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The Spin-Along Strategy

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Abstract
This paper enhances an emerging concept of corporate entrepreneurship theory: the spin along approach. The spin-along approach depicts a unique method that brings together rudiments of internal and external corporate venturing. By taking the spin-along approach into account, I propose the spin-along strategy to be an alternative strategic attempt for organiza-tions, which aim to adapt to changing environmental conditions. I acknowledge the viewpoint of adaptionistic population ecologists, who claim that although incumbency may lead to struc-tural inertia, larger companies can learn from past experiences and take action to change their organization. After defining the spin-along strategy, the paper addresses the issue of distance between spin-along ventures and their parental organization with the help of the newly intro-duced ?Spin-Along Shell Model?. Finally, I derive implications for academia and R&D Man-agement practitioners and open up the discussion for future research directions, which have the potential to sharpen the spin along strategy further.

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ABSTRACT

This paper enhances an emerging concept of corporate entrepreneurship theory: the spin along approach. The spin-along approach depicts a unique method that brings together rudiments of internal and external corporate venturing. By taking the spin-along approach into account, I propose the spin-along strategy to be an alternative strategic attempt for organizations, which aim to adapt to changing environmental conditions. I acknowledge the viewpoint of adaptionistic population ecologists, who claim that although incumbency may lead to structural inertia, larger companies can learn from past experiences and take action to change their organization. After defining the spin-along strategy, the paper addresses the issue of distance between spin-along ventures and their parental organization with the help of the newly introduced "Spin-Along Shell Model". Finally, I derive implications for academia and R&D Management practitioners and open up the discussion for future research directions, which have the potential to sharpen the spin along strategy further.

Keywords:

spin-along; adaptive cycle; corporate venturing

INTRODUCTION

The Practitioner's View: Incumbent's Curse

Large companies face challenges related to increasing the efficiency of their current business, while exploiting new business opportunities to survive in the long run. This phenomenon is called the "incumbent's curse". Incumbency, as described by Tellis and Chandy (2000) paralyzes firms, because their outstanding resource and capability base does not necessarily lead to a comprehensive exploitation of their opportunities. The competitive advantage of incumbency should theoretically enable firms to change their shape by following internal (e.g. own R&D, new product development) and external (e.g. joint ventures, venture capital investments, mergers and acquisitions) innovation strategies (Burgelman, 1983a; Chesbrough, 2000; Lichtenthaler and Ernst, 2006; Miles and Covin, 2002; Roberts and Berry, 1985). However, as population ecologists argue "there are very strong inertial pressures on structure arising from both internal arrangements (for example, internal politics) and from the environment (for example, public legitimization of organizational activity)" (Hannan and Freeman, 1984, 1977, p. 957), which leads to the curse of incumbency.

The Academic View: Structural Inertia

The question arises, how incumbent firms can overcome their structural inertia and change their organizations to better adapt to environmental changes. To answer this question I highlight Van de Ven and Poole (1995), who proposed four groups of organizational change theories: life-cycle, evolutionary, teleogical and dialectical theories. Life-cycle and evolutionary theories understand organizational change as a process which builds on past events; options for change can be determined as a matter of probability (first-order change). In contrast the latter two groups of theories understand organizational change as an ever-destructing process, which does not build on the past, but on emerging events that change the goal setting for an organization's future (second-order-change).

The theory of population ecology is stronger related to the evolutionary theory category and focuses on groups of organizations ("population") and investigates death- and birth-rates of populations as well as the interaction and comparison of different populations within same or different environments (Hannan, 1989).

Population ecology scholars argue about two different explanations for firm survival: selection and adaptation (Aldrich and Pfeffer, 1976; Astley and de Ven, 1983; Hannan and Freeman, 1977). They argue that the difference between selection and adaptation relates to the unit of analysis (Aldrich and Pfeffer, 1976; Hannan and Freeman, 1977). In the "selection viewpoint", vital rates within populations change not because organizations purposefully change themselves, but because new organizations emerge that are better aligned to changing environmental conditions and outperform established and inert firms. Within this viewpoint organizations face a high level of structural inertia (described as incumbent's curse above), which hinders them to change at all.

In contrast the "adaptation viewpoint" acknowledges an organization's ability to adapt to environmental changes and overcome structural inertia by learning from past experiences (Cyert, 1992; Levitt and March, 1988; Miles et al., 1978). Nevertheless an increasing presence of structural inertia decreases the influencing power for adaptation towards selection. Hannan and Freeman (1977) argue that "a complete theory of organization and environment would have to consider both adaptation and selection" (p. 930), meaning that the duality between adaptation and selection is considered to frame the discussion of organizational change.

Research Strategy

In the paper at hand I take the viewpoint of adaptation – I investigate how (especially large, incumbent) companies can overcome structural inertia with an emerging measure of corporate venturing – the spin-along approach. Due to the increasing empirical work on the spin-along phenomenon (Klarner et al., 2013; Mahdjour and Fischer, 2014, 2013; Michl et al., 2012; Rohrbeck et al., 2009, 2007; Salona et al., 2000), I agree to the necessity to conceptualize it further. To address this need I am going to describe the spin-along approach as an alternative strategy to master the cycle of adaptation (Miles et al., 1978). Having done so, I will argue that a spin-along strategy, which incorporates the basic approach of "spinning-along" corporate ventures, shall be understood as an integrative part of corporate strategy. I will further propose the "Spin-Along Shell Model" as a tool to understand the spin-along strategy and the distance between a parental organisation and its ventures better.

Overview of relevant Theoretical Concepts

In the following I will deduct a chain of concepts relevant for this paper. I will link the concepts of adaptation, strategy, corporate entrepreneurship, corporate venturing and the spin-along approach.

Firstly, by incorporating other scholars (Child, 1997; Floyd and Lane, 2000; Miles et al., 1978), Sánchez et al. (2011) argue that "the process of strategy is considered a dynamic process, with adaptation being the key aspect needed to achieve competitive advantage in a long-term perspective" (p. 15). Therefore adaptation can be understood as a metaphor for Strategic Management (Chakravarthy, 1982) .

Secondly, corporate entrepreneurship describes a firm's ambition to nurture entrepreneurial behaviour within its organization to increase its innovative capacity (Ireland et al., 2009).

Scholars argue that strategic management and corporate entrepreneurship are related to each other (Barringer and Bluedorn, 1999; Burgelman, 1983b). Barringer and Bluedorn's quantitative analysis showed evidence that corporate entrepreneurship is positively influenced by strategic management practices like scanning intensity, planning flexibility, planning horizon, locus of planning, and control attributes (Barringer and Bluedorn, 1999).

In addition Zahra (1995) argues that "corporate entrepreneurship consists of a company's innovation, strategic renewal and corporate venturing" (p. 227). What are these three components in a nutshell?

First, an innovation is a new product or service, which is commercialized in a new or existing market. A company becomes innovative when financial and human resources are allocated for innovative projects and it will stay that way if this innovation infrastructure can be maintained (Narayanan et al., 2009).

Second, strategic renewal is strongly linked with organizational change and deals with the process of companies that change their competitive profile, meaning they renew their way of doing business strategically (Narayanan et al., 2009).

The third aspect of corporate entrepreneurship, corporate venturing, is about creating new business inside or outside an organization (Sharma and Chrisman, 1999).

Narayanan et al. (2009) argue that these three components are strongly interlinked, for instance "innovation could induce renewal" (p. 59). Though similarities between the three components exist, I underline that corporate venturing specifically focuses on the creation and integration of new business.

Within the corporate venturing domain, the spin-along approach is an emerging concept that combines internal and external corporate venturing (Rohrbeck et al., 2007). If the units of analysis are "semi-autonomous or autonomous organizational entities that reside outside the existing organizational domain" (Sharma and Chrisman, 1999, p. 19) external corporate venturing is meant. Terms in the external venturing domain are for instance joint-venturing, alliances and firm acquisitions. They all contribute to the long-term performance and growth of larger firms (Kotabe et al., 2002; Lee and Beamish, 1995; Williams and Lee, 2009).

In contrast, internal corporate venturing "refers to the corporate venturing activities that result in the creation of organizational entities that reside within an existing organizational domain" (Sharma and Chrisman, 1999, p. 20). Internal corporate venturing units usually have higher management sponsorship compared to regular business activities, which enables them to act as if they were independent business units.

It becomes clear that the differentiation between these two viewpoints of corporate venturing is rather an either-or perspective: either the venture stays outside or inside the corporate parent. The spin-along approach acknowledges an integrated viewpoint, which is taken by many companies, and aims to merge both perspectives (Rohrbeck et al., 2009).

By building on the groundwork of Rohrbeck et al. (2009, 2007), Mahdjour and Fischer (2013) defined the spin-along approach as an organizational means to "build on ideas or R&D results to spin out new ventures as 'innovation speedboats' to reduce barriers within the internal innovation process" (p. 2). Furthermore they underline that "at the core of the spin-along approach is the maintenance of a relevant stake in the new ventures (e.g. via ownership of shares or key assets) to flexibly decide whether to spin them in or off in the future" (p. 2).

Research Goal

The academic field of entrepreneurship faces an increased challenge to build and test theory (Zahra, 2007). More specifically Narayanan et al. (2009) argue that corporate venturing research would "benefit greatly from giving more attention to theory building" (p. 69).

Specifically the spin-along approach has recently been addressed by an increasing number of papers; though the total amount of scholars dealing with the topic is still scarce (Klarner et al., 2013; Mahdjour and Fischer, 2014, 2013; Michl et al., 2012; Rohrbeck et al., 2009, 2007). I agree with the perception that especially theoretical and conceptual work is needed to understand the spin-along approach better. Especially, due to the fact that it is applied by different firms such as Cisco (Salona et al., 2000), Philips (Michl et al., 2012) as well as Deutsche Telekom (Mahdjour and Fischer, 2014, 2013; Michl et al., 2012).

As of today non-financial effects of corporate venturing, as for example strategic benefits, are under-investigated in scientific literature (Narayanan et al., 2009). As a matter of fact Ireland et al. (2001) claim that corporate venturing contributes to the corporate strategy of a firm, by building up new capabilities and businesses leading to renewal of the firm, fostering of strategic change and enhancements in profit margins and growth (Narayanan et al., 2009; Zahra and Hayton, 2008). Especially in high technology industries, corporate venturing is an important component of corporate strategy (Narayanan et al., 2009).

The goal of this paper is to conceptualize the spin-along strategy as an alternative way to master the cycle of adaptation. I agree to scholars who state that corporate venturing (and by that the spin-along approach, too) is an important element of corporate strategy (Carrier, 1996; Hitt et al., 2001; Narayanan et al., 2009).

OVERVIEW OF SPIN-ALONG LITERATURE

Rohrbeck et al. (2007) introduced the spin-along approach first, after building on observations from Cisco (Salona et al., 2000) and Deutsche Telekom. They claimed that managerial literature misses an integrated perspective of spin-in and spin-out venturing activities. Subsequently other scholars built on their general idea and enriched the concept (Klarner et al., 2013; Mahdjour and Fischer, 2014, 2013; Michl et al., 2012; Rohrbeck et al., 2009). The following paragraphs will give a brief overview about this research field.

In their two contributions Rohrbeck et al. (2009, 2007) argue that spin-out activities have two goals: first, commercialize R&D results that could not be transferred to an internal business unit and second, externalize business that is no longer part of a firm's core business, and where it is expected that the costs of running these activities can be reduced and business with competitors is possible. In contrast spin-in activities aim to (completely or partly) internalize external organizational entities to acquire their technological and market know how (Maula et al., 2005).

The spin-along approach is defined as a combination of spin-in and spin-out activities (and in a greater sense a combination of internal and external corporate venturing). It enables firms to find "alternative paths for radical and non-core innovations" and promote business model innovation; innovate "in areas with little synergy with existing business" and innovate „closer to the market" (Rohrbeck et al., 2009, p. 48).

Originally, the spin-along approach was framed from the viewpoint of an R&D unit. Therefore the early understanding of the concept focused on the commercialization of R&D results with the help of spin-out companies outside the parental firm. Key of this understanding is the maintenance of a certain linkage between parent and venture to keep the door open to re-integrate the spin-along venture later on (Rohrbeck et al., 2009).

Michl et al. (2012) applied the spin-along approach to the concept of ambidexterity. The authors analysed four cases and defined the spin-along approach as a process, which enables exploitation and exploration capabilities of an ambidextrous organizations. The linkage between ambidexterity and corporate venturing has previously been emphasized by Williams & Lee (2009), who called ambidexterity "the learning perspective" of corporate venturing.

Klarner et al. (2013) understand the spin-along approach as a measure to attract, retain and nurture high-performing entrepreneurial-oriented employees. Companies that apply the spin-along approach offer their employees an opportunity to realize own ideas. At the same time these very employees are in a situation with both high flexibility and high security ("flexicurity").

Furthermore, Mahdjour & Fischer (2013) linked the spin-along approach with international entrepreneurship theory. They revealed that even spin-along ventures can face too high internal barriers, although the basic idea was to build them to be free from barriers. To overcome even those barriers, internationalization into markets where the parental company has only a little or no footprint at all, was proposed as a mitigating strategy. As a result Mahdjour & Fischer (2013) "suggest that if corporates do not accept that their new ventures cannibalize own business models, engage in business with competitors or may require key parental assets, early internationalization can be an attractive new direction when spinning-out new ventures successfully" (p. 2).

Moreover, in their case study of 10 spin-along ventures of Telekom Innovation Laboratories (T-Labs), Mahdjour & Fischer (2014) identified capabilities and "good practice" measures, necessary to implement the spin-along approach with the help of a dedicated spin-along program. They suggest, that "the successful implementation of a spin-along program at T-Labs required a corporate environment which encouraged entrepreneurial activity, a spin-along program that generated, managed and guided spin-alongs, and new ventures that were developed with a customer and business orientation and with sufficient access to parental assets" (p. 7). Out of a set of 13 core capabilities and 43 "good practice" measures, Mahdjour & Fischer (2014) specifically highlighted the following capabilities: first, management of internal conflicts of interest. In the T-Labs case this conflict management capability is related to the fact that spin-along ventures challenge established processes of the parental firm and organizational sub-units. Secondly, the access to parental assets and shared services is an important capability of a spin-along program management.

As I will point out later the degree of distance between a spin-along venture and its parental unit, which Mahdjour and Fischer (2014) refer to as "post-launch-relationship", is an important aspect and can be altered by granting or refusing access to parental services or assets.

TOWARDS THE SPIN-ALONG STRATEGY FOR ORGANIZATIONAL ADAPTATION

The previous section gave an overview of past research on the spin-along approach. Since I deducted the spin-along approach to be a measure for organizational adaptation (which itself is a metaphor for strategic management that influences corporate entrepreneurship, which embodies corporate venturing), I will now shortly introduce the adaptive cycle of Miles et al. (1978) and describe their four strategic organizational types in order to propose the spin-along strategy as an alternative.

The Cycle of Adaptation

As pointed out by Drejer (2002) and in line with the prior given introduction of population ecology, the adaptive cycle (Miles et al., 1978) builds on three assumptions: First "organizations can act to create (or choose) their environment"; second "management's strategic choices shape the organization's structure and processes"; and third "once chosen, structure and process constraints strategy" (Drejer, 2002, p. 87). Furthermore a company's top management needs to decide on balancing modes to adapt to environmental changes and its decisions how to adapt refer to the "product-market domain, production and distribution technologies, and administrative structure and processes" (Drejer, 2002, p. 87) .

The adaptive cycle consists of three problems that every company faces: the entrepreneurial problem, the engineering problem and the administrative problem. Although these problems do not occur subsequently, but instead rather simultaneously, for the matter of comprehensiveness, the three aspects are described consecutively in the following.

Entrepreneurial Problem

The first phase of the adaptive cycle, the entrepreneurial problem, is inherent in all organizations, but most visible in smaller and fast growing firms, or firms that face a radical change because they need to overcome a major crisis. Especially in new organization, the first challenge is to claim the organizational domain. This domain is characterized by the good or service a company intends to offer to a specific target market or market segment. The trigger for this is the so called "entrepreneurial insight", which is naturally at the beginning only roughly defined and linked with a high degree of uncertainty. To solve the entrepreneurial problem, a firm's management needs to identify the specific organizational domain (product-market combination) and decide to invest resources to conquer this domain. After this decision phase, objectives are formulated to aim for the new domain and to (re-)develop the organizational shape (internally and externally). In mature firms, this very issue is just one part of the entrepreneurial problem. Here an additional challenge is present: due to the fact that mature firms already have solutions to the engineering and administrative problem the recognition of entrepreneurial insights and a subsequent reaction to that is harder. This structural inertia increases with age and size of a firm. Established firms tend to focus more on efficiency enhancements rather than on doing new things. Miles et al. (1978) claim, that although the solution of the entrepreneurial problem stays a top-management challenge, new opportunities have to be recognized by lower management levels (Bower, 1970).

Engineering Problem

After organizations have selected a new organizational domain, decided to put resources into it and started to re-shape the own firm, the need arises to create a system, which "operationalizes management's solution to the entrepreneurial problem" (Miles et al., 1978, p. 549). This issue of operationalization via the creation of a system is called the "Engineering Problem". The engineering problem is constituted by the top management's need to have a system in place that produces and distributes the earlier defined new products and services. The system also enables the linkage of new information, communication and control. Miles et al. (1978) argue that the system, which is created to solve the engineering problem, can change over time, while the administrative problem is tackled.

Administrative Problem

The administrative problem describes the need for organizations to reduce uncertainty of the new entrepreneurial domain and to optimize the administrative system, which has been shaped during the engineering phase. Miles et al. (1978) argue that it is about "rationalizing and stabilizing those activities which successfully solved problems faced by the organization during the entrepreneurial and engineering phases" (p. 549). They put stronger emphasis on the fact that the administrative problem is not just about rationalizing the system which has already been developed to reduce uncertainty. More specifically they argue that management needs to transform the organizational processes in a way that the firm can continue to evolve and stay innovative over time. According to Miles et al. (1978) this resolution to the administrative problem is vital for the whole cycle of adaptation.

Due to this pivotal character of the administrative problem, the emphasis lies on rationalization and articulation of this very concept: An organization should aim for an administrative system (processes and organizational structure of the firm), which helps to efficiently direct and monitor current activities while also being flexible enough to manage future (innovative) activities. This duality of the administrative system is characterized as lagging and leading variable in the adaptation cycle. The lagging variable thereby describes the aim for appropriate structures and processes to achieve the prior composed strategic goals. At the same time the leading variable is the other side of an administrative system that enables the organization to adapt to new entrepreneurial triggers. All in all the administrative system needs to have the capacity to flexibly support a firm's management to manoeuvre through new organizational paths.

Four Strategic Types of Adaptation

In the following I will very briefly highlight the four strategic types, which are proposed by Miles et al. (1978) in order to argue for the spin-along strategy as an alternative ("hybrid") method, which incorporates aspects of the four strategic types.

Firstly, a "Defender" is described as an organization, which has control over a rather narrow product portfolio in a small market, where the firm has a strong position. This narrow market domain and the strong position requires only little adjustments of their technology, structure and methods (Drejer, 2002). The Defender primarily aims for improving efficiency of ongoing operations.

Secondly, a “Prospector” is an organization, which engages in a pro-active process of scanning the environment for new business opportunities. The intention is to try out new things to respond to emerging opportunities. Furthermore, Prospectors have the ability to set trends and create uncertainty in a market, which forces competitors to react upon their pro-active behaviour. With this in mind it becomes clear, that efficiency is not the focus of a Prospector. Moreover Prospectors are keen to take risks and to encourage their employees to do risky things without needing to fear punishment. As Miller and Friesen (1978) pointed out these companies can be found in rather competitive environments (Drejer, 2002).

Thirdly, “Analysers” are positioned between Defenders and Prospectors. Analysers can concentrate on both, stable ongoing business and changing operations. They tend to improve efficiency in their stable business domain with well-defined processes and structures. For the more changing business domain, Analysers carefully observe competitors and adapt to their behaviour efficiently. As a matter of fact they enter new business domains, only if they are close to their core business. The challenge for these firms’ top-management is to manage both: exploitation and exploration aspects. Today this challenge is researched under the broader umbrella of organizational ambidexterity (O’Reilly and Tushman, 2008).

The last strategic type (“Reactors”) reflects organizations that fail to adapt to environmental changes at all. They lack an efficient strategy-structure relationship and avoid changes in their organizations until the environment forces them to do so. In the long run these companies need to either become one of the other strategic types, or they will not survive (Drejer, 2002; Miles et al., 1978).

A NEW STRATEGY FOR ORGANIZATIONAL ADAPTATION: THE SPIN-ALONG STRATEGY

I acknowledge the strategic typology of Miles et al. (1978) by linking their ground work with an emerging concept of corporate venturing: the spin-along approach. My goal is to show that the basic idea of spinning out new ventures to assess a later reintegration (and the other way around) can be understood as a strategic intent to solve the three problems of organizational adaptation. My analysis does not attempt to replace any of the typologies of Miles et al. (1978). Instead my contribution should be understood as an alternative strategic manoeuver. After my reasoning I will give a definition of the spin-along strategy and position it as a hybrid method to master organizational adaptation.

Insert Table 1 about here

The Spin-Along Approach and the Entrepreneurial Problem

As previously stated, established companies face the challenge to change their existing solutions to the engineering and administrative problem. The spin-along approach tries to overcome this inertia (respectively the incumbent's curse) therefore it addresses the part of the entrepreneurial problem, which especially established organizations face. To solve the issue of re-shaping the product-market domain, the spin-along approach helps incumbents to react to the entrepreneurial trigger in a lean a way. As pointed out by Miles et al. (1978) managers need to decide which domain to put resources in. However, the spin-along approach helps to spread the risk by engaging in more than one domain at once. As shown by Mahdjour & Fischer (2014) a company may spread risks and react to more than one entrepreneurial insight at once by spinning-along more than one venture at once. By spinning-out new ventures an organization's management can experiment in which new organizational domain it should engage itself the future. It can spread risks with the help of different parallel "speed boats" (Mahdjour and Fischer, 2014) instead of manoeuvring the whole company into an uncertain direction.

Moreover the linkage between a parental organization and its ventures ensures a flow of information and shared market insights. Parents learn from their ventures and the other way around. Therefore the spin-along approach helps organizations to re-shape themselves. Also, the lower employee level (e.g. the spin-along venture's management) is put in the position to grasp new business opportunities and become the moderator between the parental firm and new emerging entrepreneurial insights and opportunities.

The Spin-Along Approach and the Engineering Problem

The next phase starts with an organization, which decided to spin-out new ventures and keep them at distance over time (spinning them along). To operationalize "management's solution to the entrepreneurial problem" (Miles et al., 1978, p. 549) the parental firm has to engineer a system, which is able to manage a pool of spin-along ventures (as proposed by Mahdjour & Fischer (2014)) and ensures an efficient bi-directional transfer of knowledge and assets. Furthermore, in line with Miles et al. (1978) the system needs to be flexible to react to both modes of spinning out and spinning in ventures, which reside in a spin-along pool. The system must give management guidance to assess the strategic direction of the spin-along pool and the degree of distance of each venture towards the parent. This fits the ambition of a system emphasized earlier; which enables the linkage of new information, communication and control (Miles et al., 1978).

The Spin-Along Approach and the Administrative Problem

After solving the entrepreneurial and engineering problem, companies need to reduce uncertainty of the new entrepreneurial domain. They need to overcome problems, which occurred while the entrepreneurial insight has been tackled. Furthermore the need exists to transform the organization toward the new market domain. The spin-along approach changes the organizational structure already, when a company starts to do venturing by for example initializing a spin-along program.

Furthermore the administrative system needs to ensure that not just the inside out perspective (the stage where an entrepreneurial opportunity is investigated with the help of spinning out new ventures), but also the outside-in perspective (where it is about decreasing the distance towards the parent or to (re-)integrate a spin-along venture). I claim that the duality of spinning-out and spinning-in can be compared to the duality of the lagging and leading variable of the administrative problem. As I argued previously, lagging and leading can be referred to organizational ambidexterity, which other scholars showed to be achievable with the spin-along approach (Michl et al., 2012).

The lagging variable of the spin-along approach is reflected by a spin-along program, which embodies spin-along capabilities (Mahdjour and Fischer, 2014), aims for efficiency (e.g. by a cross-venture synergy assessment), seeks for good ideas as input factors, and ensures proper knowledge and technology transfer between venture and parent. As a matter of fact this program (understood as administrative system) needs to manage the distance between a parental organization and its spin-along ventures. Since spin-along ventures pass through the cycle of adaptation themselves, both systems of administration (of parent and spin-along venture) need to be compatible with each other.

The leading variable of the spin-along approach, as a solution to the administrative problem, is reflected by the ability to constantly re-configure the capability set of the spin-along program. Furthermore it reflects the ability to constantly spot new opportunities (e.g. emerging technologies and companies) that affect ventures residing in the spin-along pool. Furthermore a market oriented R&D that is achieved with means of technological foresight within the parental organisation can acknowledge the leading variable.

Reflection on the Original Strategic Types

After having emphasized the spin-along approach as a strategic measure to solve problems of organizational adaptation, I will know put the three strategic types Analyser, Defender and Prospector in context to spin-along. I spare the analysis of the Reactor since it is not a proper strategy to deal with adaptation.

Starting with the Analyser strategy, I claim that it best fits to a company following a spin-along strategy. As described above a spin-along strategy is a valid measure to concentrate on both: increasing efficiency of stable business, when at the same time engaging in new business opportunities with the help of new ventures. Since the Analyser is considered to be a combination of a Prospector and Defender, I claim that also in the spin-along process both strategic types can be found.

One explanation can be the character trait of the Defender to protect its ongoing narrow market-domain against competition by making only minor changes, but in the most efficient way. As an example, I envision a company which has an incumbent position in a narrow market-domain, but at the same time has managed to set up a pool of spin-along ventures, which engage in market domains which are similar to the parental one. For this example the spin-along ventures act closely to the Defender’s market domain, but have a significant footprint in other business as well. In case a Defender is faced with a new competitor, which tends to have a competitive advantage when offering a different and more advanced feature-set, then the Defender has the chance to flexibly spin-in one of its spin-along ventures to outperform the new competitor. I claim, that a Defender benefits from the spin-in perspective of the spin-along approach.

In addition the Prospector benefits from the above described spin-along strategy, too. As said earlier a Prospector takes risk to engage in new market opportunities and aims to force other market participants to react upon its first mover ambitions. I claim that the character trait of the Prospector is emphasized by the spin-out perspective of the spin-along approach. The vehicles to try out new things and gain first mover advantages towards competitors are spin-out companies that operate in very different and emerging market domains; they operate under the Prospector's wings and within its spin-along pool.

DISCUSSION

From Spin-Along Strategy to the "Spin-Along Shell Model"

Based on the reflection on the strategic typology of Miles et al. (1978) I propose the spin-along strategy as an extended scientific concept, which builds on the spin-along approach. I claim a spin-along strategy

- to be part of an organizations corporate strategy and by that a responsibility of the top-management (not just of the R&D unit as claimed by Rohrbeck et al. (2009, 2007));

- to enable an organisation to set up, manage and nurture a pool of spin-along ventures, which either originate from the parent organization itself (e.g. an internal corporate venture which is granted more independence as a separate organizational entity) or which originate from the external market and are brought into the spin-along pool (e.g. by engaging in joint development of a new product or by sharing certain assets like patents or machinery); and
- to embody a virtual "leach" between a parental organization and an external spin-along venture and the ability to flexibly change the "distance" over time.

I derived the first aspect of the spin-along strategy to be valid, because the previous analysis showed that it is an appropriate approach to manage the adaptive cycle. Furthermore this perception is in line with other scholars that claim the importance of the top-management to be supportive towards corporate venturing measures in order to facilitate intrapreneurship (entrepreneurial means of internal employees) and to create new business (Antoncic and Hisrich, 2001; Narayanan et al., 2009).

The second aspect is based on the idea, that the ability to (re-)integrate a former spin-out into the own organization should enable a company to tie external ventures, too. Scholars agree that the knowledge flow between start-up and corporate parent contributes to organizational learning of both parties (Maula et al., 2003; Narayanan et al., 2009). Further, I believe that a staged process of decreasing the distance between a venture and another organization though a spin-along pool offers better opportunity to internalize knowledge and capabilities of external units.

The third part of the spin-along strategy is the ability to change distance between a venture and a parental firm. To explain this “distance” I propose the “Spin-Along Shell Model”, which I will now explain briefly.

The focal point of the “Spin-Along Shell Model” is a single organization. However I claim that around a focal company, there are not just competitors, but also firms, which have a certain relationship with the focal company. This very relationship can be strong or weak; however, one measure to describe it in the sense of a spin-along strategy is to describe the degree of distance. As reflected in Figure 1 the degree of distance can be assessed by a four-tier model.

The first tier is the organization itself, which manages a certain product/service portfolio and could also be structured via different business units. However, every process and structure in this first tier is the core of the focal organization; as such no venturing-related issues materialise here.

The second tier reflects the internal corporate venturing sphere. As said earlier internal corporate ventures are internal organizational units that reside within the organizational boundaries, but have more independence from the core business processes and structure. An example could be a temporarily formed (rather independent) team or project, which investigates a new product or process innovation for the focal firm.

The third tier is the starting point for what I claim to be the spin-along sphere. Internal corporate ventures are externalized into semi-autonomous organizational entities. These spin-outs are understood as spin-along ventures when they are intentionally externalized to integrate them or to completely spin them off at a later point in time. I claim that these spin-along ventures can be differentiated according to their level of distance. I distinguish two subgroups here. First, “close spin-along ventures” (3a) are independent organizational entities, that the parent organisation has a majority stake in. Its stake can exemplary be measured by the amount of shares, number of parental employees, relevance of parentally owned assets (like patens or machinery) for the ongoing operation, but also the dependence on the access to the parent’s business network, sales channels or benefits derived from the parent brand power. In this first sub-category, the spin-along ventures’ competitiveness strongly depends on the corporate parent’s willingness to grant access to these factors.

Insert Figure 1 about here

The second sub-group reflects “distant spin-alongs” (3b). The just mentioned factors do not play a major role in the performance of the spin-along ventures, but are still present. An example could be that these ventures have other majority stakeholders or rely more strongly on own patents and sales channels, which they developed and control on their own. The stake of the parental organization in the spin-along venture is not crucial for the spin-along venture’s survival.

The fourth tier of the spin-along shell model reflects the external market. This includes competitors, former spin-offs as well as future spin-along ventures. Taking into account that firms in this tier have a shell sphere around them as well makes clear, that focal companies can share the same ventures around them (e.g. when two companies hold shares of a spin-along venture or form a joint-venture “to develop and/or commercialize new technologies or build various organizational skills such as R&D, marketing or production” (Narayanan et al., 2009, p. 59)).

CONCLUSION

Academic and Practical Implication

My conceptual work aimed to contribute to the emerging discussion around the spin-along approach as a relevant scientific concept. Furthermore I addressed research gaps and conceptualized the spin-along strategy as an extended attempt. My argumentation was by design theory-oriented, which I claim to be necessary for a more conceptual and not empirical driven scientific contribution. I am open for other scholars to challenge my ideas around the spin-along strategy and the “Spin-Along Shell Model”. I encourage more scholars to engage in the discussion of what both contributions are in more detail, in which companies they are applied, and what the mechanisms in comparison to other venturing methods are. Further I believe that the logic behind spin-along can be a valid measure to combine selection and adaptation viewpoints of population ecology scholars. Moreover, I claim especially the “Spin-Along Shell Model” to be a practical tool for Management practitioners. It may serve as an alternative tool to position one’s own spin-along venture portfolio, towards other external companies. In the upcoming paragraph I will draft future research directions, which concentrate on theories relevant for spin-along research.

Future Research Directions

Future research should answer the question how to decide when a movement from one shell to another is appropriate, meaning when the change of distance between a venture and its parental organization is promising. Exemplary theories to decide for either expanding or shorting distance are “transaction cost economics”, “organizational relatedness”, “the resource based view” as well as “organizational learning”.

I claim the spin-along strategy to be a "smoother" way of internalizing external knowledge (embodied in external organizational units) compared to a sudden acquisition of an entirely external firm. A staged process slowly increases the degree of relatedness between a corporate venture and parental organization, which positively influences the parent's gains (Sorrentino and Williams, 1995; Thornhill and Amit, 2001). Relatedness describes "the extent to which existing capabilities can be used for performing a new activity" (Gulbrandsen et al., 2009, p. 91). As argued before (when talking about "close spin-alongs" and "distant spin-alongs"), dimension to assess the relatedness are for instance marketing activities, human resources and physical equipment (Narayanan et al., 2009; Sorrentino and Williams, 1995). I claim that the longer a company stays in a spin-along pool/in a specific spin-along-shell of a focal firm, the more the relatedness between the two increases.

Moreover I claim the "Spin-Along Shell Model" to decrease transaction costs of (re-)integrating external ventures, whether they have been internal or not in the past. Transaction costs are the costs "for search, negotiating, bargaining, contracting and contract management" (Gulbrandsen et al., 2009, p. 90). In a short-term oriented strategy lower transaction costs may result when skipping shell phases by integrating an external venture instantly, but in a long-term (strategic) perspective the expected benefits will certainly be lower, because the integration of the business could not mature over time. Since firms do not materialize all their knowledge explicitly I agree to Gulbrandsen et al. (2009), who said that tacit knowledge makes it harder for a parental (or "buying") company to learn how to perform an action the venture did in the past.

Additional future research directions shall take the resource based view into account. The resource based view helps to explain performance differences between companies within the same industry (Barney, 1991; Penrose, 1959). In the corporate venturing context, the resource based view helps to explain how the resource base of a corporate parent and a corporate venture influence their relationship (Narayanan et al., 2009). As part of the resource based view absorptive capacity between ventures and parents play a role in shell-to-shell movements. Absorptive capacity describes the ability to internalize external knowledge (Cohen & Levinthal, 1990). Moreover Keil et al. (2008) understand internal corporate ventures as capability building agents that share these capabilities with the parental firm. In a spin-along setting these internal venture can move outside of the parental unit, but at the same time stay "leached" by the parent (kept at distance). Following this idea, I claim that the similarity of factors like competences and tacit knowledge will spill-over in a bi-directional manner: Spill-overs from corporate parent into the pool of ventures, spill-overs from the ventures back to the parent, but also spill-overs from ventures to other ventures that reside in the spin-along pool. These spill-over effects in the context of spin-along should be investigated further.

This need relates especially to the broader research field of organizational learning. It is an established notion that while conducting corporate venturing over time a corporate accumulates knowledge to optimize their venturing program – the company learns (Maula et al., 2003). Narayanan et al. (2009) even argue that "one of the critical distinctions between [corporate venturing] as a program vs. being a set of transactions is the role of learning" (p. 71). However, organizational learning in this outside-in and inside-out movement is still under-researched (Narayanan et al., 2009). I derive from that a clear need to conceptualize the learning perspective of the spin-along strategy further.

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TABLE 1

Addressing the three problems of the adaptive cycle with the spin-along strategy

Entrepreneurial Problem	Explore a new product-market domain: ▪ Spread the risk of exploiting new entrepreneurial insights via various spin-along ventures ("speed boats") that facilitate organizational change through learning mechanisms towards the parental organization ▪ Disperse the identification of new entrepreneurial insights via the spin-along ventures' teams
Engineering Problem	Provide a system for new domains: ▪ Define a flexible spin-along pool, which enables spinning-in and spinning-out activities
Administrative Problem	Reduce uncertainty of the system that was set up for new domains: ▪ Implement proper management capabilities to guide the strategic direction of the spin-along pool (e.g. by a market driven R&D and technological foresight) ▪ Regularly adjust distance between parent and spin-along ventures to account for the lagging variable of the administrative system and concentrate on efficiency ▪ Ensure regular flow of new input factors to nurture the spin-along pool and account for the leading variable of the administrative system ▪ Ensure compatibility of administrative systems between parent and its ventures

FIGURE 1

Spin-Along Shell Model