



**SCHOOL OF ECONOMICS  
AND MANAGEMENT**  
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# **The Co-Creative Network**

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# SAMMANFATTNING

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<b>Uppsatsens titel:</b>	Det samskapande nätverket
<b>Seminariedatum:</b>	2 februari, 2007
<b>Ämne/kurs:</b>	FEK 591, 10 p. Magisteruppsats i Marknadsföring
<b>Författare:</b>	Kate Bockasten och Dana Chen
<b>Handledare:</b>	Elisabeth Kjellström och Hans Lindquist
<b>Fem nyckelord:</b>	Samskapande, process, nätverk, serviceorientering och värde.
<b>Syfte:</b>	Syftet med denna uppsats är att utforska processen av samskapande och hur värde skapas baserat på en serviceorientering och utifrån ett nätverksperspektiv.
<b>Metod:</b>	Uppsatsen är studerad utifrån en social-konstruktivistisk filosofi, med hänsyn till ett kvalitativt tillvägagångssätt för datainsamling.
<b>Teoretiska perspektiv:</b>	En teoretisk referensram är uppbyggd utav nätverksteorier samt teorier inom serviceorientering och samskapande.
<b>Empiri:</b>	Semi-strukturerade intervjuer har genomförts med ett företag och dess nätverk bestående av en kund, en leverantör och en partner.
<b>Slutsatser:</b>	Håkanssons ARA referensram kombinerad med Ballantyne och Varey's triad av värdeskapande aktiviteter bidrar till förståelse av aktörsband, resursbindningar och aktivitetslänkar som existerar i ett nätverk. Detta erbjuder en mer inklusive beskrivning av den samskapande processen, där aktiviteterna såsom kommunikativ interaktion, kunskapsförnyelse och utveckling av relationer, hjälper till att skapa värde i form av tillförlitlighet, resursförnyelse och engagemang. Detta är användbart för både individuella aktörer och nätverket i sin helhet, vilket erbjuder skraddarsydd erfarenheter som svarar mot en föränderlig marknad.

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# ABSTRACT

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<b>Title:</b>	The Co-Creative Network
<b>Seminar date:</b>	February, 2, 2007
<b>Course:</b>	Masters Thesis in Business Administration, 10 Swedish credits (15 ECTS). Major in Marketing.
<b>Authors:</b>	Kate Bockasten and Dana Chen
<b>Advisor/s:</b>	Elisabeth Kjellström and Hans Lindquist
<b>Five key words:</b>	Co-Creation, Process, Network, Service-Orientation and Value.
<b>Purpose:</b>	The purpose of this thesis is to explore the co-creation process and how value is created based on a service orientation using a network perspective.
<b>Methodology:</b>	The thesis is studied from a social-constructionist philosophy, using a qualitative approach of data collection.
<b>Theoretical perspectives:</b>	The theoretical framework includes network theories, theories of service-orientation and co-creation.
<b>Empirical foundation:</b>	Semi-structured interviews have been conducted with a small firm and its network, which consists of a customer, a supplier and a partner.
<b>Conclusions:</b>	Håkansson's ARA framework combined with Ballantyne and Varey's triangulation of value-creating activities help to acquire an understanding of the actors' bonds, the resources' ties and the activity links that exist in a network. This offers a more inclusive description of the co-creative process where the activities of communicative interaction, knowledge renewal and relationship development help to create value in the form of trust, resource rejuvenation and commitment. This is useful for both the individual actor and the network as a whole as they offer customized and responsive experiences in an ever-changing market.

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<i>Deniz Yildirim</i>	CEO, Varchar.
<i>Peter Heiberg</i>	Education Manager, Varchar
<i>Tobias Håkansson</i>	System Developer, Varchar
<i>Susanne André</i>	Project Assistant, The Swedish Institute for Infectious Disease Control
<i>Henrik Blomgren</i>	CEO, Adamantium
<i>Max Andersson</i>	Sales Manager, Presis!

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# 1. A GLOBAL ECONOMY, A 'NEW ECONOMY'

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*This chapter provides insight to the background of our research problem, which leads to the purpose of this study.*

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The global economy brings with it a 'new economy'. According to some scholars, this age of the 'new economy' (Carayannis and Sagi, 2001, p. 501) is characterized by 'network intelligence', 'knowledge', 'innovation' and 'service'. It is an economy of mass privatisation and small start-up firms where flexibility, adaptability and responsiveness are its hallmarks. Ideas are valued, knowledge acquired and service expected (*Ibid.*, 2001, p. 502). Others view the current business environment as hyper-competitive and marred by ever-changing dynamics (Coulter, 2005, p. 206). It is an economy that forces companies to adopt alternative sources of competitive advantage in order to survive. From a marketing perspective, this extends to adopting strategies and practices to create and emphasize value; practices both new and old. Appropriating alternative perspectives takes its form in shifting the focus.

One such shift in focus is that of a product focus to a service focus. Vargo and Lusch (2004) have studied the service orientation in detail, claiming that until the early 1980's, marketing was primarily based on a 'model of exchange' that was product-focused and existed within a microeconomic paradigm. The service orientation departs from the traditional definition of services as an extension of a product and explores *how*, *when* and *where* a service takes place. It is a strategic and operative shift that is relational in its approach.

Vargo and Lusch (2004) claim the hallmarks of a service orientation are, "interactivity, integration, customization and co-production". This means the customer is integrated in the process of creating services (*Ibid.*, 2004, p. 11). This process includes learning how to use the service, maintain it, repair it and appropriate it to their needs. In other words, the core of the service orientation is customer co-creation as it is a series of activities that integrates, engages and responds to the customer throughout the business process. As such, the customer becomes a co-producer and co-creator of value since it is the customer who experiences it (*Ibid.*, 2004).

Essentially, Vargo and Lusch's (2004) discussion points out that in order to stay ahead, a firm must be customer-centric, relational and be able to engage

themselves and the customer in an iterative learning process. Prahalad and Ramaswamy (2004b, p. 7) support this by stating, “high-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantage”. In an ever-changing economy, this approach is not just a competitive advantage but a fundamental advantage.

## 1.1 Knowledge Gaps

To challenge traditional approaches is a natural evolution in the pursuit of gaining a competitive advantage. This is particularly true in a market setting where new ideas and new methods can access greater market share. Yet researchers like Ford *et al.* (1998) and Håkansson and Snehota (1998) argue that firms should not negate traditional strategies in favour of current trends: instead, it is a matter of complementing the two. At the moment, much of the literature on co-creation is customer-centric and offers strategies for how to manage and maintain customers. Yet, while there is ample information on this phenomenon, customers are still left dissatisfied (Prahalad and Ramaswamy, 2004a). What are firms missing? It seems to be paradoxical considering the plethora of goods and services on the market today. Perhaps it is not so much a question of what is being offered but rather, who and what is behind the process and how the discussion is communicated.

An international stage demands an external view. To only look at one’s internal organization is to stick one’s head in the sand. Instead, a broader view is needed where a firm looks at their organization in relation to the environment that surrounds them. Porter’s five force model addresses this yet emphasizes that gaining independence and power is about looking at one’s external environment as an array of rivals and threats. It is not about relationships but instead, a contest where someone loses (Gadde *et al.*, 2003, p. 358). While Porter’s model is still popular and practical, new aspects are coming to light: aspects that concentrate on building and maintaining relationships. Primarily, it is about, “how firms can improve their performance in *competitive interactions* with other firms?” (Gadde *et al.*, 2003, p. 358). This involves looking at one’s surrounding network to see where win-win situations can be acquired by sharing resources and complementary skills (Grönroos, 2000, p. 30). The importance is more about collaborating and creating interdependence with customers, suppliers and partners than pursuing victory over others (Gadde *et al.*, 2003, p. 358).

As customers are gaining greater influence, marketers seek to personalize the customer experience. Customers are becoming both the “target” and the “collaborators” as they offer knowledge to the firm (Prahalad *et al.*, 2000, p. 3). This brings to light Prahalad *et al.*’s (2000) comment that states the most fundamental question that should be asked is; what is the role of the customer? We would like to take this question one step further by asking, what is the role of the network? By understanding the actors/roles involved, we can better understand the process at play since different actors possess different resources and engage in different activities. If these actors work jointly in cooperation with other firms, new knowledge and innovation evolves (Gadde *et al.*, 2003, p. 361).

Being customer-centric is hardly a disadvantage but it is exclusive. While customers are undoubtedly an important focal point, they can hardly be the sole value creators. Do not suppliers and partners play a vital role? The network perspective emphasizes a more inclusive approach by addressing the different actors, resources and activities involved with a firm (Håkansson, 1989). It is therefore a natural compliment to the co-creation and service orientation.

Another commonality in the literature regarding co-creation is its prescriptive nature. Ample advice is given on how a firm can develop a co-creative approach yet little evidence exists of how it is actually being implemented and used. In other words, how is co-creation creating value in practise?

In order to fully derive benefit from co-creation, we believe it is essential to understand its building blocks. Ultimately, we believe the discussion of co-creation needs to be extended. It needs to widen its horizons and be more inclusive and descriptive. Therefore, complimenting the service orientation with a network perspective helps to define the building blocks of co-creation and illustrate how, when and where co-creation exists. In this regard, the topic of co-creation becomes more encompassing and relevant. It also becomes more realistic as a strategy and can therefore deliver greater differentiation and competitive advantage to a firm.

## **1.2 The purpose**

The purpose of this thesis is to explore the co-creation process and how value is created based on a service orientation using a network perspective.

## **1.3 Delimitations**

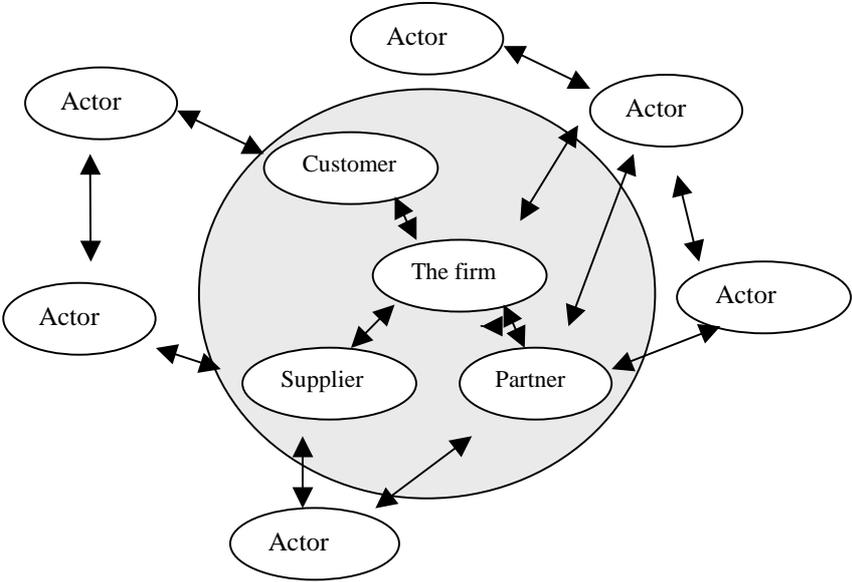
In order to secure sufficient breadth and depth, we have decided to limit the scope to small firms<sup>1</sup>. This delimitation is motivated by three factors. First of all, we believe there is often greater transparency in a small firm than in a medium-to-large firm since their organization is flatter. This makes their processes more visible and therefore more easily identifiable. Secondly, small firms often operate on limited resources where co-creative behaviour can offer them a greater advantage. Lastly, not enough studies highlight the reality of small firms. This is equally true in the discussion of co-creation where medium-to-large firms are often the focus.

Our second delimitation relates to our network focus. While the network of the firm we study is part of a vast array of actors, we have chosen to limit our analysis to three key actors. They are actors who have played pivotal roles in different respects. Each actor is directly linked to the firm and includes a

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<sup>1</sup> It is important to note that this interest in small firms relates to the empirical and analytical portions of the thesis since the purpose of our thesis concentrates on the process of co-creation in the network not small firms.

customer, a supplier and a partner. The illustration below is a representation of the firm and its network where the shadowed area is our delimitation.



## 2. METHODOLOGY

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*This chapter explains the chosen research approach, design, how the empirical data was collected and how the analysis was carried out.*

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### 2.1 Philosophical Perspective

The purpose of this thesis is to explore the co-creation process and how value is created based on a service orientation using a network perspective. We choose to appropriate the social constructionist philosophy as we believe is the most suitable methodological approach for our study. It is a philosophy which advocates that “reality” is determined by people rather than by objective and external factors (Easterby-Smith *et al.*, 2002, p. 30). This follows in line with our case in study. The following pages will further articulate this determination.

Within the social constructionist philosophy, there are two kinds of assumptions, the ontological and epistemological assumption<sup>2</sup> (Easterby-Smith *et al.*, 2002, p. 31), which need to be addressed. The ontological assumption deals with how “reality” is actually shaped. We believe that the “reality” is shaped by the individual experiences of those involved. The questions related to what each party contributes, from the firm’s perspective, and how other actors in the network perceive their involvement. The answers attained were more subjective than objective in nature, illustrating how different experiences lead to different interpretations. The epistemological assumption relates to how we approach our study. Our primary concern was to reduce the gap between the theory and the practice of co-creation by basing it in a service orientation and network perspective. The compliment of these two views combined with these assumptions helped to build our study and clarify the reality of co-creation.

Another important aspect to address is that we acquired a variety of interpretations by obtaining various points of views at the possible expense of negating a generalized view. It is important to note that while we believe the social constructionist philosophy to be the most suitable, it is not necessarily the only applicable approach. Others may perceive the positivist and relativist philosophy to be relevant as they are also concerned with describing “reality”. However, we feel these philosophies are unsuitable since our aim is not to take on

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<sup>2</sup> The ontological assumption advocates what kind of assumptions exist about the nature of reality, while the epistemological assumption helps the researcher to decide which way he/she best can inquiring the assumptions.

an inflexible or artificial stance that advocates large samples with importance on objectivity. Instead, our interest lies in understanding the significance people attach to actions and subjectivity (Easterby-Smith *et al.*, 2002, p. 42).

## 2.2 The Chosen Research Design

Before delving into our research design and data collection methods, we would like to give the reader a backdrop of how our choice of topic arose. During the brainstorming stages of our thesis, we were interested in a number of topics that related to service management, networking and business-to-business activities. Over time, these thoughts shifted to include small firms. The process of discovery was laborious as we continuously accumulated information only to then sift it. Eventually, having read numerous journals and studies, we came upon two knowledge gaps that were of particular relevance for firms today.

Firstly, many articles by e.g. Prahalad and Ramaswamy, 2004b; Grönroos, 2000 focused exclusively on the customer and their importance in creating value. This was particularly true when studying the concept of co-creation put forth by Vargo and Lusch (2004, p. 1) in their article on the evolving trend in the marketing field where “service orientation, co-creation of value, and relationships with customers” converge to create what they term, ‘a new dominant logic<sup>3</sup>’. This made us wonder where the firm’s network fit into all of this?

Secondly, most of these articles were prescriptive and therefore very theoretical and abstract. Since we had experienced some difficulty in grasping the dimensions of co-creation, perhaps others did as well? Perhaps with more descriptive studies, the concept could be easier understood and consequently easier to apply.

These two gaps became pivotal to our study and the focal point of our problem discussion. Our interest in the service orientation, co-creation and the network perspective led us to our purpose: to explore the co-creation process based on a service orientation in a network perspective. Ultimately our goal is to provide the reader with an extended understanding of co-creation that is both inclusive and descriptive.

### 2.2.1 Case Study

According to a Yin (1981, p. 59), applying a case study method helps to examine “(a) a contemporary phenomenon in its real-life context, especially when (b) the boundaries between phenomenon and context are not clearly evident”. In order to support our explanatory study, we have chosen to use this case study method (Yin, 1981, p. 59). Our goal is to offer the reader a current understanding of the co-creation process by looking at a small firm and its network as an example.

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<sup>3</sup> Vargo and Lusch define the service-oriented view as the ‘new dominant logic’.

Our case study addresses both the existing explanations, from existing research and data as well as alternative explanations acquired from interviewees' reality. To do this, we interweave a chain of evidence (Yin, 1981, p. 63) in our analysis. This means that particular pieces of evidence are quoted from both our theoretical and empirical data. Our intention is to contrast and compare the various understandings as well as avoid mistranslations and to present a descriptive analysis of the interviewees' thoughts and experiences.

Yin (1981) explains that case studies can comprise of either qualitative or quantitative data. Below, we will explain the decision behind choosing qualitative data.

### **2.2.2 Small Qualitative Samples**

Several in-depth, qualitative interviews were carried out with a single firm and its customer, supplier and partner. This choice of data collection was suitable to our purpose since our interest lies in each individual's point of view, reflections (Bryman and Bell, 2003, p. 342) and experience. We were not interested in acquiring an array of generalizations from the masses but the experiences of a select few. As such, we interviewed six individuals, following the social constructionist philosophy, and gathered information on their thoughts and experiences of how they communicate and interact with each other (Easterby-Smith *et al.*, 2002, p. 30). This qualitative approach provided us with the qualitative material that shapes our empirical data.

Earlier research has concluded that the use of large sample questionnaire surveys can be misplaced when researching small firm sectors therefore making it an inadequate representative for empirical data (Stokes, 2000, p. 48). This supports our decision to apply qualitative interviews in our analysis of co-creation where our case study is based on a small firm.

Though the quantitative method is also available, it is unsuitable for our research study. A large sample only describes the features of large numbers of people and organizations (Easterby-Smith *et al.*, 2002, p. 45) therefore the depth of experience is sacrificed for the breadth of experience.

## **2.3 The Chosen Firm and Its Network**

Our case study focuses on Varchar AB. It is a small firm that has grown considerably in the past few years. This includes both employees and projects. This transformation has also resulted in a greater attention to its marketing activities, therefore offering us a unique opportunity to study a firm and its network at an interesting stage of its development. Within the firm itself, we have chosen to interview three employees at different levels: the CEO, a Business Area Manager and a Systems Developer. It is this diversity in roles and rank that not only provide insight in the different realities of each interviewee but its influence on their external relationships with network constituents. This diversity also helps

to compile a more comprehensive view of the firm. Furthermore, since co-creation is not an isolated activity, we have included one customer, one supplier and one partner as network representatives. The representatives include the Swedish Institute for Infectious Disease Control (SMI), Adamantium, and Presis! respectively.

That fact that Varchar AB is part of the IT sector is not a determining factor but simply a backdrop in our empirical data. While the sector is mentioned at times, it is not a focal point and will therefore be used sparingly.

## 2.4 Primary Data

The collected interviews from six individuals account for the largest portion of our primary data while various blogs complete the remaining portion.

### 2.4.1 Varchar Interviews: the Employees

We have had the opportunity of interviewing three individuals from Varchar AB. They include:

The Firm:

- *Deniz Yildirim, CEO*
- *Peter Heiberg, Business Area Manager – Education*
- *Tobias Håkansson, Systems Developer*

Each interviewee comes from each division of Varchar's three business areas: Consulting, Development and Education. As each division deals with its own unique set of conditions, the interviews offer added insight to the processes, structure and essentially helped to create a holistic view of the firm.

We conducted a total of four interviews whereof two were with the CEO on two separate occasions. The focus of the initial meeting with the CEO was to acquire a general understanding of the firm as well as ask which customer, supplier and partner we could interview. The second and third interviews with the Business Area Manager and Systems Developer were conducted on the same day. These interviews concentrated on their individual experiences with regard to the service orientation, co-creative activities and the firm's network. All four interviews took place in Varchar's conference room to stimulate a relaxed and familiar environment where the interviewees could feel comfortable.

Each interview was face-to-face, in Swedish, taking approximately half an hour to an hour. In order to keep a flow of dialogue, pre-research was performed as Bryman and Bell (2003) state how important it is to be prepared in order to be effective during the interview. This involved reading about the firm on their website. The course of action for each interview followed the same structure. First, the interviewee was asked for their permission to record. This allowed the interviewer to focus on the body language and expressions of the interviewees. It

also provided the opportunity of analysing the exact responses more thoroughly at a later date (Bryman and Bell, 2003, p. 353). Upon establishing this, a brief introduction of the purpose of this thesis was presented, followed by a brief explanation that all information exchanged would be limited to the thesis and not extend beyond this perimeter. An agreement was also made with each interviewee where they would have the opportunity to read the thesis before being uploaded on the university's database. Each interview was also only conducted by one author: a decision made to reduce any potential bias as the other author is closely connected to the firm.

Semi-structured interviews were chosen to allow flexibility (Easterby-Smith *et al.*, 2002, p. 87) and let the interviewee speak freely. The overall intention was to create an upfront dialogue with the interviewees and allow room for an informal dialogue to take place. In the course of the interview with the Business Manager, our second interview, he noted that some questions were too structured and guided. With this in mind, we reformulated some of the questions to more accurately reflect our intentions. In the revised set of questions, questions were introduced as “*can you tell me little about...?*” and “*how do you...?*” to keep the questions more open. While they have touched upon some aspects that are relevant to our study, more fix questions such as “*do you think that...?*” were added during the interview. In order to ensure the responses were understood questions like “*so what you have been saying is that...?*” or “*do you mean that...?*” (Bryman and Bell, 2003, p. 351) were used. The revised questions resulted in more personal and dynamic responses.

## **2.4.2 Network Interviews: The Customer, Supplier and Partner**

The idea of including the perspectives of the firm's network was not initially part of the plan but one that arose after conducting the interviews with the firm. Since most of the existing research focuses on the firm's point of view, a counterpart perception was missing. Therefore, we chose to include one representative from each group. The following is a list of those interviewed:

### The Customer

- the Swedish Institute for Infectious Disease Control, *Susanne Andrén, Project Assistant*

### The Supplier

- Adamantium, *Henrik Blomgren, CEO*

### The Partner

- Presis!, *Max Andersson, Sales Manager*

Each interview took a half an hour since we narrowed down the list of questions and included only those relevant to the network (see appendix C). The interviews were held at the interviewee's office with the purpose of accommodating them and ensuring that they were comfortable in a familiar environment. Again, all of the interviews were conducted by only one of the authors to ensure there is no bias. The course of action followed in a similar manner to that of the interviews

with Varchar's employees, with similar preconditions and considerations. The questions were also open-ended, introducing the questions with phrases like, "can you tell me little about...?" and "how do you...?". Again, the intention was to allow the interviewee's to be open and frank in an informal setting.

## 2.5 Secondary Data

Our secondary data is primarily based on academic journals and books that we have collected in the study of the service orientation, co-creation and networking.

Our theoretical framework is built upon a variety of secondary data that are complimentary to one another: whether that is major or minor theories. The objective is to offer the reader a well-rounded understanding of related issues in the co-creation process.

The most encompassing theory we have applied is Håkansson's (1989) network theory. This was selected because it offers a holistic structure while at the same time identifies the links between the actors, resources and activities. On the topic of co-creation, Vargo and Lusch (2004) and Prahalad and Ramaswamy (2004a/2004b) are instrumental. Their discussions helped to extend our understanding of co-creation by seeing it through the lens of the service orientation and customer experience. Finally, Ballantyne and Varey (2006) provided us with a model of value-creating activities where we could examine the key processes and juxtapose it with our empirical data.

In all, the combination of primary and secondary material has been compiled to create a more comprehensive understanding of the co-creation process.

## 2.6 Critics of the Research Approach and Design

Regardless of how much data one obtains, it is still not enough proof of the truth (Easterby-Smith *et al.*, 2002, p. 51). This is due to the fact that validity and reliability play their part. To address this aspect of our methodological study we will apply the social constructionist's perspective (*Ibid.*, 2002, p. 53).

### 2.6.1 Validity

Our choice and selection of in-depth interviews were designed to strengthen the validity of our thesis since we could compile an array of personal and professional experiences from a variety of positions within the firm and its network. The validity lies in the portrayal of "both sides of the coin" creating a more holistic and realistic context.

Though we reformulated our questions after the second of our seven interviews, this does not diminish the validity since each interview was a perspective of the individual rather than the group as a whole. Also, different interviewees highlight

different aspects of our line of questioning adding further depth to the empirical content.

While Varchar is the empirical focus of our case study, it does not supersede the data generated from the network. We have consciously chosen to give equal attention to each party in our analysis since co-creation encourages active participation from both sides.

### **2.6.2 Reliability**

Reliability advocates the importance of transparency in how data is interpreted from its original form. With regard to our thesis, the reliability of the interviews can be considered questionable.

Firstly, to ensure the reliability in each interview, only one author was present: the author with the least connection to the firm. This neutrality helped to maintain a level of objectivity. With only one interviewer present, there was no one else to question the interview technique or pick up on non-verbal cues. The interviewer might have compromised an interview without realizing it, putting the reliability in question.

Secondly, the interviews were all conducted in Swedish. The translation of the responses into English could affect the reliability since the translation is dependent on the translator. In this case, both authors are fluent in Swedish and English. To increase the reliability of the translation, the original citations are included as footnotes in Swedish throughout the analysis. As an added measure, the interviewees will also have read the thesis before it is presented, further ensuring their responses were properly interpreted.

Thirdly, there is the question of interviewing more employees of Varchar to increase reliability. This however would not have delivered the desired result since the level of customer, supplier and partner interaction varies greatly within the firm. The firm's interviewees were selected because they had been involved with the firm over an extended period of time as well as having played a variety of roles within the firm.

With these three aspects in place, we continue to maintain that the reliability is high since we have attempted to address and improve any areas that may threaten this.

## **2.7 Reflections**

The writing of this thesis and our analysis, in particular, took on a highly collaborative and cyclical approach. There was no one clear direction but rather a series of clusters in which new ideas were generated, existing ideas challenged and old ideas clarified or eliminated. Our study stretched over a course of time so we were able to examine the firm over this extended period and modify our text

to reflect its reality accordingly. In many ways, we felt we were enacting the process of co-creation of communicative interaction, knowledge renewal and relationship development while collaborating with our network of interviewees and advisors.

# 3. THEORETICAL FRAMEWORK

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*Our theoretical framework consists of defining the structure in which the process of co-creation exists. We begin by addressing the concept of co-creation, proceed to explore the elements of a network and then discuss the value-creating activities of a service orientation.*

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## 3.1 Co-Creation

Co-creation is not a new phenomenon but an existing concept that has become all the more relevant in time. The questions are; what defines co-creation and the co-creation experience? Co-creative thinking is growing in popularity therefore making it an interesting subject to examine in greater depth.

### 3.1.1 Characteristics of Co-Creation

Prahalad and Ramaswamy (2004b, p. 8) have explored the concept of co-creation, coming up with ten characteristics:

- “Co-creation is about *joint* creation of value by the company and the customer. It is not the firm trying to please the customer
- Allowing the customer to co-construct the service experience to suit her context
- Joint problem definition and problem solving
- Creating an experience environment in which consumers can have active dialogue and co-construct personalized experiences; product may be the same but customers can construct different experiences
- Experience variety
- Experience of one
- Experiencing the business as consumers do in real time
- Continuous dialogue
- Co-constructing personalized experiences
- Innovating experience environments for new co-creation experiences”

Wikström and her colleagues (1998) add to this definition in their study of what customer co-production means in the context of an interactive company. In this regard, they view the customer as a company’s greatest resource and believe the customer ought to be introduced and included early on in the company’s

processes so as to infuse it with emotional involvement thus creating the desired and experienced value (Wikström *et al.*, 1998, p. 40). This involvement means the consumer plays a significant role in the firm's development and as customers become co-producers, the traditional roles of the consumer versus the producer are diffused.

### 3.1.2 The Co-Creative Experience

The true benefit of a co-creative experience is the sharing of resources for continuous development (Sheth & Parvatiyar, 1995, p. 413). Upon defining what co-creation is, Prahalad and Ramaswamy (2004a, p. 50) outline what the co-creation experience entails. According to their research, the central goal of interaction is to create value, "through compelling co-creation experiences, as well as extraction of economic value". The locus of this interaction is a system that takes place anywhere, anytime in a repeated fashion where the interaction and exchange focuses on cumulative co-creation experiences. The view of choice, according to Prahalad and Ramaswamy (2004a, p. 50) is rooted in "interactions across multiple channels, options, transactions and the price-experience relationship". It is a pattern of interaction that is active and can be initiated by the firm or the customer. Finally, the quality of interactions between the customer and the firm determines the quality of the co-creation experience (Prahalad and Ramaswamy, 2004a, p. 50). Essentially, the practise of co-creating value is determined by the level of dialogue, access, transparency and understanding of risk where the quality of the experience is the quality of the brand (*Ibid.*, 2004). Looking at the larger perspective, co-creation transforms the market into a forum where the customer, the firm and the network can take part in an open dialogue (*Ibid.*, 2004).

## 3.2 Defining the Network

The concept of co-creation has primarily centred on the customer and the firm, as if the two were an isolated and self-sustaining island. An extended understanding needs to be applied as the reality of a firm is the sum of its partners, suppliers and customers. This network is also engaged in co-creative behaviour and if co-creation is to be applied, it needs to be fully understood. In order to do this, we need to understand who and what is involved in a firm and its network so as to understand the dimensions of co-creation?

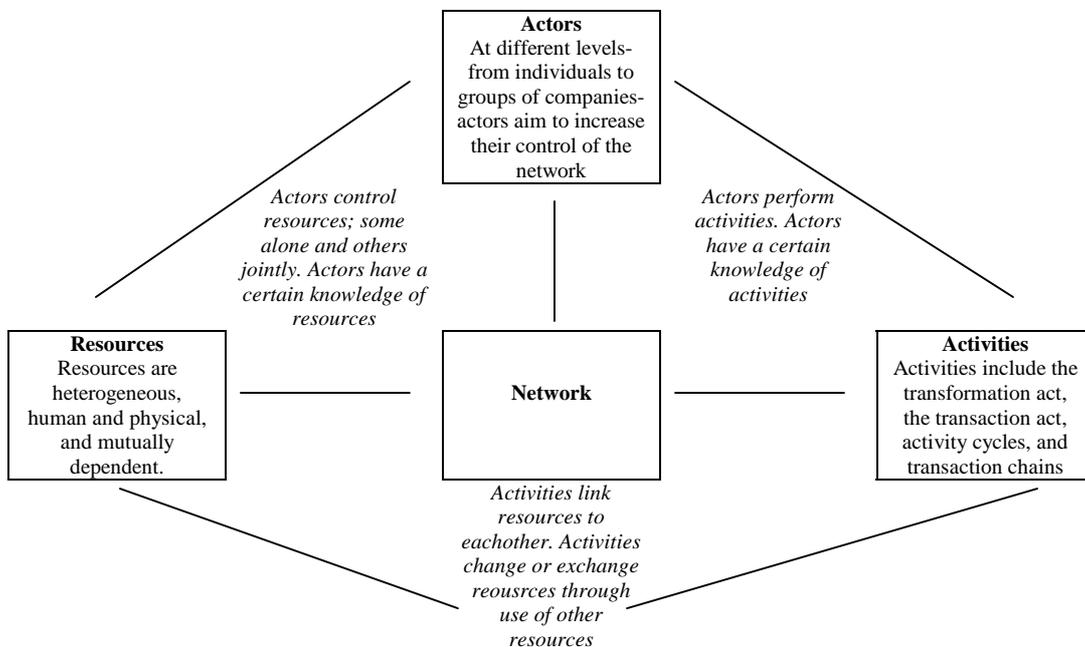
Håkansson's (1989) network framework is the structural backdrop in which co-creation is situated. Integrated in this framework are a variety of complimentary perspectives on the actor bonds, resource ties and activity links. The purpose of this layout is to not only position the process of co-creation within a tangible context but to also extend and explore the existing parameters.

### **The ARA Framework**

No company is an isolated island but rather part of a greater whole (Håkansson, 1989, p. 15). Companies are linked to one another and these links evolve and

grow with the company over time. Some links lie in the root of their structure while other links develop and become instrumental to change. All in all these links combine to create an organisation's network and as Håkansson (1989, p. 15) points out, "within this network the company tries more or less systematically to influence and exploit various events to its own best advantage". The nature of networks has been studied from a number of perspectives and from Håkansson's view (1989); networks are comprised of three dimensions: actors, resources and activities. He calls these dimensions his "ARA" framework.

Håkansson (1989) illustrates his framework (figure 1) by depicting the interconnectedness of actors, resources and activities. Actors develop relationships that activate activity links that apply and appropriate resources. Understanding the dimensions and their interdependence not only offers insight in the internal dynamics of a network but also offers insight in how it can be mobilized externally.



**Figure 1. Network model (Håkansson, 1989, p. 17)**

Ford *et al.* (1998, p. 51) add to the interdependence of the three dimensions by stating:

1. "The activities performed by a company are linked to those of other companies around it.
2. The resources that a company controls are tied to the resources of its counterparts.
3. The position of a company in a network is bonded to the positions of other companies around it."

### 3.2.1 Actors

“Tell me who your friends are and I will know who you are,” cites Ford *et al.* (1998, p. 42). Actors include both the individuals and the companies they are in (*Ibid.*, 1998). They, “are defined by their performance of activities and their control over resources” according to Håkansson (1989, p. 16). How a company is organized and what types of products and services they offer largely depends on the types of relationships a company has with its suppliers and its customers.

#### **Actor Bonds**

The actors reflect the company and therefore, the bonds between the actors determine the structure of the organization. Håkansson and Snehota (1995) take a closer look at actor bonds, claiming that the bonds help to conquer the actor’s limitations. Bonds arise when there is an environment of mutual trust where the level of commitment can grow. This is a precursor at both the individual and collective level. In the latter level, bonds have the ability to adjust resources towards other key resources thus influencing the development of their respective organisations. This network organization is based on selective commitment and in turn, shapes the individual characters of the actors. Actor bonds are not only useful in their organisational role but are also conducive to extending an actor’s capabilities; capabilities used to attract the attention and resources they need. In Håkansson and Snehota’s (1995, p. 194) view, “focusing on actors’ bonds [...] explore how the individual’s capacity to recognize, communicate, learn, teach and develop is transferred to a collective level”.

The strength and quality of the individual bonds are rooted in the level of commitment, trust and knowledge exchanged (Håkansson and Snehota, 1995). Actors with strong bonds work together through complex and challenging situations building mutually satisfying relationships.

### 3.2.2 Resources

“Resources are controlled by actors and their value is determined by the activity in which they are used,” states Håkansson (1989, p. 17). They are joined and activated through relationships that in turn determine their orientation.

Håkansson (1989) defines five types of resources; input goods, financial capital, technology, personnel and marketing. He also includes relationships as a resource. Though it is this difficult to measure or qualify (Håkansson and Snehota, 1995, p. 137), it is probably the most valuable resource since it the most difficult to replicate. By connecting and bonding actors with resources, relationships play an instrumental role.

Controlling resources depends on a company’s opportunity for acquisition (Håkansson, 1989, p. 17). Håkansson (1989) explains that resource control is achieved either directly through formal ownership of suppliers, banks, labour, facilities and patents or indirectly through stable network relationship. Therefore, a network not only connects the different types of organizational operations but various resources as well.

Håkansson's (1989) analysis of resources addresses the issue of control as it relates to the demand of the network. The network determines what is desirable by what is needed. This orientation is about creating a heterogeneous constellation of resources that compliment one another (Håkansson and Snehota, 1995, p. 136). This collection allows actors the benefit of economizing their resource use in the pursuit of providing resources for others.

In order to effectively manage the constellation of resources, some form of coordinated learning needs to exist so as to understand how resources are coordinated, adjusted and developed (Håkansson and Snehota, 1995, p. 139). In Håkansson and Snehota's (1995) view, this can be achieved in three ways. First of all, individual actors can take an experimental approach and learn by action. A second alternative is based on actors exchanging their experiences and know-how while the third method is about joint learning where a multiple of actors are united in the learning process.

The value of each resource is determined and dependent upon their alliance while the strength of a firm's resource ties is reflected in the value of their technology, skills and know-how. As resources are deemed essential in all industrial activities (Håkansson, 1989, p. 17) they influence the design of a company's activities. In other words, the development of resources is directly influenced by the relationship activities that support them (Håkansson and Snehota, 1995, p. 137).

### **Resource Ties**

Hammarkvist *et al.* (1982/2003) emphasizes the importance of relationships to other firms in one's network. They are relationships that are built along different ties and therefore position a firm in its network. They look at five types of ties: technical, time, knowledge, social, economic and legal.

*Technical ties* occur when firms are tied by technology. This may be a case of adapting to one another's technology in a complimentary fashion, whether for innovation or economic pursuits.

*Time ties* relate to the time saved when firms are in sync with each other therefore reducing coordination costs and minimizing the tying up of capital.

*Knowledge ties* pertain to the understanding each develops of the other, over a course of time. This knowledge includes being aware of one another's strengths and weaknesses.

*Social ties* are personal ties that unite actors for which trust is an underlying necessity.

*Economic and legal ties* are formal ties that manifest themselves in a number of forms like partnerships and finance agreements while functioning as a compliment to the above bonds.

Different types and combinations of ties take on different characteristics and objectives. Relationships can be seen as the key resource channel since without trusting relationships, only challenges lie ahead (Hammarkvist *et al.*, 1982/2003, p. 24). Hammarkvist *et al.* (1982/2003) allude to the fact that investing in relationships is investing in the future. Strong network ties contribute to a level of stability that provides firms with the flexibility to adapt in the face of change. This stability is in line with longevity, adaptability and creates closeness, security, information exchange, and innovation.

When firms invest in relationships over an extended period of time, strong ties are likely to increase. It is only after a certain period that the benefits become truly visible. A long-term relationship is one of stability since all involved parties have the benefit of time to understand and experience one another's firm. Each party sees what they can come to expect and this innate knowledge creates a sense of confidence that supports firms when they challenge themselves and grow in their market.

The important functions of a network of relationships that Hammarkvist *et al.* (1982/2003) point out is the level of closeness, the sense of security, the access to information and the innovation it creates. Close ties involve a level of contact that is both natural and familiar which facilitates continuous learning about and from one another. Security is derived from this sense of familiarity. It is a security that is important in the face of new developments that in themselves are underlined with insecurity. The third function of a network is the exchange of information, whether that pertains to technical news or industry know-how. It is not essential that the exchange come from the original source rather, the focus of informational transference is central. It is the composite of knowledge exchanged, not the particular source that is important. Finally, relationships in a network are the driver of innovation. According to Hammarkvist *et al.* (1982/2003), it is only when all the actors know each other well that they can feel comfortable in making demands. This openness inspires each firm to not only meet the needs of the network but exceed them as well.

How a network's relationships are structured is also of importance since it influences their approach. The highly structured network is a network of distinct roles and relationships. The ties are strong making it difficult for the network to change. Having said this, it doesn't negate the opportunity for innovation, as long as the innovation takes place within the set structure of the network. The opposite of a highly structured network is a loosely structured network where the bonds are more diffused. This structure gives more room for change as the positions of firms shift. While adapting to change is easier, the bonds may be weaker. The halfway point is the middle form where a network can possess each structure at any given time. This can be based on the situation or environment it is in. Hammarkvist *et al.* (1982/2003) offers the example of an international organization where social ties can be highly structured in one country and weak in another. A network can also change in its structure as it grows over time. This is often seen in networks that are rich in technology or capital.

### 3.2.3 Activities

What is created, produced and exchanged constitute activities. Activities are therefore the process whereby resources are used and refined by actors (Håkansson, 1989, p. 17). Activity links connect actors together and are responsible for generating ideas that can improve the operations between them. As Ford *et al.* (1998, p. 42) states, “activity-links between companies are valuable because they give both the companies the chance to rationalise some of the operations that are important for their success, but are beyond their own boundaries and within their customers and suppliers”.

Since this thesis is concerned with the process of co-creation, it is the activities that create value which are of interest. For this reason, we have chosen to apply Ballantyne and Varey’s service-dominant exchange model to discuss the marketing activities of our case study. Their triangulation of value-creating activities include communicative interaction, knowledge renewal and relationship development (see figure 3). While their study is based on the service-dominant logic of Vargo and Lusch (2004), their particular focus is on “value-in-use” (Ballantyne and Varey, 2006, p. 336).

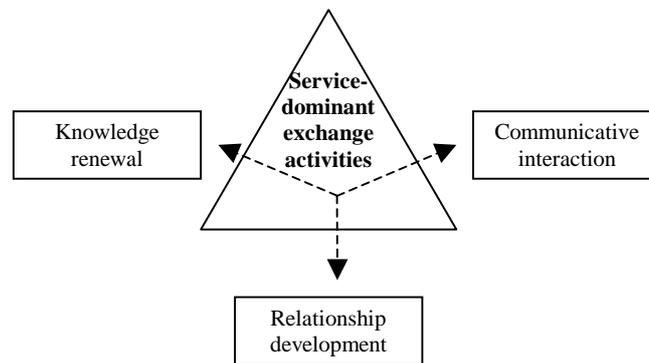


Figure 3. Service-dominant logic based on a triangulation of value-creating activities (Ballantyne and Varey, 2006, p. 343)

The following text looks more closely at Ballantyne and Varey’s (2006) three service-dominant exchange activities. Additional insight is applied in each section so as to further extend the articulation of these activities.

#### Communicative Interaction

How to appropriate different communication activities has been widely debated (Turner and Müller, 2004, p. 332). Yet, before one can begin to discuss communication activities, a basic distinction must be made between formal and informal communication. Turner and Müller (2004) have simplified the distinction along notable characteristics.

CHARACTERISTICS	FORMAL COMMUNICATION	INFORMAL COMMUNICATION
Situation	Regimented, deliberate, impersonal	Causal, spontaneous, interpersonally, familiar
Commitment	Higher for topic than for relationship	Higher for relationship than for topic
Credibility of contents	High	Low
Style	Reports, briefings, etc.	Ad-hoc conversations, memos, etc.
Speed	Slow	Fast
Accuracy	High	Credibility of contents

**Table 1. Differences between formal and informal communication. (Turner and Müller, 2004, p. 334)**

Whether formal or informal, communicative interaction is an underlying process that transforms resources into outcome (Ballantyne and Varey, 2006). They discuss three kinds of communication along modes of social association: informational, communicational and dialogical (table 2). The informational mode is intended to inform using a variety of message-making activities while the communicational mode involves a more two-way exchange of listening and informing. Both of these modes are aspects in interaction. Finally, the dialogical mode involves an interactive process of mutual learning and is the most advanced form of marketing communication (Ballantyne and Varey, 2006, p. 338). It is also the most likely mode to maintain a competitive edge as it is conducive to learning and co-creation. A fundamental prerequisite and benefit of the dialogical mode is trust.

MODE OF SOCIAL ASSOCIATION	UNDERLYING DECISION PRACTICES	SOURCE OF VALUE	FORM OF "MARKET" SYSTEM GOVERNANCE
Informational: Persuasive message making	Controlling and coercing	Promised by <i>selling</i> the benefits	Power inequivalence (perceived as domination)
Communicational: Informing and being informed	Ethical communication with stakeholders	Co-produced by making and keeping <i>promises</i>	Relational norms (perceived as equitable exchanges)
Dialogical: A bias to learning	Finding a voice in co-determination	Emergent in <i>learning</i> together: co-created and integrated	Networked (perceived as spontaneity)

**Table 2. A classification of forms of interaction (Ballantyne and Varey, 2006, p. 339)**

Grönroos (2004, p. 105) adds to the discussion of dialogue and communication in the form of messages where he identifies three types; planned marketing communication, product and service messages, and unplanned messages. Planned marketing communication is just that, messages sent according to plan through advertising and other forms of mass communication. Product and service

messages are continuous messages sent regarding the nature of the product and service. It communicates the properties of the product and service to the customer. Unplanned messages are based on word-of-mouth, referrals, local gossip and are perceived to be of greatest credibility amongst customers.

With regard to dialogue, it can be seen as a means of reasoning between two parties (Ballantyne and Varey, 2006). Through reasoning, a knowledge platform arises. If this platform is achieved, the customer receives added value, as does the supplier. A dialogue not only creates knowledge but also helps to build trust therefore resulting in better solutions. Solutions that would not have otherwise been possible if each party operated independently (Wikström *et al.*, 1998). According to Prahalad and Ramaswamy (2004a), the dialogue needs to be focused on both the firm and the consumers' interest. In order for the dialogue to occur, a forum must exist as well as rules of engagement to maintain orderly and productive interaction.

An active dialogue is a means to value. That is to say, it is the natural starting point that determines the nature and style of the proceeding processes. Prahalad and Ramaswamy (2000, pp. 79-87) illustrate the importance of dialogue by positioning it as the starting point in acquiring consumer competencies:

1. support active dialogue
2. activate and encourage customer communities
3. ensure customer diversity
4. facilitate personalized co-creative experiences

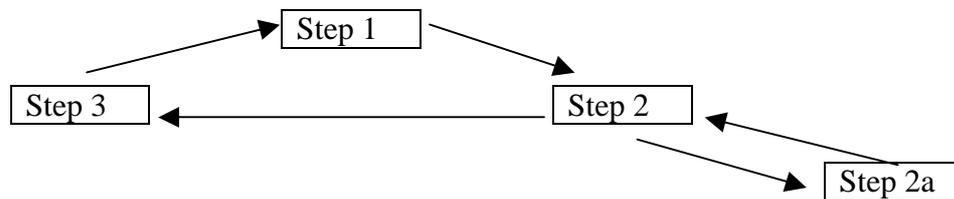
### **Knowledge Renewal**

The second value-creating activity centres on knowledge renewal. According to Ballantyne and Varey (2006), there are two kinds of knowledge: tacit and explicit. Tacit knowledge pertains to employee know-how or competencies and can directly create value to the firm by generating knowledge renewal processes. Explicit knowledge is media-based and can be externally accessed to create value. Both forms of knowledge are important in their own right and therefore should be appropriated accordingly.

As the consumer integrates in the various stages of the process, the process becomes more dynamic and cyclical rather than sequential and linear (Wikström *et al.*, 1998). This is because the flow of information and competencies are continuously being exchanged and implemented. The information flow with the consumer is a means of keeping innovative and therefore maintaining one's competitive edge. Learning is about constantly building upon ones competencies and creating new products/services. Two concepts that arise in the discussion of learning and knowledge renewal are feedback and double-loop learning (Morgan, 1999).

The process of feedback lies in the two-way communication between two or more parties. It is not just an efficient approach but a responsive means that can lead to innovation. All learning organisations are identified by their ability to evaluate their reality and regularly question their organisational processes and

procedures. This questioning or re-evaluation is known as double-loop learning. Morgan (1999) explains the concept using the following diagram.



**Figure 4. Double-loop learning. (Morgan, 1999, p. 99)**

The basic premise begins by learning to read, interpret and manage one's environment. (step 1). This is followed by comparing the information (step 2). It is at this point that one stops to question the validity and appropriateness of the rules of operation and re-evaluate their relevance (step 2a). Upon reflection, the most suitable measures are implemented (step 3). According to Morgan (1999), many organisations get locked into the status quo and reflect solely upon how they are doing at present. This causes the organisation to become short-sighted in which they lose perspective. To release them from this one track thinking pattern, the organisation must question their approaches and seek feedback that challenge their rules of conduct. This encourages continuous reflection for the purpose of continuous quality improvement and total quality management. Double-loop learning is not just limited to the operative level of an organisation but the strategic level as well. It is important a culture of double-loop learning is supported throughout the organization. This is achieved through open discourse and dialogue which makes room for conflicts and a difference of opinions (Morgan, 1999, 107).

### **Relationship Development**

The most comprehensive value-creating activity Ballantyne and Varey (2006) discuss is developing quality relationships. This is a marketing exchange that is an open-ended process and can occur anywhere at anytime. As interactions are interdependent between the firm and the customer, the relationship is more than just an exchange of tangible goods but of expected utility. Relationship is the operative word here since relationships include the process of interaction between two or more parties. As Ballantyne and Varey (2006) emphasize, it is how you manage the interaction that is central, not the relationship itself. If nurtured accordingly, quality will be experienced and therefore value created. The basis of a quality relationship lies in the level of reciprocal learning and co-creative behaviour that exists. These factors contribute to create self-sustaining activities for further value creation.

It is important to note that value creation is not an immediate occurrence once a relationship develops but something that arises over time (Grönroos, 2004, p. 108). The greater the relational connection between a consumer and the firm, the greater the value experienced. In some instances, the perceived value of the relationship can outweigh what is actually being exchanged. "The core of the business, i.e. what the company is producing, is of course fundamental, but it may not be the ultimate reason for purchasing from a given supplier" (*Ibid.*,

2004, p. 108). Grönroos (2004) extends this thought to explain that though a solution offered may be less than superior, if the relationship is strong and valued enough, an agreement can still be made. In essence, relationship development is about understanding the dynamics within a relationship, allowing communication to flow and learning from one another's experiences.

Each service-dominant exchange activity is interdependent on the next so to isolate them for the purpose of articulation can be slightly problematic. No one activity is more fundamental than the other therefore it is the continuous process that must be managed not the activity itself. The key aspect to highlight is that each activity is about creating reciprocal value propositions (Ballantyne and Varey, 2006, p. 337) in order to support and sustain a firm's competitive advantage.

### **3.3 Summary**

A commonality between co-creation, the network framework and a service orientation is relationships. It is the act of connecting various combinations of actors, resources and activities that determines how a relationship is managed. This includes aspects of trust, commitment, communication and learning.

The network perspective illustrates how the relationships between actors, resources and activities generate value. In the case of actors we see the importance of building a strong relationship of trust which is essential for any long-term co-creating relationship. In resources we see the importance of building upon intangible assets as a means of acquiring a competitive advantage. These intangible assets primarily rely upon the internal know-how of the organisation and essentially exist within the relational realm of an organisation. Activities address how value is created through communicative interaction, knowledge renewal and relationship development. With these elements in place, the customer becomes integrated in creating customized services that assist in building a firm's competitive advantage.

No firm exists in isolation. The success of the whole is based on the success of its parts. Håkansson (1989) explains that in order to make changes in a firm, the changes must be supported by part of the network. The greater the network support, the greater the impact on the firm and the more likely they will progress.

## 4. NETWORK PERSPECTIVES

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*The empirical information in this section looks at the choice of case study and the interviews conducted.*

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### 4.1 Interviews

We have chosen three interview subjects from Varchar combined with one interview subject to represent each actor in their network namely, their customers, their suppliers, and their partners.

#### 4.1.1 The Company: Varchar AB

Varchar is an IT company located in the Ideon Science Park in Lund, Sweden. It was started back in 2000 by two educators, Erdogan Ucan and Mats Svensson, from Lund's University. Varchar's technical focus is Systems Development and it is applied in their three business areas: Consulting, Development and Education.

The company currently employs twenty-seven individuals whereof twenty-two are Systems Developers. The remaining five include the CEO, the Business Area Manager, the Key Accounts Manager, the Accounts Administrator and the Marketing Coordinator.

From the beginning, the firm has relied upon the founding member's network with regard to recruitment and business development. This network continues to grow and is an essential resource to the firm.

With regard to marketing endeavours, Varchar has taken a more active role in building its brand since the middle of 2005. This has been a conscious choice and one that has grown in scope. The focus of their marketing mix is their website. Public relations efforts are gaining momentum in conjunction with internal marketing efforts.

For the purpose of this study, we have interviewed three individuals employed at Varchar. The three individuals include the CEO, Deniz Yildirim, the Business Area Manager for Education, Peter Heiberg, and a Systems Developer, Tobias

Håkansson. The choice of interview subjects is intended to offer various perspectives from different levels within the organisation.

### 4.1.2 Their Network

Varchars network is comprised of an array of partners, customers and suppliers. We have interviewed one representative of each.

#### **The Customer: The Swedish Institute for Infectious Disease Control (SMI)**

SMI is a government organisation that monitors “the epidemiology of infectious disease among Swedish citizens and promotes control and prevention of these diseases”<sup>4</sup>. SMI was one of Varchar’s first customers. The cooperation between SMI and Varchar has been on-going since 2002 when initial contact was made with Mr. Ucan and Mr Svensson. Currently, the central project involves developing a comprehensive vaccination system that compiles all vaccination information throughout Sweden. This information is designed to be accessible to all relevant parties regardless of where a patient may reside. Susanne Andréén is the Project Assistant and our interview subject.

#### **The Partner: Presis!**

Presis! is an IT consulting firm that specializes in software development. They are a Lund based company. Our interviewee is the Sales Manager, Max Andersson who comes from a Consulting background having worked with Sigma and the Create Group previously. His relationship to Varchar is a long one, having been the former student of the founding members, Mr. Ucan and Mr. Svensson back in 1995. As part of Varchar’s network, Presis! functions as one of a close partner, exchanging information, experience and leads.

#### **The Supplier: Adamantium AB**

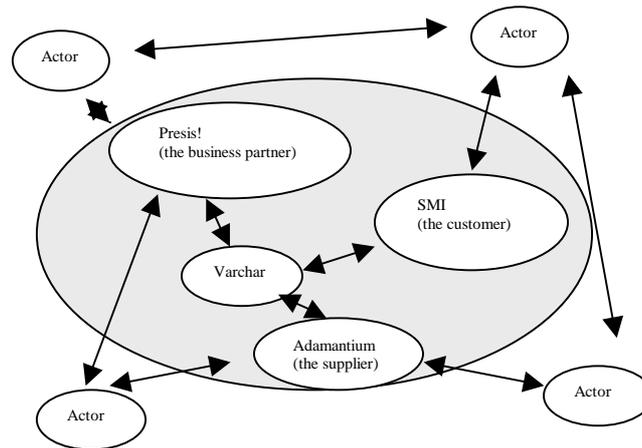
Adamantium is also a software development company located in Lund. They offer both software development and consulting services in which they offer services in component development, performance testing and analysis, multimedia and embedded systems as well as software post production. Henrik Blomgren is one of the owners and our interview subject. He is part of Varchar’s network, having supplied consultants through Varchar with a focus on image processing as well as embedded systems. Henrik Blomgren is also a former student of Mr. Ucan and Mr. Svensson having kept in regular contact with them since his student days.

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<sup>4</sup> <http://www.smittskyddsinstitutet.se>

## 4.2 Conclusion

To briefly summarize our empirical frame of reference, we have illustrated the following actors in Varchar's network below. The composition of interviews is intended to offer both depth and breadth to our analysis. Below is an illustration of case study and the actors involved.



## 5. THE CO-CREATIVE NETWORK

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*This analysis will begin by examining the roles of the actors, the bonds they share and the resources they exchange. We will then take a closer look at the activities that link these actors and resources from a service orientation. The intention of this approach is to explore the process of co-creation and its value to a firm.*

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### 5.1 Actors Bonds and Resource Ties

Existing literature looks at co-creation in terms of the level of interaction, customization, integration and collaboration between a firm and its customers (Prahalad and Ramaswamy, 2004a; Grönroos, 2004; Vargo and Lusch, 2004). This discussion emphasizes exclusivity in that it looks at only one aspect of a firm's constituency. A firm is not an isolated entity but rather a part of an extended net of relationships (Håkansson and Snehota, 1989). In this regard, the influence and value of the network should not be neglected in the discussion of co-creation. Our case study of Varchar AB and its network will be used as an illustration throughout this analysis.

In order to obtain a more realistic understanding of co-creation today, we need to first examine the different roles in a firm's network. This involves understanding the identity and bonds of the different actors so as to recognize how they interact and develop their relationships with each other (Håkansson and Snehota, 1995). Each actor carries a certain amount of experience and insight that contribute to the value-creation process. When actors join together and combine this information, a plethora of bonds and resources are available to the individual firms and the network as a whole.

As we mentioned earlier, a network can be highly or loosely structured or both. Varchar is part of a loosely structured network since the roles of the firms shift. In this context, some bonds are stronger while others are weaker depending on the situation (Hammarkvist *et al.*, 1982/2003). The following pages will illustrate the different roles, their parallel realities, and look at the bonds and resources that exist.

### 5.1.1 The Role of the Customer

Who is the customer? Or more specifically, what is the role of the customer? Do they perform an active role or are they passive recipients? The role of the customer has shifted in the new economy and today, the need for customer insight necessitates their active participation in a firm's business processes (Pralhad and Ramaswamy, 2004b, p. 6). The more insight a customer has, the more significant their contribution and the more access a firm has to new points of view.

“[...] one acquires new experience with each new customer”<sup>5</sup>  
(Education Manager, Varchar)

Increased customer participation in a firm's business processes shifts the customer as someone to nurture instead of being someone to acquire. Simply put, it is the demise of customer objectification (Vargo and Lusch, 2004). What the customer does is intricately tied with who the customer is.

#### **SMI as the Customer**

Varchar has an array of customers of which the Swedish Institute for Infectious Disease Control (SMI) is one. SMI needed to compliment their organization with a customized IT system and was made aware of Varchar through their common network. Their goal was to develop an advanced system of integration that could collect and manage vaccination information. What started out as single project back in 2002 eventually grew in size and magnitude. Today, Varchar and SMI work side by side and collaborate in the development of the information system, known as Svevac. It is a system that unites vaccination information across Sweden to increase local responsiveness and offer greater efficiency.

#### **Varchar as the Customer**

While Varchar is a supplier to SMI, they also function as a customer to Adamantium. In order to meet the varying needs of their customers, they sometimes employ subcontractors who offer a particular specialization or skill set. This is primary motivation behind the relationship between Adamantium and Varchar. Since Varchar is a small firm compared to some of its competitors, their goal is to establish relationships with other consulting firms so they can always satisfy their customers' needs. Adamantium is such a resource.

#### **Comparing the Customers**

Both SMI and Varcher seek specialized knowledge in order to meet their desired goals. For SMI it takes the form of a particular project while for Varchar is it a matter of meeting their customers' needs. This requires both customers to collaborate with their supplier yet in varying degrees. To look at the role of the SMI, we see a customer who is well integrated in the firm, actively participating in the various stages of the project: from conception to planning, from testing to implementation.

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<sup>5</sup> “[...] man får nya erfarenheter hela tiden av olika typer av kunder,” (Utbildningschef, Varchar)

“We have worked a lot with testing and have contributed with a lot actually.”<sup>6</sup>

(SMI, The Customer)

An interesting transition to note in the discussion is their shift in focus, from resources to bonds. In the case of SMI, their initial motivation to employ Varchar was based on the network reference and Varchar’s expertise. However, as the development grew, the relationship developed thus creating stronger social bonds and resulting in additional projects with greater responsibility. This illustration shows how the value of the actor bonds increase over time therefore influencing the development and the performance of each actors’ reality. While technical expertise continues to be an essential factor, the strength of the actors’ bonds are stronger than the resources they exchange.

In contrast, Varchar as the customer is less involved in the process. They rely upon Adamantium to deal with their consultant’s concerns as well as negotiate contracts with the end-client while Varchar is responsible for addressing client concerns and invoicing. This relationship is therefore more resource oriented since the level of integration is minimal.

### **In Summary**

The basic definition of a customer is an individual or organisation that has a need or desire they seek to satisfy (Armstrong and Kotler, 2003). Yet, customers are also a fountain of valuable information. Including them early in the production of value offers two central benefits. Firstly, integration helps in customizing a product or service since the customer is involved in the process and therefore qualifies each stage. As the Systems Developer at Varchar explains, it is important as the customer, to be involved in the project and see the results as they progresses accordingly. If the customers’ expectations are exceeded, they are likely to relay their positive experience to those in their network. Secondly, integration brings forth a level of interaction that increases social bonds. These bonds help to develop the relationship and therefore build a sense of trust and commitment.

## **5.1.2 The Role of the Supplier**

As the accessibility and quantity of goods and services increase with globalization, the role of the supplier changes (van Weele, 2005). Excess supply forces suppliers to focus their offer on customized products and services so as to maintain closer ties with their customers (van Weele, 2005). Closer ties mean an elevation in status where the supplier becomes more distinguishable. Like the customer, we see the supplier is a valuable source of information. They have first-hand knowledge of their key customer and therefore, they can offer valuable insight in how the customer’s firm can improve or extend its value. As the Systems Developer states, if a customer wants to make a change it is up to the supplier to offer their professional opinion. In Grönroos (2000, p. 140) opinion,

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<sup>6</sup> “Vi har jobbat mycket där med testning och sånt har vi hjälpt till med väldigt mycket faktiskt.” (SMI, Kunden)

“value is perceived by customers in their internal processes and in interaction with suppliers”. Like the customer, the integration and active participation of a supplier can be dynamic inclusion in the development of a project.

### **Adamantium as the Supplier**

Adamantium’s role is not simply to supply their customers with software development and consulting expertise, it is about building relationships where they support their customer’s business goals. In this case, it is about supplying knowledge of a certain calibre to various Varchar’s projects. Their supplier/buyer relationship with Varchar goes back more than six years when Adamantium’s CEO was a student of Varchar’s previous CEO. Over the years, Adamantium’s involvement and role has grown with the changes in Varchar, supplying Varchar with a number of expertises.

“We are a little overlapping, complimenting organisations.”<sup>7</sup>

(Adamantium, the Supplier)

Adamantium also shares their constellation of contacts, connecting Varchar with potential leads while offering them first hand knowledge of their market experience.

### **Varchar as the Supplier**

In the beginning, Varchar’s primary focus was on technique. Their objective was to build their knowledge base and stay on the cutting edge of technology. Over time, this focus has grown to include more of a customer focus. Today their business strategy emphasizes an approach that offers their customers “customized services, technical innovation and quality” (Varchar’s homepage). It is a line they implement in their relationship with SMI. It is a collection of parameters designed to meet their goal of becoming, “...our clients’ key IT resource in systems development” (Varchar’s homepage). Varchar’s CEO adds to this by saying:

“The customer is in focus. They are the ones who pay for the service and they are the ones who must be satisfied.”<sup>8</sup>

(CEO, Varchar)

### **Comparing the Suppliers**

The key similarity between the two suppliers relates to the size of their organisation. According to Varchar’s CEO, the flexibility of the firm is due to their size.

“Small firms can make quick decisions.”<sup>9</sup>

(CEO, Varchar)

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<sup>7</sup> “Vi har lite en överlappade, kompletterande verksamhet” (Adamantium, Leverantör)

<sup>8</sup> “Det är kunden som står i fokus. Det är de som betalar för tjänsten och det är de som måste vara nöjda ” (VD, Varchar)

<sup>9</sup> “Små företag kan fatta beslut så här (knäpper på fingrarna).” (VD, Varchar)

He compares this to larger firms where making decisions can be a lengthy process due to the layers of bureaucracy. From SMI's point of view, Varchar's small size is advantageous since it means they are flexible enough to make quick changes throughout the development of the project. The same applies for Adamantium where the lack of layers facilitate direct access and dialogue thus ensuring an immediate reaction and action to any of Varchar's concerns.

The difference between the two suppliers lies in their respective offer. Since Adamantium is significantly smaller than Varchar their focus is to supply specialized talent. Supplying Varchar with talent does not directly improve Varchar's value in that they are simply middlemen not the consumer of the final service. Adamantium therefore attempts to improve Varchar's experience by offering additional resources in the form of leads and market know-how. In this way, they elevate their status comparative to other suppliers. Varchar on the other hand, houses a staff of 27 and can supply their customers with a more encompassing array of services and technologies. As SMI's supplier, Varchar complies a unique combination of talent to satisfy their project's varying needs. As the two firms operate in different sectors, their resources are complimentary. This means they work more cooperatively, exchanging their expertise throughout the development. It is a relationship of professional dependency that equalizes their roles in the relationship. In this regard, customization elevates the supplier's role.

### **In Summary**

"[...] the market has changed from a seller's market to a buyer's market, (where) the role of the buyer is now more dominant than a number of years ago", claims van Weele (2005, p.20). If the supplier offers standardized resources, there is little strategic value for the customer resulting in a precarious reality for the supplier. This is compounded by a market that is hyper-competitive, like the IT sector, where changes quickly take place and new constellations arise. When looking at our two supplier roles, we see two approaches. While Adamantium compliments their customer experience, Varchar customizes their customer experience. Underlying both aspects is the relational bond the suppliers have developed. Both have taken an active stance to involve themselves in their customer's needs and goals, building a relational bond and thus, lifting their supplier status.

### **5.1.3 The Role of the Partner**

The objective of developing partnerships with other firms is to provide further opportunities of improving one's internal organization by agreeing to actively cooperate and support each other in the market (Håkansson, 1989). Håkansson and Snedhota (1995) recommend choosing a partner that is both similar and complimentary. This combination ensures the greatest synergy since the role of each actor is to build upon common interests and create along complimentary know-how and activities. This jointly creates an experience of mutual value in the relationship where the fundamental precondition is trust. This is a trust we see built upon a layers of interaction and communication; at both the formal and informal level.

### **Presis! as the Partner**

One of Varchar's partners is Presis!. Presis! is a newly started consulting firm whose owner has long been part of Varchar's network, though in different capacities. The partnership is based on a mutual sharing of information. Over the years, the Sales Manager of Presis! has been involved in two IT companies. The first company employed Varchar's services while the second company was a competitor and sometimes customers. Having interacted with Varchar as a buyer and competitor, the Sales Manager had a wealth of information on Varchar's strengths and weaknesses. His background was an attractive resource to Varchar and when he started his own firm, Varchar was interested in developing a partnership. In return, Presis! had the opportunity of acquiring leads through Varchar. The relationship is similar in that they operate in the same region, sector and technology yet they differ in size. While Varchar has a greater capacity to satisfy the needs of larger organisations, the difference in size does not diminish the mutual collaboration between the partners. This is due to the fact that each possesses a level of industry know-how the other seeks.

“We have different qualities and help each other out in that way”<sup>10</sup>

(Presis!, The partner)

Their partnership is not rooted in a legal bond but instead an informal association built upon their shared history of more than ten years. Since their social bond is stronger than any formal agreement, contracts are only introduced when in the context of employing the other's consultant. Furthermore, the market dynamics keep them close since the demand for experienced IT consultants exceeds the supply therefore, the networks who stick to together, prosper together.

### **Adamantium as the Partner**

Adamantium is currently a supplier to Varchar yet this does not negate their role as a partner. The role Adamantium plays is that of a confidant and supporter; the same applies for Varchar. Both firms started just years apart; Varchar in 2000 and then Adamantium in 2002. This was at a time when the IT bubble had burst and firms were struggling to survive. Being connected meant staying afloat. Having weathered these tough market conditions side by side, the two firms have built a solid foundation of trust and commitment. While Adamantium is not a big actor in Varchar's network, they are an important one. They describe their relationship as follows:

“There is a lot of business talk and we have had a certain amount of ‘repeat business’ and feedback when we brainstorm.”<sup>11</sup>

(Adamantium, the Supplier)

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<sup>10</sup> “Vi har olika kvaliteter och hjälps åt på det sättet” (Presis!, Partner)

<sup>11</sup> “Det pratas mycket affärer och vi har haft en del ‘repeat business’ och feedback när vi bollar idéer” (Adamantium, Leverantören)

Adamantium and Varchar help each other out when they can. An example of this is when Adamantium became aware of a project for which they did not possess the required skill set. They directly referred the customer to Varchar who in turn was able to meet their needs and therefore acquired a new customer thanks to Adamantium's recommendation. The reverse is true of Varchar who currently employs one of Adamantium's consultants in one of their more high profile projects.

### **Comparing the Partners**

Presis! and Adamantium are similar in that they both have an informal relationship with Varchar. In both cases, this relationship is rooted in a shared history where interaction takes place on both a professional and social level. The bonds are about mutual learning where each actor learns from their individual experiences. This extends to their market know-how. Each partner operates in the same market as their partner so the transference of knowledge is continuous and empowering for developing their respective organisations.

Their differences lie in what they offer to the partnership. The value of Presis! lies in their previous experience as customer and competitor while Adamantium's value centres around their commitment and contacts.

### **In Summary**

As we have seen in the both partnerships, the relationships have grown because each partner actively contributes, supports, and compliments the other. Over time, these relationships have developed a mutual confidence where they feel comfortable to freely exchange key information. This information exchange is about themselves and their common market experience. It is also a valuable exchange that helps each firm be more proactive and better able to handle uncertainties and complexities in their market. This gives them an edge therefore realizing the true advantage of the partnership.

## **5.1.4 Parallel Roles and Realities**

Parallel realities exist throughout Varchar's network. Customers, partners and suppliers are bonded together in varying degrees through various roles. In the larger perspective, what does this contribute to?

Resources are imperative to the productivity of a firm, the stability of its environment and the strength of its development (Håkansson, 1989, p. 25). Resources establish a firm's value and therefore, they help determine the roles of the actors, their status and the type of relationship in the network. As a firm's resources grow, the control of these resources increases and in turn, the strength of the firm's position in its network.

However, based on the information examined, we have come to the understanding that while initially the exchange of resources may be the fundamental drive to initiate contact, over time social bonds may override the resource ties. When firms share similar roles they acquire a visceral understanding of the opportunities and limitations each actor/role has to offer.

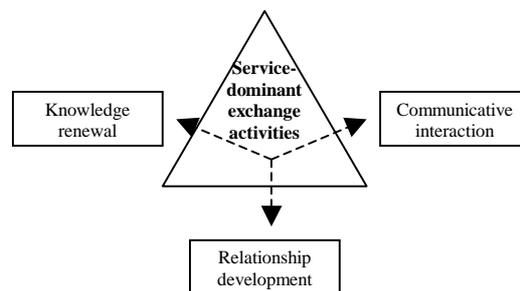
This benefits the collective consciousness of the network as each actor experiences the other on a more intimate level. It is a sense of familiarity that brings with it the opportunity of building social bonds through shared experience. If positive, the actors become more inclined to develop the relationship, choosing to engage each others' services more regularly. To look at Varchar's network is to see a selection of actors that have been pivotal to their organization in regards to business development, recruitment and specific know-how.

Parallel roles and realities strengthen the bonds between the actors and provide the network with another dimension of understanding. Being innately aware of one's individual capacity as well as that of the networks is invaluable in adapting to the various needs of a dynamic market where the speed of technology continuously transforms the playing field. This also increases their reaction time and makes them better equipped in how to include their network in their business processes and offer personalized experiences of value.

It is not about amassing a sizable network that is the objective but rather developing strong bonds with key actors. As we have discovered, it is a matter of selecting a unique combination of actors that are similar yet complimentary. It is a matter of nurturing this network through value-creating activities.

## 5.2 Value-Creating Activities

The road to co-creation is not simply being customer service oriented; it involves changing one's strategic focus and supporting it with value generating activities at the operative level. Co-creation lies nestled in the service orientation. To look at the process of co-creation is to look at the activities that create value. These activities link the actors together as they exchange resources. Ballantyne and Varey's (2006, p. 335) triangulation of service-dominant exchange activities define this process where communicative interaction, knowledge renewal and relationship development are its parameters. In the second half of this analysis we will look at each parameter further and examine how value is created.



### 5.2.1 Communicative Interaction

Communication is information. Communicative interaction is the activity for which information is exchanged. How information is exchanged is as important as what information is exchanged. Communication can be expressed formally or

informally and can take on a number of modes that are either informational, communicational or dialogical (Ballantyne and Varey, 2006, p. 338). The greater the level of communicative interaction, the greater the information exchange between the firm and its network (Håkansson and Snehota, 1995).

### **Informal Communication**

According to Turner and Müller (2004) the characteristics of informal communication lie in a casual environment where the purpose of meeting is more social than official. An informal communication style often appropriates an ad-hoc approach with little structure or format. As Duncan and Moriarty (1998) point out, it is the unplanned messages that carry the greatest credibility in that they come from a trusted source, even if the content quality is low. The purpose of informal communication and interaction is to build social ties and breed familiarity. In the case of Varchar and SMI, many potential problems have been avoided because of their informal relationship.

”We’ve been able to resolve most of the problems. I can’t say that it is required any bureaucratic forms.”<sup>12</sup>

(SMI, the Customer)

According to the Sales Manager of Presis!, their relationship with Varchar is both formal and informal. His personal preference is for an informal relationship since the process is less demanding and time efficient. He explains that formal ties are only really needed when the informal relationship is lacking. For Adamantium they describe their relationship with Varchar as informal. It is a satisfying arrangement for Adamantium since the CEO knows everyone in the organisation. In the case of a larger firm, he sees a need for more formal ties.

Another interesting aspect to discuss is the form of communication most appropriated by the actors. The preferences differ; Adamantium’s CEO prefers an exchange of e-mails while Varchar’s CEO sees the telephone as the most important tool since e-mails can sometimes go unanswered if the recipient doesn’t have easy access to e-mail. In SMI’s opinion, the type of communication depends on the type of information that is exchanged.

”I think it (e-mail) is a good form of documentation since it adds to what has been discussed, what has been promised and what has not been promised.”<sup>13</sup>

(SMI, the Customer)

While the telephone is preferred for quick responses, e-mails are a valuable back-up.

Understanding individual communication preferences is an important resource to a firm since it is a way of personalizing the experience at the micro level. For example, if a customer prefers casual communication via e-mail then it is in the

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<sup>12</sup> ”De flesta problem har vi ju kunnat lösa. Jag kan inte säga att det har krävts byråkratiska former.” (SMI, Kunden)

<sup>13</sup> ”Det tycker jag är bra på ett sätt för att det blir en viss dokumentation utav vad vi har sagt också, på vad som är utlovat och vad som inte är utlovat.” (SMI, Kunden)

best interest for the firm to apply this combination as the customer will be more receptive to their message. In our case study, all engaged in and preferred informal communication yet differed in their choice of telephone or e-mail. This illustrates that while the network is unanimous on one aspect, they may not necessarily be in agreement on another. Customizing the actor's experience means paying attention to the details.

### **Dialogical Communication**

Having been introduced to Varchar early on, SMI, Presis! and Adamantium have grown together over the years. Their combined history is made up of a series of resource exchanges which over time have developed into strong social bonds of trust. As SMI states:

“We have developed together, in other words.”<sup>14</sup>  
(SMI, the Customer)

Without trust, dialogue begins to break down or ceases to exist altogether (Ballantyne and Varey, 2006); the two are intricately woven. Combined, they breed an atmosphere of openness and familiarity where commitment and loyalty can grow. It is in this context the foundations of a relationship are laid.

The dialogical mode of communication that Ballantyne and Varey (2006) discuss is of greatest relevance in this study since it focuses on two-way conversations. It is an exchange that is reciprocal, informal and conducive to an “interactive process of learning together” (Ballantyne and Varey, 2006, p. 338).

“It is a matter of discussing the different solutions and generating a solution together.”<sup>15</sup>

(CEO, Varchar)

We see that the advantage of dialogical communication lies in mutual development through mutual learning. New thoughts and ideas are generated by two or more actors where a combined consciousness develops. This collaborative learning becomes a resource as it helps to connect and integrate actors, creating value for all.

Having established dialogical communication in a relationship, actors are encouraged to turn to each other for advice. Both the Sales Manager of Presis! and the CEO of Adamantium explain how they periodically meet up with the CEO of Varchar to exchange ideas or simply chat, regardless of if they are in the midst of a project together or not. This casual approach is both spontaneous and informative for the respective actors. Adamantium's CEO adds to this discussion by expressing that a level of transparency exists where information is traded in order to strengthen each other's resources base.

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<sup>14</sup> “Vi har ju utvecklats tillsammans så att säga.” (SMI, Kunden)

<sup>15</sup> “Det innebär att man måste diskutera de olika lösningar och man ska komma fram till en lösning tillsammans.” (VD, Varchar)

## 5.2.2 Knowledge Renewal

Knowledge is perishable. As Nonaka (1991) states, “In an economy where the only certainty is uncertainty, the only source of lasting competitive advantage is knowledge”. The demands of the market determine what is of value and what is not. If knowledge lies at the root of a firm’s business then its acquisition, consumption, application and generation become essential activities. Ballantyne and Varey (2006) divide their discussion of knowledge into two forms: tacit and explicit knowledge. While both forms of knowledge benefit a firm, it is the former that is most desired as it is most difficult to mimic. This is due to the fact that it is often an under-recognized resource which lies on a more unconscious plane. As the lack of recognition gives it a more ephemeral quality, it also makes it more difficult to manage. Tacit knowledge, however fleeting, can be a source of one’s competitive edge (Vargo and Lusch, 2004, p. 9). By uniting a particular combination of experience, skills and abilities, a firm has the chance of developing its greatest resource. The question is; how does one foster such knowledge?

Varchar’s focus is knowledge. They base their business on seeking and combining project experience with sector know-how and employee competence. In the beginning, keeping afloat was a matter of attracting all sorts of clients. This resulted in a breadth of projects and allowed them to test different sectors and apply a variety of technologies and techniques. With growth comes specialization. This specialization took the form of three business areas where .Net and Java technology became the focus. To look at their knowledge base, one sees a combination of both explicit and tacit knowledge. Their explicit resource lies in implementing internal systems like their CRM system where they,

“[...] try to apply the most effective methods”<sup>16</sup>

(CEO, Varchar)”

It also involves keeping their developers up to date through various certifications.

“If there is a new technology, we make sure one of our developers learns it so they can educate the others.”<sup>17</sup>

(CEO, Varchar)

Their explicit knowledge supports their tacit knowledge which has developed in an organic fashion based on a composite of activities that include collaboration and collective participation.

### **Collaboration and Feedback**

Where there is collaboration there is feedback. The two activities are linked and connecting to them is double-loop learning. It is a stream of activities that are both kinetic and rejuvenating for a firm.

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<sup>16</sup> “[...] vi försöker använda alla effektivaste metoder” (VD, Varchar)

<sup>17</sup> “Om det finns en ny teknik, vi måste se till att någon av våra utvecklare sätter in sig i tekniken och förmedlar den kunskapen till dem andra (andra systemutvecklare)” (VD, Varchar)

Collaborative efforts require an open forum for exchange. “Customers should feel that the firm which communicates with them shows a genuine interest in them and their needs”, states Grönroos (2004, p. 107). Like with customers, it is important that partners and suppliers feel their opinions matter and the feedback they offer is useful and appreciated. This recognition and two-way communication means that the collaboration is possible since each party is receptive to the other, listening and responding to one another’s experience. Varchar’s CEO explains that in his experience, many customers have yet to understand the importance of feedback.

“The more they contribute with feedback, the more satisfied they are.”<sup>18</sup>  
(CEO, Varchar)

Collaboration is fundamental in creating tacit knowledge. Working closely with customers, suppliers and partners involves qualifying the merit of projects and/or relationships and seeking areas for improvement. It is an essential ingredient in creating quality and vital to reciprocal learning. Feedback falls in line with the process of double-loop learning (Morgan, 1999, p. 9) whereby a re-evaluation takes place.

“It can be a case of the customer pointing out something that we haven’t even considered.”<sup>19</sup>  
(Education Manager, Varchar)

Besides the benefit of reflection, feedback and double-loop learning offer the advantage of a long-term perspective since they make room for possibilities and innovative thinking.

The CEO of Adamantium looks at feedback from the perspective of brainstorming. For him, it is not so much about problem solving but more about collaborating and qualifying new or potential business ideas. This form of feedback is in contrast with what the Sales Manager of Presis! deems. Having previously played the role of customer and competitor, prior to their partnership, Presis!’s Sales Manager offers feedback in what he knows best; sales. He gives Varchar input on how they can improve their sales and be more offensive in their market. The resources ties derived from this activity is one of knowledge. Its function differs however: the feedback between Adamantium and Varchar conveys and evaluates information while the feedback between Presis! and Varchar adds to a greater mutual understanding.

The physical environment of a firm is also conducive to the activity of collaboration, feedback and double-loop learning. Varchar’s organization supports a cooperative approach since the in-house developers work together in an open space setting. This layout has both benefits and drawbacks. First of all, the developers can easily confer with one another which is an obvious advantage for cross-functional learning. The openness of space encourages an informal dialogue where exchanging, qualifying and reflecting upon ideas is possible. The

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<sup>18</sup> ”Ju mer de bidrar med deras feed-back desto mer nöjda är de” (VD, Varchar)

<sup>19</sup> “Det kan ju vara så att kunden påpekar någonting som man inte alls tänkte på.”  
(Utbildningschef, Varchar)

environment also strengthens the social bonds by creating a more inclusive setting where friendships naturally occur. The clear drawback of the open plan is the level of disruption. Since they share a common space, they are easily interrupted by each other, making it difficult to focus. Needless to say, the disruptive factor is out-weighted by the tacit value created; continuous transference of information and collaborative learning.

### **Collective participation**

The knowledge renewal process is about being willing and open to exchange one another's know-how. The more people engaged in double-loop learning, the greater the feedback thus, the higher the quality. Quality requires a level of thoroughness and with that comes the need for collective perspectives. This includes all actors of a firm's network since we see that true knowledge is derived from multiple perspectives.

Uniting resources and perspectives can be a complex practise and therefore can be attempted simultaneously or sequentially. A suiting example of this is when Varchar developed a new time reporting system, known as Xactview, for the firm. In the early stages of this in-house development, the developers brainstormed with payroll to develop a plan of action that included the various concerns of its users. During the stages of the development, user functions were tested and upon completion, the system was given a period of two months to qualify additional user concerns. During this time, the developers continuously adjusted the system. Today, the system has been used for over five months and has been sold to a partner whereby the developers will continue to customize the interface to meet the customer's requirements. Through the course of SMI's collaboration with Varchar, the same process has been applied where the customer's and developers' ideas are combined.

“We have had ideas [...] and that is where Varchar has helped us find solutions.”<sup>20</sup>

(SMI, the Customer)

The on-going process of collective participation, feedback and augmentation create both customization in the development phase and differentiation in the implementation phase. It is a multi-track thinking pattern that includes the expertise and experience of many so as to ensure the highest standard of quality.

### **5.2.3 Relationship Development**

Grönroos (2000, p. 20) states, “all business is based on relationships.” This highlights a fundamental fact that without attention to relationships, there is no business. Building a quality relationship is based on frequent contact and conflict resolution if one intends to establish a long-term union. As Ballantyne and Varey (2006) claim, it is the “management” of a relationship that determines the quality, not the relationship itself. It is also this management that creates value for all

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<sup>20</sup> “Vi har haft idéer [...] och Varchar har hjälpt oss att hitta lösningar.” (SMI, kunden)

involved parties. If business is all about relationships then very aspect of the organization should be focused on ensuring its quality.

### **Frequency of Interaction**

What is meant by an informal relationship? The more frequent the interaction the more informal it becomes. When customers, suppliers and partners engage in informal activities they become more like close co-workers or friends. This close relation is often experienced as being more intimate and valued as more credible. For example, when one has to make a difficult decision, one is more likely to turn to those closest than ask a relative acquaintance or stranger for advice. The same holds true for a firm.

In Presis!'s opinion, working in a sector like IT demands that the firm interacts with their network otherwise one loses out on important information and business opportunities.

“It's simply a matter of being a part of it.”<sup>21</sup>  
(Presis!, The Partner)

From the perspective of Varchar's CEO, there are some clients who do not need to meet that often nor do they partake in lengthy conversations so it's just a matter of obliging. Even so, he points out that they need to realize the system is being built for their benefit and a certain level of interaction is necessary.

“We need to make them aware that it is their idea and this development is very important.”<sup>22</sup>  
(CEO, Varchar)

Over the years, the frequency of interaction has resulted in a shared history between Varchar, SMI, Presis! and Adamantium. The frequency of their respective meetings combined with the knowledge, experiences and contacts they exchange expresses itself in a loyal symbiosis that is illustrated in a number of events. For example, during the fall of 2006, Varchar applied to be a Microsoft Gold Partner. It is a status that would place Varchar in an elite class of Microsoft professionals and the application entailed a number of activities including acquiring additional Microsoft certifications, project and customer references. It was an extensive process that involved a number of customers, partners and suppliers. Upon the request of Varchar's CEO, SMI, Presis! and Adamantium were asked to vouch for their quality, skill and performance. Their support combined with the contributions of other network actors helped Varchar to reach their goal and achieve its gold status in November. Being a Gold Partner is not just a stamp of approval but a way of attracting new customers and additional skills.

### **Conflict Resolution**

A shared history is not without its conflicts. In the course of any relationship, conflicts will arise. It is at these points that the relationship's strength becomes

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<sup>21</sup> “Då är det viktigt att man är med helt enkelt” (Presis!, Partner)

<sup>22</sup> “Vi måste få de att inse det här är deras ide och utvecklingen är oerhört viktig” (VD, Varchar)

transparent. How well the parties work towards a mutually satisfying result determines their vested interest and joint future endeavours.

A contract involves two parties who share a level of risk and ownership. Presis! reflects on how conflicts arise when there are misunderstandings or misguided expectations from the beginning. When this occurs, the investment is jeopardized and therefore requires the resources of both parties involved. Keeping clients closely connected to each stage of a project's development is one way Varchar minimizes conflict. While it can be a time consuming activity, the cost in the short term saves larger costs in the future.

“It is important that the client is aware of the problem and that we suggest solutions that may involve changes to the initial contract.”<sup>23</sup>  
(Education Manager, Varchar)

The System Developer points out that all problems which directly relate to the client are taken up with the client and that it is better to contact them for their opinion on the problem and see if they have any suggestions. By inviting both parties to offer their recommendations, they can jointly define the problem and together, identify the alternatives. How two actors choose to resolve a problem ultimately determines the joint success of the project as well as their relationship.

## 5.3 Value Creation

Communicative interaction, knowledge renewal and relationship development exist in an organic and cyclical fashion working together to bring value to the experience of the actors. The following text takes a closer look at what types of value are generated.

### **Trust**

Trust is articulated as a, “willingness to rely on an exchange partner in whom one has confidence” (Moorman et al., 1993, p. 82). Underlying informal interaction and dialogue is trust. Communicative interaction breeds trust; trust breeds communicative interaction. The advantage of trust is a long-term relationship that enhances a firm's credibility since trusting parties are more inclined to freely recommend one another's services. Trust is a social lubricant to creativity and innovation. Thinking outside of the box is one thing yet communicating those thoughts is another. If one party experiences a sense of trust, they will be more confident and inclined to express their ideas. Without a dialogue, ideas are kept quiet and insight is frozen.

### **Resource Rejuvenation**

According to Vargo and Lusch (2004), the development of knowledge is intricately tied with the process of competition. Competition is a motivating factor in developing knowledge and therefore, the firms that excel are the firms

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<sup>23</sup> ”Det är ju viktigt att kunden blir medveten om problemet och man tar upp lösningar av problemet innebär förändring på den som man har avtalat från början.” (Utbildningsanvarig, Varchar)

who, “learn most quickly in a dynamic and evolving competitive market” (Vargo and Lusch, 2004, p. 9). Keeping abreast means keeping afloat in today’s market. This speed and adaptability is seen in Varchar where approximately 40% of their Systems Developers have acquired a new .Net certifications within the last three months. Yet, as we have noted, explicit knowledge is not enough. Fostering an environment of collaborative participation supports a network culture of intellectual and experiential dissemination. A dissemination that is organic, kinetic and spontaneous. We see this in Varchar’s network where customers, suppliers and partners come together to share information and build on their collective awareness. This keeps information new and fresh and it is a value creating activity that is reciprocal.

### **Commitment**

Throughout the analysis the term commitment has come up repeatedly. Commitment is like an act of faith (Håkansson and Snehota, 1995) where the actors base their actions on previous experience and future expectations. Commitment is the result of a strong relationship since it weathers changes with resilience. We see an example of this in Varchar and its network constellations. The value derived from frequent interaction and conflict resolution is also a sense of loyalty and longevity. No firm can exist on it’s own without the support of their network. Therefore, the pursuit of gaining a competitive advantage truly lies in managing quality relationships that are of mutual value.

### **Value in Summary**

Michael Hugo explains how the global economy lies on a continuum where efficiency and responsiveness are at opposing ends (Hugos, 2006). He claims that competing on efficiency alone is no longer a pliable strategy since everyone is doing it. Instead, Hugo’s views responsiveness as the new means of generating profit since the market is constantly changing and with it the needs and desires of its customers. If responsiveness is the goal then value-creating activities like communicative interaction, knowledge renewal and relationship development are its means. Value creating activities are cyclical, continuous and organic in nature. They encourage actors to be connected, to inform one another and to be active participants. Value creating activities are the foundation of the co-creation process in a network and as such, focus on reciprocal experiences of value.

## **5.4 Co-Creation in a Network**

Co-creating value in a network brings with it a number of benefits; some direct and some indirect. We have gone into considerable depth to point out the value of trust, resource rejuvenation and commitment yet what does it deliver in real terms? Based on our analysis, it is fair to deduce that co-creation in a network translates into:

- Hightened responsiveness and market awareness
- Extended skills and know-how
- Better accountability between all involved parties
- Stronger relational ties with key network constituents

- Greater agility

Essentially, co-creation in a network allows a firm to be proactive by widening their horizons. It provides a firm with the tools to more effectively navigate and reach their target goals. As an afterthought to our purpose and analysis, we want to address how co-creation can be relevant to a small firm?

### **Co-creation and Small Firms**

Defining a small firm is as individual as the small firm itself. It can be determined by the number of employees, market share or volume of sales (McCartan-Quinn & Carson, 2003, p. 201). According to the Commission of the European Communities and the European Network for SME<sup>24</sup> Research, a small firm is a grouping of ten to ninety nine employees. For simplicity's sake, we will appropriate this definition.

McCartan-Quinn and Carson (2003) point out that capitalisation and marketing are the two inherent weaknesses of most small firms. Small firms are characterized by a high level of innovation and creativity and are often close to their markets. Therefore, small firms can adapt more quickly than large firms. Small firms are known to operate on low margins with co-workers who are motivated and resourceful. On the flip side, individual small businesses have little impact on their surroundings, face continuous uncertainty and function on limited resources. While the general characteristics apply in varying degrees, small firms are a necessity in the new economy.

The greatest strength a small firm possesses is its immediate ability to respond to the market. However, the greatest disadvantage is the lack of a well-known brand name and consequently power in the market (McCartan-Quinn & Carson, 2003). Small firms are often reactive since they tend apply an ad hoc approach when determining their marketing orientation. That is to say, they use their previous experiences and common sense (Ibid) as determinants. Another disadvantage to consider is the blurred relationship between marketing and selling practises. For most small firms, marketing is the selling process, not an independent function. McCartan-Quinn and Carson (2003, p. 206) summarizes the marketing practises of a small firm as being "informal, intuitive and selling focused". The key weaknesses they highlight is insufficient pricing, little strategic planning, minimal training and lack of forecasting (Ibid).

### **The Value of Co-creation for a Small Firm**

If large firms have brand recognition and capital on their side, small firms have size in their corner. It seems an unlikely advantage yet, due to their size, they are forced to be active participants in their network. Network collaboration is not only an economical union but a compliment to one's resources. Firms can continue to specialize yet still offer a wide variety of services thanks to the resources in their network. Co-creating in a network also contributes in building a strong reputation. As our case study shows, co-creating value builds commitment and therefore, customers, partners and suppliers are more inclined to recommend one's offer to others. In a network setting, recommendations can take on

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<sup>24</sup> SME: Small to Medium-sized Enterprises

exponential proportions therefore extended branding becomes an indirect benefit at little financial cost.

Since medium-sized to large firm have layers of bureaucracy, reorienting themselves with a co-creative strategy can require considerable investment. This does not apply for a small firm whose size works to their advantage. As we have illustrated, smaller firms often house flatter organizations where co-workers can easily exchange information on an informal level. This continuous exchange combined with a level of transparency and reflection allows a small firm to quickly absorb and implement new strategies: the same is true of its network. Customers, partners and suppliers build upon the collective knowledge of the network therefore transmitting the value and practise of co-creation. The social bonds are strong between certain constellations and this helps to propel change forward. While medium-sized to large firms have the advantage of capital and organized efficiency on their side, small firms have the advantage of flexibility and adaptability. This manoeuvrability is a key aspect of being responsive and a significant competitive advantage in the years to come.

## **5.5 A Turn of Events**

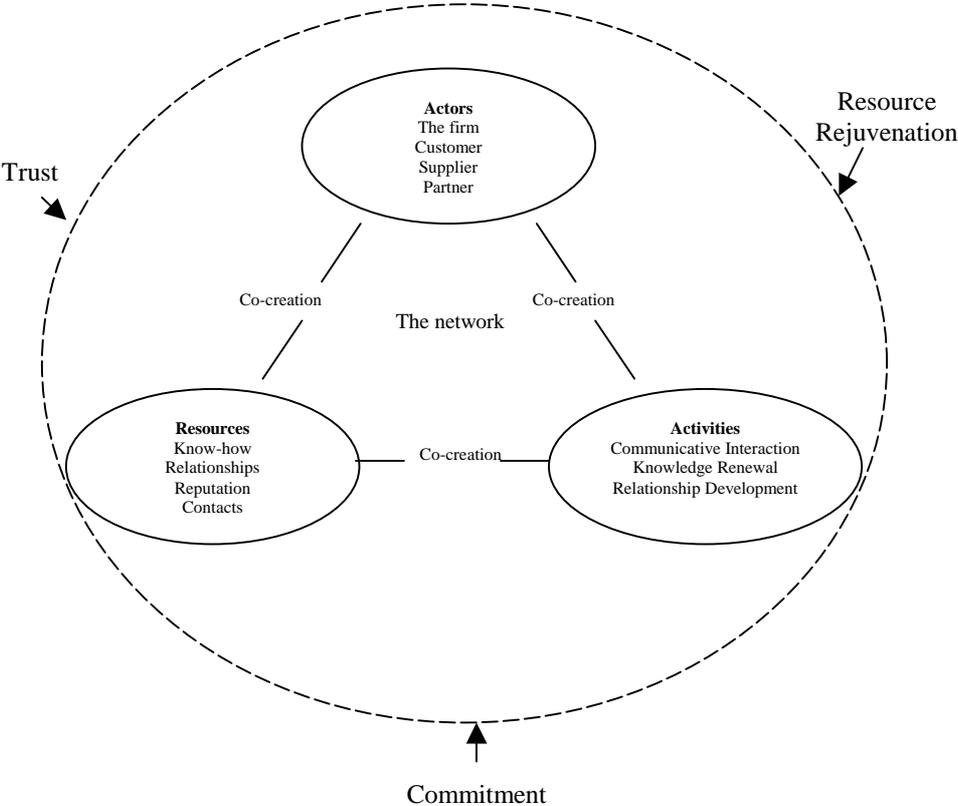
In the course of writing this thesis, significant changes took place. On December the 22<sup>nd</sup>, 2006 a press release was issued stating that the firm was sold to Cybercom for a sum of 12.5 million Swedish kroners.

Cybercom had previously been a key partner to Varchar as Varchar supplied them with a number of consultants to meet the needs of Cybercom's clients. The motivation behind the acquisition was due to Varchar's reputation in the Öresund region, the combination of clients and competencies, its Microsoft Gold status and its company culture. The official acquisition took place on January 1<sup>st</sup>, 2007 and as of February; the firm intends to be fully integrated in Cybercom's southern division.

## **5.6 Analysis Conclusion**

Håkansson's (1989) framework compliments nicely with Ballantyne and Varey's (2006) triangulation of value-creating activities since the combination is a fundamental building block in understanding the actors' bonds, the resource ties and the relational activity links in a network; in particular, Varchar's network. Here, we see a network where social bonds eventually exceed resource ties. These bonds are built upon the parallel realities the actors experience and the visceral knowledge acquired from these shifting roles. We see a network engaged in informal communication where dialogue is based on transparency and access to information, where resources are rejuvenated because of conducive organizational and cultural activities. We see an overall strength in the key relationships of Varchar and its customer, supplier and partner based on a level of collaboration that is active and dynamic. In essence, we see a constellation of win-win situations where each actor compliments their needs with those of the

other in the network. The process of co-creation in a service-orientation using a network perspective is a synergy of ideas, experiences, and expertise.



# 6. IN REVIEW

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*In this last chapter, we conclude our findings and reflections of co-creation. We will also suggest possible avenues for future research.*

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## 6.1 A New Economy, a New Co-Creation

Prahalad and Ramaswamy (2004b, p. 7) claim the market is characterized by; “[...] globalization, deregulation, outsourcing, and the convergence of industries and technologies are making it harder for managers to differentiate their offerings”. In this light, the new economy brings new challenges to firms. It is a matter of understanding the new practices, processes and roles of while the firm and its network need to be increasingly flexible and adaptable.

### 6.1.1 Revisiting the Purpose

The purpose of this thesis was to explore the co-creation process and how value is created based on a service orientation using a network perspective. In the past fifty pages, we have tried to discuss and illustrate the co-creation process. Our analysis has comprised of understanding and identifying the participants involved, the resources they exchange and most importantly, the value-creating activities they engage in to generate mutual value. It has been an encompassing and exciting exploration with the intention of offering new insight in the practical dimension of co-creation and the network.

The application of the service orientation and the network perspective has been vital in offering a structural base for which to study our central focus of the co-creation process. The empirical data collected from the series of interviews we conducted supported our belief that the co-creation process involved more than just the customer and the firm. Instead, the process of co-creation was a dynamic array of the customer’s, supplier’s and partner’s experiences that combined to create a wealth of useful information for the actors involved. This inclusiveness is not only more advantageous to the firm and the customer but it is a more realistic interpretation as well. In exploring the co-creation process along these new terms, we ask ourselves; how is value created?

Co-creation results in three values: trust, resource rejuvenation and commitment. Trust is generated when informal and dialogical communication is engaged.

Resource rejuvenation arises from a combination of feedback, double-loop learning and continuous collaboration. Commitment is the result of frequent interaction and successful conflict resolution skills. These values are rooted in three activities: communicative interaction, knowledge renewal and relationship development. Together, these activities contribute to strong relationship bonds that have the power to exceed resource ties and even economic or legal bonds. In the beginning of the relationship, it is important to realize that it is not the size of the network that is important but the quality and value the actors can contribute. Being selective is as important as being inclusive. It is a contradiction but with distinction; actor bonds, resource ties and activity links must be mutually beneficial if they are to create a reciprocal offer of value.

### **6.1.2 Competitive Advantage**

From a personal level, we have been interested in exploring the co-creation process so as to understand how value is created in order to recognize how to create a competitive advantage. If the new economy is making it harder to distinguish goods/services from competitors then the competitive advantage derived from co-creation in a network increases customization and a heightened responsiveness.

#### **Customization**

From the information we have gathered, we see the greatest demand consumers place on firms is the customized experience. This is because customisation is contextual and sometimes visceral, making it hard to quantify. The question is how does a firm meet the variety of customer needs without losing their niche? In other words, what is the extent of customisation?

The answer is inclusion. Just because a customer knows what he wants, it does not mean he knows how to get it. Co-creation is about collaboration where being inclusive means including multiple of perspectives to attain a greater level of mutual satisfaction and quality. Another aspect to consider is the feasibility of inclusion. A strong network offers access to a unique constellation of actors, resources and activities that a firm can compliment to their offer. This composition allows the firm to keep its specialization though not at the expense of limiting their offer. It is of particular importance to firms with limited resources where specialization offers the benefit of efficiency and quality.

Customisation is more about the process than the result. If a firm can compliment their offer with those of their network, they will have a far greater likelihood of satisfying the ever-changing needs of the market. The consumer will not only experience a highly personalized experience but we see the experience will also be one of simultaneous quality and innovation. From the network's perspective, their inclusion offers additional branding opportunities, repeat business and possibly new customers.

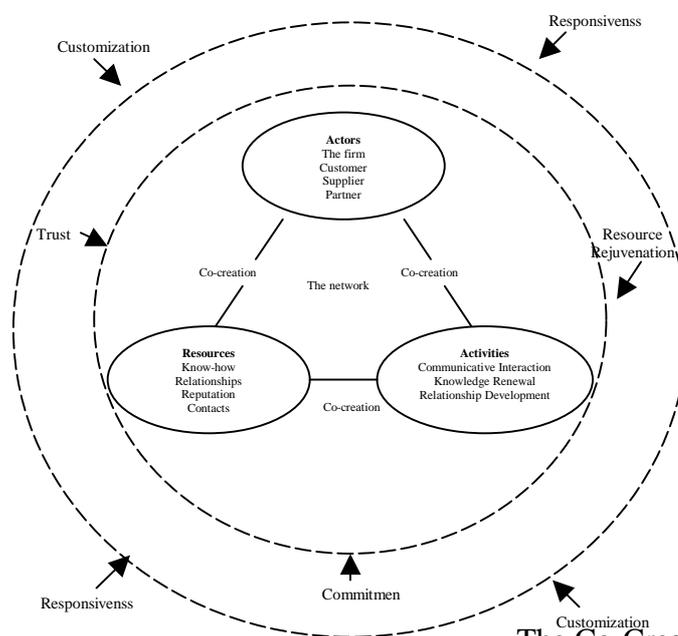
#### **Responsiveness**

When a firm leaves the exclusive domain of the customer/firm relationship and extends it to include their network of suppliers and partners,

decompartmentalization occurs. This means static roles dissipate. The customer's needs outline the scope of integration where the roles of the actors may shift. This can result in role reversal yet while objectives may intersect or run parallel, they refrain from colliding since all the parties are engaged on working towards a common win-win goal. The needs of the customer align actors and instigate a co-operative symbiosis that further adds to integration. The customer is connected, informed and empowered as they actively participate in co-creation (Prahalad and Ramaswamy, 2004b, p. 6). We feel the same is true of the network when they are integrated. Their integration facilitates mobility and ultimately responsiveness since all the network actors are working with a common knowledge that is unique to their constellation. The more they are connected and informed, the more able they are to contribute and the more they can participate in creating value. This gives them the advantage of collectively offering customized experiences at any given moment.

### 6.1.3 Conclusion

The ultimate goal for most firms, large or small, is to gain a competitive advantage and acquire a greater market share. In the old economy the trend was to increase efficiency and/or lower costs. To compete on efficiency or cost is now a desperate measure, if not downright suicidal. Having long been the central focus of a firm's competitive advantage, efficiency is now a given, not an exception. In the context of price, competing on price forces a firm to continuously press costs throughout the value chain; often at the expense of quality and innovation. It is a risky strategy in a market saturated with similar goods and services. Personalized experiences are what firms can offer. Having the benefit of an integrated network means a greater response level: a responsiveness that satisfies customized needs as they arise. The new economy is about being inclusive, integrative and interactive for both firms and their network alike. It is about co-creation where customisation and responsiveness are natural by-products. In an ever-changing market, it is this constellation that unlocks and drives a firm's competitive advantage.



## 6.2 Is Co-Creation All Good?

Being customer-oriented is a strategic decision. On the operative level, it can be expensive, particularly if managed incorrectly. Christopher Koch offers an opposing view to the customer focused trend in his blog, *The High Cost of Getting Close to Your Customers*. He points out that being customer focused has changed from just being hype to becoming a doctrine in most businesses. He questions its promise of better company performance in the face of the potentially time consuming, costly and disruptive nature of transformation. Converting a firm's perspective from a product-centric to a customer-centric view entails significant challenges; many of which may not be address as firms blindly set about reorganizing themselves. More precisely, he points out the operative challenge of significant co-ordination, both formal and informal as well as the costs, both short-term and long-term.

While he makes valid comments, the context of his arguments are based on George Day's research of 347 medium-to-large firms. The concerns are no longer applicable in the face of the small firm reality. As we mentioned earlier, a small firm has size to its advantage. This size translates flexibility and adaptability, easily transforming organization without extensive levels of bureaucracy. This is not to say that small firms avoid the challenges and costs of shifting their focus, it is simply at a far less cost. As McCartan-Quinn and Carson (2003, p. 202) state, "On the one hand, small firms are believed to have an edge over larger firms in flexibility, innovation, and overhead costs, while on the other, they are limited by the amount of market power, capital and managerial resources".

## 6.3 Suggestions for Future Research

Our study concentrated on co-creation and its network yet a number of questions arose in relation to our topic that could be the basis for further study. These included:

- What does the co-creation process look like in a medium-to-large firm?
- Is there a difference in the co-creation process between a small firm and a large firm?
- Are there other constituents involved in a firm's network that could play an even more significant role in the co-creation process?

Cybercom is organized according to region and technology therefore taking on a more product orientation. The recent acquisition of Varchar makes us wonder:

- If a service-oriented firm merges with a product-oriented firm, can they maintain their respective focus? How?

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## APPENDIX A

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These are the first interview questions we had with the Business Manager.

### GENERELL INFORMATION

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1. När började du jobba på Varchar
2. Har du fått arbeta nära företagets kunder ända sedan du började?

### VARCHAR

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1. Vad har bidragit mest till innovation inom Varchar?
2. Vad anser du är den största anledning till att kunderna väljer Varchar?
3. Vad tycker du bidrar mest till att kunderna väljer Varchar för första gången?
4. För andra gången?

### SERVICE

---

1. Vad betyder bra service för dig?

### KUNDFOKUS

---

1. Var lägger ni den största fokus i företaget? På tekniken eller kunden?
2. Har denna fokus alltid varit detsamma?
3. Det finns dokumenterat att man kan bli alltför fokuserad på relationerna med kunden och det försämrar produkten. Har du upplevt detta?
4. Hur viktig är kunden för val och utformning av utbildning och utveckling?
5. Har kundens krav spelat en allt större roll i företagets beslutsprocesser? Sedan när? (Tidsram)

### KUNDKONTAKT

---

1. Hur många kontaktpersoner har du med samma företag under ett stort projekt? Litet projekt?
2. Vad upplever kunderna som viktigast när du jobbar med kunden? Tekniken eller relationen?
3. När ett problem uppstår i ett projekt, hur går ni tillväga – löser ni det själva internt eller tillsammans med kunden?
4. Anser du att det är lättare att lösa de problem som dyker upp, när kunder är mer involverad?
5. Upplever du någon skillnad i hantering av kundrelationerna med ett litet företag respektive ett stort företag? Vilka?

### KOMMUNIKATION (Dialog)

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1. Vilka former av kommunikationsmedel är mest använd?
2. Hur ofta används dessa medel under ett projekt?

3. Vad föredrar du?
4. När är interaktion/kommunikation som mest med kunden?

#### KUNDPROJEKT

---

1. Hur lyhörd är ni till kundens krav eller ändringar?
2. Hur anpassar ni er arbetssätt till kunden?
3. Hur ofta händer det att ett projekt förlängs?
4. Vad tycker du är styrkan med att integrera kunden i varje projekt?

#### FEEDBACK

---

1. Får ni feedback kontinuerligt eller vid tillfällen som t.ex. i slutet av ett projekt?
2. Är feedback oftast muntliga eller skriftliga?
3. Hur bedömer ni det värde ni skapar för kunden – genom feedback? referenser? långa relationer?
4. Har ni nytta av den feedback ni får? På vilket sätt?

#### SMÅ FÖRETAG

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1. Vad tror du är fördelar med att jobba i ett litet företag från ett RM perspektiv?  
Nackdelar?

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## APPENDIX B

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These are the new questions we had with the CEO and the System Developer from Varchar.

### GENERELL INFORMATION

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- Kan du berätta lite om din arbetsbakgrund i Varchar?

### VARCHAR

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- Kan du berätta lite om hur du uppfattar Varchar? Te.x vilka branscher ni jobbar med, Varchars egenskaper. Vad tänker du på när du hör namnet Varchar?
- Hur uppfattar du innovationen i Varchar?
- Vad anser du är den största anledning till att kunderna väljer Varchar?

### SERVICE

---

- Vad betyder bra service för dig?

### KUNDFOKUS

---

- Var lägger ni den största fokus i företaget?
- Kan du berätta om denna fokus alltid varit detsamma?
- Det finns dokumenterat att man kan bli alltför fokuserad på relationerna med kunden och det försämrar produkten. Hur upplever du detta?
- Hur viktig är kunden för val och utformning av utbildning och utveckling?
- Har kundens krav spelat en allt större roll i företagets beslutsprocesser? Sedan när? (Tidsram)

### KUNDKONTAKT

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- Kan du berätta lite om din erfarenhet av kundkontakter?
- Hur många kontaktpersoner har du med samma företag under ett stort projekt? Litet projekt?
- Vad upplever du som viktigast när du jobbar med kunden? Tekniken eller relationen?
- När ett problem uppstår i ett projekt, hur går ni tillväga – löser ni det själva internt eller tillsammans med kunden?
- Anser du att det är lättare att lösa de problem som dyker upp, när kunder är mer involverad?
- Upplever du någon skillnad i hantering av kundrelationerna med ett litet företag respektive ett stort företag? Vilka?

### KOMMUNIKATION (Dialog)

---

- Vilka former av kommunikationsmedel använder du mest?
- Hur ofta används dessa medel under ett projekt?
- Varför föredrar du dessa medel?
- När är interaktion/kommunikation som mest med kunden?

#### KUNDPROJEKT

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- Kan du kunna berätta lite om hur ett vanligt kundprojekt går tillväga?  
Tex. hur brukar den uppstå och vad sker under projektets gång?
- Om kunden ställer krav eller ändring, hur reagerar ni då?

#### FEEDBACK

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- Kan du berätta lite om hur du tycker feedback från kunderna fungerar under era projekt.
- kontinuerligt eller vid tillfällen som t.ex. i slutet av ett projekt?
- muntliga eller skriftliga? Hur kommer det sig tror du?
- Hur bedömer ni det värde ni skapar för kunden – genom feedback? referenser? långa relationer?
- Har ni nytta av den feedback ni får? På vilket sätt?

#### SMÅ FÖRETAG

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- Hur är din syn och erfarenhet av att jobba i ett litet företag från ett relation marknadsföringsperspektiv? Finns det fördelar och nackdelar?

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## APPENDIX C

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These are the interview questions we had with Varchar's customer, supplier and business partner.

- Hur kom du i kontakt med Varchar? Skulle du kunna berätta varför du valde Varchar?
- Hur uppfattar du Varchar? Vad tänker du på när du hör namnet Varchar? Skulle du kunna nämna något som Varchar är bäst på och vad som skulle kunna förbättras?
- Vad skulle bra service betyda för dig?
- Hur beskriver du din relation med Varchar? Hur länge har det pågått?
- Hur brukar ett projekt fungera tillsammans med Varchar? Vilka typer av krav har du innan projektet? Brukar du forma kraven tillsammans med Varchar?
- Anser du att du får tillräckligt med information om utveckling av projektet?
- Känner du integrerad i samarbetet med Varchar? Hur mycket feedback brukar du ge?
- Vilka former av kommunikationsmedel använder du mest? Föredrar du någon speciellt form och varför?
- Skulle du kunna berätta lite om hur ofta kontakten sker med Varchar under ett projekt från din sida och vad anser du från Varchars sida?
- Föredrar du formella eller informella relationer? Hur tillämpas detta när problem uppstår?