,524,000	$77,037,000	$1,693,985,000	14.19%	$103,479,000	34.32%
VF Corporation	$7,702,589,000	$571,362,000	$9,459,232,000	22.81%	$888,089,000	55.43%
Honda	$107,242,400,000	$6,761,720,000	$100,940,800,000	-5.88%	$2,820,330,000	-58.29%
Toyota	$203,687,000,000	$2,251,000,000	$228,427,000,000	12.15%	$4,909,000,000	118.08%
Expedia	$3,033,645,000	$421,500,000	$3,449,009,000	13.69%	$472,294,000	12.05%
Trip.com	$436,551,000	$159,392,000	$555,790,000	27.31%	$172,383,000	8.15%
Yum	$11,343,000,000	$1,158,000,000	$12,626,000,000	11.31%	$1,319,000,000	13.90%
Dominos	$1,570,894,000	$87,917,000	$1,651,930,000	5.16%	$105,361,000	19.84%
Electronic Arts	$3,589,000,000	-$276,000,000	$4,143,000,000	15.44%	$76,000,000	-127.54%
Nintendo	$15,778,010,000	$2,514,980,000	$12,172,140,000	-22.85%	$931,480,000	-62.96%
TomTom	€1,521,083,000.00	€107,670,000.00	€1,273,217,000.00	-16.30%	-€438,951,000.00	-507.68%
Garmin	$2,689,911,000	$584,603,000	$2,758,569,000	2.55%	$520,896,000	-10.90%
Royal Caribbean	$6,752,504,000	$515,653,000	$7,537,263,000	11.62%	$607,421,000	17.80%
Carnival	$14,469,000,000	$1,978,000,000	$15,793,000,000	9.15%	$1,912,000,000	-3.34%
Starbucks	$10,707,400,000	$945,600,000	$11,700,400,000	9.27%	$1,245,700,000	31.74%
McDonald's	$24,074,600,000	$4,946,300,000	$27,006,000,000	12.18%	$5,503,100,000	11.26%

Table Two – Organisations initially considered for inclusion in this research and the revenue and profit results of each across the observation period. Those marked in blue were ultimately selected for further analysis.

COMPANY	2012 REVENUE	2012 REVENUE CHANGE	2012 NET PROFIT	2012 PROFIT CHANGE	2013 REVENUE	2013 REVENUE CHANGE	2013 NET PROFIT	2013 PROFIT CHANGE
Lululemon	$1,000,839,000	40.63%	$184,063,000	51.06%	$1,370,358,000	36.92%	$270,556,000	46.99%
Under Armour	$1,834,921,000	24.60%	$128,778,000	32.87%	$2,332,051,000	27.09%	$162,330,000	26.05%
Burberry	£1,857,200,000	19.77%	£263,300,000	26.34%	£1,998,700,000	7.62%	£254,300,000	-3.42%
Tapestry	$4,763,180,000	14.54%	$1,038,910,000	17.95%	$5,075,400,000	6.55%	$1,034,400,000	-0.43%
New York Times	$1,595,341,000	2.62%	$135,847,000	-460.83%	$1,577,230,000	-1.14%	$65,105,000	-52.07%
Meredith	$1,376,687,000	-1.70%	$104,372,000	-18.10%	$1,471,340,000	6.88%	$123,650,000	18.47%
SouthWest	$17,088,000,000	9.13%	$421,000,000	136.52%	$17,699,000,000	3.58%	$754,000,000	79.10%
JetBlue	$4,982,000,000	10.61%	$128,000,000	48.84%	$5,441,000,000	9.21%	$168,000,000	31.25%
Columbia	$1,669,563,000	-1.44%	$99,859,000	-3.50%	$1,684,996,000	0.92%	$94,341,000	-5.53%
VF Corporation	$10,879,860,000	15.02%	$1,085,999,000	22.28%	$11,419,650,000	4.96%	$1,210,119,000	11.43%
Honda	$119,523,200,000.00	18.41%	$4,442,503,000	57.52%	$118,424,500,000	-0.92%	$5,741,070,000	29.23%
Toyota	$226,106,000,000	-1.02%	$34,500,000,000	602.79%	$234,601,000,000	3.76%	$10,230,000,000	-70.35%
Expedia	$4,030,347,000	16.86%	$280,171,000	-40.68%	$4,771,259,000	18.38%	$232,850,000	-16.89%
Trip.com	$667,532,000	20.11%	$110,835,000	-35.70%	$889,827,000	33.30%	$149,727,000	35.09%
Yum	$13,633,000,000	7.98%	$1,597,000,000	21.08%	$13,084,000,000	-4.03%	$1,091,000,000	-31.68%
Dominos	$1,678,439,000	1.60%	$112,392,000	6.67%	$1,802,223,000	7.37%	$142,985,000	27.22%
Electronic Arts	$3,797,000,000	-8.35%	$98,000,000	28.95%	$3,575,000,000	-5.85%	$8,000,000	-91.84%
Nintendo	$8,225,180,000	-32.43%	-$548,700,000	-158.91%	$7,688,600,000	-6.52%	$85,890,000	-115.65%
TomTom	€1,057,134,000.00	-16.97%	€129,193,000.00	-129.43%	€963,454,000.00	-8.86%	€20,063,000.00	-84.47%
Garmin	$2,715,675,000	-1.55%	$542,403,000	4.13%	$2,631,851,000	-3.09%	$612,412,000	12.91%
Royal Caribbean	$7,688,024,000	2.00%	$18,287,000	-96.99%	$7,959,894,000	3.54%	$473,692,000	2490.32%
Carnival	$15,382,000,000	-2.60%	$1,298,000,000	-32.11%	$15,456,000,000	0.48%	$1,055,000,000	-18.72%
Starbucks	$13,276,800,000	13.47%	$1,383,800,000	11.09%	$14,866,800,000	11.98%	$8,300,000	-99.40%
McDonald's	$27,567,000,000	2.08%	$5,464,800,000	-0.70%	$28,105,700,000	1.95%	$5,585,900,000	2.22%

Table Two – Organisations initially considered for inclusion in this research and the revenue and profit results of each across the observation period. Those marked in blue were ultimately selected for further analysis.

COMPANY	2014 REVENUE	2014 REVENUE CHANGE	2014 NET PROFIT	2014 PROFIT CHANGE	2015 REVENUE	2015 REVENUE CHANGE	2015 NET PROFIT	2015 PROFIT CHANGE
Lululemon	$1,591,188,000	16.11%	$279,547,000	3.32%	$1,797,213,000	12.95%	$239,033,000	-14.49%
Under Armour	$3,084,370,000	32.26%	$208,042,000	28.16%	$3,963,313,000	28.50%	$232,573,000	11.79%
Burberry	£2,329,800,000	16.57%	£322,500,000	26.82%	£2,523,200,000	8.30%	£336,600,000	4.37%
Tapestry	$4,806,200,000	-5.30%	$781,300,000	-24.47%	$4,191,600,000	-12.79%	$402,400,000	-48.50%
New York Times	$1,588,528,000	0.72%	$33,307,000	-48.84%	$1,579,215,000	-0.59%	$63,246,000	89.89%
Meredith	$1,468,708,000	-0.18%	$113,541,000	-8.18%	$1,594,176,000	8.54%	$136,791,000	20.48%
SouthWest	$18,605,000,000	5.12%	$1,136,000,000	50.66%	$19,820,000,000	6.53%	$2,181,000,000	91.99%
JetBlue	$5,817,000,000	6.91%	$401,000,000	138.69%	$6,416,000,000	10.30%	$677,000,000	68.83%
Columbia	$2,100,590,000	24.66%	$137,173,000	45.40%	$2,326,180,000	10.74%	$174,337,000	27.09%
VF Corporation	$11,881,730,000	4.05%	$1,047,505,000	-13.44%	$10,996,390,000	-7.45%	$1,231,593,000	17.57%
Honda	$121,285,700,000	2.42%	$4,635,858,000	-19.25%	$121,189,600,000	-0.08%	$2,859,607,000	-38.32%
Toyota	$256,919,100,000.00	9.51%	$18,231,190,000	78.21%	$247,834,100,000.00	-3.54%	$19,777,380,000.00	8.48%
Expedia	$5,763,485,000	20.80%	$398,097,000	70.97%	$6,672,317,000	15.77%	$764,465,000	92.03%
Trip.com	$1,184,108,000	33.07%	$39,123,000	-73.87%	$1,682,295,000	42.07%	$387,115,000	889.48%
Yum	$6,587,000,000	-49.66%	$1,051,000,000	-3.67%	$6,418,000,000	-2.57%	$1,283,000,000	22.07%
Dominos	$1,993,883,000	10.63%	$162,587,000	13.71%	$2,216,528,000	11.17%	$192,789,000	18.58%
Electronic Arts	$4,515,000,000	26.29%	$875,000,000	10837.50%	$4,396,000,000	-2.64%	$1,156,000,000	32.11%
Nintendo	$5,717,260,000	-25.64%	-$232,220,000	-370.37%	$5,002,998,000	-12.49%	$380,771,000	-263.97%
TomTom	€950,292,000.00	-1.37%	€22,655,000.00	12.92%	€1,006,607,000.00	5.93%	€18,293,000.00	-19.25%
Garmin	$2,870,658,000	9.07%	$364,211,000	-40.53%	$2,820,270,000	-1.76%	$456,227,000	25.26%
Royal Caribbean	$8,073,855,000	1.43%	$764,146,000	61.32%	$8,299,074,000	2.79%	$665,783,000	-12.87%
Carnival	$15,884,000,000	2.77%	$1,216,000,000	15.26%	$15,714,000,000	-1.07%	$1,757,000,000	44.49%
Starbucks	$16,447,800,000	10.63%	$2,068,100,000	24816.87%	$19,162,700,000	16.51%	$2,757,400,000	33.33%
McDonald's	$27,441,300,000	-2.36%	$4,757,800,000	-14.82%	$25,413,000,000	-7.39%	$4,529,300,000	-4.80%

Table Two – Organisations initially considered for inclusion in this research and the revenue and profit results of each across the observation period. Those marked in blue were ultimately selected for further analysis.

COMPANY	2016 REVENUE	2016 REVENUE CHANGE	2016 NET PROFIT	2016 PROFIT CHANGE	2017 REVENUE	2017 REVENUE CHANGE	2017 NET PROFIT	2017 PROFIT CHANGE
Lululemon	$2,060,523,000	14.65%	$266,047,000	11.30%	$2,344,392,000	13.78%	$303,381,000	14.03%
Under Armour	$4,825,335,000	21.75%	$256,979,000	10.49%	$4,989,244,000	3.40%	-$48,260,000	-118.78%
Burberry	£2,514,700,000	-0.34%	£402,900,000	19.70%	£2,766,000,000	9.99%	£286,800,000	-28.82%
Tapestry	$4,491,800,000	7.16%	$460,500,000	14.44%	$4,488,300,000	-0.08%	$591,000,000	28.34%
New York Times	$1,555,342,000	-1.51%	$29,068,000	-54.04%	$1,675,639,000	7.73%	$4,296,000	-85.22%
Meredith	$1,649,600,000	3.48%	$33,900,000	-75.22%	$1,713,300,000	3.86%	$188,900,000	457.23%
SouthWest	$20,289,000,000	2.37%	$2,183,000,000	0.09%	$21,146,000,000	4.22%	$3,357,000,000	53.78%
JetBlue	$6,584,000,000	2.62%	$727,000,000	7.39%	$7,012,000,000	6.50%	$1,140,000,000	56.81%
Columbia	$2,377,045,000	2.19%	$191,898,000	10.07%	$2,466,105,000	3.75%	$105,123,000	-45.22%
VF Corporation	$11,026,147,000	0.27%	$1,074,106,000	-12.79%	$8,394,684,000	-23.87%	$614,923,000	-42.75%
Honda	$130,192,600,000	7.43%	$5,734,092,000	100.52%	$138,250,300,000.00	6.19%	$9,534,033,000	66.27%
Toyota	$235,745,900,000.00	-4.88%	$19,195,360,000.00	-2.94%	$256,653,900,000.00	8.87%	$17,029,310,000.00	-11.28%
Expedia	$8,774,000,000	31.50%	$282,000,000	-63.11%	$10,059,844,000	14.66%	$378,000,000	34.04%
Trip.com	$2,769,472,000	64.62%	-$206,064,000	-153.23%	$4,115,955,000	48.62%	$329,221,000	-259.77%
Yum	$6,356,000,000	-0.97%	$1,643,000,000	28.06%	$5,878,000,000	-7.52%	$1,340,000,000	-18.44%
Dominos	$2,472,628,000	11.55%	$214,678,000	11.35%	$2,787,979,000	12.75%	$277,905,000	29.45%
Electronic Arts	$4,845,000,000	10.21%	$967,000,000	-16.35%	$5,150,000,000	6.30%	$1,043,000,000	7.86%
Nintendo	$4,187,010,000	-16.31%	$136,992,000	-64.02%	$4,304,036,000	2.79%	$902,651,000	558.91%
TomTom	€987,329,000.00	-1.92%	€11,958,000.00	-34.63%	€903,392,000.00	-8.50%	-€245,310,000.00	-2151.43%
Garmin	$3,045,797,000	8.00%	$517,724,000	13.48%	$3,121,560,000	2.49%	$709,007,000	36.95%
Royal Caribbean	$8,496,401,000	2.38%	$1,283,388,000	92.76%	$8,777,845,000	3.31%	$1,625,133,000	26.63%
Carnival	$16,389,000,000	4.30%	$2,779,000,000	58.17%	$17,510,000,000	6.84%	$2,606,000,000	-6.23%
Starbucks	$21,315,900,000	11.24%	$2,817,700,000	2.19%	$22,386,800,000	5.02%	$2,884,700,000	2.38%
McDonald's	$24,621,900,000	-3.11%	$4,686,500,000	3.47%	$22,820,400,000	-7.32%	$5,192,300,000	10.79%

Table Two – Organisations initially considered for inclusion in this research and the revenue and profit results of each across the observation period. Those marked in blue were ultimately selected for further analysis.

COMPANY	2018 REVENUE	2018 REVENUE CHANGE	2018 NET PROFIT	2018 PROFIT CHANGE	2019 REVENUE	2019 REVENUE CHANGE	2019 NET PROFIT	2019 PROFIT CHANGE
Lululemon	$2,649,181,000	13.00%	$258,662,000	-14.74%	$3,288,319,000	24.13%	$483,801,000	87.04%
Under Armour	$5,193,185,000	4.09%	-$46,302,000	-4.06%	$5,267,132,000	1.42%	$92,139,000	-299.00%
Burberry	£2,732,000,000	-1.23%	£293,600,000	2.37%	£2,720,200,000	-0.43%	£339,100,000	15.50%
Tapestry	$5,880,000,000	31.01%	$397,500,000	-32.74%	$6,027,100,000	2.50%	$643,400,000	61.86%
New York Times	$1,748,598,000	4.35%	$125,684,000	2825.61%	$1,812,184,000	3.64%	$139,966,000	11.36%
Meredith	$2,264,200,000	32.15%	$66,400,000	-64.85%	$3,188,500,000	40.82%	-$32,000,000	-148.19%
SouthWest	$21,965,000,000	3.87%	$2,465,000,000	-26.57%	$22,428,000,000	2.11%	$2,300,000,000	-6.69%
JetBlue	$7,658,000,000	9.21%	$189,000,000	-83.42%	$8,094,000,000	5.69%	$569,000,000	201.06%
Columbia	$2,802,326,000	13.63%	$268,256,000	155.18%	$3,042,478,000	8.57%	$330,489,000	23.20%
VF Corporation	$2,181,546,000	-74.01%	$252,793,000	-58.89%	$10,266,887,000	370.62%	$1,259,792,000	398.35%
Honda	$142,997,500,000.00	3.43%	$5,492,844,000	-42.39%	$137,365,300,000.00	-3.94%	$4,192,863,000	-23.67%
Toyota	$264,415,600,000.00	3.02%	$22,445,850,000.00	31.81%	$272,031,100,000.00	2.88%	$16,945,860,000.00	-24.50%
Expedia	$11,223,000,000	11.56%	$406,000,000	7.41%	$12,067,000,000	7.52%	$565,000,000	39.16%
Trip.com	$4,504,000,000	9.43%	$160,000,000	-51.40%	$5,122,000,000	13.72%	$1,004,000,000	527.50%
Yum	$5,688,000,000	-3.23%	$1,542,000,000	15.07%	$5,597,000,000	-1.60%	$1,294,000,000	-16.08%
Dominos	$3,432,867,000	23.13%	$361,972,000	30.25%	$3,618,774,000	5.42%	$400,709,000	10.70%
Electronic Arts	$4,950,000,000	-3.88%	$1,019,000,000	-2.30%	$5,537,000,000	11.86%	$3,039,000,000	198.23%
Nintendo	$9,501,138,000	120.75%	$1,256,310,000	39.18%	$10,805,040,000	13.72%	$1,746,081,000	38.98%
TomTom	€686,798,000.00	-23.98%	-€2,700,000.00	-98.90%	€700,759,000.00	2.03%	-€192,970,000.00	7047.04%
Garmin	$3,347,444,000	7.24%	$694,080,000	-2.11%	$3,757,505,000	12.25%	$952,486,000	37.23%
Royal Caribbean	$9,493,849,000	8.16%	$1,811,042,000	11.44%	$10,950,660,000	15.34%	$1,878,887,000	3.75%
Carnival	$18,881,000,000	7.83%	$3,152,000,000	20.95%	$20,825,000,000	10.30%	$2,990,000,000	-5.14%
Starbucks	$24,719,500,000	10.42%	$4,518,300,000	56.63%	$26,508,600,000	7.24%	$3,599,200,000	-20.34%
McDonald's	$21,257,900,000	-6.85%	$5,924,300,000	14.10%	$21,364,400,000	0.50%	$6,025,400,000	1.71%

Table Two – Organisations initially considered for inclusion in this research and the revenue and profit results of each across the observation period. Those marked in blue were ultimately selected for further analysis.

3.4.6.2 Analysing organisations

3.3.6.2.1 Stage Two

It was observed that eight organisations in the 16 remaining have the *appearance* of being ambidextrous, but there are obviously many explanations for such disparity in performance outcomes. The second stage of analysis drew on findings of prior research which has found that organisations with ambidextrous capabilities achieve preferable performance outcomes compared to their non-ambidextrous counterparts.

Once the organisations had been sorted into two groups (potentially ambidextrous and unlikely to be ambidextrous), the second part of analysis was conducted, seeking to understand how these organisations differed in practice, when viewed through the lens of ambidexterity. This focused on execution.

The information provided by executives with regards to the execution of exploitative and explorative initiatives was examined in detail looking for nuance in how the organisations embarked on these, even when the initiatives were seemingly the same between organisations which had different performance outcomes and exhibited the hallmarks of ambidexterity. For example, most organisations analysed claimed to have some means of incorporating customer feedback and insights into exploitation and exploration initiatives, however the specifics about exactly how they did this proved to be more insightful and divisive.

The findings of this analysis interpreted together made it clear not only which organisations could reasonably be labelled ambidextrous, but importantly gave insight into how they had succeeded in developing such capabilities.

3.4.6.2.2 Stage Three

Once the organisations had been analysed in detail and it was considered thoroughly plausible that indeed there were organisations within the study that had ambidextrous capabilities, the third stage of this study explored the relationship between ambidexterity and organisational performance.

Here, organisational performance was operationalised as return on shareholder value, calculated as the percentage change in stock price from the first day of trading in 2010 to the first day of trading in 2020.

The analysis simply looked at the difference in results between organisations which had been identified as plausibly having ambidextrous capabilities, and those without.

3.4.7 Ethical Issues

No ethical issues were expected or encountered during this study. Some general ethical issues relating to the use of interviews were considered in advance and managed throughout. Several interviewees wanted to ensure that the content of the conversations we had were strictly anonymous. Accordingly, interviewees have been anonymised. Where interviewees have been quoted directly, they have been given the opportunity to see these quotes ahead of submission.

Additional ethical obligations extend beyond the relationship which exists between interviewer-interviewer to the wider academic and practitioner communities. Specifically, these obligations relate to the reporting of findings, incorporating factors such as transparency regarding the shortcomings of research, results which oppose expectations, and the inclusion or exclusion of data for the purposes of ensuring actionable outcomes. The risks associated with such obligations are impossible to mitigate, and instead can only be managed through conscientiousness. Every effort has been made to do so.

3.4.8 Limitations, Bias, and Role of the Researcher

As with any research, this study has limitations. Choices made throughout this work have had implications regarding not only inclusions but also exclusions. This covers all aspects of the work such as research design, organisation selection, interview questions, etc.

Further, this work (as with any) was limited by factors such as availability of interview participants and materials, as well as the need to balance relevancy of output with time taken to complete the work.

Inherent in research method selection is also the potential for a certain type of bias which must be factored, specifically relating to the use of interviews. The researcher is a critical component in the use of this methodology, yet as a human brings further layer of potential bias. Accordingly, it was acknowledged that the researcher – in this case also the interviewer – is the tool of data collection, and as such it is impossible to separate from the research itself (Jackson, 2019).

Finally, as with any research, the researcher brings with them particular limitations caused by their skills, experiences, and perspective (Denzin & Lincoln, 2008). In undergoing this study, a considerable volume of data was synthesised and most of it is not referenced in the final edit. Choices relating to inclusion or exclusion must obviously be made but are inherently choices made by the researcher and are a form of bias. Notwithstanding highly relevant professional experience, in this study, the role of the researcher is mostly etic rather than emic (Denzin & Lincoln, 2008). It is possible that results may differ if conducted by a different researcher during a different period, employing different methodology or with different focal organisations.

4 Overview of Organisations

This section provides a high-level comparative overview of the paired organisations during the observation period, through the lens of ambidexterity. It is intended to be representative rather than exhaustive.

4.1 Under Armour and Lululemon

Under Armour was founded in 1996 with a single football-oriented performance clothing product (Armour, 2021). Lululemon Athletica ("Lululemon") was founded in 1998 as a sports-oriented apparel company, designing and manufacturing yoga-inspired clothing and accessories for women (Tybout, 2017).

Across the observation period, Under Armour increased shareholder value by 520% (Macrotrends, 2021c). A modest result in comparison to Lululemon which returned 1,410% in the same period (Macrotrends, 2022e). In 2015 Under Armour reported its first quarterly loss since going public in 2005 (Du & Townsend, 2017), citing overall retail weakness and store closures. Later poor performance was attributed to these factors as well as changing consumer preferences and intensified competition (Allega, 2018). During the observation period, Under Armour had three consecutive years of profit contraction, and two consecutive years loss (Seeking Alpha, 2022i). Lululemon reported no full year losses, grew revenue every year, and delivered three non-consecutive years of profit contraction. The vast majority – some reports indicate up to 90% (Sherman, 2016) - of Lululemon's products were sold at the full retail price (Tybout, 2017).

In terms of revenue, Under Armour was a strong performer early in the decade – in 2014 it was second only to Nike, toppling Adidas as the second-largest player in US sporting apparel and footwear (Morency, 2017). Yet the average margin delivered by the company during this period – 4.48% - was small in comparison to Lululemon which delivered more than three times as much (Seeking Alpha, 2022e). This meant that whilst Under Armour had notable results in terms of revenue which put it in the neighbourhood of industry stalwarts Nike and Adidas, Lululemon was considerably more efficient, returning greater absolute profit from a smaller revenue.

Lululemon is considered to have been ambidextrous during the observation period. Under Armour was not.

4.1.1 Exploitative Activities

Lululemon perpetually optimised its supply chain, both for operational efficiencies but also to act as the supporting infrastructure for its omnichannel customer experience (McKay, 2011). For example, the company launched a new order management system in 2013 which enabled efficient routing of orders between different distribution centres and the ability to process sales in-store from an online inventory (Tham, 2014). The company went on to pilot RFID technology in 2014 and then scaled it out across the network (Tham, 2015). This technology meant that Lululemon could locate product at any point across the network (not just at distribution centres, but also at stores), facilitate shipment between stores, and fulfil online orders from stores as well as distribution centres (Tubin, 2018).

The company undertook a myriad of sustaining innovation initiatives with products with a proven track record of success (Lululemon - Former Chief Innovation Officer, 2021). In 2010 the company developed new iterations of their iconic leggings and hoodie styles (McKay, 2010). In 2011 they continued to diversify within the yoga category, expanding to include products suited for hot yoga and yoga surf (McKay, 2011). As the range expanded to include more occasions, sustaining innovation efforts focused on elements such as fabric development and construction, and prints (Sherman, 2016). Importantly, the organisation took an ambidextrous view of exploitative innovation which connected efforts in this space to the explorative. As one senior executive described: "sustaining innovation projects shouldn't only be incremental versions of what's been done before. They are incremental steps towards the lateral future that you can see and the vision that you have. And I think that's an important differentiation, because a lot of sustaining innovation teams just make like they're in a competitive battle - our competitor X did that, we need to do that, and be 1% ahead of them, and then the next time they're 1% ahead of us, and so on. We need to move the market to a different place and get into more of a market creation future because then we own 100% of that market." (Lululemon - Former Chief Innovation Officer, 2021, p. 7).

Lululemon used data gleaned from customer interactions from a multitude of sources to continue to optimise each touchpoint (Lululemon - SVP Global Guest Innovation, 2022). In stores, Lululemon experimented with range and merchandising within individual styles – for example, the shapes, features, and display of tank tops (Tham, 2015) and used information from customer interactions with team members in store to drive product development (Lululemon - SVP Global Guest Innovation, 2022; Lululemon - Former Chief Innovation Officer, 2021). The company noted that there was a difference between how customers shopped instore and online and what they bought in each channel (McKay, 2010) and optimised product availability in each channel accordingly.

In 2010, Under Armour declared that their product line was narrow relative to the opportunities available, yet just a year later underwent an SKU rationalisation project to decrease their product variety by 20% (Shaw, 2012). This suggests that the company was not particularly efficient at identifying and capitalising on opportunities identified. Further, Under Armour seemingly had a heavy reliance on a discounting model, growing the number of outlet stores at a rapid rate, considerably faster than full-price stores. Factory House stores increased at an average of approximately 25% year-on-year early in the decade (Shaw, 2011, 2012; 2014). In 2014 the company had 117 outlet stores, compared to just 13 full price stores (Shaw, 2014). Importantly, as a wholesale-dominant company this meant that the majority of data gleaned about customers' purchase behaviour was obtained through discount channels, likely giving the organisation a skewed view of the market.

Under Armour continuously updated and diversified its product line with new fabrics and fits to capitalise on opportunities identified in its established market. The company's first product was moisture-wicking compression apparel, which was updated with release of "Charged Cotton" in 2012 (Shaw, 2012, p. 1). This was again iterated upon with the release of "Microthread" and "Reactor" fibres (Shaw, 2016, p. 1). Whilst these introductions are credited with contributing significant revenue (for example the Charged Cotton release added $65 million to the company's top line revenue in the year of its launch (Shaw, 2012)), it is unclear given the overall margins of the business relative to Lululemon whether these can be considered successful. This said, the net revenue of the organisation grew dramatically during this time, and the company attributed this growth to the diversity of product achieved via these sustaining innovations (Shaw, 2013).

4.1.2 Explorative Activities

In terms of explorative initiatives, both organisations failed in their attempts to develop spin-off brands. In 2009 Lululemon launched the Ivivva brand, targeting girls aged 9 – 14, intended as a youth version of Lululemon. Despite the positive indicators communicated to the market (e.g. Tham, 2014), the brand never made money (Lululemon - Former Regional CEO, 2021). In 2017 the decision was taken to reposition Ivivva as an eCommerce-only brand. Ivivva stores were closed in 2017 (Lululemon, 2018) and the brand was ultimately wound up entirely in 2019 (Thomas, 2019). Similarly, in 2016 Under Armour launched UAS – a fashion-oriented brand which received lacklustre response on its debut (Bhasin, 2017). The brand survived just two seasons before being absorbed without notice into the Under Armour brand.

Lululemon carefully explored opportunities in a small number of sports outside the core of yoga and running, testing product in swimming, cycling, golf, and tennis with varying degrees of success (Lululemon - Former Chief Innovation Officer, 2021; Teklits, 2013). The company further explored diversification into menswear, which it estimated represented more than a billion-dollar opportunity. In 2010 men's line represented 10-12% of the product range (Teklits, 2010). Success in this category took longer than anticipated as the company struggled with getting design and colour right (Lululemon - Former Regional CEO, 2021) but eventually this was resolved and the company opened stand-alone men's stores and grew the product line significantly (Rupp, 2015b).

Unlike Under Armour, Lululemon was founded with a vertically integrated model, and accordingly direct-to-consumer channels have always contributed the majority of revenue (Lululemon - Former Chief Executive Officer, 2021). eCommerce facilities were launched in 2009 and 2010 was the first full year the company sold product online. By the third quarter of that year, the company forecast that it was on track for eCommerce sales alone to represent 10% of all sales in the near future (Teklits, 2010). In 2014, the company launched a shopping-enabled smartphone app, ending the year with the app contributing 8% of online sales (Tham, 2015). Importantly, Lululemon was able to identify that the way its consumers shopped in store was quite different to purchasing behaviour observed in digital environments (McKay, 2010). Accordingly, the company executed different strategies to optimise for the two different channels. By the end of 2019, eCommerce accounted for more than 28% of net revenue (Lululemon, 2020).

Despite being formed with a wholesale-dominant business model, Under Armour made substantial efforts to move customers to direct channels, and by 2012, direct-to-consumer channels represented almost 40% of total revenue (Shaw, 2012), although as previously discussed the majority of this was discounted. Growth of the direct-to-consumer channel stagnated at this point. By the middle of the decade, Under Armour's exposure to wholesale partners (approximately 65% at this time), meant that the liquidation of a major retailer had a considerable impact on the organisation, being the catalyst for the beginning of a period of consecutive contractions (Under Armour, 2017), a blow which knocked the exuberant confidence of the organisation, from which insiders noted it never fully recovered (Under Armour - Former Head of Retail and Franchise, 2022).

Under Armour attempted to diversify into a large number of specialist categories beyond the core sport of football, including running, basketball, golf, baseball, tennis, and lacrosse (Shaw, 2016). Running and basketball became the two most significant, but by 2016 the basketball line had lost momentum – sales declined 20% across the year (Bhasin & Townsend, 2017). The company also invested in developing the women's category, yet growth was slow. In 2005 it accounted for less than 15% of the product mix, growing to 28% in the subsequent seven years (Shaw, 2012). The company acknowledged that they had not sufficiently capitalised on the opportunity and needed to take a new approach (Shaw, 2012). Under Armour later identified the general consumer shift toward activewear being worn outside the gym or other sporting environments (Shaw, 2014), yet by many accounts failed to sufficiently capitalise on the trend (Borchardt, 2017; Morency, 2017). Insiders attributed this shortcoming to the organisation's identity as a performance company which made it reluctant to cater to non-athletic occasions owing to the belief this lessened the brand's positioning (Under Armour - Former Head of Retail and Franchise, 2022; Under Armour - Former Vice President, 2022).

Footwear was one of the most significant areas of explorative investment for the company, taking some years to gain traction. In 2012 footwear contributed a quarter of a billion dollars in revenue (Shaw, 2013), increasing to almost three quarters of a billion over the subsequent years (Shaw, 2016). Yet the company struggled to maintain this momentum. In 2017 the decline of its shoe business was so significant, it was described as having collapsed (Bhasin & Townsend, 2017).

Under Armour also explored digital tools and technology extensively, developing "Armour 39" (Shaw, 2013, p. 1) - a performance monitoring system which operationalised the concept of willpower as a numerical score which could be measured and improved, and then later launched connected footwear (Shaw, 2016). To amplify its efforts with technology, the company went on to acquire a series of consumer smartphone applications, namely MapMyRun, Endomondo, and MyFitnessPal. This combination meant that Under Armour had access to a sizable digital community with a combined audience of more than 120 million people globally (Shaw, 2015). Yet the organisation struggled to mobilise the opportunity this presented (Under Armour - Former Head of Retail and Franchise, 2022). As one executive described, the organisation had a tendency to get excited by novel things (Under Armour - Former Head of Retail and Franchise, 2022), and whilst it was good at the financial due diligence of acquisitions, it fell short from a strategic perspective, so – as was the case with this collection of smartphone apps – bought them without a clear idea as to how to leverage the inherent value of the new acquisitions (Under Armour - Vice President, 2021).

Critically, in the context of ambidexterity, Under Armour's explorative successes during the observation period appear to have been short-lived. That is, they performed well initially against cited KPIs, but struggled to maintain this for any significant period.

4.2 Burberry and Tapestry

Founded in 1856 as an outerwear manufacturer (Burberry, 2008), Burberry evolved considerably over its lifetime. By the early 21st century, the organisation was in a less-than-desirable position, having arguably taken too many liberties with regards to its ethos of democratic luxury. As one executive put it, "it was a little bit 'everybody and nobody'" (Burberry - Former Vice President, 2021, p. 3). To address this, Burberry underwent a considerable transformation of the business, commencing with a reset of the strategic agenda to coincide with the company's 150th anniversary (Burberry, 2007). In the subsequent decade, Burberry doubled revenue, grew the higher-margin direct-to-consumer component of the business, and re-established the brand's luxury positioning amongst consumers.

Five key pillars sat at the heart of this transformation and outlined the priorities for the organisation (Burberry, 2007), which executives described as being the playbook by which every person within the organisation lived and breathed (Burberry - Former Senior Vice President, 2021; Burberry - Former Vice President, 2021; Burberry - Former Chief Technology Officer, 2021). These pillars were:

1. Leverage the franchise (reignite and capitalise on the commercial potential in brand and iconic assets unique to Burberry)

2. Intensify non-apparel development (grow product mix in non-apparel categories)
3. Accelerate retail-led growth (use retail channels to drive organisational growth)
4. Invest in under-penetrated markets (capitalise on future opportunities in both existing and established markets)
5. Pursue operational excellence (ensure the organisation has sound operational structures through continued optimisation)

These were used to guide decisions with regards to investment and reporting, and were updated in 2015 to reflect progress made and support the development of the next chapter of the brand (Burberry, 2015). Critically, transformation is not synonymous with ambidexterity, but here it can be considered comparable as Burberry both performed in the short term whilst engaging in exploratory activity to develop new opportunities. Within each of these transformation pillars, the organisation embarked on both exploitative and explorative initiatives to navigate the organisation through the transformation.

In the observation period, Burberry grew shareholder value by 215% (Yahoo Finance, 2022a), considerably more than the comparison company Tapestry, Inc. which returned a negative result (Macrotrends, 2021b). Across this period of considerable change for the company, the organisation reported just three full years of profit contraction which were not all consecutive, and no full year losses (Seeking Alpha, 2022a).

Tapestry, Inc., was founded in 1941 as Coach, Inc., as a designer and manufacturer of handbags and small leather goods (Coach, 2010). In 2015, the company acquired Stuart Weitzman, a women's footwear company, and in 2018, Kate Spade & Company, a women's apparel and lifestyle accessories company (Tapestry, 2019). The same year, the company changed its name to Tapestry, Inc. (Tapestry, 2019).

In 2014 the company outlined plans for a multi-year brand transformation, which incorporated four key components (Resnick, 2014):

1. Transforming from a handbag brand into a lifestyle brand,
2. Aggressively growing into international markets,
3. Harnessing the opportunity of the men's accessory and lifestyle market, and
4. Capitalising on the growing power of digital.

Across the observation period, the company delivered a negative return to shareholders, seeing its stock price decline by 1.4% overall (Macrotrends, 2021b). Across the same period, the organisation reported one instance of a full-year loss, five years of profit contraction, of which three were consecutive (Seeking Alpha, 2021b).

Relative to peer groups selected by both the organisation's executive team and by relevant media, the company underperformed across most measures between 2013 and 2019, notably with sales declining in their home market for several years within the decade (Coach, 2015; Rupp, 2015a; Sherman, 2017; Tapestry, 2018). Tellingly, the company had a tendency to point to external factors as the cause of these results (e.g., (Resnick, 2016), rather than decisions made by leadership, despite such factors obviously impacting all competitors.

Burberry is considered to have had ambidextrous capabilities during the observation period. Tapestry did not.

4.2.1 Exploitative Activities

A key component of Burberry's success during the period was improved exploitation of sales channel opportunities. In 2006, the company's primary revenue stream was from wholesale channels, representing approximately 80% of revenue (Burberry - Former Chief Technology 2021). In 2010, the revenue channel mix was 58% retail (including digital), 34% wholesale, and 8% licensing (Burberry, 2010). This continued to shift in favour of the higher-margin direct-to-consumer retail channels across the ten-year period to 2019, by which time it sat at 80% retail (including digital), 18% wholesale, and 2% licensing (Burberry, 2019).

Burberry sought to be a technology-driven organisation and as such deployed technology to enable considerable exploitation of existing opportunities. In 2012 the company completed a global implementation of SAP, which was then periodically updated to ensure currency and optimal capability (Burberry - Former Chief Technology Officer, 2021). The company also had a specific vision for how technology could assist sales associates to provide an optimal in-store experience (Burberry - Former Chief Technology Officer, 2021). Owing to a close partnership with Apple, the organisation had pre-release access to the first iPads, and as such were able to develop a developed a permission-based iPad app which enabled sales associates to create and view customer profiles all in one place, incorporating details such as purchase history and wardrobe contents which was trialled and then scaled out to all mainline stores (Burberry, 2014; Burberry - Former Chief Technology Officer, 2021).

Burberry also made strategic sacrifices within its supply chain to better equip itself to exploit both existing and future opportunities. Spanish operations were closed in order to reap associated consolidation efficiency upside (Burberry, 2010), and improve the company's ability to elevate the brand (Burberry - Former Vice President, 2021). Additionally, undesirable wholesale accounts were closed (Burberry, 2010; Burberry - Global Director of Retail Experience, 2022). In September 2018, Burberry finalised the acquisition of a division of a company, creating a new centre of excellence for prototyping, product innovation, and the coordination of production (Burberry, 2019). This was in direct contrast to the situation within Burberry prior to its transformation. As one executive described, it was a mystery to them as to how product ever even got to market, as there was "no discernible supply chain" in action (Burberry - Former Chief Technology Officer, 2021, p. 8).

Tapestry believed itself to be an innovative, consumer-centric organisation, citing extensive consumer research to both govern product development and validate new product concepts before launch (Coach, 2010). Seemingly all of this innovation was sustaining rather than exploratory, for example focusing on elements such as new product styles and prints (Resnick, 2010, 2011; Tapestry - Vice President, 2022). There is little evidence to suggest this research made a demonstrable contribution to either their exploitative or explorative efforts, rather being used as a data point to indicate future performance. For example, brand tracking and consumer economic outlook (Resnick, 2016). As one senior executive described, "Coach is an extremely intelligent, extremely process-oriented company. You know, I would say a lot of great innovation, and transformation gets just crushed under the weight of an overly processed company." (Tapestry - Senior Director, 2022, p. 9)

The company identified the risks associated with its reliance on sourcing raw materials and manufacturing in China only after it had begun to be realised (Tapestry - Vice President, 2022), and sought to rectify its exposure through reduced reliance on the country, diversifying its supply chain to include other sources (Resnick, 2010). Similarly, the company (which had been largely dependent on wholesale channels) identified its heavy reliance on department stores only after they began to struggle, beginning the process of diluting involvement much later (Resnick, 2016) than Burberry.

Tapestry attempted to pursue several different price points simultaneously under one brand name, with Men's competing in a higher price range than Women's in the Coach business (Resnick, 2011), and then also producing product exclusively for factory stores which sold at a lower price point again (Tapestry - Vice President, 2022). This ultimately put the company in a position where it needed to undergo a period of brand repositioning (Tapestry - Director, 2022), attempting to upscale perception of the brand through tactics such as destroying unsold product and reducing the number and frequency of promotional sales (Resnick, 2015).

The company increasingly relied on selling goods at a discounted rate (20% to 70% below full retail price (Coach, 2012)), as foreshadowed by the significantly faster growth rate of factory stores relative to full price stores (Coach, 2011, 2012). This, combined with frequent online flash sales, became a "punishing discount cycle" (Sherman, 2017, p. 7) which the company later had to wind back from (Resnick, 2014, 2015). Beginning 2013, the company was forced to consolidate their store footprint, closing several underperforming stores – all of which were full price (Resnick, 2013). This downsizing of retail stores was a trend which continued for some years, eventually expanding to encompass factory stores (Coach, 2014, 2015).

4.2.2 Explorative Activities

The concept of exploration sits very close to the core of Burberry. Its first products were used on Arctic expeditions (Burberry, 2022), and the knight in its logo, developed in 1901, carries a flag with the word 'prorsum' – latin for 'forward'.

Illustrative of the organisation's approach to exploration, in 2013 Burberry opened its first nail bar in London's Covent Garden which had originally been prototyped on an employee's desk with the objective to figure out how to get people to try on nail colours (Burberry - Former Global Director of Retail Experience, 2022). Beauty was subsequently established as Burberry's fifth product division (Burberry, 2014). The division grew rapidly, both in terms of sales – becoming a £205 million business within two years (Burberry, 2016), and reportedly in terms of contribution to the wider perception of the brand, being closely aligned to the overall Burberry aesthetic (Burberry - Former Global Director of Retail Experience, 2022).

In earlier years, Burberry had explored new permutations of the brand to appeal to different audiences, introducing Burberry Sport in financial year 2007/2008 (Burberry, 2008). By 2010, the line had proven itself worthwhile and 2010 saw Burberry's product offering re-segmented into a clear hierarchy of brands (Prorsum, London, and Brit) to create greater clarity for customers as to the position of each (Burberry, 2010). In 2018 the organisation launched B Series, a limited-edition collection of products released on the 17th of each month and sold primarily via social media platforms, targeted at younger consumers. Rather than making significant revenue contribution, this was intended as a brand introduction and engagement initiative to begin the brand relationship with younger consumers (Burberry, 2019).

As outlined in the overall strategy, the company identified the opportunity of both under-penetrated established luxury markets, such as the United States, and emerging luxury markets, such as China (Burberry, 2008). During the observation period, Burberry grew the number of stores in emerging markets from 111 in 2010 to 193 by the end of 2014 (Burberry, 2014) – stand-alone emerging market store numbers were not reported subsequently owing to an update in strategy. The acquisition of existing Chinese stores from a partner organisation in 2010 (Burberry, 2011) and continual partnerships and innovative collaborations with retailers and platforms such as Tencent in Mainland China (Burberry - Former Global Director of Retail Experience, 2022) supercharged Burberry's success in this market.

Burberry became prolific in experimental and exploratory marketing efforts, testing and trialling new platforms and channels, even photography (Burberry - Former Senior Vice President, 2021; Burberry - Former Vice President, 2021). One former executive described an experiment in shooting product from different angles to determine the impact on customer response and sales (Burberry - Former Senior Vice President, 2021). Burberry was the first luxury fashion label to embrace Facebook for the purposes of live streaming fashion shows at a time when such shows were considered highly secretive (Burberry - Former Vice President, 2021). Other examples of such efforts with social media include The *Art of the Trench* website which was launched as a way to build community around the company's most iconic product and hero user generated content (Burberry, 2010; Burberry - Former Senior Vice President, 2021; Burberry - Former Vice President, 2021), resulting in a significant uplift in sales (Burberry - Former Senior Vice President, 2021). Additionally, *Tweetwalk*, an initiative which allowed the company's Twitter followers to see product backstage at a show before it debuted on the catwalk to elite guests including media (Burberry - Former Senior Vice President, 2021). Although success of these initiatives was considered to be much broader than sales, incorporating brand perception and customer engagement, senior executives report that these activities lead to extraordinary growth, with three year targets being met in just 18 months (Burberry - Former Vice President, 2021).

Like many organisations during this period, Coach identified China as a key growth market, calling it their "largest geographic opportunity" (Resnick, 2010, p. 1), and invested heavily in capitalising on it. In 2010 the company also announced plans to expand into Western Europe and the United Kingdom (Resnick, 2010). In 2013, the company repurchased their joint venture partner's interest in Western European operations (Resnick, 2013). Sales growth in international markets offset a decline in the home market in 2013 (Resnick, 2013), yet contracted in 2014 and again in 2015 (Coach, 2014, 2015) before a very minor (0.7%) increase on this reduced base in 2016 (Resnick, 2016). Although the company reported being pleased with results in China, and Europe (Swamynathan, 2016) it is reasonable to question whether it succeeded in fully realising the potential given overall performance across the period relative to both comparison organisation Burberry, and the growth of China's luxury market during that time (Yaok Institute, 2021), particularly given the bulk of that growth came from entry-level luxury buyers (Pan, 2022), purchasing at Tapestry's price point.

The organisation believed menswear (Men's) represented a significant growth opportunity, and opened standalone stores to cater to the growing market, beginning in 2010 (Resnick, 2010). In 2010, Men's globally represented 3-4% of overall sales for the company, which was forecast to grow to 10% in the coming years (Resnick, 2010). The category had previously contributed 20-25% of the company's overall revenue toward the end of the 20th century (Resnick, 2011). In 2013 the company reported that the Men's category contributed $600 million in sales, or 11% of overall revenue (Coach, 2013). The contribution of the category peaked at 18 percent in 2017 before declining again (Tapestry, 2018).

The company's ambition to leverage digital channels as a key pillar of their transformation was at odds with the use of outdated language such as "internet sales sites" to describe the ability to sell through their own websites (Tapestry, 2018). Critically, the company never disaggregated sales from digital channels for reporting purposes. When compared to the efforts of Burberry – and indeed other luxury apparel and accessory brands - initiatives in this field were modest and tended towards replicating those already displayed by others. For example, product collaborations with celebrities which were promoted on social media channels (Resnick, 2015; Sherman, 2017). Internally, the organisation embarked on an operationally essential project of moving towards digital design and sampling (Tapestry - Senior Director, 2022; Tapestry - Vice President, 2022), aimed at reducing the cost, production timeline, and environmental impact of the design process. Despite meeting all technical requirements, designers were reluctant to fully adopt the new technology and leadership was unwilling to mandate it (Tapestry - Senior Director, 2022). Instead, the organisation deployed both the old and new process simultaneously (Tapestry - Vice President, 2022), necessitating additional resources and failing to capitalise on any of the intended benefits (Tapestry - Senior Director, 2022).

In 2009 Coach announced the launch of a new standalone luxury brand, Reed Krakoff (Resnick, 2010), named after the company's Creative Director. The company reportedly spent more than $120 million launching the brand, yet it failed to gain traction with critics and consumers (Ortved, 2016). Within four years the eponymous designer parted ways with Coach, production was suspended, and existing product was sold off at significantly reduced prices. The brand was sold to private investors in 2013 for $50 million (Paton, 2013). Coach later sought to fulfil its ambitions to create a house of brands through the acquisition of Stuart Weitzman (Coach, 2015) and Kate Spade (Coach, 2017). These acquisitions received mixed reviews from financial and consumer markets (Bloomberg, 2017). Internally, the organisation failed to adequately integrate the brands, with efforts being mostly cost-oriented rather than operational, experiential, or strategic (Tapestry - Director, 2022; Tapestry - Former Senior Vice President, 2022). Further, there was limited effort directed towards leveraging the new knowledge, skills and opportunities the acquisitions presented, with several reports of one brand successfully implementing a solution to a challenge which a sibling brand continued to tackle (Tapestry - Senior Director, 2022).

The company experimented with closing outlet stores to see if their consumer could be persuaded to shift to full price channels – either online or physical (Resnick, 2014). This hypothesis was proven invalid – customers who shopped in a discount channel were not persuaded to swap to a more premium channel simply by closing the lower priced alternative (Resnick, 2015). As part of an effort to move away from the relentless discount cycle in which it found itself, Tapestry wanted to move away from being a leather goods retailer and become more a fashion house, seeking to make an emotional connection with customers which it expected would in turn drive loyalty and a willingness to pay full price (Tapestry - Director, 2022). If this transition was successful during the observation period, it was slow. In practice, the organisation incentivised teams to prioritise short term results. For example, marketing activities were performance focused rather than brand focused, emphasising initiatives which could be attributed to sales rather than brand perception (Tapestry - Director, 2022).

4.3 Domino's Pizza and Yum! Brands

Domino's Pizza (Domino's) is an international quick service restaurant group which began as a single pizza store in a small town in the United States in 1960, evolving to begin the master franchise chapter of its business in 1967 (Domino's 2021).

Domino's took almost 30 years to launch its first new product, but just another three years to develop and market its first non-pizza product. This marked the beginning of a trend for the organisation, which developed a taste for innovation. For example, in the subsequent years, the company launched its online presence in 1996, continually introduced flavoured crusts and unusual toppings, unconventional product such as pizza balls, conceived and implemented stay-hot technology to keep product at high temperatures in transit to customers, and real-time delivery tracking technology (Domino's Pizza, 2021). At one time it was the third largest eCommerce business in the United States by volume of orders, after Amazon and Apple (Doyle, 2013).

Despite a period characterised by a growing customer interest in healthy living and awareness of dietary factors contributing to health and longevity (McKinsey, 2021), across the observation period, Domino's grew shareholder value by 3,804%, notably higher than Yum! Brands (Yum), at 388% (Macrotrends, 2021a). Across the same period, Domino's reported profit and revenue increases every year (Seeking Alpha, 2021a).

Yum is a quick service restaurant group which primarily operates three brands - Pizza Hut, Taco Bell, and Kentucky Fried Chicken (KFC), on an international scale (Yum!, 2022a). The company began in the 1930s with what would later become KFC when founder Harland Sanders began cooking at his service station and motel. In 1958 the first Pizza Hut store opened, and in 1962 the earliest iteration of a Taco Bell store began trading (Yum!, 2022b). Pepsico acquired Pizza Hut in 1977, Taco Bell in 1978, and KFC in 1986. In 1997, the three brands were grouped together and spun off as Tricon Global Restaurants, which later became Yum! Brands, Inc (*Yum! Brands*, 2022).

During the observation period, Yum had seven consecutive years of revenue contraction, and four years of profit contraction, two of which were consecutive (Seeking Alpha, 2022k). These took more than two years to recover. Although many analysts consider Yum and Domino's comparable organisations, it is worth acknowledging that Yum operates multiple brands whereas Domino's has just one. Accordingly, an additional comparison between the two organisations is helpful to understand the performance of Pizza Hut specifically within the Yum portfolio. Across the decade, Yum as a whole achieved a considerably higher average margin than the comparison organisation of Domino's (17.5% versus 8.4%), however this was largely buoyed by the Taco Bell and KFC divisions – Pizza Hut operated at declining margin, ending the decade at just 4.2% (Yum! Brands, 2016, 2017, 2019).

Domino's is considered to have been ambidextrous during the observation period. Yum was not.

4.3.1 Exploitative Activities

At its core, Domino's Pizza is a maker and marketer of pizza in the United States. During the observation period the company embarked on many initiatives intended to exploit existing opportunities in their home market and category.

Domino's grew its store network aggressively – both domestically and in foreign markets. The company began 2010 with approximately 9,000 stores (Domino's Pizza, 2010), in 2012 opened its 10,000th store (Domino's Pizza, 2012), and ended 2019 with more than 17,000 stores globally (Domino's Pizza, 2019). The stores achieved positive same-store sales growth in both domestic and foreign markets every single year in the observed period (Domino's Pizza, 2013; 2016, 2019).

Domino's made considerable efforts in supply chain optimisation, using technology to facilitate the processing of near infinite order combinations, and minimise the human resource bottleneck apparent in any traditional pizza store environment, enabling order-taking at scale (Doyle, 2013). With the shift to digitally-enabled orders, the company was able to reallocate people within stores to more impactful tasks (Domino's - Head of Digital, 2022; Liddle, 2013). Similarly, a bespoke point of sale system was also designed and developed in-house – first launched in 2001, then continually upgraded to capitalise on identified opportunities, for example to handle driver routing for the most efficient delivery (Domino's Pizza, 2010).

Advertising formed a critical part of the Domino's business as it provided significant support for the master franchise business model, driving demand for product, and keeping the brand top of mind amongst consumers (Domino's - Vice President, 2022). The organisation continually trialled different advertising initiatives and optimised the mix of spend between national and local activity (Domino's - Vice President, 2022; Liddle, 2013). The organisation's approach to innovation also extended to advertising, for example the company prominently displayed live customer reviews of products on a digital billboard in Times Square (Domino's - Vice President, 2022; Liddle, 2013) and launched a co-creation campaign, allowing customers to design their own pizzas and share in the profits from sales (Bender, 2015; Domino's - Head of Digital, 2022). Domino's also took cues from leaders such as Amazon and Google and implemented A/B testing to continuously refine all aspects of the experience across digital and physical channels (Doyle, 2013).

In 2010 Yum identified operational shortcomings, admitting that it had allowed underperforming stores to continue operating for too long and had overspent on marketing to compensate (Yum! Brands, 2010). To rectify reliance on marketing, Yum planned to leverage its scale to facilitate product bundling and other value propositions to appeal to price-conscious consumers (Jerzyk, 2012). Yet 2013 saw the beginning of a period of contraction, of both revenue and profit, as well as a decline in earnings per share, and the company announced plans to restructure globally for operational and reporting purposes into brand divisions, except for China and India which remained geographical (Schmitt, 2014). The downturn was largely attributed to supply chain quality issues in China, exacerbated by avian flu (Jargon & Burkitt, 2014), yet the contraction was seen in other markets too, as wide-ranging as the United Kingdom, Japan, Thailand, and Africa, which was blamed on poor value offerings and a lack of menu innovation (Schmitt, 2014). In 2014 the company acknowledged it was still struggling with value pricing compared to competitors and was falling short on operational technology relative to peers, such as Domino's (Schmitt, 2014). In 2016, the company embarked on a strategic transformation initiative to accelerate growth and reduce volatility in results (Yum! Brands, 2016). For the remainder of the decade the company had sporadic pockets of success, but overall results were mixed.

Whilst Yum began the decade taking a somewhat different approach to comparison company Domino's with a different prioritisation of technology, a different weighting of corporate versus franchisee ownership, and a different view of its role in customer's lives, by the second half of the decade, Yum's Pizza Hut had come to mimic Domino's in many ways, making technology a significant priority (Yum - President and General Manager, 2022), shifting corporate ownership to be less than 2% of all stores (Yum! Brands, 2019), and updating Pizza Hut's mantra to be "making it easier to get a better pizza" (Yum! Brands, 2016, p. 4). The similarities do not seem to have extended to sharing similar results.

4.3.2 Explorative Activities

In 2007, Domino's began taking delivery orders by smartphone and online (Domino's Pizza, 2021). This channel was continuously updated and optimised and by 2013, globally represented a third of all sales and as much as half of sales in some markets (Domino's - Head of Digital, 2022; Doyle, 2013). Before aggregator delivery providers such as Uber Eats and Deliveroo, and social media channels such as Instagram and TikTok entered the market, Domino's identified the trend of using smartphones to seek inspiration and make decisions about what to eat (Doyle, 2013), seeking to leverage this observation to capture new customers (Domino's - Executive Vice President, 2022).

Although operated under a master franchise model, Domino's retained approximately 10 percent of stores in their home market as company-owned. The primary purpose of these stores was for exploratory activity (Domino's - Executive Vice President, 2022) - as a proving ground for product, operational experiments, prototyping store formats, and technology testing (Domino's Pizza, 2010). The company continually introduced new product – both pizza and non-pizza (for example, dessert items, bread items, chicken), and provided geographically-nuanced variations to its menu to cater to local market demands (Domino's - Executive Vice President, 2022; Domino's Pizza, 2011). Success in an individual market was then trialled in the United States market using the company-owned stores, and made available to the full store network once demand had been validated (Domino's - Executive Vice President, 2022; Doyle, 2013). Experiments with new menu items and combinations proved worthwhile, allowing the company to not only retain existing customers, but appeal to new segments entirely (Liddle, 2013).

Domino's began its first foray into international markets in the 1980s, yet in 2013 the CEO noted that 95% of the world's population was outside their home market, yet approximately half their revenue came from within the United States, suggesting a considerable growth opportunity (Doyle, 2013). This was pursued extensively (Domino's - Executive Vice President, 2022), and the company ended the decade with two thirds of its store count located outside the United States (Domino's Pizza, 2019). At that time, Domino's' single largest franchise owner was in a foreign market.

In 2010 Domino's shared its belief that in the future most orders would be taken via digital channels, and took the strategic action to bring all eCommerce technology in-house (Domino's Pizza, 2010). In 2013, executives at the company talked about "the living room experience" (Doyle, 2013, p. 12) and were discussing the potential opportunity of voice assistants for ambient ordering. Within the next three years this system of thinking had come to life via the company's AnyWhere ordering technology, which enabled orders via the Apple Watch and Facebook Messenger, click-free mobile ordering, and voice-enabled ordering through Amazon's Alexa and Google's Home platform (Domino's Pizza, 2016). By many accounts, this was symptomatic of the insatiable hunger of the organisation to set the benchmark for the delivery experience, and a relentless pursuit to define the next element of that experience (Domino's - Head of Digital, 2022; Domino's - Vice President, 2022)

In response to a growing wave of consumer-consciousness regarding dietary factors, Yum experimented with health-conscious menu options, for example Taco Bell's fat-reduced Drive-Thru Diet (Yum Brands, 2010). Product innovation continued with grilled options and imaginative drink items gradually being introduced (Jerzyk, 2012). Despite the company's growing dependence on China, the company acknowledged that it had done too little to evolve KFC's menu in the market (Jargon & Burkitt, 2014). Menu expansion for Pizza Hut in China however was extremely aggressive – half the menu changed every year (Jargon & Burkitt, 2014) and almost two-thirds of dine-in sales were non-pizza items (Schmitt, 2014). Yum believed that menu novelty was an important component of the company's success (Yum - Managing Director, 2022), and perpetual innovation in this space was critical to continued performance (Yum! Brands, 2014). The company relaunched the Pizza Hut menu in the United States, supported by a major campaign, however reception was weaker than expected (Yum! Brands, 2014; Yum - President and General Manager, 2022).

Where Domino's Pizza had technology at its core, having launched mobile and online based ordering in 2007 (Domino's Pizza, 2021), Yum lagged behind. In 2014, the company was only at the stage of testing smartphone ordering in three markets with one brand (Schmitt, 2014). It was not until 2019 that the company indicated it planned to hire an executive to lead digital strategy and technology globally (Siegner, 2019). By the end of the decade, the vast majority of all Pizza Hut sales were still in-store (Yum - Managing Director, 2022), leaving the company to scramble to solve for digital solutions as COVID-19 precautionary measures rendered in-store dining no longer an option.

4.4 Garmin and TomTom

Garmin was formed in 1989 as ProNav, a company created in response to the multitude of potential applications identified by founders for emerging GPS technology (Thomas, 2012). Whilst initially focusing on the navigation application of the technology, the company quickly expanded that scope to include numerous other applications and rebranded as Garmin to reflect this shift. This scope grew further to encompass GPS solutions (beyond navigation) and hardware devices for the automotive, aviation, marine, outdoor and fitness markets, all of which as early as 2010 were considered "traditional markets" for the company (Garmin, 2010, p. 1). Garmin grew shareholder value by 356.83% across the observation period, reporting two non-consecutive years of net profit contraction (Macrotrends, 2022c).

Beginning life as Palmtop Software in 1991, TomTom originally developed software for mobile applications and personal digital assistant devices. In 2003 it rebranded as TomTom and solidified a pivot into digital navigation, primarily selling software solutions (TomTom, 2022). Whilst this was retrospectively described as a considered, strategic pivot, executives recounted the circumstances as more accidental than intentional (TomTom - Former Vice President, Maps, 2022; TomTom - Former Vice

President, Technology, 2022). In the years that followed, TomTom expanded its offering to include fleet management, real-time traffic reporting, map-making, and consumer electronic devices (TomTom, 2022). The company also unsuccessfully attempted to expand into the sports market, introducing wearables and cameras (TomTom, 2012, 2013, 2015, 2017). During the observation period, TomTom's performance fluctuated considerably, and ultimately delivered a 32.74% loss to shareholders across the decade (Yahoo Finance, 2022b). In this period, the organisation reported seven full years of net profit contraction, five of which were consecutive (Yahoo Finance, 2022b).

Garmin is considered to have been ambidextrous during the observation period. TomTom was not.

4.4.1 Exploitative Activities

In 2007, approximately three-quarters of Garmin's revenue came from the portable navigation device category (Knapp, 2016). In the same year, Apple introduced the iPhone, providing free portable access to Google's navigation service. In the subsequent three years, sales of Garmin's portable navigation devices declined by nearly a billion dollars (Knapp, 2016). As early as 2003 however the company had launched its first sport wearable, an investment which served the organisation well. As the size and cost of component parts reduced and the demand for navigation devices declined, the company was well positioned to capitalise on the fitness wearables market. In the first half of the observation period, the company not only optimised its solutions for the runners' market on which it initially focused, but also introduced specialised devices for cyclists, runners, triathletes, swimmers, golfers and hikers (Garmin, 2010). In 2010, the outdoor and fitness segment became the largest contributor to Garmin's operating income (Garmin, 2010). Tellingly, as the overall size of the portable navigation device market declined, Garmin's market share grew (Garmin, 2012), suggesting that the decline was primarily being felt by Garmin's competitors (such as TomTom).

Garmin's business model was unusual for the technology industry. Since inception the company was vertically integrated, which it believed created a significant competitive advantage (Garmin, 2011; Garmin - Vice President, 2022). Using this model, the company argued it was able to more swiftly respond to shifting market demands, but also to reliably produce high-quality products at a premium price point (Knapp, 2016) thanks to a reduced reliance on third parties. Importantly in the context of exploitation, this model allowed Garmin to continuously research and develop sustaining innovations, iterating existing products for established markets (Garmin - Director, 2022). In actual dollars, Garmin's investment in research and development increased every year across the observation period (Garmin, 2014, 2019). This investment in conjunction with the vertical integration model enabled the development of many sustaining innovations which allowed the organisation to successfully reduce its reliance on the portable navigation device category and instead spread the balance across a number of categories (Garmin, 2019).

The adaptability of the organisation to shifting market demands was extremely different at TomTom. In an almost textbook case of disruption theory in action, as the consumer electronics market became increasingly developed – specifically with regards to the mainstream adoption of smartphones – TomTom's competitive set grew dramatically (TomTom, 2012). In 2012, the company forecast that demand for personal navigation devices would decline at 15-20% year on year (TomTom, 2012) – a trend which was observed at least two years earlier by Garmin (Garmin, 2010). TomTom did not completely ignore the growing use of smartphones, eventually developing native navigation and speed camera applications for such devices, however development in this area was inhibited by the belief that it would cannibalise the lucrative portable navigation device market (TomTom - Former Vice President, Maps, 2022). In 2018 TomTom still believed that it could compete alongside smartphone devices, stating that it was simply a matter of coming up with products that people preferred to use over their smartphone (Priuli, 2018). Importantly, the company applied conventional wisdom about value extraction in the consumer navigation market which it had gleaned from portable navigation devices to the smartphone environment (TomTom - Former Vice President, Technology, 2022). This meant that the company shunned emerging business models in the category and priced its smartphone apps much higher than other comparable solutions.

The challenges of new business models entering the market extended beyond the consumer component of the industry. In 2018, TomTom's key clients Volvo and Renault defected to relative newcomer Google, which was described by TomTom's CEO as "a wake-up call" (Priuli, 2018, p. 1). Yet TomTom remained sceptical as to whether Google and similar competitors represented a serious threat, indicating at the time that it was not difficult to deliver an in-dash solution, welcoming greater competition in the market as a catalyst for better customer outcomes (Priuli, 2018). Internally however, executives recalled that TomTom's leadership did not believe non-specialist providers would be able to provide a viable alternative in the long-run for its most valuable customers, and moreover that when clients such as Volvo and their customers experienced the reality of such alternatives, they would return to TomTom (TomTom - Former Vice President, IT, 2022; TomTom - Former Vice President, Technology, 2022). In practice, this meant that the organisation prioritised development of its navigation product and adjacent services with an increasingly niche customer in mind (TomTom - Former Vice President, Maps, 2022).

At the beginning of the observation period, more than three quarters of TomTom's revenue came from direct-to-consumer channels (TomTom, 2010), primarily via portable navigation devices. This meant that the company had significant exposure to drifting consumer tastes and behaviours with regards to navigation solutions, a risk which eventuated in 2011 in the wake of Apple's iPhone launch when the portable navigation device market contracted substantially in key markets such as Western Europe and North America (TomTom, 2011). The company attempted to rebalance their revenue split to account for declining demand for portable navigation devices with mixed results. In 2014, the bulk of revenue still came from portable navigation devices (TomTom, 2014). In 2017, 60% of the company's revenue came from non-consumer channels (TomTom, 2017), yet total revenue was some 40% lower than it had been in 2010 (Yahoo Finance, 2022b). Whilst TomTom was able to develop alternate revenue streams, during the observation period it was unable to regain the net results it had enjoyed in the days of high demand for portable navigation devices.

4.4.2 Explorative Activities

In 2014, Garmin effectively launched its own app store, debuting an open platform for third parties to design and develop applications for the company's suite of smart watches (Garmin, 2014). Notable third parties such as Spotify, Sonos, Strava, and Starbucks developed applications for this platform and by the end of 2017, it had generated more than 45 million downloads, approximately half of which occurred in 2017 alone (Seck, 2018). Although financially very worthwhile, both internally and externally the third-party endorsement of Garmin's open platform legitimised the company's efforts in the category as it worked towards creating an integrated ecosystem for customers (Garmin - Vice President, 2022).

Garmin's market position had traditionally targeted the dedicated enthusiast niche in each of its categories (Garmin - Vice President, 2022), and in 2014 the company leveraged this experience to release products for a more mainstream market (Garmin, 2014) and by the end of 2019, these devices were in their fifth generation (Garmin, 2019). In 2017 the company acknowledged that the basic activity tracker market – a key component of the fitness segment - had rapidly matured, creating a revenue gap and making the market more difficult to extract value from (Seck, 2018). However, Garmin's fitness category consistently delivered double-digit growth for the remainder of the decade (Garmin, 2019). Internally, this exploration became an ongoing aspect of the organisation (Garmin - Vice President, 2022), with Garmin ending the observation period entering a considerably new category and launching a marine motor which won industry awards in its first year in market (Garmin, 2019).

In 2011, TomTom made its first foray into sports with a GPS sports watch for runners co-developed with Nike. Perhaps tellingly, this initiative was at odds with the organisation's mission and product strategy, to "provide all drivers with the world's best navigation experience" (TomTom, 2010, p. 8). Further, the organisation believed that having control of the entire supply chain, encompassing software development, content creation, and hardware design, was the source of their competitive advantage (TomTom, 2010) – yet this was not the philosophy with which it embarked on sports devices. Unsurprisingly, the company did not continue to use this mission statement or associated strategies, instead replacing it with broad operational statements regarding revenue diversification. By 2014, TomTom had expanded its focus from digital navigation to the broader generalised field of empowering movement (TomTom, 2014). In keeping with this approach, in 2013 TomTom launched a line of sports watches under its own brand name (TomTom, 2013). This was subsequently expanded to include heart rate monitoring and products specifically for cycling, swimming, and golfing (TomTom, 2014), as well as an action camera (TomTom, 2015). The company reported that the sports category was a growing market for them, and in 2016 shared the ambition of being the number one sports wearable brand in Europe (Overdevest, 2017). It became apparent however that the company was unprepared to deal with stiff competition in such diverse categories (TomTom - Former Vice President, Maps, 2022). TomTom had grown accustomed to being the market leader in its category, and was ill-equipped to handle the battle which needed to be fought against specialised competitors such as FitBit and GoPro on both product and advertising fronts (TomTom - Former Vice President, Sports, 2022). Enthusiasm for the category waned when it became clear that it would not be easily won (TomTom - Former Vice President, Sports, 2022) and less than a year later the company announced the closure of the consumer sports wearables division (TomTom, 2017), citing highly competitive and demanding market conditions.

TomTom believed that developing countries where car sales were increasing rapidly represented a considerable opportunity, and expanded into Argentina, Brazil, Mexico, China, India, and Chile (TomTom, 2010). Perhaps critically, expansion into foreign markets mostly replicated the model used in established markets, an approach arguably at odds with observed behavioural changes (for example with regards to smartphone adoption). Internally however, there was a deep belief in the means through which the organisation had achieved such significant success in the first decade of the century, and a reluctance to move away from what was seen as a proven model (TomTom - Former Vice President, Maps, 2022; TomTom - Former Vice President, Technology, 2022).

4.5 Southwest Airlines and JetBlue Airways

Southwest Airlines (Southwest) was incorporated in 1967 as a low-cost airline, serving the Dallas, Houston, and San Antonio markets in Texas (Southwest, 2022a). In the subsequent years the company successfully expanded its network to cover the entire country. Southwest began the observation period having delivered a profit (albeit fluctuating) for 38 consecutive years (Southwest, 2010) and despite some challenging circumstances (such as steep increases in fuel prices), maintained this record throughout the decade (Southwest, 2013, 2015, 2017, 2019). Across the observation period, Southwest grew shareholder value by 423.71% (Macrotrends, 2022h), and reported three years of net profit contraction, two of which were consecutive, and reported no full year losses (Macrotrends, 2022h).

JetBlue Airways (JetBlue) was incorporated in Delaware in 1998 (JetBlue, 2022) and commenced service in 2000. Initially operating solely as a value-based domestic airline, the company expanded its scope rapidly to incorporate interests across the travel category, launching JetBlue Travel Products in 2018 which provided non-air travel products such as car rental and cruises (JetBlue, 2022). The organisation also made a concentrated effort in exploratory initiatives through a specialised venture capital arm formed in 2015 which invests in and partners with relevant early-stage start-ups (JetBlue, 2022). This expansion in scope was described by executives as being less about long-term strategy and more a matter of response to identified opportunities and a reluctance to forgo any which it believed would contribute to the overall experience for customers or would create a press opportunity (JetBlue - Director, International, 2022). Tellingly, executives described JetBlue as being good at narrating a story around its actions to create a compelling narrative, rather than identifying a specific strategy and course of action in advance (JetBlue - Director, International, 2022).

In the observed decade, JetBlue's growth in shareholder value was 239.75% (Macrotrends, 2022d). The organisation reported two years of net profit contraction which were not consecutive, yet critically it did not recover from the second contraction within two years (Alpha, 2022d).

Southwest is considered to have been ambidextrous during the observation period. JetBlue was not.

4.5.1 Exploitative Activities

During the observation period, Southwest optimised value extraction of the US market through three key avenues; route expansion via a key acquisition (AirTran) and traditional development systems, operational refinement through route optimisation and initiatives such as aircraft reconfiguration and refurbishment, and loyalty program restructuring. In 2011, the company attributed $4 billion in incremental revenue to a variety of such initiatives (Southwest, 2011). Internally, the organisation fostered a culture of optimisation which procedurally fed operational improvements back into the system, and rewarded the identification of sustaining innovations (Southwest - Retired Vice President, 2022).

In 2011, Southwest acquired AirTran (Southwest, 2022b), an acquisition which can be reasonably considered both exploitative and explorative. The acquisition significantly increased the organisation's footprint in terms of workforce, routes (including international destinations), and fleet size. Yet this initiative brought with it the challenges associated with any acquisition, such as blending cultures (including two of the largest unionised workforces in the country), product integration and the like (Southwest - Retired Vice President, 2022), and required Southwest to engage in route optimisation initiatives with AirTran, closing a number of unsustainable routes (Southwest, 2011). In 2013 the company reported that it had achieved its goal of $400 million in annual net pretax synergies between AirTran and Southwest through optimisation and integration initiatives (Southwest, 2013).

Southwest created feedback loops within the organisation to perpetually evolve its processes based on experience. When an employee needed to make a decision for which there was no procedure or documentation in place, the decision was later analysed and then where appropriate, processes and policies were updated to reflect this new information (Southwest - Former Vice President, 2022; Southwest - Senior Vice President, 2022). This not only created an environment of continuous improvement, it meant that everyone throughout the organisation was in a position to be able to change the way the company operated moving forward, creating further employee engagement (Southwest - Retired Vice President, 2022).

To optimise value extraction from its established markets and business model, JetBlue placed heavy emphasis on the importance of sustaining innovation to continuously refresh the JetBlue customer experience and product, and investment in infrastructure to create the foundation for stable long term growth (JetBlue, 2010). The company also experimented with variable pricing and dynamic revenue management, as well as working with suppliers to defer the delivery of aircraft to match network demand in order to maximise exploitation (JetBlue, 2010).

The sheer breadth of JetBlue's interests stretched the organisation's resources (JetBlue - Divisional Controller, 2022) and made it challenging for the organisation to develop deep exploitative capabilities in any single area (JetBlue - Director, Transformation Programs, 2022). For example, where Southwest chose to partner with third party specialists to provide value-added services such as satellite television and in-flight data connectivity, JetBlue developed a wholly-owned subsidiary (LiveTV) to provide such services (JetBlue, 2010). Despite servicing third-party customers in addition to JetBlue, the division was never able to make a material contribution to JetBlue's financial performance, but was instead considered to be a key engine of innovation activity (Barger, 2013). In 2014 the organisation divested LiveTV, selling it to a partner organisation (Thales, 2014).

4.5.2 Explorative Activities

Southwest was often late to implement new technologies relative to the rest of the industry, an intentional approach which served them well. The organisation was able to observe challenges endured by other players in implementation, both in terms of internal change management and customer experience and overcome these in its own implementation to shortcut the path to positive return on investment. For example, when retiring the use of cash for in-flight transactions and switching to card-only, Southwest was able to avoid issues such as employee reluctance and even sabotage observed by other carriers (Southwest - Retired Vice President, 2022).

Throughout the observation period, Southwest engaged in several innovative activities which sat between exploitation and exploration. In 2009, Southwest began piloting the provision of WiFi in flight and in 2010 expanded the service to incorporate the majority of its fleet (Southwest, 2022b). In 2012 this experimentation with inflight entertainment options was expanded to include inflight television (Southwest, 2022b). Historically offering a very limited number of flat-rate ticket options, Southwest also trialled different ticket types and packages, such as Business Select and Earlybird, which made material contributions to revenue – in 2010 $100 million in incremental revenue was attributed to these two ticketing initiatives alone (Southwest, 2010).

Southwest launched its own-brand international service in 2014 and completed the legal integration of AirTran that same year. 2015 marked the first year the company operated international flights solely under the Southwest banner. Delivering this service required not only upgrades to terminals, but also online booking systems, as well as numerous back-of-house capabilities which needed to be learned by the previously domestic-only airline. In 2015, foreign destinations accounted for approximately $287 million in operating revenue (Southwest, 2015), which more than doubled in the subsequent two years (Southwest, 2017).

In 2013, analysts commended JetBlue for its recent prioritisation of financial outcomes, but questioned whether it had the capacity to be able to simultaneously deliver financial results and continue its prior momentum with regards to exploration (Barger, 2013). In late 2015, JetBlue created a new venture capital division which operated as a wholly-owned subsidiary (JetBlue, 2016), and had the broad remit to invest in early-stage startups which operated at the intersection of travel, hospitality, and technology (JetBlue, 2019). Executives revealed however that this division was not a matter of delivering on an identified strategy for the organisation, but rather an organic initiative embarked upon to satisfy the demands and desires of particular personnel (JetBlue - Divisional Controller, 2022). In a different example of rapidly expanding interests, in 2018 JetBlue formed another wholly-owned subsidiary, JetBlue Travel Products, with the aim of growing its scope of interests across the entire “travel ribbon” (JetBlue, 2019, p. 11), a move which the organisation indicated was intended to be the source of its next stage of growth (Fintzen, 2020).

Fundamentally, JetBlue seemingly struggled to focus its explorative interests. Internally, it failed to develop a consistent framework through which it elected to pursue particular initiatives or criteria with which it decided to prioritise or fund them (JetBlue - Divisional Controller, 2022). Instead, the organisation tended to operate via an informal system of lobbying, which saw certain initiatives prioritised and funded over others not for particularly strategic reasons but often owing to the ability of particular individuals to navigate the JetBlue ecosystem (JetBlue - Divisional Controller, 2022). Similarly, many initiatives were embarked upon not because they were particularly in keeping with an identified strategy or met certain criteria, but more because the organisation feared missing out or saw an opportunity to contribute to the customer’s overall experience (JetBlue - Director, International, 2022).

4.6 Starbucks and McDonald’s

The origins of Starbucks Corporation (Starbucks) began in 1971 as a coffee shop in Seattle, however it wasn’t until the organisation was acquired by Il Giornale, an organisation founded by former Starbucks employee Howard Shultz, in 1987 that the modern incarnation of Starbucks began (Starbucks, 2020). In subsequent years, Starbucks became a multi-billion-dollar international coffee roaster and retailer. Schultz stepped down as CEO in 2000 but reprised the role in 2008 to resurrect the organisation and deliver a significant transformation after it showed signs of an enduring downturn in performance (Starbucks - Former Vice President, 2022). The company began the observation period having made considerable headway on this initiative, delivering record revenue and the highest full-year consolidated operating margin in its history (Starbucks, 2010). Across the observation period, Starbucks increased shareholder value by 804.71% (Macrotrends, 2022i), grew revenue every year, and reported two non-consecutive years of profit contraction (Seeking Alpha, 2022h).

Like Starbucks, McDonald’s Corporation (McDonald’s) opened its first store in 1940 (McDonald’s, 2022), but its modern trajectory arguably didn’t commence until it was bought by former employee Ray Kroc in 1961. The organisation was successful on many measures since its inception, however found the need to implement a return to growth plan in 2003 (Lederhausen, 2009) with mixed success. By the middle of the observation period it was again the subject of considerable criticism from business media and its underwhelming performance lead to the exit of its CEO (New, 2015). Across the observation period, McDonald’s grew shareholder value 330.72% (Macrotrends, 2022f), delivering three years of profit contraction (two of which were consecutive), and five years of revenue contraction (all of which were consecutive, but in two groups – one three year consecutive grouping and one two year consecutive grouping) (Alpha, 2022f).

Starbucks is considered to have been ambidextrous during the observation period. McDonald’s was not.

4.6.1 Exploitative Initiatives

To ensure optimal operation at Starbucks size and scale, particularly as new milestones continued to be achieved, the company implemented Lean methodology throughout the organisation (Starbucks - Vice President, 2022), crediting the use of this methodology in stores with the record results delivered particularly in the first half of the observation period (Starbucks - Former Vice

President, 2022; Starbucks - Vice President, 2022). Specifically, Lean methodology was cited as the reason for increased efficiencies in terms of throughput of stores, reduced wastage, and improved product quality which led to milestone achievements against financial, team, and customer measures. For example, as part of this approach, the organisation embarked on an initiative to determine the most optimal sequence of steps to make every single beverage in the store, by timing each task down to the second and then painstakingly experimenting with different combinations, creating parallel paths with tasks and determining the ultimate configuration for maximum efficiency (Starbucks - Former Vice President, 2022). Similarly, the company invested extensively in what was termed Partner Digital – a collection of digital tools which gave store staff the ability to be better informed and better operate the stores, assisted by technology (Maw, 2015; Starbucks - Vice President, 2022). Likewise, Starbucks used technology to enable customers to interact with the organisation more efficiently, resulting in an improved customer experience but also critically again improving throughput of stores (Maw, 2015; Starbucks, 2013; Starbucks - Senior Vice President, 2022). To illustrate, in 2015 more than 20% of all transactions in the United States were conducted using its smartphone app (Maw, 2015).

This theme of developing exploitative initiatives with beneficial outcomes for multiple stakeholders could be seen in many aspects of the organisation. For example, Starbucks offered both a loyalty program and a payment card option, which it united into one offering. Uptake was significant – in 2015, one in seven Americans had a Starbucks card (Maw, 2015). Customers loaded funds onto these cards to be spent in Starbucks stores in exchange for discounts and other benefits, and in turn the organisation invested the float until it was redeemed by customers. In 2013 alone, one-third of Starbucks' revenue was paid through such cards (Busch & Moreno, 2014) and in the same year the company made $146 million in interest investing this money, or 8% of total profit (Yoon, 2015). Further, customers with the card spent "several times" more with the company than those without (Maw, 2015, p. 1). Another example of an exploitative initiative with multiple beneficiaries was the practice of writing customers names on coffee cups (Starbucks - Former Vice President, 2022). In the United Kingdom, Starbucks was facing considerable competition from coffee company Costa. Three factors united to provide a way to address this challenge. In the United States, some stores had been experimenting with writing customers' names on their cup for reasons relating to operational efficiencies. Store staff throughout the organisation had noted that customers liked being addressed by name, and finally it was observed that Costa used a corrugated wall cup which meant they weren't able to write on them. The tactic to ask each customer's name and write it on the cup was thus implemented across the organisation, giving Starbucks an edge over Costa. Not only did the solution improve accuracy and throughput of the stores, customer response was so significant it became an iconic part of the experience (Starbucks - Former Vice President, 2022).

Starbucks sought to broaden its appeal with consumers and exploit its existing infrastructure by continually optimising its product mix in store, introducing seasonal flavours, non-coffee options (such as tea), and different coffee roasts, which were by many accounts a successful undertaking, often selling out at full price (DeGrande, 2010; Maw, 2015, 2017). Many of these optimisations came via recommendations from store staff, which were facilitated via initially a staff-only website, and more recently a smartphone app exclusively for staff, allowing them to provide suggestions about anything they thought of, as well as responding to call-outs, such as ideas for seasonal flavours (Starbucks - Senior Vice President, 2022; Starbucks - Vice President, 2022).

On multiple occasions, Starbucks bought small (relative to Starbucks) businesses in order to supercharge both exploitative and exploratory activity in particular fields (Starbucks - Former Vice President, 2022; Starbucks - Senior Vice President, 2022). These businesses were acquired, their processes and knowledge absorbed and then fully incorporated into the organisation (Starbucks - Former Vice President, 2022). For example, the organisation acquired a bakery chain, and just three years later closed all its stores (Starbucks - Senior Vice President, 2022). From the outside this may have appeared to be a failed acquisition, yet from this bakery, Starbucks learned the technique of partially baking, freezing, and then completing the baking process of bread in stores, to create a highly efficient supply model that allowed customers to experience a fresh-baked experience, without having to have bakers located in every store – knowledge which was credited as being revolutionary to Starbucks' food offering (Starbucks - Senior Vice President, 2022).

In the pursuit of exploitative opportunities, it is easy for organisations to commoditise their brand and offering, particularly when observing other competitors in the market, or responding to customer needs. Starbucks briefly fell somewhat victim to this, introducing breakfast sandwiches into the store environment, which owing to their construction and preparation process, eroded the in-store experience (Schultz, 2018) and invited the comparison between Starbucks and McDonald's (Starbucks - Former Vice President, 2022). Accordingly, the organisation embarked on an extensive process to revisit the role of breakfast sandwiches, challenging the inclusion of them at all and ultimately reimagining the breakfast sandwich in a uniquely Starbucks way (Starbucks - Former Vice President, 2022). This perpetual return to the core attributes of the Starbucks brand and business around which the organisation is continually optimised represents an enduring aspect of the organisation. As one executive described it: "[we] centre ourselves on what really matters. Who are we? What are we about? And having really strong values is really helpful to get everybody rallied around like, OK, why are we here? What's important? And that it helps so much in terms of decision making and strategy." (Starbucks - Vice President, 2022, p. 12).

Where Starbucks was founded on bringing a sense of connectivity to communities and being customers' third place (Schultz, 2018; Starbucks - Vice President, 2022) (defined as "a unique and critically important local community gathering place" (DeGrande, 2010, p. 1)), McDonald's' success over the years has arguably stemmed from an almost militant approach to systematisation to deliver its trademark service. In 2010, CEO Jim Skinner said "as always, running better restaurants is our number one priority. We will improve operations excellence around the world through new technology, better training, and service enhancements that will make it easier for our managers and crew to quickly and accurately serve the customer." (McDonald's, 2010, p. 3).

In 2003 McDonald's unveiled a strategic eight-point "Plan to Win" (Lederhausen, 2009, p. 1) intended to return the organisation to growth, after some years of sub-optimal performance, a plan which continued to be in operation through the beginning of the observation period (McDonald's, 2010). It was a multifaceted plan which arguably lacked differentiation although gained traction by some measures, such as setting a new stock price record (Lederhausen, 2009). Unfortunately, these results were not sustained.

The organisation acknowledged that historically it had defined success as growth rather than quality, leading it to chase metrics such as comparable sales growth and foot traffic (Lederhausen, 2009). Yet the same definition was perpetuated through the first half of the observation period, in which the organisation continued to cite such figures as evidence of its success, even as profit contracted (Thompson, 2013). Early in the decade, McDonald's outlined three global growth priorities around which the organisation would build its next chapter, which it argued sat within the existing Plan to Win: optimisation of the existing menu, modernisation of the customer experience, and greater accessibility of the McDonald's brand (Thompson, 2013). In 2014, these growth pillars had been adjusted and grown to four: serving customers their favourite food and drinks, offering memorable customer experiences, providing unmatched convenience, and continuing to build brand trust (Bensen & Easterbrook, 2014). Within these global growth pillars, the company also identified three areas of focus: menu, brand, and digital (Bensen & Easterbrook, 2014). The inconsistency, as well as the sheer complexity and interrelationship of these growth pillars and the larger Plan to Win may give some indication as to the challenges the organisation encountered gaining enduring traction and results.

The ongoing volatility of the organisation's performance led to the design and implementation of another turnaround plan in 2014 (McDonald's, 2014). The stock buyback plan which formed a key part of this turnaround plan was described by some observers as simple stock price manipulation (Lazonick et al., 2015), believing the organisation needed to do more if it were to deliver the outcomes the plan set out to achieve. The argument was that buybacks benefit share*sellers* rather than share-*holders*. Those with longer-term interests in the organisation are better off if the money used for buybacks is instead invested in the organisation's value-creation capabilities, ensuring it can perform over time and pay dividends in the future (Lazonick et al., 2015).

Where many organisations may struggle to foster collaboration, McDonald's may have suffered from too much. Owing to a perpetual drive toward standardisation across a multitude of locations, many initiatives had multiple stakeholders and contributors across a vast array of locations, which had the effect of blunting the effectiveness of the initiatives in any one location, failing to capitalise on sharp insights and observations which may have been exclusive to certain locations, types of customers, times of day, etc. (McDonald's - Divisional President, 2022). For example, the organisation embarked on an initiative to rethink and optimise the layout of restaurants for a technology-first era which had allowed the organisation to balance the burden of order-taking between front-of-house crew and touch-screens or smartphone apps (McDonald's - Chief Operating Officer, 2022). The volume of data about the order process, restaurant design, and menu combinations as well as stakeholders was plentiful to the point of cumbersome however, and whilst the project was ultimately completed, executives hypothesised that it failed to have the impact it would have if only there had been less of a necessity for the development of a one-size-fits-all type solution (McDonald's - Divisional President, 2022).

Although McDonald's was perhaps not consistent in its exploitative efforts, it did have some successes throughout the observation which contributed to the results it achieved. In the first half of the observation period, McDonald's methodically upgraded its point of sale system which improved the speed and accuracy of the order-taking process in store (McDonald's - Chief Operating Officer, 2022; Thompson, 2013). In the second half of the decade the organisation evolved its well-known $1 value menu to a $1, $2, $3 menu which resulted in higher average purchase sizes for customers who had a $1, $2, $3, menu item in their order (Ozan, 2019). Successes which were directly attributable to exploitative initiatives were however somewhat uncommon during the period.

4.6.2 Explorative Initiatives

In 2011, Starbucks founder and CEO Howard Schultz said "I have always believed that effective innovation is about responding to, predicting and creating customers' needs while staying true to our core values." (Starbucks, 2011, p. 4). It's an approach which appears to have been passed on, as the transition was made in 2017 to current CEO Kevin Johnson, who reflected that his responsibility was to "... know what to preserve from the past and to have the courage to boldly reinvest in the future. Because if we don't reinvent and reimagine the world will pass us by." (Ignatius, 2019, p. 1). This was reinforced in all aspects of the organisation, with store managers encouraged to be "the owner of their own destiny" (Starbucks - Former Vice President, 2022, p. 8) – compensated not just for their store's independent performance, but also for the contribution it made to the overall organisation. Despite the necessitation for extreme operational efficiencies given the scale of Starbucks' operations, the organisation was careful to provide people throughout with ways to identify opportunities for innovation and experiment with solutions (Schultz, 2018; Starbucks - Vice President, 2022), noting that the most significant innovations introduced by the organisation often came from frontline team members not specifically charged with innovation (Starbucks - Former Vice President, 2022; Starbucks - Senior Vice President, 2022).

Importantly, whilst Starbucks' explorative efforts during the observation period were plentiful, they were focused on the organisation's core offering, its role in customers' lives, and its values (Starbucks - Former Vice President, 2022; Starbucks - Senior Vice President, 2022). Its explorative initiatives can be grouped into three areas: new markets, new occasions, and new customers.

Starbucks expansion into foreign markets was aggressive and for the most part successful across many measures. The organisation used a variety of different models to enter new markets, including joint ventures, partnerships, direct ownership, and licencing, noting that there was not a single solution which worked in all cases (DeGrande, 2010; Starbucks - Senior Vice President, 2022). In addition to financial measures, the company received accolades from multiple third parties indicating their foreign foray was well received (DeGrande, 2010) and by the end of the decade international markets represented 25.5% of operating income, up from 12% in 2010 (Starbucks, 2010, 2019), and the performance of Starbucks' operations in China were so significant, they began to impact stock price (Starbucks - Vice President, 2022).

Starbucks recognised that in its home market, some 80% of coffee consumption occurred outside the store (Maw, 2015). Whilst Starbucks had historically positioned its stores as a cornerstone element of the brand, it explored the potential of expanding the scope of this with a foray into off-premise drinks in the consumer packaged goods (CPG) category. Importantly, the organisation had long resisted the opportunity this category offered believing that the methods of production available meant the product would fall short of the quality expected of the Starbucks brand. Specifically, founder Howard Schultz was adamant that instant coffee compromised everything the brand stood for (Starbucks - Former Vice President, 2022). Eventually, the company managed to develop the technology necessary to produce an instant product in keeping with the vision held for the brand, and in a surprise taste-testing session, got Schultz to agree the product was now worthy of the Starbucks name (Starbucks - Former Vice President, 2022; Starbucks - Senior Vice President, 2022). The success of its launch of the single-cup Starbucks VIA brand in select foreign markets lead to it being rolled out in the United States in the final quarter of 2009, making 2010 its first full year with the product available in its home market (Starbucks, 2010). The VIA brand went on to become a billion-dollar product line for the organisation (Starbucks - Former Vice President, 2022). The reception from customers gave Starbucks the proof of appetite to further expand its CPG range with the 2011 launch of K-Cup, indicating at the time that it believed one day the organisation's CPG interests may well rival that of its traditional retail business (Starbucks, 2011). In 2012, the CPG category was further developed with the launch of a household device that allowed customers to make Starbucks beverages at home (Starbucks, 2012). Throughout the remainder of the decade the company continued to expand this category with products sold in supermarkets and convenience stores, which it integrated into the overall Starbucks experience through visual cues (shelf design, etc.) and recognising purchases in these spaces in the Starbucks loyalty program (Maw, 2015). In this way, such efforts were less solely about extracting the most value from the Starbucks brand and potentially diluting the calibre of experience, but building out customer touchpoints of the larger brand experience.

In 2011 Starbucks made a move to expand into the multi-billion-dollar health and wellness sector, through the acquisition of super-premium juice company Evolution Fresh (Starbucks, 2011). In 2013 the company revealed aggressive expansion plans for Evolution Fresh (Starbucks, 2013) and over the course of the decade made a more integrated play into the wellness space through more Starbucks-native products, such as cold-brew and nitro coffee (Grismer, 2019). In 2012, the company acquired aforementioned bakery company La Boulange to supercharge an expanded remit into food. The company applied its innovation philosophy to the new acquisition, introducing health-conscious options and integrating it into its retail network. By 2017 food represented 20% of all sales (Maw, 2017). Importantly, fearing comparison with organisations like McDonald's and wanting to ensure that Starbucks remained first and foremost a coffee company (Grismer, 2019; Starbucks - Former Vice President, 2022), the organisation kept the contribution of food at this level, keeping it as an add-on purchase to the beverages around which Starbucks had built its competitive advantage.

Operational criteria was also a grounding force for exploratory initiatives at Starbucks, acting as the lens to assess whether any individual initiative would ultimately be able to be delivered in a way which would make it desirable in practice to customers and feasible for the organisation to deliver (Starbucks - Former Vice President, 2022). For example, in 2010 the organisation calculated that the speed of the drive-through experience was the primary contributor of customer satisfaction, and accordingly, that every second shaved off the average time spent in drive-through for each store would contribute $10 million per year in revenue (Starbucks - Former Vice President, 2022). As such, any proposed initiative was required to equal or ideally reduce this time in order to be considered viable. This criterion helped Starbucks to ground its explorative efforts. Rather than relying solely on customer research which may have provided evidence that a particular initiative was highly desirable or implementing functional initiatives in order to (for example) incorporate new technology, this metric kept decisions with regards to explorative initiatives focused, and prevented negatively impacting this metric, thus reducing both revenue and customer satisfaction.

Whilst McDonald's did not hold innovation as close to its core as Starbucks, it was nonetheless extremely active in the development of new menu items, a practice which may have been somewhat at odds with its aforementioned strategy of optimising its menu. In 2013, the organisation boasted that it had more than 160 products in its pipeline (Thompson, 2013). By the end of the following year however, the organisation was implementing an initiative to reduce its volume of menu choices with the aim of simplifying the experience for both customers and staff, yet was simultaneously experimenting with menu personalisation (Bensen & Easterbrook, 2014). The organisation also leveraged its size and geographically diversified portfolio to test new products and concepts in a range of environments, and then broadly scale those which were successful (Stent, 2015).

As with others before it, McDonald's was in many ways a victim of its own success, becoming as one executive put it, "fat and happy" (McDonald's - Divisional President, 2022, p. 13). In the years prior to the observation period, the organisation was satisfied with its performance and made little effort with regards to significant exploratory work (McDonald's - Divisional President, 2022). This was in turn felt by the organisation during the observation period as it lacked a pipeline of exploratory initiatives to allow it to remain competitive as the marketplace shifted. McDonald's enthusiasm and capability with regards to the adept execution of both processes and established systems of thinking was further perpetuated by long-tenured employees in leadership roles who used the playbooks through which they had found their success and continued to use these at increasing scale across the organisation (McDonald's - Chief Operating Officer, 2022). As one executive described, after having enjoyed success internally, many people made a critical and problematic transition where "they stop pleasing the customer, and they start pleasing the boss" (McDonald's - Chief Operating Officer, 2022, p. 4).

In mid-2014, McDonald's began more aggressively experimenting with digital tools and technologies to both better target customers in advertising, as well as cultivate and acknowledge loyalty, and deliver customised experiences (Bensen & Easterbrook, 2014). The organisation acknowledged that it had been late to start deploying customer-facing tools such as mobile apps and when it did, the functionality was limited to promotional offers (Ozan, 2016). At the end of 2017 the company began to test ordering via its mobile app in a limited number of stores (Ozan, 2018). In the second half of the decade McDonald's launched a partnership with delivery aggregator UberEATS to facilitate delivery in markets such as the United States, Australia, Canada, and the United Kingdom. The company noted that this brought in a new, younger customer, and appeared to help the company win market share from not just traditional competitors, but also grocery stores (Ozan, 2018). This came at an increased acquisition cost however, owing to fees payable to UberEATS, which the company calculated was worthwhile given the volume uplift.

McDonald's executives often spoke of the organisation's vision with regards to the McDonald's experience of the future, which it said was focused on "helping customers order what they want and how they want" (Ozan, 2016, p. 1), an ambition which poses the question – had they previously sought to make it difficult for customers, or prioritised other factors? In any case, whilst the experience delivered by McDonald's in subsequent years was modern, it would be difficult to make the case that it was unique to McDonald's or contributed to any meaningful degree of differentiation.

Where many other multinational organisations during this period underlined the opportunity of the China market and made significant attempts to capture its potential, early in the observation period, McDonald's was more reserved (Thompson, 2013), approaching China in a similar way to other foreign markets. Whilst the brand was broadly well-received in China, this was more likely owing to a general enthusiasm in China at the time for foreign brands, and other organisations in comparable categories, such as Starbucks and Yum, achieved more impressive results in the market. In the second half of the decade, McDonald's became more bullish on China, aggressively pursuing expansion into the country, and acknowledging that it required a different approach as the company was less able to make a value-driven play given China's competitive landscape (Ozan, 2016).

4.7 Royal Caribbean Group and Carnival Corporation: The Question Mark

As outlined by the Royal Caribbean Group (Royal Caribbean) CEO, the cruise industry is a capital-intensive business with the impact of many decisions felt over the long term (Liberty, 2018). In practice, this means that the short-term nature of decision making which may be favoured by many stakeholders including employees and analysts has the potential to be extremely damaging to the business in the long run. This makes it an interesting industry in which to observe ambidextrous efforts, as the concept of agility is extremely foreign: it is almost impossible to pivot on short notice in response to market changes.

Founded in 1968, Royal Caribbean Group is an international cruise company which operates multiple brands (Royal Caribbean Group, 2022). The company is credited as the developer of the modern cruise industry, and as the first cruise line to create ships for warm weather cruises (*Royal Caribbean Cruises Ltd. History*, 2022), a history which foreshadows the organisation's modern trademark combination of deep expertise in industry operations with relentless pursuit of and investment in both sustaining and exploratory innovation. Across the observation period, Royal Caribbean grew shareholder value by 515.49% (Macrotrends, 2022g). During this time the company increased revenue every year, but delivered two non-consecutive years of profit contraction, one of which was attributable to a significant industry incident not of Royal Caribbean's making, and both of which were recovered from in full the subsequent year (Seeking Alpha, 2022g).

Carnival began life in 1972 as Carnival Cruise Line and through a series of acquisitions in 2003 became the world's largest cruise operator (Carnival Corporation, 2022). Across the observation period, Carnival grew shareholder value by 112.26% (Macrotrends, 2022a). It had five years of profit contraction, three of which were consecutive (Seeking Alpha, 2022b), taking five years to recover. Not only was the organisation's performance lacklustre when compared to Royal Caribbean, the company also underperformed across the period against comparative indexes chosen by Carnival's executives (Carnival Corporation, 2010; 2015; 2019).

The specifics of events regarding Royal Caribbean and Carnival Corporation (Carnival) during the observation period make it notable. During the observation period, Carnival was the source of several incidents, some of which ultimately impacted the entire industry. The most notable of these were the grounding of the Costa Concordia in 2012 (*Carnival Corporation & plc Statement Regarding Costa Concordia*, 2012), paying poverty-level wages and firing staff for protesting (Topham, 2012), an onboard fire which resulted in power loss and toilet facility failures of the Carnival Triumph before being stranded at sea for four days, and several instances of environmental pollution resulting in tens of millions of dollars in fines (Nace, 2019). Accordingly it was subject to considerable criticism by media and consumers (Erlanger, 2012; Topham, 2012).

It can be difficult to ascertain whether the relative successes enjoyed by Royal Caribbean during the observation period were as a result of ambidexterity, or rather the fact it was simply the default alternate option for both customers and investors who were driven away from Carnival. The analysis which follows seeks to answer this question.

4.7.1 Exploitative Initiatives

In 2010, Royal Caribbean predicted that by the following year, half their customers would come from outside the US (Royal Caribbean Cruises, 2010), a prediction which eventuated (Royal Caribbean Cruises, 2011). The company sought to leverage this growing demand by slowing the rate at which it increased capacity, thus putting them in a position where they were able to optimise pricing (Royal Caribbean Cruises, 2010, 2012, 2013; Rice, 2011), Further, the organisation took insights gleaned from experimental features such as dining concepts or consumer partnerships introduced on the newest ships in the fleet and used this to inform the retrofit of older ships in the fleet (Royal Caribbean Cruises, 2010, 2011).

Owing to the long-term nature of investment in the industry, Royal Caribbean used technology extensively to make much shorter-cycle upgrades throughout the organisation. This was notably apparent in customer experience, where technology enabled increasing levels of personalisation to cruises and in ship operations, facilitating efficiencies which translated to time and cost savings in multiple facets of ship operations (Liberty, 2018)

Royal Caribbean turned its enthusiasm for innovation to sustainability initiatives, eventually resulting in the most fuel efficient fleet in the industry (Royal Caribbean Cruises, 2014). Such efforts were not only well-regarded by customers and employees, but also shareholders. The company indicated sustainability initiatives saved them $175 million in fuel costs in 2010 alone (Rice, 2011), and credited it as one of the measures used by the organisation to achieve its financial targets in the three years to 2017 (Liberty, 2018).

Royal Caribbean grew its inventory by 46% across the observed decade (Royal Caribbean Cruises, 2010, 2019), capturing more than its share of growth in the cruise market compared to comparative organisation Carnival which increased its inventory by 30% (Carnival Corporation 2010; 2019).

Across the board, Carnival prioritised cost-consciousness in its exploitation efforts which manifested in multiple ways (Carnival - Director, 2022). In 2010, Carnival declared that its maintenance of a "strong balance sheet and investment grade rating" (Carnival Corporation, 2010, p. 2) was the organisation's best insurance against events beyond its control. Several incidences suggest that the organisation achieved the financial results that it touted owing to less than honourable practices. The exact parameters of its statement regarding hedging against uncontrollable events were put to the test on many occasions, but notably in the events of 2012, 2013, 2017, and 2019, which were found to have been symptomatic of a routinely casual approach to process (Erlanger, 2012; Department of Justice, 2019). Arguably, the organisation lacked the internal factors needed to be able to recover from such situations (or indeed to have avoided them in the first place). The organisation did not make a loss during this period, but reported profit contraction in 2011, 2012, and 2013, which was not recovered until 2016 (Seeking Alpha, 2022b), and then again in 2017 and 2019.

Given this prioritisation of fiscal metrics, it is perhaps surprising then that the organisation operated in such a siloed fashion. Whilst operating almost entirely independently from a consumer brand perspective, behind the scenes the organisation attempted inconsistently to consolidate duplicative roles and functions in each brand, in order to realise economies of scale across the sizeable organisation, particularly when dealing with external stakeholders (Carnival - Regional CFO, 2022). Several of the brands within the Carnival group had been acquired by means of hostile takeover which brought with it a cultural reluctance to work collaboratively or share learnings with sibling brands (Carnival - Group Strategy Director, 2022). When it came to optimising exploitative efforts, the status quo at Carnival was to operate in silos, with additional effort required to build momentum towards realising economies of scale across the organisation. Even when sharing sessions were set up by group leadership to facilitate cross-brand pollination of ideas, brands still elected to not adopt or implement the knowledge gleaned (Carnival - Group Strategy Director, 2022). For example, each brand would negotiate their own rates and packages with local tour operators and without prompting from the parent entity, never compared agreements with sister brands or negotiate as a group (Carnival - Regional CFO, 2022) The cultural reluctance to collaborate was so strong, that even when presented with the financial benefits associated with collaboration, several brands still declined to participate, requiring a corporate mandate to force their involvement (Carnival - Former Regional CFO, 2022; Carnival - Group Strategy Director, 2022).

Where Royal Caribbean was able to recover swiftly from performance drops, Carnival seemed unable to respond nimbly. For example, in the wake of the 2012 incident, the company stated that "we have taken numerous steps to identify lessons learned and best practices. In addition, we have and will continue to implement improvements to our procedures and our training programs. Furthermore, we have improved the structure and organization of our health, environmental, safety and security-related audit functions." (Frank, 2012, p. 1). Yet later incidents suggested this was not the case. Ostensibly owing to a desire to minimise environmental impact, Carnival reduced fuel usage by approximately 35% between 2007 and 2019, bringing with it financial benefit (Carnival Corporation 2019). The environmental concern was shown to be unsubstantiated, when in 2017 the organisation was later found to have been engaging in a long-standing, routine dumping of waste coupled with procedures designed to conceal these illegal actions, motivated by cost (Department of Justice, 2017), and then again in 2019 (Department of Justice, 2019).

4.7.2 Explorative Initiatives

In 2010, the cruising market was considered an established yet growing segment of the travel category in North America, and a developing segment in other markets such as China and Europe, which had seen double-digit growth in the five years prior (Royal Caribbean Cruises, 2010). Whilst attractive, developing an offer for new markets in this industry is expensive owing to the capital outlays required (Rice, 2012). China in particular required the organisation to rethink its established approach to turnarounds, logistics, and so forth which tended towards longer-duration cruises (Hunt, 2013), as well as factors such as entertainment configurations and menu options. Royal Caribbean nonetheless actively courted growing markets, but took a cost-conscious approach to validating the potential of them, exploring their viability through joint-ventures, partnerships, and deploying existing ships into new areas (Royal Caribbean Cruises, 2010, 2014) before committing with completely new ships dedicated to new geographies (Royal Caribbean Cruises, 2015). Between 2010 and 2013, Royal Caribbean grew its Chinese passenger numbers by around 800% (Hunt, 2013).

Across the observation period, Royal Caribbean made ongoing investments in its future, not only with the design and build of several new ships, but also port facilities, and exclusive destinations (Liberty, 2018). Royal Caribbean considered innovation to be a core aspect of its strategy, and prided itself on its innovation efforts, both sustaining and explorative (Royal Caribbean - Vice President, 2022). Experiential elements such as surf simulators, bungee jumping trampolines, real grass lawn facilities, rock climbing walls, and non-consumer experience driven elements such as solar foils and solar panels are examples of such efforts (Royal Caribbean Cruises, 2010). When it came to large scale, transformative exploration, the organisation was bold in its approach, for example developing an exclusive residential destination, although there was no precedent to prove it would be a worthwhile venture (Royal Caribbean - Vice President, 2022).

Despite describing itself as a cruise company, Royal Caribbean believed its scope of business was to provide “the ultimate vacation” (Royal Caribbean - Vice President, 2022, p. 3). Accordingly, the organisation carefully experimented with other services adjacent to the cruise category, including land based vacation options in some countries (Royal Caribbean Cruises, 2012, 2013), as well as the development of an exclusive residential destination (Liberty, 2018; Royal Caribbean - Vice President, 2022). In tandem, the organisation also divested non-core businesses which were not in keeping with the overall direction of the organisation, for example a small airline, a physical travel agency, and a land-based tour operator (Royal Caribbean Cruises, 2013).

Carnival was vocal about its pursuit of new and emerging markets and made a concentrated effort to capitalise on the opportunity it saw. Importantly, Carnival believed that the most effective way to realise the opportunities presented by such markets was to replicate its established model in these new contexts without variation (Carnival - Director, 2022). It began the observation period with 12% of its overall customer base coming from such markets, having grown this market by 50% in the three years prior (Carnival Corporation, 2010). The organisation finished the decade with almost 50% of customers coming from outside the US (Carnival Corporation, 2019). Its aggressive pursuit of new markets represented a key part of Carnival’s exploratory activities across the observation period. However, it was arguably not as successful as the onslaught staged by Royal Caribbean, which ended the decade with a higher proportion of its customer base outside this market.

As was the case with foreign markets, Carnival’s attempts to appeal to a new category of customers was limited by its ability to imagine new distribution models (Carnival - Former Regional CFO, 2022). The organisation identified that a new category of travellers, passionate about social impact, was emerging and attempted to appeal to this audience with a new specialised brand and offering. Problematically however, the company attempted to market and sell the new brand using traditional distribution channels and as such operated it at 10-20% occupancy for two seasons before terminating the brand altogether (Carnival - Former Regional CFO, 2022).

Like Royal Caribbean, Carnival also experimented with the introduction of a range of new on-board experiences such as an ice-rink, IMAX theatre, and personalised wine blending (Carnival Corporation, 2015). The comparable nature of the efforts of the two organisations in this regard suggests that this type of innovation is subject to a baseline expectation on behalf of consumers making a certain level a hygiene factor rather than a compelling source of differentiation. This said, industry commentary (e.g. Marcello (2022); Riddle (2021); Saltzman and Saunders (2022)) repeatedly argued that Royal Caribbean consistently delivered earlier and more extreme innovations in terms of on-board experience elements. Importantly, Carnival executives noted that most innovation within the organisation was marketing-led, and lacked either operational or customer validation before being implemented (Carnival - Director, 2022). For example, when the organisation debuted the world's first rollercoaster on board a cruise ship, it did so without testing the idea with customers or determining the operational implications of such an initiative, meaning that maintenance, safety, and other such factors had not been accounted for (Carnival - Director, 2022).

Notably, Carnival's prioritisation of financial outcomes diminished its appetite for exploratory initiatives (Carnival - Director, 2022). When the company developed connected wearable technology for customers which facilitated personalised experiences on-board, only one of the brands in the company was prepared to implement it, owing to a fear of poor ROI, despite significant press and a compelling customer use case (Carnival - Director, 2022). The organisation was then forced to change the narrative on this project to suggest that the only brand willing to adopt it – Princess Cruises – was in fact the pioneer of the technology (Carnival - Former Regional CFO, 2022). Internally, this story then became that Princess Cruises closely guarded the technology and was unwilling to share it with sister brands in the group. Similarly, it was noted that Carnival deeply favoured lag indicators in reporting throughout the organisation (Carnival - Director, 2022; Carnival - Former Regional CFO, 2022), meaning that lead indicators were invisible to the organisation. Accordingly, it was impossible to implement any initiative which addressed them. One former executive recounted that the only way they were able to get buy-in to launch a project which improved customer experience on-board was to show that the initiative would reduce the time taken in port on turnaround days, which would in turn save the company money (Carnival - Director, 2022). Similarly, all staff incentives were focused on rewarding those who found operational efficiencies which lead to positive financial impact rather than any other metrics which were not directly tied to factors such as bookings, growing on-board spend, and so forth (Carnival - Director, 2022).

4.7.3 Discussion

Given this analysis, it is reasonable to describe Royal Caribbean as ambidextrous, but not Carnival. During the observation period, Carnival was an operationally-focused business with heavy emphasis on exploitation. The organisation reported on and rewarded short-term performance to the extent that even initiatives with the potential for exploration were measured against exploitative outcomes. Conversely, Royal Caribbean whilst being operationally strong, had a longer-term mindset and took iterative steps towards that vision, balancing the necessity for immediate performance with long-term exploration.

4.8 Columbia Sportswear and VF Corporation: The Exception or the Proof?

Columbia Sportswear (Columbia) is a designer, developer, and marketer of outdoor sporting goods, which operates multiple brands within the category. The company began its modern trajectory in 1937 when a German couple who immigrated to the United States bought a small hat manufacturer and renamed it the Columbia

Hat Company. In the intervening years, Columbia grew considerably, becoming a multinational company with multiple brands, delivering $1.5 billion in sales in 2010 (Columbia Sportswear, 2010).

Similarly, VF Corporation is a designer, retailer, and wholesaler of a portfolio of apparel brands across a range of categories including outdoorwear, sportswear, and workwear. This scope shifted during the observation period as the organisation spun out its denim brands. VF Corporation began life in 1899 as a glove and mitten manufacturer, pivoting and acquiring its way into new categories, thus beginning the observation period with its modern portfolio (VF Corporation, 2022).

Across the decade, VF Corporation grew shareholder value by 587.14% (Macrotrends, 2022j). The company recorded four years of profit contraction across the observation period, three of which were consecutive, and three years of revenue contraction, two of which were consecutive (Seeking Alpha, 2022j). Columbia conversely returned 503.08% to shareholders (Macrotrends, 2022b), a strong result but less than VF Corporation. In this decade, Columbia delivered one full year of revenue contraction and three years of profit contraction, two of which were consecutive, but fully recovered within a year (Seeking Alpha, 2022c).

On the surface it is unclear whether these are two performing companies of which neither or both were ambidextrous, or is the proposed measure of ambidexterity flawed? The analysis which follows seeks to answer this question.

4.8.1 Exploitative Initiatives

Product-based sustaining innovation is a significant part of the Columbia strategy. In 2007 the company sought to sharpen its focus on this approach, increasing investment in technologies intended to differentiate products from the competition, which the company credited with achieving record-breaking full year revenue in 2011 (Columbia Sportswear, 2011).

Columbia believed that it carried its philosophy of innovation into the operation of the business, continually revisiting and updating business processes as required, as well as making larger-scale multi-year investments such as enterprise resource planning systems (Columbia Sportswear, 2012, 2017) and continually upgrading assets such as eCommerce platforms (Columbia Sportswear, 2014). It has been suggested that Columbia's operational prowess has allowed the organisation to weather difficult periods through finding internal efficiencies and cost minimisation which ensured the company minimised the impact of otherwise volatile results (Parham, 2013). In 2016 the company appointed a consulting firm to advise on further optimisation of and updates to their operating model (Columbia - Senior Vice President, 2022). Efforts resulting from this initiative saw the company end the decade with its highest net margin since 2003 (Columbia Sportswear, 2019).

Alpine equipment brand Mountain Hardwear – the most specialised within the Columbia portfolio – endured many consecutive years of sales decline (Columbia Sportswear, 2013; Columbia Sportswear, 2014; Columbia Sportswear, 2015; Columbia Sportswear, 2016). The company initially sought to rectify this by introducing new price points, but when this was unsuccessful, appointed a new brand president charged with repositioning the brand (Columbia Sportswear, 2016). This too was unsuccessful, with the brand exiting a key market and appointing another president in 2018 (Columbia Sportswear, 2018). By the end of the observation period the best the company had managed to achieve with the brand was only to halt decline (Columbia Sportswear, 2019).

Whilst the observation period began and ended well for VF Corporation by many measures, the decade was not without turmoil. In the first four years the company reached new milestones and in 2013, outlined the intention to continue the trajectory, setting an ambitious goal of growing revenue almost 50% in the next four years (VF Corporation, 2013). This was not achieved.

In the decade between 2010 and 2020, VF Corporation made a series of acquisitions and divestments (VF Corporation, 2022), leveraging established expertise and positioning the organisation to capitalise on its view of shifting market dynamics. In 2011 VF Corporation acquired The Timberland Company, further exploiting its established infrastructure and proficiency in the workwear category (VF Corporation, 2011). In 2017 the company embarked on a process of strategically reshaping its portfolio of brands, selling its division of contemporary brands (VF Corporation, 2017), and signalling its intent to sell lifestyle brand Nautica, and acquire additional workwear brands. Further, in 2019 the company spun off its denim brands into a separate publicly traded company (VF Corporation, 2019), a move which executives indicated was implemented to distance itself from the businesses within its portfolio which it could not make environmentally sustainable (VF Corporation - Vice President, 2022).

VF Corporation brands were run largely independently with little cross-pollination of ideas, systems, and processes between brands. This meant that the organisation failed to propagate successes and knowledge gleaned from one brand to another (VF Corporation - Vice President, 2022). Communication of this kind between brands was never demanded by senior leadership and the egos of various business leaders tended to prevent it from happening organically (VF Corporation - Former Vice President, 2022; VF Corporation - Vice President, 2022)

4.8.2 Explorative Initiatives

In 2014 Columbia engaged in a joint venture to capitalise on the opportunity identified in China (Columbia Sportswear, 2014). Results from this initiative were modest. Despite the company consistently identifying China as the organisation's single largest geographic opportunity, it achieved only single-digital growth each year, eventually buying out its joint venture partner in 2018 (Columbia Sportswear, 2018). As a solo venture, the company did not deliver better results in terms of growing the market before the end of the observation period (Columbia Sportswear, 2019). However, as a direct venture, the organisation was likely able to capture a greater margin from activities in this market and develop a direct relationship with customers, making an argument for the move being considered a success. Executives noted that the company struggled with developing a performance culture in some foreign markets – employees had a tendency to do what they were asked and no more, constantly acting within the scope of their role rather than pushing boundaries (Columbia - Senior Director, 2022; Columbia - Senior Vice President, 2022). The company diagnosed this as a cultural challenge and a hiring problem, rather than a matter of incentives and was unable to rectify the situation during the observation period. Columbia ended the decade with 36% of revenue being derived from foreign markets (Columbia Sportswear, 2019).

As a company which sells outdoor sporting goods, the financial success of Columbia is susceptible to prevailing weather conditions. At the beginning of the observation period, two thirds of revenue was derived from winter months, meaning a warmer than average winter had a material impact on sales, a situation which eventuated in 2012 and 2013 (Columbia Sportswear, 2012). The company subsequently embarked on exploratory initiatives seeking to reduce the potential impact of uncharacteristically warm winters by growing the warm weather product offering (Columbia Sportswear, 2012). Despite warmer winter conditions continuing, the organisation was later able to return record growth and revenue for its two largest brands (Columbia Sportswear, 2015).

Columbia embarked on a strategic repositioning of the Sorel brand within its portfolio in 2009, positioning it as a premium, fashion-forward brand. These efforts returned considerable results, with the brand delivering a 68% increase in sales between 2010 and 2011 (Columbia Sportswear, 2011). Seeking to capitalise on this momentum, the company invested in dedicated sales and marketing resources and product development to grow usage occasions beyond the winter months (Columbia Sportswear, 2011). Whilst the brand was unable to sustain this growth when faced with two years of uncharacteristically warm winters owing to significant reliance on this seasonal period, efforts by Columbia to reduce seasonal dependence, grow usage occasions, leverage the Columbia supply chain, and reposition the brand were effective. Sorel reported double-digit growth four of the five years between 2014 and 2019 (Columbia Sportswear, 2016, 2019).

Columbia acquired active lifestyle brand prAna in 2014, citing – amongst other attributes – its multi-seasonal appeal with sales evenly spread across the year (Columbia Sportswear, 2014). The company outlined intentions to leverage the supply chain, product development, and marketing prowess of Columbia to accelerate growth of the brand (Columbia Sportswear, 2014). The company was seemingly successful in this ambition early on, reporting double digit revenue growth in the subsequent two years (Columbia Sportswear, 2016), yet this growth slowed significantly across the remainder of the observation period, ending in a minor revenue contraction in the last year of the decade (Columbia Sportswear, 2019).

One senior executive with Columbia described the focus of the organisation's most successful exploration efforts as being in the "middle of the organisation" (Columbia - Senior Vice President, 2022, p. 1), that is – incremental innovation which was within the boundaries of the existing business, focused on product technology, such as fabric makeup and performance, rather than anything net-new, a view which was echoed by others (Columbia - Senior Director, 2022; Columbia - Former Chief Information Officer, 2022). It was believed that it was this approach which limited the performance of the organisation and constantly held it back from exponential growth.

In 2010, VF Corporation declared innovation to be the organisation's newest driver of growth, using a reasonably broad definition of the concept as "something new that creates value" (VF Corporation, 2010, p. 4). This was further categorised into four types of innovation; sustaining, commercial, breakthrough, and cost (VF Corporation, 2011).

VF Corporation had considerable ambitions in international markets, outlining plans in 2010 for 40% of revenue to be derived from such markets by 2015 (VF Corporation, 2010) – a target of which it fell considerably short (VF Corporation, 2014; VF Corporation, 2019). The company took the opportunity of China seriously, identifying that the country had no legacy of outdoor activity for leisure purposes, so set about creating one through events (VF Corporation, 2010). The organisation went on to later open dedicated distribution centres in China (VF Corporation, 2013). Importantly, senior executives noted that the organisation grew the business through expansion of its distribution model rather than by growing its customer base through other means. As it was described: "we increased business by increasing distribution. By no means the business model was to develop the depth of the assortment, the occasion for consumers to discover the brand through the lens of new categories or other products" (VF Corporation - Vice President, 2022, p. 1). Whilst this is obviously a valid method of business growth, it has obvious limits and paints a picture as to the longer-term capabilities of the organisation to evolve itself to adapt to new market opportunities.

VF Corporation was clear throughout the observation period that direct-to-consumer channels represented a significant opportunity, naming it as one of the three key areas of growth in which the organisation was focusing attention. Despite this, although enjoying pockets of significant growth, aggregated growth across all brands was slow, representing 18% of all revenue in 2010 (VF Corporation, 2010), growing to 19% in 2011 (VF Corporation, 2011), and reaching 32% in 2017 (VF Corporation, 2017). Yet the bulk of this revenue came from physical channels, with just 7% of revenue being derived from digital channels (VF Corporation, 2017). This increased to 33% and 8.25% respectively by the end of 2019 (VF Corporation, 2019). Notably, the company also only appointed its first Chief Digital Officer in 2019 (VF Corporation, 2019), both a very late appointment and a strangely siloed one. In VF Corporation's home market of the United States, in 2019 the internet had a penetration rate of more than 87%, where it had been for three years (Johnson, 2021). The fact the organisation didn't consider this a significant opportunity earlier is illustrative of its suboptimal exploratory efforts.

4.8.3 Discussion

Based on this analysis, it would seem that neither Columbia nor VF Corporation were ambidextrous. Instead, each organisation has benefited from a considerable consumer shift toward outdoor activities and health and wellness generally throughout the decade (Sundby, 2021). Examples from both organisations will be used throughout the remainder of this paper to further illustrate the difference between companies which perform and those which amplify their successes through ambidexterity.

5 Analysis

5.1 The Ambidextrous Environment

This work specifically sought to explore the first hypothesis by looking for themes across these organisations using existing research as guide to inform the direction of enquiry.

H_1: There is a difference in how ambidextrous and non-ambidextrous organisations embark on initiatives.

Eight themes in the inner workings of organisations have been identified which offer insight into the ways ambidextrous organisations differ from their performing but non-ambidextrous peers. The degree to which each organisation embarked on initiatives described by these themes as defined by the comprehensiveness, consistency, and thoroughness (or lack thereof) of execution was considered.

In keeping with the adage of 'death by a thousand cuts', this research observes that no single one of these themes individually guarantees the ability for an organisation to develop ambidextrous capabilities but lacking even one seriously diminishes it. Further, it is the degree to which an organisation embarks on initiatives under these themes which has the most notable impact on the organisation's success (failure) in becoming ambidextrous.

In simple terms, it seems that the consistency and comprehensiveness of an organisation's undertaking of initiatives described by these themes is the single most important factor in creating an environment ripe for ambidexterity and determining their ability to develop ambidextrous capabilities.

5.1.1 Attributes of Ambidexterity

Six attributes common to ambidextrous organisations have been identified. These attributes describe aspects as to how an organisation goes about its business. Critically it appears that the degree to which organisations embark on initiatives described by these attributes are the most important aspect.

5.1.1.1 Varied Viewpoints

In modern management language, diversity has largely become synonymous with extrinsic factors such as race, gender, and age, and many organisations have set targets and quotas in this regard with the aim of not only meeting societal demand, but also unlocking the myriad of documented benefits associated with diverse teams. In the context of ambidexterity however, it seems that ambidextrous organisations have formally or informally expanded the notion of diversity to incorporate more intrinsic factors such as professional experience and subject matter expertise. Specifically, ambidextrous organisations have explicit and implicit ways of incorporating and leveraging multiple viewpoints through:

- Hiring patterns, activated by culture
- Team formation, activated through ways of working
- Inspiration, activated through external perspectives

This appears to allow them to improve the effectiveness and robustness of both exploitative and explorative efforts, incorporating a multitude of viewpoints throughout the organisation in its evolution, rather than simply gravitating towards the most senior person's opinion.

Burberry made considerable efforts to foster connectivity throughout the organisation, creating working groups of a diverse range of people from across the organisation, led by executives and tasked with exploration around specific themes (Burberry - Former Senior Vice President, 2021; Burberry - Former Chief Technology Officer, 2021). This not only helped to champion diversity of perspective, it also created a dynamic of open communication throughout the organisation, both vertically and horizontally across different divisions and departments.

As a low-cost airline, Southwest did not have as many staff as some of the higher-cost alternatives. This lean resource model coupled with extreme autonomy and trust that various people would act in the best interests of the organisation in keeping with the overall vision and direction laid out meant that silos tended to form as each group did whatever was needed to deliver on their piece of the picture. In turn, this created operational shortcomings where the organisation failed to realise efficiencies across the company. This was rectified by creating cross-functional teams, similar to Burberry, tasked with designing and implementing solutions to identified challenges (Southwest - Former Vice President, 2022). This not only improved exploitative efficiencies within the organisation, but also helped employees throughout Southwest to understand how their particular role impacted others and how it fit in to the bigger picture, creating further buy-in. At first these were actively created by leadership but over time, happened organically (Southwest - Senior Vice President, 2022).

Somewhat similarly, Garmin had a very webbed approach to workflow which appeared to occur quite organically. During prototyping, engineers would seek opinions from industrial designers and marketers, sales people would provide feedback to product development teams, and industrial designers would spend time working industry and consumer trade show booths (Garmin - Director, 2022). Executives hypothesised that this style of working was a product of the culture of the organisation, founded on ease of access and availability of the most senior leaders within the organisation (Garmin - Operations Director, 2022; Garmin - Director, 2022). This seemingly created circumstances highly hospitable to both exploitative and explorative initiatives, by ensuring a diverse range of perspectives were incorporated in both execution and product development, as well as keeping key executive decision makers highly informed as to all aspects of the business.

With the objective of arming executives with ample inspiration from disparate sources, Burberry frequently invited executives from other organisations to speak with the executive team and sent Burberry executives to go and see others in action. Such organisations were often well beyond the luxury fashion industry, as far reaching as technology companies and even car rental companies (Burberry - Global Director of Retail Experience, 2022). They were not alone. Southwest had a division within the organisation referred to as a "brains trust" (Southwest - Senior Vice President, 2022, p. 6) which was responsible for proposing unconventional solutions to identified challenges across the organisation. For example, the group modelled the use of mathematical equations generated from bird flock flight patterns to solve for logistical routing and scheduling challenges that the organisation had in the aftermath of a disruption (Southwest - Senior Vice President, 2022). It was acknowledged that about half the time these solutions were highly impractical to implement for a variety of reasons, but the other half they created interesting avenues to explore and regardless, considerably increased senior leadership's exposure to different systems of thinking (Southwest - Senior Vice President, 2022).

Gleaning alternate perspectives to this degree appears to be unique to ambidextrous organisations. Minimal evidence was found that the comparative organisations sought such input throughout the organisation during the observation period. Interestingly, some were adamant not to do so, under the belief that the work they were doing was so pioneering there was little to be gained by obtaining inspiration from further afield, such as Under Armour (Under Armour - Former Head of Retail and Franchise, 2022). Particularly in the lead up to and in the first half of the observation period – Under Armour tended to hire from other organisations within a similar category (Under Armour - Former Vice President, 2022) – everyone knew everyone, and thus recruited people with whom they were familiar and had worked with before, creating over time a group of people with similar experiences and perspectives to every other player in the market. The organisation sought to actively shift away from this approach, which in turn exacerbated a different challenge regarding a common understanding as to what makes the organisation distinctly different from alternatives. Bringing people in from a wide range of backgrounds creates a melting pot of viewpoints, but also puts a lot of onus on the organisation to be extremely clear about its objectives and strategy (Under Armour - Former Vice President, 2022). Problematically, executives reported that they were under so much pressure to maintain the growth curve the organisation was on and deliver results in the short term, that they had no time to engage in the process of considering other perspectives – even if just from different areas within the organisation (Under Armour - Vice President, 2021).

Lululemon took quite a different approach to hiring which allowed it to cultivate a tapestry of viewpoints throughout the organisation. Lululemon hired people with a specific profile over their professional experience, choosing athletes – ideally runners who enjoyed yoga – as they were coachable and expected frequent feedback to improve their performance (Lululemon - Former Chief Executive Officer, 2021). Similarly, another executive at Lululemon said "the people that I would end up hiring, ultimately, were the ones that could demonstrate a tolerance for ambiguity, and that were curious outside of their discipline" (Lululemon - Former Chief Innovation Officer, 2021, p. 1).

Importantly, even if organisations do have varied viewpoints within their workforces, they need to have formal and informal systems in place to mobilise and activate this. For example, a senior executive at VF Corporation noted that it, like many others, it mostly still made decisions on the basis of hierarchy rather than competency (VF Corporation - Vice President, 2022). In other words, more junior people with more relevant knowledge to the decision at hand were unable to make independent decisions, instead needing to convince individuals with less experience about the subject matter at hand of the validity of a particular action. This traditional system inherently created bottlenecks, preventing the organisation from being able to enjoy the benefit of the relevant skillsets and varied viewpoints available across the organisation.

It is critical to note that activating the attribute of varied viewpoints is not strictly a matter of hiring practices or team initiatives. Ambidextrous organisations are simply able to include and leverage a wider range of perspectives in the work they do, when compared to non-ambidextrous organisations which are more likely to indulge in groupthink.

5.1.1.2 Tools Not Rules

As an organisation scales and its workforce expands both geographically and in scope, the necessity to make extra effort with regard to everyone working in unison towards a common goal is obvious. Challengingly, organisations with ambidextrous ambitions can introduce an additional layer of confusion owing to the competing priorities of exploration and exploitation. It is problematic then that the success or failure of ambidexterity lies in execution. Ambidextrous organisations appear to harness the opportunity created with large workforces by making a significant effort to distribute and decentralise decision-making, empowering teams to act at scale, whilst all being on the same page. The benefit of this approach is that an organisation which is capable of decentralised decision making yet still keeps people working towards a common goal (rather than simply acting completely independently as might be seen with a network of stores) can iterate quicker than its non-ambidextrous counterparts, improving both agility and the effectiveness of exploitative and explorative efforts.

There is an important distinction here, however. This is not just about employees being able to recite the organisation's mission from memory, reel off company values, or name strategic priorities. The distinction lies in how employees of all levels are directed and empowered to make decisions in the best interests of the organisation without constant approval.

At Burberry, all employees had complete clarity as to what the organisation wanted to achieve and their role in it (Burberry - Former Vice President, 2021). This was coupled with the philosophy that "as long as we stuck to the pillars, whatever we did, whether we wanted to experiment or something, it was always really welcomed, and you know, taking risky decisions, was always welcomed" (Burberry - Former Vice President, 2021). This was as true in product as technology, where the team were actively encouraged to experiment at their discretion within the confines of the strategic pillars and brand ethos (Burberry - Former Chief Technology Officer, 2021). Another Burberry executive provided further colour to this, explaining that "you need to create the conditions for innovation, it's not enough to have brilliant people, you need to put those people in a structure and give them freedom to operate within a very clear framework where they are allowed to be creative, they're allowed to speak up, they're allowed to propose, test, and fail. Because in order to be clear, what is the big problem for many organisations in being ambidextrous is that they don't truly allow failure" (Burberry - Former Global Director of Retail Experience, 2022, p. 8). This attitude permeated all parts of the business, even incorporating aspects as seemingly mundane as the type of meetings held (Burberry - Former Global Director of Retail Experience, 2022).

Lululemon took the approach of providing their team with "tools, not rules" (Lululemon - Former Chief Executive Officer, 2021, p. 5) which were the codification of the organisation's purpose and ways of working into operating principles (Lululemon, Former Chief Innovation Officer, 2022). This document translated what may have otherwise been lofty and nebulous mission statements or corporate strategy into practical day-to-day direction which could be implemented at scale. The operating principles allowed the entire organisation to be run consistently, across multiple geographies at all levels. For example, at an individual store level, store managers were authorised to run the location as they saw fit, making decisions which would allow them to experiment and optimise aspects of the store experience for their local customers (Lululemon - Senior Vice President, Global Guest Innovation, 2022; Lululemon - Former Chief Executive Officer, 2021).

Lululemon, Domino's, and Starbucks each in their own way gave significant autonomy to the people running individual stores. Where Lululemon had their operating principles, Domino's culturally regarded their store managers to be tantamount to the CEO (Domino's - Vice President, 2022), not only allowing them virtually free reign of their store operations, but also habitually incorporating their feedback and learnings into the wider business. Starbucks too, believed that "the store manager is king or queen. They were encouraged to be the owner of their own destinies" (Starbucks - Former Vice President, 2022, p. 5). Store staff were given extensive training and guidelines, but also financially rewarded on the performance of their store against a variety of measures including sales and customer satisfaction. For all three organisations, this created a culture where frontline staff were given ownership of the success or failure of their particular part of the business and encouraged to not just operate but evolve it based on the circumstances at hand, working toward the goals of the organisation and within the parameters which had been defined.

Royal Caribbean took a similar approach to decentralised decision making, but on a different scale. The organisation had a structure which meant that the various brands and markets within the company were run almost as separate entities, but with unifying brands (for example, Silversea or Celebrity Cruises) which were consistent between markets, supported by centralised back office functions where relevant and effective to do so (Royal Caribbean - Former Vice President, 2022; Royal Caribbean - Vice President, 2022). Executive leadership in each geography had overarching objectives as well as full financial responsibility and oversight, and was then empowered to make whatever decisions were necessary within those confines to deliver on the opportunities at hand (Royal Caribbean - Vice President, 2022). Similarly, shared services were given visibility of the overall vision for the organisation and charged with interpreting how it would apply in the context of their function, and empowered to make the necessary decisions to realise it (Royal Caribbean - Former Vice President, 2022). This meant Royal Caribbean was able to respond to the nuances of the local market or the specific function whilst still working towards a common goal. For example, Royal Caribbean in the United Kingdom had historically operated a locally-based call centre, but made the decision to offshore it for cost benefits, a decision which did not have the same financial impact in other markets, and accordingly they were not required to adopt (Royal Caribbean - Vice President, 2022). Similarly, geographical and market forces in Europe meant that customers required greater logistical support with elements of their trip such as flights and ground-based accommodation, necessitating the organisation taking more of a “tour operator” (Royal Caribbean - Vice President, 2022, p. 8) approach than in the organisation’s home market of the United States, where this was neither desired by customers, nor lucrative to provide.

Southwest identified that the implementation of the organisation’s vision was considerably more important than the vision itself (Southwest - Former Vice President, 2022). Accordingly, the organisation made its founding purpose of giving everyone the freedom to fly meaningful for staff through “Eight Freedoms” (Taylor, 2019, p. 1), which notably included the freedom to create and innovate. The organisation placed a deliberate emphasis on ensuring everyone was on the same page with regards to the vision for the organisation and the need to change, including specific training, annual all-staff multi-city meetings where senior executives presented the overall vision for the organisation and the plan for the following year, and the distribution of various books to all employees (Southwest - Senior Vice President, 2022).

For organisations with a geographically-dispersed physical footprint, the challenge associated with ensuring staff operate in unison whilst still capitalising on the opportunities and thwarting the threats relevant to each local market is particularly challenging, but an essential aspect of ambidexterity. Domino’s indexed heavily into an entrepreneurial mindset, with many franchise owners being former head office team members (Domino’s - Vice President, 2022). The combination of this cultural mindset with the organisation’s overarching strategy, well-established operational processes, and the autonomy to make decisions suitable for specific circumstances which did not fit the mould, meant that the organisation was able to unlock the nuanced particulars of each market. For example, in India the organisation identified that many consumers didn’t like the shareable nature of pizza, preferring individual portions. Moreover, the price of pizzas of a shareable size was unobtainable for many. Rather than persist with this model, the organisation was able to unlock a considerably larger slice of the market by creating individual-size pizzas and revisiting its supply chain and operating model to deliver these at a fraction of the price necessitated elsewhere (Domino’s - Vice President, 2022)

There appears to be many benefits to this approach, but in the context of ambidexterity, providing teams with more tools than rules, facilitates the difficult day-to-day implementation of an ambidextrous strategy, and importantly strengthens the effectiveness of any such strategy by considerably improving agility, leveraging the multitude of touchpoints across the organisation, and embracing the fuzziness of events which could not be foreseen. In this way, ambidextrous organisations can both identify and more nimbly respond to threats and opportunities as they arise rather than waiting until it is too late.

For non-ambidextrous companies, there is a tendency to centralise decision-making, operate the organisation in several silos, or fail to provide the clarity and autonomy needed for people across the organisation to act without constant approval.

Under Armour prided itself on being a purpose-driven company, and relentlessly spoke of its mission to "empower athletes that strive for more" (Under Armour - Former Vice President, 2022, p. 8). Internally however, in the rush to grow, many people had been hired for their passion for sport and experience in the category obtained by working for other similar organisations and did not have sufficient detail about Under Armour in particular to ensure it was differentiated, or for everyone to act in unison. Employees were expected to just know how to put these overarching strategic statements into action on a day-to-day basis but lacked the tools and specificity to be able to do more than simply the specific task they were instructed to fulfil. In practice, this meant that the organisation was unable to fully leverage its growing workforce and ensure everyone was working towards a common goal. As one senior executive put it, "everybody was taking their own personal interpretations of what the [organisation] should be. And we didn't have these fundamental pieces to sort of go back with and have these intellectual conversations." (Under Armour - Vice President, 2021, p. 3).

Similarly, relying on structure and reporting lines to provide consistency across multiple markets and divisions, seems to typically slow down decision-making, or create an environment ripe for irrelevancy in almost every market except the home market.

Across several of its brands, VF Corporation operated with a complex matrix structure which saw many people throughout the organisation have multiple reporting lines, a system which it referred to as a "3D matrix" (VF Corporation - Former Vice President, 2022, p. 9). In this structure, individuals were accountable to people globally, regionally, and locally for different aspects of their role. Whilst it made sense on paper, in practice this created many complexities and directions which were often not aligned, making it extremely difficult for the organisation to gain serious traction toward any particular goal (VF Corporation - Former Vice President, 2022; VF Corporation - Vice President, 2022). Tellingly, the organisation did not use this model across all its brands. Others were run with each region acting as a fully independent business, united in name and logo alone, with no brand guidelines or product guidelines to unify them (VF Corporation - Former Vice President, 2022). This too, created its own issues as the organisation enjoyed few economies of scale, and was unable to build a distinct point of difference in market for these brands as anything too far from the status quo was immediately undermined by another market (VF Corporation - Former Vice President, 2022; VF Corporation - Vice President, 2022). The significance of this was quantified by a senior executive in Europe who indicated that when brand equity in the European market was compared with market share, the company was only extracting about half its potential value (VF Corporation - Vice President, 2022). This was attributed to the inability for people with superior information (that is, information about local markets) to act autonomously to capitalise on identified opportunities for the betterment of the organisation.

At Tapestry, one executive described how they were brought in to lead the transformation of a particular function, yet challengingly after they started in the role it quickly became clear that whilst executive leadership were united in their belief about the necessity for change, they critically lacked consensus about how to change (Tapestry - Senior Director, 2022). This meant that executive leadership would often fail to communicate to their teams about the importance or necessity of individual initiatives, and interpretation about the direction of the organisation as a whole and exploration initiatives in particular varied considerably. Similarly, whilst the ambition to evolve was clear, exactly what innovation and transformation meant in the context of specific roles was never defined or clarified. In turn, the organisation was often unable to act independently yet in unison, toward a common goal. As it was recounted: "what would happen, at Tapestry is, they would say, 'here's what transformation looks like, for us, as a corporate entity, and we need you to make this happen'. So you've got this hugely broad, amorphous notion of change and transformation, and everyone else is just expected to figure it out at their level" (Tapestry - Senior Director, 2022, p. 11).

A popular approach in modern management is to create mission or purpose driven companies, rallying the organisation around a statement which gives the organisation a compelling strategic intention which unites exploitative and explorative initiatives and creates scope for the organisation to evolve over time. This research suggests that no matter how compelling an organisation's mission or purpose is on its own, more specific detail is required to mobilise this, guiding action and facilitating the development of ambidexterity.

5.1.1.3 Executive Connectivity

It is generally accepted that executive leadership plays a key role in determining the outcomes for an organisation. This study observed two critical distinctions in the actions and involvement of executive leadership which appear to distinguish ambidextrous organisations from their performing, but non-ambidextrous peers.

The first is the connectivity between executives and the wider organisation. This is not about executive availability via staged or formal occasions for executives to be able to meet or speak with employees, but rather facilitating their organic ability to understand the realities of how the business is running, what's going on, where there are issues, where things are being misinterpreted, or where there are instances of process being subverted. This is often facilitated through working environments – executives frequenting the workspaces of their wider team and being hands on with initiatives and projects beyond simply oversight. Assuming executives have some degree of ambition for ambidexterity, this appears to be beneficial as it both better informs executives but also critically facilitates improved flow of work and information throughout the organisation such that it doesn't just pass top down but instead takes on a more intertwined organic structure. This distinction is important as executives with many non-ambidextrous but successful organisations will often claim connectivity but is just reported information rather than first-hand experience.

The second distinction is in connectivity between executives and customers. Again, many executives in non-ambidextrous organisations rely on second or third hand information to supply them with customer and market insight. Executives with ambidextrous organisations however, habitually put themselves at the coal face, positioning themselves to make observations first hand. This research suggests that this is particularly worthwhile in the context of ambidexterity because such informed executives demand less process and proof of new ideas. This is not to say they will invest outlandish amounts of money in ideas without sound justification, but they instinctually know whether there is potential in something and are prepared to champion it and persist where required. Similarly in exploitative efforts, they can more readily understand and identify challenges to overcome.

At Lululemon, the majority of corporate employees previously worked shifts in stores (Lululemon - Former Chief Innovation Officer 2021; Sherman, 2016). Over time, this became difficult to scale as it was disruptive for untrained executives and other head office personnel to be working in stores. As a result, this system evolved into a practice where senior team members in head office had a frontline team member as a mentor (Lululemon - SVP Global Guest Innovation, 2022). This allowed the executives to appreciate how their work was being used, how it connected to the customer, and to understand how they might be more effective. Likewise, frontline staff were able to understand some of the larger scale challenges associated with running the business and could supply insightful information from their stores.

Tapestry executives conducted store visits, but these were orchestrated events (Tapestry - Director, 2022) – a practice distinctly different from working in the stores themselves. One leader further illustrated the lack of executive connectivity by recounting a story of a highly seasoned senior executive chastising the marketing team for lacklustre results, questioning why they had not thought to place advertisements in a prominent fashion magazine, unaware that the magazine had folded some years prior (Tapestry - Director, 2022). This example is important as it shows how poor market knowledge put the executive team in a position where they were inadequately informed for explorative initiatives, such as endorsing recommendations for a shifting media landscape. McDonald's executives too, visited restaurants as staged events with a specific itinerary and schedule (McDonald's - Chief Operating Officer, 2022). Many in executive leadership roles began working with the organisation either during or straight out of university and accordingly felt that they didn't need to spend time in restaurants as they were familiar with the environment. As one executive described: "when you have a level of experience, you can scratch the surface of that quite quickly. Because that's what that's what you do. We know most of us have had a life of going into restaurants, and you know what's good, and you know what's bad." (McDonald's - Chief Operating Officer, 2022, p. 18).

Similarly at Carnival, executives relied on marketing reports and standardised insights about customer segments (Carnival - Group Strategy Director, 2022) in order to remain attuned to customer's needs and expectations, meaning they were always provided a curated perspective of their customers (Carnival - Director, 2022). The degree to which the executive team lacked an understanding of their customer base across various brands in the organisation was evidenced by an initiative which asked this leadership group to dress like a customer of each brand. The result, with leadership dressing as an indistinguishable assortment of demographics, made it abundantly clear that there was no consensus as to who the customer of each brand was (Carnival - Group Strategy Director, 2022). This prompted some large-scale deep research projects, but did not inspire leadership to improve ongoing connectivity with customers or establish better ongoing practices with regards to customer knowledge (Carnival - Director, 2022; Carnival - Group Strategy Director, 2022). Unlike Royal Caribbean which actively sought feedback from customers at multiple points throughout the process of booking, commencing the cruise, and post cruise, Carnival conducted no such surveys (Carnival - Director, 2022). This was particularly problematic for the organisation given almost all innovation initiatives were developed top-down, by decree from executive leadership often as a reaction to competitor actions, rather than bottom-up, as a result of an identified need in the market or amongst customers (Carnival - Director, 2022).

Yum's most senior executives meanwhile struggled to find the time to engage in anything more than reporting-level customer enquiry (Yum - President, 2022), although they visited stores and spent time seeing how they were working, there was little with regards to organic discovery of broader shifts in customer tastes (Yum - President and General Manager, 2022; Yum - President, 2022). In understanding the distinction here, it is worthwhile to compare Yum with Starbucks, where executive teams were culturally expected to spend time in stores, bussing tables and learning to understand not just the inner workings of the business, but also witness first hand customer behaviours, needs, shifting tastes, and the like. This was such a core part of the Starbucks' way of working that one executive said that "if you weren't prepared to go out and bus tables, then you were probably in the wrong business at Starbucks, and that would have been the case for anyone at any level" (Starbucks - Former Vice President, 2022, p. 4). Notably, several current and former senior executives at Starbucks observed that beyond the store environment, it is not a highly process-driven organisation, instead relying much more on ensuring extreme connectivity of people throughout the organisation to both the customer and the vision of the organisation in order to drive good judgement (Starbucks - Former Vice President, 2022; Starbucks - Vice President, 2022).

By many accounts Tapestry executives were extremely removed from the organisation in its entirety, relying on information being provided rather than being personally observed. In the company's head office, executive leadership was located on a separate floor from the rest of the organisation, sequestered away in individual offices (Tapestry - Former Senior Vice President, 2022). Accordingly, executive leadership could not make their own observations about the day-to-day operations of the business, spotting misinterpretations of direction, catching cultural issues and the like, instead relying on surveys and reports. This meant that there was a considerable delta which existed between the organisation's stated direction and plans, and the way things were really being done (Tapestry - Director, 2022; Tapestry - Senior Director, 2022). In practice this meant that the organisation made extremely slow progress against its outlined ambitions, as they were often hindered by the reality. For example, an expensive multi-year transformation project intended to improve efficiencies within the organisation was thwarted by designers who in reality refused to change their practices, instead creating an additive workflow which served to have the opposite result to the project's intention (Tapestry - Senior Director, 2022). Connected executives are able to observe such happenings and course correct rather than simply expecting that the directions provided will be followed to the letter.

Domino's was careful to ensure that people throughout the organisation – particularly those not in frontline roles – were aware of their role in the larger machine, operating with a mantra of "if you don't make it, take it, or bake it, you support someone who does" (Domino's - Vice President, 2022, p. 8). The practical impact of this is demonstrated well through the way connectivity within the organisation was operationalised. When Domino's head office staff were appointed from outside the business, they were fully trained in a store when they first began working at Domino's, and continued to work a week a year in a store (Domino's - Head of Digital, 2022; Domino's - Vice President, 2022). As one executive described; "we tell people 'I get that you're the IT guy, I get that you're the finance person, I understand you're digital marketing and safety and security. See that kid over there? You have a paycheck because they wake up every evening and go to work. So now let's teach you what that kid goes through. And when you're building your one component, your P&L, your tool, or device that you think is important, I want you to think of it as that's the kid you got to help. Everything else is nice to have'." (Domino's - Vice President, 2022, p. 18). Further tightening this connectivity, all franchise owners were required to operate a Domino's store for a year before becoming a franchise holder. This is a considerable contrast to Yum, where university graduates were hired as management trainees, and some 90% of all store managers had formal tertiary education (Schmitt, 2014). The executive team spent time personally training restaurant support centre staff on the company's "Achieving Breakthrough Results tool kit" (Yum Brands, 2010, p. 2). CEO David Novak ran a leadership programme for franchise owners called Taking People With You (Jerzyk, 2012), and in China the company developed a specific programme to train team members in how to run a Yum restaurant.

This is an important distinction – both organisations sought to facilitate people throughout the organisation understanding how the business was run, but where Domino's prioritised time on the frontline and operational knowledge, Yum focused on business concepts.

At VF Corporation executives were geographically removed from markets but insisted upon taking on oversight and approval roles for significant projects owing to their size and thus visibility (VF Corporation - Former Vice President, 2022; VF Corporation - Vice President, 2022), dramatically slowing initiatives. For example, the VANS brand which was created in California and reflected a Californian lifestyle and the Californian climate delivered stunted growth in markets with different climates. As key decision makers lacked connectivity to customers and in particular, customers in foreign markets, the brand simply took a rudimentary approach to expansion, duplicating its offering selling products designed for the Californian lifestyle in other markets and did not fully capitalise on alternate environments such as the harsh winters experienced in Europe (VF Corporation - Vice President, 2022). In turn, this meant that VANS fell short of realising the opportunities of many new markets it explored – both geographically foreign, as well as with emerging customers in its home market, and different retail models (direct-to-consumer, multi-brand, etc.).

Interestingly, there may be a further subtlety to note here. Several instances in this study suggest that when long-tenured, senior executives believe they are representative of the organisation's target market, they may be natively connected to the market and specifically their customers, but over time may not retain their curiosity, falling to notice emerging customers segments and drifting tastes, particularly if they do not reflect their own.

For example, Columbia executives had a specific idea about who the Columbia customer was and developed product with them in mind, even when faced with evidence to the contrary about drifting tastes. One senior executive told of an instance when the CEO had been taken on a tour of a highly profitable flagship store in China and promptly asked to leave, stating that the mall it was located in was too luxurious and not in keeping with his view of the Columbia brand or its client base (Columbia - Senior Director, 2022). Some senior executives went to considerable effort to be connected to the end customer, spending time with them and understanding how they interacted with the brand and what their needs were (both wholesale customers and end users) – but these were self-driven initiatives and weren't an expectation of the CEO or a cultural norm (Columbia - Former Chief Information Officer, 2022).

Executives at Columbia criticised the organisation's reliance on and interest in research and insight reports. As one phrased it: "I've never gotten anything valuable from social listening or consumer reports, if I'm honest. I've never had an 'a-ha' moment reading those. I've had a-ha moments out freezing my ass off." (Columbia - Senior Director, 2022, p. 8). Another executive indicated that they had found over the course of their career that often with innovation it is impossible to rely solely on traditional metrics to validate whether it is the right thing to do – instead, it needs a strong working knowledge of the market to fuel intuition (Columbia - Former Chief Information Officer, 2022). Importantly however, it was also noted that this requires executives and people throughout the organisation to be very close to the customer and to have a culture of curiosity, but as several observed, this is not something Columbia had throughout the company (Columbia - Former Chief Information Officer, 2022; Columbia - Senior Vice President, 2022). The impact of this is that the organisation struggled to capitalise on the new markets (both geographically and demographically) that it explored, even as it declared them to be the largest source of opportunity for the organisation (Columbia Sportswear, 2014, 2019).

Columbia also identified that it had an organisational culture which tended to reject traditional business metrics or measures of success, instead preferring to rely on more emotional measures such as whether the most senior executives had someone they knew call them about a particular activity, or how they personally felt about a particular initiative (Columbia - Senior Director, 2022). This meant that many ideas were squashed simply because they didn't fit the view of the world held by certain decision makers, even when there was evidence to the contrary.

Under Armour co-founder Kip Fulks described how he became disconnected from "the locker room" (Coates, 2021, timestamp 3:02), and further that leadership at the company "lost their way" (Coates, 2021, timestamp 5:14), having once been so passionate about the athlete, they lost the connectivity they had with the day-to-day reality of what was happening with and important to their customer. In turn, this led to the company creating me-too products which did not solve a specific customer problem in a way unique to Under Armour, serving to commoditise the brand by diluting its position in the market and stagnating both exploitative growth and the success of exploratory efforts.

TomTom's founders continued to be heavily involved in the organisation throughout the observation period, holding key executive roles such as CEO, CMO, and CFO. Although these executives had guided the organisation through its early pivots, ultimately landing in navigation services, there is little evidence to suggest this was in pursuit of a specific idea or vision for the category, with some suggesting that the organisation's success was simply a matter of luck (TomTom - Former Vice President, Maps, 2022; TomTom - Former Vice President, Technology, 2022). Whilst executive leadership was often credited with being exceptionally detail-oriented (TomTom - Former Vice President, Technology, 2022), this appears to have been at the cost of a long-term vision. Evidence of this may be the 12 months between November 2007 and November 2008 when the organisation's stock price lost more than 95% of its value in the year after the launch of Apple's iPhone with Google Maps, which provided dynamic navigation for free with the device (Yahoo Finance, 2022b). TomTom's executive team were disconnected from the wider market and unlike Garmin had not begun to build alternate engines of growth. Rather than being self-observed, executives instead relied on advice from third parties about broader shifts in the marketplace. This was particularly true when the company embarked on exploratory ventures into uncharted categories such as the organisation's ill-fated copycat foray into action and sports (TomTom - Former Vice President, Technology, 2022). The folly of this was in turn exacerbated by the executive team being given "feel-good" information about critical aspects of the category (TomTom - Former Vice President, Technology, 2022, p. 11), rather than accurate information. Specifically, factors such as strength of competitors and consumer demands were underestimated leading executives to believe the organisation could present a compelling alternative in the market. This in turn led TomTom to deliver an underwhelming product which lacked vision and was misaligned to the organisation's strategy (TomTom - Former Vice President, Sport, 2022; TomTom - Former Vice President, Technology, 2022).

In the case of both connectivity to the organisation and connectivity to customers, executives in ambidextrous organisations do not rely on second or third hand information – they make their observations personally. Decisions may be validated by second or third hand information, such as larger scale data sets or through qualitative studies, but executives inherently have a good understanding as to what is happening which has been captured first hand. This allows them to not only identify opportunities and threats but take appropriate action and intuitively understand the importance or potential of initiatives which are proposed to them.

5.1.1.4 The Customer versus the Company

In an era where customer centricity has become a favoured concept amongst practitioners, it is easy to assume all efforts in this field are essentially alike. Yet apparently this is not the case. As with the connectivity of executives to customers, quite importantly, there is a distinction here about how ambidextrous organisations appear to source and classify customer knowledge, particularly as it applies to the usage of it for exploitation versus exploration. Ambidextrous organisations in this study distinguished between sources of customer and market intelligence and applied them in different contexts in the pursuit of different purposes. Specifically, a distinction was made between existing customers and emerging customers, as well as observed behaviours (what people did) versus reported intentions (what people said). Notably, non-ambidextrous organisations also tended to ignore the opportunities such analysis uncovered when it had undesirable implications.

Royal Caribbean used multiple data sources for customer and market intelligence, such as third party forums (Royal Caribbean - Former Vice President, 2022), several customer surveys (Royal Caribbean - Vice President, 2022), and regular immersion events where senior leaders in the organisation spent time on cruises with repeat customers (Royal Caribbean - Former Vice President, 2022). The organisations identified that whilst environmental concerns were a subject of much discussion during the observation period, it did not seemingly impact customer's purchase behaviours, in contrast to what customers claimed in research. Given the option, customers chose more traditional alternatives despite the higher environmental impact (Royal Caribbean - Vice President, 2022). This led the organisation to spend more time, and financial resources on research and the exploration of alternative options which would be cost efficient as well as meet sustainability goals. In turn the organisation was able to rapidly action the shift in customer purchase behaviour around this theme when it eventuated, simply elevating the visibility of existing initiatives.

Lululemon was founded as a vertically integrated company which was highly uncommon in the category at the time. The organisation credits this model with much of its competitive advantage, but importantly it gave the organisation a type of access to customers and the market that others didn't have (Lululemon - SVP Global Guest Innovation, 2022). At Lululemon, information about existing customers such as purchase patterns and behaviours was used to optimise exploitative efforts. But as one former senior executive put it, this information was "amazing for incrementally improving a lot of the products that are already out there. [However] it's not really a vehicle to hear what doesn't exist, because that's not what [this information] is designed for" (Lululemon - Former Chief Innovation Officer 2021, p. 8). Instead, the company used the information to iterate on existing solutions. For example, Lululemon experimented with range and merchandising within individual styles. Variables such as the shapes, features, display of product (Tham, 2015) and even product descriptions were developed and refined based on such information (Sherman, 2016).

Lululemon also differentiated between explicit and implicit insights which unearthed customer-driven versus customer-informed opportunities (Lululemon - Former Chief Innovation Officer, 2021). For example, the organisation seldom chose to respond to calls from customers for a particular colour, which was both prescriptive, and likely temporary. If however, the organisation consistently saw customers across multiple stores in multiple regions doing something like wearing two sports bras at the same time, or men buying women's leggings, this would be considered potentially symptomatic of an unmet need which could be addressed (Lululemon - Former Chief Innovation Officer, 2021). Identification of this underlying need then gave Lululemon the opportunity to determine whether this was a core customer problem that the organisation wanted to solve, and if so, solve it in a uniquely Lululemon way in keeping with the organisation's overarching identity.

In 2014, Southwest introduced a specific centralised system to gather, ingest, and implement employee and customer feedback obtained from traditional media, social media, and operational data (Southwest, 2022c). The company was also particular about not embarking on new initiatives until it was clear that it was something the customer wanted, and they had a clear view as to how it was going to add value and be in line with the overall strategy of the organisation (Southwest - Retired Vice President, 2022). Southwest were also clear about ensuring processes and procedures reflected customer feedback – leadership between the relevant divisions spoke on an informal but frequent basis (as much as daily) to ensure that trends in feedback received via call centres and frontline staff were considered and incorporated where relevant (Southwest - Retired Vice President, 2022).

As a key component of Burberry's transformation, the company prioritised the involvement of customers in all aspects of the organisation. This was an important departure from earlier years, where one executive noted that the company was instead quite proud of its lack of customer centricity – the designers made whatever they wanted, and marketing drew the customers to that product rather than around the other way (Burberry - Former Chief Technology Officer, 2021). Interestingly, Burberry noted the difference between the customer who *bought* their product and the customer they marketed to, being cognisant these were two very different profiles of people. As one former executive said, "if we marketed to the people that the data said [we should], the company would have died instantly" (Burberry - Former Senior Vice President, 2021, p. 7). This is an important distinction in the context of which customer is being included.

Further, ambidextrous organisations were less customer-centric, and more customer-first, prioritising customer demands over the needs of the organisation.

In 2014, McDonald's' CEO admitted that the organisation had lost some of its customer relevancy (Yohn, 2014). The company insisted upon delivering product in the way that suited the organisation rather than listening to customers and as a result, suffered dwindling sales and ceded market share to a plethora of smaller competitors. For example, the organisation had long been aware that customers wanted an all-day breakfast menu, however implementing such a menu would require kitchen reconfiguration and introduced process complexities that the organisation was unwilling to resolve (Bova, 2018). Instead, McDonald's introduced additional lunch and dinner menu items which suited the organisation better and in return saw lacklustre sales (Bensen & Easterbrook, 2014).

Importantly however, like Lululemon and Burberry, Domino's differentiated between the types of customer it was evolving the business to serve, both in terms of exploitative initiatives, and explorative. As is the case with many organisations, Domino's noted that it was typically the people who shouted loudest who got the most attention and in this case the most resources when it came to both exploitative and explorative innovation (Domino's - Head of Digital, 2022; Domino's - Vice President, 2022). Yet in Domino's case, no one single customer was significant enough to warrant such attention, so instead this was true for the most significant and most demanding franchise holders. Domino's had historically shown it was not only attune to short term customer needs but was also savvy with regards to developing solutions that customers didn't yet know they wanted (Domino's - Vice President, 2022). For example, the organisation developed and released a feature which allowed delivery customers to track status of their order, more than a decade before this was normalised by aggregator delivery apps (Domino's, 2022). When it came to more exploitative innovations focused on operational elements of the business however, the organisation tended to respond to the demands of franchise owners. In 2018 Domino's embarked on a project to better understand the requests and feedback provided by stores (Domino's - Vice President, 2022). In doing so it discovered that the demands of franchise owners seldom reflected the operational realities of running stores. Rather, the part time workers, delivery drivers, and other frontline staff proved considerably more insightful when it came to improving factors such as speed, accuracy, and customer satisfaction (Domino's - Vice President, 2022).

Other organisations in this study faced similar predicaments. Where the ambidextrous Royal Caribbean used digital tools and technology to eliminate queues on the world's largest cruise ship (McDonald, 2012) and continued to use technology to evolve the customer experience, focusing on making it increasingly bespoke (Liberty, 2018), Carnival refused to unify loyalty programs across the group to allow for cross pollination of customers between brands. The organisation acknowledged that such a unification would be ideal from a customer experience perspective, however felt that implementation complexities prevented it from doing so (Arison, 2013).

Similarly, Yum considered its position in the market to be about fast-casual dining (Yum - Managing Director, 2022), and heavily pursued food innovation in support of this, creating a large volume of new products. To validate the market appetite for these, the company then embarked on consumer research, taste testing, and small-scale roll-outs, as well as passing the new product through filters such as "can a 16 or 18 year old replicate this in a store?" (Yum - Managing Director, 2022, p. 9). Further, the company worked with innovation calendars which operated on three-year time horizons, to allow the company time to reconfigure its operations and systems to incorporate the new element (Yum - Managing Director, 2022). This is obviously a very methodical and practical approach, however it meant product development and innovation was largely company-led rather than customer-led, and left almost no room for responding to swift market changes, or happy accidents which generate novel outcomes.

VF Corporation too had a product development and business cycle which inherently diminished its ability to be able to respond to changing market circumstances in a timely fashion. Many of these processes were developed and perfected in an era when changes in the competitive environment were considerably slower to eventuate and as such the organisation was not wired for agility (VF Corporation - Vice President, 2022). An executive lamented that "It is fashionable lately to say we are more consumer centric. But that's not true. [...] True consumer centricity is informing decisions fast, based on the way the consumer changes and expects things to happen, not based on what suits you." (VF Corporation - Vice President, 2022, p. 11). Challengingly, this meant that no matter how willing the organisation was to adapt to environmental events – for example, customer expectations relating to range of sizes produced – the infrastructure on which the organisation was built and continued to operate was designed for 18-month lead times and was simply not able to react with sufficient speed. In the short term it was hypothesised that organisations may be able to hide this through using tools like social media to appear responsive in a short time frame. However, executives believed that over time the structures of the organisation would become so outdated that the gap between environmental demands and the abilities of the organisation would be insurmountably large (VF Corporation - Vice President, 2022).

The situation described at VF Corporation is considerably different to Starbucks, where store staff were hired very much for personality and then given the tools and environment – even when in an operational capacity – to identify opportunities and ideate solutions (Starbucks - Vice President, 2022). Many of the organisation's product innovations, for example the Frappuccino (which went on to become a $3 billion product), as well as operational innovations, such as writing each customer's name on the takeaway cup, came from frontline staff (Starbucks - Former Vice President, 2022). Whilst Starbucks had formal innovation and lab environments in which to test solutions, the organisation identified a number of stores in which it validated the operationalisation of the concepts, and sought feedback and refinement from frontline staff (Starbucks - Senior Vice President, 2022).

Columbia identified that an extremely limiting factor for the growth of the organisation was its lack of external perspective. Specifically, although the company had a strong sense of identity, it was very inwardly focused. Rather than seeking to understand how it was perceived by customers and understanding the role the company and its products played in its customers' lives, the company focused on how it wanted to be perceived and what it thought of itself (Columbia - Senior Vice President, Columbia - Senior Director, 2022; 2022). Further, that the company lacked inclusivity in its involvement with customers, an approach at odds with the organisation's position in market. One former senior executive said they were always surprised that the product development teams didn't spend more time with customers or in the market, saying that they tended to create for themselves and then get feedback, but by then it was their product and their ego was attached (Columbia - Former Chief Information Officer, 2022). Another senior executive gave the example of Columbia's tagline, "we unlock the outdoors for everyone" (Columbia - Senior Vice President, 2022, p. 5) which on the surface sounds like an inclusive rallying cry, but also puts the organisation in a position of power, treating the outdoors like a walled garden of which they are the gatekeeper. Executives described Columbia's fixed view of consumers, refusing to listen to the nuanced needs of customers in each market or of emerging customers, instead believing the organisation's view of the world was right, and customers who didn't agree simply didn't understand or weren't sophisticated enough (Columbia - Senior Director, 2022). Critically, this wasn't for lack of research, listening, or of insight, but rather a lack of willingness to make the changes needed to address the input. As another senior executive summarised "You know, it's not Colombia's outdoors. It's a matter of, what does the consumer perceive as outdoor? How do they participate? That is, the outdoors, there's not one version of, "this is what I know the outdoors to be, [this particular customer] just hasn't got there yet, I'm going to teach you." Right? It should be like 'they have an outdoor culture, it's different than ours, go figure out what it is'." (Columbia - Senior Vice President, 2022, p. 11).

Fundamentally it is apparent that there is a difference in how ambidextrous organisations and their non-ambidextrous peers tackle the subject of customer centricity. The non-ambidextrous form of customer centricity is more exploitative, emphasising responsiveness to customers, and relying on tools such as ethnographic studies and social listening reports, to glean information which is used to feed established processes. The ambidextrous form builds on this, growing explorative efforts by incorporating information about the market as a whole, encompassing emerging customers, and being willing to reimagine entire business processes to capitalise on the opportunities presented by both customers and consumers.

5.1.1.5 Strategic Speculation

Although many might imagine that ambidextrous organisations employ powerful tools and methodologies in their explorative efforts, perhaps surprisingly, there is an element of faith or 'gut feel' common to ambidextrous organisations in seeding successful exploration. As the term 'exploration' suggests, this is about an organisation knowing what to do when it runs out of specific evidence and gets to the edge of the map. Whilst much exploitative innovation can be successfully delivered using any one of several popular methodologies, explorative innovation inherently requires a degree of imagination fuelled by insight, talent, vision, or some combination of these. Ambidextrous organisations appear more confident in having an independent vision for the future about which they build conviction based on research and evidence, but they are not directed by it.

Lululemon believed that whilst deep knowledge of the market was important for finding product-market fit and iterating on prior successes, it was imperative to the success of exploratory initiatives that the organisation have a vision for the future that may be invisible to others (Lululemon - Former Chief Executive Officer, 2021; Lululemon - Former Chief Innovation Officer, 2021). This approach meant that the organisation involved customers differently in the process, not asking their input but seeking insight to build conviction for its vision: "ultimately if you've got the right listening ability, then you don't listen for what you want to hear or lead the witness, for example by asking "how might we make better apparel?". The consumer doesn't know and they're just going to say, "well, isn't that your job? But well, I suppose if you're asking me maybe I would like it to be a little bit more comfortable, a little bit lighter." But big [transformative] things just don't happen that way." (Lululemon - Former Chief Innovation Officer, 2021, p. 6). The organisation set out to create a "sensory experience" (Lululemon - Former Chief Innovation Officer, 2021, p. 11) with the product, described as the ambition to create a product sensation so distinct that a customer could put it on in the dark and know it was a Lululemon product, and not a competitor product. The myriad of material, olfactory and stylistic product innovations required to make this happen however did not occur as a result of information gleaned from trend reports, consumer studies, focus groups, or similar sources, but rather from a belief that this was a way that Lululemon could delight customers by answering a need that customers were as yet unable to even articulate, and in doing so develop another distinct point of difference that would differentiate Lululemon from alternatives (Lululemon - Former Chief Innovation Officer, 2021).

Other ambidextrous organisations felt similarly. Burberry had no specific formula for gleaning or interpreting insights from the market. Instead executives cited a need to intuitively understand the potential application of trends as they were identified, and combined with a culture of experimentation and comfort with failure, be allowed to explore the proposed application (Burberry - Former Senior Vice President, 2021). To facilitate this, during the observation period, Burberry hired "vision first" (Burberry - Global Director of Retail Experience, 2022, p. 8), prioritising people who could meaningfully contribute to making Burberry "the most innovative, technologically-driven luxury brand in the world" (Burberry - Global Director of Retail Experience, 2022, p. 8). Combined with extreme clarity about strategic priorities and what to do to achieve them, this equipped people throughout the team with the skills and remit to be able to make decisions to drive the business forward, particularly when there was no data to direct them. Burberry's senior executives consistently had the same story to tell about how they knew which opportunities to pursue and when to double down on ideas. As one former senior executive put it when asked to describe the process undertaken by the organisation to determine a vision for the future: "this is going to sound awful, but intuition. I used my intuition a lot." (Burberry - Former Chief Technology Officer, 2021, p. 7).

Domino's executives criticised themselves for their dependence on "feelings over facts" (Domino's - Head of Digital, 2022, p. 13), but acknowledged that it was an approach which had served them well. The organisation had an internal innovation team charged with exploring new technologies and mobilising the opportunities facilitated by partnerships through prototypes which were tested live with customers in the store located in the organisation's head office, or with a franchised store which serviced a suitable customer profile. The innovation team was made up almost entirely of former store staff (Domino's - Vice President, 2022), giving them a rich understanding of the realities of operations in the store environment (Domino's - Head of Digital, 2022). Domino's was a very operationally-driven organisation (Domino's - Vice President, 2022) which could have meant the organisation struggled with the variety needed for successful exploration. Instead, Domino's found that this approach meant the organisation was able to swiftly implement and commercialise validated innovations and realise the business benefits of such exploration by creating solutions which from their very outset united customer desirability with technical feasibility and organisational viability (Domino's - Vice President, 2022). For example, in the United States the organisation was able to build a predictive data model which allowed it to determine with 98% accuracy the order of regular customers, enabling them to begin preparing the order in store before the customer had actually made payment (Domino's - Vice President, 2022). Importantly however, the organisation was also adept at creating small scale, inexpensive tests which allowed them to validate that the proposed innovation was going to have the expected customer and business benefit (Domino's - Head of Digital, 2022).

Starbucks noted that there were several occasions on which if they had followed the recommendations made as a result of traditional customer research, the initiative in question would have been drastically changed or altogether killed. For example, the organisation's Pumpkin Spice Latte did not receive favourable results during customer testing. It was implemented anyway owing to the belief of leadership that it was a viable product. Not only is it now widely considered to be one of Starbucks' most successful products in history, it also marked the beginning of seasonal flavoured products – not just at Starbucks, but throughout the industry (Starbucks - Former Vice President, 2022). Although the organisation leveraged research "up to a point" (Starbucks - Former Vice President, 2022, p. 2), there was also a belief that if decision makers were close enough to the customer, there was little need for it. So instead, there was a heavy cultural emphasis on organic customer knowledge. In making this observation however it is important to note that executives in the organisation acknowledge the considerable shift in customer research which has occurred in recent years, particularly since the first half of the observation period. Where such research used to focus on asking customers what they thought, increasingly it now discerns underlying needs and desires (Starbucks - Former Vice President, 2022). Critically, this does not mean the organisation has shifted into an era of reliance on research, more that – like other ambidextrous organisations – it uses it as a way to refine ideas generated through organic insight. Further, there is still process and rigour involved (Starbucks - Former Vice President, 2022). For example, ideas born in stores may be refined through research, and operationalised by a central team, before being scaled across the store network (Starbucks - Former Vice President, 2022). Specifically, the organisation selected 30 to 40 stores which had a customer base that collectively provided a representative sample of the overall customer base, as well as store profile. New concepts were then tested across this group, with store staff specifically trained to provide feedback and iterate before a full-scale roll-out (Starbucks - Former Vice President, 2022). However Starbucks did not use this for customer acceptance as they believed it offered insufficient and often misleading data, but rather used it as a way to operationalise new concepts. This meant that the organisation was able to functionally transition explorative initiatives into exploitative ones.

Not dissimilarly, Royal Caribbean's approach to step-change innovation was a combination of intuition and careful observation. The company identified opportunities for exploration by viewing the market and shifting customer tastes through the lens of its definition of business scope as the provider of the ultimate vacation, rather than as a cruise company (Royal Caribbean - Vice President, 2022). The organisation was not the first cruise provider to launch an exclusive destination, but it was the first exclusive residential destination provider and when the organisation made its debut the impact was considerable, with one executive describing it as "a game changer" (Royal Caribbean - Vice President, 2022, p. 8). The exclusive island, named Perfect Day At Cococay (Cococay) is Royal Caribbean's single highest rated destination anywhere in the world, with a Net Promoter Score of 97 (Royal Caribbean - Vice President, 2022). Where Carnival (amongst other organisations) had relatively simple non-residential exclusive destinations, Royal Caribbean's Cococay was unprecedented in the industry, providing an experience more commonly offered by destination specialists. Royal Caribbean found in turn that not only did customers enjoy the destination more than any other anywhere in the world, they also spent more, and as Royal Caribbean owned the destination, the location was more profitable than any other destination (Royal Caribbean - Vice President, 2022). Given this, the organisation commenced three-night cruises, on which Cococay was the only stop which quickly sold out, opening up an entirely new long-weekend market for the organisation. In a different case of strategic speculation at Royal Caribbean, the organisation historically had provided the same boarding experience to all classes of passenger, irrespective of whether they had purchased an interior cabin with no windows or a premium suite. Whilst customer feedback did not specifically lead the organisation to believe this was a factor which required revisiting, assessment of the travel market as a whole gleaned organically through personal experience (Royal Caribbean - Former Vice President, 2022), plus the observation that modern customers require every aspect of their trip to be worthy of capturing for social media (Royal Caribbean - Vice President, 2022), meant that the organisation overhauled the onboarding experience to be in keeping with the level of accommodation the customer had bought (Royal Caribbean - Former Vice President, 2022).

Like Burberry and Lululemon, Under Armour believed extensively in the use of "gut feel" (Under Armour - Former Vice President, 2022) to decide on which initiatives to invest in and which to ignore. It is worthwhile to understand what differentiates Under Armour's use of this approach from its ambidextrous counterparts. Seemingly there are two key variables.

The first is that it is clear incorporating intuition, or 'gut feel', is an approach which has merit if everyone is on the same page, but is a recipe for pursuing irrelevant opportunities and ignoring significant threats if employees do not have a shared and accurate sense of the organisation's identity. At Under Armour there was a lack of common definition amongst the team as to how to interpret critical aspects of its identity such as its mission (Under Armour - Vice President, 2021). This meant that employees were using a different north star by which to set their internal compass and make decisions, in turn this led to an abundance of underperforming products and initiatives which confused rather than confirmed Under Armour's positioning (Under Armour - Former Vice President, 2022). One senior executive suggested the pressure to perform within the organisation led to "a tremendous amount of stress [so] there wasn't necessarily a lot of open forums, to have more opinions [...] we had to make a lot of very fast decisions very, very quickly. And a lot of times, there wasn't a lot of room for collaboration and things of that nature" (Under Armour - Vice President, 2021, p. 3)

The second is that Under Armour used this approach of intuition or 'gut feel' for inspiration, but not for decision-making. Instead, the company still relied extensively on data and established business case development methodology to make decisions. This likely improves senior executive comfort but also forces the organisation to rely on historic data to forecast future events which inherently limits the role of innovation. As a result, the organisation pursued several exploratory initiatives which may have made sense on paper, but failed to deliver meaningful results. For example, the trio of health and wellness app acquisitions which failed to ever make a synergistic contribution to the business, build notable momentum, or scale (Under Armour - Former Head of Retail and Franchise, 2022).

Strategic speculation (or lack thereof) at Columbia also offers an interesting case in nuance. The organisation placed heavy emphasis on rules, but trusted employees to do almost anything they liked as long as it was within the parameters of business as usual, maintaining an exceptionally tight grip on anything new or innovative which might represent a change to the business or the brand (Columbia - Senior Vice President, 2022). Senior executives reflected that this came from the family heritage of the organisation – Columbia's CEO at the time of writing and during the observation period is a member of the founding family – and held the belief that evolving the organisation's namesake brand, product, or approach would somehow dishonour their legacy (Columbia - Senior Director, 2022; Columbia - Senior Vice President, 2022). As one senior executive put it, the company struggled to perform in markets and categories which represented a shift away from its prior experience as it lacked a culture of curiosity which would have facilitated the acquisition of insight to drive evolution (Columbia - Senior Director, 2022). The executive referenced cases in the organisation's home market in which this approach worked – with no real data to say that something would or wouldn't work, the organisation sought to explore and experiment with real customers with a sense of curiosity, resulting in significant insights and impactful outcomes. This simultaneously illustrates the value of a deep, organic knowledge of the market to fuel transformative innovation, and the danger associated with failing to update this knowledge and being open, not only to changes in the competitive environment, but also to changing the organisation to stay competitive.

Garmin has many proven processes for developing product and getting it to market, but it was exceptionally comfortable with the notion that ideas can and do come from anywhere (Garmin - Vice President, 2022). Where it leveraged process is in converting that idea into something from which the organisation can extract value. For example, the organisation's foray into the diving industry was instigated by someone working in the IT department who was passionate about the area and was able to combine market insight with an answer to the company's key question – why Garmin? (Garmin - Vice President, 2022). Garmin also had a general policy to never buy market research or conduct general consumer studies. When it came to developing product, the company sought to become experts in the industry (sport, etc.) that it was building product for (Garmin - Vice President, 2022). Executives estimate that the company developed a large volume of new products a year (both net new and iterations) and as a result had a lot of failures. But by taking ownership of category knowledge and insight, it meant that it was never able to place the blame elsewhere, claiming that a particular consultant or report had lead them to believe it was a viable solution. In taking this approach, Garmin found that its ability to look in the right places to understand an industry or activity improved considerably over time (Garmin - Vice President, 2022).

TomTom seldom generated its own disruptive or transformative innovations, instead acquiring other companies, and bolting their solutions on to its existing solutions, or creating its own versions of things observed in market. For example, when the organisation launched activity trackers, it was based on the organisation's observation of FitBit's perceived success in the market (TomTom - Former Vice President, Technology, 2022). Whilst this can be a lucrative strategy, in practice TomTom lacked the deep understanding of customers in this market needed to be able to produce products which were sufficiently advanced and had features reflecting emerging consumer demand (TomTom - Former Vice President, Technology, 2022; TomTom - Former Vice President, Sports, 2022). As a result, TomTom's products in the category were always considerably behind the alternatives and failed to capture any meaningful market share. Critically, TomTom was unwilling to make the investment needed to develop the competencies required to have a distinct point of view and become a serious competitor in this category (TomTom - Former Vice President, Technology, 2022).

Ultimately, strategic speculation describes the ability for an ambidextrous organisation to unite both the exploitative and explorative aspects of the company to develop a vision for the future which goes beyond what is already known. Developing this vision however requires an element of 'gut feel' or inspiration. Ambidextrous organisations build conviction for their vision through research-based evidence, rather than using research to create the vision in the first place.

5.1.1.6 Active Abstinence

As many academics and practitioners have noted, successful exploration requires a significant volume of initiatives to improve the likelihood of positive outcomes. Equally, in the pursuit of successful exploitation it is too easy to make incremental, independently insignificant but cumulatively substantial changes to the organisation which over time dissolve a clear market position (for example in price, product quality, etc.) The challenge then, is in focusing exploitative and explorative activity such that it provides guardrails for both types of initiatives and allows the organisation to play to its strengths and leverage existing capabilities – for example, market knowledge or supply chains, without commoditising its market position, diluting focus, or confusing stakeholders.

In simple terms, this is as much about the organisation knowing what it won't do as what it will do and staying true to those parameters, even under pressure. As one executive put it, almost every idea that gets presented has merit, so on what basis should you say no? It can't be a matter of first-come-first-serve, nor simply proposed benefit or return on investment, because often these can be difficult to quantify and may not be achieved, particularly if they are only articulated for the purpose of a business case (JetBlue - Divisional Controller, 2022).

Across this study non-ambidextrous organisations tended to suffer from a corporate case of what is colloquially known as a 'fear of missing out' – trying to do too much and as a result, diluting the impact of the organisation's finite resources. Conversely, ambidextrous organisations had a specific strategy, and whilst remaining open to change, relentlessly pursued this, often making decisions and forgoing opportunities which were lucrative in the short term but not in keeping with the longer-term ambitions the organisation sought to realise.

For a relatively young organisation, JetBlue gave itself an exceptionally wide scope in the market, quite quickly re-categorising itself beyond aviation into travel more broadly. The organisation set out to be an "un-airline" (JetBlue, 2010, p. 2) and worked with the overarching purpose of "bringing humanity back to air travel" (JetBlue, 2010, p. 2) which later evolved to "inspiring humanity" (JetBlue, 2022, p. 1). Relative to Southwest, JetBlue's international activity began much earlier, with the organisation flying to foreign destinations almost from inception (JetBlue, 2022). Further, the organisation had a number of wholly-owned subsidiaries in JetBlue Travel Products, offering non-air related travel solutions (such as car hire and cruises), as well as LiveTV, a satellite entertainment and connectivity provider, and JetBlue Technology Ventures (a venture capital company). As the organisation grew its scope, a slew of initiatives were proposed to support this ambition, placing a lot of strain on the organisation's resources, particularly finance and technology, which struggled to meet the broad and prolific demands of the business and its growing stakeholders (JetBlue - Divisional Controller, 2022). In turn, this meant that every initiative was given the absolute minimum.

This attitude translated into the way the company went about business generally, with one executive specifically noting that there was a tendency to go too big with any new initiative (JetBlue - Director, 2022), and another saying "a common complaint in the company was it was like, unclear what the priority was and where spending should be directed." (JetBlue - Divisional Controller, 2022, p. 11). It also had challenges in the way its purpose of 'inspiring humanity' was interpreted and brought to life. When the company introduced a class system for financial reasons, both employees and customers were discontented, arguing that humanity shouldn't have classes (JetBlue - Former Chief People Officer, 2022). Although conceptually these are all valid initiatives within the definition of business scope articulated by JetBlue, it is suggested that this lack of focus diluted the organisation's attention and forced each initiative to compete for finite resources. The organisation then struggled with committing to the enduring investment (in time, finance, etc.) needed to fully realise the potential of initiatives (JetBlue - Director, 2022). Ultimately, JetBlue attempted to address this not through narrowing its scope but instead through implementing a business case approval process which sought to align projects with organisational objectives and quantify the ask in terms of required finance and technology hours. Perhaps ironically, despite this system being put in place, the organisation never halted any projects (JetBlue - Divisional Controller, 2022).

Under Armour considered its mission (variations on "to empower athletes that strive for more" (Under Armour - Former Vice President, 2022, p. 1)) to be the driving force of the business, both inspiring and guiding everything from product development to innovation initiatives to marketing activity. The company intentionally made this a broad statement, so as to allow it to consider many possibilities (Under Armour - Former Vice President, 2022). Quite critically however, it seemed to lack the corresponding guardrails with which to also limit its thinking.

In 2010 Under Armour acknowledged that the success of the business was dependent on the ability to “identify and originate product trends, as well as to anticipate and react to changing consumer demands in a timely manner” (Armour, 2010, p. 20). The company could not be accused of having engaged in too little exploration. Across the observation period it embarked on efforts in multiple foreign markets, new sporting categories, new product lines, a new brand, and acquired multiple companies. As one former executive put it, “it was a company that just kind of like went all over for bright, shiny objects, which got really messy” (Under Armour - Former Head of Retail and Franchise, 2022, p. 8).

In 2010, Under Armour declared that their product line was narrow relative to the opportunities available, yet just a year later underwent an SKU rationalisation project to decrease their product variety by 20% (Shaw, 2012), suggesting that the company was not particularly efficient at identifying and capitalising on opportunities identified. Further, the company seemingly had a heavy reliance on a discounting model, growing the number of outlet stores at a rapid rate, considerably faster than full-price stores, and creating factory-exclusive line (that is, Under Armour product at a lower price point). Factory House stores increased at an average of approximately 25% year-on-year early in the decade (Shaw, 2011, 2012; 2014). In 2014 the company had 117 outlet stores, compared to just 13 full price stores (Shaw, 2014).

In the same vein, Under Armour engaged in considerable diversification across a number of sporting categories outside football (Shaw, 2016), as well as attempting to further develop the womenswear category (Shaw, 2012), footwear (Shaw, 2013), wearables (Shaw, 2013), and later connected footwear (Shaw, 2016), and even smartphone apps (Shaw, 2015). As a former senior executive put it, “there was no scope, Under Armour wanted to be everything” (Under Armour - Former Head of Retail and Franchise, 2022, p. 5).

McDonald’s’ was criticised by industry analysts for failing to anchor its innovation efforts around a specific vision. In 2013, McDonald’s stated that it sought to provide customers with choice, offering a wide range of different types of food at various price points, with varying nutritional credentials (Thompson, 2013). The mantra was that whatever it was the customer wanted to eat, McDonald’s would sell, and sell more of it than anyone else. Notably, this approach seems to have effectively excused McDonald’s from making any specific choice itself, thus diminishing its distinctiveness. As one writer documented, “Leading the list of reasons for the golden arches’ recent poor performance is the company’s seemingly scattershot approach to innovation. It has chased multiple priorities such as McCafé, its value menu, and new products including so-called healthier ones that actually aren’t even that healthy.” (Yohn, 2014, p. 1). Another analyst commented that at 180 items, the organisation’s menu seemed as long and overcomplicated as its priority list. Only when sales continued to dwindle did the organisation reluctantly cut down menu options in order to be able to respond to customer demands (Bova, 2018). Further, the organisation operated at multiple price points, attempting to attract a broad range of customers with one brand, simultaneously targeting value-oriented customers with a $1 menu, whilst aggressively pursuing a premium price point through an increasing range of products targeted at not only a less price-sensitive customer, but critically a premium customer (Thompson, 2013).

Similarly, in the early 2000s, TomTom was amongst the most significant players in the digital navigation market – a position which reflected its stated purpose. In 2010, TomTom described itself as “focused on getting car drivers to their destinations safely, efficiently and well informed along the way” (TomTom, 2010, p. 5). But the organisation was faced with a severely contracted market and dwindling stock price owing to the 2007 launch of Apple's iPhone, which offered users a good-enough navigation solution for free. Rather than develop a distinct viewpoint about the future of the category, and modify its purpose and strategy to create the strategic parameters within which a search for exploratory initiatives might be conducted, the organisation simply developed the products and features its largest customer demanded and launched a series of me-too products, retrospectively updating its purpose to account for its new interests (TomTom - Former Vice President, Technology, 2022). For example in 2015 the company described itself as "designing and developing innovative products that make it easy for people to keep moving towards their goals" (TomTom, 2015, p. 7). By 2017, when the company had declared defeat in the sports and action camera markets, it reframed its focus again, to be "a global navigation technology company" (TomTom, 2017, p. 2).

At Columbia, the organisation understood that there needed to be a balance between fixed and variable elements of the organisation to facilitate evolution whilst maintaining its identity. Importantly however, the organisation lacked clarity on what aspects were core to Columbia and as such needed to remain consistent, and what parts were open to change as the organisation evolved, both over time to appeal to drifting consumer tastes, as well as in new geographies and channels (Columbia - Senior Vice President, 2022). This meant that teams struggled to act consistently across geographies, channels, and brands, seeking to find ways to evolve the organisation in response to shifting competitive conditions. As one executive put it, "we couldn't quite figure out what's OK to localise, and what isn't" (Columbia - Senior Vice President, 2022, p. 3). Attempting to overcome this, the organisation became increasingly rules based, looking to propagate successes in one area into others. In turn, this created bottlenecks for evolution and hindered the organisation's ambitions to explore new horizons (Columbia - Senior Vice President, 2022).

This ability to define guardrails within which to operate and use these as assessment criteria to inform the decision to abstain from particular initiatives is seemingly a critical capability of ambidextrous organisations.

VF Corporation's brand The North Face identified a significant opportunity to expand into day packs, however the company realised that the most valuable part of this market was people who wanted to change their bag with a considerable degree of frequency (for example, teenagers and young adults). As the brand was built on providing quality products with lifetime warranties, successfully addressing this market would require diluting the distinctive brand value on which the company competed (VF Corporation - Former CEO, 2022). Accordingly, the organisation elected not to pursue the opportunity.

Southwest was adamant about making air travel accessible to everyone, providing low-cost, extremely simplified air travel. An ethos which carried through all aspects of the business from procurement and cost structure decisions to marketing (Southwest - Senior Vice President, 2022). Despite mounting pressure from investors to the contrary, the organisation never charged a passenger for their first two suitcases, believing this was not in keeping with the organisation's overall ethos. This thinking was challenged however, when the organisation started to offer customers the option of paying a nominal fee to board flights first (where historically boarding and seating was allocated on a first-come-first-serve basis). Many throughout the organisation felt that charging for this privilege was not egalitarian enough and not in keeping with the overall philosophy of the organisation. Others argued that giving customers the option to do so meant that they were able to choose whether it was important enough to them to warrant paying for it. Ultimately, several tests with customers lead to the implementation of the option which was further refined based on staff and customer feedback (Southwest - Senior Vice President, 2022).

As part of its transformation, Burberry elected to make several consolidation decisions which were financially painful in the short term, but extremely beneficial in the medium to long term. The company drastically reduced the availability of its signature nova check which had become synonymous with an undesirable customer segment (Burberry - Former Chief Technology Officer, Burberry - Former Vice President, 2021; 2021). Further, executive leadership ended licensing agreements and closed several outlet stores which were deemed harmful to brand perception (Burberry, 2011). Significantly, Burberry went as far as closing divisions of the organisation which had merit and contributed materially to the organisation's financial performance, but were not aligned with its strategy and long-term vision (Burberry, 2010). Where it had historically experimented with different styles and price points under the one brand, the company created clarity, introducing distinct product lines. Specifically, the organisation had developed several different styles under the Burberry brand name which had not only a slightly different aesthetic, but also allowed the organisation to have offerings at slightly different price points (Burberry, 2010).

The Starbucks story with regards to saying no and actively abstaining from particular initiatives is not dissimilar to Burberry. As with Burberry, Starbucks had lost focus in its pursuit of revenue growth (Schultz, 2018). In the decade prior to the observation period, Starbucks extended its brand beyond coffee and the café experience into entertainment. The organisation went as far as to create music bars allowing customers to download and compile their own CDs, and also sold books, before expanding its entertainment interests into film. The venture looked impressive on the organisation's financial statements, but contributed to the dilution of the Starbucks brand and overall experience (Schultz, 2018). The decision to make a foray into entertainment was amended, but importantly updated in line with Starbucks' core offering of coffee and overall market position as providing a 'third place' for customers – a space in their lives they can feel familiar and welcomed which is not their home or school / workplace (Leinwand & Davidson, 2016; Schultz, 2018), replacing book and CD sales with free premium content for customers whilst in store (Starbucks, 2010). Importantly, this did not limit Starbucks' enthusiasm for exploration and innovation, but rather frequently revisiting and refocusing the offering of the organisation is characteristic. For example, during the observation period Starbucks owned two tea brands and sold one (Tazo tea) to enable a concentration of resources into the other (Teavana) (Ignatius, 2019). As part of this decision, the organisation closed 300 Teavana stores and sold Teavana exclusively through Starbucks stores (Starbucks, 2018). However, It is interesting to explore what separates Starbucks' drift into entertainment from its foray into tea, or CPG products (Starbucks, 2010), given its long-held belief that coffee is the core of the organisation, and the store itself is the key aspect of the brand experience (Schultz, 2018). In the case of tea (and other beverages), it is important to note that Starbucks has long intended for its stores to be a social meeting point for communities. Yet many people do not drink coffee, or do not drink it throughout the day expanding the addressable audience of the Starbucks Experience (the term the organisation uses for the in-store experience) by growing potential consumption occasions then, is a logical pivot. Similarly, although Starbucks long claimed it would never do instant or single-serve coffee (Starbucks - Former Vice President, 2022), for many people the price point of Starbucks coffee makes the Starbucks Experience a luxury which cannot be justified every day. Further, the off-premise coffee consumption category dwarfs its in-store sibling. Giving Starbucks enthusiasts a way to enjoy Starbucks coffee outside the store through alternate brands endorsed by Starbucks is a logical way to leverage the Starbucks brand into new categories.

Starbucks also actively abstained from several opportunities, making decisions which were not financially driven, but in keeping with its values. For example, in 2013 at the annual shareholders meeting, an investor claimed that the company had suffered financially for its favourable stance on same-sex marriage (Allen, 2013; Starbucks - Vice President, 2022). CEO at the time – Howard Schultz – responded that the time horizon used by the investor to make the calculation was very narrow and that the company had grown shareholder value the year prior by 38%, suggesting that if the investor could find better return elsewhere or didn't agree with the organisation's view on the subject, they could sell their shares (Allen, 2013; Starbucks - Vice President, 2022). Starbucks received similar criticism from various stakeholders for its stance on other issues such as matters of race, and whilst reception was not always favourable (both internally and externally) the organisation found that consistently having a strong point of view across a range of matters grew brand value, attracting not only customers but also employees to the organisation (Starbucks - Vice President, 2022).

Finally, Starbucks used an internally developed metric, modified from the classic Net Promoter Score as a means through which to take a pulse check of the organisation for a new concept. "We do something called a Partner Pride Index. When we test something in the store, we have a quick questionnaire that is basically, you know, do you recommend this? Would you recommend this to other stores, to your friends in other stores? Would you recommend this for Starbucks is something that you're proud of, Starbucks should be proud of, etc. It's five questions, it's not like big or complex, but it gives you a real indication: is this the right thing to do? And I would say, every single time I've seen that done, if the partners say it's a good thing, it works. And if they say it's not, it doesn't. And sometimes we've ignored that, and we've gone forward with something, and it fails. And when we look back, the partners told us, this is not a thing to do." (Starbucks - Vice President, 2022, p. 18). This system provided an guardrail for new innovation which gave Starbucks a way to determine whether to proceed with an idea, resulting in shelving initiatives which may have appeared valid based on traditional methods of testing, but may have created problems beyond the scope of such programs (Starbucks - Vice President, 2022).

Renowned strategist Michael Porter said that strategy is about deciding what you will not do (Magretta, 2011). Starbucks founder Howard Shultz made a similar observation, reflecting on a series of decisions made by the organisation which had diminished the strength of the organisation's strategic positioning saying that "many of these decisions were probably right at the time, and on their own merit would not have created the dilution of the experience; but in this case, the sum is much greater and, unfortunately, much more damaging than the individual pieces." (Schultz, 2018, p. 30). When it comes to becoming ambidextrous, this ability to focus and actively abstain from potentially lucrative or worthwhile opportunities appears to be important.

5.1.2 Enablers of Ambidexterity

Two enablers of ambidexterity have been identified. These describe specific actions organisations can take to enable development of ambidexterity and activate the attributes outlined.

5.1.2.1 Creating Impetus and Stimulus

If execution is more important than strategy in becoming ambidextrous, the necessity to create an environment fertile to ambidexterity is essential. For a multitude of reasons, humans are reluctant to change and struggle with the dual tensions of ambidexterity, so there is a critical need to motivate people within an organisation to resolve these difficulties.

Ambidextrous organisations appear to take a two-pronged approach to tackling this challenge, using culture as an impetus to inspire ambidextrous action, in conjunction financial stimulus to drive motivation. Conversely, a non-ambidextrous organisation will do one, none, or simply watered-down versions of these.

At Tapestry, the narrative used by the most senior executives with regards to exploration was at odds with how employees were measured, which in turn disincentivised them from exploring new ideas. More than one executive described how the remit of their specific team grew from handling one brand in the company portfolio to three, with fewer resources. Individual financial incentives were tied to performance figures which were reported monthly. So whilst staff were told to try new things or explore new possibilities, in practice they were reluctant to try anything unproven for fear of losing their jobs or failing to meet the targets set that would give them positive financial outcomes (Tapestry - Director, 2022). When asked what changes they would make to motivate people to take the actions required to see the organisation perpetually evolve, one senior executive said “people need to be given space and incentives to do this. Not as a one off, it just has to be rewarded on an ongoing basis. And people need to be empowered. This needs to be part of everyone’s job. Because everyone can do it, it’s just most people think it’s the purview of someone else. Everyone thought that change was necessary, but not for themselves or their teams.” (Tapestry - Senior Director, 2022).

Carnival actively sought to inspire and motivate employees to go beyond the scope of their role and rewarded them for doing so. Critically however, these incentives were heavily operational, focused on either creating new efficiencies in processes which could be linked to cost savings, or directed towards revenue uplift through areas such as increased bookings or class of bookings, and on-board spend (Carnival - Director, 2022). This meant that whilst people were willing to go beyond the scope of their role, it over-emphasised the exploitative elements of the organisation, weighting their efforts into initiatives with short-term impact.

VF Corporation observed that people who were successful within a particular structure – certain processes, markets, etc. and had been rewarded through promotions and the like were reluctant to endorse or otherwise embark on change programs which would see the organisation venture into territories in which their capabilities were unproven (VF Corporation - Former CEO, 2022; VF Corporation - Vice President, 2022). This reluctance was owing to the perception that embarking on initiatives in unknown waters would increase the risk of non-performance and thus risk the individual’s job or financial bonuses.

Southwest meanwhile had a profit-sharing program available to staff which returned on average pay-outs equivalent to 18% of employees’ salaries each year (Southwest - Former Vice President, 2022). Employee stock ownership type plans can often be relatively minor for most staff members, so once employees realised that this was a material and not tokenistic stake in the success of Southwest, they were considerably incentivised to take both proactive and compliant action in the best interests of the organisation (Southwest - Former Vice President, 2022). The organisation found that owing to this program, employees not only supported changes that were in the best interests of the organisation even if they didn’t personally agree with them, they also took greater ownership of the long term success of the organisation, making proactive suggestions for cost savings and novel initiatives (Southwest - Former Vice President, 2022).

Yet the company identified that “you can give your employees all the money in the world, but if you don’t have buy-in, you’re going to fail” (Southwest - Former Vice President, 2022, p. 3). So Southwest took the view that whilst it was a customer-oriented organisation, it was also an employee-oriented organisation. In practice, this meant that the customer wasn’t necessarily always right. In the event that there was some sort of issue, provided the employee had tried to do the right thing to the best of their ability, even when there was no policy to govern the particular circumstance, the company would always support them – even if the action taken by the employee was financially detrimental to the organisation (Southwest - Senior Vice President, 2022). This created an environment in which employees had the courage to proactively problem solve as required.

As one executive put it, "when people feel comfortable, that they're not going to lose their job if they make their own decisions, they will probably lean a little bit more towards customer. And if you're a customer organisation, that's a good thing. They'll come back again, right?" (Southwest - Senior Vice President, 2022, p. 1).

Quite similarly, Starbucks gave all employees – even part time store staff – an annual stock allocation, making them partners in the success or failure of the organisation. Culturally, the impact of this was amplified through both formal and informal initiatives, such as listening tours where senior executives heard first hand and responded directly to store staff ideas and challenges (Starbucks - Former Vice President, 2022), dynamic digital suggestion boxes where employees could vote for ideas and be rewarded for their impact if implemented (Starbucks - Vice President, 2022), and the celebration of the multitude of occasions on which ideas unofficially tested in one store or part of the business would be formally adopted by the rest of the organisation (Starbucks - Former Vice President, 2022).

TomTom unfortunately seemed to lack both this passion and buy-in from people throughout the organisation. The organisation dabbled in having team members dedicated to exploration but struggled to mobilise the ideas the group produced. This was for two interrelated reasons. With a heavy focus on delivering in the immediate term, people were largely too busy with the day-to-day realities of running the business to be able to support innovation efforts. Further, as the ideas were generated outside their division, there was reluctance to facilitate their implementation. As one executive described "... even if they come up with something, then they need to start implementing [it] and then they just meet all this resistance [...] Nobody has time, you know, to help them. So even if they come up with something really, really good, it's super hard for them to make it successful then and to, to launch it because their job is most often just to come up with it. And then then there's these normal teams that take it and make it a sellable product. And they never have time. And they also fight against it because it's not their idea." (TomTom - Former Vice President, Sports, 2022, p. 8).

At Burberry, innovation was a more integrated effort. Staff were armed with complete clarity as to what the organisation was seeking to achieve, and continuously encouraged by senior leadership to experiment at will as long as they worked within the strategic pillars. Importantly however, executives talked about how the idea of perpetually moving forward was baked into the culture of the organisation. As one described "there was always this question; if we're not exploring enough, if we're being too conservative, if we're using the same solution that we were using 20 years ago, we need to stop" (Burberry - Global Director of Retail Experience, 2022).

Garmin had an open culture which welcomed new ideas being continuously introduced. The organisation had a virtual 'idea bucket' which allowed anyone to submit an idea about any aspect of the business and attach their name to it. If the idea drove some part of the organisation – such as a product or process – forward, the person who suggested it was rewarded (Garmin - Director, 2022). The company also had a practice of living up to their mantra of "working with the products that you're going to love to own someday" (Garmin - Director, 2022, p. 1) aligning people within the organisation (no matter their function) to a category that they were interested in, which they found naturally gave them an incentive to go beyond the scope of their role. For example, if a project manager was passionate about kayaking or running but not boating, the company would reassign the person to an appropriate part of the business (Garmin - Director, 2022).

The complex matrix reporting structure at VF Corporation meant that there was a considerable amount of reporting and updates required to keep all relevant stakeholders suitably informed. Former and current senior executives described themselves as "PowerPoint machines" (VF Corporation - Former Vice President, 2022, p. 11), creating a challenging dynamic in which executives in regional roles were expected to know what was going on in their respective markets and report this back to their global office, but without the time to truly observe it first-hand. Instead, they were forced to rely on their own reports as to what was happening in their own geographies. Further, it left several executives wondering what the point was of all the work and stifling the opportunity for any sort of creativity beyond the very specific defined boundaries of individual remits owing to overwhelming operational obligations (VF Corporation - Former Vice President, 2022; VF Corporation - Vice President, 2022).

Given the visibility and accessibility of senior leadership at Southwest, executives often heard feedback from people throughout the organisation. At both formal and informal occasions, executives took feedback from staff seriously, ensuring they had captured the individual's name and went back to them once their input had been considered, regardless as to the outcome (Southwest - Senior Vice President, 2022). This created a dynamic in which individuals throughout the organisation felt that they could personally help shape the organisation and in doing so took ownership of issues they saw and responsibility for voicing them. An example of this was when pilots provided suggestions about opportunities for process efficiency during turnarounds gleaned by virtue of their literal birds-eye view whilst parked on stand. As Southwest held the belief that people throughout the organisation had unique perspectives and so their suggestions should be taken seriously, and staff knew their suggestions would be considered, the organisation was able to implement small, inexpensive changes which returned significant process efficiencies (Southwest - Former Vice President, 2022).

Ultimately, it is apparent that the environment in which people do their work can either help or hinder ambidexterity efforts. Providing incentives for employees to grapple with the dual tensions required to deliver such capabilities encourages people to go beyond their comfort zone, job scope, and challenge the status quo. Traditional methods implemented without genuine commitment are likely to result in traditional outcomes, which may be adequate, but will fall short of ambidexterity and miss the opportunity to enable ambidextrous ambitions.

5.1.2.2 Inquisitive Iteration

Many authors have documented the challenges associated with the complacency that comes as a by-product of prior successes. The detail which may not be apparent however, is in how complacency manifests. It is too easy to imagine an organisation full of smug executives who believe they cannot fail. Whilst these people do exist, this research observes that the more common and dangerous manifestation of complacency is in the form of stagnation through two key areas: satisfaction with good enough results which could be extraordinary, and a sluggish approach to innovation, failing to progress initiatives with sufficient urgency, both of which serve to simply perpetuate the status quo.

Ambidextrous organisations are home to an environment of inquisitive iteration, perpetually revisiting established processes and beliefs, seeking to create or unearth new opportunities for optimisation. These organisations celebrate successes, but do not assume that such results will last forever if action is not taken.

Royal Caribbean interpreted its core value of innovation beyond publicity-worthy ship upgrades and experiences, operating with the mantra of "be better than yesterday" (Royal Caribbean - Vice President, 2022). In 2019, despite delivering double-digit net profit growth the three years prior (Seeking Alpha, 2022g) the organisation re-evaluated its operating model and made considerable changes to its structure, reducing costs and inadvertently preparing itself well to be able to successfully weather the considerable impact resulting from the COVID-19 pandemic (Royal Caribbean - Vice President, 2022). This is a considerable contrast to Carnival, which was reluctant to pursue any initiative or adopt any innovation too far removed from the established way of doing things (Carnival - Director, 2022). The organisation took great pride in being the largest cruise company in the world and believed that the way to maintain this position was through doubling down on proven processes and practices. Individuals in positions of power were hesitant to explore alternatives owing to the concern that "they might lose power or might even lose their job. They would say I'm not going to support that initiative, or I'm not going to change or I'm not going to evolve because I'm happy with my job. I've been here for X amount of years." (Carnival - Group Strategy Director, 2022, p. 15).

Lululemon put considerable effort into continuously optimising its supply chain, both for operational efficiencies but also to act as supporting infrastructure for an omnichannel customer experience (McKay, 2011). For example, the company launched a new order management system in 2013 which enabled efficient routing of orders between different distribution centres and the ability to process sales in-store from an online inventory (Tham, 2014). The organisation went on to pilot RFID technology in 2014 and then scaled it out across the network (Tham, 2015). This technology meant that the company could locate product at any point across the network – not just at distribution centres, but also at stores – and facilitate shipment between stores, and also to fulfil online orders from stores as well as distribution centres (Tubin, 2018).

Despite stock price more than doubling in the two years prior, in late 2009 Domino's overhauled their pizza formula and launched a campaign admitting that their original recipe had been described by customers as tasting like cardboard (Domino's Domino's - Vice President, 2022; Pizza, 2010). Same day sales increased almost 10 percent in 2010. In 2013 the company reached a revenue milestone of $8 billion in annual sales, and announced plans to refurbish, rebuild, or relocate the entire global store network to ensure every physical touchpoint reflected the reinvigorated brand (Domino's Pizza, 2013). In 2017, the organisation found itself in a position where a very functional approach was being taken to the organisation's digital experience, with changes and upgrades being made based simply on requests and demands of individual countries, creating a scenario where updates were neither strategic nor efficient (Domino's - Head of Digital, 2022). For example, one country would decide that changing the visual treatment of consent boxes on the website was a high priority, but another felt that the availability of store opening hours was more essential. As a result, the centralised development team would build independent solutions for each country which were not applied universally. Further, learnings regarding optimal configurations obtained in one market were not necessarily shared with others. The organisation had delivered four consecutive years of double-digit net profit growth (Seeking Alpha, 2021a), yet acknowledged that the situation warranted revisiting to ensure future performance. Domino's took the approach of appointing a centralised team which owned the digital customer experience, staffed with people with deep expertise in the field. The result was a four-fold increase in the lifetime value of digitally-dominant customers (Domino's - Head of Digital, 2022).

When Starbucks' chairman Howard Schultz wrote his famously leaked memo in 2007 claiming that the Starbucks experience had become commoditized (Schultz, 2007), the organisation was enjoying extraordinary results. In the 15 years since becoming a publicly listed company, it had grown shareholder value by more than 5,000% and had expanded from fewer than 1,000 stores to more than 13,000 in a decade (Schultz, 2018). To achieve this, the organisation had made a series of decisions relating to store design and layout, process automation, and broadened its service scope. In the subsequent years, the organisation reversed several of these decisions and embarked on a new exploratory spree to begin the observation period delivering record financial results, achieving its greatest revenue, operating income and full-year consolidated operating margin in its history (Starbucks, 2010). In the second half of the observation period, Starbucks began to think of its innovation efforts – both sustaining and exploratory – as similar to software (Starbucks - Vice President, 2022), requiring iterative updates. Where the organisation had traditionally tried to get new initiatives 100% right before rolling them out, the approach was modified to allow for perpetual updates (Starbucks - Senior Vice President, 2022), much like software. This prevented stagnation but also allowed the organisation to evolve rather than undergo more monumental step-change transformations (Starbucks - Vice President, 2022)

Southwest observed that changing an organisation which is successful is considerably easier than changing an organisation in response to a downward spiral. The view taken was that change within a successful organisation with engaged employees can and should be seen as category leadership and setting the benchmark which competitors must then meet rather than a desperate attempt to recover losses (Southwest - Former Vice President, 2022). As such, Southwest took extreme measures to get buy-in from people throughout the organisation, leveraging the cultural and financial incentives which had been developed to rally people around the ongoing performance of the organisation. The company sought feedback across the organisation on proposed changes, but also took time to transparently explain expected benefits and rationale behind them. For example, if a change were implemented to improve efficiencies within a particular job function, this would be communicated as an innovative change to work smarter, implying a progressive organisation and workforce, rather than suggesting it was an identified optimisation that would make someone's job easier, thus opening the door to a narrative which suggested that someone knew how to do a highly experienced professional's job better than they (Southwest - Former Vice President, 2022).

Yet Southwest had many long-tenured executives and found that it was easy to fall into the mindset of "I've been doing something for 30 years, and it's been working great. And we're making a ton of money. Why do I need to do it the way you just told me to do it?" (Southwest - Former Vice President, 2022, p. 4). When Southwest acquired AirTran and set about the task of folding the AirTran business into Southwest, the organisation discovered it was an incredibly complex task, not only for obvious regulatory and logistical reasons, but importantly because of the people involved. Specifically, AirTran employees were convinced that their organisation was extremely successful as they had observed that the airplanes were frequently full. As such, they were extremely reluctant to implement anything which represented a deviation from their established way of doing things (Southwest - Former Vice President, 2022).

Lululemon, Domino's, and Southwest offer an interesting comparison to VF Corporation, where one senior executive noted that in the previous five years the brand they worked for had tripled revenue, but they lamented that the business could easily be two or three times as big again, if only they were empowered to capitalise on local opportunities (VF Corporation - Vice President, 2022). Yet the organisation was satisfied with the growth rate achieved so failed to understand why it should engage in what it considered to be the risk associated with changing the decision-making structures of the organisation to relinquish control of some matters from head office to local markets.

TomTom too, seemingly struggled with failing to take sufficient action owing to prior successes. The organisation had become the market leader in the personal navigation device market and was confident that success would translate into other categories. Yet history suggests that the organisation's success was less as a result of particular prowess and more a matter of being in the right place at the right time. In the aftermath of its considerable downturn following the launch of the iPhone, the organisation attempted to make the move into sports (particularly running) and action cameras. The organisation launched a series devices across these categories, going head-to-head with an increasingly voluminous range of new competitors which specialised in these new categories, of which TomTom was not experienced (TomTom - Former Vice President, 2022) As one former executive reflected, this was the beginning of the end for the organisation's interests in the sport and action category. "...up until [the action camera was introduced], we were just super successful, everything we did, we were quicker, bigger and better than our competitors. But then when we came out with the action cam, we went straight head-to-head with GoPro. And it became very competitive and very tough market, because at the same time, the action cam market more or less disappeared. And after that we never really had the energy to keep on going." (TomTom - Former Vice President, Sports, 2022, p. 6).

A sluggish approach to innovative initiatives was a recurring theme across the organisations in this study that were not ambidextrous. Importantly, it would be easy to misunderstand this observation and believe that it is a matter of prioritisation and balance – if exploration initiatives are given sufficient resources and ambitious timelines, then they will flourish. Critically the difference here seems to be more about the organisation adopting a casual approach to the implementation of such initiatives.

For example, Tapestry was extremely design-led and this meant that design teams were often excused from having to participate in the adoption of new processes, tools, and the like (Tapestry - Senior Director, 2022; Tapestry - Vice President, 2022). Not only did this limit the impact of the initiatives, it also created an environment in which even those who were expected to adapt to the new elements failed to take it seriously because they took this lack of universal mandate as evidence that it was not particularly important, or particularly worthwhile.

Yum's Pizza Hut brand was the first pizza company in the world to take pizza orders online, beating Domino's to the game by 16 years, first taking online orders as early as 1994 (Terfehr & DeRouen, 2014) versus Domino's 2007 debut (Domino's Pizza, 2021). However Yum squandered this considerable head start, failing to sufficiently realise the potential of the technology, instead consistently emphasising the dine-in aspect of the business. Conversely, by 2013 Domino's was a $1 billion e-Commerce company and the third-largest in the world measured in number of transactions (Doyle, 2013). As aggregator delivery services became more widely adopted, Pizza Hut was seemingly caught by surprise. The organisation appointed its first Chief Digital Officer in late 2019 (Siegner, 2019), and when COVID-19 struck, the majority of Pizza Hut's revenue still came from dine-in. Pandemic prevention measures forced the temporary closure of all restaurants and the organisation had to rapidly solve the challenges associated with online ordering and delivery which it had never adequately pursued (Yum - Managing Director, 2022). The timeframe which includes the implications of COVID-19 are beyond the scope of this research however it is the perpetuation of the status quo during the observation period which put Pizza Hut in this position when COVID-19 hit.

Many people throughout all kinds of organisations tend to default to the status quo, making it challenging to become ambidextrous. Exploitative activities require change in order to be continuously optimised, and exploratory initiatives demand both thinking and actions outside the norm. Striking a balance between the operational proficiency required to excel at exploitation and the novelty needed for successful exploitation is exceedingly difficult.

The operational realities of organisations with a large number of customer service personnel needing to act consistently and efficiently across a multitude of locations appears to be a particularly problematic environment in which to strike this balance. Yum's Pizza Hut brand offers a good example. The organisation inadvertently promoted the perpetuation of the status quo by indoctrinating employees' established beliefs about the way things were done. The organisation was able to inform a new hire in a store exactly what was required from them, what courses they must attend and targets they must hit in order to incrementally be promoted and end up as President (Yum - Managing Director, 2022). Importantly, this system relied on yardsticks of improvement based on processes developed to capitalise on historic circumstances. Whilst this ensures that the company retains knowledge as to how the business has been run in the past, it places a heavy emphasis on process and the way things were previously done, failing to reward people who break the mould and upset the status quo in the pursuit of evolution.

Similarly, executives at several organisations described hiring patterns which upheld the preference to hire people which individuals already with the organisation had worked with previously, even if alternative candidates were available. As a former senior executive at Tapestry described: "... a lot of senior people, they hired people they knew. They are responsible for big targets, projects, and they want people they are familiar with. Despite the [candidate profiles] HR provide them, they say, OK, but I know this person. I've worked with them before. So how do you break that process? How do you how do you deliver more diverse candidates and not just diverse candidates in terms of, you know, race, ethnicity, sexual orientation, but school background? Why are you hiring just from these three colleges? Why are we hiring just from this geographic region?" (Tapestry - Former Senior Vice President, 2022, p. 1). The reality is that this meant people who were hired for the purpose of brining a new perspective to the company were often ostracised by the majority who believed they knew how things should be done, based on the way they were done in the past, serving to stagnate the organisation and perpetuate the status quo (Tapestry - Senior Director, 2022).

Another way this stagnation can occur is through micro decisions, particularly from leadership, defaulting to the repetition of activities which have resulted in success historically. These are not the big, substantial decisions one might expect, where business cases are developed and the options carefully considered, but rather day-to-day, offhand decisions which are seemingly inconsequential. A common example of this is the dismissal of new ideas, especially in semi-private or public forums, which quickly creates a culture highly infertile to innovation.

As a story from Tapestry was recounted: "you can spend a fortune and a lot of time communicating internally about the quest for innovation, and then you go into a meeting, where there's members of the C suite in the meeting, and someone, maybe their junior, maybe their mid-level, comes up with an idea from left of centre, and it's shot down in front of everybody, rather than listen to the pros and cons. In an instant, that reverberates throughout the entire corporation, because they go, I have this great idea, but I don't want to get shot down. I just won't say anything." (Tapestry - Former Senior Vice President, 2022, p. 1). As another Tapestry executive outlined, "I would say [the inability to evolve] wasn't because the ability wasn't there, the skills or software on the technological end wasn't there. But I would say in terms of change and transformation, the willingness wasn't there." (Tapestry - Senior Director, 2022, p. 1). Fundamentally, there was simply very little desire to go beyond the status quo. As a somewhat frustrated senior executive at Tapestry articulated, "Innovation isn't a single initiative. Transformation isn't a single initiative, it's not something we do now and then come back in five years' time to do it again. It is constant for any company to succeed. In this era, innovation shouldn't be something that has to be implemented, it just is everyone's job to innovate." (Tapestry - Senior Director, 2022, p. 1).

Lululemon, Domino's, and Southwest offer an interesting comparison to JetBlue. The organisation had so many initiatives underway and such significant growth ambitions that it was quick to decide on a solution and then move on, often only revisiting it when it was clearly flawed, market conditions, or regulation required it. In other words, the processes and beliefs that the organisation developed were static, remaining fixed until circumstances warranted reactive change, rather than the organisation taking proactive steps in line with its view of the shifting landscape. As one executive described: "that's how we've always done it, which is really funny, you'll hear that even from new organisations. But you will also see that you get settled into a direction, a path a strategy. And you fail to re-evaluate that in time." (JetBlue - Director, 2022, p. 11).

Carnival, VF Corporation, and Columbia all tended to perpetuate the status quo, but for a different reason to those outlined prior. In the case of these organisations, long-tenured executives who had achieved success within their respective organisations were reluctant to endorse change, both owing to beliefs about the way things work developed through this success, and a fear of failure in unproven circumstances.

VF Corporation executives noted that the type of person who is attracted to an organisation which is early-life and growing or which has a distinct point of difference in the marketplace is significantly different from the person who is interested in working with and staying at an organisation which has non-specific brand awareness and has reached maturity (VF Corporation - Former CEO, 2022). The former are looking to be part of creation, whereas the latter are more interested in being part of something established. As another executive worded it, "It all comes down to people at the end. The problem is [...] how do you make everyone accepting, to stop giving up on what they've done and how they've done things in the past, to believe in the fact that learning something new or doing different, might be better?" (VF Corporation - Vice President, 2022, p. 8). This attitude at VF Corporation was further reinforced by several long-standing executives who had been with their respective brands for significant periods of time and believed they knew better than anyone what their brand stood for, and how it should manifest in the market. Spurred on by evidence of success in years gone by, they were steadfast in their belief that it was right to continue in the same fashion (VF Corporation - Vice President, 2022). As this executive summarised "I think we are self-satisfied about our own career and all the achievements we made, and that made us VP or GM or President..." (VF Corporation - Vice President, 2022, p. 11).

Somewhat similarly, Columbia had many long-tenured team members, particularly at an executive level, which as one executive noted, is both a strength and a weakness. In terms of evolving the organisation however, it was noted that this long tenure combined with a complacency born from good-enough results and prior successes meant that executives tended to be comfortable and didn't see the need to change in any way (Columbia - Former Chief Information Officer, 2022). This was further amplified by a steadfast surety of the organisation's identity, which in turn was reinforced by long-tenured employees (Columbia - Senior Director, 2022).

As a large, established organisation, Carnival's challenges with stagnation were not dissimilar. Executives who had enjoyed success in prior environments were unsupportive of changes perceived as risky for fear of poor performance or job loss (Carnival - Group Strategy Director, 2022). But Carnival's situation was made even more problematic owing to the organisation having grown through a number of acquisitions, some of which were hostile (Carnival - Group Strategy Director, 2022). Individual brands were extremely reluctant to incorporate knowledge provided by other brands within the group owing to a belief that their way was inherently better (Carnival - Former Regional CFO, 2022). In practice, this meant that most collaboration or other forms of cross-pollination were not pursued owing to sound business cases, but rather as a result of a directive from global leadership (Carnival - Group Strategy Director, 2022).

Overall, ambidextrous organisations appear to possess a powerful combination of two prevalent attitudes – both never resting on the laurels of past successes, and also an open-mindedness with regards to new approaches to old problems, from any source. This has the effect of enabling ambidexterity by encouraging the perpetual renewal of various attributes, shedding aspects which have become outdated or irrelevant.

5.1.3 Discussion

This research suggests that ambidextrous organisations differ critically from their non-ambidextrous peers by being deeply committed to the execution of particular attributes throughout the organisation and go further in their execution of these attributes than their non-ambidextrous peers. Further, the ambidexterity of these organisations is enabled through certain actions. In other words, ambidexterity is not a what, but rather a how. Ambidexterity then is not a single capability, but rather a composite of multiple attributes, activated by enablers within an organisation facilitating an outcome.

These observations are potentially significant. As was seen in multiple instances throughout this study, many – if not most – initiatives and functions deployed by organisations cannot easily be classified as purely exploitative or explorative. However, such classification is perhaps irrelevant. This research builds evidence for the argument that ambidexterity is not about balancing exploitative and explorative projects, functions, or initiatives, but instead the deep and perpetual commitment to particular attributes throughout the organisation. Together, the composite of these creates an ambidextrous organisation.

Importantly, organisations which fail to address any of the identified attributes and enablers seem to struggle to become ambidextrous. This is a conventionally attractive finding from a practitioner standpoint, as it suggests that there may be a silver bullet in becoming ambidextrous and in turn achieving the attractive outcomes of ambidexterity.

Challengingly however, there are some identified themes which may be considered unappealing to modern leaders, mostly because they require intentionally *not* doing something – even when it is attractive to do so, and a relentless commitment to inaction can be difficult to maintain in the face of a lucrative opportunity. This is particularly evident when there is a relatively short-term upside on offer.

The second and perhaps more critical observation of this research is that organisations which do attempt to embed such attributes and facilitate ambidexterity through the identified enablers, yet still fall short of becoming ambidextrous, appear to do so owing to their lacklustre implementation. Several executives interviewed throughout this study provided an explanation for this inaction which consistently fell into one of four categories:

1. **Complacency.** A ‘good enough’ attitude where executive leadership accepted imperfect or insufficient implementation of initiatives, compounded as each layer of the organisation repeats these standards.
2. **Lack of burning platform.** A belief that the necessity for change will be gradual and that urgent action is not warranted, resulting in slow implementation.
3. **Lack of incentive.** Insufficient internal or external motivation to act resulting in low commitment to initiatives.
4. **Fear.** Concern regarding the implications of failure of initiatives or the opportunity cost of action creates cautious implementation.

Considering the central question of this research then, it is important to note how the ambidextrous organisations within this study differ from those which did not possess such capabilities. This work finds plausible support for the hypothesis that there is a difference in the degree to which organisations with and without ambidextrous capabilities embark on initiatives. The particulars of that difference vary depending upon the nature of the activity at hand, however, thematically can be summarised as commitment – to calibre, ‘consistency, and quality of implementation.

Figure Three depicts the attributes and enablers of ambidexterity in a single view.

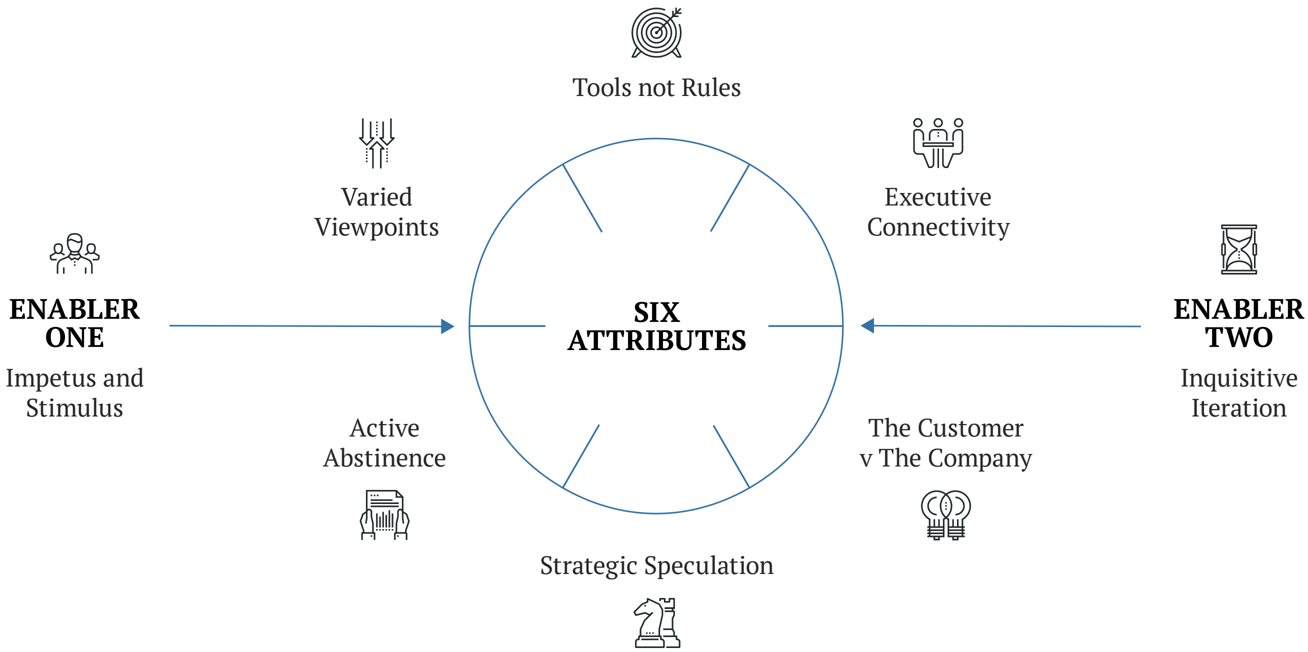


Figure Three: The identified attributes and enablers of ambidexterity.

5.2 The Ambidextrous Edge

> H_2: If an organisation has ambidextrous capabilities, it will achieve substantially greater performance outcomes than a comparative organisation without such capabilities.

Ambidexterity is not an outcome, which makes it difficult to measure. Organisational ambidexterity is not synonymous with organisational performance, yet as prior research has shown, there is a strong correlation between the two (O'Reilly & Tushman, 2013; Uotila et al., 2009; Wang & Li, 2008). Yet it has been found that ambidextrous organisations consistently deliver more desirable performance outcomes than non-ambidextrous organisations.

This study used a facet of organisational performance to indicate the possibility of ambidextrous capabilities prior to conducting a deep comparative analysis. Having built support for hypothesis one, the eight pairs of organisations studied were further analysed against an additional performance outcome. Although only seven pairs of organisations were ultimately considered to include an ambidextrous organisation, the pair of organisations which were both found to not be ambidextrous (Columbia and VF Corporation) were retained to explore the validity of findings.

5.2.1 Performance and Ambidexterity

Above all other benefits, the intended outcome of ambidexterity is ultimately the enduring performance of the organisation. Yet performance can and is measured in multiple ways. To reflect the practical nature of this body of work, organisational performance was operationalised as return on shareholder value.

It is acknowledged that stock price is a highly emotional metric, which reflects what the market believes the future value of the stock will be. Whilst organisational performance against metrics such as revenue or profit influence this, they do not govern it. It is the perceived ability for the organisation to deliver in the short term as well as continue to do so as the market evolves which largely impact the stock price. It is a commonly cited metric to illustrate the success (failure) of executives, transformation programs, and strategies, amongst others.

Return on shareholder value in this study was calculated as the percentage change in stock price across the observation period. This was calculated taking the difference in stock price for each organisation between the opening price on the first day of trading in 2010, and the opening price on the first day of trading in 2020.

A summary of these findings is provided below, in Table Three. Organisations marked in blue are those which were classified as having ambidextrous capabilities. Those marked in red are those which were determined to not have ambidextrous capabilities. The organisations are depicted here in their comparative pairs for easy reference.

COMPANY	CURRENCY	2010 (FIRST DAY OF TRADING)	2020 (FIRST DAY OF TRADING)	PERCENTAGE CHANGE
Lululemon[1]	USD	15.46	233.42	1410.32%
Under Armour[2]	USD	3.51	21.78	520.51%
Burberry[3]	GBP	9.35	29.46	215.08%
Tapestry[4]	USD	26.51	26.20	-1.14%
Southwest[5]	USD	10.43	54.62	423.71%
JetBlue[6]	USD	5.56	18.90	239.93%
Yum[7]	USD	20.01	97.68	388.16%
Domino's[8]	USD	7.32	289.00	3848.09%
TomTom[9]	EUR	15.64	10.52	-32.74%
Garmin[10]	USD	20.71	94.61	356.83%
Royal Caribbean[11]	USD	21.62	133.07	515.49%
Carnival[12]	USD	23.89	50.71	112.26%
Starbucks[13]	USD	9.56	86.49	804.71%
McDonald's[14]	USD	44.70	192.53	330.72%
Columbia[15]	USD	16.55	99.81	503.08%
VF Corporation[16]	USD	13.92	95.65	587.14%
Sources:	[1]Macrotrends (2022e), [2]Macrotrends (2021c), [3]Yahoo Finance (2022a), [4]Macrotrends (2021b), [5]Macrotrends (2022h), [6]Macrotrends (2022d), [7]Macrotrends (2022k), [8]Macrotrends (2021a), [9]Yahoo Finance (2022b),[10]Macrotrends (2022c), [11]Macrotrends (2022g), [12]Macrotrends (2022a), [13]Macrotrends (2022i), [14]Macrotrends (2022f), [15]Macrotrends (2022b), [16]Macrotrends (2022j)			

Table Three: the change in stock price across the observation period of each company in the study.

In the table above, it can be clearly seen that the organisations with ambidextrous capabilities outperformed their non-ambidextrous peers, returning significantly greater value to shareholders.

This same information can also be represented in graphical form, creating an index of all ambidextrous companies and another of all non-ambidextrous companies. This is illustrated in Figure Four below.

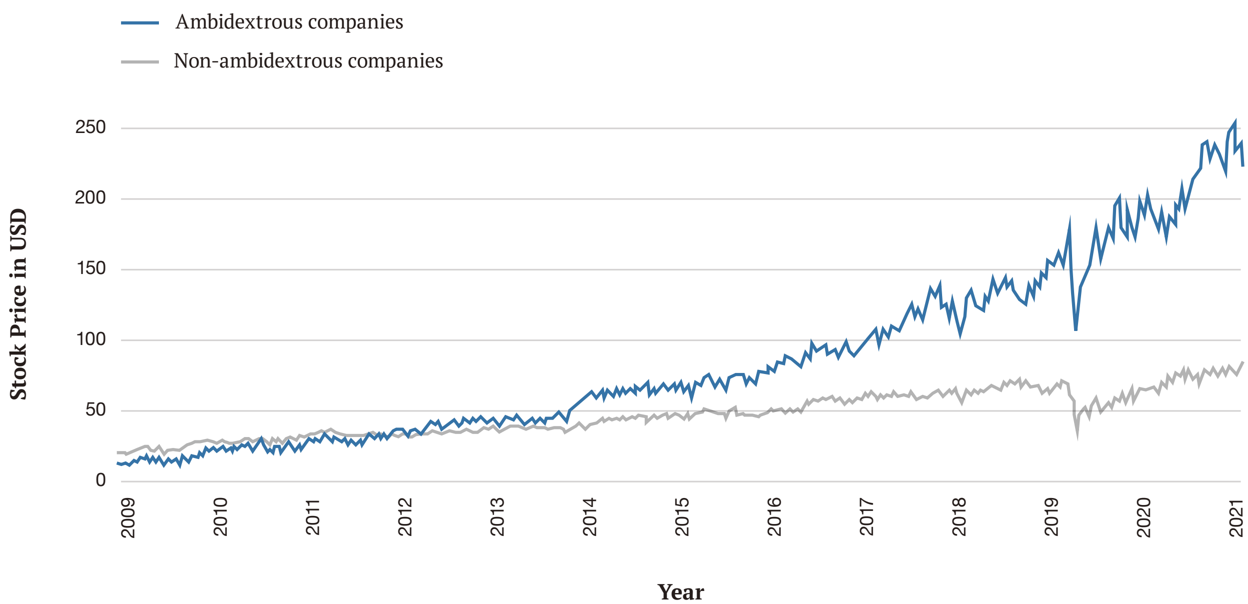


Figure Four: The change in stock price across the observation period of all companies shown as a composite of all ambidextrous companies and all non-ambidextrous companies.

This analysis finds evidence to support the hypothesis that organisations with ambidextrous capabilities return substantially greater value to shareholders than those without such capabilities. Specifically, in this analysis, the organisations determined to plausibly possess ambidextrous capabilities returned at least 50% more value to shareholders than their non-ambidextrous peers.

5.2.2 Discussion

Although this research observes that organisations with ambidextrous capabilities deliver greater performance outcomes relative to their non-ambidextrous peers, there is no evidence to suggest that organisations which are not ambidextrous will not perform at all. Importantly, several non-ambidextrous organisations still returned considerable value to shareholders across the observation period. This invites the inference that organisations do not necessarily need to have ambidextrous capabilities in order to perform in an absolute sense, but rather that ambidextrous capabilities may give organisations a performance advantage over their non-ambidextrous counterparts.

Further, this is a comparative analysis, with each organisation assessed relative to a similar organisation. It is noted that many organisations in this analysis which were considered to not possess ambidextrous capabilities may have returned less value to shareholders relative to their ambidextrous peer, but still returned more value to shareholders than seemingly ambidextrous organisations in other categories. For example, the value returned to shareholders by the non-ambidextrous Yum paled in comparison to the ambidextrous Domino's, but Yum still outperformed the ambidextrous Garmin and Burberry.

The circumstances of Columbia and VF Corporation offer a similarly interesting opportunity for discussion. Despite lacking ambidextrous capabilities, both organisations returned more value to shareholders than several ambidextrous organisations in the study. This is an important observation. It has been noted in prior research that the performance benefits of ambidexterity are amplified in highly competitive environments, when there is greater resource availability, and for larger organisations (O'Reilly & Tushman, 2013; Uotila et al., 2009; Wang & Li, 2008). This generates the question – if a category is growing, as it has been argued is the case with the category broadly occupied by Columbia and VF Corporation (Sundby, 2021), might an organisation be temporarily relieved of the necessity to develop ambidextrous capabilities, provided there are no ambidextrous organisations in their category? Or does the development of ambidextrous capabilities become a form of exploration itself, building the capability in preparation for the day the category is no longer enjoying such organic growth?

This analysis also suggests that if there are no ambidextrous organisations within a category, and the performance of each organisation in the group is assessed relative to its peers, then the potential benefit of ambidexterity may be hidden. That is, if every organisation within a group is not ambidextrous, then the performance benefits of ambidexterity will not be enjoyed by any organisation, thus the sub-optimal performance of every organisation will be widely considered acceptable, as the optimal performance will be delivered by no one. Disruption theory may argue that this creates a category ripe for disruption. This warrants further research.

Finally, prior research has found that typically, younger organisations are better aligned to the competitive environment than their older, more established counterparts (Mens et al., 2011, 2015b). This is somewhat in keeping with conventional wisdom – the more recently an organisation was founded, the less time has passed for environmental circumstances to have changed, and accordingly the better aligned the younger organisation will be. Further, younger organisations are often characterised by being nimbler and more adaptive. Interestingly however, in this research there were a number of instances where the ambidextrous (and thus better performing) organisation was the older in the pair – for example, Southwest is considerably older than JetBlue, and Burberry was founded many years before Coach (which became Tapestry). On average, the ambidextrous organisations in the study were just two years younger than their non-ambidextrous counterparts. Accordingly, it is suggested that perhaps ambidexterity is a way for established organisations to overcome the mortality hazard associated with age. Additionally, given that over time organisations develop age-related sclerosis which makes evolving the organisation to cater to changes in the environment a near insurmountable task (Mens et al., 2015b), this finding also represents an opportunity for new organisations. Specifically, it might be surmised that an organisation which embeds the identified attributes and enablers for ambidexterity into its DNA from birth will position itself well for enduring success. This too, warrants further exploration.

6 Practical Artefact

The findings of this work have been summarised as a practical artefact used in professional consulting work. The intention of this artefact is that it both creates a case for ambidexterity which is appealing in the eyes of practitioners, but importantly also provides a course of action.

This artefact translates the observations made as a result of this study into direction for organisations seeking to become ambidextrous.

The full artefact is available in section 8. Examples of the outcomes of this applied in a practical context can be found in section 7.2.

7 Conclusion

This research sought to explore how and in what ways ambidextrous organisations differ from those which are not ambidextrous but still perform. Since the work by March (1991) just over thirty years ago inspired a wave of interest in the field, ambidexterity researchers have treated it as a single capability. Further, the measures of ambidexterity they developed have been both facilitated and limited by the information available to researchers. Accordingly, prior researchers have developed definitions which reflect this availability of information and as such have lacked the visibility of detail available in developing this particular body of work.

This research builds on previous work by developing a new measure of ambidexterity and updating the previous definition of ambidexterity to focus on how an organisation goes about its business. In doing so, it provides a specific course of action for executives seeking to lead their organisation to an ambidextrous future and offers a sound case for doing so.

Importantly, this research suggests that ambidexterity is not a matter of balancing initiatives helpfully classified as exploitative or explorative. It observes that ambidexterity is not a single capability but rather a composite of multiple attributes within an organisation. Further, it is the extent to which the organisation commits to and embeds these attributes across the organisation which combine to make the organisation ambidextrous. Put simply there are no apparent structures, strategies, or other such tools which will make an organisation ambidextrous. Becoming ambidextrous requires an organisation to build a composite of continuous effort across multiple attributes within the organisation.

Modern management science and many practitioners look to develop and implement tools to tackle challenges or capitalise on opportunities apparent to the organisation. This work makes the case that rather than addressing such factors superficially, enduring success can be achieved by changing the genetic code of the organisation such that it has the ability to simultaneously exploit short term opportunities whilst engaging in exploratory activity directed towards ensuring long term success, and perhaps most importantly, tolerate ambiguity and handle the duality of these simultaneously.

7.1 Theoretical Contribution

Several theoretical perspectives combined with a wide range of existing literature acted as the foundation for this research. This work makes several small contributions to existing knowledge.

Where previous research has focused principally on the merits and types of ambidexterity, this work illustrates the intricacies with regards to the development of ambidextrous capabilities. Ambidexterity has previously been studied from a predominantly academic standpoint without the benefit of the privileged access available in this research across a broad range of organisations. A key contribution of this work has been to provides insight into how organisations really go about the difficult work of developing ambidextrous capabilities.

Existing research has observed that when it comes to ambidexterity, execution matters more than strategy. This research makes an interesting contribution to this observation by providing colour to the finding. It suggests that the ability for an organisation to become ambidextrous is mostly a matter of consistent, committed implementation of a particular set of attributes throughout the organisation. Although failing to embark on particular initiatives at all is undoubtedly detrimental to the development of ambidextrous capabilities, it is apparent that the degree to which the organisation undertakes these initiatives is critical to success. A lacklustre or inconsistent approach will return results accordingly.

This work also makes a case for a new measure of ambidexterity, developing the idea that the ambidexterity of an organisation can be observed in the resilience of its financial performance. Specifically, organisations with ambidextrous capabilities rebound from contractions in profit and revenue more quickly than their non-ambidextrous peers.

Finally, this research develops an updated definition for ambidexterity which has greater appeal and relevancy in a practitioner environment than prior definitions. In this updated version, ambidexterity is the means by which an organisation goes about its business rather than achieving a balancing act of efforts neatly sorted into exploitative and explorative.

7.2 Practical Implications

As the rate of change within competitive environments continues to accelerate (Viguerie et al., 2021), the speed of creative destruction grows (Anthony et al., 2018), and consumer demands with regards to organisational action on subjects of societal importance reach new highs (PwC, 2021), the grace period for inaction – or at least gradual action – is shorter than ever. This research suggests that organisations today must act swiftly, decisively, and thoroughly if they are to become ambidextrous and leverage these to outperform their non-ambidextrous peers.

Challengingly, many organisations are seemingly reluctant to commit fully to the initiatives needed to become ambidextrous and reap the benefits. The practical implications of this work then are twofold. Many modern organisations now seemingly appreciate both the necessity for ambidexterity (even if practitioners do not commonly use this specific term), and have a solid grasp of the fundamentals required in order to be successful in doing so. So, this research is impactful to practice through the identification of key themes under which initiatives should be prioritised for ambidexterity.

Secondly, research has observed that when it comes to ambidexterity, execution is more important than strategy. This research makes the meaningful contribution of articulating specifically what successful execution looks like in practice and what it means to fully commit to these initiatives using specific examples which illustrate what each end of the spectrum between non-ambidextrous and ambidextrous looks like.

The practical artefact developed as part of this work has been implemented in an exploratory capacity with two organisations – one within the study and one which was not part of the research group. Whilst this work is too new to have realised performance outcomes, early feedback from executives involved is exceptionally positive.

Columbia has launched two initiatives, aimed at addressing specific shortcomings identified in this study. Specifically, in response to the challenges outlined in 4.2.2, the organisation has embarked upon efforts to decentralise decision-making and equip people within the China market to be able to make decisions relating to opportunities and threats identified in their local market, whilst being consistent with the overall direction and ethos of the organisation. As a result, in November 2022, Columbia launches its first China-exclusive collection, designed and developed specifically for the market in response to the particular consumer demands of the market. The collection is the brand's first with an urban style, created to address the insight that Chinese consumers use a less extreme definition of 'the outdoors' than in the organisation's home market of the United States. It represents a step-change for the organisation which has historically been adamant about not creating product for this category, based on static ideas about the customer and their preferences.

In September 2022, General Motors launches the first direct-to-consumer business in its history. The practical artefact developed in this work has been used to inform the foundations of this business. The organisation has actively considered all eight themes outlined in this work and sought to embed these into the DNA of the new business as well as developing a culture around their continuity. For example, in response to theme 4.2.1 (varied viewpoints), the organisation stages fortnightly sessions which see executives, partners, and interested people throughout the organisation visit virtually or in-person with experts in categories adjacent to the business and its customers, such as art collecting, luxury fashion, and niche sport. Further, the organisation has actively sought to hire people with professional experience considerably outside the automotive industry. To address 4.2.3, executives work in an open-plan environment alongside the entire team, frequently spend time with existing and emerging customers (both formally and informally), and ensures at least one member of the executive team is an active sponsor in project teams made up of people across the organisation which seek to create and implement solutions to identified challenges or opportunities. To capitalise on the opportunity suggested by theme 4.2.6, the organisation has created a 'shadow strategy' which articulates what the organisation will not do, in addition to the development of more traditional strategy documents. This has been an impactful process as the challenge posed was to attempt to make the shadow document as compelling as its active counterpart.

Importantly, the key practical implication of this work is that organisations cannot afford to be anything but committed and comprehensive in their efforts to become ambidextrous, however they might term them. It is not enough to technically have particular initiatives in place – leadership must ensure that they are executed exhaustively and continuously to generate the benefits expected and succeed in becoming ambidextrous. This is perhaps not a particularly glamorous finding, but it is deeply useful.

7.3 Limitations of Findings

As with all research, this body of work has limitations. These limitations should be considered in conjunction with this work and its findings.

During the process of analysing the volume of data collected for this study, there was a necessity to make choices about what to include and what to exclude. Many interesting stories and facts did not make the cut, as they were deemed repetitive, irrelevant, or superfluous. Yet it is acknowledged that the researcher's personal experience and judgement played a key role in making these decisions. A different researcher with an alternate perspective may have made different choices and returned a different outcome.

There is a prohibitively large amount of information available about the focal organisations, and as such it was necessary to stop analysing more information at some point. The decision was made to limit the considered information to specific sources wherever possible and to use a process of saturation for empirical data collection. It is possible that with different sources or a different data collection methodology that the findings would be slightly different.

There was a necessity to assume that all the organisations in the study were aiming for some degree of ambidexterity. Ambidexterity is not a common term in management language but more common terms such as innovation and transformation which are component parts of ambidexterity are prolific enough to believe that ambidexterity is something for which leaders strive.

For the purposes of focus and manageability of the study, the observation period of this study was limited to 2010 to 2019 inclusive. It is possible that if this study were conducted across an alternate time horizon that different observations might be made.

7.4 Implications for Future Research

Whilst this research has answered the central question *'how and in what ways do ambidextrous organisations differ from those which are not ambidextrous, but still perform?'* the answers bring with it several avenues which warrant further research.

No regression analysis was conducted in this work. It is plausible that a smaller number of themes, or even a different set of themes account for the discrepancy between the pairs of organisations in this study. Quantitative analysis which explores the relative contribution of different attributes of the organisation to the development of ambidextrous capabilities is justified.

This research focused on multinational organisations which met limitations with regards to age and examined a specific period of time. Research into different organisations at different stages, across different time periods, and of a different size may provide further insight.

Similarly, this research was designed as a comparative analysis of competing organisations in which one was identified as plausibly having ambidextrous capabilities and one without. Although ambidexterity is a seemingly extremely rare capability, if it were possible to identify two comparable organisations which both have ambidextrous capabilities, it would be interesting to conduct similar research comparing the two.

Some may argue that the themes identified in this study are not unique to ambidexterity but rather are simply characteristic of high-performing organisations. This is not an unreasonable observation. Ambidexterity is not the same thing as organisational performance, although as per prior studies, this study has also not found any ambidextrous organisations which have failed or under-performed relative to their comparative non-ambidextrous peer. Critically, the themes identified are seemingly common across all organisations with ambidextrous capabilities in this study. Whether these themes hold true across all ambidextrous organisations (not just those within this study) warrants further research.

Finally, the new measure of ambidexterity and updated definition of ambidexterity proposed by this work would benefit from further exploration through replication and/or application in different contexts or through alternate research methods. They are each nascent in their development and additional perspectives would likely further their relevancy and validity.

7.5 Reflexive Statement

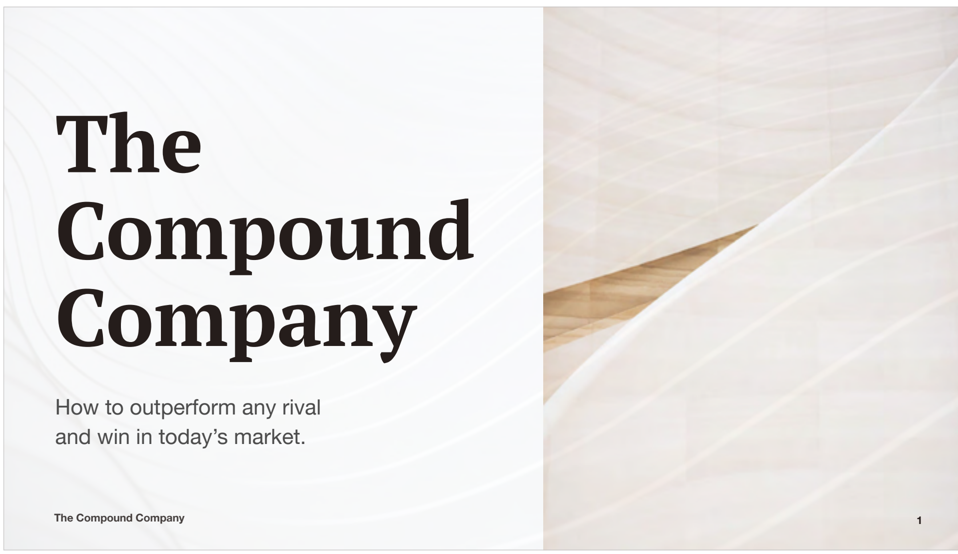
When I first embarked on this project, the breadth and depth of my professional experience to date gave me a sense as to how organisations embarked (or did not) on becoming ambidextrous. This work has given me the opportunity to leverage my privileged access and revisit those ideas and explore them in detail from the perspective of exploring how ambidexterity is developed, and from a high-level vantage point, rather than in the weeds of implementation.

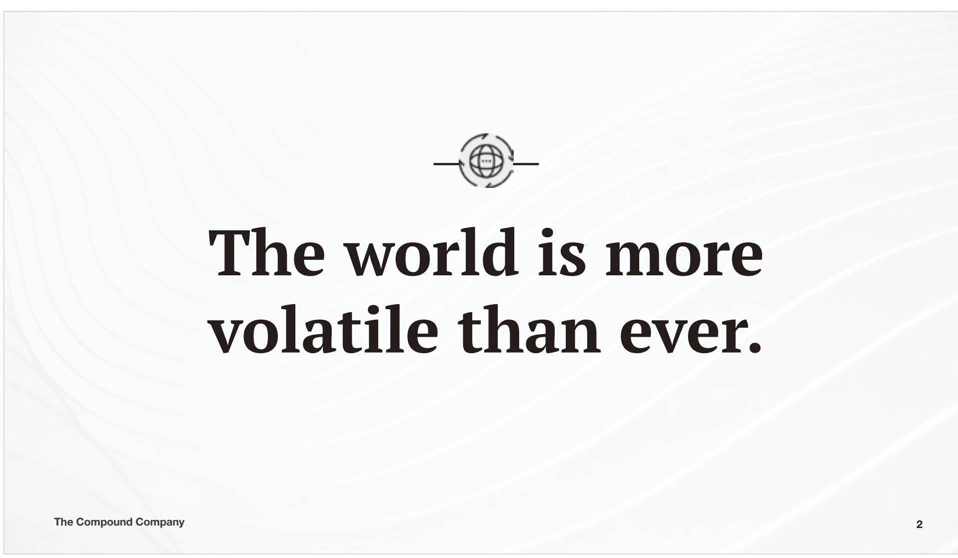
Organisations are fundamentally not buildings and legal entities, but rather the sum of people in them. Despite what we might like to believe, even in our professional capacities, we are as influenced by cognitive biases as in any other aspect of our lives. The work of taking this large body of information and analysing it at a distance has been an incredibly enriching experience, both validating and invalidating ideas which I had developed throughout the course of my professional career.

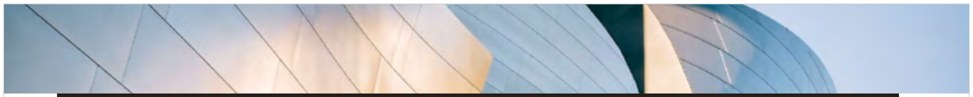
I am excited for the foundations that this work provides for future opportunities to assist organisations such as those featured in this study in becoming ambidextrous.

8 Appendix

The following practical artefact was created as a result of this research and is used on an ongoing basis in consulting work. As such, it is a living document which is continually updated and may contain minor typographical errors or messaging designed to appeal in a practical rather than academic context. This is a static version as at the time of submission. A live version of this document can be found here.







Cryptocurrency
as a category has a total valuation of more than $1 trillion, with highs as great as $2 trillion.

Inflation
in many countries is currently at a rate not seen since the 1980s

An unprecedented number of people quit their jobs in 2021 - not as a result of the pandemic, but a larger decade-long trend.

Global supply chains are buckling
under the pressures of pent-up demand, war, and climate-related issues.

Sources
https://www.worlddata.info/america/usa/inflation-rates.php
https://www.pewresearch.org/fact-tank/2022/06/15/in-the-u-s-and-around-the-world-inflation-is-high-and-getting-higher/
https://hbr.org/2022/03/the-great-resignation-didnt-start-with-the-pandemic
https://stats.oecd.org/index.aspx?DataSetCode=PRICES_CPI
https://www.rochester.edu/newscenter/what-is-supply-chain-issues-explained-525302/
https://www.mckinsey.com/industries/travel-logistics-and-infrastructure/our-insights/overcoming-global-supply-chain-challenges
https://cointelegraph.com/news/cryptocurrency-market-cap-hits-2-trillion-now-worth-as-much-as-apple

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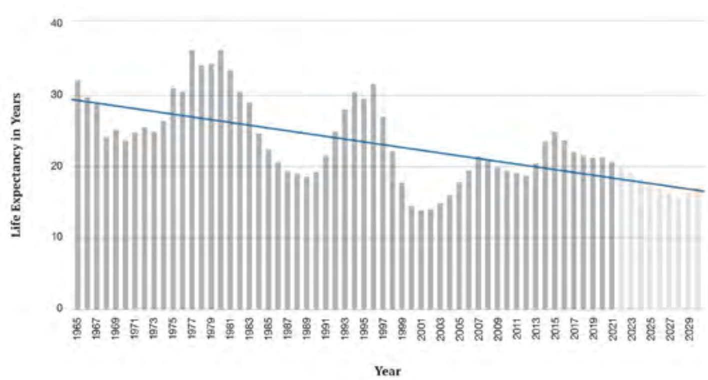
3

Average Lifespan of S&P 500 Companies



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4

It's tough out there.

Depending upon how you count it, on average the largest companies in the world today have around 12 years before they're bought, broken up, or declare bankruptcy.

Sources
https://www.cnbc.com/2017/08/24/technology-killing-off-corporations-average-lifespan-of-company-under-20-years.html
https://www.sciencedaily.com/releases/2015/04/150401132856.htm
https://www.imd.org/research-knowledge/articles/why-you-will-probably-live-longer-than-most-big-companies/
https://www.innosight.com/insight/creative-destruction/

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5

But where there are losers, there are also winners.

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6

As of June 2022, there are more than

1,100 unicorns*

worldwide, with a cumulative valuation of about $3,820 billion.

*private companies with a valuation over $1 billion

Companies like Apple, Microsoft, Saudi Aramco, Alphabet and Amazon

have current market caps which rival the GDP of countries like France, Italy, Canada, and even the Russian Federation.

Sources
https://www.cbinsights.com/research-unicorn-companies
https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?most_recent_value_desc=true
https://companiesmarketcap.com/

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7

How do companies win in this environment?

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8

This brief describes a study of 16 organisations across a 10-year period exploring what separates the extraordinary from the ordinary.

The organisations were grouped into comparable pairs.
Both remained in business throughout the observation period.

9

Introducing... **ambidexterity**

Ambidexterity is the ability to perform now by making the most of what you already have, whilst simultaneously discovering and developing your next source of growth.

The Compound Company

10

10

Ambidextrous companies are more resilient.

Ambidextrous companies recover from contractions in revenue and profit to pre-shock levels within two years, versus the five years and six years respectively taken by non-ambidextrous but performing companies.

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11

Ambidextrous companies deliver (much) bigger returns.

Ambidextrous companies returned **4.8x** as much value to shareholders when compared with non-ambidextrous but performing companies.

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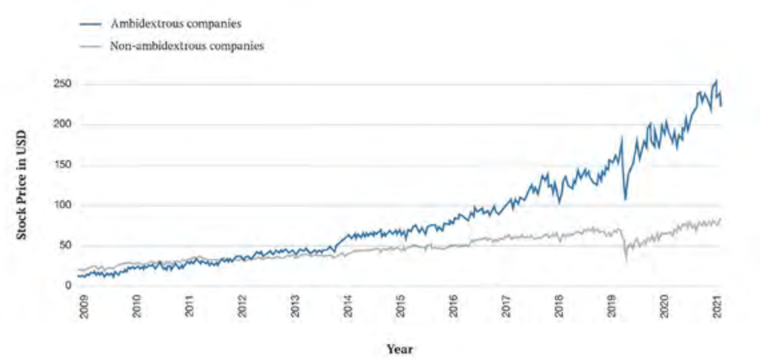
Ambidextrous companies outperform peers



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Ambidexterity is *not* a capability.

Ambidexterity has long been thought of as a singular capability but this research shows it is a composite of 6 attributes which can not only be implemented, but can then be supercharged through 2 key organisational characteristics acting as enablers.

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So how do we make it happen?

Ambidexterity is difficult. Humans like to sort the world into opposing pairs. Good and bad. Right and wrong. Black and white. We struggle to reconcile the opposing tensions of ambidexterity. Spend limited resources on today's cash cow, or risk it on the next big thing?

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The attributes and enablers of ambidexterity

The Compound Company 16

You probably think you already do these.

It's likely you do. *But also likely you're doing it wrong.*

Let's explore the nuance of ambidexterity in more detail.

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Attributes of Ambidexterity

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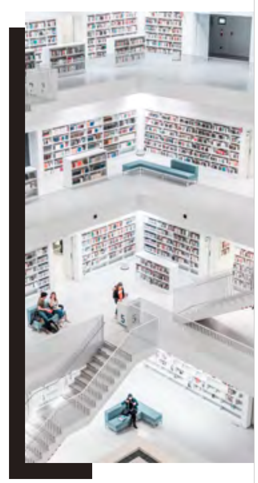
Varied Viewpoints

Ambidextrous companies have formal and informal ways of incorporating and leveraging multiple viewpoints throughout the organisation, via:

- Hiring patterns, activated by culture, and/or
- Team formation, activated through ways of working, and/or
- Inspiration, activated through external perspectives



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Varied Viewpoints

From GROUPTHINK — **To HIVE MIND**

Non-Ambidextrous Approach

"… a lot of senior people, they hired people they knew. They are responsible for big targets, projects, and they want people they are familiar with. Despite the [candidate profiles] HR provide them, they say, 'OK, but I know this person. I've worked with them before' or "look, they went to Parsons, you know they'll be OK'." **- Tapestry**

Ambidextrous Approach

"We wanted to make sure that the biggest problems we were trying to solve weren't just solved by people who were senior or had worked on that kind of thing in the past, because you just can't come up with something net new like that. So we had these special project teams, led by someone in leadership, but made up of people all over the company, tasked with solving these big things and coming up with uncommon solutions." **- Burberry**

Warning Signs

- Hiring for "cultural fit".
- Insular hiring patterns. e.g. particular industries, companies, schools.

The Opportunity

Incorporate varied perspectives through intentional hiring practices, working styles, and/or inviting challenging or alternate perspectives to the ideation and decision-making process.

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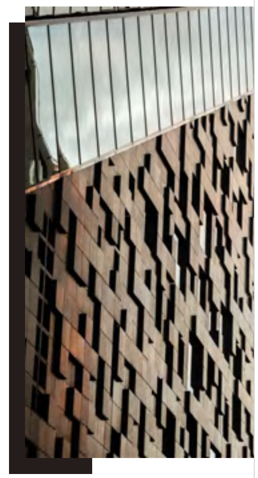
Tools not Rules

Ambidextrous companies ensure everyone involved understands what the company is working towards and why, empowering employees to pivot as needed in their day-to-day work, in the pursuit of this common goal.

This is not just about being able to recite the organisation's mission from memory, reel off company values, name strategic priorities, or prepare compelling reports against established goals.

The nuance lies in how employees of all levels are directed and empowered to autonomously act in the best interests of the organisation, giving them the tools and authority to act in response to opportunities and threats they identify without constantly requiring approval.



Tools not Rules

From HOW and WHAT —— **To WHY**

Non-Ambidextrous Approach

"Everybody was taking their own personal interpretations of what the [organisation] should be. And we didn't have these fundamental pieces to sort of go back with and have these intellectual conversations."

- Under Armour

Ambidextrous Approach

"When people feel comfortable, that they're not going to lose their job if they make their own decisions, they will probably lean a little bit more towards customer. And if you're a customer organisation, that's a good thing. They'll come back again, right?"

- Southwest

Warning Signs

- Everything not expressly permitted is forbidden.
- Everyone is clear on the way things should be done, but lack common explanations as to why.

The Opportunity

Ensure everyone has total clarity over the common goal. Train and equip for how and what, direct with why.

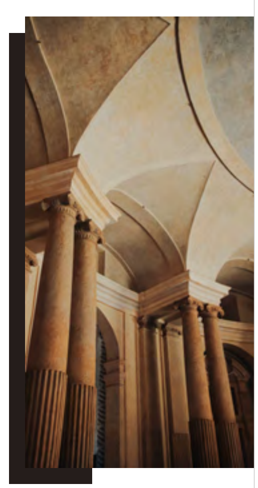
Executive Connectivity

Executive leadership plays a key role in determining the outcomes for a company. This study observed two critical nuances in the actions and involvement of executive leadership which distinguish ambidextrous companies from their non-ambidextrous peers.

There are two particular areas of executive connectivity which are critical:

- Between executives and team
- Between executives and customers / market

In both cases, executives with ambidextrous organisations had a continual, informal connectivity to both their extended team, and their customers / market. Importantly, this was not simply concentrated on the most senior people in the team or the most valuable customers.



Executive Connectivity

From FORMAL/INTERMITTENT → **To INFORMAL/ROUTINE**

Non-Ambidextrous Approach

"It's always an event. Because if you go in unannounced, you may catch people off-guard. If you go in announced, it gives people a chance to shine. You know, you've got an MD in the market, you've got directors, COO, CMO, all of these and they're trying to show their best work. So all of these things are always an event. Which lends itself to make you think, well, that's gonna be a bit of a false pony and trap type scenario. But when you have a level of experience, you can scratch the surface quite quickly." **- McDonald's**

Ambidextrous Approach

"If you weren't prepared to go out and bus tables, then you were probably in the wrong business at Starbucks, and that would have been the case for anyone at any level" **- Starbucks**

Warning Signs

- Special preparations are made for executives' arrival / showcase
- Executives rely on others to inform them (formally or informally)
- Executives are passive in their information gathering

The Opportunity

Cultivate curiosity and foster insight through casual and consistent connectivity.

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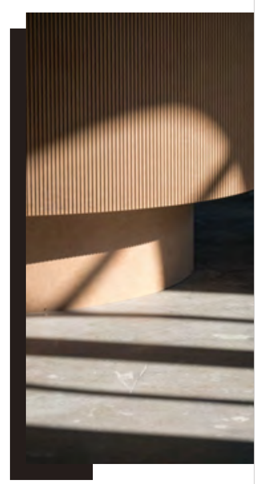
Customer vs The Company

Ambidextrous organisations distinguish between sources of customer and market intelligence and apply them in different contexts in the pursuit of different purposes. Specifically, a distinction is made between existing customers and emerging customers, as well as observed behaviours (what people did) versus reported intentions (what people said).

Further, ambidextrous companies find a way to address identified needs - *even when it doesn't suit them to do so*.



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The Customer vs The Company

From CUSTOMER CENTRIC → **To CUSTOMER FIRST**

Non-Ambidextrous Approach

"It is fashionable lately to say we are more consumer centric. But that's not true. […] True consumer centricity is informing decisions fast, based on the way the consumer changes and expects things to happen, not based on what suits you." **- VF Corporation**

Ambidextrous Approach

"[Customer insights are] amazing for incrementally improving a lot of the products that are already out there. [However] it's not really a vehicle to hear what doesn't exist, because that's not what [this information] is designed for." **- Lululemon**

Warning Signs

- Reluctance to service existing or emerging customer needs for fear of cannibalising current offer.
- Hesitation to service identified demands owing to business complexities associated with doing so.

The Opportunity

Differentiate between established and emerging customers for insight mining and solution design. Find a way to address identified threats and opportunities irrespective of convenience to do so.

The Compound Company

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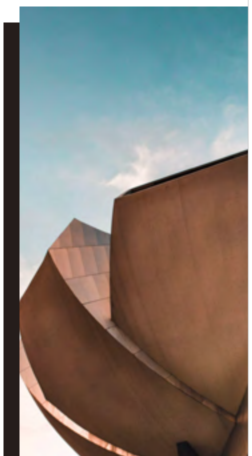
Strategic Speculation

Ambidextrous organisations have a point of view about where the world is going and a vision for their role in it. They are closely connected to the market and use the knowledge from this 'third eye' to have a gut feel on what to pursue.

They build conviction for this through data and insight, rather than using data to direct decision-making. In other words, they don't let data tell them what to do. They have an intuitive sense about the opportunities and threats ahead of them and how they will capitalise on the circumstances which await.



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Strategic Speculation

From DATA-DRIVEN → **To DATA-INFORMED**

Non-Ambidextrous Approach

"I've never gotten anything valuable from social listening or consumer reports, if I'm honest. I've never had an 'a-ha' moment reading those. I've had a-ha moments out freezing my ass off." **- Columbia**

Ambidextrous Approach

"Ultimately if you've got the right listening ability, then you don't listen for what you want to hear or lead the witness, for example by asking "how might we make better apparel?" The consumer doesn't know and they're just going to say, "well, isn't that your job? But well, I suppose if you're asking me maybe I would like it to be a little bit more comfortable, a little bit lighter." But big [transformative] things just don't happen that way."
- Lululemon

Warning Signs

- Extensive / exclusive use of lag indicators in reporting.
- Allowing customer demands / needs to direct investment, product innovation, and organisational evolution.

The Opportunity

Develop a distinct point of view about where the world is going and your role in it through 'gut feel'. Build conviction for the validity of your approach through data.

>> Develop evidence where none exists through experiment stacking.

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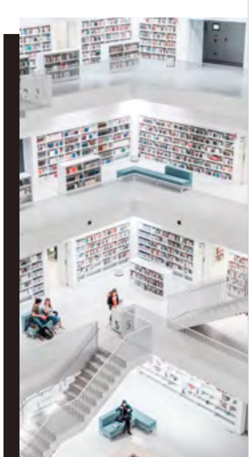
Active Abstinence

If nature has taught us anything, it's that successful evolution requires trying a lot of different variations to determine the optimal version for the current environment. This holds true whether it's your species or your stock price at stake - companies which seek to evolve must be prepared to perpetually experiment with a multitude of variations of themselves in order to remain relevant and perform despite changing market conditions.

Yet unlike their wild counterparts, for companies in the pursuit of such evolution it is too easy to make incremental, independently insignificant but cumulatively substantial changes which over time dissolve a clear market position (for example in price, product quality, etc.)

The challenge then, is in focus.

In simple terms, this is as much about knowing what you won't do as what you will and staying true to those decisions, even under pressure. Almost every idea that gets proposed has some degree of merit, so on what basis should you say no?



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Active Abstinence

From FOMO — **To FOCUS**

Non-Ambidextrous Approach

"A common complaint in the company was it was like, unclear what the priority was, and where spending should be directed." - **JetBlue**

"it was a company that just kind of like went all over for bright, shiny objects, which got really messy." **- Under Armour**

Ambidextrous Approach

"You know that saying, 'a bird in the hand is worth two in the bush'? It's worse for organisations. If you're not careful you'll kill the bird you've got." **- Royal Caribbean**

"Sometimes, you just have to accept that it's the right idea, but at the wrong time. If you keep saying yes, your time, money, people, everything will be diluted to the point they're not impactful anywhere." **- Starbucks**

Warning Signs

- The opposite of the organisation's strategy is not a valid approach - ie. no serious competitor would adopt
- Everything is open for consideration if it can be justified, even if misaligned with strategy.
- The strategy is broad enough to mean most things are possible.

The Opportunity

Strategy is an exercise in choosing what you're not doing more than what you are. Say no nine times to every yes.

>> Develop a shadow strategy.

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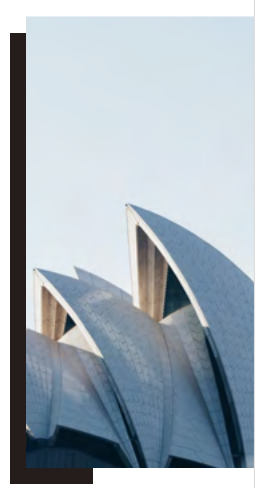
Enablers of Ambidexterity

The Compound Company 31

Impetus and Stimulus

When it comes to becoming ambidextrous, execution is more important than strategy. This means the necessity to create an environment fertile to ambidexterity is essential. Yet humans are reluctant to change and struggle with the dual tensions of ambidexterity, so there is a critical need to both seed and stimulate ambidextrous behaviour within a company.

Ambidextrous companies take a two-pronged approach to tackling this challenge, using culture as an impetus to seed ambidexterity, in conjunction with motivation through financial stimulus. Conversely, leaders at a non-ambidextrous company tend to expect (not unreasonably) that people will tackle the duality of ambidexterity if it is in the best interests of the company, with only soft incentive to do so.



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Impetus and Stimulus

From ASSUMED ENGAGEMENT → **To CULTIVATED ENGAGEMENT**

Non-Ambidextrous Approach

"… even if they come up with something, then they need to start implementing [it] and then they just meet all this resistance […] Nobody has time, you know, to help them. So even if they come up with something really, really good, it's super hard for them to make it successful then and to, to launch it because their job is most often just to come up with it. And then then there's these normal teams that take it and make it a sellable product. And they never have time. And they also fight against it because it's not their idea." - **TomTom**

Ambidextrous Approach

"When [the crew] started seeing their ideas being implemented, and getting bonuses which were on average something like 18% of their salary to share in the success of the company, almost overnight they became more involved in what was going on. Even if they personally didn't like an initiative, if they could see it was in the best interests of the company in the long run, they would back it." **- Southwest**

Warning Signs

- Inherent belief that employees will by default act in the best interests of the organisation.
- Financial incentives are based solely on lag measures of success.
- Responsibility for both incremental and transformational innovation is implied.

The Opportunity

Use culture to ignite interest in both sustaining and transformation innovation, then stimulate enduring effort through financial incentives.

>> Implement the one-two combination of culture and commercials.

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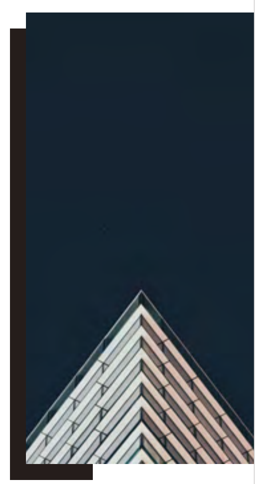
Inquisitive Iteration

Many authors have documented the challenges associated with the complacency that comes as a by-product of prior successes. The nuance which may be lost however, is in how complacency manifests. It is too easy to imagine an organisation full of smug executives who believe they cannot fail. Whilst these people do exist, this research observes that the more common and dangerous manifestation of complacency is in the form of stagnation through two key areas: satisfaction with good results which could be extraordinary, and a sluggish approach to innovation, failing to progress initiatives with sufficient urgency, both of which serve to simply perpetuate the status quo.

Ambidextrous organisations perpetually revisit established processes and beliefs, seeking to create or unearth new opportunities for optimisation. These organisations celebrate successes, but do not assume that such results will last forever if action is not taken.



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Inquisitive Iteration

From STATIC → **To DYNAMIC**

Non-Ambidextrous Approach

"Generally, they don't want to try anything new because they might lose power or might even lose their job. They would say I'm not going to support that initiative, or I'm not going to change or I'm not going to evolve because I'm happy with my job. I've been here for X amount of years, I know how things need to be done." **- Carnival**

Ambidextrous Approach

"… we must know what to preserve from the past and to have the courage to boldly reinvest in the future. Because if we don't reinvent and reimagine the world will pass us by." - **Starbucks**

Warning Signs

- Curiosity has been replaced by certainty.
- Executive leadership rarely hears new ideas proactively proposed.
- 'This is the way we do things here' is a common expression.

The Opportunity

Swap a custodian / caretaker mindset for a 'day one' mindset. Reward the latter and disincentivise the former. Challenge the status quo.

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The fountain of youth

Over time, companies become able to change, creating a mortality hazard associated with old age. Ambidexterity subverts this trend and turns size and age into a weapon. Young companies have the one-time opportunity to embed the necessary characteristics into the DNA of the organisation, creating an organisation which defaults to ambidexterity.

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Thank you

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