Appendix I

Pilot Study Results and Changes

Purpose of Pilot:

The purpose of the pilot study is to test the reasonableness and validity of the research concept and question to the potential target population. Feedback from this pilot will be used to further development and refine the research question.

Methodology:

The pilot study is a phenomenological qualitative study given to a randomly selected group of eight leaders (i.e., owner-managers) attending a Department of Defense National Mentor Protégé Conference, February 28 - March 3, 2011, in Virginia Beach, Virginia. This conference is attended by over 300 potential owner-managers of U.S. information technology firms (target population). Each interviewee will be given the summary statement as part of a script that describes the research topic. The statement will be followed by the semi-structured interview, which will be recorded for documentation and later review.

Script:

Hello, I'm Tiffany Bussey, a doctoral student at Edinburgh Business School in Scotland. I'm in the research phase of my thesis and would like to invite you to participate in a pilot study. This pilot study is a semi-structured interview given to owner-managers of small U.S. information technology firms that have implemented a process improvement system and should take only 5-10 minutes of your time. Everything you say will be used only for the purposes of this study. For documentation purposes, the interview will be recorded. Do I have your permission to do so? Thank you so much for agreeing to participate.

Prior to Pilot

Research Title:

Dynamic Capability: An Inside Look at the Influence of Leadership and Innovation in Small IT Firms in the United States.

Research Topic:

Scholars of the dynamic capability school contend that a dynamic capability must not only help an organization adapt to its environment but must also help the organization shape its environment to recognize opportunities to achieve and sustain competitive

advantage. Dynamic capabilities relate to high-level activities that link to management's ability to sense and then seize opportunities, navigate threats, and combine and reconfigure specialized assets to meet changing customer needs and sustain competitive advantage. With dynamic capabilities, an organization is believed to be learning and changing continuously to impact the changing environment of the business ecosystem. While scholars offer this concept of a dynamic capability, the literature is unclear regarding how they come about and what they really look like in practice. My hypothesis is that leadership plays a key role in the development and implementation of dynamic capability, particularly as it relates to small firms. My research will investigate how the leadership behaviour of the owner-manager impacts the outcome of a strategic change (using the process improvement system as the innovation) to either create a dynamic capability or a static capability.

Before the pilot:

Research Question:

What practices and behaviours of the owner-manager would one find when implementing a dynamic capability? What would the dynamic capability look like? In this case, a process improvement system (ISO, CMMI, Lean Six Sigma).

Please state your name and position with your organization.

Pilot Questions:

1. What does the concept of dynamic capability mean to you?
2. What leadership behaviours do you expect to see when implementing a dynamic capability?
3. How do you encourage or manage these practices?
4. Is there anything else that you would like to tell me that I should include in my study?

Changes After Pilot

Research Title:

An Exploratory Study of the Relationship between Leadership and Dynamic Capabilities in High-performing Small Firms

Research Topic:

Unchanged. Results of the pilot strongly supported the relevance and importance of the topic.

Research Question:

How does leadership behaviour influence process change in high-performing small firms?

Refer to leaders as 'entrepreneur-managers' versus 'owner-managers'

Summary of Pilot Response

What does the concept of Dynamic Capability mean to you?

> Dynamic capability is relevant
>
> Way all small business operate
>
> Deal with changes
>
> Deal with clients
>
> Deal with macroeconomics
>
> Way to survive and beyond to prosper
>
> What is going on with legislation – cite changes
>
> What is going on with clients
>
> Continuous flow of information
>
> What is going on with employment law
>
> Having to be agile

What leadership behaviours do you expect to see when implementing a dynamic capability?

> On an operative/daily basis it is being able to react to information that we learn: clients, federal government
>
> Employees and self learn new information regarding (clients, laws, market)
>
> Change course by looking at structure, budget – cut expense
>
> Look at new products, value proposition, put new resources in particular part of business
>
> Being small, we are able to see problems and act quickly
>
> Profitability and survivability is thrive for on daily basis
>
> Loss of one contract can but you out of business
>
> Stay agile, stay light on feet
>
> Involve top, bottom, and in the middle employees
>
> Try to understand what is it that we want to get from change
>
> How can this better help us to sustain change
>
> Combine vision and mission and align with new direction
>
> The change start with me at the top

Make sure you are leveraging the resources in the organization

Involving those from the bottom that can bring information or skills to area of change

Let them know that they as an individual will not be held accountable for error or mistake but as a corporation we are all part of the change

Encourage the employees to change by letting them know that the company supports them

How do you encourage or manage these practices?

As owner, it is up to me

Good management team

Rely on opinion of financial managers, operation managers

Consensus builder

Make decision based upon what I see we see out there

Collect information

We are constantly about changes, both formally and informally

As the leader, I am the one that driving the change process

Participants can say this is what I think it looks like for these reasons

Shaping the company so that we executives and practitioners say what this needs to look like

Need participation from all levels for the change to work: leader, directors, sr. engineers

Able to apply lessons learned from practical experience

Not everyone can do this

Have people willing to take chance and get outside of comfort zone

Willing to change the way they are doing things

Ability to be visionary

I as a leader demonstrate the willingness to change

At executive level, I have required reading

Have a period of time where everyone is required to read books from the reading list (e.g., *Good to Great*)

Come together to discuss take away from reading. Give me your top take—

away and how do you think this impacts us and how we might do things different

Optional reading: organizational develop no penalties, no kudos, just highly suggested

Required reading: as part of annual review with salary adjust to this fact

Created a learning environment – many of the folks would discuss among themselves without being prompted

As the leader it was very exciting to me for being in a doctoral program myself and found the information very powerful and could not wait to pass it on

As I share with executive team – they became excited and it took off a life of its own

Is there anything else that you would like to tell me that I should include in my study?

Worth perusing

Yes, very interesting

I would very much like to help

It is in our DNA: we live this stuff as small business owners

Never heard about it before

From what you have shared it makes a lot of sense

Promote leveraging skill sets in company to not becoming stagnant

You have piqued my curiosity and would like to know more

Excellent topic

Many small businesses can definitely benefit from this topic

Topic very broad

The term 'owner/manager' really stuck out: I draw distinctive differences between the term manager and leader. Title of 'owner/manager' is a little misleading. A manager is given a set of objectives and try to manage, while a leader or an owner will be the person that will be responsible for the broad vision. Not necessarily the same person that is responsible for managing the execution of the vision. I see those as two different roles. I would call it 'owner/leader' as oppose to 'owner/manager'. (Would like to explore if this is dependent on the size of the organization)