# Chaise Longue: Why Third Wave Strategy Matters

## Case Narrative

In late 2025, the Chaise Longue Business Unit within Cremorne Holdings' retail furniture division entered a severe and fast-escalating crisis. Revenue fell sharply across multiple locations, flagship performance weakened, and designer engagement dropped to levels that threatened the division's viability. Early responses focused on operational levers—pricing, product alignment, and marketing effectiveness—but failed to halt the decline. The persistence of these issues across locations suggested the problem was not primarily operational.

Further examination revealed that the issue was rooted in governance and the way strategic judgement was being exercised. Decisions were still being made, but they were formed without the conditions necessary to sustain them. The organisation had gradually lost the distinction between exploration and decision-making. Thinking, interpretation, and commitment had become compressed into a single activity, resulting in premature closure and misaligned strategic commitments.

Cremorne Holdings operates two fundamentally different business models within its furniture portfolio. Lounge About is a centralised, efficiency-driven volume business, optimised for scale and standardisation. Chaise Longue, by contrast, is a decentralised, design-led division in which value is created through bespoke solutions, local expertise, and long-term relationships with architects and high-value clients. Although this distinction existed conceptually, governance practices designed for Lounge About were progressively extended across Chaise Longue.

Decision rights became centralised, product offerings standardised, and approval cycles extended. While these changes appeared to improve control, they eroded the division's capacity for informed judgement. Local autonomy, visibility of consequences, and responsiveness, the essential conditions for a design-led business were weakened.

The impact became most visible at the Brighton, UK flagship, where revenue fell dramatically following the entry of a competitor, from approximately £330,000 per month to under £60,000 within a short period. Similar patterns were observed across other locations. Designer engagement declined, architect referrals reduced, and multiple stores required financial support to remain viable.

The Group CFO reframed the situation, identifying the issue not as a failure of execution, but as a failure of governance and strategic judgement. Designers across the network were no longer able to make meaningful decisions at the point of customer engagement. Strategic commitments continued to be made, but without explicit assumptions, structured evaluation, or awareness of system-wide consequences.

A critical failure was the absence of a clear boundary between exploration and decision-making. The organisation had not maintained a disciplined separation between thinking about possible futures and committing to action. As a result, decisions were formed prematurely, alternatives were not explored, and trade-offs remained implicit. Coherence across decisions was lost.

## Intervention: Restoring Conditions for Judgement

The intervention did not take the form of a conventional turnaround. Instead, it focused on restoring the conditions required for disciplined strategic judgement.

In early 2026, Cremorne introduced a division-wide autonomy and accountability covenant. Local decision-making authority was restored across inventory, pricing (within defined parameters), marketing activity, and designer-led engagements. Decision cycles shortened significantly—from months to days—allowing responses to align more closely with context.

Importantly, governance did not diminish; it became more explicit.

Decision-making was treated as a deliberate process requiring accountability. Assumptions were surfaced. Trade-offs were made visible. Decision consequences were examined directly. A shared governance rhythm was introduced, with regular reviews focusing not only on outcomes but on decisions themselves—what was chosen, why it was chosen, and under what conditions it should be reconsidered.

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## Transition to a Strategic Intelligence System

As these changes took hold, the division shifted into a different mode of operation.

Strategic decisions were no longer formed reactively. Instead, they emerged through structured evaluation. Alternative value pathways were explored before commitment, and choices were made deliberately rather than accumulated implicitly.

Trade-offs became explicit, including what would not be pursued. Decision coherence was tested across assumptions, strategic choices, and observed system behaviour. Where tensions emerged, they were recognised and managed rather than suppressed.

Decisions were not treated as fixed. They remained visible and open to reconsideration as conditions evolved. This created a different relationship with uncertainty—one that allowed adaptation without loss of direction.

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## Strategic Memory and Learning

A critical capability restored during the intervention was strategic memory.

Decisions, assumptions, and their consequences were recorded and maintained over time instead of disappearing into operational activity. This enabled the organisation to trace how judgement evolved, recognise patterns, revisit assumptions, and adjust decisions with greater awareness.

Learning became embedded in the system—not through retrospective analysis, but through continuous visibility and governance of decision logic.

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## Outcomes

As the conditions for judgement were restored:

- Revenue improved across multiple locations
- Designer engagement recovered
- Architect partnerships were re-established
- The Brighton flagship returned to sustainable performance

These outcomes are best understood not as the result of a single intervention, but as the consequence of restoring disciplined judgement under governance.

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## Strategic Insight

The Chaise Longue case highlights a fundamental principle:

> Strategic failure rarely begins with execution. It begins with a breakdown in how judgment is governed.

Without a clear separation between exploration and decision-making, organisations collapse thinking into action. Commitments are formed prematurely, alternatives remain unexplored, and coherence deteriorates.

By contrast, when organisations restore:

- disciplined exploration
- explicit governance of decision-making
- visibility of assumptions and trade-offs
- and strategic memory

They regain the ability to operate as adaptive, coherent systems under uncertainty.

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## Conclusion

The viability of Chaise Longue does not depend on a fixed strategic plan. It depends on maintaining the conditions under which strategic judgement can operate.

Strategy, in this context, is not a destination or a document.

It is a capability:

> The disciplined ability to move from signal, to interpretation, to decision, to action—under governance, and over time.

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## Closing Line

**The problem is not seeing more. It is governing how what is seen becomes action.**

## Case Note

This is a fictional case study and does not relate to any human of business enterprise in any way. The case is based on the experiences of the author, Dr Paul Hunter as a highly experienced practitioner, research and author of the Corporate Strategy books:

Corporate Strategy (Remastered) I (Routledge) https://www.routledge.com/Corporate-Strategy-Remastered-I-High-Performance-Strategy-and-Leadership/Hunter/p/book/9780367253585.

Corporate Strategy (Remastered) II (Routledge) https://www.routledge.com/Corporate-Strategy-Remastered-II-A-Fieldbook-Implementing-High-Performance/Hunter/p/book/9780367473204.

The Corporation of the Future (Routledge) https://www.routledge.com/The-Corporatio-n-of-the-Future/Orr-Hunter/p/book/9781032025087