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WHAT IS THE ROLE OF NEW IDEAS INTO BUSINESS MODEL RENEWAL?

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Abstract

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Thesis purpose: The purpose of the present master thesis is to examine if new ideas generated in an organization are able to change its business model, thus leading to business model renewal. For that reason the way an organization can be creative is going to be examined, focusing on the result that the application of an idea had, investigating possible connections between new ideas and the renewal of the business model.

Methodology: In order to fulfill the scope of the present master thesis the qualitative research method was chosen. Both primary and secondary data is going to be used for the purposes of the present thesis. Semi structured interviews were held based on an interview guide. Documents were also studied, whose authenticity was guaranteed by the case company and finally observation was used to a specific level.

Theoretical perspectives: The thesis examines how new ideas can emerge from a creative environment. The specific steps of the creative process are described (Hesselbein & Johnston, 2002). New ideas can be produced from different techniques (Ahmed & Sheperd, 2010) and they have various sources (Drucker, 1998). The concept of the business model is also provided (Morris, 2005, Johnson, 2008) along with how firms can move to business model renewal (Doz & Kosononen, 2009, Govindarajan, 2001).

Conclusions: New ideas can be generated in an organization and they can flourish in case the firm cultivates the conditions for their generation (training, flexible hierarchy, lack of bureaucracy, supporting management team). These ideas in case they are implemented they can affect the business model of the company and lead to business model renewal.

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Chapter 1: Introduction

1.1 Introduction

Idea generation (ideation) is critical for a multitude of ad-hoc corporate activities. It can influence the whole function of the company, from the way that new employees are hired and trained, to the design of a new marketing strategy, the creation and launch of new products and especially in the new development process, idea generation is a key component (Duhan & Hauzer, 2001).

There are companies that have an excellent reputation in producing numerous ideas that bring the company into fruition. Richer Sounds is one of the companies with the highest sale per square foot of any retailer in the world for various years. DUBAL, an aluminum company in the United Arab Emirates has none of the advantages associated with aluminum producers. They should produce their own electricity, desalinate water and import large amount of raw materials from Australia. However, DUBAL, is one the lowest cost companies in its sector, worldwide and its management team supports that this is due to their excellent idea system. Dana Corporation, a global company with over sixty thousand people, expects every employee to submit two ideas each month, and in some facilities it exceeds twice this number, with a worldwide implementation rate of 80 percent. Two of the company's U.S. divisions have won the Malcolm Baldrige National Quality Award (MBNQA). The question is "how these organizations manage to come up with so many ideas and how can they effectively take advantage of them?" At the same time it is reasonable to wonder if employees ever run out of ideas or if the companies ever reach such a point that they are so confident that they believe there is nothing else to improve. Toyota, a company with one million new ideas per year, is a place where idea generation and improvement is an ongoing process. New ideas are the center of Toyota's philosophy and its top management team, founding members included, are personally involved in that (Robinson, 2011).

The lack of novel ideas can affect negatively the operation of an organization having a direct effect on its business model (Morris, 2005). Competitive advantage is seriously built on the corporate ability to radically change the rules that are currently set in the market and this cannot be a random result, in contrast, an explicit and systematic framework, able to lead the creative process is needed (Govindarajan & Gupta, 2001). A survey conducted by the Economist Intelligence Unit in 2005, revealed that more than half of the executives interviewed, believe that business innovation is going to become more and more important in the following years (Johnson, 1998).

1.2 Problem Discussion - Preliminary Literature research

New ideas can be derived from both individuals and groups. Different kinds of techniques are used in order to produce new ideas. These techniques can be categorized in two main categories, intuitive and logical. The intuitive techniques try to stimulate the unconscious part of the mind and yet the outcome cannot be easily predicted, novel solutions can be found. Logical techniques on the other hand are based on real facts and evidence, whose utilization and manipulation can lead to ideation. At this point a

distinction is made between history based and analytical logical methods. History based methods use past knowledge and information to provide solutions whereas the analytical ones analyze basic relations, causal chains and desirable or undesirable attributes to develop new ideas. In order for an organization to choose its idea generation method, it is important to bear in mind a set of variables. This has to do with the specific variables that apply in each special category, the complexity and the nature of the problem that has to be solved, the human factor, whose personality, motivation levels, mood and intelligence can influence the generation of new ideas and the environment; location, constraints, deadlines, can influence the final result (Shah, 2000).

For idea generation to be effective it is important that the organization is able to measure its effectiveness. On that score, focus should be thrown on what should be measured and how it should be measured (Shah, 2000). The answer to what to measure can be quantity, quality and novelty. Quantity refers to the total number of ideas generated, quality refers to the feasibility of an idea and to what extent it meets the design specifications, novelty demonstrates how unique or unusual is an idea compared to others and variety indicates the different in context ideas produced, thus increasing the possibility of reaching a better result (Torrence, 1964). In order to provide an answer to how to measure the effectiveness it is important to analyze the idea to its key concepts so that each one can be examined separately, bearing in mind its special weight to the final result (Pahl & Beitz, 1996). Each key concept can be evaluated according to the what to measure variables, quantity, quality and novelty.

When it comes to the operation of a company, the generation and exploitation of new ideas can affect the company and this is visible on its business model. Business models can be rudimentary defined based on an economic level, which is connected to the variables of decision that the organization has to bear in mind towards profit making. On an operational level, business models focus upon business processes and design of infrastructure that create value for the company, in other words, the way that the company can sustain its competitive advantage. On a strategic level they depict the organizational market positioning, boundaries and growth opportunities (Morris, 2005). The external environment of the companies is continuously changing, both incrementally and radically. These changes, do not always originate from external sources, but also from the existing companies in the market. Therefore, organizations should be alert to produce ideas and reshape, in order not to stay behind and also overlap competitors (Govindarajan & Gupta, 2001). Innovations in business models are able to give a new shape to entire industries, bringing fruitful results and an unprecedented value to the company. That is the example set by Apple who not only combined modern technology in a fashionable design, but moved even further. Apple connected a good technology to a new business model, combining hardware, software and service (Johnson, 2008).

1.3 Research Question

The ability of relating previously unrelated things, putting them together to produce novel things and find real solutions is named by Jeffrey (2008) as creativity. Despite the fact that creativity is essential for all innovators and entrepreneurs, it has not been at the top of management agenda nor in the focus of

most managers' attention, as it is considered unmanageable, too elusive and intangible to pin down and it produces a less immediate payoff than improving execution (Amabil & Khaire, 2008). To stay ahead companies resort to creativity in an effort to produce new products, enhance their organizational functioning and improve decision making and for that reason companies tap into the creative talents and energy of their people (Ahmed & Sheperd, 2010). Without a visionary leadership and contribution by all employees, little can be achieved. Companies that fail to leverage creativity regularly lose 50-60 per cent of their employee power (Levesque, 2001). Someone should come up with a concept, vision or dream and this has to be translated into products and processes within an organizational context. These concepts have to be adapted to reflect the realities encountered within the internal and external environments. The organization should be able to persevere in overcoming the normal and the arbitrary obstacles that are thrown into its path (Kuratko, 2011).

Generating new ideas is an important function in all business, both existing and new ones, public service institutions and new ventures started by a lone individual in the family kitchen. Innovation is the mean by which entrepreneurs create new wealth-producing resources or endow existing resources with enhanced potential for creating wealth (Drucker, 1998). It is interesting to understand how new ideas can affect the corporal function successfully. Schumpeter (1950) has proposed that new ideas thrive in small enterprises, but later discovered that larger firms that exert some kind of monopoly are more likely to innovate in technology, thus harvesting its fruitful results.

Schumpeter (1936) in his theory of economic development supports that value is created from unique combinations of recourses that produce new ideas. New ideas can be used in order to bring changes to the strategy of an organization (Ahmed & Sheperd, 2010). Even though sometimes organizations do start operating without a complete and concrete business model that will guide the corporal strategy, a process of experimentation emerges and lessons towards sustainable profitability are being learned while the organization operates and innovation helps building viable core competences (Morris, 2005). Every company should be agile to the creation and implementation of new ideas, in order to correspond to the changes of the external environment, like technology, demographics and global landscape (Govindarajan & Gupta, 2001). When it comes to the evolution and renewal of business models, companies many times fail, as they are very rigid to move on the next step, thus making the renewal complicated and not with the expected results (Doz & Kosononen, 2009).

Bearing in mind all the above information, the research question for this master thesis is formulated as:

What is the role of new ideas into business model renewal?

1.4 Purpose

After executing a preliminary literature research, the purpose of the present master thesis is derived from the research question.

The purpose of the present master thesis is to examine if new ideas generated in an organization are able to change its business model, thus leading to business model renewal.

For that reason, the way that organizations can be creative is going to be examined. The process that creativity is performed will be described along with the techniques used to produce new ideas. New ideas come from different kinds of resources that will also be described. When a new idea is implemented, the result of this implementation is going to be examined on the business model of the company and investigate if a renewal of the business model was triggered. Finally, this master thesis will provide information that will show the possible connection between the application of new ideas and the renewal of the business model of an organization.

For that reason, the knowledge provided by the literature research is going to be combined with practical information procured by the case company. The practical data accumulated is going to be analyzed with information from the literature in order to draw conclusions for both the case company and similar other ones.

1.5 Key concepts

Idea generation: coming up with new ideas.

Creativity: The ability of relating previously unrelated things, putting them together to produce novel things and find real solutions (Jeffrey 2008).

Business Model: no consensus for its definition (Morris, 2005). It consists of four interrelated elements: customer value proposition, profit formula, key resources and key processes according to Johnson (2008).

Business Model renewal: change in the business model of the company (Doz, 2010)

Chapter 2: Theoretical Frame of Reference

2.1 Creativity

As mentioned earlier, in order for companies to embrace innovation, they have to establish a new approach towards creativity (Ahmed & Sheperd, 2010). Companies should become innovative across the entire spectrum of their activities and this requires the involvement of all employees, from the top to the very bottom. Breakthroughs are required in every corner of a competitive organization, specialists are critical but more people have to become involved in creativity, creativity exists but it has to be harnessed and a common process for dramatic improvement must be created (Ritter & Brassard, 1998). There are three broad forms of creativity. Creation is the activity of making something out of nothing, modification, which is the act of altering something that already exists so that it can perform a new function or an existing one better and synthesis the act of relating two or more previously unrelated phenomena (Anderson, 1992). Creativity works by using explicit knowledge (expertise, rational) in conjunction with subconscious and deeper or tacit knowledge (Leonard & Sensiper, 1998). It can be exercised in problem solving where explicit knowledge is used to provide solutions, problem finding where tacit knowledge is used to find and frame problems and prediction and anticipation, where both kinds of knowledge are recruited to predict a new concept or future eventuality.

Creativity occurs in five steps (Hesselbein & Johnston, 2002). Preparation is the first step where creativity is derived from wells of knowledge and for that reason expertise and experience is required. However newcomers are also welcome since they bring fresh ideas. Innovation opportunity follows and a focus of attention is required. Without a problem no direction is given to the creative effort and a right solution is provided when a problem has been defined correctly. Divergence comes next where people come up with new ideas. Incubation is an important step as time is required to reflect upon the ideas. Convergence is the last step where one or few ideas have to be selected, the one that solves the problem the best.

In order to construct a creative organization three areas need attention. People should be skilled and educated to be creative, the company should apply creativity to solve real problems, providing its people the correct tools and it should diagnose its organizational environment to define opportunities for creative performance (Gundry et al., 1994). Creative behavior has also to be measured to be evaluated and improved. This can be realized with overt production criteria, which refer to the frequency that individuals innovate, professional recognition criteria assess creativity in terms of the awards given to individuals for the production of new ideas and social recognition criteria that refer to the judgment of knowledgeable others, such as peers and supervisors (Garfield, 1986).

The best way to enhance creativity is by getting people to practice it (Sternberg, 1987) and for this scope different techniques have been developed (Ahmed & Sheperd, 2010).

Brainstorming helps groups of 6-12 people to express their ideas, without any criticism, emphasizing on the quantity and the wildness of the ideas. Free association enforces people to respond to a given word

with the first thought arriving in their minds, helping people making connections to things that otherwise they would not see.

In creative association people are free to associate so as to surface the many patterns and relationships around a topic and lead on from it, bringing related ideas along the way. This approach is facilitated by the mind's tendency to produce ideas and then retrieve memories in groups, based on patterns that link them. Incubation methods occur when idea development results from a reflection upon a problem. Mapping methods are used to graphically break down a broad goal into increasing levels of detail to better understand the existing knowledge about it.

The management team should be able to draw on the right minds (Amabile, 1998). The right people have to be engaged for the right time in the right work. Ideas shall be tapped from all ranks and levels of hierarchy. Innovation can be derived from anywhere. Collaboration between peers and different levels in the company should be encouraged and enabled, so that more people would feel free to speak up and be listened. The organization should be open to diverse perspectives. People from different backgrounds and disciplines can bring more ideas. Diversity enhances creativity and managers should also look outside the company. People should be allowed to pursue their passions and urged to try even if they fail, since failure can work as a source of inspiration.

2.2 Areas of Creativity

In order for people not to overlook the opportunities to be creative, it is useful to know how to recognize the ways that someone can be creative (Miller, 1999). People can think up for a new idea or concept, for a product, service or a solution to a problem, thus performing idea creativity. Inspiration can be derived from inventing and building a tangible object (product, report etc) and this is material creativity. Organizing people, projects or a new organization, can be another sector where creativity takes places and it is known as organization creativity. People in organization have to come in contact. Innovative approaches to achieving collaboration, cooperation and establishing win-win relationships constitutes the relationship creativity. Event creativity happens when an event or occasion is produced. Someone can change its personality, the way he perceives things and generally his inner self. This is called inner creativity. Finally, acting in a spontaneous or spur-of-the moment manner can also serve as a field where creativity takes place and it is called spontaneous creativity.

Apart from the product, process and strategic innovation and the different forms of creativity, new ideas can be generated from a multitude of other resources that serve as perfect chances for opportunity exploitation (Drucker, 1998). In unexpected occurrences, incongruities and process needs the opportunity lies in the company, where as in demographic changes, changes in perception and new knowledge the opportunity lies in the social and intellectual environment of the company.

2.3 Sources of Creativity

Unexpected Occurrences are a major source for idea exploitation. Facts that are simple and easy can be extremely useful for opportunity exploration. For example, the IBM accounting machine specially designed for banks in the 1930s, was not finally bought by banks, that did not want to pay for this equipment but it was exploited by the American libraries that by that time they had both the need and the money for this new invention. Unexpected successes and failures can be a source of new ideas since no one expects them and other business might dismiss or disregard them.

Incongruities present another source where new ideas can thrive. Incongruities always exist in economies. Expectations and results may diverge and here appears a slot for new ideas. An example is set by the shipping industry where builders and companies were trying to reduce costs. Ships were faster and less fuel consuming but still economic results did not improve. When managers realized that real costs were caused because of the ship being idle the harbor, they came up with the idea of profit making roll on, roll off and container ship.

Process needs can cater for new ideas. The concept of modern “media” is based on two previous innovations. A linotype producing more newspapers faster and in larger quantities along with another social innovation, modern advertising resulted in the form of the media as we know it today.

Demographic changes are the most reliable outside source of creating new ideas. Demographics consist a real fact that lots of organizations neglect, thus leaving the space open for those who are visionary and insightful. Japan is ahead in robotics, due to the fact that they pay attention in demographics. In the 1970s, there has been a baby bust and an educational explosion. This resulted in a generation in the 1990s being able to use technology properly. Japan had early realized that and exploited the opportunity for technological advancement.

Changes in perception. The glass may be half empty or half full and a change in this perception can be an inspiration for new ideas. When computers stopped being regarded an intrusion, threat or something that only big companies could use their massive exploitation started.

New ideas can be created from **New knowledge** and they are able to last for a long time, till a new useful idea appears.

Customers are another source of creativity, that can provide the firm with new ideas. Companies can see customers’ needs as a threat, that they cannot cope with or a chance to be more creative, responding to them (Berthon, 2007). Responding to customers’ needs more efficiently and effectively can provide the firm with a competitive advantage. Customers express their preferences and needs and it is crucial for firms to be able to respond to them and simultaneously to improve their ability to predict and anticipate latent customers’ needs (Merlo, 2006)

Since we are talking about the sources of new ideas, it is important to know who is able to produce and realize new ideas. According to Amabile and Khaire (1998) it is really essential that everyone is allotted the right time to be engaged to idea generation.

Ideas shall come from all organizational levels and companies shall urge everyone to produce new ideas. Collaboration between different parts and people in the company should be encouraged. If people are able to collaborate intuitively, they will be more productive towards new ideas, as this is going to be the outcome of their personal will. People shall be motivated to pursue their passions, as in this way they can be more revolutionary. Ideas also thrive outside the organization, therefore collaboration can be both inter and intra corporal. Strict and complex hierarchical levels are better to be overlapped in favor of new ideas, so that they are not hindered by bureaucracy. The more level the field is, more people will speak up their minds and will be listened to. The organization should be open to diverse perspectives. The complexity of some problems requires a multi-disciplinary approach and people from different backgrounds can be helpful. The organization should be an appreciative audience so that it will enhance the expression of new ideas and failure shall not be considered a taboo or a lost chance for success. In contrast, failures can be a source of new ideas, if the company manages to exploit them, creating an organization acceptable to learning (Garvin, 2008).

In order to make ideas flourish, organizations should have a plan in order to map the different phases of creative work. It is essential to know the process that an idea will go through to become reality. Commercializing new ideas is of equal importance as it is coming up with them. Many valuable ideas fail to succeed as they were mishandled during the commercialization process. Alternative paths to avoid bureaucracy should be provided. A filtering mechanism that will be able to distill the best ideas is important, so that the focus is not distracted from exploiting the best opportunities (Amabile and Khaire, 1998).

2.4 Business Models

Even though there is not a unique accepted definition for business models, inspiration about what they represent can be derived from three general categories that on which the function of business models is based. There are economic, operational and strategic and each category has a certain amount of variables that can influence (Morris, 2005). On the economic level the most important concern is profit generation. Practices on how the organization is going to make money are included, like revenue sources, costs, margins and expected volumes. On the operational level, the architectural construction of the organization is included. Ways of how the firm is going to make value, service and administrative processes, knowledge management and logistics. On the strategic level, the firm has to identify its position in the market, its organizational boundaries and opportunities that can exploit and ways of how it will be able to create and maintain a competitive advantage (Morris, 2005). Morris (2005) argues that finally, a business model is a representation of how variables from the above categories are interrelated in order to create a competitive advantage in defined markets.

Business models should include information for customer definition, customer value identification and the value creation process design. Therefore, they have to answer the questions of “who are my target customers? What value do I want to deliver to them? How will I create value?” (Govindarajan, 2001).

Morris (2005), proposes a reasonably simple, logical, measurable, comprehensive and meaningful framework on which business model construction can be based. Three levels are examined, reflecting the different aspects that a business model examines; foundation, proprietary and rules. On each level six basic areas of decision making are concerned.

The foundation level includes basic decisions that the entrepreneur has to take, allowing for comparisons between ventures and identification of international models. It is the stage where the definition of the basic components is made. Six decision areas have to be captured. First of all the firm should answer to the question “how the firm will create value”. The firm shall clarify what is going to be the nature of the project, the service mix, its role in production and delivery and how the offering will be available to the customers. “For whom the value will be created”, referring to market factors is the next question to be answered. Here the focus is thrown on the nature and scope of the market in which the firm competes. The firm shall be aware of the type and geographical dispersion of the customers in order to better define the market. “What is the firm’s internal source of advance”, mentioning the internal capability factors follows. Organizations perform some things better than others and these competencies have to be fully exploited, serving the basis for building the firm’s competitive advantage. “How will the firm position itself in the market place?” is the fourth question, where the competitive strategy factors are defined and the firm has to achieve advantage over competitors. “How will the firm make money?” mentions the economic factors that provide a consistent logic for earning money. Finally “what are the entrepreneur’s time, scope and size ambitions?” embraces the personal and investor factors that help to identify the type of venture and the growth model of the firm. These six questions have to be also answered for the following two levels.

At the propriety level, unique combinations of the decision variable shall be made, in order to provide the firm with a marketplace advantage, enabling the entrepreneur to think of how value can be created on each of the concerned six areas. Sustainable advantage ultimately depends on the ability of the entrepreneur to apply the components of the foundation level in a unique way that will not be easily replicable by competitors.

Business models can be meaningless, unless they incorporate rules that delineate guiding principles governing execution of decisions made at levels one and two. Rules are imperative for business model success as they ensure that the previous both levels are strategically aligned in the firm.

Johnson (2008) provides an approach where business models consist of four interlocking elements, that if combined and exploited successfully can deliver value.

The first of these elements is the **customer value proposition (CVP)**. Customers have problems and they want solutions to be provided form them. A firm, able to cater for these solutions will be able to create value for the customers, through directing them the way to problem solving. The deeper the problematic situation is, the lower the customer satisfaction will be and greater effort is required from the companies, simultaneously providing changes for opportunity exploitation. Customer value proposition shall be clear in order to proceed to the construction of a business model. Real customers’ needs have to be pinpointed and companies shall bear in mind their own ability to address these needs.

Trying to accomplish lots of targets at one time, may not be feasible, therefore, organizations shall think of their wealth, access, skills and time when they are about to undertake activities to serve customers' needs.

Moving to the second element, the point where the company has to create value for itself is reached and it is called the **profit formula**. Firms should be able to create a revenue model (price * volume), understand the cost structure, throughout the whole spectrum of costs (direct and indirect one), create a margin model in order to be able to know the way to reach the expected costs and find out how fast turnover and inventory have to be turned in order for the targets to be achieved, in other words define the resource velocity.

Key resources is the next element proposed by Johnson (2008). Having articulated the value proposition for the customer and the company, the firm shall think of key elements capable for creating value for the company and the customers, such as people, technology, products, facilities, equipment and channels. Finally **key processes**, such as manufacturing, budgeting, planning sales and service, able to deliver value, consist the last element. However, rules, norms and metrics are sometimes the last element to emerge in a business model, as they may not be fully envisioned before a new product or service has been tested. A unique combination of the key resources and processes in a company can help the organization provide better solutions to customers' needs.

Despite the apparent simplicity of a business model, its power lies in the complex interdependencies of its constituent parts. Simple or major changes in any of these parts, can affect the others and the model as a whole. Thus, successful businesses shall create a model where its constituent parts mingle in a consistent and complementary way (Johnson, 2008). In order for business models to be fruitful, they have to be sustainable and this requires consistency. Consistency can be either internal or external. Morris (2005), argues that in terms of the internal consistency, the different components of the business model have to be consistent and reinforced in between them, as each component affects and is affected by the others. At the beginning of the implementation of a business model, its picture may not be entirely visible, but as the firm develops and learns it becomes more and more clear. However, when changes occur and business models are no longer applicable or cannot fulfill their scope, then a reconstruction of the business model should be seriously considered (Morris, 2005).

2.5 Business Model Renewal

As mentioned earlier, in case changes occur, business models have to be renewed in order to capture the new targets (Morris, 2005). Johnson (2008) cites five different circumstances where changes in the business models are often required. The first one is when there is the opportunity to use disruptive innovation in order to cater for customers' needs that are not currently satisfied due to complexity of high prices. The second one is when there is the opportunity to capitalize on a brand new technology by wrapping a new business model around it. The third one is to try to satisfy a customer's need when no one else has tried to do so. The fourth one is the need to fend off low-end disrupters and finally the

need for firms to adapt to competition, when the last one changes. In case firms would like to enhance the chances of reaching a new business model that will suit their needs, it is advised to know if they will be able to target the real customer need with a new customer value proposition and if they can create a new business model where all the constituent parts (customer value proposition, key recourses and processes and profit formula) will co-operate in order to answer customer's needs. The new development business process should not be hindered by negative influences coming from the existing business and finally firms should be able to answer positively if the new business model will be able to disrupt competitors.

To proceed to and accelerate business model renewal useful insight is derived from the strategic agility framework, provided by Doz & Kosononen (2009). This framework is constructed on three "meta-capabilities" of the top management:

Strategic sensitivity: the sharpness of perception of, and the intensity of awareness and attention to, strategic developments. **Leadership unity:** the ability of the top team to make bold, fast decisions, without being bogged down in top-level 'win-lose' politics. **Resource fluidity:** the internal capability to reconfigure capabilities and redeploy resources rapidly.

From the customer's viewpoint, the new business model shall make a dramatic redesign of the end to end value chain architecture, in other words, ways that the value chain can be more efficient; costs are slashed and value is enhanced. The use of new technology, a new policy where costs can be suppressed and deeper customer knowledge advantage derived from direct customer contact, can help reshape the value chain. A dramatic reinvention of the concept of the customer value shall be included, so that the value that the customer receives is transformed. Instead of selling a single product, firms can move to offering an integrated system of products, so that the customer can be depended in the company. The collection offered has to be a new offering in the market whose quality and price are better than those of the ones of the competitors so that the customer will not feel the need to search for solutions offered from competitors. Finally, the customer basis shall be dramatically redefined, so that the market size is expanded and hidden, potential customers are discovered (Govindarajan, 2001).

Chapter 3: Methodology

3.1 Overall research design and process

In order to fulfill the scope of the present master thesis the qualitative research method was chosen. The process that was followed during the master thesis was that described by Bryman & Bell (2007).

The first was the formulation of the General research question. The research question has been formulated and presented in chapter number one (*What is the role of new ideas into business model renewal?*) and it served as the basis for exploring the existing literature. After reading the literature, different sub-themes emerged that cater for the formalization of the various sub-categories in the second chapter of the master thesis.

After the research question was formed, the site that will serve as the case study of the master thesis had to be chosen. This was my internship company, Polytuft AB of Sweden, whose background is presented in more detail in chapter number one. Since this is my internship company, the chance to have better access to its data is higher and they can be used for the fulfillment of the present master thesis. Polytuft AB of Sweden, a family run business of 20 people can be used for the purposes of the research question. The company has noticed a decrease in sales over the past years and for that reason they are trying to come up with new ideas in order to stimulate sales. The management team is really worried about it and for that reason the generation of new ideas is for them of first priority. The outcome was the CEO of the company, Lena Soufi Karlsson to come up with two ideas (New products: Polytuft Home Collection, New market: Entrance to Finland) and the general manager of the company Cajsa Aberg with another two (New process: Re-organizing the sales sector, New process: Re-organizing the company). Therefore, it is evident that the case company is related to the research question when it comes to the production of new ideas. These four ideas that the management team came up with were implemented and changed the business model of the company and the way it works and this connects the case company to the second part of the research question that has to do with business model renewal. For the above reasons, it is understood that Polytuft AB of Sweden can set an example that can provide answers towards the chosen research question.

The collection of data followed. Both primary and secondary data is going to be used for the purposes of the present master thesis. Primary data is collected from interviews held with the CEO and the general manager of the company. This was useful in order to understand the general climate of the company and the way people work. These interviews with the CEO of the company, Lena Soufi Karlsson and the general manager, Cajsa Aberg, were very valuable as these two people were the source of the four ideas that are discussed in the present master thesis. Observation was used to a minimum extent. It was interesting to watch the way people talk and behave in the company, to see if they produce new ideas and what process they pursue for their generation and how they apply them. However, the language used by the people of Polytuft, Swedish, established a great barrier towards observation, since I am not a speaker of this language. Secondary data is also utilized, provided both from the literature and the

internship company. The literature set the theoretical framework for the master thesis and the documents, provided by the company, were also useful in order to get a clear picture of the company and get answers towards the research question.

Interpretation of data comes next. When data is collected, it will be organized according to the scope of the research question and in comparison to the literature found and discussed. Links to the current theoretical models are going to be made. The current situation of the company is going to be stressed and implications are going to be provided according to the literature described.

Tighter specification of the research question was a natural outcome. Inspired by the findings from both the primary and secondary data, the research question was refined several times, so that it reached its final form. This was done in to enhance the meaning and the validity of the research question, allowing for a better conceptual flow throughout the thesis.

Collection of further data. The collection of primary and secondary data was a continuous and interactive process, since the accumulated information was triggering the inspiration of the exploration of specific scientific and applied fields. Different kinds of questions were coming up and there was a continuous communication with the company, in order to shed light to various aspects when needed. Along with this communication with the company, for whom there was already previous knowledge since it was the company where my internship was conducted, there was a continuous consulting of the theory in order to get more inspiration about sectors that might not have been discovered yet or others where more drilling was possible. The theoretical analysis, as described in chapter two, the empirical data as presented in chapter four and the analysis of the case company, Polytuft, in chapter five evolved simultaneously. This was approaching the abductive method, where there is a continuous move between the empirical and the model world and this allowed for a better understanding of both the theory and the empirical data. Research was reoriented when real world data were facing the theory. New variables and relationships were discovered as unexpected empirical data were coming to confront the theory and the original framework was gradually modified (Dubois & Gadde, 2002).

My role during this thesis will be to follow the above process, accumulating all useful information, simultaneously assuring for the credibility, transferability, dependability and conformability of the research process (Bryman & Bell, 2007).

3.2 Data Selection and Collection

Both primary and secondary data is going to be used for the purposes of the present thesis.

3.2.1 Data Selection

Primary data were gathered by the interviews that were held for the purposes of this master thesis. For the interview two people from the company, Polytuft AB of Sweden were selected, Lena Soufi Karlsson and Cajsa Aberg.

Lena Soufi Karlsson is the CEO and founder of the company. She is the one who was present in the company since its founding in 1985. She knows everything about the company, all its people and the real needs of the company. As she mentioned, she really cares about the company, she considers it as her “child”, she wants to see it thrive and for that reason she constantly tries to come up with new ideas in order to find solutions to problematic situations and generally improve the function of the company. The medium size of the company, 20 people, allows Lena to often get involved with everything and everyone. However, there are some activities where only Lena is mainly responsible. Collaboration with and finding new suppliers both on a national and international basis are totally her responsibility, she decides the product portfolio in Polytuft, after consulting the sellers, the customers or anyone else who can argue about it and she is always present in international fairs and exhibitions that the company participates. She also added that in general she wants to be present in all important events for the company and aware of all the crucial issues that the Polytuft faces. Consequently, Lena Soufi Karlsson, the CEO of Polytuft of Sweden, constitutes an important person to interview and get answers towards the research question of this master thesis.

Cajsa Aberg, general manager of the company, works there for ten years. This provided her with the sufficient experience needed to fully understand the company, its problems and needs and now, as she mentioned, she feels an indispensable part of the company. Therefore, she feels highly committed to Polytuft, she verified that it is her second house and she really wants to see the business thrive. She is involved with everything that has to do with the company. Besides, it is a company of 20 people and she argues that she has the chance to contact everyone on a frequent basis, therefore she can notice problematic situations that need real solutions and also get inspiration about potential improvements that can be applied. Cajsa also adds that when it comes to marketing, she is the one from the business who is mainly involved with it and she continuously tries to find better ways to promote the company. The position, the experience and the frequent contact with everyone in the company, makes Cajsa a suitable person to be interviewed for the purposes of the present master thesis.

Furthermore, as mentioned in 3.1 the company that was selected to provide the data towards the research question is Polytuft AB of Sweden. Even though it is a medium sized company of 20 people, decisions have to be made. Problems do exist and they require solutions and the management would like to improve the general performance of Polytuft. Therefore, new ideas are generated and they bring changes to the way the company works.

3.2 Data Collection

The data for this master thesis was collected from the interviewees Lena Soufi Karlsson and Cajsa Aberg and documents provided by the selected company, Polytuft of Sweden AB.

3.2.1 Interview guide and Themes

To begin with, a semi-structured form of interviews is going to be pursued. In order to accumulate this kind of data that is going to be useful for answering the research question, covering the theoretical issues discussed and concluding to results, a general interview guide inspired is created. As the investigation of the research question progresses, variant issues immerge and semi-structured interviews will help exploiting the maximum of knowledge from each meeting. The interview guide created followed the process described by Bryman and Bell (2007). Bearing in mind the general research topic, a specific research question was formed, leading to interview topics. Interview questions were formulated and reviewed according to the needs and ideas emerging throughout the research process. A pilot guide was created and afterwards reviewed to reach the “final” interview guide. A pre – understanding of the examining company, Polytuft, was existing, since Polytuft was the company where my internship project for this master was held. The focus of this project was on re-inventing the sales sector of the company and in order to arrive to the final solutions proposed; an investigation of how the company operates was held. The current offering of the company, its people, their targets and processes followed were already known. Thus the final version of the interview guide included nine questions.

The first five questions intend to capture and delineate the general climate in the company towards creativity. First of all it is important to know what is the attitude of the case company towards creativity and how important it is for the way the company functions. That is the scope of the first question “Why is it important for you to come up with new ideas and be creative?” The second question, “Did you come up with new ideas the past years?” intends to discover if there are any new ideas, generated by the company and which one were these. The third question, “How do you come up with new ideas?” investigates the way the company comes up with new ideas, trying to identify any possible connections with the creative techniques offered by Ahmed & Sheperd (2010) and the creative process described by Hesselbein & Johnston (2002). The fourth question “Do you think that people in your company come up frequently with new ideas? Do they easily express themselves?”, would like to see from which part of the company new ideas can come from and if all the hierarchical levels are creative, thus investigating the level that the company has let creativity penetrate its structure (Amabile & Khaire, 1998, Garvin, 2008). The fifth question, “Do you enhance creativity and how” would like to elaborate on the role the management team towards diffusing creativity in the company.

From that point and onwards, each of the remaining questions was asked for each idea separately, thus creating a loop, in order to drill down to the specific information that can be derived from each idea.

Moving to the following set, there are two questions that intend to identify the “ownership” of the idea and the reason that it was created. Question number six “who came up with this idea?” wants to discover the “owner” of the idea, in other terms, which person initially came up with it, in order to elaborate with this person more during the interview with the following questions. Question number seven, “what was the reason – need for you to come up with this idea” wants to examine the purpose that this idea came to fulfill and the need that it wants to cater for. Learning the reason that an idea was

generated for, helps understanding which part of the company can affect, thus matching the idea to a specific area of the business model that it can possible affect (Morris, 2005, Johnson, 2008).

The third set of questions intends to connect the new ideas and creativity in the case company with the result they had in the business model of the firm. The eighth question, “Did the implementation of these ideas manage to change the way your company works? Which sectors were affected?” wants to see if the implementation of the idea had a result in the way the company functions and which sector was affected, thus correlating the result of the idea application to the business model (Govindarajan, 2001, Doz & Kosonomen, 2009). The final question, “What were your reflections after implementing each idea? What was the impact for your future movements?” purposes on investigating the thoughts of the management team of the company after the idea has been implemented and what might be their future actions.

3.2.2 Interview Process

In the special meeting arranged for the purposes of the present master thesis, Lena Soufi Karlsson, CEO of Polytuft AB of Sweden and Cajsja Aberg, general manager of the same company were interviewed. During this meeting, some knowledge of the company was already known due to the business development report that was already conducted for the purposes of the master program in Corporate Entrepreneurship and Innovation. The interview was held for each interviewee separately and all questions from the interview guide were asked. The first five ones were asked for all the ideas and the four last ones for each idea separately. The interview process was flexible following a semi structured form. Since the conversation with the interviewee was not fully structured, questions not included in the interview guide were asked when needed, in order to highlight issues that emerged during the dialogue. The interviewees felt comfortable to add more information when they felt like to, thus contributing more to the collection of more data. Furthermore, this was a great chance to get more information about the company and the way the interviewees act. The basic skeleton of the interview as derived from the interview guide was proven useful, as the answers provided important data, but also the fact that Lena and Caja contributed in their own way to the flow of the dialogue, expanding it beyond the framework set by the questions enriched the data gathered.

3.2.3 Data Management

In order to collect, organize and analyze the data from the interviews, notes were kept during the dialogue in order to highlight the most important issues discussed. Furthermore, the interviews were taped, since neither Lena nor Cajsja had problem with that, so that there would be the possibility to access the dialogues any time and not omit any data important for the purposes of the current master thesis.

Observation during the research process was limited for two reasons. First of all the language barrier hinders observation and secondly, in cases were meetings were held in English, they were confidential.

What was derived from observation was the body language of the people working, nor requiring any specific oral language skills to understand it.

Documents that describe the current product portfolio of the company, its financial situation over the past years, the performance of each seller and their distribution across Sweden, Norway and Denmark, provided by Polytuft that caters for their authenticity, credibility, representativeness and meaning are used as data. Finally a set of articles and books, related to the research question is used for the purposes of the thesis.

3.3 Method for data analysis

In order to analyze the data accumulated during this master thesis a method, similar to the grounded theory presented by Bryman and Bell (2007) is going to be used. Results are going to be derived from data systematically gathered and analyzed through the research process. Data collection, analysis and results will be closely connected.

The research question is formulated and this is going to dictate the flow of the thesis towards the accumulation of data, knowledge and final results. Data are coded in order to make sense and concepts are generated. The first concept that emerged was that of the “ideas”. It was interesting to see if they exist in the case company and if they were able to bring changes. Then new concepts appeared, like the one of business models and the other of business model renewal. The creation of new concepts generates a movement backwards and forwards. New data had to be collected from the case company in order to discover the new concepts. Along with the concepts of new ideas, reflection was thrown on who generated this idea, from where they got the inspiration and what need the implementation of this idea came to cover. The issue of having a corporate climate fostering the production of new ideas also emerged. Afterwards the outcome of the implementation of this idea had to be examined, to discover its real result in the company and its business model. Both primary data from the interviews with the CEO and the general manager of the company and secondary data, like corporal documents were used in order to collect data for the various categories that emerged. Relationship between categories is explored in order to be able to draw conclusions. Categories are saturated, when there is no use for further search for data. When all the categories are saturated, data collection for them finishes and finally comparison between the findings and the theory is made to reach the final conclusions.

3.4 Reflections of method choices and limitations

Even though the qualitative method has been selected, some data will originate from some questions that are going to be of a closed type. This is essential to describe the general corporal climate and to gather more information that will also help to the formation of the semi structured interview guide, serving simultaneously as sources of inspiration to investigate sectors that so far stay hidden.

Additionally, in the method for data analysis, the grounded theory, the twelfth step, collection and analysis of data in other settings is omitted, since the focus will be on one setting.

At this point it is good to mention that even though the company chosen can provide answers for the research question, the fact that it is only one company cannot create a representative sample for all companies. Furthermore, Polytuft is a family run, medium sized company that sells carpets and due to its character and size again, the results derived from this company cannot be implemented to all the other companies of the carper sector.

Finally it is worth mentioning that the results derived from the interviews are based to what the CEO and the general manager of the company expressed. Unfortunately, there is no way to check the objectivity of the answers given, since these two people are at the top of the hierarchy of Polytuft.

The documents provided from the company, refer to financial results, statistics and distribution of sellers, they are official documents of the company and Polytuft guarantees for their objectivity.

Chapter 4: Presentation of results.

4.1 Presentation of the case company

Polytuft of Sweden AB is a medium size, family run company of 20 people, selling carpets. They are active since 1985 and now they are present in four countries, Sweden, Denmark, Norway and Finland. According to the CEO of the company, Lena Soufi Karlsson, the most valuable characteristic of the company is the good reputation that they have in the market. The company is known for combining good quality with good prices, as mentioned by its CEO. The company has 1300 customers in Sweden till 2011. In 1996 they managed to expand to Norway and they now have 250 customers throughout the country. In 2000 they made their debut in Denmark, where they currently have 160 customers and in 2011 they started getting expanded to Finland. Recently they also established a joint venture with a Finnish carpet company, called VM-Carpet. It is a family run business, with over 100 different kinds of products, organized in the following sectors: Entrance carpets, Artificial turf, Textile floor carpets, Oriental carpets, Runner carpets, Natural carpets, Fiber carpets and other random shape and size carpets. At the moment there are 20 people working for the company and the annual turnover reaches on average the amount of 36 million SEK.

Their target customers are mainly house owners, shops, offices, hotels, trade shows and exhibition organizers. However they never contact directly the final customer, as they pursue a B2B sales model. Furthermore, since that are a family business, the corporal climate is friendlier and this is transferred to the customer. Customers have personal contacts with the company and the company with the customers and they have managed to build a strong relationship, thus contributing to the good reputation that Polytuft has in the market. Customers know that when they have a problem, they can trust and contact Polytuft. Additionally, the general manager of the company, Cajsa Aberg, argues that it is really important that Polytuft is able to be known as the first option and solution of the customer when it comes to carpets. They want customers to firstly think of Polytuft when it comes to carpets. Consequently the company has to be creative, bringing up and realizing new fruitful ideas, as both the CEO and the general manager believe that a strong name is not easily maintained in the market and they have to try in order to maintain it. They feel the need that they should be in a continuous improvement so that they are able to provide the customer with good and reliable services. They should deliver the client what they promised for, on time and they have to been close to the customers' needs. Therefore, they feel the need to come up with new ideas, implement them and be creative.

Their vision is to try to become a leading company in Scandinavia in the carpet sector, continuing the tradition of their good name in the market and the good reputation they already have. Taking advantage of their well reputed name and their experience, they are trying to be one step ahead in developing new trends in the carpet sector. For the following decade they have an aspiring plan of increasing sales by 5 million SEK per year and boost margins up to 10%. However, they acknowledge the difficulty of the task as the European market is recovering from recent economic crisis, their market sector is not blossoming

and they intensely feel the need for new ideas. They would like to be benefited from innovation management, getting inspiration and new ideas on how they can be reconstructed in a creative way.

4.2 Creativity in Polytuft

Since 1985, the year when Polytuft was created, they have come up with many ideas as the CEO of the company, Lena Souffi Karlsson supports. However, for the scope of this master thesis, four ideas are going to be examined since they are more up to date and they have more recent and thus clearer effects on the way that the company operates, thus showing the way that a new idea can lead to the renewal of the business model. Based on the knowledge accumulated and gained for realizing the internship project in the case company, the inspection of the corporal climate and the input from the interviews, the following ideas are going to be examined. The persons interviewed mentioned these four ideas that are currently in the process of realization in the firm, highlighting their importance towards the firm. These are the followings:

New products: Polytuft Home Collection

New market: Entrance to Finland

New process: Re-organizing the sales sector

New process: Re-organizing the company

Lena Soufi Karlsson states that creativity plays an important role for the company. She founded the company back in 1985 and as she is not coming from a corporal environment, she had to accomplish everything by herself and make her company survive. When she managed to make the first profits she tried to establish the company in a highly competitive market, where there is not space for everyone. Only the best, she mentions will be able to survive. Those firms that will manage to combine the best quality at the best price will manage to stay ahead. Furthermore, a firm in her sector should be close to the customer, getting to know his needs. The role of service she states is also very crucial. If a company cannot deliver a specific order or what was agreed with the customer, it will result in customer loss and consequently to fewer profits. Therefore, Lena Soufi Karlsson, always tried to personally think of new ways and ideas to solve different problems that appeared. This is the attitude that she tries to diffuse in the company. Creativity is important as without it they would not have been able to survive all these years. Since competition increases and the market is somehow frozen the past years the need for new ideas is imperative. Cajsa Aberg, general manager of the company, argues that they need new ideas in order to make Polytuft work better. If they stay stable then someone else is going to leapfrog them, displacing them from the market. Changes might also occur in the preferences of the customers and therefore the company will have to adapt to that or they can think of new offerings for the customer that might make them feel more satisfied with the product.

The way that new ideas come up and are elaborated in the company varies, depending on the person. Lena Soufi Karlsson, CEO and founder of the company has the most profound knowledge of company

and she is the person who comes up with the most new ideas. She mentions that she does not have a specific process with steps that have to be followed in order to come up with a new idea, but she tries to understand what are the real needs of the company and what kind of opportunities can be exploited in order to come up with new ideas. The main target is the maintenance of the good name of the company, but in order to achieve it, action has to be taken. The company should function properly and they should be aware of the customers' real needs. She feels that in case they can succeed this combination then they will be able to go for better results, maintaining their reputation as a company of good price and good quality, satisfy the customers; delivering products on time according to what was promised and close to customers' needs. Aberg (2012) reported that she does not follow a specific process, method or technique to come up with new ideas either. She has a daily thorough contact with the company therefore she believes that she is in the position to think of potential solutions to problems that might appear or new ways that corporal processes could be performed better. Her daily communication with the majority of the staff in Polytuft makes her get the real pulse of the organization and the general image of the company that she has formulated and this is updated every day, helping her create more ideas.

Karlsson (2012) supports that people in her company are creative. The friendly atmosphere due to the fact that they are a family business affects all the employees, thus making them feel free to express their ideas and try new things. She does not want the people to be afraid to try new things or make suggestions, in contrast she feels happy when this happens. For that reason she tries to not to have a boss-employee relationship with the staff, but a less formal approach that will make the employees feel that they are on equal terms. Even though she is the most experienced person in the company, she does not like having hierarchical levels and she supports a more flat, daily communication with everyone. Aberg (2012) also believes that people in the firm are creative, since they take initiatives to complete their tasks in the way they want and consider it is going to be the most effective and efficient one. Furthermore, when they think of an idea they express it. Although she is in the management team of the company, she feels that there is not substantial distinction in between her and the other employees. The fact that the corporate climate is friendly and the employees feel free to express their opinion was also visible during my stay in Polytuft, when I had to conduct my internship and thesis. By observing the people, their relaxed attitude was noticeable along with the fact that formal hierarchies do not exist in the company. Everyone was focused on accomplishing their tasks, rather than being typical or formal in front of the CEO. In fact, they are able to speak their minds, take initiatives on how to accomplish their tasks and daily duties more effectively and efficiently and also propose ideas that can be helpful for the general function of the firm.

4.3 Ideas in Polytuft

4.3.1 PD Home Collection 2011-2012

The first idea that is currently going on in Polytuft is the creation of the PD Home Collection 2011-2012. This is Lena's idea and she came up with it three years ago in 2009. The PD Home Collection 2011-2012 is a collection of 31 products, referring to different kinds of carpets. Its product types can be found in different sizes and shapes according to the use of each carpet. What makes this collection of products different is that it is an exclusively home collection, whereas the previous products offered were carpets and mats designed for industrial and public places. These carpets from the PD Home Collection 2011-2012 are going to be used only in private homes and therefore have a more colorful style and are made of different materials that fit better the floor of a private house.

Since one of the corporal targets is to make customers feel that they can call Polytuft every time they are in need for a carpet, Lena thought that it would be a good idea to expand the product portfolio to more products. So, in 2009 she thought that they can expand the products from just offering carpets for industries and business to embracing a home collection that would also serve the needs for private houses. The need for home carpets is constant especially in areas in Scandinavia where the climate is cold. Therefore, Karlsson (2012) believes that if someone is able to offer a good choice to the customer in terms of quality and price, then there is more space for profit. Furthermore, she thinks that this expansion of the product portfolio to the home collection will enhance the name of the company in the market, as they will be able to offer a greater variety of products and more customers will be able to choose Polytuft for more products.

This idea has changed the offering of Polytuft, since more products that were not offered were added to its product portfolio. Additionally, existing customers were asking for more products and new customers showed interest for the new products that now the firm offers, therefore the customer basis is altered. Karlsson (2012) believes that this new idea has significantly changed the image of the company to its customers, as they now feel that Polytuft can offer them more compound solutions. In case the initial positive climate that the PD Home Collection 2011-2012 has created continues, then Lena thinks of having annual home collections where the products are going to be renewed every year according to customers' needs, market trends and new style designs.

4.3.2 Expansion to Finland

Polytuft already operates in Denmark and Norway apart from Sweden. In 1996 the opening to Norway happened and in 2000 the opening to the market of Denmark. The knowledge from expanding the business opportunities of Polytuft in other countries already existed. Karlsson (2012) knew what is required in order to start selling in another country. Having a good network and being patient always

help on that score. Since she was already active in the carpet market and this market is relatively small in Scandinavia, the network already existed and she managed to get useful information about the people that she finally decided to collaborate with in Finland. Therefore, the last years Lena Soufi Karlsson also came up with the idea of expanding their business activities to Finland, thus making a new market opening. Finland did not seem to bear great differences, in terms of culture and customer needs, compared to the other Scandinavian countries that Polytuft is already present, so the risk from such an action is low.

The reason for expanding to Finland was to increase sales. Besides, Karlsson (2012) mentions that sales in the current markets have been stable the past years and such an opening could bring more money to the company. Since something similar has happened in the past with the cases of Norway and Denmark and it worked, Karlsson (2012), thought that it might be a good idea to also try it to a neighboring, similar to Sweden country. More sales increase the turn over, thus bringing more money in the company and in case costs are controlled, more profit can be made.

The number of the customers is changed. So far the opening in Finland has worked and new orders from new customers arrive (Karlsson, 2012), something that probably would not have happened in case Polytuft had stayed in the current markets where sales are quite stable the last years. The products offered in the Finish market are the same with the ones offered in the existing ones. Finally, Karlsson (2012) mentions that at the moment a similar movement or opening to a new market is not planned. The expansion in Finland is relatively new and she would like to see how this is going to work out in the following years. In case profits are made from this market, maybe she will consider another opening, but still it is quite early to discuss something like that. Furthermore, each market presents a special case, where cultural, legal and financial factors have to be thought of.

4.3.3. Re-organizing the sales sector

Cajsa Aberg is the one who in 2010, came up with the idea of re-organizing the sales sector. As mentioned by the CEO of Polytuft (Karlsson, 2012), the general manager (Aberg, 2012) and also shown from the financial results of the company, sales have been relatively stable over the past years. Due to the fact that no proper answer could have been provided to explain this phenomenon, Cajsa started to think of different ideas in order to overcome this problem. Thus she reached the conclusion that something should be done in the sales sector in order to boost sales. For that reason, Cajsa is trying to get other ideas of how an efficient and effective sales sector shall be organized.

Currently in the sales sector the CEO, the nine sellers of the company and the three employees working in the headquarters of Polytuft are involved. The CEO is giving general directions, about what products shall be sold, to which areas, the way that sellers are going to be allocated in different areas, she tries to find suppliers and make sure that deliveries are going to be held on time. The sellers are responsible for promoting all the products the best way the can, finding new customers, thus increasing sales and maintaining good relationships with existing ones, thus helping the company sustain its good reputation

in the market, in terms of customer satisfaction. The three employees working in the headquarters in Polytuft are responsible for three sellers each and they provide them administrative support, focusing on providing them new samples, informing them about new products, collecting financial results from sellers and answering to customers' questions and complaints on the phone.

Aberg (2012) argues that what is currently missing from the sales sector in Polytuft is frequent communication, diffusion of knowledge and a proper way of organizing the different tasks. The different partners of the sales organization do not communicate frequently, so news and ideas do not circulate quickly. The knowledge that is accumulated in each employee or seller or the company is not exploited for future purposes and every person in the sales sector accomplish their tasks their own way, since there is not a direction from the company. Sellers do not have targets and the way they are going to perform sales is totally up to their discretion. For the above reasons Aberg (2012) though that a general reformation in the sales sector is required. Since sales are stable, she believes that if they are going to organize their sales sector more constructively, then they probably have better results in sales. She argues that communication has to be improved. Meetings between the people that constitute the sales sector, the CEO, sellers and the administrative support provided from the headquarters shall be more often, so that everyone has a clear picture of what is the real situation in sales and new ideas for possible improvements can appear and circulate more often. She strongly supports that communication in between the sellers shall be more often, because they are the ones who sell and know the job better so their collaboration can bring fruitful results. The contact between the sellers and the company, she argues, shall be reinforced, so that the sellers will have a better insight to the corporal strategy and the targets set by Polytuft. She also believes that if sellers can be trained and improve their selling techniques, then this result in increased sales.

At the moment this idea, the re-organization of the sales sector in Polytuft, has not been fully implemented, as they are still working on that. The distribution of the sellers across Sweden, Denmark and Norway has changed in order to give areas to sellers where they can be more productive, as some of them live closer to some areas, they might have networks there and generally can penetrate the market better in a specific area. Meetings with the management team and all the sellers have increased from once to twice a year and at the moment they are thinking of adding a couple of more meetings through the year (Aberg, 2012). The use of technology can also help the realization of these meetings in case some people cannot be physically present.

Even though the implementation of this idea is still in progress, Aberg (2012) believes that apart from the change in their processes and the way the sales organisation currently functions, this change will also affect the overall sales, that they expect to be increased, thus offering their products to more customers. Aberg (2012) states that no matter if their expectations are going to be met from the implementation of this idea, work shall be done on the sales sector in the future. Profits are always vital for a company and the only way to succeed them is through increasing sales. Therefore, if the current ideas about the reformation will be proven not as fruitful as they are expecting, new ideas have to show up.

4.3.4 Re-organizing the company

Another idea Cajsa Aberg (2012) had is to re-organize the current structure of Polytuft. At this moment, despite the friendly atmosphere in the company, communication between all the members of the company (management team, employees, sellers) is not widely diffused. As already mentioned ideas do not frequently circulate in the company and Aberg (2012) thinks that they can do better on that sector, be more creative and also take advantage of the knowledge that each person has in the company, since this can be very useful towards improving current processes.

Therefore, Cajsa thinks that more frequent meetings shall be held with all the members of the company, especially between the ones who are on the headquarters of the company in Sosdala on a daily basis. In this way more problems can be discussed and addressed to directly and quickly. Monthly meetings with all the employees in the headquarters are held since September 2011. There is also a tendency to decentralize responsibilities and deliver them to different people in the company, in order to make them feel more responsible, urge them think about more issues and problems and come up with solutions and also enhance communication between them. So far the person who was totally responsible for exhibitions and fairs was the CEO. Cajsa thought that she has the knowledge and experience required to take over this duty. She knows the company very well, as she has been working there for more than ten years, so she is aware of its needs, she has been in lots of fairs and exhibitions in the past so she thought that this activity can pass over from the CEO to the general manager. Furthermore, Aberg (2012) supported that she has both theoretical, based on her studies and practical, based on her professional experience, knowledge on marketing. This is why she thought that she can take over the marketing and promotion of Polytuft, a activity entirely held by the CEO until now. In this way, the CEO can focus on other, more important activities, such as planning the expansion to Finland, finding new suppliers or new markets. At the same time Aberg (2012) expressed that this made her feel more responsible, she felt that the company trusts her and she is more willing and enthusiastic to work harder. The fact that her spectrum of responsibilities is enriched, gave her the chance to have a better picture of the company and it was proven helpful in coming up with new ideas.

The result from applying this idea is already obvious. Aberg (2012) has noticed that after inaugurating the monthly meetings in the company, everyone is better aware of what is happening in Polytuft. People feel more confident to express themselves in the meetings, citing both problems and solutions. For example when there was time pressure in one of the employees in the headquarters, this was cited in the meeting in October and there was a re-arrangement of duties for a period of time. Aberg (2012) argues that these things might sound simple and small, but they are able enough to improve employee satisfaction, improve collaboration and make everyone feel part of the company. The outcome from this idea is positive, Cajsa would like to see the company making more changes in the future that will help all its members be more satisfied and productive. She believes that if the internal structure of the company is solid and things work well, then this also reflects to the external environment; suppliers and customers and she hopes that a better internal organization in Polytuft can also help improving sales that are stable the past years.

Chapter 5: Analysis and discussion

As mentioned earlier creativity plays an important role in Polytuft, as the people there are trying to generate new ideas in order to overcome problems or make the company work more efficiently and effectively.

5.1 Process of creativity and idea generation

From the interviews with the CEO of the company Lena Soufi Karlsson and the general manager Cajsa Aberg, it is understood that the people working in Polytuft do come up with new ideas, as the four ones mentioned and analyzed in chapter four. However, the people who come up with new ideas do not follow a systematic process in order to generate and cultivate them. Such a process is proposed by Hesselbein & Jonston (2002) which includes five steps (preparation, innovation opportunity, divergence, incubation and convergence). Both Karlsson (personal communication, 2012) and Aberg (personal communication, 2012) support that they come up with a new idea, mainly when there is a need, a problematic situation that has to be solved. They argue that they do not follow a specific process to formalize and realize an idea. When they think of it they are trying to apply it in the company and if this is not feasible then they try to think of something new. Additionally, they both mentioned that so far in the company, there is not a specific technique pursued in order to produce new ideas. New idea generation lies to the discretion of each person and each time there is a good idea, they try to take advantage of it.

In this case the theory does not apply to the case company. The five steps process towards creativity (Hesselbein & Jonston 2002) is not pursued neither by the CEO nor the general manager of Polytuft. Consequently, this theory is not applied in all cases and it appears that the real business life is more complex.

5.2 Areas of creativity and new ideas

Karlsson (personal communication, 2012) argues that she tries and wants to create new ideas. She is the founder of the company after all. She confronted lots of problems in order to make the company survive and she managed to make it partly based on the ideas she had. Ideas are definitely an area of creativity for her (Miller, 1999). She is also getting inspired by the products that exist, trying to make a better offering to the customer, or to think of products that the customer wants (material creativity, Miller, 1999). The PD Home Collection 2011-2012, that was her idea, has to do with new products offered to the customers, products that were not previously offered by the company. She is also getting inspired for new ideas from the relationships that she maintains with different partners of the company, like the

suppliers (relationship creativity, Miller, 1999). Suppliers are a very important part, since the products come from them and their role is vital to on time and correct deliveries that will include quality products. It is very important to build trustworthy relationships with suppliers and in case something goes wrong then you have to be quick in your response and actions as the customers cannot wait, she adds. Additionally, since she wants everyone in the company to be creative, finding new ways to communicate with the personnel is important. She supports the friendly atmosphere that exists in the company, partly due to the fact that they are a family business, she does not want hierarchy to be complex and she wants everyone to be expressive.

Aberg (personal communication, 2012) also goes for many new ideas. She is in the company on a daily basis, she comes in contact with all the employees and she tries to think of ways to improve the organization of the company and the relations in it. Her ideas to re-organize the sales process and also re-organize the company lie on the areas of organization and relationship creativity (Miller, 1999). Since Aberg has taken responsibility of the marketing and promotion issues of the company and she is also responsible for making the company participate in fairs and exhibitions, she is also trying to be creative on that score (event creativity, Miller, 1999).

5.3 Sources of creativity and new ideas

The four ideas investigated at this master thesis have come to existence and implementation derived from different sources. The first idea, Polytuft Home Collection arrived because the CEO, Lena Soufi Karlsson (personal communication, 2012) would like to change the offering of the company. She changed her perception about the offering of the company, making the decision to include carpets for private homes. According to Drucker (1998) this idea is derived from a change in the perception.

Karlsson (personal communication, 2012) also saw that customers in Finland are in need and ask for carpets. Bearing in mind her previous knowledge about expanding to new markets and the need for carpets in Finland, Karlsson took the decision to serve customers' needs in Finland. Therefore, this idea was derived from responding to the needs of new customers (Brethon, 2007, Merlo, 2006).

Aberg's (personal communication, 2012) idea to re-organize the sales sector came up because sales were stable the past years. Polytuft's expectations and results from sales diverged. This incongruity triggered the generation of this idea (Drucker, 1998).

The re-organization of the company, another idea of Cajsa Aberg, was partly triggered from the incongruity between sales and results and partly from the fact that there is the feeling that Polytuft can perform its processes better (process needs, Drucker, 1998).

As described from both the CEO and the general manager of the company they are trying to engage everyone in the company to generate new ideas (Amabile & Khaire, 1998). Furthermore, with the re-construction of the company that Aberg has thought of, collaboration and communication between the

different parts of the company is going to be strengthened. As already mentioned, hierarchy is simple in the company, the structure is not complex and bureaucracy lacks. Consequently, according to Garvin (2008) these elements can boost a general climate of creativity in the company, where everyone feels comfortable to express themselves and produce new ideas.

5.4 Business Models

According to the knowledge provided by the literature and the information collected for the company from the research conducted (interviews, documents) along with the previous knowledge of the company accumulated during the internship, the business model for Polytuft corresponding to its current state is depicted in the following table. Consulting the literature the business model provided by M. Morris (2005) is used. This theory provides a framework where three levels in decision making exist, the foundation, the proprietary and the rules level. On the foundation level generic decisions have to be made in order to define a business and set its borders. It is also really important that these decisions are internally consistent. At this level, the firm decides on what it is going to sell. On the proprietary level, the entrepreneur has to think about how to make unique combinations among decision variables in order to attain a sustainable competitive advantage. It is a strategy specific level and cannot be easily copied by competitors unlike the foundation level. Finally, the rules level embraces the guiding principles for the decisions to be executed and consistent adherence to these rules can clearly distinguish two companies. Each of these levels has to be examined towards a set of six decision areas (components), provided by Morris (2005). The first component has to do with the offering of the company and the way that it will create value. The second one has to do with the market factors and the firm will have to decide for whom it will create value. The third component has to do with internal capacity and the real source of competence of the company, the fourth one refers to the competitive strategy factors and how the company will competitively position itself, the fifth one, the economic factors refer to how the firm will make money and finally the sixth component provided by Morris, is connected to the personal/investor factors and what are the time, scope and ambitions of the firm.

Both Lena Soufi Karlsson and Caja Aberg (personal communication, 2012) expressed that people play a vital role in their company and they are an indispensable part of Polytuft. They invest on people and they everyone to fit in the mentality of the company so that good relationships are maintained. For that reason they would like to see the human factor having a special place in the depiction of the business model of the company. The business model theoretical framework provided by Morris (2005) does not account for that, consequently contribution to this model to make it fit the needs of Polytuft was needed. The answer came from another approach to business models and a seventh component was added to the model already offered. This addition to complement the initial theory was inspired by W. Johnson (2008), so that the human factor is also captured.

	Foundation Level	Proprietary Level	Rules
Component 1: <i>Factors related to offering</i>	Polytuft offers only standardized products (no services). The products have a medium breadth, since there are 7 product categories, but their depth is deep since in each category there are many types of products. Polytuft buys the products from suppliers and resells them directly to other companies	Polytuft has different kinds of carpets and artificial turf and various types of quality. Products are distributed through different retailers, the firm does not have its sales points, but it uses sellers to promote its products to other businesses.	Polytuft aims to have products of different quality, respond to customer's needs and continuously offer the customer new products.
Component 2: <i>Market factors</i>	Polytuft sells to other businesses on an international level, thus its market is broad. They do not sell directly to end customers, but to other retailers. At the moment the company focuses on transactions being accomplished.	They are present in Scandinavia (Sweden 1985, Norway 1996, Denmark 2000)	They intend to maintain a good reputation in the market.
Component 3: <i>Internal capacity factors</i>	Polytuft tries to sell in both good prices and quality and they have a good network.	It is a family run business, with a medium size and friendly environment, not much hierarchy and they try to renew their network of suppliers when problems with them appear.	The target is to deliver on time, having few complaints and they choose employees who fit the current corporal environment.
Component 4: <i>Competitive strategy factors</i>	They have quality products at a reasonable cost and they deliver fast.	Suppliers are carefully selected, based on their punctuality, quality and price of products.	Retain good relationship suppliers and retailers Combine cost and quality
Component 5: <i>Economic factors</i>	Medium volumes Low margins Fixed revenues Low operating leverage	They are trying to create a constant need for their products.	Their target is to keep sales in the same level as the one of the previous year.
Component 6: <i>Corporate factors</i>	Polytuft tries to keep a growth model.	They continuously try to introduce new products.	They try to find suppliers with new lines, products of best

			quality – best price and they have the target to have one new customer per week
Component 7: <i>Human factor</i>	Polytuft hires new personnel when needed.	They are open to young people and fresh ideas and there is a code of conduct in the company.	They carefully select their employees.

5.5 Business Model Renewal

Now the effect of the implementation of the four ideas is going to be depicted on the business model, thus leading to an account of business model renewal (changes in the business model due to the implementation of ideas are highlighted in red. It is also mentioned in red from which idea each change emanates). The four ideas are the following:

1. **New products: Polytuft Home Collection**
 Changes that this idea brought to the business model of Polytuft
 This idea changed the offering of the company. More product categories are now offered with the addition of the Polytuft Home Collection that can also be used for other purposes. The company is now trying to lock the customer, covering all his needs in carpets. Offering more products and making the customer firstly thinking of Polytuft when it comes to carpets helps the company enhance its good reputation in the market. Existing customers trust the company more and new ones arrive. Furthermore, more customers mean more sales and this will have a positive effect in increasing profits.
2. **New market: Entrance to Finland**
 Changes that this idea brought to the business model of Polytuft
 This idea expanded the customer basis, opening a new market for the company.
3. **New process: Re-organizing the sales sector**
 Changes that this idea brought to the business model of Polytuft
 Re-shaping the sales sector will improve the relations between the firm and the customers, since this is going to be one of the targets of this action (Aberg, personal communication 2012). Consequently, the firm will move from a transactional to a more relational model. This idea also plans to have an increase in sales, thus bearing higher margins and revenues. Organizing the sales sector is also expected to bring more new weekly customers to the company.
4. **New process: Re-organizing the company**

Changes that this idea brought to the business model of Polytuft

Making the company working better internally will also reflect on its relations with the external partners (suppliers and customers). In case the company manages to solve its internal problems and make its processes more effective and efficient, then everything will work better and the customer is going to receive better products and services, thus resulting in fewer complaints. Finally Aberg (personal communication, 2012) expects to strengthen the communication between the members of the company, though more frequent meetings. She would like to see people being able to express themselves more easily, foster idea circulation and improve collaboration within Polytuft.

	Foundation Level	Proprietary Level	Rules
Component 1: <i>Factors related to offering</i>	Polytuft offers only standardized products (no services). The products have a medium breadth, but now there are 8 product categories (Home Collection included, 1st idea) , but their depth is deep since in each category there are many types of products. Polytuft buys the products from suppliers and resells them directly to other companies.	Polytuft has different kinds of carpets, including now home carpets (1st idea) , and artificial turf and various types of quality. Products are distributed through different retailers, the firm does not have its sales points, but it uses sellers to promote its products to other businesses.	Polytuft aims to have products of different quality, respond to customer's needs and continuously offer the customer new products. With the introduction of home collection, they now have a bigger variety of products in order to provide the customer with a total solution (1st idea).
Component 2: <i>Market factors</i>	Polytuft sells to other businesses on an international level, thus its market is broad. They do not sell directly to end customers, but to other retailers. The company is focusing on establishing long term relationships with its partners (3rd and 4th idea).	They are present in Scandinavia (Sweden 1985, Norway 1996, Denmark 2000) and now Finland, since they entered this market in 2011 (2nd idea).	They want to have and maintain a better reputation (1st, 3rd and 4th idea since they believe that these changes will improve the face of the company to the market) in a bigger market (2nd idea).
Component 3: <i>Internal capacity factors</i>	Polytuft tries to sell in both good prices and quality and they have a good network.	It is a family run business, with a medium size and friendly environment, not much hierarchy and they try to renew their network of	The target is to deliver on time, having Fewer (4th idea) complaints and they choose employees who fit the current corporal

		suppliers when problems with them appear.	environment.
Component 4: <i>Competitive strategy factors</i>	They have quality products at a reasonable cost and they deliver fast.	Suppliers are carefully selected, based on their punctuality, quality and price of products.	Retain good relationship suppliers and retailers Combine cost and quality
Component 5: <i>Economic factors</i>	Medium volumes Higher margins (all ideas) Higher revenues (all ideas, they believe that the offering of more products, having a bigger market, increasing sales and reorganizing the company, will result in more sales, thus more revenues) Low operating leverage	They are trying to create a constant need for their products.	Their target is to increase sales compared to the previous year.
Component 6: <i>Corporate factors</i>	Polytuft tries to keep a growth model.	They continuously try to introduce new products and find new markets, like Finland (2 nd idea).	They try to find suppliers with new lines, products of best quality – best price and they have the target to have more than one (3 rd idea) new customers per week
Component 7: <i>Human factor</i>	Polytuft hires new personnel when needed.	They are open to young people and fresh ideas and there is a code of conduct in the company and they foster further communication, collaboration and idea generation in the company (4 th idea).	They carefully select their employees.

Chapter 6: Conclusions and Implications

6.1 Conclusions

The case company, Polytuft AB of Sweden, is a place where new are generated. Lena Soufi Karlsson, the CEO of the company has produced two ideas that are examined in the present master thesis and Cajsa Aberg, general manager of the firm has produced another two. Even though they have their own way to produce new ideas and be creative and this diverges from the five step process described by Hesselbein & Johnson (2002), they feel that their way also works (Karlsson, personal communication, 2012). In the case of Polytuft it is visible that creativity and new ideas can take place at a firm, without roughly following frameworks provided by the theory. The five steps (preparation, innovation opportunity, divergence, incubation and convergence) are not pursued, however, four ideas ideas have been produced and implemented in Polytuft, bringing changes to its function and business model as depicted in chapter five.

It is worth to notice that inspiration for new ideas and creativity lie everywhere. Polytuft converges with the theory of Miller (1999) about the arenas where creativity takes place. Idea, material, relationship and event creativity take place in Polytuft and this is a point where the firm converges with the theory.

The business model theory, provides us with useful knowledge about the way firms can reflect on that sector (Morris, 2005, Johnson 2008, Govindarajan, 2001). However, there was not a single theory that was able to cater for the needs of the case company. Therefore, the model used by Morris (2005), had to be complemented by the one from Johnson (2008), so that it would correspond closer to the real needs of the case company. This is another point where Polytuft was slightly diverging from the theoretical parts as they stood by themselves.

Based on the findings on chapter five, it is noticeable that the four ideas that were implemented, brought changes to the company and its business model. In order for an idea to bring change it has to become reality. Afterwards, as Karlsson (personal communication, 2012) supported, it is really important to bring the desired results to the company. These four new ideas had to do with important decisions for the company. The PD Home Collection inspired by the CEO changed significantly the product portfolio of the company and now that are able to address to more customers. Her idea about the expansion to Finland also opened a new market and now the company has the chance to offer its enriched products to a wider audience, taking advantage of more opportunities. The re-organization of the sales sector plans to increase the customers of the company, increasing profits and margins and the internal re-shaping of the company aims to better structure that will reflect on both the external and internal environment of the company. In this was Polytuft expects to be better prepared to handle its external partners (suppliers, customers), thus ameliorating its processes and decreasing complaints and

also expects to create an internal corporal environment where people will produce more ideas (Amabile and Khaire, 1998). Furthermore, the leadership in Polytuft was bold in order to make these decisions and they supported them with the resources needed and that was critical to the realization of these ideas and make them change the business model of the company (Doz & Kosononen 2009).

To conclude, inspiration for new ideas can come from anywhere, therefore organizations shall be able to exploit them. Having a corporal climate, that caters for the cultivation of new ideas is always helpful, so that the firm will not miss any good ideas or opportunities. The way to produce new ideas may vary from case to case. Even though there are theoretical frameworks that can provide guidance on how new ideas are produced, this might change in real life. Moving to the sector of the business models, it is understood that they provide useful help to firms and facilitate their function. However, when needed business models have to be renewed, so that they keep pace with the current needs and targets of the firm and the generation and implementation of new ideas can help the companies to achieve such a renewal.

6.2 Implications for future research

As already mentioned in chapter five, the five step process for creativity by Hesselbein & Johnston (2002) does not occur in Polytuft, the case company. This theory cannot provide answers to any case. Creativity does occur in Polytuft, but it happens in a different way than the one described by the theoretical framework analyzed in chapter two. The fact that some firms do not keep pace with the theoretical models, does not mean that they cannot be creative. For that reason, there is probably more space for future research on that field. It could be investigated what happens in case an organization pursues a more spontaneous policy towards creativity, like the one that is applied in Polytuft. It would be interesting to see if there are any theories that can be developed in order to describe what happens in case people in a firm do not follow a structured process to be creative, focusing also on the reasons that this behavior appears, what kind of companies does it help and how can such behaviors be potentially improved so that organizations harvest better results.

It is also noticed that the business model theories described cannot fully cover the needs of the case company, Polytuft. Morris (2005) provides us with a well-structured framework for business models, however, the emphasis of Polytuft of the human sector could not be cover just by that theory. This business model had to be supplemented by one element from Johnson's theory (1998) to capture the human factor that is really important for Polytuft. Consequently, more theoretical research could be done on the sector of business models. Even though each business is unique and it has its owns needs and capabilities, it would be interesting to investigate if there is the possibility to create a framework for business models that capture more corporal factors and could be applicable if not at all, in more business cases.

As informed by Morris (2005) there is not a commonly accepted definition of the term "business model". Additionally, the terms business model, business concept, revenue model and economic model are used interchangeably, thus creating confusion. There is not a consensus on the definition, nature,

structure and evolution of the business models. Therefore more research can be thrown in the future in order to reach a specific definition of what a business model is.

More research can also be held in the future in the field of exploring the incentives that can be provided in order to motivate people produce new ideas. Not everyone comes up with new ideas and organizations sometimes need to try to create the conditions under which people will start producing ideas. It would be interesting to clarify what is the real motivation, able to make employees be more idea productive.

6.3 Practical Implications

Based on studying the case of Polytuft, practical implications can be derived for the company and others that have similar characteristics.

Inspiration for creativity can be found anywhere. Miller (1999) also informs us about areas where someone can be creative. Therefore, Polytuft, and any other company, can take advantage of these options that the theory provides in order to become more creative in even more sectors than it presently might be. The generation of more ideas will help both Polytuft and other companies on that score. In case organizations find this difficult to be succeeded they can try to cultivate such a climate (Amabile & Khaire, 1998) creating a culture that fosters the production of new ideas by all hierarchy levels.

It is noticeable that even though the generation of new ideas and creativity has helped Polytuft solve problematic situations and also exploit opportunities, creativity did not occur from a specific process as the one mentioned by Hesselbein & Johnston (2002). Polytuft and similar companies can adopt such a model in order to have a systematic approach to creativity. Furthermore, it is really important that people in organizations are educated to be creative and procured with the equivalent skills to produce new ideas (Gundrt et al., 1994). People can be trained to be creative and in case organization would like to maximize new idea generation they should move towards this kind of stuff training and education. Firms can also adopt different kinds of techniques to help the production of new ideas as the ones proposed by Ahmed and Sheperd (2010). Having a clear view of the current business model is very important for companies as this will help then define and answer the questions what is offered, to whom and how. A clear current business model can serve as the basis to set future targets, let the company know where it wants to go and renew its business model according to its needs. Many companies ignore the importance of defining their business model. When it comes to Polytuft and subsequently to other similar companies, reducing the costs can seriously help in business model renewal and offering the customers better solutions (Govindarajan, 2001). This is a dimension not currently explored by Polytuft. Finally the role of technology is very important especially in decreasing costs (Govindarajan, 2001), another option that Polytuft and many other businesses have not utilized to a satisfactory extent.

Appendix

Interview Guide

Questions to identify the general corporate climate towards creativity

1. Why is it important for you to come up with new ideas and be creative?
2. Did you come up with new ideas the past years?
3. How do you come up with new ideas?
4. Do you think that the people in your company come up frequently with new ideas? Do they easily express themselves?
5. Do you enhance creativity and how?

The following two sets of questions were asked for each new idea separately

“Owner” of the idea and reason for its creation

6. Who came up with this idea?
7. What was the reason – need for you to come up with this idea?

Effect that the application of the idea had in the company and its business model

8. Did the implementation of these ideas manage to change the way your company works? Which sectors were affected?
9. What were your reflections after implementing each idea? What was the impact for your future movements?

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