

**Identification and Categorization
of Order Qualifiers and Order Winners
in Knowledge Intensive Business Services**

Ewa Holmberg and Ida Moflag

Copyright © Holmberg, Ewa; Moflag, Ida

Department of Industrial Management and Logistics
Faculty of Engineering, Lund University
Box 118
SE--22100 Lund
Sweden

Department of Business Administration
Lund School of Economics and Management, Lund University
Box 7080
Se--22007 Lund
Sweden

Master Thesis, Technology Management - Nr 258/2013
ISSN 1651-0100
ISRN LUTVDG/TVTM--2013/5258--/SE

E-huset, LTH, Lund 2013
Printed in Sweden

Abstract

Title: Identification and Categorization of Order Qualifiers and Order Winners in Knowledge Intensive Business Services.

Authors: Ewa Holmberg and Ida Moflag.

Tutors: Carl-Henric Nilsson, Associate Professor, Department of Business Administration, Lund School of Economics and Management.

Dag Näslund, Associate professor, PhD, Department of Industrial Management and Logistics Lund University.

Sören Troedson, Regional Manager Semcon Öresund.

Issue of Study: The increased supply of companies offering knowledge intensive business services has contributed to a highly competitive market during the recent decade, where actors on the market struggle to gain competitive advantage. Especially technology companies that offer engineering services are impacted by the strong competition. Some of the sources behind the difficulties to provide competitive services are referred to low entry barriers, a lot of players, emerging consultant brokers, accelerating technology development and the similar value propositions among the technology consultancy companies. Due to these circumstances, what influences the possibility to qualify and win the orders on the knowledge intensive business service market? In order to answer this question, the issue is divided into three research questions:

What are the basic criteria that a company must fulfill in order to qualify on the market for KIBS? (Order Qualifiers)

What specific criteria are order winners?

What drivers impact a customer's selection of the basic and the specific criteria?

However, these research questions are more difficult to answer than expected, due to the lack of previous research and literature that concern order qualifier and order-winner criteria in the knowledge intensive business services industries. A need to combine these areas of research thereby verifies the relevance of this research.

Purpose The purpose of the study is to identify and categorize order qualifiers and order winners¹ in the KIBS industries. Further, the objective is to understand the underlying drivers that influence the customer's categorization of the identified criteria.

Method: In order to fulfill the purpose, the research strategy is performed qualitative by conducting 15 in-depth interviews. Since the thesis commences from existing theory that is compared with the output from the interviews that later results in a new framework, the research approach is both deductive and inductive.

Conclusion: A framework of the identified and categorized order-qualifiers and order-winner criteria for the knowledge intensive business services is developed.

Due to the lack of appropriate theory that connects order qualifier and order-winner theory with knowledge intensive business services, this thesis bridge the gap between the two theoretical areas. Therefore, the main contribution to the academia is the identified and categorized order qualifier and order-winner criteria on the KIBS market.

The contribution to the practice is the insight of the specific criteria, which can be used by consultancy companies in their creation of efficient value propositions. Firstly, the identification of the criteria highlights what the customers value when they purchase engineering services. Secondly, the categorization of the criteria explains the different importance and relevance of the identified criteria. The latter enables a foundation for an efficient prioritization of the criteria the technology consultancy companies should pay attention to when they overlook their value propositions.

Key words: order qualifier, order winner, knowledge intensive business service, value-adding activities, value driver, engineering services, consultancy companies.

¹ The definitions order qualifiers and order winners derive from a part of Terry Hill's framework called "Linking Manufacturing to Strategy".

Acknowledgements

Firstly, we want to express our gratitude towards our host company Semcon, especially Sören Troedson, for his engagement and assistance during this spring. Without your support, this thesis would not have been able to conduct. Furthermore, we want to thank all other engaged consultancy managers and employees at the office in Lund who have showed enthusiasms and interest in our work since day one. Those meetings have given us with a lot of useful perspectives. Finally, thanks for providing us with information, an office, a lot of coffee and fruit, this have made the writing of the thesis very pleasant.

We would also like to acknowledge all the participants of the in-depth interviews and thank them for their quick responses and for providing us with valuable information. Without your help, we would not have been able to stress the identified order qualifiers and order winners.

Furthermore, we want to thank our tutors from the university, Carl-Henric Nilsson and Dag Näslund, for their guidance and support during this thesis.

Also, we express our gratitude towards our opponents, whose useful criticism really helped to improve the framework of the thesis.

Finally, we want to thank each other for a good collaboration and for all the fun that we have had together while working on this thesis. By keeping up the mood in the tough time and challenging and motivating each other during the entire process, the last six months have been inspiring. Lastly, we are grateful for all the memories and the strong friendship that this thesis has given us!

Ewa Holmberg and Ida Moflag

Lund 2013-05-13

List of Abbreviations

CPV = Customer Perceived Value
D&DS = Design and Development South
D&DN = Design and Development North
ICT = Information Communication Technologies
IT = Information Technology
KIBS = Knowledge Intensive Business Services
P-KIBS= Traditional Professional Services
QQ = Order Sensitive Qualifier
R&D= Research and Development
SEK = Swedish Crown
T-KIBS=New Technology-Based Services

Glossary

Consultant

Hired by a customer in a temporary employment to execute a specific task.

Engineering Services

Consultancy services where the customers purchase consultancy hours in order to get expertise in the area of technology intensive knowledge.

Hourly Purchasing of Consultants

A business model used for the purchase of consultancy services charged per hour, i.e. resource consultants that should fulfill a specific competence that the customer currently lacks.

Knowledge Intensive Business Services

Expert companies that provide knowledge intensive input to their client company, such as engineering services, management consulting and IT-services. KIBS companies are considered to be knowledge suppliers.

Manager

An employee who is in charge of certain tasks or a certain subset of a company, where the manager often has a staff of people that reports to him/her. In this study, a manager refers to development managers, department managers or team managers.

Order Qualifiers

The basic criteria a company must fulfill to qualify into the order process, where the customer decides the criteria. Though, qualifying into the order process is not equal to win the order, it is just a chance to compete against the competitors that fulfill the same criteria.

Order Winners

The criteria that determine why a certain company wins the order. To win the order, a company must perform the criteria better than the competitors who also meet the requirements for order qualifying.

Purchaser

An employee who is responsible for the company's purchase of goods or services. The purchasers are usually in charge of establishing contracts, frame-agreements and selection of the preferred suppliers.

Value-adding Activities

Value-adding activities are those factors associated with an offer that the customer is willing to pay extra for. In contrast, non-value adding activities do not create conformance with the customer's specification and are things that the customer is not are willing to pay for.

Value Proposition

A value proposition is a promise of the value that will be delivered and impacts the customer's perception of the experienced value.

Table of Contents

1 INTRODUCTION.....	10
1.1 BACKGROUND	10
1.2 ISSUE OF STUDY	11
1.3 TARGET AUDIENCE	13
1.4 PURPOSE	13
1.5 LIMITATIONS	13
2 METHOD	15
2.1 RESEARCH APPROACH	15
2.2 THE RESEARCH PROCESS	16
2.3 CONSEQUENCES ON THE RESULTS	20
3 THEORETICAL FOUNDATION.....	23
3.1 THE THEORETICAL FRAMEWORK.....	23
3.2. INTRODUCTION TO ORDER QUALIFIERS AND ORDER WINNERS	25
3.3 ORDER QUALIFIERS	28
3.4 ORDER-WINNERS.....	32
3.5 VALUE DRIVERS	40
3.6 THE DEVELOPED THEORETICAL FRAMEWORK	42
4 INTRODUCTION TO SEMCON AND THE ENGINEERING SERVICE INDUSTRY.....	47
4.1 INTRODUCTION TO THE ENGINEERING SERVICE INDUSTRY.....	47
4.2 SEMCON.....	48
5 THE IN-DEPTH INTERVIEWS.....	50
5.1 SUMMARY OF THE IN-DEPTH INTERVIEWS	50
5.2 ORDER QUALIFIERS.....	51
5.3 ORDER-WINNER CRITERIA.....	57
5.4 VALUE-ADDING ACTIVITIES	63
6 ANALYSIS	68
6.1 ANALYSIS PART 1: COMPARING THE THEORETICAL FRAMEWORK WITH THE RESULT FROM THE QUESTIONNAIRE	68
6.2 ANALYSIS PART 2: CATEGORIZATION OF THE IDENTIFIED CRITERIA	86
7 RESULT.....	90
7.1 THE FRAMEWORK FOR ORDER QUALIFIERS AND ORDER WINNERS IN KIBS.....	90
8 CONCLUSION.....	92
8.1 ACADEMIC CONTRIBUTION	92
8.2 PRACTICAL CONTRIBUTION	93
8.3 THE REPRESENTATIVENESS OF THE RESULT.....	97
8.4 FUTURE ACADEMIC RESEARCH.....	97
8.5 FUTURE RESEARCH AT SEMCON	98

1 Introduction

This chapter aims to give the reader a general introduction and background to the subject that is discussed in the study. First, this section outlines the background of the subject, followed by a section that discloses the research question of the study. Afterwards, the purpose and the target audience for this thesis are presented. Finally, limitations of assumptions are concerned.

1.1 Background

During the second half of the twentieth century a structural change occurred in the western world, where most economies switched from being goods-based manufacturing to service-based ones (Akehurst, 2008). This change had indeed a major impact on the service industry and in 2007 the service industry exceeded 70% in the world's GDP (Machuca et al. 2007). In 2011, 75 % of the working population in Sweden was employed in the service sector (Almega 2013).

One profession within the service sector that influences the increase of the service economy is the consultant. From 1970 until today, the number of qualified consultants in Sweden has increased from 100 000 to 250 000, where customers in various industries hire consultants when expert shortage emerge. In 2012, more than half of the qualified consultants had at least 120 academic credits, where the majority of the consultants were engineers and other natural scientists (Royal Institute of Technology, 2012).

Due to increased focus on consultancy business as a research area, the profession has become more categorized during the recent decade. One term that commonly has been used during the last 15 years is Knowledge Intensive Business Services (KIBS) (Muller, Doloreux, 2009). Initially, the characteristics of KIBS referred to a service that provided strategic information and expertise that were intangible, durable, and with focus of problem solving rather than routine administration (O'Farrell PN et al. 1995). Muller and Dollereux (2012) claim that this evolution has transformed KIBS companies from transfers of specialized information to knowledge suppliers, i.e. a kind of knowledge co-production together with the client.

However, the current meaning of KIBS companies is referred to expert companies that provide input on the client's business processes (Toivonen M, 2006). Thus, a general definition of KIBS is not yet standardized, but existing literature shares common points of interest. In order to describe the services included in KIBS, researchers often refer to the classification NACE (Muller, Doloreux, 2012). The European Foundation for the Improvement of Living and Working Conditions (2006) presents the NACE-classification, which divides KIBS into three groups of services: computer and related activities, research and experimental development, and other business activities. The list is presented in detail in Appendix 1.

According to Miles (2005), the division of the different consultant professions can further be divided into P-KIBS and T-KIBS. P-KIBS refers to professional business management services, for instance legal accounting, market research and so forth. T-KIBS includes technology services as IT, R&D, engineering services etc (Miles, 2005). Miles (2003) also states that KIBS are among the most rapidly growing and dynamic business. Today, the service supply from KIBS and engineering services is crucial for the total production growth.

However, KIBS companies differ from companies within the classical manufacturing industry and therefore this remarkable gap requires further investigation (Hammarström et al. 2012).

1.2 Issue of Study

The number of players that offer engineering services has increased during the recent decade. (Almega, 2013) Furthermore, T-KIBS suppliers in Sweden struggle to achieve competitive advantage, since the competing suppliers offer similar value propositions (Hammarström et al. 2012).

The fast accelerating technology development also contributes to a volatile market, since technology influences the demand of human capital in different business areas. Consequently, new business areas are emerging, which creates excess of human capital in one business area and shortage in another (Hammarström et al. 2012). Since the customer's requirement of competences varies, it is crucial for the suppliers to either find a niche or offer a wide range of services to the customers. The most recent merge between ÅF and Epsilon (2012-11-16) is an example of a way to extend the knowledge base by acquiring more competences. Another explanation to the high amount of competitors is the low entry barriers that result in several local competitors and many self-employees (Troedson, 2013).

Additionally, a current trend that also impacts the high competition is the emerging presence of consultant brokers. One example is the broker *E-work*, who screens all the consultant companies in order to find the best consultant for the lowest price. Thereby price competition has become a fact and it is difficult for the suppliers to meet the requirements since high skilled engineers are not willing to lower their salaries. Customers indeed possess a high buyer power that enables them to find the right supplier, for the right price and with the right competence.

Due to these circumstances, how can technology consultancy companies qualify and win orders in this highly competitive market?

In order to answer this question, it is important to gain an in-depth knowledge of criteria that the customers value and require when they purchase consultancy services. To survive in the market, the suppliers must create competitive value

propositions founded from what customers value. The consultancy companies often fail to supply a tailored and customer-driven offer, since the provided value propositions are too general. Further, value propositions are sometimes created without knowledge of what the targeted customer actually demands. These circumstances forced the researchers to ask the questions: what criteria do customers value when they purchase engineering services? Can these criteria be identified and categorized in order to highlight the disparities and the different importance between each criterion? If a classification is possible, what sources can impact the categorization of a criterion? Can this investigation and categorization provide a profound foundation to create a competitive customer offer on the KIBS-market? These thoughts generated three research questions that are investigated in this study:

- *What are the basic criteria that a company must fulfill in order to qualify on the market for KIBS? (Order Qualifiers)*
- *What specific criteria are order-winners?*
- *What drivers impact a customer's selection of the basic and the specific criteria?*

However, the research questions are more difficult to answer than expected, due to the lack of existing research and literature that connect order qualifier and order-winner criteria with the knowledge intensive business service. Previous research in the area of KIBS mainly focuses on how KIBS providers can gain competitive advantages through certain methods, such as client-co production, innovation etc. A little amount of basic theory describes the subject in terms of what customers actually demand of the service. Thereby it is difficult to find literature that explains the core features of what customer requires and values in a knowledge intensive business service.

The same issue is encountered regarding the theory about order qualifiers and order winners, where the theory stresses how companies can meet the order qualifier and order-winner criteria on a basic level, especially in the manufacturing industry. Even in this literature, the underlying factors of why customers value a certain criterion are limited. Most of the existing research explains how companies can perform activities in order to be able to meet the requirements of the order qualifier and order-winner criteria. Thus, the customer focus is vague.

These conditions motivated the research and verify the relevance of this issue of study. This study is conducted in order to achieve a customer perspective on what criteria customers value when they purchase knowledge intensive business services.

1.3 Target Audience

One company that operates on the competitive market described in chapter 1.3 is the technology consultancy company Semcon. In order to become more competitive, they aim to create an offer inspired by the features that the customer actually values and requires. Due to these circumstances, this thesis gives Semcon an insight in what customers demand when they purchase engineering services.

Henceforth, the stakeholders are divided into three main categories that consist of key, primary and secondary stakeholders. The following stakeholders are identified:

Key stakeholder: The host company Semcon's business area Design and Development South Öresund and the tutors for this thesis.

Primary stakeholder: Other business areas at the host company Semcon.

Secondary stakeholder: Other companies that offer Knowledge Intensive Business Services.

1.4 Purpose

The purpose of the study is to identify and categorize order qualifiers and order winners² in KIBS industries. Further, the objective is to understand the underlying drivers that influence the customer's categorization of the identified criteria.

1.5 Limitations

In order to narrow down the research and fulfill the purpose of thesis, a few limitations are applied, which include general limitations and limitations to the company Semcon.

1.5.1 General Limitations

This thesis primarily targets the business-to-business market and does not concern the private consumer market, since it makes the research sufficient to solve the purpose. The research is conducted on the market for KIBS and more specific the engineering service market. Regarding the different categories of KIBS, the thesis focuses on the technology focused knowledge intensive business services (T-KIBS) as IT, R&D and engineering services. Further, staffing companies are not included, since the researchers do not consider them as competitors in the same business area.

² The definitions order qualifiers and order winners derive from a part of Terry Hill's framework called "Linking Manufacturing to Strategy".

1.5.2 Limitations to Semcon

As mentioned in the chapter 1.3 - target audience - the study provides a foundation for the company Semcon in their aim to create a highly competitive customer offer on the engineering service market. Due to these circumstances, the thesis has some appropriate limitations referred to Semcon's needs. Limitations are set to the market of Design and Development South (D&DS) Öresund. Due to the fact that Semcon's department D&DS Öresund currently operates on a competitive market, these limitations are considered as adequate.

A geographic limitation to Öresund is necessary to evaluate the impact that local conditions have on the purchase of engineering services. Furthermore, this is appropriate due to the differences in demand among local actors and behavior on different geographical markets. Considering engineering services, this study focuses on the hourly purchase of engineering services and not on business services that are sold as projects or partnerships. Hourly purchasing of engineering services primarily focuses on resource consultants with the aim to fulfill a competence that the customer currently cannot provide.

Concerning the customers, positions in a company that have direct influence on the purchasing decision of consultants are interviewed. Thereby a limitation to purchasers and development managers is applied. Purchasers are chosen since they are in charge of the selection and negotiation of a consultancy supplier in the purchasing process. Development managers are included due to their impact of writing technical specifications and decision of what criteria a consultant must fulfill in order to become a supplier.

2 Method

The aim of this chapter is to justify and explain the selection of research strategy that is used in the thesis. The chapter starts by explaining the research approach, then focus on the research process and finally outline the consequences on the result that the different methods cause.

2.1 Research Approach

In order to fulfill the purpose of the thesis, the research strategy is qualitative since it is an adequate way to understand how people experience their surroundings. The aim is to understand what criteria the customers consider as order qualifiers and order winners in the order process for knowledge intensive business services, which is enabled through a qualitative approach (Bryman and Bell, 2011). Thus, a qualitative approach is considered to be appropriate, since it allows a sensitive view of the soft parameters that the customers value and define as qualifier and winner criteria. Also, the qualitative approach allows the researchers to understand why certain criteria are more important than others. These insights can enable the categorization of criteria into qualifier and winner (Svenning, 2003). The most applicable way to understand how people experience their surroundings is simply by asking them in person, therefore in-depth interviews are conducted (Saunders. et al. 2007). A quantitative questionnaire or survey is not preferable for this study, since the questions need to be adapted and customized to suit the individual person to understand why a criterion is considered to be central. To enable the identification of the criteria, it is crucial to understand why a criterion is stated as important for the customers. By tailoring the questions after each individual, suitable attendant question can be added, which standardized surveys do not allow. A profound understanding of the problem can be gained by personal contact with the concerned customers in the in-depth interview, which is valuable for the result.

The research approach starts with a deductive approach since it commences from existing theory that is compared to the results from the interviews. By using this method, an opportunity to test and verify the existing theories is enabled. From the existing theory a theoretical framework is developed in order to facilitate the comparison of the literature with the result from the qualitative in-depth interviews. The researchers stress the deductive approach as a proper way to investigate the factors that current theory states as order qualifiers, order winners and research about knowledge intensive business services, which link the research into existing body of knowledge (Saunders et al. 2007). The theoretical framework provides a foundation for the elaboration of a proper interview-template that is used in the in-depth interviews. According to Yin (1994), a theoretical framework is a good way to organize and direct the analysis of the data.

However, the researchers got influenced by the pre-studies and added theory to the framework that is inspired by the empirical findings. Also, they decided that a

theoretical framework that takes the findings from the interview into account should be the output from the analysis. Thereby the research approach turned out to combine both an inductive and deductive approach (Saunders et al. 2007).

Finally, the thesis has a flexible design that is suitable for a qualitative approach and the in-depth interviews. The researchers consider a flexible design as a necessity to enable the possibilities of the study to be adopted and aligned to new pre-requisites that emerge during the research process, which is not able in a fixed design (Robson 2002).

2.2 The Research Process

The research process consists of six phases, se figure 1, which is described further in the following section.

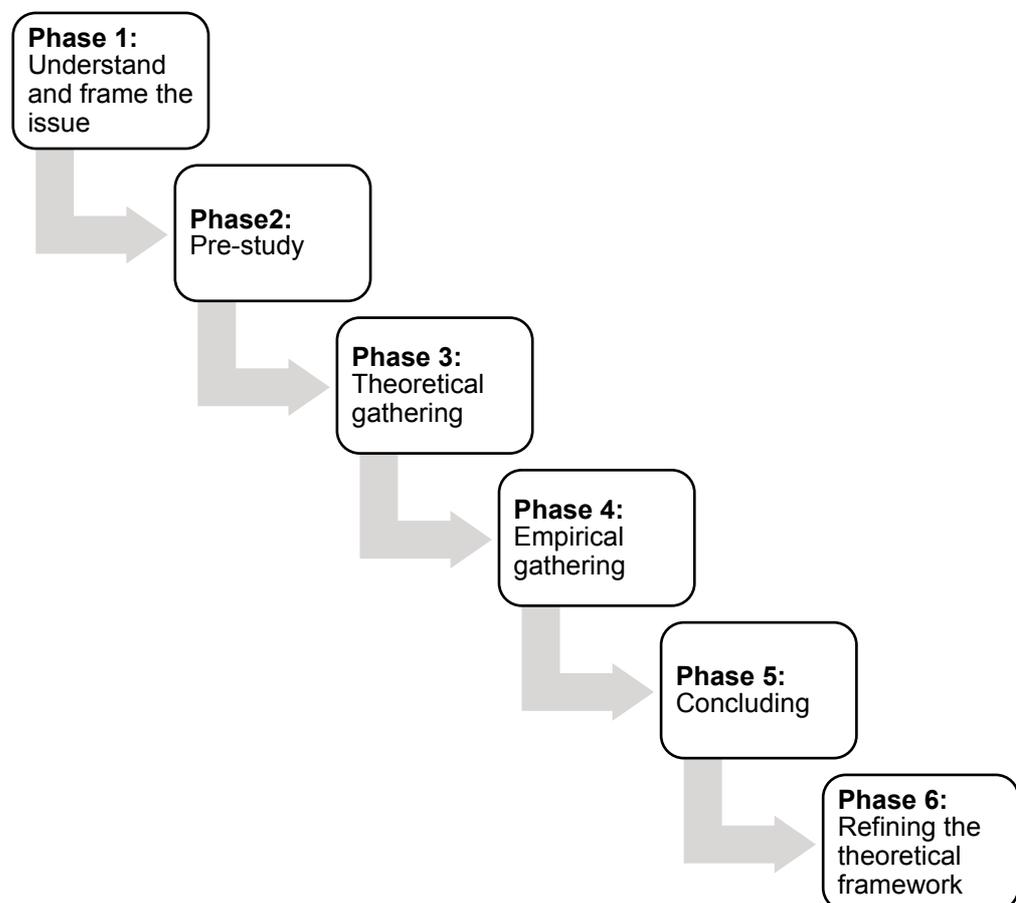


Figure 1. The research process.

Phase 1: Understand and Frame the Issue

The researchers start the work process at Semcon's office in Lund. In order to gain an in-depth understanding of the issue Semcon currently experiences, the first phase consist of several meetings with the tutor from Semcon and other stakeholders from the company. Further, Semcon's internal documents are studied to gain knowledge about Semcon as a company, the different departments and the organizational

structure overall. As the researchers reveal more and more knowledge about the issue, appropriate limitations are suggested to narrow down the scope of the thesis. In addition to the meetings with the tutor from Semcon, consultations with two different tutors from the university are held to verify the subject of the thesis as appropriate.

When the researchers are ensured that the subject is relevant, the first round of a theoretical literature review is performed to gain knowledge about the existing research. Also, the literature review aims to absorb the already learned lessons in order to further extend the theoretical approach. The first literature study concerns purchasing, competitive advantage, business strategy and customer value in the knowledge intensive business.

Output:

- Project plan
- Enough background and knowledge to create a questionnaire for the pre-study

Phase 2: Pre-Study

By using the knowledge gained from phase 1, a suitable questionnaire is developed for the pre-interviews, see appendix 3. Also, the two pre-interviews contribute to a deeper insight of the issue of study and a clearer view of the parts that should be included in the theoretical framework. For instance, the customers in the pre-interviews mention different weightings of the criteria they consider as important in the order-process. Thus, the pre-interviews contribute with the insight that the terms order qualifiers and order winners are connected to the purpose of the thesis. Therefore, the area of order qualifiers and order winners is added to the theoretical framework. The aim with the new theory areas is two-folded. First, to understand what criteria are pre-requisites a supplier must fulfill to qualify into the order-process. Second, to identify those criteria customers value and determine why a certain supplier wins the order. These terms, qualifier and winner, are well-known terms that originates from a part of Terry Hill's (2009) framework entitled "Linking Manufacturing to Strategy". Thus, the second literature study pays more attention to the terms order qualifiers and order winners. Although, Hill's (2009) framework considers both products and services, the vast majority of the examples that revealed from the literature review consider products in the manufacturing industry. With an emphasis on services, especially engineering services in the knowledge intensive business, the authors search for a connection to order qualifiers and order winners in literature. Nevertheless, the researchers are not able to find literature that connected the chosen areas, for instance a search for order qualifiers and order winners in Knowledge Intensive Business Services (or in engineering services) did not result in one congruent hit on Google. Due to the gap in the existing theory between the qualifying and winning criteria and research of KIBS, the researchers see a potential theoretical area that can contribute to the academia.

Output

- Borders for the theoretical framework
- Insurance of a relevant research topic that could enable theoretical contribution to the academia

Phase 3: Theoretical Gathering

Inspired by the output from the pre-study and the two literature reviews, the borders for the theoretical framework are set and the theoretical gathering commences. Furthermore, the researchers study the following theory areas and sub-groups:

- Order Qualifiers
 - KIBS
- Order Winners
 - KIBS
 - Competitive Advantage
 - Service Management
- Value Drivers
 - Customer Value

Together the three theoretical areas establish the theoretical framework. A further explanation of the selected theory areas is given in chapter 3.1.

Output:

- The theoretical framework

Phase 4: Empirical Gathering

With the theoretical framework in mind, the interview template for the in-depth interviews is developed, see appendix 2. In order to get a descent base for the qualitative analysis of engineering services, the sample of interviewees consist of the 12 largest customers to D&DS Öresund (Troedson, 2013). 26 persons got an inquiry to participate in the interview, and from those 17 persons from 10 different companies respond positively to participate in the interview study. Two of the interviews are conducted in the pre-study. Such a high response rate indicates that the questionnaire concerns a relevant area for the interviewees.

The sample of interviewees is collected through stratified sample into categories of purchasers and development managers. The selection of purchasers is related to their impact in the order-process, such as their power of selecting suppliers for contracting and agreements. Further, the development managers are selected to obtain information about the sources of value in a supplier's offer, i.e. the factors they consider important when they purchase engineering services. Furthermore, the managers have different positions; the majority are development managers, other department managers and some team managers. Thus, they all influence the purchase of engineering services and from now on they are all called managers. The researchers endeavor the relationship between purchasers and managers to reflect the reality. However, it is hard to verify that the chosen number reflects the reality since the impact of purchasers and managers in the selection of consultant varies

among the companies. Furthermore, depending on the customer's company size, the amount of purchasers and managers can vary a lot. Thus, of the 15 interviewees that participated in the interview, 5 purchasers and 10 development managers, is considered to be average.

The interviews are conducted in a semi-structured way, which means that a set of questions are predefined to support the interview, stated in an interview template. A semi-structured interview enables an opportunity to change the order and the formulation of the questions during the interview, depending on how the interview is progressing. A semi-structured way is needed in order to understand the interviewees and to enable suitable attendant questions (Lantz, 1993). To avoid the risk of steering the interviewee, the researchers decide not to use a structured interview process. A structured approach can result in a loss of a deeper understanding of the problem statement, which is required to dig down to the root cause of the problem. Moreover, an open structure is not preferred due to the fact that the researchers already established some statements regarding the problem, which are more difficult to verify in an open structure (Lantz, 1993).

All the interviews last between one to two hours each. 13 of the 17 interviews are conducted with both researchers present. 16 of the 17 interviews are performed face-to-face and one interview is held over the telephone. Further, the interviews are recorded and the researchers alter to take notes and lead the interview. The person in charge of leading the interview is also observing the behavior of the interviewee, while the other person writes accurate notes on the computer. Straight ahead after the interviews are conducted, both the researchers write down individual key-take-away notes from the interviews. Afterwards the researchers compare the notes between each order and discuss their reflections based on the notes, in order to avoid influence each other in the first step. A summary of the newly acquired insights is also written down in a document. After this session, the researcher that conducted the notes during the past interview refines the notes to make them readable for the other researcher. If uncertainties about the content emerge during the time, both of the researchers listen to the recording to verify the statements. Finally, if valuable quotes are stated during the interview, the researchers listen to the specific part from the recording to confirm the correctitude.

Output:

- Qualitative data to analyze

Phase 5: Concluding

After the interviews are conducted, the analyzing process starts by comprehending all the written material and the key-take-away notes. From the written material, the researchers evaluate if a criterion repetitively recurs in the specific category of order qualifiers and order winners. The two researchers first perform the categorization by themselves and later compare the results with each other in order to ensure the reliability of the selected categories. Further, the identified criteria that are connected to the different categories are written down. The researchers are then able to start to analyze the result from the interviews. In the analysis, the criteria

highlighted in the interviews are compared to the theoretical framework in order to identify gaps between the theory and empirical evidence. During phase 5, the researchers contact their tutors a lot, both from Semcon and from the university, in order to verify that the researchers are aiming in the right direction. In this phase, a presentation of the identified order qualifiers and order winners is performed at Semcon.

Output:

- Conclusions of the thesis
- Identified gaps between the theoretical framework and the questionnaire.

Phase 6: Refining the Framework

With the conclusion and gaps identified during phase 5 in mind, the theoretical framework is refined. The conclusions enable a conduction of recommendations to the company Semcon. Further, in this phase the work with an additionally report to Semcon commence. The objective with this report is to provide Semcon suggestions on how they can strengthen the identified order-winner criteria. Further, a visit to Gothenburg is performed to discuss the results with the CEO and market department at Semcon.

Output:

- Theoretical contribution to the academia
- Recommendations to Semcon

2.3 Consequences on the Results

According to Saunders et al. (2007) there are primarily three data-quality issues that can emerge in the usage of semi-structured and in-depth interviews. These quality issues are referred to reliability, validity and representativeness. The following section explains how the researchers strive to ensure the areas of the issue.

2.3.1 Ensuring Reliability

If an interviewer reveals similar data as the prior interviewer, the trustworthiness of the information in the thesis increases, which influences the reliability (Smith et al., 1991). In order to reinforce the reliability, the researchers use a standardized research method, which is a necessity to make the findings of thesis repeatable. Further, reliability is closely connected to the issue a bias can cause, which is dependent on the way the in-depth interview is performed. A bias is the most common risk associated with in-depth interviews and can be divided into two categories; *interview bias* and *response bias* (Saunders et al. 2007.)

An interviewer's comments, tone or behavior can distort an interviewee's perception and preconceptions, which will lead to an *interview bias*. An interview bias can also appear through an interviewer's interpretation of the response, which is more likely

to occur if the researchers are strongly attached emotional to the studied issue. To reduce the risk of a bias, the researchers aspire to also concern areas in the questionnaire and theory that are not aligned with the researchers own perceptions. Thus, the interviewers start by defining the specific words in the questionnaire, to ensure that all words have the same meaning for the interviewees. The researchers also try to use uncommitted language to not affect the reader with the researchers own values, perceptions and interpretations (Bryman and Bell, 2011).

Furthermore, the data is analyzed neutrally and the researchers several times ask each other if the fairest perception is revealed. Also, a questioning method called triangulation is used repeatedly. First, the researchers state their own perceptions and conclusions of the data and later they compare the results with each other. Thus, if the researchers have the same perceptions of the interviewee's response, the answer is triangulated (Saunders et al. 2007). The interview bias is more likely to occur if the interviewee does not feel trust and credibility towards the interviewers. Therefore the researchers aim to achieve credibility by supplying the questionnaire to the interviewee before the interviews, being well informed about the interviewee's company and knowledge of the studied market (Saunders et al. 2007).

The *response bias* prevails if the interviewer affects the respondents in an unconscious way. Also, the response bias is referred to the risk that the interviewee does not answer trustworthy or just give a partial picture of the truth. Hence, the researchers decrease this risk by concerning an up-to-date issue that impacts the interviewee's daily work. Thereby incentives and relevance for participation in the in-depth interviews are created. According to Wallén (1996), the only way to ensure authenticity from the interviewees is by enabling a reciprocal value between the interviewers and the interviewee. Further, providing anonymity in the responses, where only the position of the employee is mentioned in the thesis, can decrease the risk of response bias. Due to the facelessness, the responses are hopefully more honest.

The researchers consider the reliability as moderate to high, since the recurring answers from the interviewees indicate saturation in the responses. By achieving saturation in the response, the possibility that the interviewees avoid the truth is less likely (Wallén 1996). The major risk of not receiving information cannot be total disregarded. If the right content is not highlighted in the interviews, it becomes impossible to draw conclusions about the studied issue. Overall the researchers are aware of the risk of the bias, which is the most important step to avoid the bias (Wallén 1996).

2.3.2 Ensuring Validity

Validity of a study refers to the researchers ability to actually measure what they are supposed to do. (Höst et al. 2006) The validity is ensured by a flexible and responsible interaction with the interviewee, which can be achieved trough suitable attendant question during the interview. By asking attendant questions, the

interviewers can more easily understand the root cause of the interviewee's response. Further, the validity is ensured by asking the same question to all the interviewees and by performing face-to-face interviews, which minimizes the risk of misunderstanding. Also, another way to ensure the validity is by recording the interviews and take accurate notes.

2.3.3 Ensuring Representativeness

Since this thesis is conducted with a qualitative research method and in-depth semi-structured interviews, it is difficult to make the thesis representative for an entire population (Saunders et al. 2007). Thereby the results are primarily representative for similar consultancy companies in the geographical region Öresund in Skåne. Furthermore, the results are representative for other departments at the company Semcon. An aspect that decreases the representativeness is the impact of the local market in engineering services. The operating companies are influenced by the local environment and deviations, which make the result less representative. Furthermore, different industries value the identified order qualifiers and order winners differently. Therefore the researchers only consider those criteria that are stated by the majority of the interviewees. Thereby factors that are considered by for instance 10 % of either the purchasers or managers are excluded. If a majority of one group consider a criterion as important, the answers from the other group will be included to illustrate the differences between the groups.

3 Theoretical Foundation

The aim with this chapter is to give the reader a holistic overview of the theory that will be investigated and structured in a theoretical framework. The purpose of the framework is to identify and categorize order qualifiers and order winners. Thus, it is used to understand the categorization of the criteria. The framework consists of three parts: Order Qualifiers, Order Winners and Value Drivers.

3.1 The Theoretical Framework

3.1.1 Order Qualifiers and Order Winners

In order to identify the criteria customers value when they purchase engineering services, a theoretical framework is developed with the purpose to identify and categorize order qualifiers and order-winners. The framework is developed due to the lack of a comprehensive and consistent theoretical framework that covered the theory areas that the researchers aim to cover.

The most appropriate existing theory mainly refers to one part of Terry Hill's framework "Linking Manufacturing to Strategy" that concerns order qualifier and order-winner criteria. These terms, qualifier and winner, are well-established terms that primarily are used in the manufacturing industry. Thereby order qualifier and order-winner theory; mainly written by Terry Hill provide a standpoint for the framework. The criteria from Terry Hills framework that are excluded are those that are entirely manufacturing specific and are therefore not suitable for services. However, to verify the relevance of some of the criteria, other authors in the field is included, for instance Swink.

3.1.2 Part 1 - Order Qualifiers

In order to identify what criteria the customers consider as important to become an order qualifier, Terry Hill's suggestions of order qualifiers provide the standpoint for the order qualifiers in this theory section. Since the criteria in Hill's (2009) framework are proposals on possible qualifiers and are market specific, there is a need to identify the qualifier criteria specific for the KIBS market. Therefore, the researchers explored previous research of the KIBS market to identify the core features to why customers purchase knowledge intensive services. These factors compose potential order qualifiers on the KIBS market. The factors that are repeated in the KIBS literature as core features thereby are added to the theoretical framework.

3.1.3 Part 2 - Order Winners

Similar to order-qualifier criteria, the identification and categorization of order winners include those factors that are stressed as winning criteria by Terry Hill. However, these are not developed to suit the market for knowledge intensive business services. To discover what criteria that specifically impact the decision of the order winners in the market for knowledge intensive business services, the

researchers consider theory that connected competitive advantage on the KIBS market. Competitive advantage is concerned since it presents the underlying factors to why certain companies perform better than others, which is closely related to the factors that influence the customer's choice of a winning supplier. Especially since the definition of order winners concerns the criteria that influences the final choice of the winning supplier. Thereby factors that repetitively occur as competitive in the KIBS literature are added to the order-winner category in the theoretical framework. Thus, some of the criteria that are considered to be order winners by Hill, also appear as competitive advantage in the KIBS literature. Those are repeated in the framework to highlight why they are essential also in the market for KIBS. In order to gain deeper knowledge of the features of a service, service management was studied, which highlights the importance of a relationship.

3.1.4 Part 3 - Value Drivers

To understand why specific factors are identified and categorized as qualifiers and winners, literature regarding customer value that stress the motive behind why some factors are considered as more or less valuable is researched. These value drivers impact both the decision of order qualifier and order-winner criteria and serve as an underlying category to explain the importance of the identified criteria.

3.1.5 The Connection Between the Different Parts in the Framework

Finally, the theoretical framework guides the reader through the areas of order qualifiers and order winners, where the importance of the factors is explained with help of the third area, the value drivers. In figure 2, the connection between the categories is illustrated, where the framework includes a chronological process of a purchase. Firstly, a supplier base with different customer offers serves as input to the process. In the order-qualifying step, the customer neglects some of the suppliers, since they cannot fulfill the requirements to become a qualifier. The qualifying offers then proceed to the order-winning step, where the suppliers are evaluated against the customer's winner criteria. The supplier that meets the required criteria to the highest extent finally wins the order and becomes the winning supplier. During the steps of order qualifiers and order winners, the value drivers influence the individual customer's consideration of the different criteria.

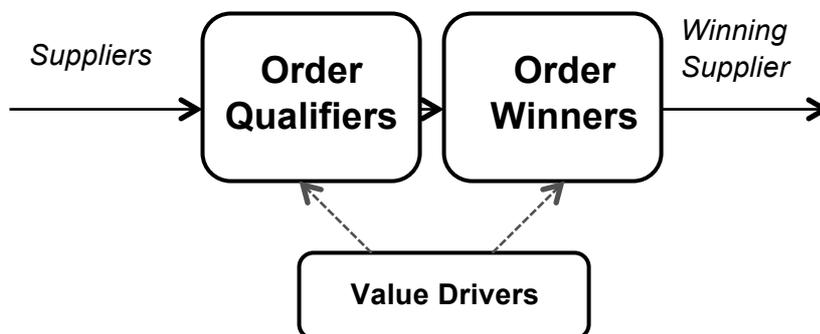


Figure 2. An illustration of the connections between the different theory areas in the theoretical framework.

3.2. Introduction to Order Qualifiers and Order Winners

The aim with this chapter is to give the reader a general introduction to order qualifier and order-winner criteria that influence the selection of a supplier in the order process. Furthermore, the area of competitive advantage is explained due to the interrelation to the order-winner criteria.

3.2.1 Order Qualifiers and Order Winners

When a company decides whether to buy a service from one company or another, the decision process can be divided into two parts. The process starts with an evaluation of the offers that are potential to qualify into the purchasing process, so called order qualifiers. Secondly, certain offers proceed to the final stage where the selection of one order appears, the order winner. Order qualifiers and order winners are used to understand and identify the customer's wants and needs (Swink et al. 2011).

According to Hill (2009), the identification of order qualifier and order-winner criteria is a crucial part when a company develops an operation strategy. Furthermore, in order to improve the knowledge and the understanding of the market, Hill (2009) states that it is important to separate the order qualifier from the order-winner criteria. Both qualifiers and winners are vital, if you do not qualify, you cannot win the order. Thus, knowledge of the existing criteria is essential when a company want to gain a larger market share and grow. Order qualifiers and winners are market dependent; in one market one factor serves as a qualifier and a winner in another. Thereby it is important to have in mind that the general rules are few, since the criteria for order qualifiers and winners are dependent on the situational context. Further, the importance of a criterion changes over time. The sources of order qualifier and order-winner criteria must continuously be identified and it is important to involve the customer in the process (Hill 2009). Swink et al. (2011) state that if a company performs the order qualifier criteria extraordinary, the order qualifiers can transform into an order-winning criteria.

Order-qualifiers can be divided into two categories, qualifiers and order-sensitive qualifiers. According to Hill (2009) it is vital to divide the qualifiers into those categories to gain a deeper understanding of the investigated market. Also, in Terry Hill's (2009) framework, the order qualifier and winner criteria are divided into three levels; operations specific, operations related and non-operations related. The operations specific level consists of criteria that are referred to the operational performance, where the operations-related level includes activities that support the operational level. Finally, the non-operations related level consists of criteria that cannot be directly referred to the performance of the operational level.

Definition Order Qualifiers: The criteria a supplier must fulfill to be considered as a potential supplier in the order process by the customer. To meet the order-qualifier criteria, it is enough if a supplier provides the same criteria as the competitors.

Though, by fulfilling the qualifiers a supplier will not instantly win the orders, they will only get a chance to compete (Hill, 2009).

Definition Order Winners: The winning supplier fulfills these criteria to a higher extent compared to the competitors that also meet the requirements for order qualifying and thereby win the order. After ensuring the order qualifiers, the focus must be on fulfilling the order-winner criteria. According to Hill (2009) it is essential to weight the winners against each other to gain a deeper insight of the relevance of the different criteria (Hill, 2009).

Definition Order-sensitive Qualifiers: Those order-qualifier criteria a customer is very sensitive to is extra crucial for the supplier to fulfill. The order-sensitive qualifiers are essential for the customers, although they can differ among segments and industries. For instance, if a customer states price as an order-losing sensitive criterion, suppliers that offer high prices will not be considered as a qualifier. Thus, if the supplier fails to achieve the requirements for the order-loser sensitive criterion, the supplier struggles to qualify into the order process and therefore they is not considered as a choice in the order process. In order to stress the importance, Hill proposes that the order-sensitive criteria should be referred to as QQ when they are identified (Hill, 2009).

Definition Competitive Advantage: Order qualifiers and order winners are also close connected to competitive advantage. Thereby it becomes essential to understand the sources of competitive advantage that make one offer better than another, which can serve as order-winner criteria. The relationship between the customer's needs³, the company's offer and competitors offer and competitive advantage is illustrated in figure 3.

³ Customer needs is defined as problems that the customers intend to solve with the purchase of a good or service. (Businessdictionary, 2013)

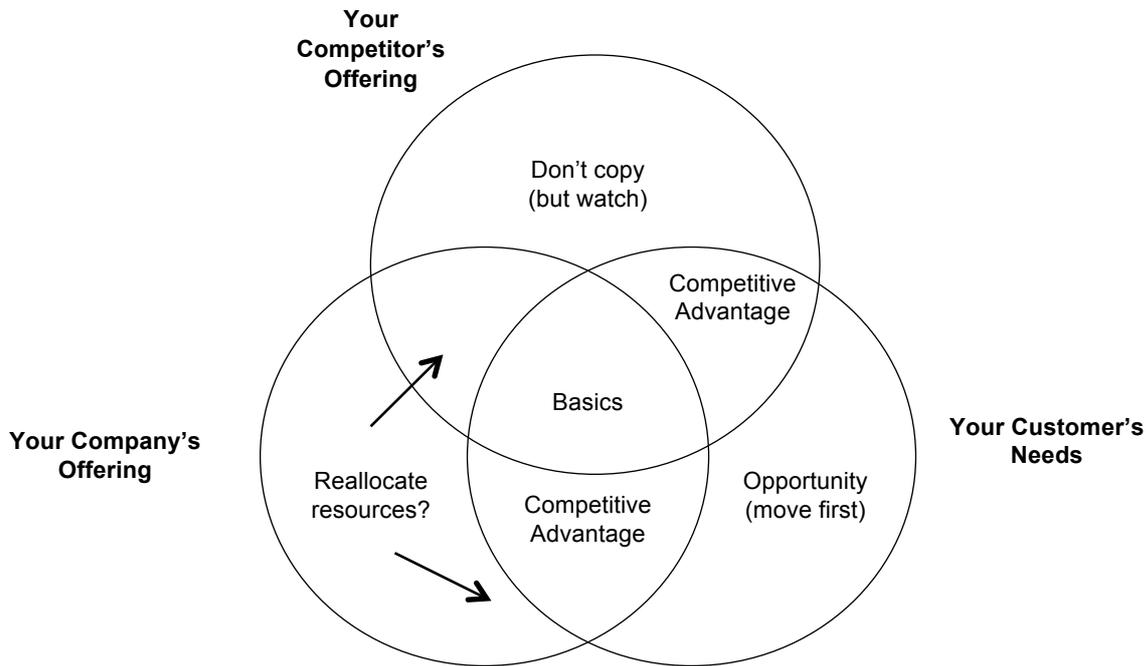


Figure 3. Gustafsson and Johnsson's (2003) visualization of competitive advantage.

The field in the middle is described as the basics and implies what the customer can achieve by either do the purchase from a company or the competitors to fulfill the basic needs. These features are the basic requirements for a customer, for instance safety on an airline. The field that overlaps between the company and the customer, and between the competitor and the customer, is the sources of competitive advantage. The unique part of an offer that a customer achieves by purchasing from the specific supplier is illustrated in these fields. An opportunity for competitive advantage reveals from the area in the customer's field that not intersects with the competitors offers or with your companies offer but still is a customer need waiting to be fulfilled. Furthermore, the area without intersect in the company's offer is not seen as valuable, where resources should be reallocated to activities that improve the offer. Thus, the competitor's offer also includes an area without intersect. This part should be observed, since the customers needs might change and move towards the competitors offer (Gustafsson and Johnsson 2003).

3.3 Order Qualifiers

This chapter concerns the area of order qualifiers and has the objective to give the reader a profound understanding of what factors customers require from the suppliers to qualify into the order process and become a potential supplier. Firstly, the traditional order-qualifier criteria are stated based on theories written mainly by Terry Hill. Secondly, the central factors that influence the purchase of KIBS have been identified and will be presented as order-qualifier criteria.

3.3.1 Traditional Order-Qualifier Criteria

Order Qualifiers

Price, Quality, Delivery Reliability
and Product Range

3.3.1.1 Price

Price can serve both as an order qualifying and an order-winning criterion. Especially in markets where the product is in the growth, maturity or saturation phase of the lifecycle, price is an important order-winner criterion. Supplying companies often misunderstand the difference between being price competitive (qualifier) and competing on price (winner). A good rule of thumb to discover if price serves as an order-winner criterion is when the supplier's margin of the product is low, which indicates a pressure on the supplier to keep low prices in order to meet the competition. Contemporary, if the margins are high, the criterion serves as a qualifier, since the suppliers are able to qualify into the process without cutting the margins.

If the price criterion is a qualifier, the customer will compare the prices between the suppliers to check if the price is in a fair price range, but the supplier with the lowest price is not necessarily valued the most. However, when price acts as a qualifier, the supplying companies cannot charge a price that exceeds the market specific price range, since then they will not qualify into the process. Thus, the supplier loses the order to an actor with a competitive price. Due to this, the criterion is also considered as an order-sensitive qualifier. Suppliers with a longer experience curve tend to be able to be more cost-effective with both higher margins and lower price. Since the cost of production tends to decrease over time, the experience curve impacts how price competitive a supplier is able to remain (Hill, 2009).

Further, Swink et al. (2011) highlight that the impact of price criterion varies depending on the objective and the importance of the purchase. Customers do not want to pay the less to get less, they demand to get as much output as possible of the money spent. If the cost contributes to a large share of the profitability, the customers aim to lower the price as much as possible (Swink et al. 2011).

Price also influences the purchasing behavior on the market for knowledge intensive business services. Regarding to Miles (2003) the purchase generally contributes to a large share of a company's indirect or overhead costs. Thereby the price is important.

3.3.1.2 Quality

Since the late 1970s, quality conformance (make products aligned with the specification) has been an important competitive criterion that in the recent decades have surpassed from an order-winning criterion into an order qualifying. Inspired by Japanese manufacturing techniques, the quality level has increased over the world, where the customer demands high quality. It is important that the supplier is aware of what dimensions the customers includes in the quality criterion. When these are identified, the supplier has to develop a function that responds to the different dimensions. If there is a gap between the supplier's current performance and the customer's requirement, the supplier needs to change its performance in order to meet the requirement (Hill, 2009). Without fulfilling the quality requirements, the customer does not consider to buy something at all from the supplier. Since the customer has quality requirements that must be fulfilled, which can explain why the criterion can be considered as a qualifier (Swink et al. 2011).

3.3.1.3 Delivery Reliability

According to Hill (2009) the capability of delivery reliability, or on-time delivery, constitutes as an order-qualifier criteria in many businesses. Delivery reliability concerns the supplier's capability to deliver the purchased products to the customer on an agreed date and time. If the supplier is not able to deliver the product on the settled day, the customer will most probably respond by decreasing the amount of orders from the specific supplier. Thus, in the worst case, the supplier is rejected from the supplier list. Due to the high importance and the risk of losing a contract, the supplier's ability to meet the requirement of the criterion is crucial. Also, the criterion is highly important to the customer, since the absence of a delivery will influence their business negatively. Companies also aim to reduce the inventory levels, thereby a delivery before the agreed date is not appreciated. Several customers in different businesses perform continuous measurements of the criterion in order to make sure that the supplier delivers at the agreed time. Regardless industry, the criterion tends to be stressed as major. In some business, the criterion is even stressed as an order-sensitive qualifier, since the customer is dependent on the products to arrive on time (Hill, 2009).

According to Swink et al. (2011), timeliness in the delivery varies between an order qualifying or order-winning criterion depending on the specific situation. For instance, if the amount of suppliers that are able to meet the customer's requirement of the product is limited, the ability to deliver at the right time serves as a winning criterion (Swink et al. 2011).

3.3.1.4 Product Range

The criterion of the product range is especially stressed as market-specific, where a unified perception if the criterion serves as an order qualifier or order winner is not revealed in Terry Hill's framework. Further, Hill (2009) claims that the current competitive dynamic market place demands a diversification of products that is an important criterion in the selection of suppliers. A supplier's capability to offer a broad product range enables the ability to meet specific requirements from the customers and by offering a broad product range the customer can more easily find a product that is suitable for their needs. A broad product range force the suppliers to develop a process that can manage differences in the product range at a low cost. Furthermore, it is difficult to both offer an increasing product range and the volume for recurring operations, i.e. a broad product range often contributes to lower operational volumes. Therefore, the companies must start to manage manufacturing on lower volumes in a cost-and-time efficient way in those businesses where a broad product range is a necessity. However, the importance of this criterion is especially market specific, some markets demands diversification in order to stay competitive. (Hill, 2009)

3.3.2 Order-Qualifier Criteria Connected to Services and KIBS

Order Qualifiers

Knowledge and Competence, Proximity

3.3.2.1 Knowledge and Competence

Due to the fact that the business model in the knowledge intensive business is built upon a delivery of appropriate competence and knowledge to solve the customer's issue, knowledge and competence is essential in this business (Hammarström et al. 2012). This statement is further verified by other researchers in the area of knowledge intensive business services, who claim knowledge and competence as the core features of KIBS. Knowledge concerns a person's education and learning's from an organization. Competence is a concrete action when a person uses his/her gathered knowledge, skills and experiences. The purpose of purchasing knowledge intensive business services is to get access to a professional expert services that includes both knowledge and competence (Miles, 2003) (Bagdoniene and Jakstaite, 2008) (Bettencourt, 2002) (Muller and Doloreux, 2009).

The specific knowledge and competence the customers require differ depending on business area, for instance research and development, lawyers and IT-expertise. Customers that purchase knowledge intensive business services do it in order to gain knowledge and get access to a high level of professional skills, where the service works as a problem-solver (Miles, 2003). In contrast to ordinary services, the knowledge intensive business service is expected to deliver knowledge-intensive input to the customer. However, it is difficult to estimate if the competence requirements are fulfilled until after the purchase, and it sometimes is hard for the customer to approximate if the level of skills will solve their problems (Miles, 2005). Miles (2003) highlights that the trend of purchasing specialized services to gain knowledge is a result of companies increased focus on their core activities. To gain the skills that the company currently lacks in a knowledge area that is outside the core, the company chooses to buy the service from a supplier that offers more specialized competences and knowledge (Miles, 2003).

3.3.2.2 Proximity

In the market for knowledge intensive business services, proximity plays an important role for the client, where the factor is especially referred to influence Small and Medium-sized Enterprises (SME). SME companies stress proximity to a local office to be preferred over offices located far away. One underlying reason behind why primarily SME companies state local offices preferable is referred to the fact that they often favor to select supplier from business acquaintances and personal contacts, which often is located in the region. Further, the clients that hire KIBS companies are in need of a sparring partner with frequent interaction. (Miles, 2003)

3.4 Order-Winners

When the order-qualifier criteria are fulfilled, the order-winner criteria impact the final selection of the winning supplier. In order to understand the most common traditional criteria, factors mainly presented by Terry Hill are considered in this chapter. To get a more specific picture of the winning criteria on the market for knowledge intensive business services, factors that repeatedly are referred in the literature to be sources of competitive advantage are added. These are especially connected to general services and knowledge intensive business services.

3.4.1 Traditional Order-Winner Criteria

Order Winners

Brand Name, Delivery Speed, Demand Increases
Meeting Specific Customer Needs, Marketing and Sales
After-Sales Support, Being an Existing Supplier

3.4.1.1 Brand Name

A company's brand name serves as an order-winning criterion when the product the company provides is embodied with an image. Customers associate certain brands with different things, where the perception impacts the purchase behavior. Examples of activities that are performed by suppliers to strengthen the brand name are advertising, design-related activities and activities to maintain and increase the market share (Hill, 2009).

3.4.1.2 Delivery Speed

Delivery speed is often referred as an order-winning criterion, especially if the supplier is able to deliver the resources faster than the competitors. By performing a significant speed in the delivery, the specific supplier will be chosen over its competitors. When delivery speed works as an order-winning criterion, it becomes crucial for the supplier to have an operation process that quickly responds to this need. Else the supplier struggles to win the orders, since the customer selects the supplier that is able to deliver at the demanded pace (Hill, 2009).

3.4.1.3 Demand Increases

In some business, a company's capability to quickly respond to demand fluctuations is seen as an order-winning criterion. The demand fluctuations are primarily referred to demand increases, where the customer selects the supplier that is prepared for the peaks. In order to prepare for a demand change, the supplier has to be flexible in the business processes. Business flexibility is an important area for the supplier, which is dependent on strategic decisions regarding the scope of how the company should respond to demand fluctuations (Hill, 2009).

3.4.1.4 Marketing and Sales

An efficient market and sales function is often stated as an order-winning criterion. The underlying motive to this statement is the function's possibility to gain knowledge about the customers and the market, such as: competitive threats, price issues, and growth opportunities. By performing these activities, the supplier can get an insight about the customer can tailor the offer to suit the customer's need and requirements (Hill, 2009).

3.4.1.5 After-Sales Support

After sales-support is an order-winning criterion when the supplier is able to deliver a total product offer that covers a high level of customer support. Hill (2009) suggestions of after-sales support include activities that aim to increase the service support after the purchase is conducted. Also, by performing the activity well, a supplier is able to differentiate the service from its competitors (Hill, 2009).

3.4.1.6 Being an Existing Supplier

Sometimes it is just enough to be an existing supplier to win the order. This criterion is especially sufficient in markets for low-volumes markets and spare-markets (Hill, 2009).

3.4.1.7 Meeting Specific Customer Needs

According to Hill (2005) meeting customer needs is a possible order qualifier or order winner. Hill (2005) claims that a close contact with the operational level plays an important role in the aspiration to identify and meet the customer needs.

3.4.2 Order-Winner Criteria Connected to Services and KIBS

Order Winners

Reputation, Meeting Needs, Demand Increases
Network, Innovation, Interaction Activities,
Relationship and Trust

3.4.2.1 Reputation

In the service industry, reputation of a supplier is a vital aspect among the customers (Viitamo, 2003). A good or bad reputation indicates the previous satisfaction level among other customers who have purchased the service from the supplier before. Reputation is partly fostered upon a relationship of trust. Also, reputation is stressed as an intangible asset that is associated with a company's identity, image and culture. Factors that can be measured to gain insight about the corporate reputation are reliability, financial stability, service quality, customer orientation, good employer and a CSR-awareness (Babić-Hodović et al. 2012). Also, Miles (2003) confirms that reputation is an important factor on the market for knowledge intensive business services.

3.4.2.2 Meeting Specific Customer Needs

Similar to traditional order qualifier and order-winner theory, Miles (2003) verifies that it is of great importance to understand the client's need also in the market for knowledge intensive business services. By understanding the problem a customer experiences and how the service can solve it, the supplier is able to offer specific services to meet the customers demand. It is not enough to have a lot of expertise if the offer is not suited for the customer (Miles 2003). To increase the insight of the customer's needs client co-production is a good activity to perform. By involving the client, the company can evaluate and adjust routines to fit the customer needs, for instance; in operational procedures, human resource practices and performance criteria (Bettencourt et al 2002).

In the service industry, Day (1994) claims that the ability to identify customer's needs is highly important to gain sustainable competitive advantage. Also, it is central to respond quickly to the changes in the customer's needs that are caused by the dynamic marketplace. According to Day (1994) a supplier should aspire to identify the customer's need with continuity, anticipate the future needs and fulfill these needs through services or a product. In order to achieve this assignment, suppliers must strive to create and develop their market response capability, which enables the management of changes on the market. Day (1994) states that a response capability need a transformational leadership in firms to ensure a proactive market orientation and leaders that are able to articulate an appealing vision for the employees (Day 1994).

3.4.2.3 Demand Increases

In the literature regarding KIBS, the ability to meet fluctuations in demand is highlighted similarly to what Hill (2009) states. In the current dynamic environment it is essential to achieve flexibility capabilities to survive on the market, especially in the service industry where the customer demands variability. Companies must focus on adapting the consultant's skills, knowledge, and behavior to changing conditions in the environment (Teece et al. 1997). Further, Boxall (2003) claims that it is important that the organization creates a committed and talented workforce and design the organization to adapt to the changing environments in the service industry.

According to Wright and Snell (1998) the ability to meet changes in demand in services are connected to a company's coordination flexibility, which consist of the supplier's ability to respond to the customer's variation of demand in terms of internal redeployment and re-configuration of human resources.

3.4.2.4 Network

The access to an experienced network is stressed as a competitive advantage in knowledge intensive business services, since it acts as a channel for knowledge creation. Also, by using a network, changes and news connected to the business environment can be communicated. Thus, receiving this information is interrelated to the core features of KIBS; to gain access to knowledge and competence. A network is important for companies in the market for knowledge intensive business services, due to the fact that knowledge and competence can be accumulated and serve as a base to facilitate innovation and creativity. If the network is well managed, the customer gains valuable insight from a vast knowledge base (Haataja and Okkonens, 2004).

3.4.2.5 Innovation

According to Bagdonienė & Jakštaitė (2008) innovation is especially important in the knowledge intensive service compared to other services, since the customer purchases services in order to gain a unique solution to the experienced issue. Gustafsson and Johnsson (2003) also state innovation as a factor for competitive advantage if it is executed in the right way. They claim that innovation should be performed to develop new ways to improve customer value, solve problems and also find new solutions that will attract new customers.

To perform an efficient creation of innovation, it is crucial to understand the customers everyday problems and key needs, which can be discovered through traditional market research methods such as observations, surveys, focus groups and interviews (Bagdonienė & Jakštaitė, 2008).

3.4.2.6 Interaction Activities

Interaction activities are important activities in the knowledge intensive business service, since they impact the customer's perception of the supplier and affect the relationship to the supplier (Sköld, 2004).

Activities that are suggested to be fruitful for the relationship are knowledge seminars, social activities and media exposure. The objective with knowledge seminars is to increase the customer's knowledge level in those areas the customer demands to develop. Another way to support the relationship is through social activities as dinner, lunch and a round of golf. Furthermore, media is a way to highlight the company together with the customer in order to strengthen the connection between the customer and the company (Sköld, 2004).

3.4.2.7 Relationship and Trust

On the business-to-business market, the interaction between the seller and the customer is more important compared to the consumer market. For instance, the consumer market is larger both in size and preferences compared to business-markets where the consumer market does not demand a personal relationship to the same extent as for the business-to-business market. Further, the negotiating process on the business-to-business market is characterized of being timely and with a large amount of money involved, where relationship and trust between the customer and supplier plays a vital role (Ford, 2002). Primarily, in the market for knowledge intensive business, relationship is essential due to the customers close cooperation with the supplier. A relationship is thereby demanded to achieve a decent result of the service (Bagdoniene and Jakstaite, 2008).

According to Lian (2007) a profitable relationship depends on mutual trust, continuous dialog and value exchange. The content of trust provides a foundation for the relationship, which is a necessary base. To create trust, openness and reliance are required from both parties; else it is hard to understand each others needs. To keep the relationship alive, dialog serves as an important tool. However, to foster the relationship, a mutual value must be considered as reciprocal for both parties. Else, the relationship is not beneficial (Lian, 2007). A relationship is dynamic and subjective, where changes appear all the time. For a long-term relationship it is important that the company understands the client's business and the fit between the own specialized knowledge base. Through communication between the supplier and the customer, the supplier can provide tailored personalized service to meet the customer needs (Miles, 2005).

Service Management

One way a supplier can strengthen the relationship with the customer is trough service management, where Grönroos (2008) suggests a customer-focused service strategy. Thus, a key step in order to gain a customer-focused service strategy is internal marketing.

The purpose of the internal marketing is to create and keep the internal relationships between people on different levels in the organization, where the strategy objective

is to make the employees to feel motivated to act in a customer-driven way. To encourage this behavior, employees should get support from management and leaders, system and technology (Grönroos, 2008). To reinforce the employees motivation to act in a customer-driven way, service culture is a key success factor for a consultancy company (Sköld, 2004). The management should create a *service culture* in the company and also convey service direction to the employees. However, the management in service companies often struggles to create and maintain a sustainable service culture among the employees. Examples of internal marketing activities to enable service culture are service oriented salespersons, recruitment, retention and education of the employees. Management and the leaders are also responsible to create this strategy (Grönroos, 2008). Internal marketing is a significant aspect to build a corporate reputation that affects the customers perception and satisfaction about the delivered service from the company (Babić-Hodović et al. 2012). Due to this, internal communication is essential to get all the employees to aim for the same goal and feel included (Hammarström et al. 2012).

Service Culture

Grönroos (2008) highlights two aspects in the creation of a service culture that are connected to the employees; attitude control and communication control. The former aims to control the attitude of the employees towards the customers. Sköld (2004) highlights the importance of employees that are satisfied with what they do, since their mood impacts the satisfaction level of the customer. The latter, communication control, concerns the management and leaders need of information from the employees about their routines, performance and promises they give to customers. Thereby the employees need to communicate upwards (Grönroos, 2008).

The requirements for the employees in a service-centered company are divided into general and specific requirements. In order to create a service culture it is important that the employees understand these requirements (Sköld, 2004). The general requirements concern the importance of the employees needs to understand the relationship the company has with its customers. This insight increases the employees ability to take responsibility of the role they have in the relationship, where everyone in the organization must possess a will to help the customer (Grönroos, 2008).

The specific requirements refer to the employee's skill to communicate with customers and others. It is vital to understand the opportunity of the interface between the customer and the employee, where communication is of great impact. Therefore, the employees should have the motivation to integrate and communicate with the customers (Sköld, 2004). Further, the employees should be rewarded when they integrate and communicate in a way that supports the customer-focused behavior (Grönroos, 2008).

An important activity in a service culture is to attract the best talents to the company, which can be performed through an efficient recruitment. Due to these circumstances,

Hammarström et al. (2012) claim that consultancy companies must aspire to increase the interest for consultancy services and their company in order to ensure a long-term qualified competence base. To increase the service culture, it is beneficial to recruit graduates that enable a fresh start of a new development in the consultancy firms, since the graduates seldom are affected by rigid process and how “things are used to be here” (Hammarström et al. 2012).

Furthermore, it is difficult to achieve a sustainable service culture if the recruited employees quit after a short while. It is a significant cost to loose an incumbent employee due to the loss of the employee’s internal and external network, the loss of the experience and knowledge the employee possess. Moreover, it is expensive to recruit new consultants due to the costly introduction period and the low charge price for a junior consultant. Therefore, consultancy companies should create incentives to retain the existing employees. For instance, some technology consultancy companies work with procedures to create internal career paths that will enable a more developing and exciting career opportunity. By offering alternative roles and enable the employees to work with the assignments they think are the most thrilling, the consultant has an opportunity to impact his/her career. Usually, the most commonly way to advance in the career path is to a manager position. Hence, not all consultants want to become managers and there is a risk of loosing these consultants. A good opportunity is to offer different career paths for the consultants, for instance one more technical career path, one project manager path and one ordinary manager path. One prerequisite for these alternative career paths is to ensure that all the paths are similar regarding prestige and salary, otherwise the risk occur that the consultant not choose the most suitable career path. Another way to retain the existing employees is by acquiring the largest projects that have a high impact on the society and with high media awareness. This creates high incentives for the employees to stay in the company with the endeavor to be a part of an exciting, developing and challenging project. This can contribute to proud employees that want to stay within the company (Hammarström et al. 2012).

The Role of the Salesperson

Sköld (2004) also highlights the importance of the salesman in the consultant industry. The role is important since the seller creates the relationship with the customer. When recruiting a salesperson it is essential to look for personal drive and attitude that is in line with the service culture. These characteristics are more important than knowledge and experience, which can be acquired. Sköld (2004) stresses that the consultants also should have an insight in the sales process to understand why the customer chooses to hire them and what the customer need. By involving the consultants in the process, they know what the customer expects of in the delivery and how to communicate with the customer. Finally it is important to have an organizational culture that enables and encourage consultants to recommend colleagues from other departments. Kotler and Keller (2006) argue that the service quality can be improved by standardizing the service performance throughout the organization, so everyone knows what to do and how to do it.

Internal Communication

The fact that the consultants rarely spend time at their own offices since they are located at the client's office sets a high pressure on the communication in the consultancy firms. Firms therefore struggle to foster the employees with the consultancy firm's own values, since the employee easily can be affected by the client's values and environment and lose the grasp of their own identity. Due to these conditions it becomes vital to communicate the consultancy firms strategies, ideas and values to the employees in a proper way. It is important to share first hand information and avoid secondary information, where the strategies and communication material must be translated to the respondent to get an efficient information flow. To keep a unified front towards the customers it is important that the employees are informed about the latest information (Hammarström et al. 2012).

3.5 Value Drivers

In order to gain deeper knowledge regarding the fundamentals of customer value, the chapter starts with an introduction to customer value. Furthermore, to understand the factors that impact customer value in a purchase, the drivers of customer value are explained deeper.

3.5.1 Customer Value Drivers

In order to understand the customer's needs and wants related to a purchase there is a need of a deeper investigation of customer value. According to Swaddling and Miller (2001) customer perceived value (CPV) describes as the difference between the total customer benefit and the total customer cost. According to Voss et al. (1998) the expectations play a great role in the purchasing decision where the received service should be bigger or equal to the expected service. Otherwise the customer will get disappointed (Voss et al. 1998).

To understand the meaning of "expected value" and "perceived value", an insight into the factors that influence customer value and the purchase-decision is required. Harmon (1997) divides the drivers of customer value and the choice of supplier into five classes. The model is inspired by Sheth's (1991) model that concern the five value drivers that impact the customer's choice of a product or service. Harmon's (1997) model is further developed from research of the technology market and aims to identify those factors that drive the customer's perception. Customer value drivers are considered to influence the customers in their decision between offers to a great extent. Also, the impact of the drivers varies among individuals and differs among different people.

Economic value drivers: The buyer's perceptions of buying, ownership, installment, usage and dispose of a product or a service, influence the economic value. The economic value driver examines the customer's perceptions about costs and pricing.

Performance/Functional value: The customer's perception of what benefits the customer will receive by using the product or service. These expectations are dependent on what the selling company promises in the functional specification.

Buyer's perceptions about the supplier: This driver is related to the brand of the supplier and the perceptions the buyer has about the company. Further, this driver is essential in a company's process to achieve the customer's acceptance of the brand. In contrast to the functional and economic values, which can rapidly be modified in price and design, the perception about the supplier cannot easily be changed. The perception is strengthening through credibility and commitment to the market.

Buyer's motivation and goals: In the purchasing process, the psychological motives of the purchase are essential, where they are built on emotional and subjective

feelings. These are related to the buyer's need to feel belonging, recognition, respect and strive to gain new knowledge.

The buying situation: The situation influences the purchase behavior, where environmental factors in the current situation form the context for a specific purchase. Examples of factors that influence the buyer's temporal behavior are resource capability, time horizon, task definition, past experience and social impact.

Further, the drivers are divided into two categories. The economic and performance/functional are product-referent, which is related to what extent the offer meets the expectation in terms of economical and functional value. Further, the customer-referent drivers are perception of the supplier, the buyer's motivation and the buying situation.

3.6 The Developed Theoretical Framework

A categorization of the criteria can be performed in detail by using the studied theory. The purpose of the refined theoretical framework is to describe and give a holistic overview of the factors that are considered to impact the decision making in the purchase of engineering services and to what extent. However, depending on the individual customer, the factors can alter between being a qualifier criterion or an order-winning criterion. In figure 4, the identified criteria from the theoretical framework are illustrated.

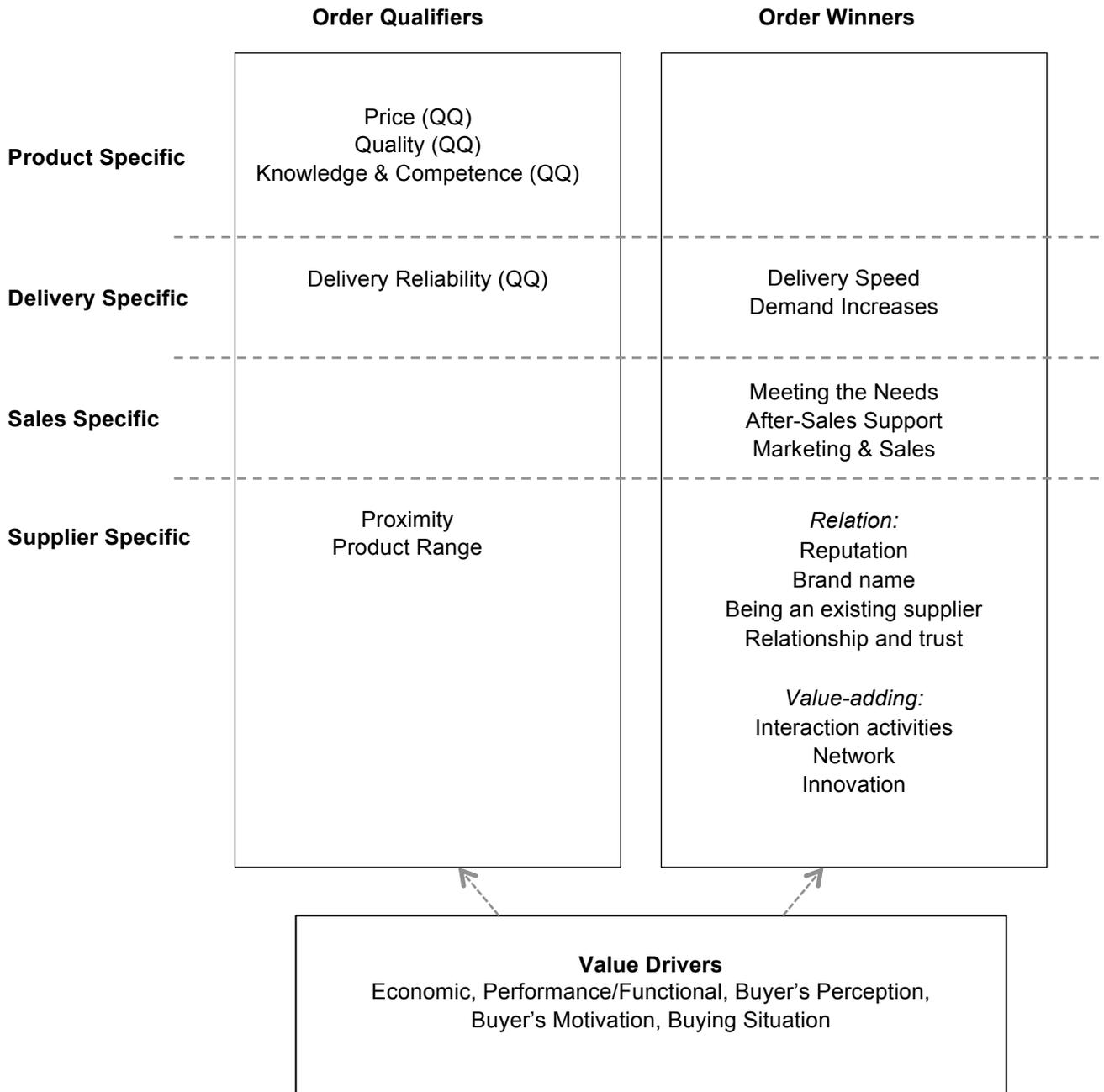


Figure 4. The Theoretical Framework

QQ = Order-Sensitive Qualifier

3.6.1 Explanation of the Categories in the Theoretical Framework

As illustrated in figure 4, the columns consist of two parts; order qualifiers and order winners. In order to separate the different importance of the factors, this division is conducted. Further, the categorization reflects the chronological order of when the criteria impact the purchasing decision, from being a potential supplier to the final decision.

Order Qualifiers: This category states the factors that a supplier must achieve to become a qualifier. Those factors that were considered as sensitive are highlighted in this section with QQ in line with Hill's (2009) method to illustrate their importance.

Order Winners: In this category the criteria that influence the customer's final choice of supplier are presented.

3.6.2 Explanation of the Dimensions, the Rows and the Drivers in the Theoretical Framework

Regarding the rows of the theoretical framework, the researchers added four levels that illustrate on what specific level within a supplier's offer the criteria in the columns are connected to. These are supplier specific, sales specific, delivery specific and product specific. By making this division, it is easier to comprehend what part of an offer the supplier needs to fulfill to meet the required criterion.

The four levels are inspired of Terry Hill's (2009) dimensions; the operations-specific, operations-related and non-operations-related. However, the researchers believed that this division is designed to fit manufacturing companies and not as suitable for the service industry. Thus, the criteria presented in the levels have too much supplier perspective and are not very concrete since they consist of a lot of different criteria that are not closely connected. The researchers aim to find dimensions that cover a broad perspective of what parts of the supplier's offer that is impacted by the criteria, which further are narrowed to the actual product, illustrated in figure 5. By implementing the levels, the framework can be used by suppliers to identify what requirements the customer have on the different levels of an offer. Thus, the classification eases the identification of where a category of criteria has the most requirements, for instance if the order-qualifier criteria mainly impact the product specific level of an offer, the supplier needs to make sure that the product fulfill these features, else they will not even qualify. Thereby the four dimensions are considered to be sufficient, since they start with a wide perception that gets closer to the actual product in four levels.

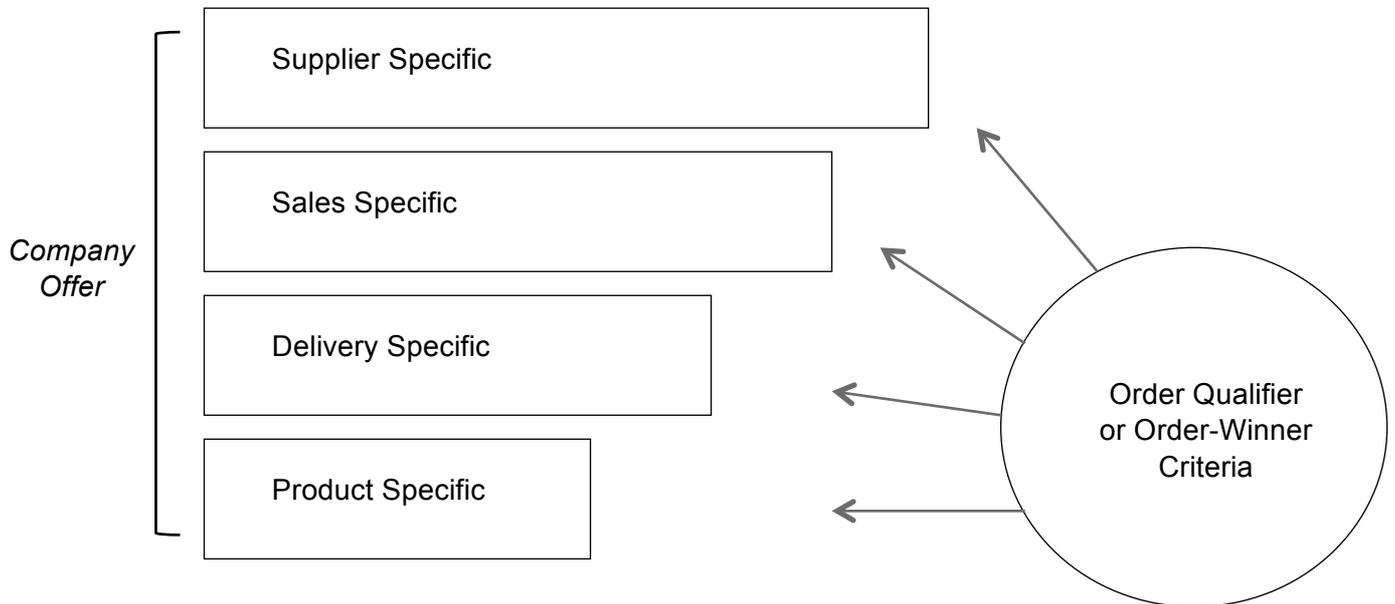


Figure 5. Top-down approach of the levels in the theoretical framework.

Supplier specific: In this dimension, the criteria that are connected to the suppliers overall performance are presented. The supplier specific level is inspired by Terry Hill's (2009) level of non-operations-related criteria. However, the supplier specific level only includes criteria that specifically are connected to the overall company performance, which Hill's level does not. Instead Hill bundles all the criteria on a non-operations level. Also, the operations-related level also inspires the supplier specific level. The researchers considers the operations-related criteria that Hill (2009) highlights, such as product range, are referred to a strategic decision on a supplier specific level.

Sales specific: Those criteria that are referred to the sales performance and salespersons are stressed in this dimension. The sales specific level includes both activities from the non-operations-related criteria that are connected to the sales. Since Sköld (2004) claim that the sales function is essential in the purchase of consulting services, the researchers considered that the sales level is required to highlight its importance.

Delivery specific: To get an insight of what criteria that impact the delivery of the service, the delivery specific dimension includes criteria that are related to the delivery of the product. The delivery specific level is inspired by those criteria in Terry Hill's level of operational-activity that are connected to the delivery.

Product specific: The final dimension concerns criteria that directly are connected to the actual product. In this study, services are investigated, however it is classified in the same topic as product. The product specific level refers to some of the operational criteria that Terry Hill suggests, but the researchers want the level to highlight the product specific attributes and not the delivery, which is considered in the deliver specific level.

The third part of the framework, the customer value drivers, is disconnected as its own category in the framework, since it independently impacts all the criteria to different extent. To illustrate the impact on all criteria, the box is located below the table in figure 4.

3.6.3 Order Qualifiers

In the category of order qualifiers, the majority of the criteria are highlighted as order sensitive. The remaining factors in the category are referred to the supplier-specific level, since they are not crucial, but whatsoever important in the qualifying process. Some factors are basic qualifiers described by Terry Hill and others important factors for KIBS.

Supplier specific: In order to qualify into the process, the supplier needs to meet the following criteria on a business level.

- Proximity
- Product range

The factors that are considered to be sensitive (QQ) are all connected to the product and delivery level. This division is related to the fact that the sensitive criteria are required to fulfill the basic need of a demanded product, which is associated with specific product and the delivery. Also, in this category, knowledge and competence is the only factor that is not inspired by Terry Hills's framework.

Product specific criteria: In the category of product, the following core features of the product have to meet the customers' requests.

- Price
- Quality
- Knowledge & Competence

Delivery specific: The factor stated is required by a company to fulfill terms of delivery.

- Delivery reliability

3.6.4 Order Winners

In the order-winner category, a lot factors that influence the choice of a certain supplier are identified. This is referred to the fact that criteria that impact the final decision-making are not connected to the product specific level, where the winner

criteria consist of more soft factors than the order qualifiers. Also, the winner criteria combine both factors suggested by Terry Hill, but also a lot of features that are considered to be competitive in the literature of the knowledge intensive business services.

Supplier Specific: The criteria considered to impact the order winners on a business level are divided into two subcategories. This is to get an overview of what factors that are related to the relationship a customer has with the supplier. Also, value-adding activities that can influence the selection of a winner are presented.

Relation:

- Reputation
- Brand name
- Being an existing supplier
- Relationship and trust

Value Adding

- Interaction activities
- Network
- Innovation

Sales Specific: In this section, the criteria that are impacted by the salespersons and sales strategy are highlighted in order to describe the function's influence on the order winners.

- Meeting specific customer needs
- After-sales support
- Marketing and sales

Delivery Specific: The factors that are impacted by the delivery and important in the winning stage.

- Delivery speed
- Demand increases

3.6.5 Driver of Order Qualifiers and Order Winners

Regarding the underlying factors that impact the value and importance of the order qualifier and order-winner criteria, all five value drivers suggested by Harmon (1997) are used in the framework.

- Economic value driver
- Performance/functional value driver
- Buyer's perception about supplier
- Buyer's motivation and goals
- Buying situation

4 Introduction to Semcon and the Engineering Service Industry

The aim with this chapter is to give the reader a general introduction to the engineering service industry where the company Semcon operates, in order to provide deeper understanding of the situational context that influences the issue of study. Firstly, a market analysis of the engineering service industry is performed. Secondly, the company Semcon will be described.

4.1 Introduction to the Engineering Service Industry

In 2009, the Swedish market for technology consultants included many players, who in had a turnover of 41,5 billion SEK. More precisely, the 60 biggest players in the market generated 74 percent of the turnover, while 7 percent of these accounted for 48 percent of the total turnover. One reason behind the high turnover and significant demand is the fact that purchasing companies can get access to specialized knowledge and competences, without hiring a person. Thereby they can buy a variety of different competences depending on demand and terminate the contracts when the assignment is accomplished. A lot of these technology consultancy companies offer a vast range of services and work across disciplines in the engineering services; thereby they target a broad market of customers. (Hammarström et al. 2012)

The players on the technology consultancy market often compete locally, where the companies have different offices around Sweden that focus on the needs in the specific local area. (Hammarström et al. 2012) In Skåne, the customers of engineering services refer to industries that operate within life science and high technology. The companies that offer engineering services within the area of product development and design in the region of Skåne, share a lot of customers with each other since they offer quite similar value propositions. Thus, the customer has the power to negotiate and switch supplier if they find a better deal. (Sören Troedson, 2013). Furthermore, low entry barriers and low investments characterize the market, where everyone that possesses an expertise or competence can start up a consultancy company. (Hammarström et al. 2012) However, the reputation is an important factor in the technology consultant industry, where well-established companies can compete with their experience. Customers that purchase services rely more on word-of-mouth rather than advertising, as they often are loyal to their suppliers that can satisfy their needs. (Lovelock et al. 2004)

Due to the entrance of broker solution companies, such as E-work, the purchasing power of customers has increased. A broker solution company gathers the different offers, i.e. the resumes, from the technology consultancy companies. The broker aims to mediate the best candidate, to the best price, by screening resumes from different consultancy companies stored in their database. To ease the purchasing

process, purchasing companies hire a broker solution company to perform the purchase of the “best consultant to the best price”. In 2011 the broker solutions companies accounted for revenue streams of 5.2 billion SEK in Sweden. (The consultant guide, 2013)

4.2 Semcon

Together with other technology consultancy companies in Skåne, Semcon is interested of finding new sources for competitive advantage. Since this thesis will provide a foundation for Semcon in their endeavor to create a customer-focused offer, a short description of Semcon is conducted in order to gain a deeper understanding of the targeted market.

4.2.1 Semcon in Brief

Semcon is an international technology company, with 3000 employees globally, that operates in engineering services and product information. Semcon’s engineering services aim to help the customers to develop products, systems and facilitate existing products and systems. In the category of product information, Semcon delivers complete solutions in information management, online marketing and the after market as well they support the customers from behavior studies to the final product. By providing innovative solutions for the entire development chain, the work is performed successfully.

With 30 years of experience within the automotive, life science, telecom, energy and other development intensive industries, the company is a well-established actor. Also, the company operates in 45 places around the world and achieved a turnover of 2.5 Billion SEK in year 2011. Examples of customers are ABB, Astra Zeneca, Audio, Gambro, BMW, Jaguar Land Rover, Qoros, Siemens, Volvo, Vattenfall.

The organizational structure consists of three business areas: Automotive R&D, Informatic and Design and Development. Also, the company uses three different business models: Specialist services, Projects and Partnership (Semcon, 2013)

4.2.2 Semcon’s Design and Development

Design and Development is one of the business areas that offers engineering services, see figure 6. Furthermore, Design and Development is divided into the three business units: Design and Development North, (D&DN), Design and Development South (D&DS) and PEAQ. The D&DS employs about 300 persons and geographically include the regions: Skåne, Småland, Blekinge, Västra Götaland and Halland. Since this thesis will focus on D&DS department Öresund, the scope includes the region of Skåne. D&DS Öresund primarily focuses on product development, where they currently target around 15 customers. Regarding the educational background, mechanical engineers accounts for about 80 percent of the department.

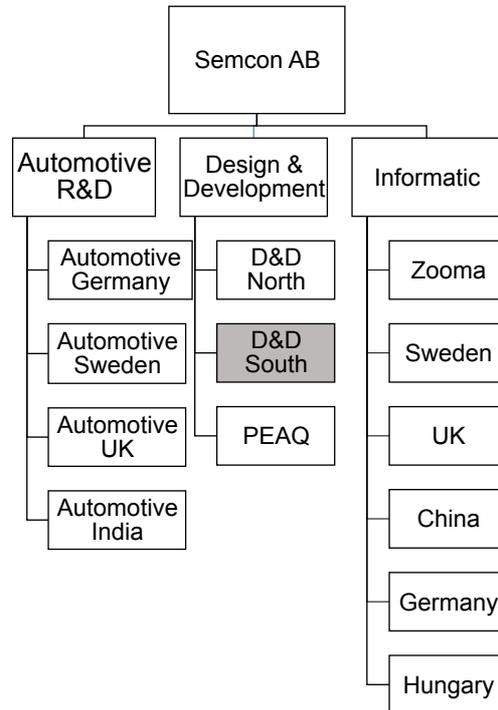


Figure 6. Semcon’s organizational structure.

4.2.3 Competitors in the Design and Development South Market

Semcon’s business unit D&DS Öresund faces competition on the market, as approximately six larger players compete for as well as share customers. Furthermore, self-employed players fragment the market and thereby a fraction of self-employed must be added to the total number of competitors. Due to this, it is difficult to give an exact number of competitors on the D&DS Öresund market. (Troedson, 2013)

4.2.4 Customers in DDS Öresund and their Required Competence

There are primarily 10 larger customers in the design and development market in the Skåne region. The customers are companies operating in different industries, such as packaging, automotive, communication and network, life science, telecommunication, medical device, mining and construction, and energy business. The vast range of industries reflects the wide spread use of engineering services that the customers require when they buy engineering services.

The consultant’s educational background can vary, primarily between mechanical engineering and software engineers. The offer includes competences within areas such as industrial design, mechanical design, electronics, embedded systems, industrial automation, polymer technology, and project management.

5 The In-Depth Interviews

The aim with this section is to reveal the result from the questionnaire that was gained from 15 in-depth semi-structured interviews, where five interviews are performed with purchasers and ten with managers. The results are explained in three topics: order qualifiers, order-winners and value-adding activities.

5.1 Summary of the In-Depth Interviews

The questions that are asked to the interviewees can be found in the questionnaire, see appendix 3. In table 1, a summary is conducted to get an overview of the result from the questionnaire, which is further described in detail in this chapter.

Category: Refers to the categories order qualifiers, order winners and value-adding activities.

Factor: The criterion that are considered to be either an order qualifier, order winner or value-adding activity.

Total %: The total share of managers or purchasers that decided to bring up the factor and considered it as important

Table 1. Summary of the result from the interviews ⁴

Category	Factor	Purchaser Total	Manager Total
Order Qualifiers	Price	100%	100%
	Competence	100%	100%
	Commercial Factors	100%	40%
	Frame Agreements	100%	60%
	Company Size	60%	70%
Order Winners	Delivery Reliability and Speed	80%	100%
	Demand Increases	80%	100%
	Meeting the Needs	None	100%
	Relationship and Trust	80%	90%
	Being an Existing Supplier	80%	90%
	Personality	20%	100%
Value-Adding Activities	Education	40%	60%
	After-Sales Support	None	70%
	Knowledge Seminars	20%	80%
	Network	None	70%
	Innovation	20%	60%

⁴ The criterion of proximity was mentioned to a little extent and the answers were diverse to refer a certain percentage, thereby it is not considered to be a part of the results.

5.2 Order Qualifiers

In this section, the different factors that the interviewees considered as order qualifiers criteria are presented divided into the groups of purchasers and managers.

5.2.1 Price

Purchasers

All of the purchasers state price as one of the most important factors in the choice of a certain supplier. A reason behind this statement is referred to the fact that the purchase of consultants contributes to a large share of the indirect costs. Also, the purchasers currently experience a price pressure from their own customers; consequently they negotiate prices with their suppliers in order to make a profit. In the negotiation with consultancy firms, the purchasers consider prices as standardized for different experience levels of the consultant. Thereby the purchasers expect the price to be within the market prices for a junior and senior consultant, where the standardization is influenced by a large supply of providers that offer similar services. All the purchasers agree that if a consultancy firm tries to go above the market prices, they will not qualify. However, exceptions from this rule of thumb can appear for extremely niched competences. 40 % of the purchasers believe that the consultancy firms need to find more creative ways to decrease their prices, due to the fact that the consultancy companies price development for the consultants is higher compared to the price development they have on their own end product. This impacts the customers price margins in a negative way and impact the very price sensitive customers.

“If the company cannot offer a competitive price, they are out”

Purchaser

Furthermore, 40 % of the purchasers mention that they use a broker solution, where the purchasing function of consultants is performed by a third party in order to decrease costs and gain better prices. They claim that the consultants contribute too much to the overall costs and this is their way to control the prices.

Managers

All the managers also claims price as a critical factor to become an order qualifier. However, the amount of time they pondered the subject was less compared to the purchasers. Thus, they all agreed that they require quality for the money, which is not always referred to the lowest price. 50 % of the managers do not pay more attention to the price factor than the fact that the prices are standardized through agreements that are negotiated by the purchasing function. Out of these given alternatives of suppliers, they seek the best competence. The remaining 50 % of the managers want to dig deeper into the subject.

“Some consultancy companies charge higher hourly price than other companies. I am very price conscious and I am aware of the consulting companies margins. I am not interested in paying for fancy offices and unnecessary overhead costs. I am more interested in companies with a cost aware strategy.”

Manager

The quoted manager also mentions that they accept that some specific suppliers charges higher prices than other firms, since they know from past experience that they always deliver higher output. Thereby it can be preferable to purchase from that firm since the assignment will be performed efficiently and the total cost will not be higher in the end. This reasoning is also stressed among the price-concerned managers, where the output in comparison to price is a factor that matters. However, these prices need to be in a fair price range compared to the other suppliers on the market, where the managers keep track on existing price ranges.

5.2.2 Competence of the Consultant

Purchasers

Among the purchasers, they all state that the right competence is a critical factor to qualify into the purchasing process and that it is a highly important factor. However, the purchasers claim that they are not responsible to decide the specific requirements of the competence and selection; the managers make the final choice. They argue that their task is to negotiate the price for the right competence level.

Managers

Overall during the interview, the competence factor is most discussed and top rated among all the managers. If a consultant does not have the right competence for the mission, the consultant will never get the assignment. According to the managers, all the other factors are considered as secondary.

“Competence is the critical factor. It does not matter what extra service the consultancy company offers. It is like when you go to a bank for a loan, you just want the best interest rate and the extra services are irrelevant.”

Manager

Thus, the specific competences the managers search for differ. Some of the managers want the consultants to possess a broad experience from a lot of industries and companies. One manager argues that the purchase of technology consultants can be categorized as “bulk purchasing”, where the purpose is to support their daily work during peaks. Other managers request the consultants to be experts and niched in their competence, to contribute with a specific competence that is not core for the company. Thus, the managers have different opinions about the difficulty of finding the right competence on the market, which is depending on the specific demand. Also, the managers state that they conduct the specification of what kind of

competence that is suitable for an assignment, where the purchasers only have impact on the charged price. The managers tend to recommend the purchasers to negotiate with firms they believe have broad range of candidates with demanded competence. 30 % of the managers have a broker solution that suggests candidates of consultants they believe will meet the competency requirements. However, the managers claim that these candidates rarely meet their demands. In order to find the right competence, they contact the consultancy firms by themselves.

5.2.3 Commercial Factors

Purchasers

All the purchasers mention the importance of commercial factors and the matter of serious suppliers. In this category they highlight financial stability, insurance and legally appropriate agreements. No uncertainties regarding the supplier's business are accepted. 50 % of the purchasers also pinpointed the importance of agreements that secure their secrecy and intellectual property law. These factors are considered as basic requirements and if the suppliers are not able to fulfill them, they will not qualify at all.

Managers

Commercial factors are not deliberated to the same extent among the managers as the purchasers. However, 40 % mention that they expect these factors to be fulfilled among the suppliers. One of the managers means that he/she is highly involved in the negotiation with the suppliers and has to follow guidelines from the mother company that only accepts suppliers without financial uncertainties. Thereby it is crucial for this company that the suppliers meet their requirements regarding legal factors about secrecy and financial stability, else they will not be potential at all.

5.2.4 Frame-Agreements

Purchasers

All the purchasers state that the suppliers need a frame agreement, where they close agreements with companies that meet the commercial requirements and have an ability to deliver the competency the managers ask for. 40 % of the purchasers have recently changed their purchasing strategy, where brokers perform the negotiation of frame agreements. The objective with the new strategy is to decrease the costs and get control over the purchase of consultants. Also, the costs to administrate several agreements will be reduced since their only agreement is with the third party broker. A trend to decrease the costs to manage multiple suppliers and the goal to increase control is also expressed among the remaining 60 %, who all aim to lower their amount of frame agreements and preferred suppliers. 40 % mention that this is an effect of the previous unstructured routines, where the managers bought consultants from who they wanted whenever they needed, which led to high costs to manage multiple suppliers. One of the purchasers mention that it is natural for companies to decrease preferred supplier base and frame agreements in times of an economic

downturn. Another purchaser mentions that business ethic is important when they sign frame-agreements. If the company does not treat its employees in a good way, they will never get a contract.

Managers

In comparison to the purchasers, the topic of frame agreements is not as central among the managers. Thus, 60 % mention the importance of a frame agreement; it is required in order to be able to buy from specific consultancy firm. However, they have an indirect impact of what suppliers they choose to write agreements with, where they inform the purchasers of what suppliers they find appropriate. 85 % of the managers that discussed frame agreements agree upon the fact that sometimes they make exceptions for smaller companies with expertized knowledge, whom can be hired without a negotiated framework.

Also, 40 % of the managers who stress the topic of frame agreements performed their purchasing through a broker solution, where they only have a direct frame agreement with the broker. Further, the broker are responsible to handle the frame agreements with the consultancy firms, However, if they consider a consultant appropriate for the assignment that lacks a frame agreement with the broker, they find alternative ways to get the consultant and consultancy firm into the system.

5.2.5 Company Size

Purchasers

60% of the purchasers concur that large companies are to prefer, since they believe that larger companies are associated to less risk and can more easily fulfill the criteria to get a frame agreement. For instance, if the hired consultant terminates the contract, a new consultant from the same company can more easily replace the previous. Also, if the managers demand a specific competence, larger companies have greater volumes of consultants and a broad range of competencies, where they get a hit-rate faster than with smaller companies. These opportunities are appreciated among the purchasers. They also agree that they generally avoid hiring single person companies, due to the risks described. However, the remaining 40 % of the purchasers highlight that exceptions are allowed if needed. For instance, if they require a competence that does not exist among the larger companies, they will purchase from a supplier that is able to deliver the competency, regardless size.

“If I choose a one-man company they have to offer a very unique competence, at the inventor stage. We usually choose among our preferred suppliers where we require a vast spread in business areas, we want everything to be covered by them.”

Purchaser

Another purchaser finds it very convenient when companies offer sub-consultants with expert competence, since then they get access to the smaller firm through a

larger actor. By purchasing from larger companies, they can avoid the risk connected to a smaller firm and at the same time get the demanded expertise.

Managers

70% of the managers prefer to purchase consultants from middle and large-sized companies, but will contemplate smaller firms if the larger companies lack the required competence. The incentives to this statement are referred to the fact that larger companies have an ability to match the demands quicker than smaller, due to their broad base of consultants and competences. Also, they have a better flexibility in their delivery. One of the managers claims that larger companies have an ability to complete the consulting assignments, where smaller consultant firms sometimes terminate the contract if they lack personal development or get tired of the project. Thus, larger companies are often more experienced in the business and are thereby more preferable since they know the demands in the environment they operate in. Also, 20 % of all managers that highlight the topic of company size, appreciate when larger companies offer sub-consultants in their network, since it eases the work to get access to expertized knowledge.

“We have rejected the small consultancy firms, it takes too much energy. The consultancy companies I hire must know what I need, I do not have time to explain what I need”

Manager

As a critique to the larger firms, one of the managers that prefers larger companies would appreciate less bureaucracy among the large-sized companies. Sometimes he/she finds it struggling to get in contact with the right person on the right department, which is stressed as timely and annoying. Also, 20 % of all managers contradict that size matters; they choose the best consultant with the best competency, regardless size.

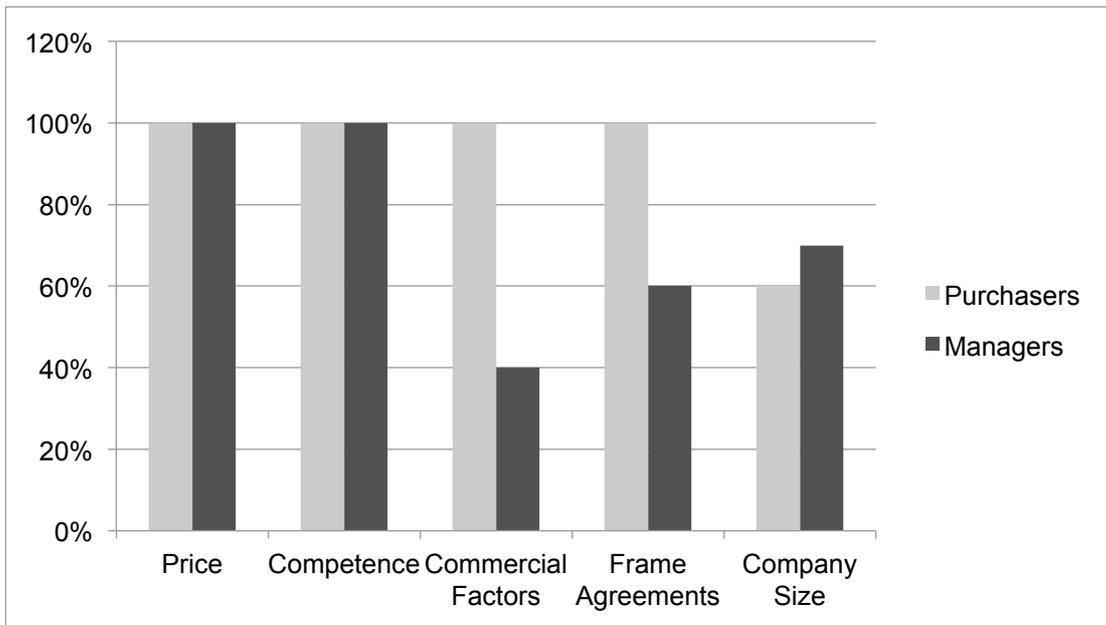
5.2.6 Proximity

Some of the purchasers and managers brought up the geographical location as an order-qualifying criterion. However, they all stated different opinions and changed their minds repeatedly. For instance, during the discussions the purchasers and managers started to highlight diversity and ended up to favor local companies. Thereby it is hard to state that a certain percentage of the managers or purchasers have input on proximity and consider it as an order qualifier, which make it difficult to analyze the impact in a further step.

5.2.7 Concluding Remarks from Questionnaire - Order Qualifiers

In table 2, the mentioned order-qualifier criteria are summarized.

Table 2. A summary of the order-qualifier criteria stated in the questionnaire.



5.3 Order-Winner Criteria

In this section, the factors that purchasers and managers consider as order-winner criteria are presented.

5.3.1 Delivery Reliability and Speed

Regarding delivery reliability and delivery speed, both purchasers and managers highlight the importance, where the managers stress the factor to a greater extent. The criteria are mentioned parallel, thereby they are included in one category.

Purchasers

80 % of the purchasers mention the importance of delivery reliability and speed in the selection of an order winner. If the criteria price and competence are fulfilled, flexibility is essential since they need the consultant at a specific place and time. One of the purchasers believes that the consultancy firms could improve their strategies and routines to deliver consultants more rapidly. A lack of competences in the region is not considered as a setback; the problem is that the consultancy firms cannot deliver in time.

Managers

Despite competence and price, delivery reliability and speed are considered to be a major factor stressed among all of the managers, where the criteria were referred to be order-winner criteria. The ability to deliver on time is underlined as very important since the absent of a competence impacts the manager's daily work at the department. The delivery speed impacts the selection of a specific consultancy firm to a great extent. Another manager states that when a consultancy firm continuously delivers good candidates quickly, they possess a great competitive advantage.

“It does not matter how many competent consultants a consultancy firm holds, if they do not have an ability to deliver them on time, they are out.”

Manager

5.3.2 Demand Increases

Purchasers

80 % of the purchasers consider a supplier's capability to meet changes in demand during peaks to be an order-winning criterion. They believed that it is essential that the companies understand their changes in demand and perform preparations to be able to deliver a certain competency during peaks.

Managers

All of the managers state that it is important that consultancy companies are able to adjust their capacity to deliver competences depending on demanded volume. A

demand of a competency can appear fast and irregular, thus it is important to get the required consultant as quick as possible.

“When we have a demand, we need the consultant fast. Thereby the consultancy firm needs to be flexible in their delivery.”

Manager

5.3.3 Relationship and Trust

Purchasers

80 % of the purchasers believe that the relationship with the consultancy firm influences the purchase of consultants, where it is more connected to an order-winning criterion than an order qualifying. None of them believe that the seller from the companies contact them too frequently, thus 60 % believe that some firms can improve and contact them more continuously in order to strengthen the relationship.

“The relationship is important and it is built on trust. The consultancy companies help out when we have a demand of consultants and we will contact them when the demand appears.”

Purchaser

The remaining 20 % of the purchasers claim that they aspire to be uninfluenced by the relationship and do not let the relationship impact the order process.

Managers

Among the managers, everyone have thoughts about the topic of relationship and 90 % consider it as an important factor. The remaining 10 % believe that the relationship do not impact their decision-making, since these managers refer the purchase of consultants per hour as bulk purchasing, which does not require a relationship. However, of the 90 % that find relationship important, they all claim the factor to be secondary, where the competence and consultant’s profile are crucial in the choice of supplier. Relationship is addressed to an order-winning criterion rather than order qualifying, since it does not influence the first screening of suppliers to the same extent as factors like competence and price do.

“If we got several candidates with similar resumes, the relationship to the different consultancy companies is essential. Of course the different development managers have different relationship to different companies, it’s subjective”

Manager

Those factors that repeatedly are mentioned as valuable in a relationship are; *trust, good dialog, cooperation, communication, understand the manager’s needs, and professional sellers*. If these factors are fulfilled, the managers will give the companies their trust and contact them if they have an assignment that needs a consultant.

“Some companies are better than other companies, where they have a deeper understanding of what we actually do, a good business relationship and the seller send us good candidates.”

Manager

Consultancy companies are allowed to sometimes make mistakes, which most often occur when they suggest or send a consultant that is not a perfect match, one manager states. If this happens continuously, the trust for that will company will be harmed. Only 10 % of those who find relationship as essential believe that some sellers are too pushy and contact the managers unnecessarily often. 50 % are satisfied with the current relationships and believe that the criteria described in this chapter are fulfilled. Hence, 40 % believe that the consultancy firms can improve their communication and more frequently contact them to check current status, which will strengthen the relationship. However, the purpose must be to review the level of satisfaction and not only try to sell consultants.

5.3.4 Being an Existing Supplier

During the discussion of the importance of relationship, the same amount of managers that claim relationship as important also highlights the subject of current suppliers. Thereby 90 % of the managers stress that being a current supplier sometimes serves as an order-winning criterion. If they are satisfied with past experience, they have incentives to purchase from the same supplier again. Thus, if the managers have a good relationship with a consultancy company, it might be more convenient to contact that company in an early stage of a demand.

“If price, agreements, the right competence and personality are fulfilled, then I choose a consultant from a company where I already have consultants from.”

Manager

As with the relationship criterion, 80 % of the purchasers state that a good relationship serves as a winning criterion, where the current suppliers have an advantage compared to a new. Due to this, being an existing supplier is categorized as an order-winning criterion for both purchasers and managers.

5.3.5 Understand the Needs

The ability to understand the customer's needs is a criterion that the managers find as an order-winning factor. However, this is not stressed by any of the purchasers.

Managers

One factor that all the managers claim to be an order-winning criterion is the consultancy firm's ability to understand the specific demand each individual manager has. Overall, the managers want the consultancy companies to understand their needs in-depth and only send them suggestions of candidates that suit the demanded profile of competence and personality. In the same way as with the competence, the required needs differ among the managers due to the specific

assignment, company and industry. Thus, a supplier that continuously delivers profiles that match the requested will be prioritized to contact first when the managers get a new assignment and want to purchase consultancy hours.

“For me it is all about trust, it’s about the seller understanding my needs and deliver the right competence. I want to call to the seller and say: “you know what I need, do you have any consultant available?”

Manager

Overall, 60 % of the managers find it annoying when the consultancy companies send resumes of candidates that do not match their requirements. They perceive this as a sign that the consultancy company attempts to sell anything available and a lack of effort to find a candidate that matches the request. One of the managers means that it is more appreciated if the consultancy firms are open if they do not have any candidates that suit the demanded profile, instead of pushing for not qualified candidates. This will only harm the relationship in the long run.

“Some sellers are better than others to understand our needs and send the right consultants. I want the seller to be interested in our company and really try to find the perfect profile and not only send the 17 resumes that the seller has in the wardrobe. Consultancy companies with more experience are often better of this.”

Manager, Company X

40 % of the managers state that it is important that the consultancy firm only propose consultants who are eager to work on assignment. It gets obvious when the consultant does not feel passionate and is uninterested of the assignment. Regarding to the managers, this is a typical example of when the consultancy firms neglect their specific needs. It is also costly for the managers to invest time in training a consultant that terminates the contract in advance. The purpose is to create value, not only a cost. Companies that repeatedly send those candidates will further not be prioritized when the managers get new assignments.

“The worst thing that can happen is when the consultant does not realize what the project is about, which results in a loss of the consultant after a couple of month. Then I have put too much time and effort in the consultant. It is so important that the seller know what I want.”

Manager

20 % of the managers mean that the existing consulting companies do not want to realize and have an open dialog about the fact that the managers want to recruit those consultants they believe would be valuable in their organization. It is often a struggling process to employ consultants, since the consultancy companies do not want to “give away” their consultants to the customer. The managers find this as a sign that the consultancy companies close their eyes for their customers needs. Also, they believe that the consultancy firms have to realize their natural position of

mediating people that can fit in the manager's organization. By neglecting the fact and refuse an open dialog will only harm the consultancy companies.

5.3.6 Personality

Purchasers

Only 20 % of the purchasers claim that personality is important. The other purchasers mentioned that it should be the "right person", which can be referred both to competence and personality. However, they did not explicitly choose to dig deeper into the subject.

Managers

Among the managers, they all agree that personality is a critical factor; the consultant has to fit in the organization and the specific team. When the basic criteria of right technical competence, commercial factors and flexibility to start at given date are fulfilled, the personality has the final call. Like competence, the thoughts differed of what factors that form a "good" personality. One thing they all had in common is the fact that they demand the consultant to be really interested in the organization and the specific assignment. An optimistic attitude is also demanded, where the person should be easy to cooperate with and have a personal drive. One of the managers states that the competence of the consultant must be extraordinary if they decide to choose a consultant with bad attitude, which appears very rarely.

"After the criterion of right competence is fulfilled, it is important with the right personality; the consultant must be able to work with the team."

Manager

90 % of the managers want the consultant to be passionate, creative and able to grow with the assignment. Regardless personality, all the consultants need to be trained in the company specific routines and technology even though they have a technological background, one manager highlights. However, the personality cannot be "trained" to the same extent, where it is essential to get consultants with the right approach from the start. Only 10 % want the consultant to follow given templates and be structured, where they not encourage innovative and creative ways to solve the assignment.

"We don't need standard engineers, we need high performing engineers. We need consultants that are driven, have high capacity and see the process from a holistic view."

Manager

All the managers hold a personal interview before they decide whom to choose. It is important to get a feeling about the consultant to determine if the person will be suitable for assignment and the team. The selection of the winning candidate can be

more referred to an ordinary recruitment process and not a pure purchase. One of the managers stresses that he/she believes that it is interfering when the seller from the consultancy company insists to participate during the interview, since the seller hinders the consultant to speak for itself.

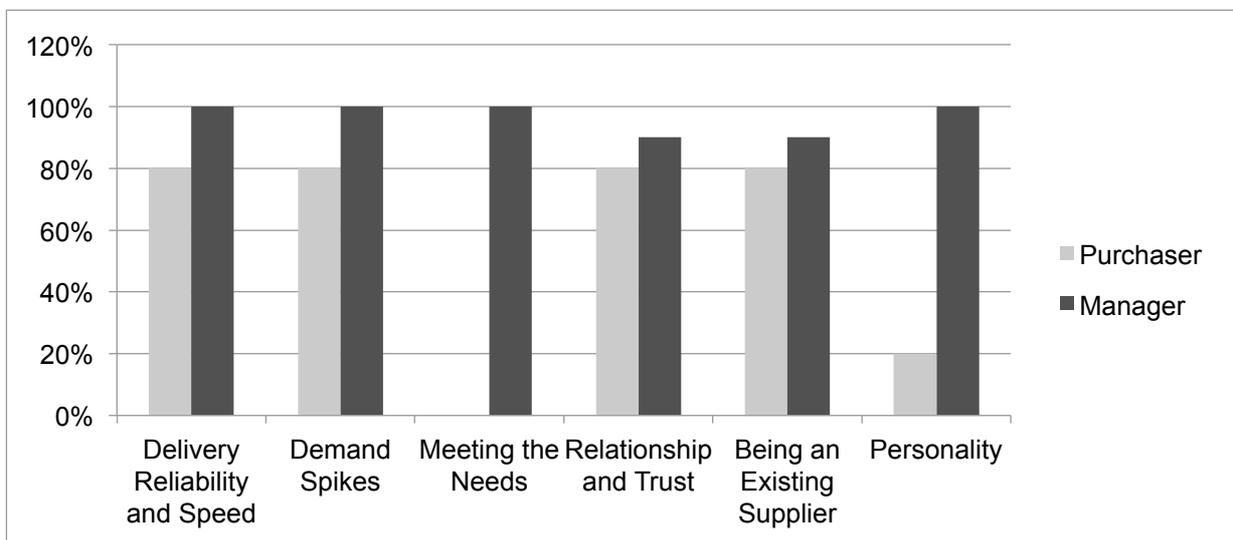
“When I choose between consultants with equal resumes and the same profile, I trust my gut feeling that impacts my decision.”

Manager

5.3.7 Concluding Remarks from Questionnaire - Order Winners

In table 3, the order-winner criteria are presented.

Table 3. A summary of the order-winner criteria stated in the questionnaire.



5.4 Value-Adding Activities

Value-adding activities are referred to those activities that the customers want the consultancy firm to perform during and after the assignment to increase the value of the service. Also, these activities can impact the customer's possibility to rebuy from a well-performing consultancy company.

5.4.1 Education

Education and competence development of the consultant is an area that some purchasers and especially managers express to be value adding. Thus, the subject was not referred to the educational background, rather to the competence improvement and education of a consultant during an assignment.

Purchasers

40 % of the purchasers find it valuable if the consultancy firms continuously educate their consultants. Thus, they stress the fact that these activities are valuable for the consultancy companies as well, due to an increased knowledge base of their consultants. If the consultancy companies educate their consultants during an assignment, it is not considered to interfere the task. On the contrary, this would be appreciated and deliberated as a sign that the consultancy firm has an interest to improve the output of the mission. However, one of the purchasers believes that the consultancy firms tend to avoid this, since these hours are not chargeable, which is not a very customer-focused behavior.

Managers

60 % of the managers highlight the value of education and competence development, since it will increase the output of the consultant's contribution to the assignment. Everyone believes that a couple of days of education during the assignment are deliberated as positive when it is communicated in time. However, the competence improvement should increase the knowledge base that can be valuable for the specific assignment. Else they are not very interested. 50 % of the managers also demand the consultancy firms to improve the level of educational development of the consultants, where the current consultancy firms apparently do not realize the value this will contribute to their customers. By letting the consultancy companies perform the competence improvement, the managers can avoid the cost of investing in knowledge that will be lost when the assignment is completed.

"We gladly encourage the consultancy companies to send the consultants on competence development during the assignment, since this will add value to our company."

Manager

5.4.2 After-Sales Support

After-sales support are determined as a dialog between the consultancy firm and the customers about the performance of the consultant, where the majority managers

finds this as an important subject. None of the purchasers did open up this topic for discussion.

Managers

Regarding follow up and evaluation of the consultant during and after an assignment, 70 % of the managers deliberate the topic. 70 % of them encourage the consultancy firms to improve their routines and perform more after-sales activities. For instance, the managers think that it is valuable if the consultancy firms evaluated the performance of their consultant during the assignment and not only after it is completed. By performing continuously follow-up, the consultant's output can be improved of during the mission. Even though they appreciate evaluation when the assignment is finished, it is too late to improve the output of the assignment.

“I would really appreciate if the consultancy company contacted me a short period after we have hired the consultant to see if the consultant contributes in the way we expected. I think the current consultancy companies perform this activity catastrophically, since they never follow up. If I have sold a service, I would definitely be interested in what the customer thinks about it.”

Manager

By follow-up continuously, the managers consider this as a sign that the consultancy firm truly cares about the sold service. Also, they expect the consultancy companies to take any critique seriously and perform those actions that are required to make improvements. If a company repeatedly responds slowly to feedback, the relationship will be deteriorated. One of the managers mentions that the follow-up is not referred to a phone call where consultancy firm only asks if an extension of the consultant's contract is demanded. A contact like that indicates that the consultancy company does not care about the customer's satisfaction of the purchased service; it implies that they just want to make money.

“If the consultant company does not follow up after we are dissatisfied, I will hire from another firm the next time.”

Manager

30 % of the managers claim that they are satisfied with the current situation and believe that the follow-up appears to the extent they demand. It is about balance from both their side and the consultancy firm's side, more about give and take. They do not want the consultancy firms to contact them continuously, if they are dissatisfied, they will inform the supplier by themselves. Further, this is more important if it is a new supplier, since follow-up is a part of creating a relationship, the managers claim. It is about trust; if they are dissatisfied they expect the consultancy firm to fix it.

5.4.3 Knowledge Seminars

Purchasers

20 % of the purchasers believe that seminars related to their business are appreciated and an activity that strengthens the relationship to that specific firm. However, they do not care about activities that are not connected to their business, like for instance wine tasting.

Managers

80 % of the managers are positive to participate in competency seminars that have a topic that is related to their specific business. 50 % of those appreciate if the seminar is combined with some kind of social event, where the rest find this activity as unnecessary.

“It is very appreciated when the consultancy firms invite the entire team of engineers, both consultants and our own, to business-related activities. If they can offer seminars in topics that are important for our business, it is valuable for us.”

Manager

However, the managers stress that if the seminar lacks a relevant connection to their business, it is not valuable at all and they will not participate. Thus, none of the managers mean that they participate in pure barbeque-nights, golf trips or sailing events. One of the managers claims that he/she is not allowed to join those kinds of activities, since the mother company considers it as a bribe. Another manager thinks that consultancy companies that arrange expensive non-business related activities waste their money, where they could have put them on something that is more valuable for their customers, for instance a lower price.

“When the supplier wants to have a conference at a fancy resort, this is seen as very unserious and passé. This behavior does not exist anymore, except in the pharmaceutical industry.”

Manager

5.4.4 Network

Managers

How the consultancy companies use their internal network to share experiences and knowledge is a subject discussed among 70 % of the managers. Overall, the managers state that the current consultants use their internal network inefficient; the consultant rarely solves a problem by using their own firm's network. They agree that it would be very useful if they performed this activity better, since then the managers can gain knowledge from an experienced network. Especially larger companies, who has a wide network both national and international, have the possibility to share a lot of valuable experience in a better way. The managers believe this would increase the value of the consultant.

“It is extremely good when a large company is able to share a broad range of knowledge when we encounter technological issues”.

Manager

One manager believes that the reason why consultants do not take advantage of their internal network is connected to the fact that they are located off-site from their mother company and do not naturally interact daily with the colleagues. However, the manager believes that the consultancy companies could improve their usage of the network and knowledge sharing, by implementing routines that are more efficient and structured.

Some of the managers imply that the usage of the internal network is dependent on the individual consultant. Where some persons are natural networkers and use it in an excellent way, others do not take advantage of its benefits. Further, the current usage of an internal network is low, where the managers encourage an increased usage. It is seen as a great opportunity to have access to a big internal network in situations when managers encounter problems. One manager indicates that it should be the consultant who enlightens the possibility, nothing the sellers should try to sell separately. 40 % of the managers that discuss network underline the difficulties for the consultancy firms to find proper ways to increase the usage of their network. Secrecy agreements and legal factors might be an obstacle in the aim of knowledge sharing.

5.4.5 Innovation

Purchasers

20 % of the purchasers expect the consultant to contribute with innovation and new input during the assignment, due to their experience from a lot of industries and assignments. However, the actual experience does not always meet the expectations, where the consultants only solve their specific task and do not contribute with anything outside the box. If they improved their delivery in the innovation area, it would be very valuable for the purchasers.

“The consultancy firms often send people to solve a specific task, but they are not sharing any kind of innovation or input. They are too problem-solving in their nature, where I demand more innovative solving.”

Purchaser

Managers

60 % of the managers find it valuable if the consultant contributes with innovation and other mindset during the assignment and also a way to strengthen the relationship. They parallel refer to how the consultancy firm and the specific consultant can improve the level of innovation in their offer. One of the managers suggests that the consultancy firms could arrange an innovation network among the different companies in the region. Since they operate in different industries and not compete against each other, it would be very valuable to share inputs of innovation. Another manager proposes that the consultancy companies could bring up the topic during the regular meetings. A discussion regarding improvement areas could then

be performed in an open and not steered way. Since the consultancy firms possess an enormous knowledge bank and experience, the manager believes that a lot of ideas could be shared.

“The consultant companies are overall bad to find routines to implement the innovation thinking with us, which we would appreciate a lot.”

Manager

Regarding the individual consultant, the managers believe that the consultancy companies could encourage the consultant to be more innovative. When they hire a consultant, they expect he/she to bring innovation and be able to provide with creative solutions. As with the usage of the internal network, one big concern is referred to how the consultancy firms can be innovative without breaking legal arrangements. 30 % of the managers believe that it is hard to share innovation without ruin any secrecy agreements. However, they think that the companies are able to find alternative ways to encourage innovation.

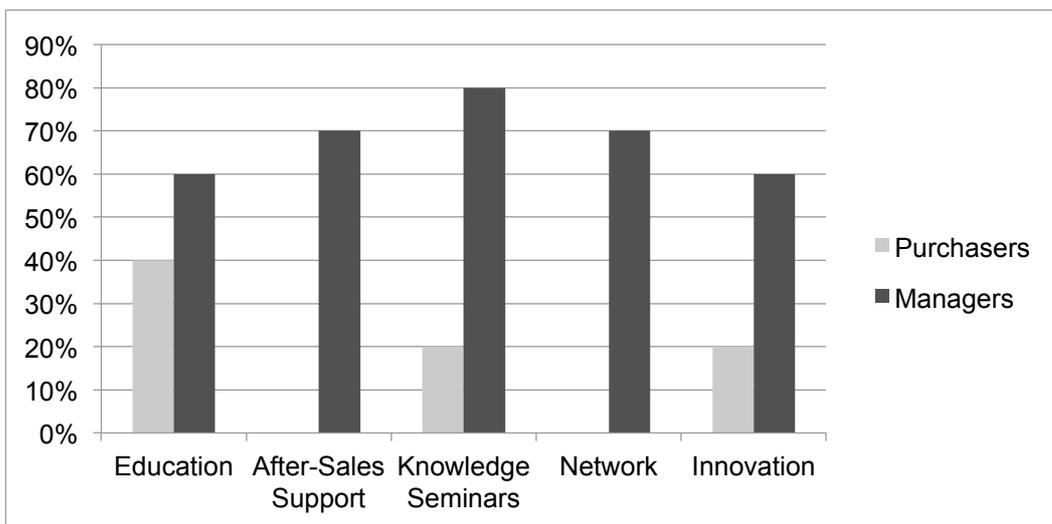
“I get scared sometimes when I hear the consultants talk about how they did certain things at another company, will they spread information about our company in the same way?”

Manager

5.4.6 Concluding Remarks from Questionnaire - Value-Adding Activities

In table 4, a summary of the answers regarding value-adding activities is presented, divided into the groups of purchasers and managers.

Table 4. A summary of the value-adding activities stated in the questionnaire



6 Analysis

The aim with the analysis is to give the reader a picture of the differences between the theoretical foundation, the theoretical framework and the results revealed from the questionnaire. The analysis is divided into three parts. In the first part a comparison of the order-qualifier and order-winner criteria from the framework with the results from the questionnaire is conducted. Secondly the theoretical framework is refined with the new conclusions from the interviews. In this part, all the criteria are categorized into the four areas: order qualifiers, order-sensitive qualifiers, order winners and value-adding activities.

6.1 Analysis part 1: Comparing the Theoretical Framework with the Result from the Questionnaire

This section focuses on the comparison between the theory and the empirical evidence of the two categories of order qualifiers and order winners with the following outline:

- Consistent criteria between the theoretical framework and the empirical evidence
- Incoherent criteria between the theoretical framework and empirical evidence
- Criteria not considered in the theoretical framework
- Criteria not considered in the empirical evidence

In order to carry out the analysis, the theoretical framework is used. As a reminder of the included parts, the theoretical framework is presented in figure 7.

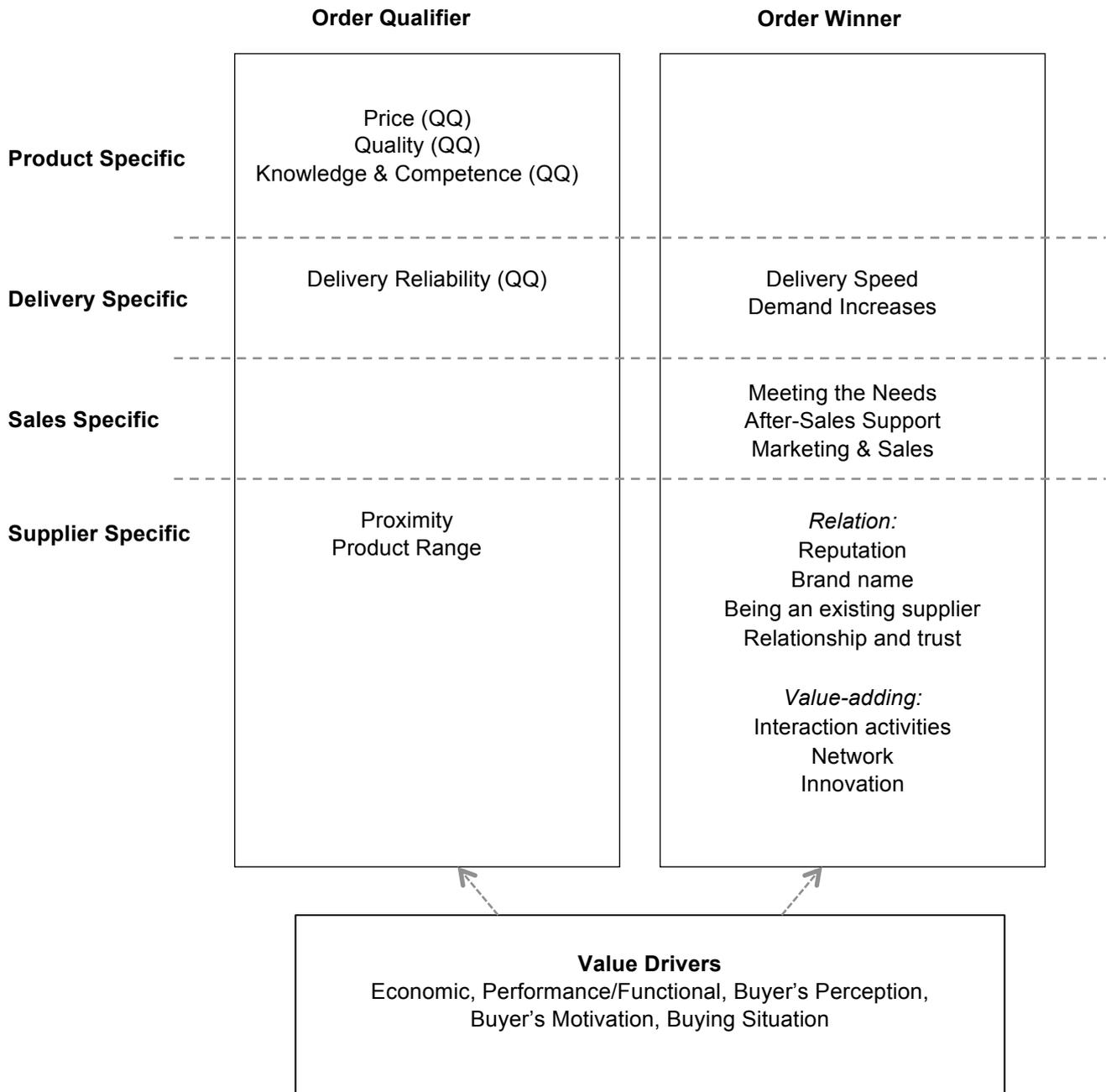


Figure 7. The Theoretical Framework.

6.1.1 Order Qualifiers

6.1.1.1 Consistent Criteria between the Theoretical Framework and the Empirical Evidence

Price

Congruent with the theoretical framework, the empirical evidence stress price as an order-qualifying criterion.

As the questionnaire implies, prices for a junior consultant and a senior consultant are considered as standardized, where the suppliers are expected to offer a price within a specific range. Suppliers that charge prices that exceed the market prices are unable to qualify, due to the high price awareness among the customers. According to Hill (2009), standardized prices and price competitive suppliers are typical when price serves as an order-qualifying criterion. According to Gustafsson and Johnsson (2003), the standardized prices can thereby be considered as a basic requirement, since the customers expect the price to be within a certain price range.

Further, the interviewees also demand high quality of the consultant, where the price factor is not an isolated criterion that decides who becomes an order qualifier. For instance, low-cost firms do not gain a competitive advantage if they cannot compete with other essential order qualifying factors. Also, if the output is expected to be higher and performed more efficiently from specific suppliers, it is acceptable to pay a higher price. The fact that the interviewees do not search for the lowest price possible is also in line with what Hill (2009) states as characteristics for an order-qualifying criterion.

Another explanation of the high price focus is the fact that the consultancy services contribute to a large share of the indirect costs, which is in agreement with what Miles (2003) and Swink et al. (2011) state. A reaction to these conditions might be the purchasers increased focus on cost-effective purchasing strategies, for instance by using broker solutions. This indicates that the purchase of consultants is an area that currently gets a lot of attention among the purchasers with the aim to increase cost-effectiveness. Another factor connected to the trend to reduce costs is that some of the managers demand a more creative price-model in their favor, for instance reduced costs for the consultants overtime work. Due to its importance, price sometimes also serves as an order-winning criterion. Hill (2009) states that especially during the growth, in the maturity and saturation phase, price impacts the order-winner selection. However, since the interviewees state the factor as highly important in the qualifying phase, the criterion is considered to function as a qualifier criterion. Also, the fact that it serves as an order winner criterion must be remembered.

The characteristics of high customer power are related the driver of the buying situation, by Harmon (1997). This implicates that the competition forces companies

to charge prices that are aligned with the market equilibrium, since a lot of companies offer similar services. Thereby the buying situation triggers the customers to require more value and lower prices in their purchase, since the supply is large. The customers are not willing to pay more than they believe they can get cheaper from someone else.

Hence, the price focus differs among the groups of managers and purchasers. Since the purchasers are responsible of the negotiation with suppliers and do impact their company's cost-effectiveness, it might be natural that they pay more attention to the prices. Managers are more focused on the contribution of performance, which is prioritized higher than the price factor. However, they do consider price as a critical factor and have an awareness of being cost-effective and also follow the guidelines from the purchasers. Thus, the purchasers attention to Harmon's (1997) economic value appears to be higher compared to that of the managers. All of the purchasers and managers highlight the factor in the interview and thereby price can be considered as an order sensitive qualifier.

Hill (2009) claims price to be a typically order sensitive qualifier criterion when the supplying companies are forced to charge the prices that are decided by the market, which is in line with the current situation on the investigated market. Also, since all of the purchasers consider it as important, it is categorized as an order sensitive qualifier.

The price is directly referred to the product in the offer, where the customer has an opinion if the price is in line with what the customer is willing to pay to get the specific product.

Competence and Knowledge

All of the managers and purchasers agree upon the fact that the main purpose of the purchase of consultants is to gain access to the competence and knowledge that the customers currently lack, thereby it is referred to be an order-qualifying criterion. There is a reason why it is called knowledge intensive business service, which is stated among authors in the theoretical foundation to be the core factor in the service. (Miles 2003) (Bagdoniene and Jakstaite, 2008) (Bettencourt 2002) (Muller and Doloreux, 2009) Regarding this point, the empirical evidence is identical with the theory.

Especially the managers express explicitly that the right competence is major to become an order qualifier. In line with Miles (2003), the empirical evidence stresses the demand to get access to a high level of professional skills in the purchase of consultants. Also, the specific requirements of the competence areas and skills differ among the companies, which can be explained by the fact that they operate in different industries and thereby naturally have different demands.

Miles (2003) claims that companies purchase knowledge-intensive business services to gain specialized knowledge that is non-core for the company. On the investigated market, the purpose of the purchase differs among the interviewees. Some of the companies demand engineers that could unburden the workload during peaks, where the knowledge and competency of the consultant should be similar to the regular employees. Thus, this argues against the theory's suggestion that companies only buy knowledge intensive business services to get access to knowledge outside their core, since they in fact do buy services that are similar to their core. However, some of interviewees mean that they purchase engineering services in competence areas outside their core, which confirms what Miles (2003) states.

Since the interviewees have different opinions of what the purchase of the engineering consultants should fulfill, the purpose of what an engineering service should contribute with altered. Harmon (1997) means that the driver of customer value can vary depending on the expectations of the functional value, thereby it is hard to make the generalization that the customers buy engineering services just to achieve knowledge that is outside their core-business. Thus, this driver appears to be strong among purchasers and especially managers.

Due to its importance, competence and knowledge can also be an order-winning criterion. This can again be explained with Harmon's (1997) driver of the buying situation. If the competence and knowledge from one consultancy firm/consultant is outstanding compared to the other alternatives, the criterion will serve as an order winner.

The empirical evidence regarding the knowledge and competence criterion indicates that the reference to the product specific level is realistic, since the competence is directly connected to the consultant that is considered to be the product on this market. Since all the interviewees agree that the competency factor is an essential order qualifier, it is classified as an order sensitive criterion.

6.1.1.2 Incoherent Criteria between the Theoretical Framework and Empirical Evidence

Delivery Reliability

Regarding the criterion of delivery reliability, all the managers and the majority of the purchasers agree upon its importance as an order-winning criterion. Hence, the managers are more influenced by the consultant's performance in their daily work and thereby more aware about the time frame and the flexibility. Also, the interviewees imply a close connection between delivery reliability and speed: thereby a categorization of the criteria separately is difficult. However, an analysis of the criterion of the delivery speed is performed independently in chapter 6.1.2.1, since the categorization of delivery reliability is incoherent between the theory and

empirical evidence. Delivery speed is consistent; thereby the analysis of this factor is performed in the topic of coherent order-winner criteria.

Hill (2009) highlight the importance of delivery reliability as an order-qualifying criterion, sometimes even a sensitive qualifier. However, the empirical evidence stresses the criterion as order-winning. Thus, the purchasers and managers mention that it is highly important that the suppliers are able to deliver on time, since the absence of a consultant will impact the business negatively. This confirms the theory stated by Hill (2009), where the reasons behind the importance of delivery reliability are similar. Also, the empirical evidence implies that suppliers that have significant delivery reliability possess a competitive advantage, which underlines the criterion's classification of being an order-winning criterion.

The delivery reliability can be referred to the economic value driver both among purchasers and managers, since the absence of the consultant contributes to an economical loss. Also, the functional value drives the importance to get the consultant on agreed time since a lack of a consultant will influence the operational business, especially among the managers.

Referring the criterion order reliability to be delivery specific appears to be adequate, since the factor is closely connected to the impact of the supplier's delivering ability.

Quality

Competence is classified as a main feature both in the empirical evidence and the theoretical framework and thereby it is closely connected to the quality of the service. Due to its importance, the order-qualifying criterion of competence is considered to be a dimension of requirements of the quality conformance criterion, as Hill (2009) states as being important to discover. Thus, one dimension of the quality criterion is identified. Due to this, the quality criterion is merged with the knowledge and competence criterion in the developed framework. Regarding to Swink et al (2011) a customer is not considered to buy something at all if the quality requirements not are fulfilled. Since the interviewees state that they do not consider an offer if the competence does not meet their demand, including the quality criterion in the competence and knowledge criterion appears to be adequate. However, this might not be the only quality dimension, but it is the one that was highlighted.

Product Range

The empirical evidence states that a broad product range was one of the features as to why a larger company was preferred. This is related to the order-qualifying criterion "product range" that is considered in the theoretical framework. According to Hill (2009), a broad product range enables the customers to find what they require specifically, which is confirmed in the interviews. Hill (2009) also indicates that

product range serves both as an order qualifying or an order-winning criterion. However, since a broad product range only is one of the benefits associated to a larger company, the classification of the criterion as company size is more appropriate than product range since it covers and emphasizes other aspects. Also, the empirical evidence does not stress it as a qualifier criterion. Thereby the factor of a large product range is considered to be included in the criterion of company size.

6.1.1.3 Criteria not Considered in the Theoretical Framework

Commercial Factors

The commercial factors, such as financial stability and insurance, are not included in the theoretical framework since the literature did not reveal the criterion separately. However, the empirical evidence states a high significance to this criterion, especially among the purchasers.

100 percent of the purchasers brought up commercial factor as a qualifier criterion. One explanation to the high importance can be referred to the role of the purchaser to make sure that the purchase strategy is cost-effective and in line with legal factors. For instance, if a customer purchase from a supplier that goes into bankruptcy, this will impact the costs. The majority of the managers did not bring up the factor as an order-qualifying criterion. However, this does not necessarily indicate a lack of importance among the managers. Hence, the task to manage the control of serious suppliers is expected to be performed by the purchasers and not a part of the manager's role. A reason why the purchasers value the importance of commercial factors can be referred to Harmon's (1997) economic driver, which plays a greater role for the purchasers compared to the managers.

The commercial factors are related to the corporate performance and thereby influence the supplier on an overall level: thereby the criterion is classified on a supplier specific level. Since all the purchasers stressed the importance of commercial factors, it will be considered as order qualifying sensitive.

Frame Agreements

Another criterion that is stressed in the interviews and not in the theoretical framework is the impact of frame agreements. As with the commercial factors, the frame agreements were seen as too basic and thereby not considered in the theory.

Not all the managers brought up the topic of frame agreements, which indicates less importance compared to the purchasers. Also, some managers claim that they could get around the frame agreement system if they find a consultant that they want to hire. This indicates that the managers possess more power to select suppliers than the purchasers imply, where the managers strive to get the best consultant. Thus, among the managers who have a broker solution, they all stress that they find

creative ways to get those companies that they want into the system. An implication from this is that the selection of candidates from the broker solution does not work properly. However, all the purchasers highlighted that a frame agreement is required to become an order qualifier. Frame agreements are closely interrelated to the commercial factors, where the supplier needs to fulfill the commercial factors in order to get a frame agreement. Similar to the commercial factors, the behavior is influenced by Harmon's (1997) economic driver. Further, a manager's aspiration to get the best consultant confirms Harmon's (1997) functional value's importance.

In similarity with the commercial factors, the criterion frame agreements is classified on a supplier specific level since it is impacted by the supplier's overall strategy and performance. Also, since all the purchasers agreed that the frame agreement is a requirement to become an order qualifier, it is considered to be order qualifying sensitive. However, this is not the case among managers, why it is not considered as sensitive.

Company Size

The importance of company size is not considered in the theoretical framework, since the underlying theory base did not bring up company size as a significant factor. However, the empirical evidence states that company size matters in the order qualifying process and is indeed stressed as an order-qualifying criterion among all the purchasers and the majority of the managers. Thus, the interviewees did not conceptualize the meaning of a large company: thereby it is slightly challenging to define how many employees a large company involves. Nevertheless, to become an order qualifier, the majority of purchasers agree that the larger companies are preferred over one-man companies, since larger companies are related to less risk and as being more beneficial, for instance due to its wide range of competences.

The reasons why purchasers prefer larger companies are associated to economical benefits. Regarding to Harmon (1997), the economic value driver influences the purchasers to reduce the economic risk that a smaller company can entail. The same reasoning can be referred to the managers, who did not agree that a larger company is to prefer. On the contrary, the order-qualifying criterion can be presumed as weak. First of all, the purchasers and managers state the benefits of a medium to large companies compared to those with a few employees. Secondly, if they cannot receive the competence from a larger company, they will purchase from any company that supply the demanded knowledge, regardless of size. Thereby a medium to large company is preferable, but not an explicit order qualifying criterion. Parallels can be drawn to Harmon's (1997) driver of the buying situation, where the situation influences the behavior of the managers and purchasers. In fact, the functional value driver to get the demanded competence seems to be valued higher than the risk associated with purchasing from a small company.

The criterion of company size is naturally connected to the overall business developed and thereby to the supplier specific level. Thus, due to the fact that not all purchasers agree that a larger company size was an order-qualifying criterion, the importance of the criterion will not be comprehended as sensitive.

6.1.1.4 Criteria not Considered in the Empirical Evidence

Proximity

Since a few of the interviewees had thoughts regarding proximity and the reasoning was diverse, the researchers considered the topic to not be as crucial to serve as a criterion in the framework.

6.1.2 Order Winners

6.1.2.1 Consistent Criteria between the Theoretical Framework and the Empirical Evidence

Relationship and Trust

In comparison to the theoretical framework, the empirical evidence turned out to be consistent since all the managers and the majority of the purchasers categorize relationship and trust as an order-winning criterion. Ford (2002) mentions that relationship and trust influences the business-to-business market, which is also stated the empirical evidence. Miles (2005) means that it is important that the company understands the client's business environment and the fit between the own specialized knowledge base, which is a feature that the interviewees demand in a relationship.

The factors that the managers highlight as valuable in a relationship are; *good dialog, cooperation, communication, understanding of the manager's need, professional sellers and trust.*

According to Lian (2007) a relationship is depending on mutual trust, continuous dialog and value exchange. As stated in the interviews, these factors are coherent with criteria written in the theoretical framework, where cooperation can be translated to value exchange. As one of the purchasers indicates; the consultancy companies help out when we have a demand for consultants and we will contact them when the demand appears. This is a typical example of value exchange and cooperation. The continuous dialog is a fundament for communication, where the majority of the managers believed that the companies could improve their skills and contact them more often. Also, continuous dialog and communication are ways to gain insight of the manager's needs.

The last factor that both Lian (2007) and the interviewees highlight is trust. As the interviewees mention, trust is something that continuously grows and that they would give the suppliers their trust if all the previous factors are well managed. Thereby it is hard to state that relationship and trust is an isolated action that a company can perform, since a lot of factors influence the result. However, relationship and trust are very important and their value should not be underestimated. As one of the managers stresses, the meaning of a relationship is subjective and people perceive the reality in different ways.

The reason to why the interviewees decided to categorize relationship and trust as an order-winning criterion can be further developed. Explicitly they all claim that relationship impacts when all the order-qualifying factors are equal between the potential suppliers. However, implicitly it seems to impact the order qualifying stage. If a manager has a good relationship to a supplier, that supplier might be contacted in an early stage of the demand. As quoted, one of the managers points out

that all the managers have different relationships to the suppliers on the market. Thereby the relationship and trust criterion is hard to categorize.

With the former reasoning regarding the features of a relationship in mind, the criterion impacts Harmon's (1997) driver of the buyer's perceptions about the supplier and also the motivation and goals. These drivers were more exposed among the managers compared to the purchasers.

Relationship and trust impacts on all levels between a customer and a supplier, thereby the most suitable connection was to refer the criterion to the supplier specific level, which is general for the company.

Being an Existing Supplier

The empirical evidence confirms the categorization of being an existing supplier as an order-winning criterion both among the purchasers and the managers.

According to Hill (2009), being a current supplier is sometimes enough to serve as an order-winning criterion, where the interviewees agree upon the fact that it is convenient to purchase from existing suppliers. However, the volumes of consultants vary among the customers. Thereby the criterion is not only valid for low-volumes markets, as Hill (2009) states.

Being an existing supplier highly impacts the perception of the supplier, since the customers have experience of the past performance. A connection to Harmon's (1997) driver perception about the supplier can therefore be expressed. Being a current supplier is related to the supplier specific level, since it considers the connection to the selling company as a supplier in general.

Meeting Specific Customer Needs

Next criterion that is consistent between the theoretical framework and the empirical evidence is the criterion ability to identify needs, which is classified as an order-winning criterion by the managers.

All the managers stress the importance of suppliers that truly understand their individual needs and respond in a correct way to them. Specifically, the investigated market demands the suppliers to provide suggestions of candidates that they find appropriate for the assignment. As Miles (2003) states, it is essential to understand the problems the customer experiences, where it in this situation is referred to as finding the perfect match of a consultant for the individual manager. As Hill (2009) claims, it is important to identify the needs on an operational level, which in this case is the individual manager's demand.

Also in line with what Miles (2003) stresses, it is not enough to have a lot of expertise and try to sell anything available. On the contrary, the managers find this

annoying and an activity that harms the relationship: they want to achieve proposals of candidates that match their specific area. Bettencourt (2002) suggests client co-production to increase the knowledge of the customer's needs. On the investigated market, the managers seem to be open for cooperation in order to make the supplier aware of their needs, where client-co production could be a way to better understand what specific demands of competence the customers possess and adjust their recruitment process in order to fit the demands. Thus, it appears that some of the managers and suppliers already perform this activity, where these are the preferred suppliers.

The empirical evidence states that the managers prioritize a supplier that continuously delivers candidates that are suitable for the assignment, which confirms Day's (1994) statement that the ability to identify needs is a factor for competitive advantage. Also, the supplier needs to respond quickly to changing demands on the market. For instance, a little share of the managers claim that they want to have an open dialog about recruiting those consultants they find valuable for the company. Since the consultancy companies do not want to have an open dialog about the subject, it is an indication that the supplying companies close their eyes for their customer needs, which is crucial according to Day (1994). Thus, sending suggestions of profiles that do not fit the required profile is an activity that the managers find as the opposite of understanding the needs. These suppliers fail to develop a market response capability, which Day (1994) means is important in order to develop the skill to meet the client's specific needs. A behavior like that is not appreciated, where the managers demand honesty.

How well the supplier performs the activity to meet the manager's specific needs impacts the perception the customer has about the supplier, which is referred to influence Harmon's (1997) value driver of perception. Since a salesperson in a consultancy company is responsible for the communication with the customers, he/she has a large impact to identify the customer's needs. Thereby the criterion is stated to impact the sales specific level.

Delivery Speed

Regarding the delivery speed, the criterion is intertwined with the factor of delivery reliability among the interviewees. Thus, the majority of the purchasers and all of the managers state the factor as an order-winning criterion.

According to Hill (2009), the delivery speed serves as an order winner when a supplier has the ability to deliver the demanded resources quicker than its competitors. Hence, the empirical evidence confirms this statement, where the managers select the supplier that is able to deliver the demanded consultant fast. Due to the fact that the majority of the purchasers and every manager highlight the criterion as essential, the criterion is considered to have strong impact on the order-winning process. Delivery speed is impacted by Harmon's (1997) driver functional

value in the same way as with delivery reliability. Also, delivery speed is included in a company's delivery and thereby referred to the delivery specific level.

Demand Increases

According to the empirical evidence, the capability to respond to fluctuations in demand is stated as an order-winning criterion among purchasers and managers, which confirms the propriety of the categorization of demand increases in the theoretical framework.

The managers state that their demand occurs fast and irregularly, where a supplier's ability to prepare for changes in demand serves as an order-winning criterion. Thus, this verifies Hill's reason to categorize demand increases as a factor that influences the order winners. As with delivery reliability, the economic and functional value drives the importance of the delivery speed.

Hill (2009) means that the business ability to be flexible to meet the customer's changes in demand is referred to a strategic decision within the supplier's organization. Due to this, the criterion is referred to impact the supplier specific level.

6.1.2.2 Incoherent Criteria between the Theoretical Framework and Empirical Evidence

Innovation

Innovation and network are mentioned both in the empirical evidence and the theoretical framework, however discrepancies regarding the categorization of the criteria occurred.

The first counterpart that reveals in the innovation area between the interviews and the theoretical framework is referred to Bagdonienė's & Jakštaitė's (2008), whom claim innovation as highly competitive. However, the majority of the managers does not agree and stresses innovation as a value-adding activity and not a winning criterion. Hence, vaguely 20 percent of the purchasers mention innovation as something they expect the consultants to contribute with. Though, the scholars see this percentage as misleading and believe it to be plausible to assume that other purchasers might consider innovation as valuable. However, during the discussion of order winners, it is not prioritized as the first subject to highlight.

The empirical evidence indicates that the managers believe that the consultants naturally can contribute with innovation by using the knowledge they have acquired from different industries and projects. Thus, this statement is aligned with Gustafsson and Johnsson's (2003) theory that highlights innovation as a way to improve customer value and to solve problems. Additionally, improvement areas were highlighted, where consultancy companies lack an innovative problem-solving

approach and should improve their out-of-the-box thinking, share of innovative input, and organizational support for an innovative environment. Bagdonienė & Jakštaitė (2008) state that it is crucial to understand the customer's problems and key needs through different methods. However, on the targeted market the customers mainly demand the consultant to contribute with innovation and not contribution of innovation from the supplier on an overall level. Thereby the key needs are referred to the consultant's ability to contribute innovation. This can be one explanation as to why consultancy companies struggle to find competitive advantages in the KIBS-business, which also is highlighted by Gustafsson and Johnsson (2003).

Innovation is expected to be included in the price of the consultant, where the managers desire to achieve a large output during the assignment, which can be deduced to Harmon's (1997) functional driver. Furthermore, some managers state that contribution of innovation is connected to the consultant's personality. Thereby, parallels from innovation can also be drawn to the order-qualifier criterion "price" and the order-winner criterion personality.

Innovation was initially considered to be connected to a company's overall performance and ability to transfer innovation to its customer. Since it is dependent on the specific company's attempt to share innovation, the criterion was stated to impact the value-adding activities on a supplier specific level. However, the analysis indicates that customers find the ability to contribute innovation to the assignment as a value-adding activity. Also, it was not the company in general, hence the consultants performances. Thereby the criterion will be considered to impact the product-specific level.

Network

The majority of the managers stress value of getting access to a supplier's internal network. However, they did not consider it as an order winner, why the criterion is referred to be a value-adding activity. Since the purchaser cannot gain the advantages of the network to the same extent as the manager, they might therefore be less likely to bear it in mind. Thereby network is categorized as a value-adding activity separately for the managers.

An inconsistency revealed about the network criterion, where Hataaja and Okkonen (2004) state network as a highly competitive factor and the managers asserted network as only a value-adding activity, not an order winner. As with innovation, the managers consider the network criterion as an activity that strengthens the relationship to the supplier, not a necessity to qualify for or win the order. The value is referred to the possibility to get access to knowledge, experiences and solutions that are gathered within a consultancy company through the specific consultant and not from the company in general. Therefore this can be considered as an extra service offered from the consultancy firms.

A decent usage of the internal network will also increase the functional value of the consultant, which indicates that Harmon's (1997) functional driver impacts the opinion of network as a valuable activity. Also, since the activity is claimed to strengthen the relationship, it also impacts Harmon's (1997) driver of perception. Thus, the managers' view on how the network should be used is consistent with Haataja and Okkonen (2004) view of network as a channel for knowledge creation and communication.

Similar to the innovation criterion, the network criterion was first referred to the supplier specific level. The managers believe they can gain knowledge from a large network through the specific consultant and not the company overall. Thus, the network criterion is connected to the product specific level.

Knowledge Seminars

Interaction activities are considered to be an order-winning criterion in the theoretical framework. Out of the stated activities, knowledge seminars are the only activity mentioned in the interviews.

Sköld (2004) holds that knowledge seminars are activities that can strengthen the relationship between a customer and supplier. According to the empirical evidence, the statement is proven to be an appreciated activity, mainly among the managers. Thus, the knowledge seminar needs to be connected to the customer's specific business and industry. Another interesting fact is that pure social events without a business connection are not valued among the managers. Thereby social events such as golfing and lunches, as suggested by Sköld (2004), are not valuable to the managers. Thus, media exposure is not even considered as a subject among the managers, which indicates its lack of importance. Thereby both social events and media exposure are considered to be non-essential in the category.

In the same way as with education, a knowledge seminar is appreciated when the topic is connected to the manager's specific business. If not, they do not find it value adding. Also, the same reasoning regarding to Harmon's (1997) driver of the buyer's perception of the supplier, knowledge seminars improve the image of the supplier.

The researchers state the knowledge seminars to be connected to the supplier specific level within a supplying company, since the activities are arranged and planned on a corporate level.

After-sales Support

The importance of support during and after the purchase of a consultant is considered as an order-winning criterion in the theoretical framework. Furthermore, the empirical evidence stresses that the majority of the managers ponder the factor as a value-adding activity and nothing that impacts the choice of the winning order.

After-sales support is thereby categorized as a value-adding activity for the managers, but not for the purchasers since none of them did discuss this category during the interviews.

Hill (2009) states that after-sales service is appreciated among the customers, which is in line with the managers point of view. The managers claim that they find it valuable when the supplier follow-up the performance of the consultant during and after the assignment, which is an indication of the extent to which the supplier cares about the customer-satisfaction of the sold service. If the supplier does not perform any follow-up activities, the managers believe that it is a sign that the suppliers are eager to sell, but do not care what they sell. Thereby it is important to perform after-sales support continuously to increase the value of the activity. As with education, follow-up can be connected to the perceptions about the supplier described by Harmon (1997). If a supplier performs the activity of follow-up in a decent way, the image of the company will be strengthened. Due to the fact that the salespersons are in charge of selling the consultant to an assignment, they are the ones who are responsible for making sure that the customer is satisfied with the purchase. Thereby the criterion is considered to impact the sales specific company level.

6.1.2.3 Criteria not Considered in the Theoretical Framework

Personality

In the theoretical framework, personality is not highlighted as a separate topic, which the managers in the empirical evidence claim it to be. Parallels can be drawn to the ability to identify needs, where the ability to send the right persons is in line with the supplier's ability to identify what kind of personality the customer demands. However, due to the fact that all the managers agree upon personality as a critical order-winning criterion, the factor is considered separately. Thus, the factor appeared to have less impact on the purchasers, where the majority did not stress the personality factor.

As with competence, the opinions differ regarding the characteristics of a "good" personality. The person should fit in the specific organization and the specific team. This can be referred to Harmon's (1997) driver of the buyer's motivation and goals and the functional value. The psychological motives differ between the individual managers. To get an impression of the consultant, all the managers want to meet the consultants in person before the purchase of hours. Different managers thereby get different feelings about the specific consultants, which can be explained by the individual psychological driver. One manager even states that it is the gut feeling that makes the final decision of the consultant who will get the assignment, which is highly individual.

However, patterns can be found in the area of the functional value driver, since 90 percent of the managers demand consultants that are passionate about the assignment, creative and have an ability to grow with the assignment. It might be

considered as strange to identify personal skills as a functional value driver, however, since the purchase of consultants is dependent on the individual consultant's performance, it is convenient to characterize these factors as functional. Also, since the majority stresses the personality to consist of the same factors, they are considered as important sub-factors in the managers requirements of functional value. However, a few of managers do not demand the consultant to be creative with the assignment. Due to the small share, they are referred to be exceptions from the majority and have not been taken into account to the same extent.

The personality is directly connected to the consultant, which is the product in the purchase of engineering services. Thereby it is adequate to state the criterion to be referred to the product specific level.

Education

The empirical evidence demonstrates that the majority of the managers find it value adding if a consultancy company continuously educate and perform competence improvement for the purchased consultants. Thus, this is not considered in the theoretical framework for neither order qualifiers nor order winners. Thus, the framework focuses on existing competence and knowledge, rather than development of competence during the assignment. Nonetheless, education is stressed as a value-adding activity that could strengthen the image of the company. Thereby education will be categorized as a value-adding activity for the managers. Since the majority of the purchasers did not mention the value of education during the assignment, the factor is not considered to be a highly valuable for the purchasers.

As many of the other stated value-adding activities, the activity can be referred to Harmon's (1997) driver regarding the buyer's perception about the supplier. By performing educational activities during the assignments, the managers believe that the value of the purchased service improves. Consequently, the education should be directly related to the assignments at and the business of the specific company. By performing this activity, the functional value increases according Harmon (1997).

Similar to the criterion knowledge seminars, the education factor can be referred to impact the supplier specific level. Since the educational processes are initiated on a higher corporate level and performed on a lower, the researchers decided to refer the criterion to a supplier specific level.

6.1.2.4 Criteria not Considered in the Empirical Evidence

Reputation

In the theoretical framework, reputation is considered as an order-winning criterion, due to its importance on the market for knowledge intensive business services. Hence, the interviewees did not stress the importance as a specific factor, not as a

qualifier, winner or a value-adding activity. Thereby the categorization as an order winner was not in line with the empirical evidence.

The lack of acknowledgement of reputation as a separate category does not necessarily mean that the interviewees object to its importance. Despite this, the factors that impact a company's reputation were highlighted, but in other more specific categories that are already mentioned. According to Babić-Hodović et al (2012) reputation is dependent on the reliability, financial stability, service quality, customer orientation, good employer and the CSR awareness of the company. All these factors are considered in the empirical evidence, except the importance of being a good employer and a CSR aware company. According to this, the majority of the factors that serve as a fundament for reputation were discussed, which indicate that reputation impact indirectly. Thereby the factors that serve as a base for reputation are considered in other categories of the framework and not in a separate category.

Brand Name

The impact of a supplier's brand is not explicitly outspoken as an order qualifying or order-winning criterion during the interviews. However, this does not necessarily mean that the brand name does not impact the selection of a supplier, but since it was not mentioned it will not be categorized as an order-winning criterion. Overall, all the interactions a customer have with a supplier will impact the perception about the supplier. This factor is highly important, but the meaning of it is very broad. Thereby the researchers decided to highlight those factors that impact the brand name in separate factors to get a clearer picture.

Marketing and Sales

During the interviews, neither managers nor purchasers state marketing and sales as an explicit criterion that impact the purchasing decision, as the theoretical framework did. Thus, the importance of a professional sales function as Sköld (2004) mentions is expressed in the topic of after-sales support. Also, the topic of meeting specific customer needs includes the importance of the salespeople to understand the customer's needs and the conducting of tailored solutions, which according to Hill (2009) is central to perform. Due to its absence of classification as an individual criterion among the interviewees, the factor is not categorized as an order-winning criterion. However, some parts that are related to the content are described in the topics of after-sales support and meeting the specific customer needs.

6.2 Analysis part 2: Categorization of the Identified Criteria

Through a comparison between the original theoretical framework and the result from the analysis, the framework is adjusted to reflect the reality.

6.2.1 Removal of Criteria

Some criteria mentioned in the theoretical framework are not considered among the interviewees. Even though the theory suggests certain criteria to be aligned with the category of order qualifiers or order winners, the re-modified framework is developed to reflect the reality. Thereby the following criteria are removed from the framework:

Order winners:

- Reputation
- Brand name
- Marketing and sales
- Proximity

6.2.2 Additional Criteria

The empirical evidence stressed criteria that are not stated in the theoretical framework and thereby the modified framework needs additional criteria from the questionnaire. The additional criteria are:

Order qualifiers:

- Commercial factors
- Frame agreements
- Company size

Order winners:

- Personality

Value-adding activities

- Education

6.2.3 Re-Categorization of Criteria

Firstly, the correct order qualifiers and winners are re-categorized to those categories that the empirical evidence addresses them, described deeper in chapter 5.1. The following criteria are re-categorized:

Order qualifiers

- Delivery reliability
- Quality, which is merged with the competence and knowledge criteria.

Order winners:

- Innovation
- Network
- Interaction activities, which also are fractioned to just consist of knowledge seminars.
- After-sales support

6.2.4 Creation of a Additional Category

Some factors are suitable in neither qualifier nor winner, since the result from the questionnaire emphasized them to be referred to a category value-adding activities. Thus, the result stresses a need of a new category due to the importance of these activities, called value-adding activities. The category of value-adding activities consists of criteria that are considered to strengthen the value of the supplier, but not to that extent that it influences the selection of an order winner. Even though the researchers aimed to identify qualifier and winner criteria, the category of value-adding activities is added in order to stress the difference of being an order-winner criteria and just being a value-adding activity.

6.2.5 Weightings of the Qualifier and Winner Criteria

Additionally, the importance of the criteria in all the categories differ slightly among the managers and purchasers. In order to illustrate the differences and the strengths of the criterion, the percentage of the response is applied to the groups separately.

Order sensitive qualifiers (QQ): As Hill (2009) states, an order sensitive qualifier is referred to criteria that are essential to the customer and if the criterion is not fulfilled, the supplier will not be considered at all. In order to follow these guidelines, the researchers stress that order sensitive qualifiers are those criteria that 100 percent of either purchasers or managers state as important. A QQ is stated in front of those criteria in the final framework of the next chapter.

6.2.6 Company Level

In the initial framework, different levels of a purchase are classified to impact the different criteria. These still remain, to which the newfound criteria are added.

6.2.7 The Drivers

Regarding to the reasoning in Chapter 5, the impact of Harmon's (1997) drivers differ among the managers and purchasers. Also, all the individual drivers appear to have a stronger influence in the different categories of order qualifiers, order winners and value-adding activities.

Among the purchasers, the economic driver has a strong effect in the majority of the order qualifying criteria. Compared to the managers, their focus on cost-efficiency and economical output seemed to be more significant. The driver of the managers is

more connected to the functional level, where they are more interested in the output of the consultant's performance rather than the price. In all the categories; order qualifiers, order winners and value-adding activities, this effect appeared to be strong. However, the purchasers do not consider the functional driver as irrelevant. On the contrary, the driver impacts their behavior, but compared to the managers, the functional driver influence them less. Both the economic driver and the functional driver are stressed to be product-referent, where changes in characteristics impact the value in short-term. According to Harmon (1997), the functional driver is product-referent. However, the functional driver also appeared to impact criteria that are not considered as directly product-related, such as the value-adding activities.

A driver that especially influences the factors that the interviewees considered as value-adding is the impact of the buyer's perception of the supplier. It appeared that if consultancy companies performed the value-adding activities in a decent way, the image of the suppliers is strengthened. The connection between relationship and trust are linked to the perception of the supplier, which makes the driver coherent with the order-winner criteria as well. Thereby this factor can be considered to impact the purchasing decision in long-term, where the perception is developed over a longer time-period, which seems to be a characteristic for Harmon's (1997) customer-referent value drivers.

Regarding the driver of motivation and goals, this factor was not mentioned repeatedly among the interviewees. However, a generalization of the driver to not impact the majority of the criteria cannot be stated, due to the fact that the driver is built upon subjectively motives that easily influence the behavior without being outspoken explicitly. Hence, the managers indicate that this driver impact their preferences of consultant's personality, where the consultant should socially connect with the manager and fit in to the team.

The driver of the buying situation impacts especially the order-qualifier criteria. Depending on the current supply and external circumstances, companies can qualify into the process even though they are not considered as the best option, or a good option can be disqualified due to the strong competition.

With this reasoning in mind, the drivers can be divided into categories of order qualifiers, order winners and value-adding activities, where they have the largest impact. Hence, the drivers might impact all the criteria in the categories, where this division is referred to this study and thereby based on where the driver appears have the strongest connection. The functional driver is major, since it impacts all of the categories. The economic seems to be more important in the beginning of the order process and mainly influence the order qualifiers, where perception of the supplier appears to play a greater role in the decision of the winner and the value adding activities.

6.2.8 Difference between Purchasers and Managers

Differences in the categorization of the criteria as order-sensitive qualifier and regular order-qualifier revealed between the managers and purchasers. The purchasers appear to pay more attention to the qualifying criteria compared to managers, where these factors are highly company-specific factors. In the purchase of engineering services, the purchasers appear to have a higher impact in the order-qualifying process and company-specific factors are of great importance in the selection of suppliers. Thereby these factors were considered as sensitive.

On the other hand, the managers stated more order-winner criteria than the purchasers. In consistency with this finding, the managers highlighted factors that are related to the consultant and performance of the service. Due to this, there is an indication that the managers have a significant impact on what specific consultant that will win the order in the final selection. Thus, they seem to be less impacted by and interested in the supplier's performance on a corporate level. Also, the managers highlighted a number of factors that they considered as value-adding. Compared to the purchasers, these activities appear to play a greater role.

7 Result

In this chapter, the result of this thesis is presented, which includes a framework for order qualifier and order-winner criteria in KIBS.

7.1 The framework for Order Qualifiers and Order Winners in KIBS

In table 5, the developed framework is presented. Firstly, the columns illustrate on what level in the purchase process the criteria are connected to. Furthermore, the criteria are divided into the categories of order qualifiers, order winners and value-adding activities, which are presented in rows. In the parentheses, the percent of purchasers and managers that highlight the criterion as important is given in order to stress the strength of each criterion. Finally, the box below, which is unconnected to the framework, illustrates the drivers that mainly impact the specific categories of criteria.

Table 5. Refined framework of factors the customers value in the purchase engineering services, categorized into order qualifiers, order winners and value-adding activities:

	Product Specific	Delivery Specific	Sales Specific	Supplier Specific			
<i>Purchasers</i>	Price (QQ) Competence and Knowledge (QQ)		Commercial Factors (QQ) Frame Agreements (QQ) Company Size (60%) Being an Existing Supplier(90%)				
	Price (QQ) Competence and Knowledge (QQ)		Commercial Factors (40%) Frame Agreements (60%) Company Size (70%) Being an Existing Supplier(90%)				
Order Qualifiers	Personality (20%)		Delivery Reliability/Speed (80%) Demand Increases (80%)	Relationship and Trust (20%)			
	Personality (100%)	Delivery Reliability/Speed (100%) Demand Increases (100%)	Meeting the Needs (100%)	Relationship and Trust (90%)			
Order Winners	Innovation (20%)		Education (40%) Knowledge Seminars (20%)				
	Network (70%) Innovation (60%)	After-Sales Support (70%)		Education (60%) Knowledge Seminars (80%)			
Value Adding	QQ = Sensitive Qualifier						
	Value Drivers						
<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Functional, Economic, Buying Situation</td> </tr> <tr> <td>Functional, Perception about the Supplier, Motivation and Goals</td> </tr> <tr> <td>Functional, Perception about the Supplier,</td> </tr> </table>					Functional, Economic, Buying Situation	Functional, Perception about the Supplier, Motivation and Goals	Functional, Perception about the Supplier,
Functional, Economic, Buying Situation							
Functional, Perception about the Supplier, Motivation and Goals							
Functional, Perception about the Supplier,							

8 Conclusion

The aim with this chapter is to highlight the concluding remarks and reconnect to the purpose of this thesis. Furthermore, the contributions to the academia are revealed followed by recommendations to Semcon and other consultancy firms in terms of lessons learnt from practice. Finally, the section considers further academic research in the subject and further research at the host company Semcon.

8.1 Academic Contribution

The aim with this thesis was to bridge the gap between order qualifier and order-winner theory in the knowledge intensive business services, due to the lack of appropriate theory that connected the mentioned areas. Thus, the main contribution to the academia is the connection of order qualifiers and order winners to KIBS, where the connection enables an identification and categorization of criteria that customers of engineering services consider as order qualifiers and order winners. The result combines both basic and advanced activities that impact the purchasing decision. Furthermore, the drivers of customer value enabled the researchers of this thesis to understand why a certain criterion is considered to be important and in which part of the purchasing decision, the driver appear to have the most impact. The value drivers also contribute with an explanation on why the framework can differ between industries, markets and role of the employees as well as between recession and economic boom.

As mentioned in the issue of study, the existing KIBS theory primarily covers a company perspective focusing on how companies can gain competitive advantages through specific factors. This study has therefore tested to what extent the different factors that were stressed as competitive advantages in the literature, actually impacted the purchasing decision. The result indicated that some of the highly competitive factors were not valued by the customers in the same extent as the literature refers them to be. In fact, the basic requirements of what a customer values in the purchase of a service is neglected. What is then the objective with focusing on strategies to achieve these criteria if the customers do not value them? Thus, this thesis has contributed with the customer focus perspective to literature within KIBS that primarily has a company perspective. Furthermore, this thesis has contributed with the first key step in the research process, to find order qualifiers and order winners for the knowledge intensive business services by providing these criteria for engineering services.

8.2 Practical Contribution

By using the framework in table 5, Semcon and other technology consultancy companies can gain knowledge and awareness of what criteria the customers find as important in the different stages of the order-process for knowledge intensive business services.

An insight of the relevance of criteria is provided through the categorization of the criteria into four categories with different relevance; order-sensitive qualifiers, order qualifiers, order winners and value-adding activities. The understanding of the importance of the criteria enables companies to make priorities between required factors and those that are appreciated. Also, if the company currently is not able to fulfill some of the order-sensitive qualifier criteria, the study is an indication that the company should review its processes. Companies may forget and disregard the criteria in the order qualifier and winner category, since they believe that the value-adding activities are more important. The category of value-adding activities consist of more up-to-date terms, such as innovation and network, which may help the company strengthening its brand and their relationship to the customer in the long-term. However, these value-adding activities should not be as prioritized as the order winners. Even though a lot of the research regarding KIBS stresses certain activities as highly competitive, the consultancy companies first need to make sure that they fulfill the qualifier and winner criteria and focus on strengthening these criteria before they put too much effort into the value-adding activities.

The identified criteria contribute with insights for creation of efficient value propositions at the consultancy companies, since the identified criteria stress what customers value the most and how they prioritize the criteria. This contribution is especially beneficial for the engineering service industry, which is characterized as highly competitive and in order to compete on the market, companies need to understand which criteria customers value the most.

The framework also contributes with knowledge regarding the differences between managers and purchasers in terms of how they value certain criteria. The insight about the differences in the importance of criteria, is beneficial for the consultancy companies, as they are then able to tailor the dialog depending on whether it is a purchaser or manager.

8.2.1 Recommendations of How to Strengthen the Identified Criteria

Table 6, describes how Semcon and similar consultancy companies can work in order to strengthen the identified criteria. The actions are divided into short-term actions that can be taken directly, and long-term actions that are more time-consuming. The proposed actions derive from literature or from the empirical data

Table 6. Recommendations

	Criteria	Action to strength the criteria:
Order-sensitive qualifier	Commercial factors	<p>Short-term: Ensure a serious and qualified legal department that can enable all the basic criteria the customer require, such as insurances, secrecy arrangements, etc.</p> <p>Long-term: Ensure a trustworthy management that supports and consider the commercial factors, for instance financial stability. Confirm that the corporate strategy also support the commercial factors.</p>
	Frame agreements	<p>Short-term: Keep a good communication with the customer's purchaser. Understand the criteria your company must fulfill in order to become a preferred supplier or to get a frame-agreement.</p> <p>Long-term: Take actions in this direction to become a preferred supplier.</p>
	Knowledge and competence	<p>Long-term: Ensure a qualified competence base. Aspire to attract and recruit the best talents. Strengthen your brand name in order to be the first choice among employers of technology consultants. Participate in career fairs and create recruiting events. Also, enable summer internships in order to create a good reputation about the company.</p> <p>Short-term: Work with retention program of existing employees, for instance trough a differentiated career path and by providing the most exciting projects in the region. Work with redeployment and education of existing employees to provide knowledge and competence that may currently be lacking in the organization.</p>

Identification and Categorization of Order Qualifiers and Order Winners
in Knowledge Intensive Business Services

Order qualifiers	Price	<p>Short-term: Ensure that your prices are aligned to the standardized price range.</p> <p>Long-term: Focus on activities and operations that increase the value of the consultant, for instance education, innovation and network as well as knowledge seminars. However, do not compete with low price if you want to remain at a more premium position.</p>
	Company size	<i>No suggestion</i>
Order Winners	Relationship and trust	<p>Short-term: Ensure that you have an excellent seller with the right personality that is able to build a fruitful relationship with the customer. Do not send resumes to the customers that do not match the customer's needs in order to build a trust.</p> <p>Long-term: Strive to create a service culture within the company to strengthen the relationship with the customer. Work with value-adding activities, such as knowledge seminars, network and innovation or education to strengthen the relationship.</p>
	Meeting customer needs	<p>Short-term: Listen to the customer and write down their professional requirement and preferences, for instance preferred personality of the consultant and other features that the customers require. Ensure an organizational structure that rewards cross selling of consultant colleagues into the client's organization.</p> <p>Long-term: Invest in a CRM-system for the short-term actions.</p>
	Demand increases	<p>Short-term: Educate and redeploy existing employees. Be proactive and initiate dialog with the customers continuously, in order to understand their future needs.</p> <p>Long-term: Recruit more consultants and initiate collaboration with the companies that require the competence you lack.</p>
	Delivery reliability and speed	Same actions as for demands increases, see box above.

Identification and Categorization of Order Qualifiers and Order Winners
in Knowledge Intensive Business Services

Order Winners	After sales support	consultants are assigned on a project. Long-term: Respond and take actions on the feedback that the customers provide, which cannot be responded to directly during the assignment, for instance, educational activities.
	Personality	Short-term: Provide the consultants with workshops about business acumen, service culture and work with an efficient internal communication to the consultants. Ensure attitude control and communication control with the consultant. Long-term: Work with strengthening the service culture within the company. Focus more on the right personality during the recruitment than just focusing on the right knowledge and competence.
	Being an existing supplier	<i>No suggestions</i>

Value- Adding Activities	Innovation	Short-term: Start by encouraging the consultants to grow with their assignment and to be more driven in their work. Long-term: <i>No suggestions</i>
	Network	Short-term: Commence by encouraging existing consultants to use other colleagues for issues that the customers need input on. Long-term: Implement a standardized and systematic approach for how the entire corporate group should work with the use of network.
	Knowledge seminars	Short-term: Structure the organization of seminars by working close to certain customers and identify issues they want to gain knowledge about. Long-term: In order to enable synergy effects at the knowledge seminars, identify specific knowledge areas that are suitable for a lot of customers in the region.
	Education	Short-term: Commence by asking the customers what competence and tools they currently lack in their organization and consider as valuable if the technology consultancy firms consultants mastered. Long-term: Invest in educational programs that include competence the customers demand.

8.3 The Representativeness of the Result

The identified criteria from the framework can be useful for other companies in the knowledge intensive business, such as management consulting companies, IT-consultants and law firms. However, the impact of the criteria might vary among the different businesses. It is not plausible to assume that price is an order-sensitive qualifier for management consultant firms or for law firms, where brand name probably has a higher impact on the purchasing process. The category of value-adding activities is more likely to be representative for a lot of business in KIBS, such as management consultancy firms and law firms. Activities such as innovation, network and education as well as knowledge seminars might be appreciated by a larger variety of industries, as a way to strengthen the relationship and brand name.

The most important aspect that seems to limit the representativeness in this study is the business model of hourly purchasing consultants. This business model might limit the ability to apply the framework to the purchase of entire projects, which is usually the case for management consultants and law firms. The framework seems to be most representative for hourly purchasing constants, i.e. resource consultants that should fill a competence the customer currently lacks and where the consultant work close together with employees at the customer's location. Thus, the identified criteria might have been different if the study included other knowledge intensive business firms, where the assignments differ a lot to the ones performed in engineering services.

However, the companies that were interviewed came from different industries, which increase the spread of opinions that are industry dependent that makes the result more representative for several industries. Since the researchers of this thesis discovered criteria that were common for all the industries, the result can be represented for a broader range of customers in addition to the ones of design and development in Skåne. On the contrary, the geographical limitation to Skåne limits the representativeness to the rest of Sweden due to the variation in the local demand.

The result is thereby considered to be representative for Semcon and other similar technology consultancy firms in the region of Skåne that sell consultants per hour.

8.4 Future Academic Research

The researchers have identified four areas for further research:

- Verification of the created framework on a larger sample in different regions to see if the framework is representative in a broader perspective.

- Verification on whether the framework is suitable for other companies that sell knowledge intensive business services, such as management consultants, IT-consultants and law firms.
- Investigation of the correlation between the identified criteria in the categories order-sensitive qualifiers, order qualifiers, order winners and value-adding activities.
- Identification of ways to strengthen the identified criteria.

8.5 Future Research at Semcon

The researchers have identified three areas for further research:

- How can Semcon adapt their corporate strategy in order to strengthen the identified qualifier and winner criteria?
- A study of employer branding and how Semcon can attract the best consultants to their company in order to ensure a qualified competence base.
- How can Semcon work with the internal strategies in order to meet the fast and irregular changes that can occur in demand, delivery reliability and delivery speed?

9 References

Books

- Bryman, A. and Bell, E. (2011) ”*Business Research Methods*”, 3rd edition, Oxford University Press, United States
- Ford D, (2002) ”*Understanding Business Marketing and Purchasing*”, 3rd edition, Thomson Learning, Cornwall, Great Britian
- Day, G. S. (1994) ”*The Capabilities of Market Driven Organizations*”. Journal of Marketing, vol. 58, pp 37-52.
- C. Grönroos, (2008) ”*Service Management och Marknadsföring - Kundorienterat ledarskap i servicekonkurrensen*, Edition 2:2, Liber, Malmö
- Hill, A., Hill, T. (2009) ”*Manufacturing Operations Strategy*”, 3rd edition, Palgrave Macmillan, Hampshire, England
- Hill, T. (2005) ”*Operations Management*” 2nd edn, Palgrave Macmillan, Basingstoke, England
- Höst, M., Regnell, B., Runesson P (2006) , ”*Att genomföra examensarbete*”, 1st edition, Studentlitteratur, Lund, Sweden.
- Kotler P. and Keller K. L, ”*Marketing Management*” , 2009, 13th edition, Pearson Education Inc.
- Lantz, A. (1993) *Intervjumetodik*, Studentlitteratur Lund
- Robson, C., (2002) ”*Real World Research*”, Second Edition, Blackwell Publishers, Oxford, UK
- Saunders, M., Lewis, P., Thornhill, A., (1997)), ”*Research Methods for Business Students*”, Pearson Profession Limited, London
- Sköld, J. (2004) ”*Försäljning i Konsultföretag*” Liber
- Smith, E. (1991) *A Guide to Business Research*, 2nd edition, Nelson-Hall, Chicago
- Svenning, C. (2003) ”*Metodboken*”, 5th edition, Lorentz Förlag
- Swaddling D, C., Miller C, (2001) ”*Customer Power*” The Wellington Press, Dublin Ohio, United States

Swink, M, Melnyk S. A. ,Cooper M., Bixby, Hartley. J (2011), ”*Managing Operations Across the Supply Chain*”, 1st edition, McGawHill

Voss G, B., Parasuraman A, Grewal D, (1998) “*The Role Of Price Performance and Expectations in Determining Satisfaction in Service Exchanges*”, Journal of Marketing, vol. 62, pp 46-61

Wallén, G. (2008) *Vetenskapsteori och Forskningsmetodik*, Studentlitteratur AB, Malmö

Yin, R.K (1994) “*Case Study Reserach: Design and Methods*”, 2nd edition, Chicago, University of Chicago Press

Articles

Akehurst, G. (2008) “*What Do We Really Know About Services?*” Service Business, vol. 1, pp. 1-15.

Babić-Hodović, V., Arslanagić, M., Mehić,E., (2012) ”*Importance of internal marketing for service companies corporate reputation and customer satisfaction*”, Journal of Business Administration Research, vol.2, no 1, pp 49-57

Bagdonienė, L. & Jakštaitė R., (2008) ”*Relationship between knowledge intensive business providers and their clients :Relationship and marketing*”, Kaunas University of Technology, Lithuania

Bettencourt, L.A., Ostrom, A.L., Brown, S.W., Roundtree R.I. (2002) ”*Client co-production in knowledge-intensive business services*”, California Management Review, vol. 44, no 4, pp 100-128

Boxall. P (2003) “*HR Strategy and Competitive Advantage in the Service Sector*”, Human Resource Management Journal, vol. 13, pp 5-20

Gustafsson, A., Johnson, M, (2003) ”*Competing in a Service Economy*”, John Wiley & Sons, United States

Haataja, M., Okkonen, J. (2004) “*Competitiveness of Knowledge Intensive Services*” CFRONTIERS OF E-BUSINESS RESEARCH ,*Tampere University of Technology*,

Harmon, R.R. (1997), “*Linking Marketing Strategy to customer value: implications for technology marketers*” Greg Laird (IBM), Seattle, Washington

Lian, P., Laing., AW (2007) Relationships in the Purchasing of Business Services: The Role of Personal Relationships, *Industrial Marketing Management*, vol 36, no 6, pp 709-718.

Machuca, J. A. D., Gonzalez-Zamora M. M. and V. G. Aguilar-Escobar (2007), "Service Operations Management research" *Journal of Operations Management*, vol. 25, no 3, pp 585-603.

Miles, I. (2005), "Knowledge intensive business services: prospects and policies" *foresight*, Vol. 7, no 6 pp. 39 - 63

Muller, E., & Doloreux, D. (2009) "What we should know about knowledge-intensive business services" *Technology in Society* vol. 31,.p. 64-72

Viitamo, E., (2003) "Knowledge-intensive Services and Competitiveness of the Forest Cluster: Case Finland", Research Institute of the Finnish Economy

Wright P.M,Snell S.A (1998) "Toward a Unifying Framework for Exploring Fit and Flexibility in Strategic Human Resource Management, *Academy of Management Review*, vol. 23, no 4, pp 756-772

Teece D.J Pisano G. Shuen A 1997. "Dynamic Capabilities and Strategic Management", *Strategic Management Journal*, vol. 18, pp 509-533.

Toivonen M. (2006) "Future prospects of knowledge-intensive business services (KIBS) and implications to regional economies". *ICFAI Journal of Knowledge Management*, vol. 4, no3, pp 18-33

Internet sources

Almega, 2013:
<http://www.almega.se/politik-och-ekonomi/statistik/tjanstesektorn>
Retrieved:2013-01-25

Businessdictionary, 2013:
<http://www.businessdictionary.com/definition/customer-needs.html#ixzz2NKKObKix>
Retrieved:2013-03-12

Ework, 2013
www.ework.se

Semcon, 2013
www.semcon.com

The Consultant Guide, 2013:

<http://www.konsultguiden.se/konsultkop/article3559917.ece>

Retrieved: 2013-01-28

The Royal Institute of Technology, 2012:

<http://www.kthexecutiveschool.se/web/page.aspx?refid=42>

Retrieved: 2013-01-23

Interviews

Troedson Sören, Regional Manager Semcon Lund, 2013-01-22

Reports

European Foundation for the Improvement of Living and Working Conditions, (2006) "*Trends and drivers of change in the European knowledge-intensive business services sector: Mapping report*", Dublin

Hammarström, M., Engwall, M., Lagergren F., (2012), "*Ledningsutmaningar i konsultföretag – en studie av företagsledningarnas utmaningar i teknikbaserade konsultföretag på den svenska marknaden*", Kungliga Tekniska Högskolan

Miles, I. (2003) "*Knowledge Intensive Services' Suppliers and Clients*" Ministry of Trade and Industry, Finland Studies and Reports 15/2003

O'Farrell PN, Moffat LAR. (1995), "*Business services and their impact upon client performance: an exploratory interregional analysis*" *Regional Studies*, 29(2):111–24.

Appendix

Appendix 1

Classification of KIBS according to NACE (European Foundation for the Improvement of Living and Working Conditions, 2006)

Main KIBS sectors based on NACE Rev 1.1 nomenclature

NACE division 72: Computer and related activities

- 72.1: Hardware consultancy
- 72.2: Software consultancy and supply
- 72.3: Data processing
- 72.4: Database activities
- 72.5: Maintenance and repair of office, accounting and computing machinery
- 72.6: Other computer-related activities

NACE division 73: Research and experimental development

- 73.1: Research and experimental development on natural sciences and engineering
- 73.2: Research and experimental development on social sciences and humanities

NACE division 74: Other business activities

- 74.11: Legal activities
- 74.12: Accounting, book-keeping and auditing activities; tax consultancy
- 74.13: Market research and public opinion polling
- 74.14: Business and management consultancy activities
- 74.15: Management activities of holding companies
- 74.20: Architectural and engineering activities and related technical consultancy
- 74.3: Technical testing and analysis
- 74.4: Advertising
- 74.5: Labour recruitment and provision of personnel
- 74.8: Miscellaneous business activities n.e.c.
- 74.81: Photographic activities

Appendix 2

In this section, the interview questions that were asked during the in-depth interviews are presented.

Intervjuguide djupintervjuer

Datum:

Namn:

Företag:

Position:

Introduktion

- Ida och Ewa berättar om sig själva och syftet med examensarbetet.
- Ida och Ewa definierar betydelsen av teknikkonsulttjänster, order kvalifier och order winner och går igenom målet med intervjun.
- Respondenten berättar om sig själv och sin roll på företaget.
- Respondenten berättar om hur deras inköpsprocess av teknikkonsulter ser ut.

Order Qualifiers

- Vilka faktorer måste leverantörerna uppfylla för att få vara med i urvalsprocessen av teknikkonsulter?
 - Varför måste leverantörerna uppfylla dessa?
 - Vilka faktorer är mer kritiska än andra?
 - Varför?

Order Winners

- Vilka faktorer avgör att du väljer en leverantör framför en annan om faktorerna i order kvalifier är uppfyllda?
 - Varför avgör dessa ditt val?
 - Är någon faktor mer kritisk än den andra?
 - Varför?
- Vilka faktorer ser du som en bonus som leverantören kan erbjuda i kunderbudandet?
 - Varför är detta en bonus?
 - Påverkar bonusen ditt slutgiltiga val av den leverantören du väljer?
- Ser du några förbättringsmöjligheter i det existerande kunderbudandet som finns på marknaden idag?
 - Vad?
 - Varför?
 - Hur kan det bli bättre?

Tack för din tid och ditt engagemang!

Appendix 3

This section presents the interview questions that were asked in the pre-study.

Intervjuguide pilotintervjuer

Datum:

Namn:

Företag:

Position:

Introduktion

- Ida och Ewa berättar om sig själva och syftet med examensarbetet.
- Ida och Ewa definierar betydelsen av teknikkonsulttjänster, order kvalifier och order-winner och går igenom målet med intervjun.
- Respondenten berättar om sig själv och sin roll på företaget.
- Respondenten berättar om hur deras inköpsprocess av teknikkonsulter ser ut.

Kundbehov

- Vad efterfrågar du när du skall köpa in teknikkonsulter?
- Vilka behov ska konsulterna fylla?
- Hur förändras era behov av inköp av konsulttjänster över tiden?
- Hur hade du velat att konsultföretagen skulle följa upp förändringar i era behov?
 - Hur anser du att nuvarande leverantörer arbetar med denna uppföljningsprocess?

Kunderbjudandet idag och imorgon

- Vilka faktorer värderas vid inköp av teknikkonsulter?
- Vilka faktorer är de mest primära?
- Vilka faktorer kan ses som en bonus?
- Om du själv fick skapa det perfekta drömerbjudandet inom teknikkonsulttjänster - hur hade det sett ut?
 - Varför ser det perfekta erbjudandet ut så?
- Finns det något du tycker är dåligt med dagens erbjudanden?
 - Hur skulle du vilja att det förändrades?
- Finns det något som du saknar i de tjänster som erbjuds på marknaden idag?

Relation, nätverk, kommunikation och innovation

- Hur ska en relation se ut för att vara värdeskapande för dig?
 - Finns det förbättringsområden i de relationer du har idag?
- Hur anser du att teknikkonsultföretagen använder sitt interna nätverk idag för att skapa värde för er?
 - Hur kan nätverket användas bättre?

- Hur tycker du att teknikkonsulterna arbetar med kommunikation med er och med sina inbördes företag?
- Hur tycker du att teknikkonsulterna bidrar med innovation till ert företag?

Kundnöjdhet

- Hur tycker du generellt sett att teknikkonsultföretagen lever upp till era förväntningar av köpet?
- Finns det ett glapp mellan vad de lovar och vad de levererar?
- Vilka värdeadderande faktorer krävs för att du ska byta leverantör?
- När du byter leverantör - vad brukar orsaken till bytet vara?

Om ni brukar köpa konsulttjänster av Semcon:

- Varför köper du konsulttjänster av Semcon?
- Vad tycker du är unikt med Semcon?
- Vad tycker du att de kan förbättra i sitt erbjudande?
- Finns det något som du tycker är överflödigt i Semcons erbjudande, som inte ger extra värde till ditt företag?
- Hur upplever ni bemötandet från Semcon?
- Vad tycker du karakteriserar de konsulter som ni köper in från Semcon?
- Vad har de för attityd?
- Hur anser du att Semcons konsulter arbetar med att tipsa om kompetenser de har inom sitt företag som skulle vara lämpliga för er?

Om ni inte brukar köpa konsulttjänster av Semcon:

- Varför brukar du inte köpa konsulttjänster av Semcon?
- Vilka teknikkonsulter köper du av istället?
- Vad tycker du att Semcon kan förbättra i sitt erbjudande?
- Vad krävs av Semcon för att ni ska köpa mer konsulttjänster av dem?

Övriga frågor

- Intervjupersonen ges tillfälle att ställa övriga frågor
- Ewa och Ida ställer övriga frågor

Tack för din tid och ditt engagemang!