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AN EXAMINATION OF THE NEED FOR RESOURCES WHEN SHIFTING FROM A PRINT BASED BUSINESS MODEL TO A DIGITAL BUSINESS MODEL IN THE NEWSPAPER INDUSTRY

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Abstract

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Thesis purpose: This paper aims to explore how newspaper companies address the need for resources when shifting from a print based business model to a digital business model. In particular the paper examines what resources are considered, what the sources of the resources are, and if the decisions are affected by their potential consequences on organizational change and culture. To illustrate how firms may tackle the issue, a model is proposed for how companies address the need for resources taking into consideration business model change, and organizational change and culture.

Methodology: Based on literature, a model is developed outlining how firms could address the need for resources, taking into consideration the business model change and organizational changes happening at the company. A case study of current new project development activities at Helsingborgs Dagblad is then used to examine the model and test it's effectiveness when applied to practical situations. To gather information about the case company, qualitative data was collected in the form of interviews done with key project members about the decisions that have been, and need to be made, throughout the process. This data is then analyzed and compared with the literature, and based on the results improvements are made to the model and a new version is proposed.

Theoretical perspectives: The paper is based around three main concepts; organizational change and culture (Judge and Blocker, 2008; St-Amour, 2001; Galpin, 1996), business model development/change (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003;Hedman and Kalling, 2003), and resources. Within the topic of resources, theories on the resource based view (Barney, 1991; Andersén, 2010), corporate venture champion (Greene, Brush and Hart, 1999), and Aspara, Tikkanen, Pontiskoski and Jarvensivu's (2011) theory of exploitation and exploration across resource classes are outlined.

Conclusions: The paper concludes that the proposed model is an effective way for newspaper companies to address the need for resources, and highlights the importance of considering the context of organizational change and culture. Based on the findings, recommendations for companies are made for how to address the need for resources. Since the paper is so focused however, generalizations beyond the newspaper industry should not be made.

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Chapter 1: Introduction

1.1 Background

Ambidexterity is defined as the quality of duplicity (Webster's dictionary, 2012). Applied to organizations, ambidexterity refers to a firm's ability to exploit existing capabilities, while simultaneously exploring new opportunities for the future (March, 1991; O'Reilly and Tushman, 2011; Smith, Binns & Tushman, 2010). Although not exclusively referred to as ambidexterity, the importance of concurrent exploitation/exploration activities on a firm's long-term sustainability has become a topic of increased interest (O'Reilly and Tushman, 2011). The advent of the Internet in the 1990's has had a fundamental impact on how most businesses work. Many companies have been forced to expand their offerings into digital formats, which has had a potentially cannibalistic effect on their traditional offering (Flavian and Gurrea, 2006). This has been particularly difficult in print based industries, such as the newspaper, where the introduction of online offerings has created a revolution in how these companies deliver their content (Trends Magazine, 2010). With an abundance of information available for free on the Internet, subscriptions rates for printed newspapers are steadily falling, and therefore these companies are being forced to rethink their strategy.

Due to the changing environment, and growth of global competition, newspaper companies are required to take a step back and analyze the fundamentals of their business strategy (Trends Magazine, 2010). Although expansion into digital formats is necessary, the printed newspaper still remains profitable, although less so than in the past, and therefore companies must formulate a strategy to embrace change while continuing to effectively produce their traditional printed product (Trends Magazine, 2010). With long-term success rooted in a firm's ability to adopt a "both/and" approach in committing to contradictory strategies (Smith, Binns and Tushman, 2010), many firms are struggling in an attempt to adopt an online business approach while still successfully maintaining their traditional business (Ghosh, 1998). Since offering a digital format requires competencies and resources, which differ from those necessary to produce a print offering, many companies are facing important decisions regarding the need for resources in the process of launching new online offerings.

1.2 Problem Discussion and Research Question

As a topic of increased interest, the concept of organizational ambidexterity is appearing more frequently throughout literature. Often, the concept appears in relation to organizational change, as the ability of a firm to simultaneously explore and exploit opportunities is closely related to firm's ability to handle change (Judge and Blocker, 2008). Previous literature on ambidexterity has consistently indicated the need for firms to simultaneously engage in both explorative and exploitive activities (He and Wong, 2004). Breaking down this balance, most articles concentrate on a specific aspect, which is either necessary for, or affected by, a firm's attempt to effectively execute both strategies. These varying focuses include organizational learning (Crossan and Berdrow, 2003; Cegarra-Navarro, Sanchez-Vidal and Cegarra-Leiva, 2011), business models (Smith, Binns and Tushman, 2010), and the role of the manager/leader (O'Reilly and Tushman, 2011). Focusing on business models, although literature on ambidextrous organizations highlights the need for business model development, change, and

alignment (O'Reilly and Tushman, 2011; Smith, Binns and Tushman, 2010), it fails to explain how firms can effectively create or modify business models.

Looking at more focused literature on business model development and business model change however, a number of different variations are proposed for how firms can effectively develop and adapt business models (Johnson, Christensen and Kagerman, 2008; Morris, Shindehutte and Allen, 2003; Hedman and Kalling, 2003). Although these different perspectives contain a high degree of variation, a common theme throughout appears to be the importance of resources as a key aspect of a successful business model. Relating this resource-based focus to exploration/exploitation, literature suggests that in order for firms to effectively create a new offering (business model), the company must balance resources between both exploitive and explorative strategies (Smith, Binns and Tushman, 2010). As Soosay and Hyland (2008) state "firms need to decide how to best allocate their scarce resources for both activities" (p. 22). Although literature on ambidextrous organizations, and business models, both highlight the importance of allocating resources, both streams fail to describe how firms address the need for resources when balancing between two models.

In order to look further into this, it is necessary to consult specific resource literature. Literature on the resource-based view defines resources, and highlights their importance in creating sustained competitive advantage for a firm (Barney, 1991; Andersén, 2010). Taken one step further, literature on the corporate venture champion outlines specific resource decisions, and how resource decisions for a new project based in an existing company differ from the resource decisions of an independent entrepreneur (Greene, Brush and Hart, 1999). Although these streams of literature look further into resource decisions, and the need for resources in new projects, they lack the context of ambidexterity, organizational change and business model development/change. It seems that since the decisions regarding the need for resources reflect the changes from the old to the new business model, and are potentially influenced by the overall organizational change and culture, it is important to connect these three concepts. Although Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) touch on this through their examination of exploration and exploitation across resource classes, their theory is quite focused, proposing ideal resource combinations, and fails to give a more general organizational picture. It seems that previous literature has failed to address the overall need for resources when exploring new opportunities, and how this is affected by the contexts of ambidexterity, business model development, and organizational change. In particular it would be interesting to examine what resources are considered, what the potential sources for these resources are, and if the decisions are influenced by the context of organizational change and their potential consequences on culture.

In an attempt to explore this gap, this paper will focus on how ambidextrous organizations address the need for resources. With ambidexterity being a particularly relevant issue in print based industries, this paper will focus in particular on the newspaper industry and explore how newspaper companies address the need for resources when adopting online business models.

1.3 Purpose

In exploring how newspaper companies address the need for resources, when shifting to an online business model, this paper will aim to develop a framework to outline how companies can address the need for resources while taking into consideration the effect

of organizational change, and business model development/change. More specifically, this paper will attempt to describe which resources are considered when shifting to a new business model, where these resources will come from, and if these decisions are affected by the overall context of ambidexterity and organizational change. Overall, this paper will contribute to current literature by examining resource decisions in the context of ambidexterity and change, and applying current literature to the specific category of newspaper companies, where this issue has become increasingly important in recent years. In practice, this research could provide a useful starting point in understanding the necessary resource decisions that must be considered for newspaper companies who are shifting to a more digital format.

Since this paper will focus specifically on newspaper companies, a case study of current explorative activities at Helsingborgs Daglad (HD), a highly profitable Swedish media (primarily newspaper) company, will be used to explore how firms may tackle this question in practice. Since HD is currently undertaking a new project in order to expand their online offerings, and supplement lost income from the printed paper (Nybom, 2012), their case provides a good example of a company engaging in concurrent exploitation and exploration activities. Throughout the change process, and the formation of a new business model, important resource decisions have been necessary in order for HD to move forward (Nybom, 2012). Their examination of the need for resources, and process for making important resource decisions will be examined in order to investigate how existing theory relates to practice.

1.4 Key Concepts

In order to construct a clear understanding of the research question, the key concepts associated with the topic will first be outlined. As stated in the above chapters, ambidextrous organizations consist of companies engaging in both exploitive and explorative activities. Using March's (1991) well-outlined definitions, exploitation can be described as the ability to exploit current assets in a profitable way, and exploration can be described as exploring new markets and technologies and reconfiguring resources to capture new opportunities. In looking at ambidextrous organizations, the concept of organization change will also be examined due to the explanation of exploring new opportunities as a form of organizational change throughout existing literature.

Since business models are frequently highlighted as an effective way for firms to manage simultaneous exploration and exploitation strategies, and resources will be discussed as an aspect of the business model, it is important to have a proper understanding of this concept. For the purpose of this paper, a business model will be described as "a generic set of level descriptors of how a firm organizes itself to create and distribute value in a profitable manner" (Baden-Fuller and Morgan, 2010). Looking more specifically at business models as applied to the newspaper industry, a print based business model will refer to the traditional model for most companies where advertising and news are the main focus, and the printed paper is the main distribution channel (Swatman, Krueger and Van der Beek, 2006). A digital business model will refer to a model where the Internet is used as the primary distribution channel, and as well as advertising and news, extra value is added through additional offerings (Swatman, Krueger and Van der Beek, 2006).

Finally, as resources will be highlighted as a key component of the business model, and the paper will focus on the need for resources, and necessary resource decisions, the

concept of resources must be properly understood. Drawing from early literature on traditional strategic analysis, resources will be defined as "strengths that firms can use to conceive of and implement their strategies" (Barney, 1991, p. 428). Although the different concepts will have varying degrees of importance for the overall research question, the three areas of ambidexterity, organizational change, and business model development/change will serve as the key components in the more detailed examination of the need for resources.

Chapter 2: Theoretical Frame of Reference

2.1 Organizational Change and Ambidexterity

2.1.1 Organizational Change and Culture

Barney and associates (2001) as cited in Judge and Blocker (2008) suggest that "to the extent some firms in a rapidly changing environment are more nimble, more able to change quickly, and more alert to changes in their competitive environment, they will be able to adapt to changing market conditions more rapidly than competitors, and thus can gain competitive advantage (p. 631)". Implementing organizational change in order to meet changing market conditions can create exciting opportunities, however can also have a number of negative consequences including employee turnover, and reduced performance. The most common difficulty in introducing organizational change is employee resistance to change, since effective implementation requires employees to accept and embrace the changes (St-Amour, 2001).

Taking this into consideration, the success of organizational change often depends on its connectedness to organizational culture (Galpin, 1996). Having the two concepts closely connected embeds the changes into the daily activities of the firm, and helps to sustain the changes long term. Effectively connecting the two can minimize the negative effects of the changes, however properly doing so requires a careful examination of how to best implement the changes in a way that embeds them into the company culture, which is often difficult due to the complex nature of culture as a set of interrelated elements. The most effective way for a company to embed changes into culture is to frame the changes in a way that makes them important to employees (Galpin, 1996). Once the individual employees accept and adopt the changes, it becomes easier for the firm as a whole to implement and reflect the change in its daily operations.

2.1.2 Firms as Ambidextrous Organizations

In literature focusing solely on ambidextrous organizations, the importance of a firm's ability to successfully engage in both exploitation and exploration activities is clearly outlined (March, 1991; O'Reilly and Tushman, 2011). March (1991) highlights how the ability of a firm to manage this tension is imperative for a firm's long-term survival. O'Reilly and Tushman (2004) further this point by describing how firms must continually pursue incremental innovations in their existing products in order to deliver greater value to existing customers, while simultaneously pursuing architectural innovations through technological or process changes in order to fundamentally change some aspects of the business. To illustrate the importance of ambidexterity to long-term success, O'Reilly and Tushman (2004) use the example of USA Today, one of the most successful

national newspapers in the United States. The case describes how in an attempt to follow the trend of media companies going digital, the company launched an online news website which was run completely separate from existing operations. Without integration with the rest of the company however, the website was not able to take advantage of the vast resources available and therefore success was not reached until the two units were merged, and USA Today, as one big company, embraced the dual focus on both exploiting the printed paper and exploring the new digital offering (O'Reilly and Tushman, 2004). As exploring new opportunities often involves changes in the organization, it is important to look at organizational change and it's relation to ambidexterity.

2.1.3 Organization Change Linked to Ambidexterity

In linking organizational change to ambidexterity, the simultaneous activities of exploitation and exploration, Judge and Blocker (2008) examine the organizational capacity for change as a precursor to strategic ambidexterity. Organizational capacity for change (OCC) is defined as "a dynamic organizational capability that allows the enterprise to adapt old capabilities to new threats and opportunities as well as create new capabilities" (Judge and Elenkov, 2005 as cited in Judge and Blocker, 2008, p. 919). OCC is therefore considered to be a dynamic capability, which gives firms the ability to simultaneously engage in both exploitive and explorative activities. The article highlights three challenges with organizational change, and proposes how a company's capacity for change can help to overcome these barriers. The first proposition outlines the difference between knowing what changes need to be made, and having the ability to effectively implement change. Judge and Blocker (2008) propose that the dynamic capability of OCC is positively related to a firm's strategic ambidexterity, and ability to manage strategic polarities. OCC is a distinguishing factor between firms who recognize the necessity of change, and firms who successfully implement it. The second proposition describes the relationship between organizational change and environmental change. Judge and Blocker (2008) propose that the relationship between a firm's OCC and strategic ambidexterity will be stronger when environmental uncertainty is high, and weaker when environmental uncertainty is low. The third proposition revolves around the notion of organizational slack, "a firm's ability to adapt to dramatic shifts in the environment" (Bourgeois, 1981 cited in Judge and Blocker, 2008, p. 921). Over the past decades, companies have had continuous pressure to become more efficient, eliminate waste, and therefore become more "lean". This shift has caused many firms to eliminate slack resources however, making it difficult for these firms to now cope with environmental change. Organizations with a higher degree of slack will be better able implement organizational changes based on a response to changes in the environment. Judge and Blocker (2008) therefore propose that the relationship between OCC and strategic ambidexterity will be stronger with higher levels of organizational slack, and weaker with lower levels of organizational slack. Together, these three propositions highlight some potential conditions, which may affect the relationship between OCC and strategic ambidexterity, and highlight the importance of OCC on a firm's ability to successfully handle organizational change and simultaneously balance exploitation and exploration (Judge and Blocker, 2008).

2.2 Business Models

Throughout various theories of how companies can effectively manage both exploitive and explorative strategies, the need for business model development, change, or alignment is consistently presented (O'Reilly and Tushman, 2011; Smith, Binns and Tushman, 2010). O'Reilly and Tushman (2010) highlight this need for aligning different business models for exploitive and exploratory activities, as well as the need for managers to adopt a willingness to allocate resources to exploration. Smith, Binns and Tushamn (2010) propose a slightly different representation, categorizing ambidextrous organizations as a type of complex business model. They propose that firms should adapt an overreaching business model capturing the business of the entire organization, including the various tensions such as that of exploitation/exploration. In order to effectively create such a model, the importance of a managers' ability to engage in dynamic decision-making, including decisions regarding the constant shift of resources between both strategies is highlighted (Smith, Binns and Tushamn, 2010). March (1991) also outlines the necessity of a firm to configure and reconfigure resources in order to effectively manage both exploitation and exploration activities. Although there is consensus regarding the need to shift and modify business models, and in particular resources, literature on ambidexterity lacks detailed connections to business model development/change and addressing the need for resources.

2.2.1 Business Model Development/Change

Looking specifically at explicit business model frameworks, Johnson, Christensen and Kagerman (2008) propose a four element business model structure, outlining how a company's key resources and key processes interact enabling the company to fulfill it's value proposition in a profitable way. They state that radically new products cannot be based from pre-existing business models, and instead a three-step plan should be followed in order to organize a new business model. First, a customer need should be distinguished, and the ability to satisfy that need recognized. Next, a plan should be outlined for how the firm can create a profit through fulfilling the recognized need. This includes the customer value proposition (how will the company create value for the customer), profit formula (how will this create value for the company), key processes (how to deliver this value so it is reproducible and developable), and key resources (the assets used to deliver the value proposition to the target customer). The key processes and key resources are the primary focus, where key processes include processes, rules and metrics, and norms, and key resources include people, technology, products, equipment, information, channels, partnerships/alliances and brand. The third, and final step, is to compare the new business model to the existing model and analyze the necessary changes which would need to be made to capture the opportunity. If significant changes are necessary to the customer value proposition, key processes, key resources, or profit formula, then business model change is necessary (Johnson, Christensen, and Kagerman, 2008).

Morris, Shindehutte and Allen (2003) propose an alternatively structured model based on six component questions, analyzed at three different levels, which are thought to underlie a business model. The questions, as outlined in the article are; "1. How do we create value? 2. Who do we create value for? 3. What is our source of competence? 4. How do we position ourselves? 5. How do we make money? 6. What are the time and size ambitions?" (p. 730). Each component question is then analyzed on each of the

three levels: the foundation level (where each component is defined), the proprietary level (which describes how unique approaches will be applied to the components defined in the foundation level), and the rules level (where the firm establishes principles to achieve the planned approaches). This third level is a key determinant of continued success as it relates to execution of the business model, and continued alignment between the various components and levels. Throughout the six components, various success factors are highlighted, including the importance of resource strategies, resource requirements, and resource management. In answering the six components, the company is able to fit their current competences into the new model in order to utilize the firm's current strengths (Morris, Shindehutte, and Allen, 2003).

Hedman and Kalling (2003) offer another perspective, dividing the business model into four levels; the market level, offering level, organizational level, and resource level. In this particular model, the resource level involves a number of factors including human, physical, organizational, suppliers, supplier networks, and markets (Hedman and Kalling, 2003).

Although previous literature on business models fails to agree upon a generally accepted definition of what exactly a business model is (Morris, Schindehutte and Allen, 2005), there is consensus regarding the importance of resources as a key aspect of a business model. Having early roots in Shumpeters (1936) work, the idea that value is created through unique configurations of resources has consistently been presented throughout business model research. Aside from the three theories presented above, a number of other authors also highlight resources as an important aspect as a successful business. Slywotsky (1996) outlines how a firm's configuration of resources is an important portion of how companies create value for their customers. Resource based theory describes a firm as a bundle of resources and capabilities (Barney, Wright, and Ketchen, 2001), and Hamel (2001), Petrovic, Kittl and Teksten (2001), Rayport and Jaworski (2001), and Betz (2002) all include resources as a key component within their varying perspectives of business models. Although there is consensus on the importance of resources, business model literature lacks a more detailed examination of resource decisions, and the need for resources.

2.3 Resources

Looking at Barney's (1991) research on firm resources and sustained competitive advantage, he describes the distribution of resources across firms, and explains how different resources contribute to creating a sustained competitive advantage for a firm. Referring to this concept as the resource-based, he proposes that in order to create a competitive advantage firms should shift focus from their products to more internal factors, such as resources and capabilities. He groups resources in three categories (physical capital resources, human capital resources, and organizational capital resources). Physical capital resources includes physical technology used in the firm, its plant and equipment, its geographical location, and access to raw materials. Human capital resources include training, experience, judgment, intelligence, relationships and insight of those working in the firm. Organizational capital resources include the formal reporting structures within the firm, formal and informal planning, controlling and coordinating systems, and informal relationships both internally within the firm and externally between the firm and others in its environment (Barney, 1991). Although he

does not focus on exploitation/exploration, his focus on sustained competitive advantage ties to March's (1991) idea of long-term survival of a company.

Looking at a more recent article, which extends Barney's (1991) theory on the resource based view, Andersén (2010) discusses the practical implications of the resource-based view, and how companies can benefit from adopting this approach. In terms of diversification, he suggests that companies should diversify into areas where they can apply existing resources, rather than solely into markets where the company has previous knowledge of the market conditions. He proposes that the strategic focus of a company should not be on the product offerings, but instead on how the company can create the maximum value for it's customers based on it's resources; companies should focus on how they can create value together with their customers. Without continuous development of resources and capabilities, existing resources will become obsolete and future product development would not be possible. Since products can be easily replicated, Andersén (2010) highlights the importance of creating a sustained competitive advantage through the development of resources, which are hard to imitate, such as strong relationships and brand. Finally, when describing a firms ability to imitate, or be the "second-mover into a market", he describes how not only product imitation, but imitation of processes and resources can create a competitive advantage. Firms should first look at if they can imitate the market strategy. Second, If new processes are needed to effectively do so, the firm should then try to adopt these processes. Lastly, if these new processes require new resources and capabilities, the firm should look into acquiring these in order to imitate the entire strategy, and therefore create sustained competitive advantage (Andersén, 2010).

Contrary to outlining different types of resources, Greene, Brush and Hart (1999) focus on the ways in which resources are identified, assembled and deployed in order to create a new corporate venture. They focus on the role of the corporate venture champion (CVC), "the individual who is responsible for the entrepreneurial process of a particular nascent business entity within the organization" (Greene, Brush & Hart, 1999, p.105). Although traditionally the CVC is referred to as an individual, it is highlighted that a team often fulfills the role. In order to make their analysis, they analyze the differences in resource decisions for an independent entrepreneur versus a corporate entrepreneur. Since a corporate venture is taking place within an established parent company, the necessary resources can be acquired and allocated over a longer period of time, as company survival does not rely solely on income from the new project. The current resources from the existing business can be used to support the new project through a gestation period when the new project may not be generating income (Greene, Brush & Hart, 1999).

In their analysis of resource decisions, resources are categorized into five types; human capital, social capital, organizational capital, physical capital, and financial capital (Greene, Brush & Hart, 1999). Human capital is examined based on education, management experience, and technical and industry experience. Since the CVC team within an existing company is usually composed of top management, these individuals are in generally richer in management experience and perhaps have less technical and industry experience. In terms of education, their knowledge and capabilities emerge within the context of the company and are based on the experience of the organization. Social capital is the relationship network that a CVC uses to acquire more resources. It is considered a resource in itself, and is deemed instrumental due to its relation to the acquisition of other resources. The ability of a firm to secure new resources from outside

the organization is strongly related to the reputation of the organization. Since relationships are already in place, the CVC has knowledge of and access to existing relationships including alliances, suppliers, and partnerships. Organizational capital consists of "organizational relationships, organizational members other than the founder(s), organizational information and knowledge, and combinations of each of these elements" (Greene, Brush and Hart, 1999, p.114). This includes routines, cultures and structures, which exist in the organization. Continued access to resources is often dependent on the fit between the new project and the organizational systems of the overall organization. Physical capital incorporates the necessary tangible goods to operate the business including raw materials, property, plant, and equipment. Much the same as organizational capital, the CVC can draw from the stock of physical resources, which the firm already has, if the project is perceived to be legitimate and is granted access to them. This is especially relevant if the new project requires similar resources as those used for current operations. One physical resource, which can be drawn upon regardless of the new projects relation to current operations, is the permanency of the company location. Having an established location gives the project a sense of legitimacy and can often make it easier to obtain initial contacts and clients. The final resource category, financial capital, refers to money, assets, and stocks. An advantage for a CVC over an independent entrepreneur, in this category, is access to financial resources from the parent company, if the company has slack resources to allocate to the new project. As well, being part of an established company the CVC will often be more successful in obtaining funds from external sources due to the perceived legitimacy of the venture, due to the connection as part of an established organization. In applying the resource-based view to the examination of the corporate venture champion, this article effectively outlines a number of key resource decisions for the successful launch of a new venture within an existing organization (Greene, Brush & Hart, 1999).

2.3.1 Exploration and Exploitation across Resource Classes

In exploring how a firm can practice exploration and exploitation across a number of different resources classes, Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) propose a conceptualization of the ideal types of a firm's business development projects based on the degree of exploration and exploitation among three resource classes. The article describes exploitation as "the use as well as the improvement of the organization's current knowledge, resources, and capabilities" (p. 598), and exploration as "the search for new knowledge, resources, and capabilities, relative to the current ones" (p. 598). In their research they focus on exploration and exploitation at the firm level, referring to the degree of newness to the firm. They look at the central issue in existing literature of "what kind of relevant resource domains there are, in which a firm can conduct exploitation insofar as it possesses previously built resource stocks, and exploration insofar as it is searching for new resources" (p. 600).

Contrary to previous literature, which has a narrow focus on technological resources (also referred to as assets, skills, knowledge, capabilities, or competences) as the only relevant resource domain, the article proposes three resource classes for examination. Based on Danneels' (2002) as cited in Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) view of how a firm can practice exploration and exploitation across two resource classes, technology and customers, Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) propose a three dimensional model (seen below).
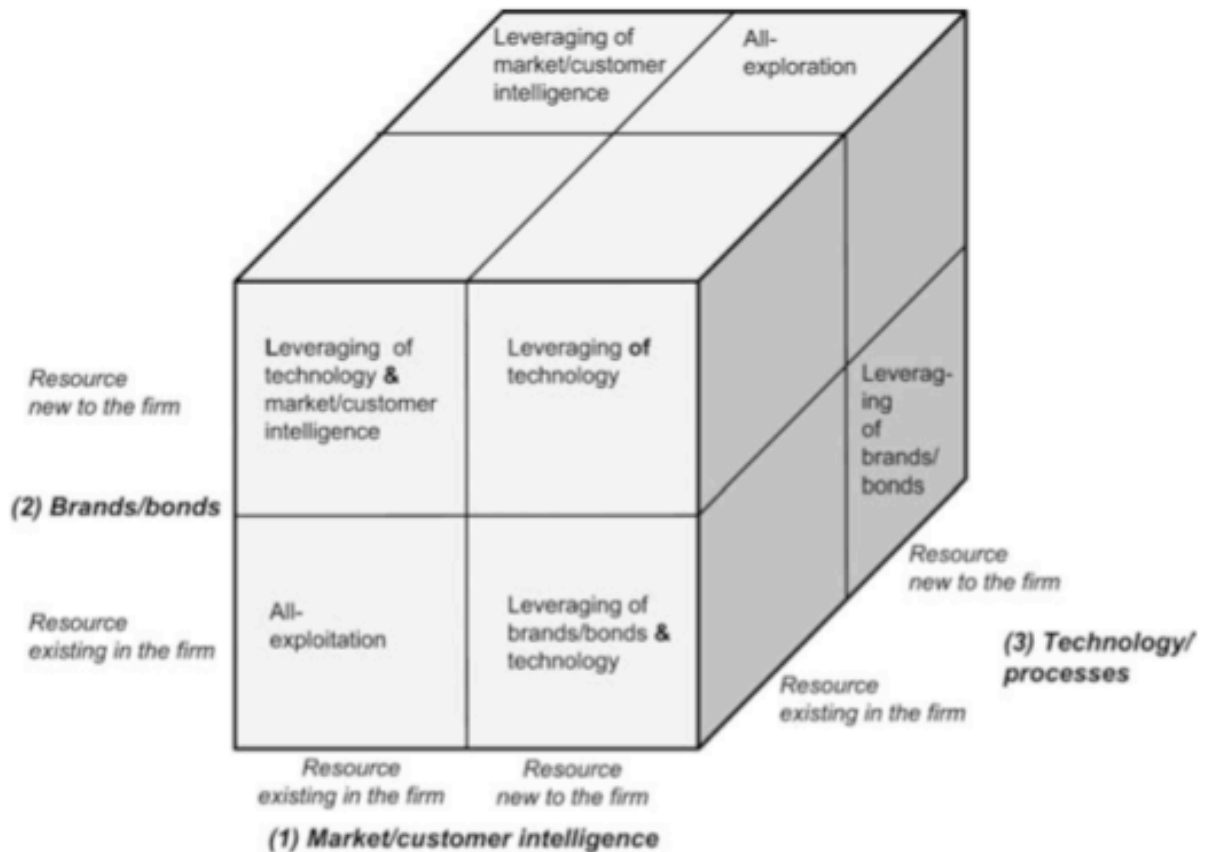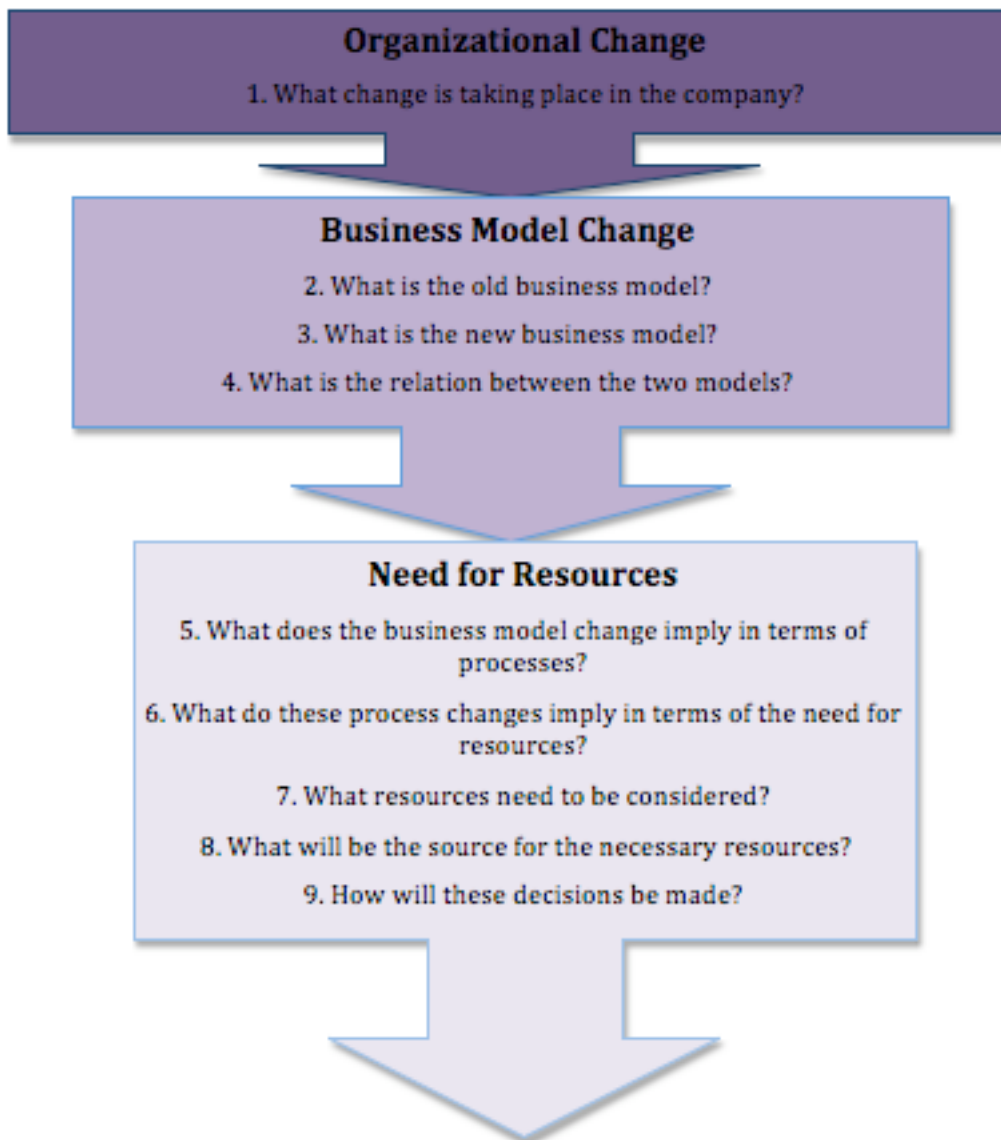
Note: The invisible cell in the left-hand, bottom rear corner of the cube is "Leveraging of market/customer intelligence" & brands/bonds

The model is based on three resource classes which are: "market/customer intelligence (firm's knowledge of customers and markets), brands/bonds (market and network actors' knowledge of and bonds to the firm), and technology/processes (firm's knowledge of technology, process routines, and products" (Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011, p. 606). Overall it is designed to examine business development projects, which are aimed at expanding or growing the firms' business. When designing the new project, the firm must decide for each resource class if the necessary resources will be new to the firm (exploration), or existing in the firm (exploitation). This conceptualization illustrates ways of combining and leveraging new and existing resources across the three resource classes, allowing the firm to avoid placing themselves in an extreme typology (all-exploitation or all-exploration) and instead embodying an ideal typology which effectively uses both new and existing resources. It is noted that within each resource class, there are a number of sub categories, where each may differ in terms of the extent of exploration versus exploitation to acquire that resource, therefore although an overall resource class may be characterized as using new to the company resources, it may not be the case for each such category (Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011). Although the typologies may have varying degrees of exploration and exploitation built into them, overall the model conceptualizes the ideal types of a firm's development projects, providing an enhanced perspective to the combinations of exploration and exploitation across resource classes.

2.4 Combining Concepts

In organizing the above literature into a theory for how ambidextrous organizations address the need for resources, in the context of organizational change, a model is proposed. The model can be viewed as a funnel, where the company must think through a number of different questions, which narrow down to the specific decisions regarding the need for new resources.

Organizational Change

1. What change is taking place in the company?

Business Model Change

2. What is the old business model?

3. What is the new business model?

4. What is the relation between the two models?

Need for Resources

5. What does the business model change imply in terms of processes?

6. What do these process changes imply in terms of the need for resources?

7. What resources need to be considered?

8. What will be the source for the necessary resources?

9. How will these decisions be made?

The first section reflects the organizational change context and is based around the various organizational change literatures presented above. By looking at what change is taking place in the company, it will prompt the firm to look at the changing market conditions and the necessary organizational changes to stay competitive (Barney, Wright, and Ketchen, 2001). By outlining the changes, the firm can begin to realize the potential negative consequences (St-Amour, 2001) and the impact of the changes on corporate culture (Galpin, 1996). Through looking at the change, the firm will hopefully be encouraged to focus on both the old and the new, exploitation and exploration, and realize the relationship between the change and the firm's level of ambidexterity

(O'Reilly and Tushman, 2004). In examining what change is taking place, the firm should be able to realize their organizational capacity for change (Judge and Blocker, 2008) and how having a high capability to engage in both exploration and exploitation simultaneously can help the firm to overcome a number of barriers (Judge and Blocker, 2008).

The second section is focused on business model development and business model change (O'Reilly and Tushman, 2011; Smith, Binns and Tushman, 2010; Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003), looking at both the old and new business models and the relation between the two. Although literature contains a number of variations of what exactly a business model is, and what its components are (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003), it is important for a firm to have a clear understanding of their business models, no matter how they define them. Looking at both the old and new models will allow the firm to see the relation between the two, and examine if changes can be made to the old model in order to create the new one, or if an entirely new business model will need to be constructed. As well, since resources are consistently highlighted as a main component of the business model (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003; Shumpeter, 1936; Slywotsky, 1996; Hamel, 2001; Petrovic, Kittl and Teksten, 2001; Rayport and Jaworski, 2001; Betz, 2002), it is important for firms to first consider the overall business model for both the exploitive and exploratory projects in order to properly consider the need for resources.

The third, and final, section narrows down to the specific need for resources looking at what resources need to be considered, where the resources will come from, and how the decisions will be made. The first question in this section relates to processes, rather than resources specifically, since processes are an important component of the business model (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003), and the necessary resources are generally realized once the processes are outlined (Andersén, 2010). Looking at what these processes imply in terms of the need for resources will get the firm to start thinking about resources overall and lead into the more specific questions that follow. In looking at what resources need to be considered, there are a number of different descriptions of types of resources throughout literature (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003; Barney, 1991; Greene, Brush and Hart, 1999; Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011), however this is where the firm will outline the resources they consider important and necessary for the new project. Since the outlined types of resources contain a great deal of variation, different companies will likely outline these differently. The final questions regarding where the resources will come from, and how the decisions will be made, will require the firm to look at the overall picture and decide what the potential sources of resources are (Greene, Brush & Hart, 1999; Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011) and how they will decide where to get each resource, which will depend on the answers from all earlier questions in the model.

Chapter 3: Method

3.1 Overall Research Design and Process

In order to test the effectiveness and applicability of the above model, a case study of Helsingborgs Dagblad (HD) will be used. Since HD is going through a major shift, in attempting to expand their online offerings, and launch an e-commerce marketplace, the company will provide a good case for examining the need for resources when exploring online offerings (the e-commerce marketplace) and simultaneously exploiting current businesses (the printed newspaper, and other current offerings). Although it provides a narrow view, a single company case study will be most useful for the purpose of this research since it will allow an in depth detailed analysis of the situation. Since the research questions are quite specific, having less detailed information from many companies would likely not provide enough information to draw meaningful conclusions about the applicability of the above model (Bryman and Bell, 2007).

In order to gather background information about the company, and details regarding the new project, both formal meetings and informal discussions were carried out with various employees. To ensure a broad view, the meetings and discussions were conducted with employees at varying management levels, working in various departments within HD.

To gather more specific information regarding the need for resources, the study will use qualitative analysis in order to both test, and further develop, the above model (Bryman and Bell, 2007). Semi-structured interviews will be used as the main information gathering technique. The interviews will be based on a set of predetermined open-ended questions, however the interviews will be kept quite casual and more questions may be asked due to the information that emerges throughout the course of the interview (DiCicco-Bloom and Crabtree, 2006). All interviews will be recorded, and the data will then be transcribed and analyzed in order to draw relevant conclusions about the case (Bryman and Bell, 2007). The interviews will be done face to face and will be carried out at the HD offices.

The goal is to gather information about the current situation, and how the company is addressing the need for resources during the current period of change. In particular, the aim will be to gather information about what resources are considered, where the resources will come from, and if the context of organizational change and ambidexterity affects these decisions. As the above literature review outlined, much of the current literature regarding resources is embedded in business model theory. The study therefore will also briefly examine both the current and new business models, and how HD perceives the relation of resources to the business model.

In order to form an emerging understanding of the research questions, the qualitative data analysis will occur concurrently with data collection in an iterative process (DiCicco-Bloom and Crabtree, 2006). The initial interviews will be based off the literature presented in chapter 2. Once the primary data from the interviews is collected, its applicability to the literature will be examined and further secondary research will be conducted, if necessary. Based on both literature and the data collected from the first interview, follow-up interviews will be conducted as the final information gathering step.

Once all data is collected, it will be analyzed and the applicability of the above model to real life situations will be analyzed. Taking into consideration the primary data collected, the effectiveness of the model will be examined or modifications may be made in order to better depict an appropriate framework for how firms can address the need for resources.

3.2 Data Collection

3.2.1 Interview Guide

In order to ensure the interviews provide relevant and required information, an interview guide will be developed as a framework for the discussion (see Figure 1 of the appendix) (Bryman and Bell, 2007). The first section of questions will ask about the change happening at the company, in order to gather information about how the situation is understood by those in different positions. The aim of this question is to gather more detailed information about the new project, and what HD sees as the necessary company changes to implement it. The information from this question will relate to the organizational change literature, and literature on ambidexterity (Barney, Wright, and Ketchen, 2001; St-Amour, 2001; Galpin, 1996; March, 1991; O'Reilly and Tushman, 2011). The answer to this will hopefully also provide information about HD's organizational capacity for change (Judge and Blocker, 2008) and how the change at HD relates to the companies ability to effectively explore and exploit.

The next questions focus on the current business model for the printed paper, and other existing offerings, the new business model for the e-commerce marketplace, and the relation between the two. This will provide information regarding how business models are defined within the company, and if HD sees the need for development of a completely new business model or if changes will be made to the existing one. This will relate to the various business model development and business model change literature (Johnson, Christensen and Kagerman, 2008; Morris, Shindehutte and Allen, 2003; Hedman and Kalling, 2003). As a bridge between the business model, and specific resource questions a question will be asked regarding the implications of the new business model in terms of processes (Andersén, 2010). This will provide a basis for the specific resource related questions, and get the interviewee on the topic of what these changes will imply for different aspects of the business model.

The final section of questions will ask specifically about resources. To follow the bridging question relating to processes, the first question in this section will ask what these changes in process will imply in terms of the need for resources. The following questions will focus on what resources will be needed, what the potential sources for these resources are, and where the resources will come from. This will give information relating to the types of resources that are considered for the new business model, which links to much of the above literature (Johnson, Christensen and Kagerman, 2008; Hedman and Kalling, 2003; Barney's, 1991; Greene, Brush and Hart, 1999), and to what the potential sources of these resources are, which relates more specifically to Aspara, Tikkanen, Pontiskoski and Jarvensivu's (2011) theory of exploration and exploitation across resource classes. In order to gather more details, a final question will be asked addressing how the decisions are made, which will hopefully provide further information about what impacts these decisions.

Although the interview guide will act as a framework to guide the discussion in the relevant direction, the interview will be left quite open to create a more relaxed information sharing atmosphere. As outlined above, semi-structured interviews will be most appropriate for this research since it will allow free discussion of the topic, and remove the sense of formality, hopefully allowing the interviewees to be more comfortable to share information (Bryman and Bell, 2007).

3.2.2 Data Sources

In order to gather the necessary information, two data sources will be used. Since the project is still in the early stages, and therefore there are few people who are very informed about the specifics, the two most informed members of the project team will act as the subjects for the interviews. Although having more interviewees could be beneficial to get a richer picture, due to the lack of employees with very detailed information about the project, the decision was made to focus on the managing director of HD, and the project manager for the e-commerce marketplace, who both fulfill integral roles in the new project, and are most involved in the decision making process. Since both data sources are key decisions makers at different levels in the company, it will be interesting to examine if their responses to the same questions will provide a high degree of variation. Since Pontus has an overall company focus, while Tina is focused more on this particular project, it will be worthwhile to see if the differing focus has an impact on their view of the need for resources.

The first interview will be conducted with the managing director, Pontus Bodelsson, in order to gain insight into the original decisions. This interview will aim to gather information regarding the entire process from the very beginning, including decisions regarding which people would be assigned to the project. Due to his integral role in the decision making process, he was chosen as a key information source for this particular topic. Since his position at the company requires him to oversee the entire firm, he is highly informed on both the current business model for the printed paper, as well as the new e-commerce business model, and will be able to provide very detailed information about the current changes at the company and how these changes may affect the need for resources. As managing director, he oversees and finalizes all resource decisions and therefore is involved throughout the entire process and will be able to provide valuable insight for this research.

The second interview will be conducted with Tina Nybom, the current project manager for the new online e-commerce project. Due to her role in the project, she is the most informed regarding specific information, and will therefore be able to provide a very detailed description of what the project is, the business model for the project, and the need for resources.

Although only two data sources will be used, there will be two interviews conducted with each source in order to ensure all necessary information is collected. The first interviews will both be based off the same interview guide seen in Figure 1 of the appendix. After the data from these interviews is analyzed, a follow-up interview will be conducted with each data source in order to clarify any misunderstanding from the first interview, and to gather further information if necessary. The interview guides for these meetings will be based from the data gathered in the first interviews, as opposed to literature, and can be seen in Figure 2 of the Appendix.

3.3 Method for Data Analysis

Since the research conducted will be qualitative, statistical analysis will not be performed (Bryman and Bell, 2007). Instead, an overall analysis of the various interviews will be done to look for similarities and differences in the responses. The goal is to obtain an overall picture of how HD addresses the need for resources when launching this new e-commerce project. Since the company is balancing exploration of the new project with exploitation of the printed paper, the effects of ambidexterity and organizational change on the need for resources will also be discussed.

The first step in the analysis process will be familiarization with the data. This will be done by listening to the tapes and transcribing the interviews (Pope, Ziebland and Mays, 2000). In order to sort the data from the interviews, so it can be analyzed in comparison to the literature, the template approach will be used. This will involve sorting the data gathered into categories based on prior research and theoretical perspectives (DiCicco-Bloom and Crabtree, 2006). In order to identify a thematic framework, all key issues, concepts and themes will be identified (Pope, Ziebland and Mays, 2000). Once the data is sorted, based on categories identified in the theoretical frame of reference chapter, it will be compared to the literature to see how the information gathered in the case relates to the proposed model.

Since the proposed model at the end of chapter 2 is based solely on literature, it will be important to use an iterative process, going back and forth between the literature and the interview data in order to see how the model reflects the case, or if improvements are necessary. Once the first interviews are conducted and analyzed, the process will go back to secondary literature to see if further theory needs to be gathered to properly understand the case. Follow-up interviews will then be conducted. Once all data is collected and sorted into the appropriate categories, it will be compared with the literature. This process will involve examining if the case is representative of the theories presented, and looking for areas where the case may reflect gaps in literature that need to be further examined. Once the case study is fully analyzed and compared with the literature, the model will be examined to see if improvements can be made based on the insights gained from the case. A final model will be developed and proposed based on both the literature and the case, reflecting both theory and the case study.

3.4 Reflections of Method Choices

Having open access to all company information, the case study will provide a very detailed account of the situation at HD and a thorough analysis of the need for resources. Using a single company case study however, and only focusing on the situation at HD, will limit the ability to generalize the overall conclusions made about the effectiveness and usefulness of the model. A similar generalization issue will also arise, due to the choice to use a qualitative analysis. The research will be reflective of the thoughts and opinions of a few key decisions makers, however it will be important to consider that perhaps their reflections will not be representative of all those at HD. Since the chosen respondents will be the key decisions makers regarding resources for the new project however, analyzing their thoughts and opinions will be most effective for the purpose of this paper. Although the overall conclusions may not be fully applicable to all companies, the case study will provide a useful starting point to analyze the effectiveness of the proposed model.

Chapter 4: Presentation of Results

4.1 Background of the Helsingborgs Dagblad

Based in Helsingborg Sweden, HD is a media company providing residents in Northwest Scania with local news. The company is owned by the Sommelius family and the Ander family, each maintaining fifty percent ownership. Started in the 1800s, HD has become one of the most profitable newspaper companies in Sweden (Bodelsson, 2011).

Traditionally, the company has offered printed news, through four different newspapers; Helsingborgs Dagblad (HD), Nordvästra Skånes Tidningar (NST), Landskrona Posten (LP) and City. HD, NST and LP are their three paid newspapers focusing on the local stories of their respective distribution areas. The fourth paper, City, is a smaller, free newspaper produced in collaboration with Sydsvenskan (another major newspaper company, based in Malmö). Although these four papers have proved to be extremely profitable, HD has launched a number of new projects in the past few years in order to increase the scope of the business (Bodelsson, 2011).

Following the move of many companies towards a digital format, HD launched an Internet site (hd.se) in 1995 making it the first newspaper site in Sweden, allowing HD customers to view content online (Rosenlöf, 2011). In 2010, HD was also the first company in Sweden to launch an iPad version of the newspaper, where customers are able to view a digital version of the full daily printed paper (Nybom, 2011). More recently, with the growing popularity of smart phones, HD has also introduced a number of mobile applications (Meijer, 2011). The most recent expansion for the company has been the start of a T.V. channel, 24HD. The channel was started in 2011, and simply loops a 20-minute segment of news, advertisements and short shows throughout the course of the day. Keeping with the same target audience as the printed-paper, 24HD focuses on very local news stories from within the middle and northeast of Skåne. To complement this new offering, an additional section was also added to the hd.se website, called 24HD Play, where customers can view the content of 24HD online (Ekdahl, 2011).

In addressing which direction to head in for the future, HD has made plans to launch a new project aimed at improving their online offerings, and distinguishing the hd.se website from other newspapers. The idea is to update the website, and within it create an online e-commerce marketplace connecting advertisers to customers.

4.2 Details of the E-commerce Project

The aim of the new e-commerce project is to create the "regions largest mall where advertisers can not only market, but also sell their products, and consumers can purchase items from local Skåne stores" (Nybom, 2012). HD plans to provide advertisers the ability to sell their products and services over the Internet, directly on the hd.se website. Consumers will be able to access a virtual mall with offerings from a variety of different stores. The consumers will essentially be buying directly from the store, however the transaction will pass through the HD system and then be passed on to the retailer. There will also be a segment for advertisers to offer deals. For the deals section, the consumers will not be buying the product/service from the website, but instead be buying a coupon (discount for the product or service) from the HD website,

which they can them redeem in store (Nybom, 2012). Although the project has not yet been launched, the majority of necessary decisions for implementing the project have already been made.

4.3 Change at HD

"Change has been an ongoing topic within HD for the past few years, and the company has been working hard to embrace change within the company culture" (Bodelsson, 2012). When the owners were looking to recruit a new managing director for the company a year ago, when they hired Pontus Bodelsson, they were looking for someone who had been working with the traditional business model in media and trying to change that into something new. The need for change came from the top management of the company. When Lars Svensson, the former managing director, decided to leave, he asked himself and the management of the company what HD will need for the next 10 years and the answer they decided on was change. Once the new managing director, Pontus Bodelsson, was hired, the change process began. Pontus used his first four to five months at the company to do a situation analysis and then presented it to everyone at the company, and to the board. "This was the point where the board started to realize that the company would be in trouble if changes were not made" (Bodelsson, 2012).

Pontus' first goal as managing director was to ensure that everyone at the company, particularly the board, was very aware of the need for change. In order to do so, the situational analysis was used to first analyze what position the company was in, so that decisions could then be made regarding how the company could change. Once the presentation was made, and the board understood the necessity for change in the company, they gave Pontus the task to come up with an interesting vision for the company. In order to begin this process, he began with a team that was composed not of top management, but instead a group of people where some came from top management and some came from different parts of the company. This was a way for him to "get the best people for the job, and also to illustrate to the company that the need for change was the most important thing of all" (Bodelsson, 2012). In order to change, HD couldn't just stick to traditional way of organizing the company, which is why Pontus picked people from other places than solely top management. This team then worked during a couple of months, and presented a proposal of the e-commerce project to the board. Throughout the entire process, Pontus placed a high degree of importance on being very open and describing the process to all HD employees. In December 2011, when HD finally decided where to go for the future, the process was stopped because of the poor economic situation at the time. The board made the decision that HD would need to make sure the economy was in some sort of balance before the company could decide anything about new products (Bodelsson, 2012).

From that time Pontus was given the task of putting together two things; a cost saving program, and to make a specific outlined plan for the e-commerce project, which had been presented earlier. "Although the economy has not yet stabilized, the board is realizing that newspaper companies and media companies are having problems. The business model of these companies is shaking, and that is the business model of serving two groups, end consumers by news, and the advertisers" (Bodelsson, 2012). Now that the board realizes the problem, and the urgency to remedy it, HD is eager to start something new as long as a cost saving program can be implemented simultaneously (Bodelsson, 2012).

Looking at a less focused perspective, overall there is a high degree of awareness regarding the need for change, and the need to find new businesses within the company. Currently there is a "structural change in media, where the consumption of media is rapidly changing" (Nybom, 2012). This is a change that everyone in the industry is aware of, and therefore HD is actively trying to find new ways of doing business in order to avoid the potentially detrimental effects of this shift in consumption. "The company categorizes its offerings as core products, brand extensions, and new businesses. In addressing the structural changes in media, and the shifts in consumption, HD is currently looking into the new businesses section and how it can make money from new businesses" (Nybom, 2012). The idea of the e-commerce marketplace is one way that HD believes they can achieve this. This new way of doing business has caused a paradigm shift however, which is tough since it is something totally new and requires a shift in attitudes. "It is a mental shift in employees, and therefore is going to take a long time" (Nybom, 2012). People are used to their existing knowledge base, and are now being required to shift to something completely new, which is going to be a long process, looping between clarity and confusion (Nybom, 2012).

With change and culture tied very closely together, it is important to understand and consider the cultural changes taking place at HD. "Since the year 2001-2002 it could be said that the employees, the leaders, and perhaps also the owners, have believed that HD has been focused on doing new things and trying new business models. At the same time however, during those years and in some cases still, they are very eager to point out that although new business is interesting and the company must focus on that, HD must not forget about the printed paper, which has been, and continues to be, the cash cow" (Bodelsson, 2012). Although employees believe that HD is in the forefront of newspapers in Sweden when it comes to changing business models, they are eager to point out that the company must not focus too much on new business, since all of the money comes from the printed newspaper. If HD is going to be successful into the future, the company will have to try to create a company wide understanding and feeling that HD is actually changing focus from just selling things (advertising space and news), to being more of a consultant and delivering value throughout the entire process for both the advertisers and the end consumers. Although the printed paper is still extremely important, the new e-commerce project is something totally new and will be a true test of the companies willingness to embrace change (Bodelsson, 2012).

4.4 Existing and New Business Models

4.4.1 Existing Business Model for the Printed Newspaper

The business model for the printed newspaper is a multi-income business model where there is value added for both the advertisers and the end customers, and therefore HD receives income from both. "The paper can be understood as a platform for connecting readers and advertisers" (Nybom, 2012), where HD acts as the interface offering an audience to advertisers and news the to end customers (Bodelsson, 2012).

Although it is believed within the company that HD focuses on new businesses, in the past, the company has not actually focused on a new business model. "Looking in depth at the projects which have been launched in the past three or four years, the website, Smartphone applications, T.V. channel, etc., it can be said that the business model

hasn't fundamentally from that of the printed paper" (Bodelsson, 2012). In looking at what these various projects have offered, HD hasn't been doing business in a new way, instead the company has just been adding more media channels, meaning that in terms of business models little has actually changed (Bodelsson, 2012).

Looking at how HD has been making money from advertisers in this business model, the company has been simply charging for space in the newspaper. Much the same as renting real estate, the advertisers have been paying for space in the paper where they can then place their advertisements. Looking at the new media channels, which have been launched over the past few years, the income strategy has been the same. The advertisers have been paying for advertising space in the various mediums, and once the advertisement has been placed, HD has had no connection to the success of the ad, or the sales made because of it (Nybom, 2012).

4.4.2 New Business Model for the E-commerce Marketplace

Since the business models from what HD offers hasn't changed considerably in the past, the e-commerce marketplace will be the first project where HD is really offering something different, and there will be a fundamental change to the business model. Although HD will still be connecting advertisers with consumers, HD will not only be a medium this time, but will also be involved in the interactions between the customers and the advertisers. "As well as offering news to end customers and an audience to advertisers, like HD has done in the past, the company will now also be delivering offers and relations" (Nybom, 2012). The offers given to the end customers will create higher value for them, and will be a major difference in the new business model. Where in the old model, HD used to deliver value through offering news, in the new model HD will focus on delivering value through it's offers and deals, although the customers will still have access to the news. In terms of relations, the company will now be offering the ability to actually purchase products and services through the hd.se website, linking HD to the entire purchasing process. HD will therefore have to work much closer with the advertisers to ensure a smooth sale, and create a much closer relationship to each advertiser in order to actively take part in their success (Bodelsson, 2012).

Another major difference between the old business model and the new model is how HD will be charging the advertisers. "With the new e-commerce project, instead of paying for space, the advertisers will be paying for their revenues" (Nybom, 2012). Since HD will be taking a percentage of each sale, HD's income from the marketplace will be dependent on the success of the advertisers sales, which is an income strategy HD hasn't used in the past (Nybom, 2012).

4.4.3 Relation Between the Old and New Business Model

Although HD will be partaking in product development that is outside of the company's regular business area, since e-commerce is not a typical media product, there will be areas of the business model which will be the same as the traditional offerings. HD will still be offering a platform for customers and advertisers to interact, however the company will be adding extra value to the advertisers through allowing them to actually sell their products, and will be adding extra value to the end customers by offering the ability to not only view deals, but to also purchase items directly through HD (Nybom, 2012).

The business model for the e-commerce project will be new however in the sense that HD will be selling products, which the company hasn't done in the past. Although e-commerce is a new area, HD will be using their current businesses as the strongest selling point to attract advertisers to the new offering. Their media background will distinguish HD from other e-commerce platforms since HD will be able to guarantee an audience to the e-commerce site. Due to their existing businesses, HD has been able to create a loyal customer base, and traffic to their existing hd.se website, which will be a way for HD to convince advertisers to use their e-commerce site over others (Nybom, 2012).

4.4.4 What the New Business Models Implies in Terms of Processes

Although the e-commerce project will have a different business model, a lot of the processes will be the same. "A major difference is that HD will have to work much closer with the advertisers, since the company will have to ensure that the advertisers are selling products" (Nybom, 2012). This will be necessary in order for HD to gain income, and to ensure the advertisers continued use of the service. HD will have to go to the advertisers and educate them on the e-commerce offering, support them in the process, and help them to sell products, making suggestions of things to do to increase sales (Nybom, 2012).

In order to effectively have this kind of relationship, HD will have to organize itself in another way. The company will not be able to retain knowledge inside HD and believe that putting up the store will be enough. "HD will need help the advertisers and in a sense become consultants, helping them to maximize their income, which will be a totally new way of interacting with the advertisers" (Bodelsson, 2012). Probably the biggest change in process will be that HD will not only be delivering something (space) to the advertiser and then being done, but instead having the offer be just the beginning of HD's involvement. The relationship with the advertisers will have to be deeper. Traditionally HD has been a media company, however in order to effectively launch this new project, HD will need to act more like a consultancy firm regarding e-commerce (Bodelsson, 2012). In order to form these close advertiser relationships, HD will have to create an open information-sharing atmosphere. The company will need to make contracts so that they can have open books with each advertiser. Currently HD will be able to track sales from within their own system, however in order for the company to successfully work closer with the advertisers, and guarantee them sales, HD will need access to all information so they can see what products are not selling well, and help the advertisers to be more successful. HD will have to become almost a part of each advertisers company, and also on the other end, HD will have to be very open with their own figures showing the advertisers exactly what HD is doing, if it is working, and what needs to be changed or improved (Nybom, 2012).

The company will also have to form a close relationship with the end customers. Delivering value through news is something that HD has perfected through the years, however the company will now be delivering value through both news, and offers. The company will therefore need to be better at listening and interacting with end customers, and making sure that they are happy with their relationship with HD (Bodelsson, 2012).

4.5 Resources

4.5.1 Necessary Resources for New Business Model

In order to properly implement and launch the new e-commerce project, HD will need new resources in people, knowledge, and competences. "Since HD is quite a lean organization right now with little slack, in terms of current employees having extra time to work on new projects, there needs to be more people in order to complete all the necessary work" (Nybom, 2012). In particular, there needs to be more technological development people, since the project will be completely digital (Nybom, 2012). Regarding knowledge and competence, although the two terms are often used interchangeably, there is a difference in meaning. Knowledge is something that can be learned, and competence is knowledge plus experience. Although similar, competence is greater and more valuable than knowledge since it contains the added element of experience (Bodelsson, 2012). For the new e-commerce project, HD will need more technical knowledge, and more e-commerce knowledge and competence. Since online e-commerce is something completely new for the company, there is little existing knowledge about it and therefore a strong knowledge base will need to be built up, and hopefully competences can be acquired (Nybom, 2012).

If HD is successful in creating the regions largest mall, and has as many e-commerce shops as it hopes, there will be a need to be able to educate advertisers on how to maximize the turnover from the shops. Again, this will require a need for people who are knowledgeable about e-commerce, and HD's particular project, so they can fulfill this educational role (Bodelsson, 2012).

Looking at the specific project plan, HD has outlined the exact roles that will need to be filled in order to launch this project. These include project leaders, , technical development people, business developers/ product responsible, a data mining specialist who can analyze end consumer behavior on the e-commerce page so that HD can offer more niched marketing to the advertisers (Bodelsson, 2012), sales people to make sure there are enough advertisers to launch the shop, and a group dedicated to education and customer support who will also work as a sales crew. Overall the project will require 14 people in year 1, with a variety of different requirements in terms of knowledge and competences (Nybom, 2012).

In terms of physical resources, HD will simply use current resources and exploit the material they already have. Besides new people and knowledge, the only required new resource is the actual e-commerce platform. Since HD hopes the launch the project quickly, people are the most important resources to consider, and money is less important. Due to the success of existing offerings, HD has financial resources within the company; therefore getting money for the new project is not a problem. Although this may seem contradictory to the above explanation of organizational change where the need to implement a cost saving program was highlighted, the two issues are considered quite separate. Since HD has been quite successful for the past 10 years, a wealth of profit has been accumulated and therefore there are financial resources within the company, which can be allocated to new projects. Looking forward however, HD realizes the poor economic situation for newspapers, and therefore the cost saving program is being implemented as a precautionary measure to prevent losing money in the future (Bodelsson, 2012).

Although this project will require added finances and resources, for longer-term projects, more internal resources could potentially be used in an attempt to lower costs. The fast pace of the project therefore has an impact on the consideration of what resources are needed. If HD was willing to wait three years, for example, to launch the e-commerce marketplace, then many more existing resources and internal people could be used. In terms of technical developers, if time were not an issue, HD could use their current staff which in turn would lower costs, however due to the fast pace of the project added resources are necessary (Nybom, 2012).

4.5.2 Potential Sources for Resources

When looking at the necessary resources for the new project, HD considers two possible sources. The first source is that the resources come internally from inside the company, and the second option is that HD brings in resources externally from outside the company to fulfill the particular needs. For those people that are brought in externally, HD will have the option to either hire them permanently, or based on a contract. Being a lean organization, if HD takes resources, mainly people, internally and places them in a position relating to the new project, the company will then need to fill that persons original position with someone new. This means "even if internal people are allocated to the project, HD will need to hire externally to then fill their previous role, since the company currently has too few employees for people to fulfill two positions simultaneously (Nybom, 2012). In a sense, even if HD uses internal people, a domino effect will be caused where at the end of the row HD will still be hiring someone external, although potentially not for the new project (Nybom, 2012).

Although for majority of the resources HD considers two options regarding sources, there is one area where HD recognizes a third option, and that is for the specific development of the e-commerce platform. For this, HD can either develop it internally, hire people from outside the company to build and develop it and then HD buys it, or HD can partner with an outside company who offers e-commerce platforms to a number of other websites. In looking at an external partner, there are certain requirements that would be necessary for the partner to have. It would be important that they provide a quality and state of the art solution, since HD doesn't have to capability to stay up to date enough themselves to continually create and update a state of the art platform. It is also very important that the solution is also open, meaning that it is compatible with a variety of systems and will be easy for HD to connect to their other services. Lastly, HD will look for a provider who is not too expensive, although the other criteria are most important, and funding is more flexible (Nybom, 2012).

4.5.3 Where the Specific Resources for the E-commerce Project Will Come From

"Since the nature of the new project is outside of what a typical media company usually offers, HD will strongly benefit from external people who have previous experience with e-commerce" (Nybom, 2012). Being a completely new concept for HD, the company plans to bring in external people from outside the company who are currently working in e-commerce, and therefore can bring with them a wealth of knowledge and competence on the topic (Nybom, 2012).

Although HD will need to look externally at hiring new people for specific e-commerce knowledge and competences, internal people will also be used for some aspects. The project manager, Tina Nybom, for example was chosen internally from within the company and has been educated on e-commerce in order to effectively fulfill her role. As well, for the redesign of the website, HD has qualified people internally in the company who can fulfill this role. HD is aware of what the company would like to do, and how to do it, however since the organization is so lean there needs to be more people in order to accomplish the goals. Although internal people will be used for some of this technical development, external people will also need to be hired in order to keep the pace and develop all the necessary aspects within a reasonable time frame (Nybom, 2012).

Since HD has decided that it is more beneficial to use internal people where their existing knowledge already fits, and hire externally when new knowledge is required, the decisions that are made regarding the allocation of people to the new project from internally or externally will therefore determine if the knowledge and competencies are internal or external. For the specific jobs which HD has outlined as necessary for the new project, as outlined in chapter 4.5.1, decisions have been made regarding if these roles will be filled with internal or external employees. This can be seen in the chart below, which also shows if the people will be hired on contract, or permanently (Nybom, 2012).

Position	Number of People in Total	Number of Internal People	Number of External People	Contract of Permanent
Project Leaders (year 1)	2	2		Permanent
Technical Developers - (year 1)	7	3	4	3 Permanent 4 Contract
Business developers/ product managers	2		2	Permanent
Data Mining Specialist	1 (year 2)		1 (year 2)	Permanent
Sales People	2		2	Permanent
Customer Support/ Sales	1 in year 1 5 in year 2+		1 in year 1 5 in year 2+	Permanent
Total year 1	**14**	**5**	**9**	
Total year 2	**10**		**10**	

As the chart shows, many of the external people, technical developers, who will be hired will be brought into HD on a contract. After the project is launched and implemented, it will be kept within the company. "For the first year almost all the required people will be external, however after that point HD will use internal employees to administer it" (Nybom, 2012).

In terms of specific development of the actual e-commerce platform, this process will require technological knowledge regarding how to build this type of system, which is knowledge that HD does not currently have. This part of the project will therefore need to come externally from outside the company. One option is that HD uses a supplier, and will in a sense partner with the company, so that the supplier will own the platform and supply the service to HD, but HD will own the concept/idea. If HD uses this option, there will be a standard system and the supplier will handle all the support, servers, and technical aspects and the entire platform will be connected to HD. One advantage to

this is that the development of the e-commerce platform won't depend on HD, but instead will depend on the whole e-commerce business. Since the supplier will have a number of other customers, who will also place demands on the supplier, these requests will be combined to continually push forward the overall development process (Nybom, 2012). The second advantage is that this option requires less risk on the company's behalf, since HD will be in a sense renting the solution from a supplier, instead of initially investing a much larger sum of money to fully buy the system (Bodelsson, 2012). The second option is that HD can hire someone to develop the e-commerce platform and then buy the technical system so that the company would completely own it, instead of only owning the concept. Although there is more risk involved in this option, the advantage is that it gives HD the option to then roll it out to other companies, giving HD an opportunity to earn some money off of it. "The only way for HD to ensure the opportunity to be able to sell the system to other companies is for them to actually buy the technical system instead of partnering with a supplier" (Bodelsson, 2012). Although the two options have been clearly outlined, a decision has not yet been made regarding which option HD will actually choose (Bodelsson, 2012).

4.5.4 How Decisions Regarding Sources of Resources are Made

In looking at how the decisions are made, a number of different factors need to be considered. In terms of who makes the decisions, although Pontus Bodelsson, managing director, has the final say, Tina Nybom, project leader, also has a high degree of authority. Since she is the most informed on the project, and the one who is fully dedicating her time to it, Pontus has given her permission to use whichever resources are necessary. Since HD considers the e-commerce project to be the most important thing at the company right now, Pontus has made it clear that Tina can come to him with any resource requests and he will ensure she has all the people and tools she needs. Keeping in mind the importance of Pontus and Tina's roles in the overall decision making processes regarding resources for the new project, the larger overall decisions are made within a group of top management members at HD which includes the two of them (Bodelsson, 2012).

The entire process is discussed within top management and decisions are made throughout the process as various ideas are presented. The whole top management team is highly involved, and since all ideas are discussed as a group, the views of each member are usually quite similar. HD places a high degree of importance on making sure that decisions are well based with everyone before they move forward. If someone has a problem, or disagrees with an idea, it is worked through before the project moves forward, in order to make sure everyone is in agreement. If overall agreement is not possible, and some people disagree with a particular decision, although the decision may move forward it is taken into consideration that some people disagree to ensure that their opinions are still taken into consideration. "Much the same as with many Swedish companies, HD places importance on having a consensus before decisions are made, and due to this there tends to be a low degree of conflict within the company" (Nybom, 2012).

In terms of how the decisions are made, HD first decides what people they need, the number of people, and the competences and knowledge that are necessary. Once that has been decided, top management then analyzes if they have that within the company or if they need to look externally. Top management will decide if they can take from

current positions, and pinpoint who they think would benefit the project. Once a particular person is chosen, it is then decided if it would be okay to remove that person from their current position. This decision is based on if it would be best to shift them to the new project, and then fill their current position, or if it would be best to keep them in their current position and fill the new position with someone else (Nybom, 2012).

There are certain people or things in the company that new projects simply can't steal from however. "In some places in the company, HD believes that it simply shouldn't rock the boat. There are some positions where people, or other resources, are delivering value every day and they are disturbed too much it will cause problems in both the short term and the long term" (Bodelsson, 2012). There are people in other positions however, for example those in project leadership positions who are working on projects from 2 months to 1 year, who are perfect for new projects, like the e-commerce project, because they are working with the reality of the company at the current moment and often have a very good view of long term challenges, and strategic challenges. For those employees who work with very short deadlines, and projects needing to be delivered within a week or two, it is often hard for them to make time for big new projects, and to look forward into the future, and therefore they are not ideal candidates for new projects such as the e-commerce one (Bodelsson, 2012).

HD must also look at how the source of the resources will affect the success and acceptance of the project. When looking for a project manager, Pontus was faced with the decision of hiring someone external to the company, or looking internally at someone who currently worked at HD. Although in other companies he has brought in an external project manager, when it came to HD and his newness to the company, he decided that a project being planned from inside the company would be more successful. "If there was a risk that the project would not be considered invented at HD, if it was thought that the idea came from the external project manager, there is a risk that people would be skeptical and conclude that the new idea would not work at HD" (Bodelsson, 2012). If an internal employee, such as Tina however, who is respected within the company, believes in the idea, is committed to it, and is the leader, the likelihood of having others accept the new project is much higher (Bodelsson, 2012).

Keeping these decisions in mind however, HD feels there needs to be a mixture of both internal and external employees to produce the best results. If HD uses only internal people, the new project will end up being just like what HD has done in the past, therefore there is also a need for people from outside the company in order to make sure the group can create something totally new. "The best one to be the project leader and to go in the front with the flag should be someone from inside, but getting others from outside a bit behind the leader would be great" (Bodelsson, 2012).

In terms of the overall process, in order for HD to make decisions about where the resources will come from, the company first analyzes what is needed for the new project, and outlines what the company already has. Then based on this knowledge it is decided if it is possible to just buy education and build up knowledge and competence within existing people, or if HD needs to bring in new external people. The preference is to use internal resources, however since HD is so lean as described above, even if internal people are allocated to the new project, HD will still need to look externally to fill their current position (Nybom, 2012).

Chapter 5: Analysis and Discussion

Having outlined the current situation at HD, a number of connections can be made to literature, and it seems the company provides a useful case for the purpose of examining how firms address the need for resources. Due to the current state of the new e-commerce project, where important decisions are still being made, the topic is of great relevance making it a useful example for testing the applicability of the proposed model.

5.1 Organizational Change

Looking at the background of HD, and the broad organizational view, it is clear that change has been an important issue for the company in recent years. With all the new introductions in the recent past it seems HD has been committed to keeping up, and leading, market changes (Bodelsson, 2012). It is clear that strong efforts are being made to create new opportunities for the company, although the printed paper has remained of primary importance (Bodelsson, 2012). With the launch of the new e-commerce project, the company is responding to the changing market conditions, mainly the change in consumption and falling subscription rates, and attempting to develop new profitable opportunities (Nybom, 2012). Looking at Barney, Wright and Ketchen's (2001), theory of organization change, the importance of a firm's ability to be nimble in a rapidly changing environment, and alert to changes in market conditions is clearly highlighted. Firm's who embody this will be better able to adapt to changes in market conditions, and create a competitive advantage for themselves (Barney, Wright, and Ketchen, 2001). Comparing this to HD, and looking at the pace of new product introductions in the past, it seems that the company has been able to adapt quite quickly to changing market demands, for example being the first newspaper company in Sweden to offer customers the ability to view news online (Rosenlöf, 2011). With the current business model being quite saturated however, HD is actively trying to look at new businesses, and the e-commerce project is a clear example of the company's dedication to change in the future.

Although the ability to adapt to changes has been an area of strength for HD, as St-Amour (2001) outlines, there are a number of potential negative consequences associated with change, mainly employee resistance. Since effective implementation requires employee acceptance of the change, it is important to be aware of the potential negative effects in order to prevent them. This ties together with Galpin's (1996) ideas about organizational change and corporate culture, and the importance of having a connection between the two. In order to minimize the negative effects he proposes that the change needs to be embedded into the culture of the firm, outlining how making the changes important to employees, and getting them to accept and embrace the change, as the most effective way of doing so (Galpin, 1996). Relating this to the case at HD, it can clearly be seen how there have been strong efforts made to include all employees throughout the entire process, and to create a company wide acceptance of change. This is illustrated throughout the entire process, beginning with Pontus' situational analysis, which was used as a way to convince the board, and other members, of the need for change (Bodelsson, 2012). In looking at how he organized the first team, who came up with the vision for the future and the e-commerce idea, it is interesting to see how he composed the team not solely from top management, but from a variety of people in different positions. This was done to not only get the best people, but to illustrate his commitment to change in all aspects of the process (Bodelsson, 2012). As well, creating a process that does not solely involve top management gives employees a

sense of equal power since the company is not employing only a top-down approach, and is a way to help promote acceptance of the changes. Although Pontus is taking big steps towards creating a culture of change, the hesitance throughout the company is highlighted. This is represented in the board's continued hesitance to moving forward with the e-commerce project, and the continued emphasis on the need to still focus on the printed paper (Bodelsson, 2012). Although the project has been given permission to move forward, it seems that the launch of the e-commerce marketplace will be a true test of if the company is ready to embrace real change.

Although HD may not use the term ambidextrous organization when classifying themselves, the term is frequently discussed throughout literature relating to organizational change (March, 1991; O'Reilly and Tushman, 2011), and looking at the case, it can be seen that HD embodies this quality. Pontus discusses the necessary focus on change, as well as the importance of not forgetting about the printed-paper, which is currently the cash cow (Bodelsson, 2012). It is clear that HD is putting a high degree of attention on both exploiting their existing offerings, especially the printed paper, but also in exploring new businesses through the development of the e-commerce marketplace project. HD realizes that the company will need both existing and new business to succeed into the future, which is very much in line with O'Reilly and Tushman's (2004) explanation of the importance of simultaneously engaging in both exploration and exploitation.

Looking more specifically at HD's organizational capacity for change (OCC), as outlined by Judge and Blocker (2008), it seems OCC is a capability the company desires, and would like to embrace, however may need to work towards improving. The acceptance and realization of the need for change seems to be relatively recent within the company, and therefore there are still many obstacles that need to be faced. Although the company may work towards improving their OCC, looking at the three propositions, which Judge and Blocker (2008) make, it seems that HD does have a certain degree of this capability already. Their first proposition outlines the difference between recognizing the necessity of change and successfully implementing it (Judge and Blocker, 2008). Since HD has clearly identified the need for change, and is putting forth a strong effort to implement a major business model change, and OCC is considered a distinguishing factor between firms who simply realize change and those who implement it, it seems that HD illustrates a level of OCC in this area. The second proposition states that the relationship between OCC and organizational change will be stronger when environmental uncertainty is high (Judge and Blocker, 2008). This can definitely be demonstrated through the case example, since the change at HD has been brought about by market changes in the external environment (Nybom, 2012), which has created a situation where HD sees no other option, but to embrace change and explore new businesses. The third, and final, proposition states the relationship between OCC and strategic ambidexterity will be stronger when there is a higher degree of organizational slack (Judge and Blocker, 2008). This is one area where HD is facing difficulty. As stated in the case, HD has extremely little slack resources within the company, which makes it harder to implement changes since excess resources will be needed. This is not unique to HD however, as many companies have had to become more lean in recent years due to pressure to become more efficient and reduce waste (Judge and Blocker, 2008). Although this is realized as a barrier for HD, it is one that the company is working to overcome and will not deter them from implementing the new project. Overall, it seems that HD has the capability of organizational capacity for change, however there are areas such as organizational slack where it could be improved.

It seems that overall HD has a good grasp on the need for change, and the necessary things to successfully implement it. The company has successfully demonstrated the ability to simultaneously explore and exploit, through launching various products while still maintaining a very profitable printed paper. Through looking at the case, it is evident that HD realizes the need for change, the potential negative consequences, and what needs to be done in order to successfully implement it.

5.2 Business Model Development/Change

Examining how HD has outlined the business models for both their existing offerings, and the new e-commerce project, it is evident that the company understands the importance of having a clear understanding of the business model for both exploration and exploitation (O'Reilly and Tushman, 2011; Smith, Binns and Tushman, 2010). Contrary to Smith, Binns and Tushman (2010) who propose an overreaching business model capturing the business of the entire organization, it seems that HD has created separate business models for the two projects, however parts of the old business model have been used in the development of the new one. This is very much in line with O'Reilly and Tushman (2010) who highlight the need for aligning different business models for exploration and exploitation.

Looking specifically at business model frameworks, it seems that HD defines the business model more generally than most of the literature, and doesn't necessarily have a specific structure, with predefined components. Looking at their depictions of the two models however, it seems that HD's understanding is most in line with the business model development theory as outlined by Johnson, Christensen and Kagerman (2008). Although the exact categories are not explicitly stated, the areas that are emphasized are quite similar to those outlined by Johnson, Christensen and Kagerman (2008). In both the old and new model HD puts a large emphasis on the value they are offering for both the customers and the advertiser, which is in line with the customer value proposition (Johnson, Christensen and Kagerman, 2008). In the old model HD was simply providing an audience for the advertisers, and news to the readers. That value is changing in the new model however, since HD will be adding value to the advertisers through the added relations and the ability to sell products and offer discounts online, and the end customers will be receiving added value through the offers and discounts they will have access to (Nybom, 2012). In terms of processes (Johnson, Christensen and Kagerman, 2008), although it is described quite generally, in the old model HD simply acted as the interface between the advertisers and customers, however in the new model HD will have an active role in the purchasing process (Nybom, 2012). As highlighted in the case, this will create the need for a much closer relationship to both the advertisers and the end customers (Bodelsson, 2012). Although resources (Johnson, Christensen and Kagerman, 2008) are not explicitly discussed in the examination of the business models, the need for resources for the new model is discussed in depth throughout the case, illustrating the importance of this component to the company. Lastly, a high degree of emphasis is put on the shift in how HD will be making money from the new business model in comparison to the old model. Instead of charging for space to place advertisements, since HD will now have a more active role in the actual sale, the company will earn money from a percentage of each sale (Nybom, 2012). This is a change in the profit formula as outlined by Johnson, Christensen and Kagerman (2008). Although a number of these areas are also in line with various aspects of Morris, Shindehutte and Allen's (2003) theory (ex: customer value proposition

correlates to their components of "how do we create value?" and "who do we create value for?"), their explanation is much more in depth and specific, and it seems that HD embraces a more general and overall focus.

In describing the relation between the old and new models, although aspects of both will remain the same, it is clear there are major changes that will be necessary. There will be significant value added, as well as substantial changes to the processes and profit formula. With necessary changes to a number of key areas of the business model, it is evident that business model change is necessary (Johnson, Christensen and Kagerman, 2008), and HD has clearly highlighted this in their explanation of the old and new models.

5.3 Resources

Throughout literature the importance of resources as part of the business model is consistently outlined (Johnson, Christensen and Kagerman, 2008; Morris, Shindehutte and Allen, 2003; Hedman and Kalling, 2003; Shumpeter, 1936; Hamel, 2001; Petrovic, Kittl and Teksten, 2001; Rayport and Jaworski, 2001; Betz , 2002), and taken out of the context of the business model, the effective configuration of resources is highlighted as a necessity to create competitive advantage (Slywotsky,1996; Barney, 1991; Andersén, 2010). Although these theories contain variations in the definition and categorization of resources, overall throughout literature the different categories of resources tend to be outlined quite specifically and include a large number of different components. For example, Barney (1991) groups resources into three categories, physical capital resources, human capital resources, and organizational capital resources, where each category is further broken down into the specific resources included. As an area of high importance for the success of the new project, HD has thoroughly outlined the necessary resources for the implementation of the e-commerce project, however looking at how HD categories resources, it seems that the breakdown is much less complex.

Looking at the resources that are considered necessary for the new project, the only three things mentioned are people, knowledge and competence (Nybom, 2012; Bodelsson, 2012), which relates to Greene, Brush and Hart's (1999) category of human capital. It is not to be assumed that HD doesn't make considerations regarding other resources however. Since the company already has a wealth of resources at their disposal due to their current operations, these other resource classes are simply not considered due to the fact that HD has easy access to them. This means it is not an obstacle for the company to acquire these, and there is no real need for new resources in these areas. For example, as stated in the case, acquiring finances for the project (Bodelsson, 2012) and physical resources such as equipment (Nybom, 2012), is not an issue since HD already posses these things. This represents the ideas presented by Greene, Brush and Hart (1999) in their theory of the corporate venture champion (CVC). In their article they analyze the differences in resource decisions for a corporate entrepreneur versus and independent entrepreneur. Since the new e-commerce project will be created within HD, an existing business, the project is considered to be a corporate venture, and HD can benefit from the existing resources used for the printed paper, and other offerings.

One area where the ability to use and exploit existing resources is consistently highlighted throughout the case is in the market/customer intelligence resource class. Throughout their theory, Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) make a

strong argument for the inclusion of "market/customer intelligence" as it's own resource class, and although it is not necessarily outlined in other literature, the importance of this category is highlighted throughout the HD case. "Market/customer intelligence" refers to a firm's knowledge of customers and markets, and looking at HD, although there is no new need for this resource, since it something the company has already built up, this will perhaps be the company's strongest resource in launching this new project. Since the new e-commerce business model is something completely new for the company, HD will have to put forth a strong effort to utilize their existing knowledge of advertisers and customers in the area, as well as their strong relationships, to attract clients to the e-commerce platform (Nybom, 2012).

Looking at the different sources of resources, a number of theories apply. Since HD is looking mostly at human capital (Greene, Brush and Hart, 1999) the sources for these resources relate very strongly to theory of the corporate venture champion (CVC). The CVC team at HD is composed largely of top management, and therefore people who are rich in management experience, however have less technical and industry experience (Greene, Brush and Hart, 1999). Since these are two things that HD feels necessary for the project, it will be important to acquire technical and industry knowledge and competence from outside the company. Since the knowledge and competence of the individuals in the current team have developed in the context of the company, a common phenomenon which Greene, Brush and Hart (1999) outline, another reason for acquiring external resources is made. Since the goal of the project is to create something entirely new, it will be important for HD to bring in outside people, who will be able to provide a new view of the situation, and create something different from the company's current offerings.

Outlining these options, it seems that for most of the necessary resources there are only two options regarding sources for HD, which are either to use existing resources from inside the company, or to acquire external resources to be brought into the company and fulfill a resource need. These two options are representative of the potential sources of resources outlined by Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) in their theory of exploration and exploitation across resource classes. Although the article looks at the overall concept of ambidexterity, they provide a much more focused view of exploration and exploitation, looking at the degree to which a firm engages in exploration and exploitation within each resource class. A firm's use of existing resources within a specific resource class would therefore be considered exploitation within that class, and acquisition of external resources would be labeled exploration. Although the resource classes proposed in their model differ from the resources considered by HD, the potential sources are the same. In the article the three resource classes that Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) propose are market/customer intelligence, brands/bonds, and technology/processes. These resource classes differ from the necessary resources considered at HD for this new project, which are people, knowledge and competence. The categories proposed by Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) are perhaps applicable to the company, however since HD already posses them they are not relevant when looking at the need for resources for this particular new project. Although the resources that are considered are different, in both cases the potential sources are internal or external, meaning the overall analysis still applies.

Another important connection is the importance of having a balance between exploration and exploitation within resource classes, which is highlighted in both the article and the

HD cases. Regarding the three resources that are necessary for the new e-commerce project, people, knowledge, and competence, HD has highlighted the importance of having a mixture within each from both internal and external sources. This will be the most effective way for HD to fully utilize their current resources, which can benefit the project, while still bringing in people, knowledge and competence, external to the company to help create something entirely new. The use of both internal and external resources can be clearly seen in looking at the chart which outlines the positions HD needs to fill, and where they will get the necessary people from. Since HD will be employing a mixture of exploration and exploitation, regarding the acquisition of resources for the new e-commerce project, the company therefore falls into one of the ideal typologies as proposed by this article (Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011).

Although for most of the necessary resources considered for the new e-commerce project, the only two sources are internal or external, the third option of partnering was highlighted as an option regarding the need for the actually e-commerce platform (Nybom, 2012; Bodelsson, 2012). This is something that differs from the Aspara, Tikkanen, Pontiskoski and Jarvensivu (2011) article, since for all three resource classes, they simply outline two options regarding sources; resources existing in the firm, and resources new to the firm. Looking at HD's examination of the need for the actual e-commerce platform, and the potential for partnering, the company is considering the possibility to hire a technical supplier who would own the e-commerce platform, and HD would simply own the concept. Although this is a scenario not covered in Aspara, Tikkanen, Pontiskoski and Jarvensivu's (2011) theory, in a broadened sense it could be considered as a subsection of their category of resources new to the firm. Although it can potentially be grouped into this section, It is important to make the distinction that if partnering were chosen, the resource would not be brought into the firm in the sense that HD would acquire and own it, instead the company would simply be collaborating with a technical partner for this aspect of the project. The advantage to this option would be that HD would be taking on less risk, and the company could benefit from having a supplier who would offer the most up to date technical solutions (Nybom, 2012), however if HD does not own the system it eliminates the company's ability to sell the idea to other companies, and potentially roll the idea out to other newspapers (Bodelsson, 2012). In making this decision, HD will therefore have to consider the role that the company would like to take in the future, and the benefits or limitations that this decision could imply.

Once the necessary resources, and potential sources for these resources have been outlined, analyzing how the decisions are made requires a culmination of all proposed theory. Looking at how HD makes the decisions it seems that the decisions are based on aspects of all areas discussed above, and a number of things are taken into consideration. Regarding who makes the decisions, although Tina Nybom and Pontus Bodelsson have a high degree of authority (Bodlesson, 2012), overall decisions are made within a team of top management, as outlined in the case. This is a common phenomenon as Greene, Brush and Hart (1999) outline that the corporate venture team is usually composed of top management. This could however have negative consequences on employee acceptance, and the team could potentially be improved by adding members who are not part of top management in order to raise the level of acceptance among employees within the company. This was done in the creation of the original project team, in order to make employees feel more included in the process, and continuing this into the ongoing project team could help reduce employee resistance and

raise acceptance of the changes (St-Amour, 2001). In terms of ordering the decisions, the company first looks at what is needed, in this case what people, knowledge and competence. This relates to the various business model and resource literature, which outline the different resource classes (Johnson, Christensen and Kagerman, 2008; Morris, Shindehutte and Allen, 2003; Hedman and Kalling, 2003; Shumpeter, 1936; Hamel, 2001; Petrovic, Kittl and Teksten, 2001; Rayport and Jaworski, 2001; Betz , 2002; Slywotsky,1996; Barney, 1991; Andersén, 2010). The top management then looks at the internal resources to examine if they have the necessary resources internally. If so, the ability to draw on those resources without affecting current operations is examined. If HD doesn't have the particular resources, or feels they can't remove it from it's current use, then the company looks externally (Nybom, 2012). This decision again is tied to organizational culture however. In terms of looking externally, HD makes sure to consider what position will be filled by these external people, since having certain positions filled internally will raise the degree of acceptance for the new ideas within the company (Bodelsson, 2012).

Throughout the new project development process there is an overall preference to look internally, however there is a need for both internal and external resources, in this case people, knowledge and competence. Since HD is inexperienced in e-commerce there is little knowledge about it within the company. It is therefore important for the success of the company to bring in people who have a high degree of knowledge and competence regarding e-commerce and deals (Nybom, 2012). In making the decisions of which people should be internal and which should be external, HD seems to thoroughly consider the implications and consequences of the decision on the overall change and culture at the company. For example, when Pontus Bodelsson outlined how he made the decision to place Tina Nybom, an internal employee, as the project leader his explanation was heavily based on the importance of having something from inside HD lead the project. The feeling that having someone internal would raise acceptance within the company was a strong contributing factor to the decision, although the need for external competence and knowledge was not ignored. Although Tina will lead the project, HD plans to have external people behind her so that the project is created within the company but with external people, knowledge, and competence, in the team the company will still be able to create something entirely new.
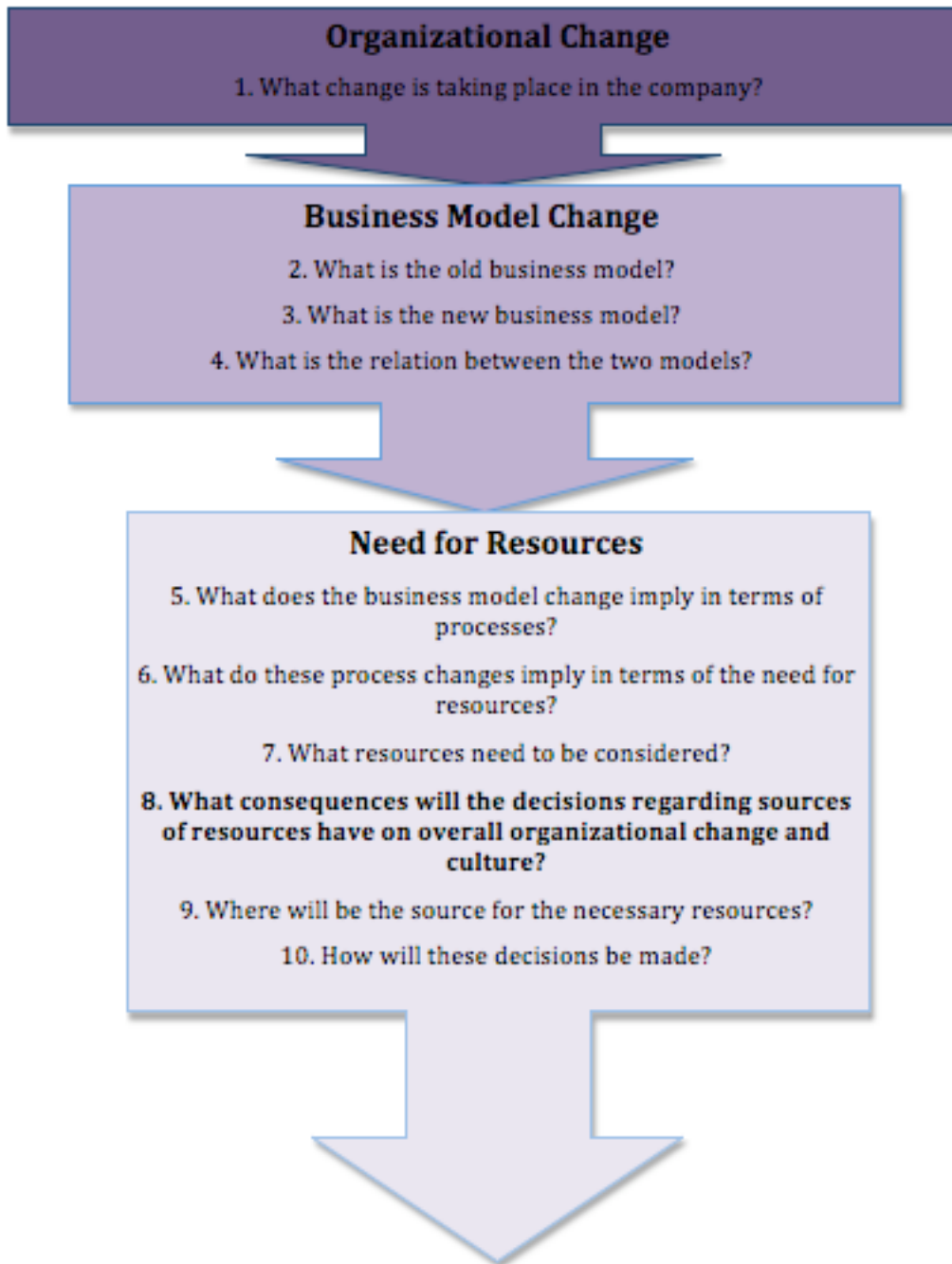
5.4 Combining Concepts/Analysis of Proposed Model

Since there is a gap in literature describing this general view of how companies address the need for resources, the model proposed in chapter 2 was put forth. Looking at the overall process at HD, it seems the model is very much representative of how the company addresses the overall need for resources although improvements can be made.

The first section in the model revolves around the concept or organizational change (Barney, Wright, and Ketchen, 2001; St-Amour, 2001; Galpin, 1996), and outlining the current changes taking place at the firm. With many changes happening at HD, the concept was consistently highlighted, and it's relation to the need for resources was explained. Since organizational change and culture appear to have a major impact on the entire decision making process at the company, it seems appropriate as the first step of the model to fully outline and explain the overall changes happening.

The second section of the proposed model relates to business model development/change (O'Reilly and Tushman, 2011; Smith, Binns and Tushman, 2010; Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003), outlining the business model for the current business, as well as the new business model, and the relation between the two. Looking at HD, it seems that in outlining the old and new business models, and their relation, the company was able to realize the changes that would need to be made, which included the necessary resources for the new project. Looking at how resource decisions are made, since HD first decides what resources they need for the new project, and then looks at what the company currently has, to see if they get the resources internally, it seems useful for the company to have a complete outline of both business models so easy comparisons can be made. The second section of the model therefore seems to be an effective progression from the first step of outlining the organizational changes, and can be a useful way for firms to frame and outline the overall project before moving on to more specific decisions.

The third, and final, section of the model narrows down specifically to resources (Johnson, Christensen, and Kagerman, 2008; Morris, Shindehutte, and Allen, 2003; Hedman and Kalling, 2003; Barney, 1991; Greene, Brush and Hart, 1999; Aspara, Tikkanen, Pontiskoski and Jarvensivu, 2011) and is where the firm begins to analyze the actual need for resources for the new project. Having previously outlined the organizational change, and the old and new business models, in this section the firm outlines the necessary resources, where they will come from, and how the decisions are made. Having already created a good information base in the previous two sections of the model, the company can analyze the overall situation and decide what is needed and where it will come from. When looking at how HD makes decisions regarding the sources of resources, the impact on the overall organizational change and culture was made evident throughout the case. Since this was highlighted as a necessary consideration in the process, it seems the model could be improved by the inclusion of step that highlights this. In order to reflect this, an updated model is proposed where a step has been added in the last section, which reflects this important consideration. The updated model can be seen below, where the added consideration is bolded so the improvements can be clearly seen.

Organizational Change

1. What change is taking place in the company?

Business Model Change

2. What is the old business model?

3. What is the new business model?

4. What is the relation between the two models?

Need for Resources

5. What does the business model change imply in terms of processes?

6. What do these process changes imply in terms of the need for resources?

7. What resources need to be considered?

8. **What consequences will the decisions regarding sources of resources have on overall organizational change and culture?**

9. Where will be the source for the necessary resources?

10. How will these decisions be made?

It seems that model effectively narrows down the process of how firm's address the need for resources. It frames the overall situation and in the process of following the model, answers to what resources are necessary, where they will come from, and if the decisions are affected by the context or organizational change and ambidexterity are given.

Chapter 6: Conclusions and Implications

6.1 Conclusions

As described in chapter one, there is a current gap in literature in regards to addressing the overall need for resources when exploring new opportunities, and how this is affected by the contexts of ambidexterity, business model development, and

organizational change. Although previous literature has failed to provide an overall perspective, through the cultivation of theory on related concepts, and the examination of a case study at Helsingborgs Daglad, this paper proposes a model for how firms address the need for resources when shifting business models. Although the model is based in more general literature, it was tested and improved based on information gathered from the case study of HD, a media and newspaper company, and therefore based on the research in this paper, the applicability of the model is limited to similar newspaper companies.

Since falling subscription rates for the printed paper, and shifts to online or digital business models are strong trends in the newspaper industry (Trends Magazine, 2010), the case at HD provides a good representation of the decisions many companies in this industry are currently facing. Although the answers to the questions within the model may differ based on specific situation at each company, the model illustrates an effective way for newspaper companies to address the need for resources when shifting from a print to digital business model, taking into consider the broader organizational changes taking place.

Looking at generalization of the model, since the primary data in this paper is based on one case company, caution should be taken when applying the results to all companies in the industry. In terms of generalization beyond this sector, it would require a careful analysis of the type of company, and the situation. Since organizational change and culture are consistently highlighted as important factors for resource decisions, the model may not apply in companies where the processes and resources aren't affected by, and don't affect, the change and culture. Looking at business model change in the manufacturing industry for example, where new processes and resources will be necessary in the factory, it is likely that the decisions regarding which resources, and the sources of these resources, would not be made as strongly based on the potential consequences they would have on organizational culture.

Keeping this in mind however, there is potential for generalization of the model to other industries in similar situations as newspaper companies. It could be assumed that it would apply in most print-based industries, however further analysis beyond the scope of this paper would be necessary.

6.2 Implications for Research

Looking at the issue of generalization, although the paper contributes to current theory through the creation of a model that frames how newspaper companies can address the need for resources, future research could benefit from a more detailed look into this issue. Macro studies could be done to test to effectiveness of the model in other newspaper companies, as well as testing companies in other sectors to explore if the model applies beyond the newspaper.

In terms of how the research could be conducted, although the case study method was effective for the purpose of this paper, due to the newness of the project there were issues with confidentiality. Since the e-commerce marketplace at HD is not yet launched, there were areas where it was difficult to obtain information since the company did not want to disclose detailed ideas. For future research, it would therefore be recommended to look at projects that have already been launched in order to avoid this issue.

There were also interesting issues illustrated throughout the case that were not examined in this paper, but could be interesting for future research. Looking at the sources of resources, it could be worthwhile to explore the subcategories of the two options illustrated in this paper: internal resources and external resources. Looking at the case at HD for example, the option of partnering could be considered a subcategory of external resources, and it can be assumed that many other subcategories would exist. In regards to internal resources, although not illustrated in this paper, there are likely differences in the way internal resources are used, for example using them in their current form, versus upgrading. Since this paper merely scratches the surface of the overall view on how firms address the need for resources, there are a number of interesting areas which future research can further examine to dig deeper into the issue.

6.3 Practical Implications

Since the paper provides such a detailed case of HD, specific recommendations can be made for how the company can improve their process in the future. Although the company clearly places importance on all three categories of the proposed model, and seemed to follow the steps as outlined, the process for addressing the need for resources seemed slightly unorganized. Through following a more structured process, the company could be sure to include all relevant aspects and perhaps make even more informed decisions. After the first interview with Pontus Bodelsson for example, he expressed the insight he gained from the questions asked, and the issues it highlighted which had not been previously thought about. Through following a more structured process, such as the proposed model, the company could better organize all the ideas, define all necessary concepts, and have in mind all relevant information when arriving at the final resource decisions.

Although literature often outlines very detailed models and theories for how companies can address and handle a variety of situations, such as business model development for example, it seems that these are often not taken advantage of when companies are actually faced with these situations. Looking at the case, although HD has a clear sense of their current and new business models, there is no set structure for how it is presented, and evidently it is not based on a particular business model framework. The same issues were highlighted with the organization of ideas for addressing the need for resources, as described above. It seems that overall HD, and most likely all companies, could benefit from the use of a more structured system when addressing these important issues. The model proposed in this paper could therefore be used to help benefit companies in their new project development strategies and lead to more informed decisions regarding the need for resources, and perhaps better end results.

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Appendix

In order to respect issues of confidentiality, and the wishes of the interviewees, the transcripts from the interviews could not be included.

Figure 1 - Interview Guide

Context of Change

Describe the change happening at HD currently.

What is your view of change?

Business Model Development and Change

What is the current business model for the printed paper?

What is the business model for the new online offering?

What is the relation between the two business models?
    Will the new business model be based off the old business model?

What does the shift from the old business model to the new business model imply in terms of processes?

Need for Resources

What does that mean in terms of the need for resources?

What resources are needed?

What are the different sources of resources?

Where should the necessary resources for the new online project come from?

How are the decisions regarding the need for resources made?

Figure 2 - Follow-Up Interview Guides

Pontus

When we discussed the old and new business models, we talked about the necessary processes for the new business model. Can you explain this more, and outline what HD will do new and how the company will do this?

In the last interview when we discussed the necessary new resources for the new project you stated people, knowledge and competences. What are the differences between knowledge and competence?

In terms of sources of resources, you said that partnering is a potential option for the e-commerce platform. What type of partnering were you referring to and what would be the criteria for this relationship?

Last time you explained how getting money wasn't a problem, however you also stated that the board made clear the need to also implement a cost saving program. Can you please clarify?

<u>Tina</u>
In the last interview you explained how for the new business model, HD will now also be delivering offers and relations. Can you explain this more? What offers and what relations?

When we discussed the old and new business models, we talked about the necessary processes for the new business model. Can you explain this more, and outline what HD will do new and how the company will do this?

In the last interview when we discussed the necessary new resources for the new project you stated people, knowledge and competences. What are the differences between knowledge and competence?

Last time you highlighted how pace has an impact on the resource decisions that are made, can you elaborate on that?

In terms of sources of resources, you said that partnering is a potential option for the e-commerce platform. What type of partnering were you referring to and what would be the criteria for this relationship?