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Master Thesis

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**Strategic repositioning in the construction industry –**

**An examination of main challenges**

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## **Abstract**

This thesis aims stress out the key challenge organisation might face, if the changes in the environment reveal the need for a strategic repositioning. In particular this thesis examines the perceived organizational challenges that might occur, if an organizations tries to reposition itself by spinning out a new venture that aims to create a new combination of products and markets. To illustrate how firms may tackle the occurring challenges, a model is proposed that points out what key challenges companies need to consider when pursuing a process of strategic repositioning. On the one hand, this paper classifies strategic repositioning as a strategic initiative dedicated to the domain of strategic renewal, which can be perceived as one of the main streams of strategic entrepreneurship. On the other hand, it will point out several challenges that are directly interrelated with a specific form of corporate venturing; the spin out. In effort to combine these two elemental streams of corporate entrepreneurship, the here used concept of strategic repositioning is referring to a range of theoretical concepts that reflect a broad perspective on the area of entrepreneurship theory. The theoretical framework majorly consists of two superordinated streams: Firstly, theory dedicated to strategic repositioning (Reichel, 2005; Ryan, Moroney, Geoghegan, & Cunningham, 2007; Turner, 2003), which also includes a classification and distinction of the framing domain of strategic renewal (Agarwal & Helfat, 2009; Kuratko, Covin, & Morris, 2011). Secondly, theory discussing the main challenges of organizational change with a focus on strategic renewal and strategic repositioning (Agarwal & Helfat, 2009; Ryan et al., 2007). Thereby, the conceptualization of the business model (Cavalcante, Kesting, & Ulhøi, 2011; McGrath, 2010; Morris, Schindehutte, & Allen, 2005; Osterwalder & Pigneur, 2010) will be highlighted in effort to outline it as a particularly relevant key challenge with regard to the spin out as carrier of the strategic repositioning process. Subject of the conducted case study is Inwido, a multi-national construction company based in Sweden that is settled in the window and door industry. To gather the required information a range of qualitative data was collected embracing semi-structured interviews as well as the employment of secondary data sources. In a further step the gathered data is analyzed and compared with relevant literature to reveal implications to the proposed theoretical model. According to the findings final recommendations are stated to deduct further implications for other companies in the construction industry or unrelated industries that face similar challenges.

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## II LIST OF ABBREVIATIONS

BA	Business areas
BM	Business model
CBU	Core business units
CR	Customer relationship
IP	Intellectual property
M&A	Mergers and acquisitions
PDP	Product development process
RQ	Research question
SBU	Strategic Business Units
SME	Small and medium-sized enterprises
SRP	Strategic repositioning
TMT	Top management team
TOP 60	Group of 60 executives representing the top management team of Inwido's

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# 1 Introduction

## 1.1 Background

Adapting to a dynamic business environment has always been challenging for organizations (Aggarwal & Mudambi, 2005; Barker Iii & Duhaime, 1997; Chan & Soong, 2011; Christensen & Overdorf, 2000; McGrath, 2010; Phan, 2011; M. Porter, 1985; Ryan et al., 2007; Stahl, 2005; David J Teece, Gary Pisano, & Amy Shuen, 1997; Turner, 2003). On the one hand, strategic basic decisions regarding the way of how to enter a market (e.g. innovator or follower) or how to achieve a competitive advantage (e.g. segmentation, differentiation, cost leadership) had to be made (Ansoff, 1957; P. Kotler, Keller, Brady, Goodman, & Hansen, 2009; M. Porter, 1985). On the other hand, more concrete strategic decisions need to be taken regarding how to create and capture value for the customer (Osterwalder & Pigneur, 2010), how to design the value chain to deliver the created value to the target markets (P. Kotler et al., 2009), and which resources and capabilities required for these processes (Chan & Soong, 2011; Dittrich, Duysters, & de Man, 2007; Halme, Lindeman, & Linna, 2012; Ryan et al., 2007; Samavi, Yu, & Topaloglou, 2009; Turner, 2003). A changing business environment challenges this already complex process by adding a dynamic component: industry consolidation, globalization, new information technologies, and rising customer expectations are driving the further changes in the marketplace (Aggarwal & Mudambi, 2005, p. 48). Further, Aggarwal and Mudambi (2005, p. 48). claim that especially manufacturing companies need to develop proactive and effective strategy to improve their efficiency in this *cyclical, slow growth industry*. With other words, an organization needs not only to determine the variables describing what it stands for (vision) and how it will achieve this idea of itself (mission) (P. Kotler et al., 2009), it also need to revise these variables according to changing conditions that are affecting the organization (Agarwal & Helfat, 2009; Chan & Soong, 2011; Turner, 2003). If these changing conditions and increasing customer expectations require a re-examination of the strategic market position and force companies to substantially altering their product-market combination at the expense of pre-existing product-market combination one can refer to the term strategic repositioning (SRP) (Aggarwal & Mudambi, 2005; Ramanujam & Varadarajan, 1989; Reichel, 2005; Ryan et al., 2007; Turner, 2003).

## 1.2 Problem discussion

G. A. Hamel and Prahalad (1994) claim that in a turbulent environment strategic change is often considered as crucial for organizations to survive. Among others, Dittrich et al. (2007) propose that theory often refers to intense competition and drastic technological changes (Eisenhardt & Tabrizi, 1995; Sadowski, Dittrich, & Duysters, 2003) as primary motives for companies to change their corporate strategy. Dittrich et al. (2007) argue that firm's new strategic directions are needed to facilitate the necessary strategic change (Dittrich et al., 2007, p. 1497) Thus, they propose that the demand for strategic change comes first, then firms attempt to gather the capabilities needed to facilitate this change, and resultantly *the strategic repositioning process in the market can be concluded.* (Dittrich et al., 2007, p. 1497). Picturing the proposed approach of Dittrich et al. (2007) one could assume that strategic repositioning (SRP) is a general logic consequence of a *strategic change process*. Thus, the author recognised the need to delimit SRP from this broad generic strategic classification and propose SRP as dedicated to the domain of *strategic renewal* (Kuratko et al., 2011). Agarwal and Helfat (2009, p. 282) claim that strategic renewal “...includes the process, content, and outcome of refreshment or replacement of attributes of an organization that have the potential to substantially affect its long-term prospects.”

Following this classification literature is relating to SRP in a much broader range. Ryan et al. (2007) argue that “*repositioning has been variously employed as essential to corporate transformation*” (Dunphy & Stace, 1993) or as “*an element of corporate-level strategy*”(Thompson & Strickland, 2003). Furthermore, Ryan et al. (2007) refer to SRP as *a strategic response in dynamic environments*, which can be perceived as overlapping to the already mentioned general characterization of strategic change of G. A. Hamel and Prahalad (1994). Finally, Michael E Porter (1996) is drawing a picture of SRP as *integral to strategic competition* and Williamson (1999) uses the term SRP interchangeable with the term *turnaround*. *A turnaround or turnaround management* can be described as a process dedicated to the domain of strategic change (Barker Iii & Duhaime, 1997) and Ryan et al. (2007, p. 83) add that a turnaround can be described as radical form of strategic change, which is persuaded by performance drops that threatens subsistence of the organisation.

Although, turnarounds most often imply “cutback actions” (Barker III & Duhaime, 1997), strategic turnarounds can also be differed “... into those that involve a change in the organization's strategy for competing in the same business and those that call for entering a new business or businesses.” (Hofer, 1980, p. 20). Although, SRP shares parallels with strategic turnarounds (e.g. fundamental strategic character, attempt improve the designated value proposition under performance is challenges), there are major differences between both concepts in terms of each concepts *nature, scope and path of change* (Ryan et al., 2007, p. 85). In this respect, SRP should be differentiated from a strategic turnaround (Ryan et al., 2007). With reference to Walsh (1995) and Rajagopalan and Spreitzer (1997), Ryan et al. (2007). they claim that the emphasis of SRP is on processes of both *positive, mental mapping* complemented by *strategic learning*, in which change is largely endorsed. Further, they claim that change is supplemented by supportive *entrepreneurial action*, which brings SRP closer to the domain of *strategic renewal* as also Kuratko et al. (2011, p. 98) claim by proposing the reversely integration of SRP into *strategic renewal*. On the other hand, a *strategic turnaround, involves expedient, forced operational intervention* (Ryan et al., 2007, p. 98).

Consequently, Ryan, Moroney, Geoghegan, and Cunningham (2007) argue that “repositioning” within the conceptualization of the term strategic repositioning is not well elaborated and is lacking supporting citations (Ryan et al., 2007, p. 83). Further, they claim that this lack of theoretical conceptualization is missing clarity and reveals a process, which is *underspecified* (Ryan et al., 2007, p. 83). According to Turner (2003) *reposition* is to change the way in which a company's offering is regarded in the market. Thus, SRP appears as a *conscious act* conducted by corporations as attempt to adapt to an altering commercial environment (Ryan et al., 2007, p. 84). Turner (2003, p. 251) defines repositioning as largely driven by a rising gap between market needs and the corporation's capabilities. Thus, with reference to Baghai, Coley, and White (2000), decisions concerning SRP aspects are founded upon a company's capabilities to merge the *internal* and the *external* environment by discovering a match between requirements of the particular market and the firm's ability to serve them (Turner, 2003, p. 251).

Based on these assumptions Ryan et al. (2007) propose a framework for successful SRP based on six elements: *core strategic values, strategic flexibility/learning capabilities, customer awareness and sensitivity, external orientation, management commitment, and belief in the product and brand.*

Their proposed framework for successful repositioning is based on Turner (2003), who discussed issues and challenges of repositioning strategy of *Cable and Wireless (C&W)*, which established market places were *increasingly mature with limited potential for growth*. The author refers, among others, to Ryan et al. (2007) self-proclaimed *provisional template* for successful repositioning and Turner (2003), as one of the starting point to stress out key challenges of SRP.

Nonetheless, the author argues that current literature has only partially examined occurring key challenges, especially in the context of a SRP process that embraces a spin out initiative. Thus, this report tries to contribute by providing a frame majorly based on the following three theoretical concepts: Firstly, presenting a brief conceptualization of the term “strategic repositioning” based on a generally acknowledged theoretical underlying. Secondly, analysing the main challenges that may occur during a process of strategic repositioning. To also provide practical implications the study is based on a business case. Subject of the case study is the Inwido Group, which is facing the challenges of an on-going change process affecting its strategy, structure, processes, culture, peoples, product offerings and markets. Furthermore, Inwido questions if new ways are needed to pursue the desired strategic change. Therefore they raised several initiatives to reposition Inwido in the market. One of these initiatives is the spin out of a new venture that should target the designated market segments in a so far unemployed combination of channel, offerings, and target groups.

### **1.3 Research question**

As the topic of this thesis addresses *the examination of the organizational key challenges of strategic repositioning* and it should be stressed that the author tries to especially highlight the challenges that might occur with regard to individual and organizational capabilities within the processes of strategic repositioning. As Ryan et al. (2007) claim that theory on strategic repositioning is not very exhaustive also interrelated general organizational challenges should be investigated further on. This approach will also contribute to derive key challenges that can be applied as valid to SRP. Thus, the designated research question aims to contribute to close this academically gap. Hence, the research question is stated as follows:

*What are the perceived key challenges during an organization's process of strategic repositioning?*

While chapter one introduces the reader in the general topic of the thesis, the overall structure of the thesis can be described as follows: Firstly, the second chapter provides an overview of the literature relating to SRP and interrelated key challenges, which will close with a proposed conceptual framework. Secondly, an outline of the methodology follows in the third chapter. Thirdly, the chapter four employs the story Inwido's repositioning strategy, which is presented through several excerpts and statements out of several conducted interviews. Also, secondary data sources are employed. In the fifth chapter the gathered data is analyzed and the revised conceptual framework is proposed. Finally, the sixth chapter employs the final conceptual model and a discussion of the theoretical and practical implications is presented.

#### **1.4 Purpose**

This thesis studies the key challenges of strategic repositioning. It examines the efforts of an Swedish based window and door multi-business manufacturer that employs a conglomerate of several corporations (Inwido) to reposition itself as part of a process of strategic renewal. Centred on an in-depth case study, the thesis proposes a framework that addresses the main challenges of pursuing successful repositioning strategy.

The Inwido Group is a multinational Swedish based window and door manufacturer corporations and one of the largest manufacturer conglomerates of windows and doors in Europe (Linden, 2012). During the last ten years Inwido grew from a company with barely one billion SEK to a multi-brand (Appendix A1) and multi-market (Appendix A1-A2) conglomerate with a turnover of over five billion SEK and 3200 employees ("Inwido Company Presentation," 2012). The organizational network of Inwido is based on a through mergers and acquisition (M&A) grown conglomerate of formerly independent companies (Linden, 2012). Historically, the window and door industry is characterized by only incremental innovations, which are more or less based on product quality improvements, cost reductions and additional service offerings (Linden, 2012). Especially applied to Inwido, also valuable customer long-term relationship is lacking (Linden, 2012). Responding to that Inwido's ambition is to explicitly find more radical innovation and to shift its focus from a supplier for windows and doors to a company that predominately targets the end consumer market. To further pursue its on-going radically strategic change process towards an organic growth strategy a drastic repositioning in terms of establishing a new strategic business unit (SBU) that targets the end-consumer market with new products is considered (Appendix A3-A8).

Since the setting of the research, a spin out, was not established during the data collection phase proposed challenges can be described as mostly individual perceptions of the executives that took part in the data collection phase.

### **1.5 Key concepts**

In an effort to construct a substantial understanding of the research question, the key concepts will focus on the classification and determination of the term SRP, and highlight key challenges of organizational change processes.

Apart from the Ryan et al. (2007) proposed framework for successful SRP this thesis points out two other approaches to classify essential elements of SRP (Aggarwal & Mudambi, 2005; Chan & Soong, 2011). This approach will also contribute to derive key challenges of SRP, since one can claim that theory regarding this specific suspect is not extensive (Ryan et al., 2007)

Adapting on this *dearth of theory* (Ryan et al., 2007) regarding the specific suspect of SRP, the author also employs concepts and frameworks that address the key challenges of general organizational change processes. Thus, the thesis is employs the eight steps framework to lead change according to Kotter (1996), which can be also recognized as a statement of key challenges that need to be recognized during organizational change processes (Phan, 2011). Additionally, insights of Waterman, Peters, and Phillips (1980) (“The McKinsey 7S Framework”), Adner (2002) and Tripsas (2008), Agarwal and Helfat (2009) are applied to gather various view on the challenges of change processes.

## 2 Theoretical frame of reference

In this chapter the author presents the theoretical frame of the thesis, which results in a proposed conceptual framework that served as fundamental conceptual frame for the case study. The frame of reference embraces two major theory frame components, which were selected in effort to reflect the major theoretical streams of the research problem. Firstly, the author introduces the reader into the concept of strategic repositioning (SRP) (see chapter 2.2.) by classifying it under *strategic change* and further framing it by the domain of *strategic renewal* (see chapter 2.1.). Secondly, a consolidation of key challenges of strategic change processes is presented (see chapter 2.3.). Thereby, the author decided to conduct a multi-stage conceptualization of presenting the key challenges. This approach was chosen in acknowledgement of Ryan et al. (2007), who propose that particular theory on SRP is not extensive, while literature regarding challenges classified to the realm of strategic change and organizational change is represent in management literature in a broad range (Hannan & Freeman, 1984; Helfat et al., 2009; Kelly & Amburgey, 1991; Rajagopalan & Spreitzer, 1997; Zajac, Kraatz, & Bresser, 2000)

### 2.1 Strategic renewal

To define the term *strategic repositioning* an initial definition of what it means to be *strategic* is useful (Agarwal & Helfat, 2009). They further refer to Rumelt, Schendel, and Teece (1994) when they claim that the term strategic substantially relates to a firm's future prospects and if it has a critical impact on the firm's success or failure. (Rumelt et al., 1994, quoted from Agarwal and Helfat (2009), p. 281). Thus, a broad classification of the term strategic repositioning under the term of strategic change (Ryan et al., 2007) is undertaken in a first step. Ryan et al. (2007) are referring to G. Hamel (1996) when they argue that strategic change can be perceived as synonym for radically redesigning a company's strategy. Furthermore, they stress that the reorientation of the strategic direction occurs in many forms in academic literature. According to Hofer and Schendel (1978) *strategic change* embraces changes in the substance of a company's strategy, which is determined by its scope, resource utilizations, competitive advantages, and synergy to other fundamental strategic entities (e.g. organizational structure and culture) (Aggarwal & Mudambi, 2005; H.I. Ansoff, 1965; Ansoff & McDonnell, 1988; Dolan & Garcia, 2002).

Ven and Poole (1995) and Rajagopalan and Spreitzer (1997) further propose strategic change is defined as the organization's effort to align with its over time altering external environment. Spector (2007) states that strategic change, though, should not be perceived as a singular concept. Accordingly, one can propose that a drastic environmental change that affects the company's progress as it is represented by the *strategic inflection point* implies the requirement of a set of different strategic change initiatives. A *strategic inflection point* can be described as a turning point in the company, the industry or sector, or the whole economy after which a dramatic change, affects the way a company thinks and acts since the pre-existing rules of the business environment are no longer valid (Michael H. Morris, Donald F. Kuratko, & Jeffrey G. Covin, 2010, pp. 208-209). Consequently, with regard to other authors Ryan et al. (2007) propose several appearances of strategic change in theory and scholarly which are acknowledging the broad scope of the term *strategic change*. Some of these appearances are: strategic innovation (V. Govindarajan & Gupta, 2001), transformational leadership (Ling, Simsek, Lubatkin, & Veiga, 2008; Uhl-Bien, Marion, & McKelvey, 2007), turnaround processes (Barker III & Duhaime, 1997; Hofer, 1980), organizational ambidexterity (O'Reilly III & Tushman, 2011), collective and individual cognition (Eggers & Kaplan, 2009; Mezias, Grinyer, & Guth, 2001; Tikkanen, Lamberg, Parvinen, & Kallunki, 2005), innovation and business model innovation (Breiby & Wanberg, 2011; Calia, Guerrini, & Moura, 2007; McDermott & O'Connor, 2002; Morris et al., 2005; Samavi et al., 2009; Shafer, Smith, & Linder, 2005), dynamic capabilities (Barreto, 2010; Helfat et al., 2009), competition, networks and alliances (Dittrich et al., 2007; Moore, 1993; Zott, Amit, & Massa, 2011) dominant logic (Bettis & Prahalad, 1995) and also strategic renewal (Agarwal & Helfat, 2009; Kuratko et al., 2011). Thus, one can conclude that there are several views on strategic change reflecting divergent assumptions on the particular scope of strategic change (Awa & Kalu, 2010; Biazzi, 2012; Church & Ware, 2000; Eggers & Kaplan, 2009; Fondas & Wiersema, 1997; Helfat et al., 2009; Mezias et al., 2001; Ryan et al., 2007; Samavi et al., 2009; Swartzlander, 2012; Tripsas, 2008).

In a further step, the author refers to the conceptualization of Kuratko et al. (2011, p. 98), who constitute a narrow classification of SRP as an strategic initiative that is specifically dedicated to the domain of *strategic renewal*. According to Mische (2001) strategic renewal can be described as referring to a modification of an organization's strategy intending to regain sustainable competitive advantage. Furthermore, strategic renewal can be either incremental or transformational (G. Hamel, 1996).

While *incremental strategic renewal* basically comprises decisions to expand into new product or service lines or to capture new market segments, *transformational strategic renewal* seeks to fundamentally redefine customer expectations, industry dynamics, and/or the firm's generic basis for competition (G. Hamel, 1996; Spector, 2007). Kuratko et al. (2011, p. 98) claim that "...*strategic renewal* express elemental *repositioning efforts by the firm within its competitive space*." (Kuratko et al., 2011, p. 98). Accordingly, the author recognised the need to delimit SRP from other generic strategic orientations and to classify it under the domain of *strategic renewal*. Kuratko et al. (2011) classify *strategic renewal* as one of five basic forms of *strategic entrepreneurship*.

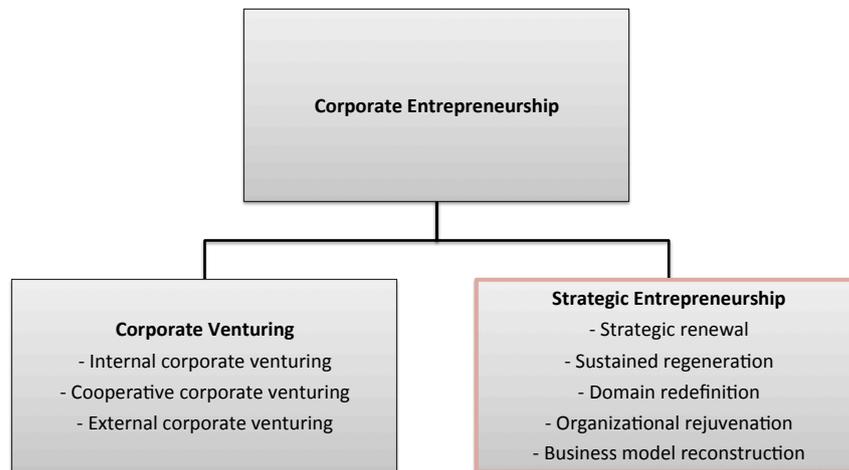


Figure 1: Strategic Renewal as fundamental Form of Strategic Entrepreneurship (Kuratko et al., 2011)

The concept of *strategic renewal* was originally introduced by Ginsberg and Guth (1990), who describe it as "the transformation of organizations through renewal of the key ideas on which they are built". (Ginsberg & Guth, 1990, quoted from Kuratko et al., (2011), p.98). Covin and Miles (1999) add a more specific market orientated perspective when they argue that *strategic renewal* describe a firm's attempt "...to redefine its relationship with its markets or industry competitors by fundamentally altering how it competes." (Covin & Miles, 1999, quoted from Kuratko et al., (2011), p.98). Notwithstanding, Kuratko et al. (2011) stress out that not all newly adopted strategies should be perceived as pursuing *strategic renewal*. Furthermore, they argue that new strategies can be described as constituting *strategic renewal* when they express elemental *repositioning efforts by the firm within its competitive space* (Kuratko et al., 2011, p. 98).

Kuratko et al. (2011) further argue that *strategic renewal* as *entrepreneurial event* can take place on the firm's corporate level or on business unit level in case of a multi-business company. In the domain of strategic management the term "strategy" can fundamentally be classified according to its respective organizational scope (Alkhafaji, 2003; H. I. Ansoff, 1965; Welge & Al-Laham, 2003)

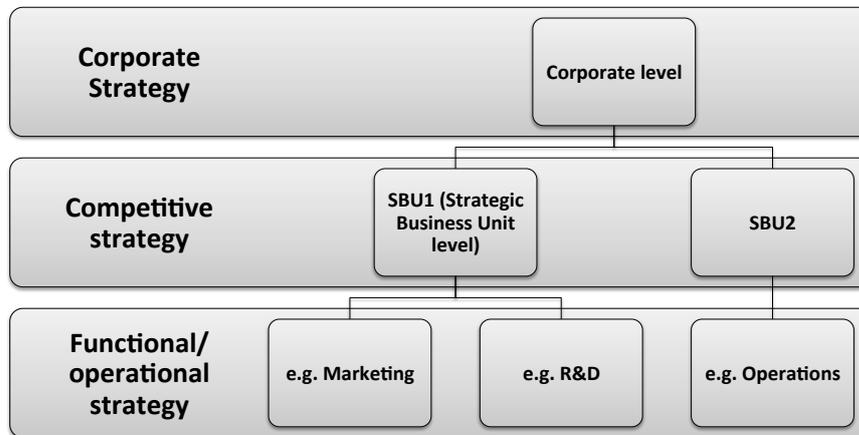


Figure 2: Classification of strategies according to Welge and Al-Laham (2003)

With reference to Michael E Porter (1987), Welge and Al-Laham (2003) claim that the *corporate strategy* defines the generic orientation of the firm, which also implies the determination of the SBU in their area of activity and the relationship among them. A SBU describes a majorly autonomous division of a large corporation that runs as an independent enterprise with a certain range of products or activities ("Definition of Strategic Business Unit," 2013). Further Welge and Al-Laham (2003) argue that the *corporate strategy* has to declare the portfolio of the SBUs and to allocate the resources among them.

At the level of the *competitive strategy* or *business strategy* the orientation within a specific SBU is determined. M. Porter (1985) proposes that the *competitive strategy* seeks to develop and exploit a competitive advantage compared to the competition. The *competitive strategy* is basically build on a focus of either *cooperation* or *competition* (Child, Faulkner, & Tallman, 2005; Wheelen & Hunger, 2004). Reichel (2005) claims that also the three general types of strategies – *the generic strategies* (Michael E. Porter, 1980), which are determined on the level of the competitive strategy. He further acknowledges that the competitive strategy of each SBU can differ but is in general deducted from the corporate strategy.

Thus, the corporate strategy can be perceived as embracing framework that provides each SBU a guiding collective orientation towards the corporate vision. The *functional strategy* finally embraces strategic decisions (e.g. efficient resource allocation) within each SBU. At this level, basic decisions of how concrete measures regarding the application of tools and resources are made. Thus, one can also term this strategy as *operational strategy*. (Pearce & Robinson, 2003; Wheelen & Hunger, 2004). Furthermore, Welge and Al-Laham (2003) suggest that a classification of strategies and strategic orientations can be made according to the underlying strategic direction. Among others, they propose growth or expansion, stability, and reduction or retrenchment as general strategic orientations (Alkhafaji, 2003; Child et al., 2005; Welge & Al-Laham, 2003). This will allow to distinct SRP from other fundamental strategic orientations: *diversification* and *concentration* (Reichel, 2005).

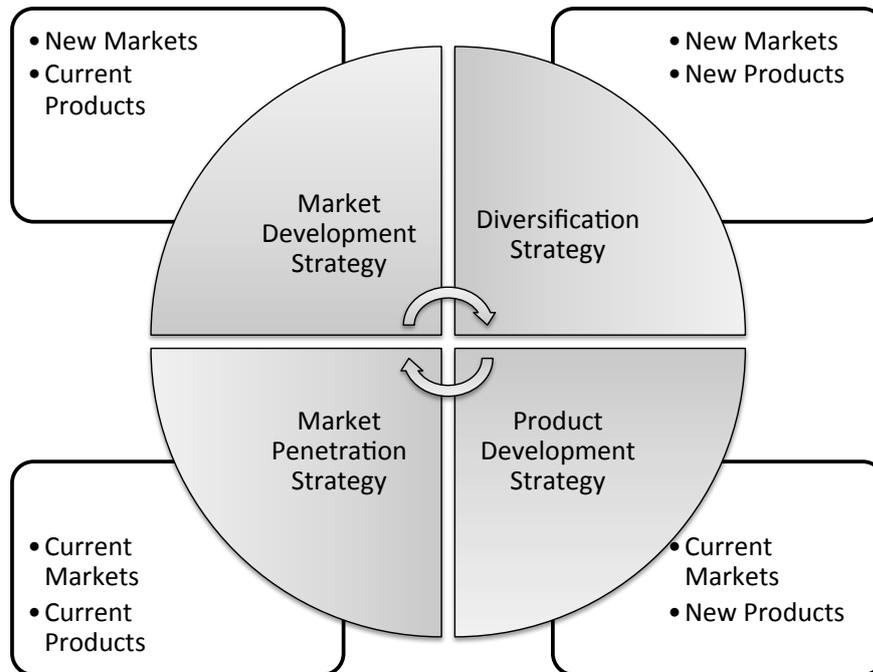
## 2.2 Strategic repositioning

As stressed in the previous section one can be perceive a lacking attention on the term *repositioning* among the theoretical conceptualizations of *strategic repositioning* (Ryan et al., 2007, p. 83). Hence, the author stresses out his view of the term *repositioning*, before conceptualizing the term *strategic repositioning*.

P. J. Kotler and Scheff (1997, p. 115). define *positioning* as *act of designing* the corporation's offerings and image to capture a valuable and distinctive *place in the target market's mind*. In addition, *repositioning* can be perceived as *conscious act* conducted by firms in effort to adapt to changes in the commercial environment (Ryan et al., 2007, p. 84), which, according to Turner (2003, p. 251), often exemplifies an essential shift in the firm's underlying value proposition as it pursues to change its target market segments.

### 2.2.1 Distinction and conceptualization

Growth strategies can be divided into external or *inorganic growth* and internal or *organic growth*. While *inorganic growth* implies the growth of the business to integrating new businesses into the corporation (e.g. mergers and acquisitions (M&A)), *organic growth* relates to internal pursued approaches that either aim on *market penetration* or *market development* approaches with existing products or on *product development* or *diversification* approaches with new product, service or process innovations (Ansoff, 1957; Favaro, Meer, & Sharma, 2012).



**Figure 3: Classification of strategies according to Ansoff (1957)**

*Reduction or retrenchment strategies* are viable if the firm's market positioning is not sufficient to establish a competitive advantage. Pearce and Robinson (2003) propose that retrenchment is specifically viable if a strategic crisis needs to be overcome.

*Stability strategies* can be acknowledged as subordinated strategy type (Wheelen & Hunger, 2004). Further, Wheelen and Hunger (2004) argue that *stability strategies* aim to stabilize or protect the current market position and can be recognized as an "interim stage" before a major strategic growth or reduction process.

Reichel (2005) concludes that a SRP embraces both growth as well as reduction processes. Further he refers to Ramanujam and Varadarajan (1989), who draw analogies between the SRP and a specific form of a growth strategy: the *diversification* strategy.

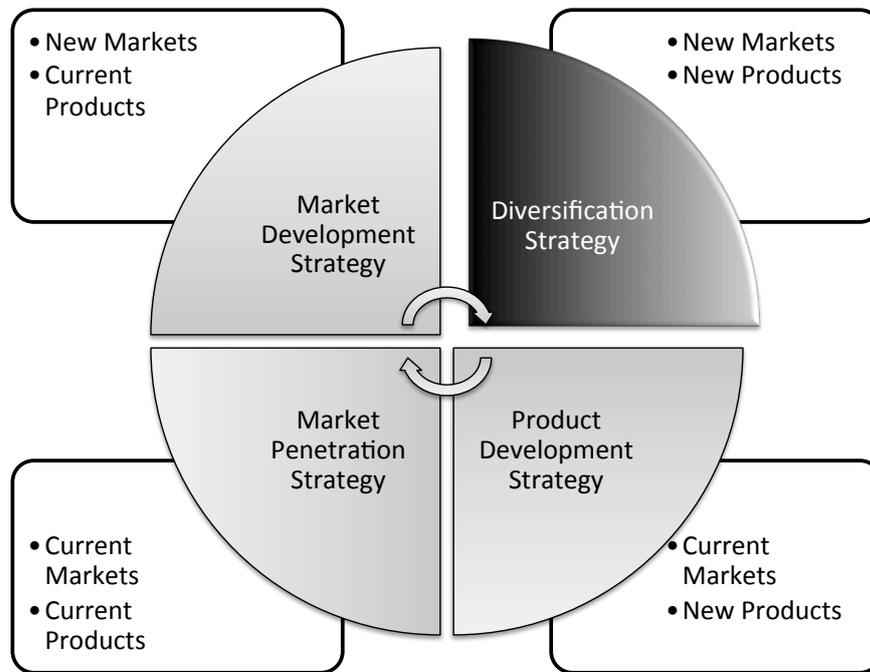
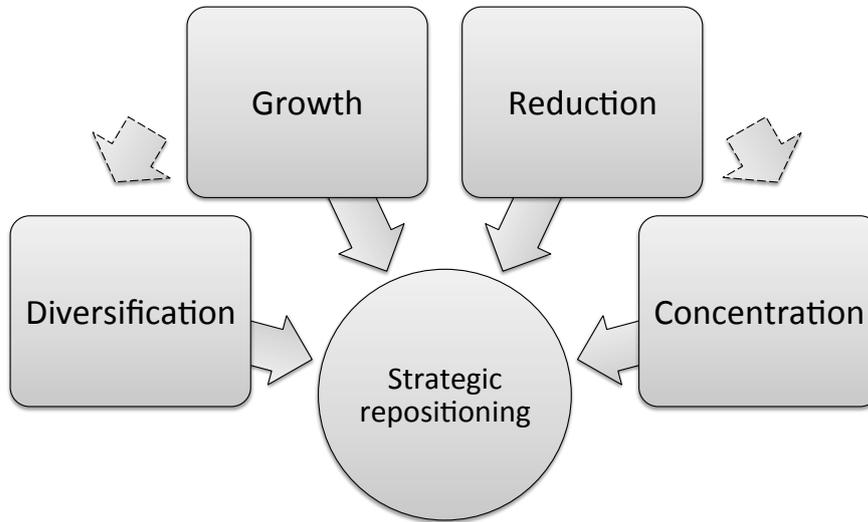


Figure 4: SRP as Diversification Strategy according to Ansoff (1957)

With reference to Michael E Porter (1987) and Wheelen and Hunger (2004), Reichel (2005) also points out the parallels between SRP and a specific kind of a *reduction strategy*: the *concentration strategy*.

Resultantly, the author of this thesis refers to the concept of SRP as a strategic stream, which fundamentally characteristics is derived from the combination of the strategies *diversification* and *concentration* (Reichel, 2005). Ansoff (1957) and Michael E Porter (1987) argue that those basic strategic orientations are aiming on a specific assembly of product-market combinations and are thus determining the firm's (product) portfolio. According to Ramanujam and Varadarajan (1989) *diversification* can be acknowledged as a strategic logic that focuses on simultaneous growth in various SBU - both tightly and loosely tied to the core business - in effort to expand the business.

Palich, Cardinal, and Miller (2000) claim that *concentration* can be perceived as the strategic countermovement recommending businesses to focuses their portfolio on a single SBU, which proved is viability or is perceived as particularly promising for the future. In conclusion, the SRP can be referred to as stream that focuses on the strategic establishment and commencement of new SBUs or the strategic reduction or retrenchment of existing SRPs (Reichel, 2005).



**Figure 5: The concept of SRP as combination of Diversification and Concentration**

Nevertheless, SRP should be recognized as independent concept, which features characteristics of both fundamental strategies but neither can be described by characteristics solely referring to the domain of *diversification* nor to the domain of *concentration*. Thus, the author identified the need to briefly describe each dimension before, applying the characteristics to the concept of SRP. In a final step SRP will be differentiated from the other two domains.

### **2.2.2 Diversification and concentration strategies**

With reference to H.I. Ansoff (1965) one can classify *diversification* into three sub –classes. As mentioned before each of these sub-classes are diverse in their assembly of product and market .

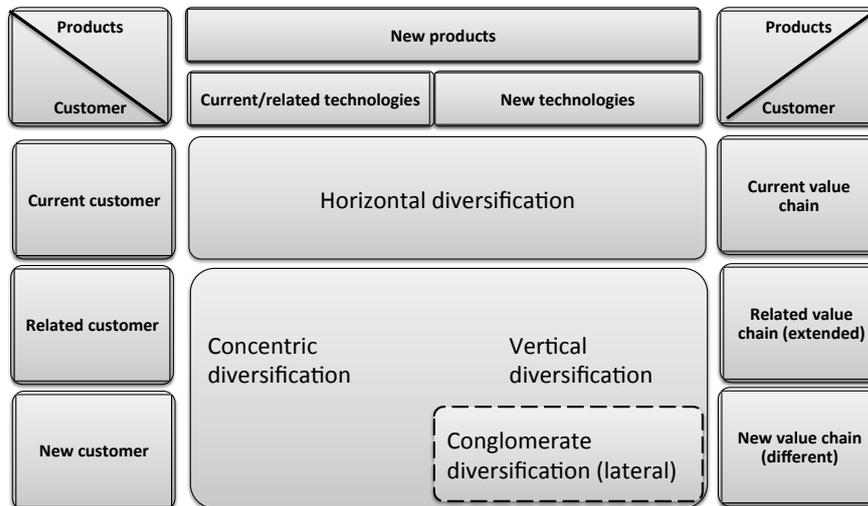


Figure 6: Classification of different Forms of Diversification according to H.I. Ansoff (1965) adapted from Reichel (2005) and Bamford and West (2010)

Bamford and West (2010) claim that *horizontal diversification* describes the firm's attempts to add new products to their portfolio, which can be technologically unrelated or related to existing products but that aim on current customer segments and markets. Thus, *horizontal diversification* also does not imply changes in the firm's current value chain. *Vertical diversification* embraces integration processes of upstream and downstream production procedures to enhance the share of value added. Reichel (2005) proposes that if the so newly created product-market-combination aims on current or at least related customer segments one can claim for a *concentric diversification* instead (Ansoff, 1957; Davis & Duhaime, 1992).

The *concentric diversification* can be described as a company's attempt to enlarge the *production portfolio* by adding new products with the focus on a exploiting the potential of the currently employed or related technologies and competences (H.I. Ansoff, 1965; Rijamampianina, Abratt, & February, 2003). Bamford and West (2010) argue that these three forms of diversification can, according to their similarity on at least one of the proposed dimensions (technology, customer, value chain), be describe as *related diversification*.

The *conglomerate diversification* aims on a complete new product-market-combination, which is whether embracing the integration of upstream and downstream processes nor revealing any relation to other SBU according to their current technologies or customers (Reichel, 2005).

Bamford and West (2010) propose the term *unrelated diversification*. Overall the forms of diversification, especially the *unrelated diversification* can be perceived as classical growth approach (K. V. Smith & Schreiner, 1969)

In contrast the *concentration strategy*, which can be recognized as embracing elements of both reduction strategies or as growth strategies. (Reichel, 2005; Wheelen & Hunger, 2004). Further, they explained their allegations by referring to the characteristics of the *concentration*, which can be defined as abandon SBU or product-market-combinations that are not identified as core business units (CBU) or core activities while simultaneously concentrate and exploit those that are.

### **2.2.3 Differentiation of SRP to Diversification and Concentration**

In chapter 2.2.2 the author tried to point out the different concepts of *diversification* and *concentration*. Also, the features that have implications for the theoretical construct of SRP were pointed out to draw a conceptual frame. On the one hand, a SRP aims on changes in the product-market combination (SBUs). On the other hand, it attaches a greater importance to the new created product-market combination (SBUs) (e.g. “The case of Cable and Wireless” Turner (2003)). With reference to Reichel (2005) the author of this thesis acknowledges that SRP goes beyond that by also implying the increasing focus on the newly established SBU up to the development of a new CBU while simultaneously retrench the focus on old SBU. He claims that in a final step a complete disinvestment of old SBU can be conducted. This would characterize the SRP as a strategy that aims on a change of the product-market-combinations rather than on the enhancement of existing SBUs. Also, SRP takes place on the corporate level since it aims on changes in the heuristically combination of product and market rather than focus on only one of these dimensions. Finally, Bamford and West (2010) as well as Reichel (2005) argue that a SRP also aims on a complete new (or drastically redesigned) value chain.

### **2.2.4 Static and dynamic perspectives**

#### **2.2.4.1 Market based view (MBV) – A dynamic view**

The market-based view (MBV) can be described as an approach that has been the dominant paradigm in strategic management during the seventies and eighties (Stahl, 2005). Basically, the MBV assumes that companies to be successful must adapt to the external market or industry requirements (Hungenberg, 2001).

If a company is not capable to successfully manage to adapt to this external force, they are forced to exit the market. The fundamental concept of the MBV can be described as “outside-in perspective” (Stahl, 2005), which centre lies in organizational external factors rather than in the resources and capabilities inside of the organization (M. Porter, 1985). M. Porter (1985) further proposes a *microeconomic concept*, which addresses the dynamic elements of the external environment. *The Five Forces* according to M. Porter (1985) can be acknowledged as a structural analysis of an industry, which is taking into account the fundamental competitive forces of the industry in an effort to determine the attractiveness of it. According to that, an attractive industry is characterized two aspects: Firstly by the fact that the potentially realizable gain is as large as possible. Secondly, the company is able to exploit the potential gains (P. Kotler, 2009; Michael E. Porter, 1980).

If the company has extensively analysed the branch of interest (e.g. industry structure analysis, competitor analysis, etc.) the corporation then has to decide upon which competitive strategy to pursue to achieve a profitable position. The primary goal can be perceived as the permanent profitability on the basis of competitive advantages (P. Kotler, 2009; Stahl, 2005). According to Porter [1980], there are generally three basic types of strategies to successfully approach a market if considering the MBV. In acknowledgement of Porter’s work, theory refers to these three basic types of strategies as *Porter’s generic strategies* (among others: Grant, 2002; Murray, 1988; Wright, 1987):

- Comprehensive cost leadership,
- Differentiation, and
- Segmentation or focus on priorities within the framework of a market niche strategy (P. Kotler, Keller, & Bliemel, 2007, according to Porter (1985)).

#### **2.2.4.2 Resource based view (RBV)**

The predominant MBV dominated both the science and the practice, since it was assumed as clearly explaining and predicting the possible success of the company based on external observations (Stahl, 2005). This *dearth* of a sufficient consideration of intangible aspects such as the company-specific potential for success led to the developed of a view, which assumes that there are mainly internal intangible and tangible assets and resources of a company that determine success or failure of a corporation (Foss & Ishikawa, 2006; David J Teece et al., 1997).

Further, the RBV describes that the resources accountable for the firm's success are limited and regularly not even tradable or acquirable through the (free) market. Resultantly, those resources can be assumed as difficult to imitate by competitors (Wernerfelt, 1984). The resource-based approach has been discussed in strategic management research quite intensively (among others: Barney, 1991; Foss & Ishikawa, 2006; Helfat & Peteraf, 2003; David J Teece et al., 1997; Wernerfelt, 1984; Wiklund & Shepherd, 2003). While it initially could be recognized as a counterpoint or alternative to the market-oriented approach, it, over time, developed more as a complementary view (Stahl, 2005; David J Teece et al., 1997). In general, the RBV can be perceived as the rejection of a very one-sided emphasis on the sales and supplier market. A comprehensive explanation of competitive advantage based on inherent strengths and weaknesses can be seen as one of RBV'S main advantages (Stahl, 2005). He further provides an example that theory also claimed to uncover RBV's drawback, which qualify the value of the statement: problems of determination of value of resources, lack of standard strategies as well as neglect of market aspects. Foss and Ishikawa (2006) are contributing to the debate by stating that "*...it has often been observed that the RBV is lacking in the dynamic dimension.*" (Foss & Ishikawa, 2006, p. 749).

Consequently, theory and practice began to establish a dynamic component to the RBV. While some argue that the dynamic RBV can majorly be perceived as the ability to consciously adapt to environmental changes (Helfat & Peteraf, 2003), others propose as it as "*...processes of building competitive advantages by means of combining existing complementary resources in novel ways.*" (Foss & Ishikawa, 2006, p. 749). Among other, Helfat and Peteraf (2003, p. 997), went even further by including all organizational capabilities in a dynamic resource-based view, namely *capability lifecycle (CLC)*.

However the author of this thesis shares the view of Stahl (2005), who claims that both approaches the MBV and the RBV can be considered as only partly presenting a framework to explain competitive advantages through entrepreneurial activity. It is more the approach to integrate both views in one strategic framework, in which the solely orientation on either RBV or MBV are representing extremes. With other words the author shares the thoughts of a variety of authors, who raise the opinion of an "opposite-complementarity" view and a combination of market (external) and resource (internal) orientation (Barney, 1991; Makhija, 2003; Stahl, 2005).

Further, they claim that a potential linking interface between both views could be the firm's designated value creation frame: *the value chain*, which in both concepts plays a crucial role. While the MBV is deducting the needed resources and capabilities for the desired market positioning by analysing the (five) market forces, the RBV derives the desired market positioning by looking at the internal basis of resource and capabilities. The dynamic RBV brings the internal orientation more close to the external view (Eisenhardt & Martin, 2000; D.J. Teece, Gary Pisano, & Amy Shuen, 1997) but also the dynamic RBV, additionally referred to as dynamic capability (D.J. Teece et al., 1997), should not be perceived as "universal solution". Especially, since theory is obviously lacking a consistent definition and classification of dynamic capabilities (see Appendix). In conclusion, one can argue that within the domain of strategic planning both approaches the MBV and the RBV (in the classic and dynamic view) could be perceived as having influence on the overall approach of a firm to pursue a particular competitive strategy (Stahl, 2005, p. 21).

### **2.3 Key Challenges of strategic repositioning processes**

In acknowledgment of Ryan et al. (2007), who propose that particular theory on SRP is not extensive, the author thus identified the need to combine the literature about challenges dedicated to SRP (Aggarwal & Mudambi, 2005; Awa & Kalu, 2010; Chan & Soong, 2011; Dittrich et al., 2007; Ryan et al., 2007; Turner, 2003) with challenges dedicated to the broader area of strategic and organizational change (Barker Iii & Duhaime, 1997; Christensen & Overdorf, 2000; Eggers & Kaplan, 2009; Helfat et al., 2009; Kotter, 1996; Mezias et al., 2001; Phan, 2011; Ven & Poole, 1995; Waterman et al., 1980).

Thus, chapter 2.3 is designed in effort to consolidate both streams of challenges: The chapter will result in a visualized framework that compiles the various theoretical proposals. The conceptual model proposed in the end of the chapter combines the elements of the discussed frames in effort to establish a guiding conceptual frame for the analysis. This approach was chosen to contribute to the reader's comprehension of the development conceptual model.

### 2.3.1 A framework of strategic repositioning

This section presents an overview of different conceptualizations (Aggarwal & Mudambi, 2005; Chan & Soong, 2011; Ryan et al., 2007; Turner, 2003) for successfully pursuing the process of SRP. The section is closed by a combination of the different approaches visualized in a concept draft.

As mentioned in the previous sections Turner (2003) propose strategic repositioning as a “...conscious act undertaken by enterprises as they adapt to a changing commercial environment.”(Turner, 2003, p. 251). Further he claims that the pursued changes represent a fundamental shift in the firm’s value proposition “...as it seeks to change its targeted market segment(s) and/or its basis of differential advantage...” (Turner, 2003, p. 251). Turner (2003) presents the case of C&W, which conducted a radical SRP as it sought to enhance its focus on key growth markets. With reference to the proposed definition of SRP (see chapters 2.2.1-2.2.3) one can claim that Turner (2003) stresses the strategic element of *concentration* within SRP. Also, one can claim that Turner (2003) provides an example of a misalignment between the strategic orientation of a SRP with the company’s capabilities (MBV and RBV). With reference to Turner (2003), one can claim that C&W’s view was too narrow on the core business with a predominant orientation on the external environment (MBV) (see chapter 2.2.4)., which resulted in attempt to strategically reposition itself that was too radical (Turner, 2003, p. 256). Turner (2003, p. 251ff), further states that sustainable change should be acknowledge not only how the change of the strategic direction affects the capability of the firm’s assets but also how unique resources and capabilities sustain in the new market positions. Thus, he proposes a need to also focus on the continuity of a firm’s key assets and capabilities (RBV) (see chapter 2.2.4).

Based on the identified issues and challenges assumptions Ryan et al. (2007) propose a framework for successful SRP based on six elements: *core strategic values, strategic flexibility/learning capabilities, customer awareness and sensitivity, external orientation, management commitment, and belief in the product and brand.*

Also, Ryan et al. (2007) framework, based on the case of the Irish company Bulmers, can be perceived as lacking the scope to generalize from as they limit their own framework by claiming that the scale of Bulmer's change was majorly reflecting intellectual processes while the product, the organizational structure and architecture as well as the management remained basically intact. Nonetheless the change was observed predominately in the people's mindsets, they propose that the observed change reflects both, internally (e.g. change in the strategic thinking of management) as well as externally (e.g. consumers' image of product and brand) dimensions. Consequently (Ryan et al., 2007), the SRP of Bulmers did not reflect concrete phenomena with broader implications.

In contrast, the approach of Aggarwal and Mudambi (2005), who propose a framework labelled "*environment-strategy-structure-culture framework*". In their case, which is describing the strategic repositioning of an industrial distributor, they illustrate how their proposed framework and propositions relate to the company's efforts to reposition itself "...*from a traditional distributor of industrial parts, to a value-added provider of products and uptime services and solutions.*"(Aggarwal & Mudambi, 2005, p. 27). Thereby, they also address an external orientated view on SRP by stressing out the *competitive dynamics of the industrial supply chain*, and interrelated challenges. Moreover, they propose the need increase their awareness of the key trends (e.g. industry consolidation, globalization, new information technologies, and rising customer expectations) in the particular business environment, especially for the performance of the manufacturing sector with regard to rising competition due to globalization (Aggarwal & Mudambi, 2005, p. 48).

By highlighting that strategic repositioning need extensive consideration of the interplay between main management components (e.g. strategy, organizational structure, culture, build human capital and empowerment) and the particular business environment (e.g. rational acquisitions, investments in unrelated new technology and the developed of new core standard processes, diversification in terms of customer and product base, employment of multiple channels to promote value-added services, and establish strategic alliances or joint ventures), Aggarwal and Mudambi (2005), emphasize a view on SRP that embraces the whole product-market-value chain-combination. Thus, they pinpoint the strategic element of *diversification* within SRP (see chapter 2.2.1-2.2.3).

Chan and Soong (2011), who discuss the SRP of the Hong Kong University of Science and Technology Library, offer a process orientated framework that is based on three stages:

- Sensing the environmental impacts.
- Realigning and reconfiguring our resources.
- Implementing effective strategies to respond to these challenges.

Accordingly, one can claim that this conceptualization addresses the shift of the predominate strategic view towards a organizations dynamic capabilities (David J Teece, 2007; D. Teece & Pisano, 1994; Winter, 2003; Zollo & Winter, 2002) or dynamic RBV (see 2.2.4). Also, Chan and Soong (2011), implicitly define major challenges of SRP by proposing participative culture and effective communication as successful mechanisms to conduct SRP. Thereby, they also highlight the absorptive capacity of individuals and organizations as a challenge to overcome (enlightening the overall understanding of complex routines and processes, fostering good team spirit, and providing collective learning mechanisms). (Chan & Soong, 2011, p. 30ff).

So, is Kotter (1996) presenting a framework to lead change, which is based on eight steps<sup>1</sup>. Considering the framework of Kotter (1996) as guideline to lead change it can be also recognized as a statement of key challenges to pursue organizational change (Phan, 2011). One can assume that Kotter (1996) basically points out the need for people's commitment, a strategy that is guiding the change, leadership, rewards/motivation, culture.

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<sup>1</sup> 1. Establishing a sense of urgency; 2. Creating the guiding coalition; 3. Developing a Vision and Strategy; 4. Communicating the Change Vision; 5. Empowering Employees for Broad-Based Action; 6. Generating Short-Term Wins; 7. Consolidating Gains and Producing More Change; 8. Anchoring New Approaches in the Culture

Waterman et al. (1980) proposing a framework, which, commonly acknowledged as “The McKinsey 7S Framework”, is built on seven internal elements that are characterized by interconnectedness without pointing out the one superordinated starting point. The *7s Framework* embraces the elements: 1. Structure, 2. Strategy, 3. Systems, 4. Skills, 5. Style, 6. Staff, 7. Shared values.

Agarwal and Helfat (2009), who are comparing and proposing different avenues of strategic renewal claiming that major transformations include organizational changes along multiple dimensions. Thereby, they suggest the dimensions: business model (BM), the technological base, the organizational structure, the resources and capabilities, and the organizational mind-set. Additionally, with reference to Adner (2002) and Tripsas (2008), Agarwal and Helfat (2009) also argue that part of the occurring challenges include the organizational *absorptive capacity* responding to changes in customer demand as well. Absorptive capacity can be described as „...*the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends is critical to its innovative capabilities.*“ (Cohen & Levinthal, 1990, p. 128).

Other authors propose similar key challenges, e.g. capabilities (Christensen & Overdorf, 2000), organizational learning (March, 1991; Mithas, Ramasubbu, & Sambamurthy, 2011; O’Reilly III & Tushman, 2008; Sundbo, 1999), structural and organizational inertia (Hannan & Freeman, 1984; Kelly & Amburgey, 1991), people (Bridges & Bridges, 2009), resources and processes (Xu, Liu, Zhao, & Ding, 2013), leadership (W. K. Smith, Binns, & Tushman, 2010; Uhl-Bien et al., 2007), and other critical roles of corporate entrepreneurship (Kuratko et al., 2011) Regarding the latter, the role of the entrepreneurial champion, who compiles elements of leadership and a certain set of capabilities (e.g. motivation and commitment, knowledge and expertise, networks, etc.) can be perceived as particularly challenge revealing for change projects (“Continental 2001. Liberating Entrepreneurial Energy,” 2001; Kuratko et al., 2011).

In consideration of the various theoretical frameworks, the author of this thesis is considering the six elements framework of Ryan et al. (2007) as base of the here proposed framework for successful SRP. Additionally, the author acknowledges the limitation (e.g. organizational structure and the management remained basically intact) of their framework. Thus, the author, especially with regard to the particular situation of the case studies subject (see chapter 1.4) agrees with other authors that also the following dimensions should be considered as main challenges effecting a strategic repositioning: Culture and structure (Aggarwal & Mudambi, 2005; Chan & Soong, 2011; Kelly & Amburgey, 1991; Kotter, 1996; Waterman et al., 1980), business model (Agarwal & Helfat, 2009), people (Bridges & Bridges, 2009; Nagji & Tuff, 2012; Uhl-Bien et al., 2007), and strategy (Aggarwal & Mudambi, 2005; Chan & Soong, 2011; Kotter, 1996; Waterman et al., 1980). Consequently, the proposed conceptual framework embraces the following ten elements that also reveal the main challenges of SRP:

1. Core strategic values,
2. Belief in the product and brand
3. Strategic flexibility/learning capabilities
4. Customer awareness and sensitivity
5. External orientation
6. Management Commitment
7. Culture
8. Business model
9. People
10. Structure

### 2.3.2 A conceptual framework of challenges dedicated to SRP

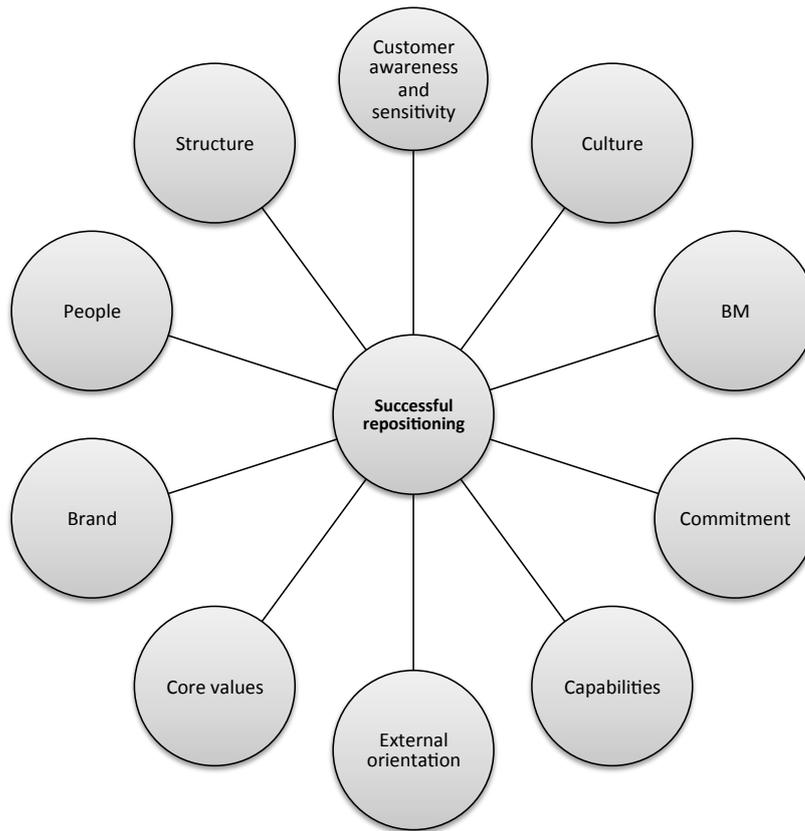


Figure 7: A Conceptual Framework of Challenges in Strategic Repositioning

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#### Core strategic values

According to Ryan et al. (2007) SRP majorly affects the strategic thinking of the management team and further the consumer's image of the offerings. With reference to (Collins & Porras, 1996), strategic repositioning is underpinned by purposeful, enduring, fundamental values (Collins and Porras, 1996). The importance of core shared values is also proposed by Waterman et al. (1980), who additionally claim that core shared values can be perceived as superordinated challenge in the centre of change processes.

### Belief in the product and brand

As a SRP was classified as substantially changing the product-market combination, Ryan et al. (2007) state that management's belief in the product or brand is essential to a repositioning strategy as much as the awareness about market and customer. Quite similar to the challenge "management commitment" the challenge regarding the belief in the product and brand should be perceived as stressing a more operational dimension underlying SRP (Ryan et al., 2007).

### Strategic flexibility/learning capabilities

Ryan et al. (2007) claim that the organization's learning capability is a keystone of an successful repositioning strategy (Senge, 2000). Thereby, one can supportively refer to the work of Sundbo (1999) and (O'Reilly Iii & Tushman, 2008) Further, they claim that management relies on dynamic capability to create enhanced understanding of *the product, the marketplace, the consumer and, above all, their successes and failures* (Ryan et al., 2007, p. 96). With reference to March (1991), they further argue that the process of gathering the required capabilities implies exploration of new capabilities as well as the exploitation of the current knowledge base. One can claim that is also about organizational learning and employs a dynamic RBV

### Customer awareness and sensitivity

With reference to Bulmers' repositioning success the author acknowledges the statement of Ryan et al. (2007) that a thorough knowledge of its consumers important it is for a company. Thereby, the challenge for SRP is to manage to establish a comprehensive awareness of the potential target groups and their consumption behavior (Awa & Kalu, 2010; Foss & Ishikawa, 2006; P. Kotler et al., 2007; MacMillan & McGrath, 1997). In addition, closeness to consumers and sensitivity to their needs should enhance management's confidence and insight to make the *entrepreneurial moves* (e.g. SRP dedicated to the domain of *strategic entrepreneurship* see *chapter 2.1*) underlying a SRP successful.

### External orientation

This element basically reflects the element of the MBV, which was stressed as one of the strategic cores of SRP (see chapter 2.2.4). With reference to Porter, (1980, 1996) one can claim that market and competitive analysis triggered Bulmers' repositioning strategy.

Thus, one can claim that the implications for SRP in general are the management's capability to recognize the value and appropriateness of strategies that demonstrate a deep and ingrained empathy of external proceedings (Ryan et al., 2007). In Bulmer's case it was the recognition of a previously abandoned strategy by a competitor and the market leader (Guinness) (Ryan et al., 2007).

#### Management Commitment

Ryan et al. (2007) propose management's commitment as one of the most essential elements when a repositioning strategy is led from the top of the company. They further propose that based on the findings of Bulmer's where no specific managerial incentives attached to the success of the strategy was employed, pride and willingness to succeed can be assumed as main factors that drive the management. With reference to Herscovitch and Meyer (2002) one can claim that such affective motivations can produce superior commitment.

#### Culture

Chan and Soong (2011), propose the change of the culture as one of the challenges that builds a bridge between the quite concrete concept of SRP (see chapter 2.2) and the interlocked relationship to the framing domain of *strategic renewal* (Kuratko et al., 2011) or *strategic change* (Ryan et al., 2007; see also chapter 2.1.-2.3.). Chan and Soong (2011), further compile better internal communication, team spirit, and effective user communication as part of a cultural challenge (Chan & Soong, 2011, p. 22ff). With reference to Ansoff (1965; 1988), Aggarwal and Mudambi (2005), stress the challenge of organizational culture within SRP as keeping the symbiose to the proclaimed strategy and the implemented organizational structure as all together determine the firm's capability to adapt to strategic change processes .

#### Business model

The term business model nowadays plays an important role in business theory and practice (Cavalcante et al., 2011; Chesbrough & Rosenbloom, 2002; De Cagna, 2010; Vijay Govindarajan & Trimble, 2011; Johnson, Christensen, & Kagermann, 2008; Leung, 2007; Malhotra, 2001; McGrath, 2010; Morris et al., 2005; Mullins & Komisar, 2009; Osterwalder, 2004; Osterwalder & Pigneur, 2010; Samavi et al., 2009; W. K. Smith et al., 2010; David J. Teece, 2010; Wirtz, 2011; Zook & Allen, 2011).

Over the past few years the relation between the success of a company and the ability to understand the business model behind this success became crucial for the further development of the company (Osterwalder, 2004). Additionally, one can perceive the element “Business model” as reflecting challenges in multiple aspects. As “outside-in framework” (McGrath, 2010) it is here representing the organisations interface to the external environment in terms of determining the firm’s relationship to its customers and key partners, determining the employed channels, and serving as the firm’s “Revenue Model” (Agarwal & Helfat, 2009; Chesbrough, 2010; Johnson et al., 2008; Morris et al., 2005; Osterwalder & Pigneur, 2010; David J. Teece, 2010).

### People

The element “People” should be recognized as embracing several subordinated aspects that other strategic frameworks attach a higher degree of importance or even propose as autonomous element. Thus, the here proposed component “People” encompasses aspects of (management) *style* (Waterman et al., 1980), *motivation/rewards* (Kotter, 1996; Ryan et al., 2007), individual *mind-sets* (Agarwal & Helfat, 2009), inertia (Cohen & Levinthal, 1990; Hannan & Freeman, 1984) and also *leadership* (Bridges & Bridges, 2009; Christensen & Overdorf, 2000; Tripsas & Gavetti, 2000).

Additionally, management literature stressed the importance of individuals for organizational change in several manifestations. Thus, are Howell, Shea, and Higgins (2005) describing the influence of managers on product innovation. This idea is supported by Tripsas and Gavetti (2000), who are arguing that managerial cognition has an extensive effect on organizational change, which also reveal the overlap to the dimension “capabilities”. Bresnen, Goussevskaia, and Swan (2004) and Feldman (2000) then stress linkages between organizational routines and employees’ cognition and further the importance of employees’ involvement into adjustment processes of organizational routines. Consequently, the author also identified the need to pinpoint the wide scope of the “people factor” in strategic change.

### Structure

Ryan et al. (2007) are limiting their work as base to generalize from by questioning the scale of change within their surveyed SRP because of the lacking changes in the organizational structure or architecture.

Further, supported by Gulati and Puranam (2009), who propose an example of a company that underwent a complete reorganization of its organizational structure and architecture in effort to adapt to particularly changes in the market demand. Further, they propose that an organizational structure reveal various challenges, when they argue that it consists of two basic streams: the informal (the emergent pattern of social interactions within organizations) and the formal (normative social system designed by managers) organizational structure. Additionally, Aggarwal and Mudambi (2005), propose organizational structure issues especially matters regarding the employment of viable sales and communication channels and stress also the role of the firm'S structure for strategi andc networks alliances. With regards to Turner (2003) and the previously discussed classification of SRP and underlying theoretical streams (see chapter 2.2), the author also highlights the challenges that lies in the misalignment of strategic orientation and the business environment. Thus, the following elements are perceived as the main challenges:

### 3 Method

The theoretical framework proposed in the previous chapter (see chapter 2) is the essential starting point of the conducted case study. In effort to achieve viable results the analysis of the empirical data requires a suitable and valuable research design. Therefore, the selected research design should be capable to do both contribute to the chosen research question (RQ) as well as acknowledging the specific background of the case. The research design can be described as the fundamental conceptualization of the research (Yin, 1989). According to Mayring (1990) the research design embraces the aim of the research and the interlocked but delimited research process. While the research design in general describes the type of research (e.g. case study, experiment, etc.) the research process describes specific techniques of how to collect, prepare, and evaluate the data (e.g. interviews, surveys, questionnaires, protocols) (Reichel, 2005). Thus, the following chapter will present the research design and the research process. Also, it will introduce the reader into the operationalization of the data collection method. Finally, a reflection of the method chosen will be presented.

Study	Description of Case	Research Problem	Data Sources	Investigators	Output
Mundt (2013)	1 manufacturer for windows and doors	Challenges of strategic repositioning processes	Interviews Observations Documents	Single investigator/ Tandem interviews	Process model

**Table 1: Overview: Case study design**

#### 3.1 Overall research design and process

##### Qualitative and quantitative empirical research

Basically, the domain of empirical research can be divided into quantitative and qualitative research. While quantitative research is majorly embracing standardized approaches (e.g. questionnaires or online surveys) based on a large sample, qualitative research is basically embracing case studies (Reichel, 2005). This approach allows the researcher to get a multilateral and intensive picture of the object of research and the related context (Mayring, 1990). Therefore, a mostly very selective sample is approached under the assistants of interviews embracing open and closed questions, expert or group discussions and observations.

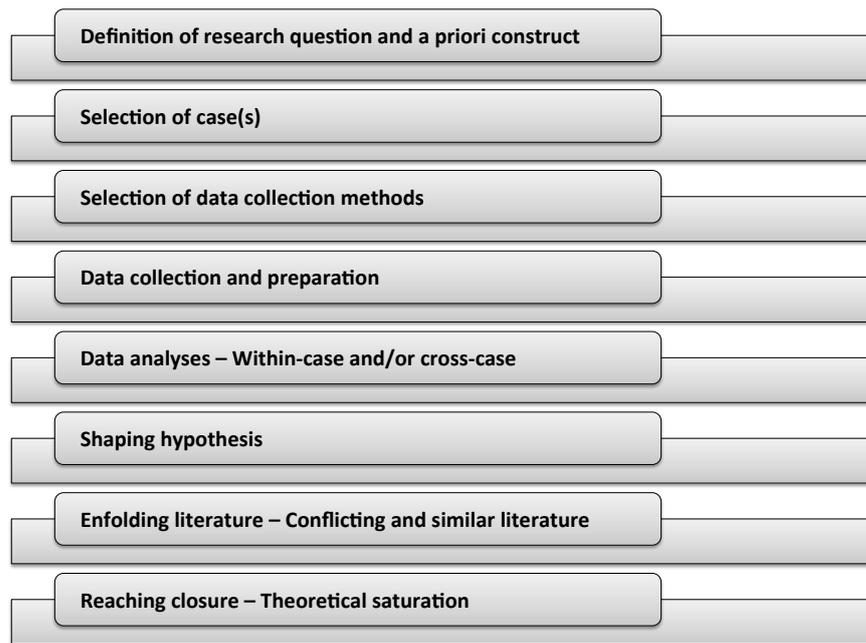
Especially, the observations can reveal additional implications to the researcher that could remain undetected, if the research is solely based on the data gathered through the spoken or written information (Patton, 2005). Qualitative research methods often represent the only way to collect also the so-called “soft” factors (e.g. behaviours, motivations, actions and individual experiences of research objects) within the social complex construct of research object and the interlinked research context (Foddy, 1994; Lamnek, 1988). Also, the openness to develop a promoting relationship between research object and researcher, the opportunity to use a variety of data collection and evaluation methods, and the chance for the researcher to adapt according to certain situation (e.g. raise additional question within a semi-structured interview, etc.), are aspects, which reflect the value of qualitative research methods to the domain of empirical research (Eisenhardt, 1989). In general, case studies can combine data collection methods of both dimensions; qualitative and quantitative research (Eisenhardt, 1989; Yin, 1989)

#### Role of theory

As the subject of the master thesis, in this specific term, was not empirically analysed so far, the choice of a research method was influenced by Eisenhardt (1989), who claim that a case study is the most viable choice of research method, if the phenomena of interest is new, not or only insufficiently researched (Eisenhardt, 1989, p. 548). Furthermore, Eisenhardt (1989), proposes a schematized process of how to build theory from a case study. This is also proclaimed by Bryman and Bell (2011), who state that the case study method is viable to assist to conduct an in-depth examination of a single entity. In general, the case study method can be described as empirical research design, which can embrace various levels of analysis (e.g. industries or single organization) and can be based on a *single-case studies* as well as on *multi-case studies* (Eisenhardt, 1989; Yin, 1989). According to Eisenhardt (1989), the general aim of a case study is the description a designated research object to either contribute to a examine and test an existing theory or build a new theory. Eisenhardt (1989) claims that an early identification of the RQ and *possible constructs is helpful*, but she also proposes that *both are tentative* and that the RQ also might shift during the research (Eisenhardt, 1989).

As an internship at the Swedish-based window and door manufacturer Inwido was part of the author’s graduation project the *single-case study* design revealed major potential to benefit from the provided extensive insights. Also, the author was appealed by the process conceptualization of Eisenhardt (1989).

This approach kept the openness to iteratively redesign the research focus and shift the RQ within the continuing research process. Thus, the following process scheme was identified as fundamental orientation for the design process of this case study:



**Figure 8:** Process of Building Theory from Case Study Research according to (Eisenhardt, 1989).

#### Role of the author

The author can be perceived as heuristically integrated entity of the process, which appears at all stages of the process either as driving or as contributing force. On the one hand, the author had major influence on all above proclaimed stages except of the case selection, which can be perceived as also interlinked to a practical project that ran simultaneously to the research process. In an effort to capitalize on the overlapping insights that would be gathered throughout the simultaneously conducted business project, the merging of research object and practical project environment was perceived as mostly contributing. Especially, when considering the opportunity to deduct theoretical implications from practical experience and vice versa.

### Kind of research question

The design of the RQ was majorly affected by two main sources: Firstly, practical implications from the designated research object; the internship company Inwido. Secondly, by past research and theory, which serves as guidance and source of predictions (Library, 2003). With reference to Yin (2003, pp. 5-6), who basically classifies the type of RQ according to the familiar series: “who,” “what,” “where,” “how,” and “why.”, the chosen RQ (“*What are the major challenges during an organization’s process of strategic repositioning?*”) can be assumed as *explanatory*.

### **3.2 Data collection**

#### Data collection methods

According to Holme, Solvang, and Nilsson (1997) the *choice of methods for data collection is highly influenced by the research strategy* (Ghannad, 2013). With reference to (Yin, 1994) there are six different *sources of evidence* in qualitative research: documentation, archival records, interviews, direct observation, participant-observation, and physical artefacts. Every dimension should be perceived as complementary to each other, and has solely viewed no dominating advantage (Ghannad, 2013). This method, in theory referred to as *triangulation* (Eisenhardt, 1989; Yin, 1994) or *cross-examination* (Cheng, 2005), combines several sources (*in general more than two*) to validate data concerning the same phenomenon (Bogdan & Biklen, 2007). Eisenhardt (1989) proposes the employment of multiple investigators during interviews to simultaneously gather data by “interviewing, observing, and protocoling”. Potter (1996) argues that *triangulation is employed to validate that all the observations correspond to one interpretation and that with this convergence of observations, which is employing many different “...sources, settings, and investigators the researcher can make powerful argument that the interpretation is robust...”* (Potter, 1996, p. 153). Richardson (2005) is criticising that *triangulation* assumes that there is a “fixed point” or “object” to *triangulate*. Consequently, she is instead proposing the concept of *crystallization*, which analogizes the fundamental characteristic of a “crystal”: viewing a “crystal” reveals different images depending on how it is held, from what angle it is viewed, and the current lighting conditions (Ghannad, 2013; Richardson, 2005). Thus, *crystallization* is based on a variety of sources to get different views on the phenomenon, which implies also the application of any secondary data available and the information provided by different views on it.

Without declaring neither the *triangulation* nor the *crystallization* approach as exclusively valid the author also tried to follow an approach of using *multiple sources of evidence* and perceives that there are far more than 'three sides' from which to approach the world (Richardson, 2000). By approaching sources in various ways embracing interviews, follow-up interviews, ad-hoc questions regarding single aspects of the same phenomenon, and experimenting with various communication media and communication time the author tried to create a multidimensional view on the research phenomenon. Also, the it was made use of multiple investigators (Eisenhardt, 1989). In applying interviews and documentation, basically two data collection method were employed. Additionally, a technique of observation was used as source to collect data. Frankly, this source can be perceived as only minor contributing by majorly collecting highly explorative and interpretative "soft" factors (e.g. interpretation of motivation or fundamental attitude towards a specific phenomena according to anomaly in the answer rhythm and structure).

To intergrade the „actors“ into the proposed “multiple view” conceptualizations an ambidextrous approach was conducted. On the one hand, the idea of *constructive realism* (Wallner, 1994) was applied to let the “actors” (e.g. interviewees, questionnaire participants, etc.) tell their stories and share their experiences, which further implies the need to attempt to discover the main “themes” from the constructed social reality of the actors in the later analysis (Ghannad, 2013). On the other hand, pointed questions were raised and the application of transmitting media was employed in an attempt to delimit the actors from their social reality (e.g. emails, written interview, etc.).

#### Selection of data sources

To gather the information, which was identified as crucial and contributing various sources were recognized as viable. As mentioned before the data collection method was designed according to a multiple evidence approach. Thus, the selected data sources can be fundamentally divided into primary and secondary data. Since this thesis was part of a graduation project, which also embraced a business project at the designated subject of the case study (Inwido), the author also used data sources that were gathered during the development of the practical project. This approach can be perceived as an attempt to harmonize practice and theory. Especially, as the executed business project can be perceived as highly interrelated to the superposed theoretical domain of this thesis, as it is strategic repositioning.

Hence, the use of overlapping data sources shall be perceived as the author's acknowledgement of the close relationship between theory and practice (Schanz, 1985, 1988). Consequently, one can refer to Mundt (2013), who proposed the following data sources as relevant:

#### Primary data

The primary data consist of a total of six semi-structured initial face-to-face interviews with five different persons, three semi-structured in-depth interviews with two people (which were part of the set-up of the initial interviewee group), several e-mails to follow-up on certain topics, and informal discussions and meetings. Especially, during the informal discussions and meetings but also during the initial face-to-face interviews the author also tried to observe the "actors" nonverbal language to gain highly interpretative additional implications.

#### Secondary data

On the other hand, unpublished as well as published company information like the companies Annual Reports, Inwido's designated company presentation, a draft of the official core values, and an internal document regarding the designated goals of Inwido's strategic renewal were used as data sources.

#### Operationalization and development

The below proposed dimensions and definitions should be recognized as an attempt to visualize how the authors approached the key dimension of his research. The table can be perceived as a visualized orientation during the data collection. It refers to the work, findings, and theoretical conceptualizations of several researchers and scientists. The general concept of SRP is defined by referring to the six elements framework of Ryan et al. (2007). The other dimensions are described by referring to various scientists and researchers, who published findings and theoretical work about challenges of organizational change, which also have implications for SRP. Talking about BM change the classification of Cavalcante et al. (2011) was consulted, who classifies the superordinated term BM change into four group: BM creation, BM extension, BM revision, and BM termination. In a further research process the group BM creation/ BM innovation (e.g. Christensen & Overdorf, 2000; De Cagna, 2010; Turner, 2003) was identified as key concept to focus on.

Dimension	Definition	How to evaluate the concept
Strategic repositioning	The six elements framework for successful repositioning: core strategic values, strategic flexibility/learning capabilities, customer awareness and sensitivity, external orientation, management commitment, and belief in the product and brand (Ryan et al., 2007);	Analyses of historical company information, interviewing strategic decision-maker and person in key roles with responsibility for employees (e.g. marketing, operations, R&D)
Challenges of strategic repositioning	Core strategic values, <i>Belief in the product and brand</i> , Strategic flexibility/learning capabilities, Customer awareness and sensitivity; External orientation; Management Commitment; Strategy; Culture; Business model; People; Structure (Agarwal & Helfat, 2009; Chan & Soong, 2011; Clayton M Christensen & Overdorf, 2000; Kotter, 1996; Ryan, Moroney, Geoghegan, & Cunningham, 2007; Turner, 2003)	Interviewing TMT and lower management via proposed “multiple view” concept; single dimensions are approached with raising pointed questions (e.g. Did the SRP process revealed the need to employ additional staff in key positions due to newly occurring requirements?)

**Table 2: Definition and Operationalization of concepts related to challenges of strategic repositioning and BM change**

### Interview guide

The interview guides were developed according to the theoretical framework proposed in chapter 2. As the research design was previously described as open for iterative adaptations and shift also the interview guide was revised and refined after every interview session and even within single interviews. Adapting to shifts in the research focus the several interview guide drafts can be perceived as a result of probing and testing in effort to get more relevant answers. In general the author decided to use the interview guide more as an orientation to ensure that all dimensions of interest were exhaustively approached. The interviews were more held like informal conversations than formal and structured interviews (Marshall & Rossman, 1999, quoted from: Ghannad

(2013), p. 104). Drafts of an interview guide from the initial face-to-face interview phase as well as one of the interview guide from the in-depth interview phase are included in the Appendix

Overall, the author and his research team member tried to preserve a passive and more informal role in effort to contribute to create an interview atmosphere that supports open talks and a feeling of comfortableness for the interviewee.

### Interviews

For the interviews a set of crucial participants was assembled (see Appendix) which should be interviewed by using both semi-structured as well as unstructured interviews (Bryman & Bell, 2011). The participants were selected according to a method of *purposive sampling* but also had slight implications of a method called *snowball sampling* (Potter, 1996, quoted from: Ghannad (2013)). *Snowball sampling* can be perceived as a concept that starts with a *purposive sampling*, which can be described as a technique to identify and select key informants that provide the characteristics, *according to the needs of the developing analysis and emerging theory* (Moorse, 2004). Furthermore, the *snowball sampling* technique is based on a individual recommendation method, in which every interviewee names additional respondents that can contribute according to their set of characteristics (Moorse, 2004). Potter (1996) claims that this approach contributes to *increase our knowledge about the phenomenon under investigation* (Potter, 1996, quoted from: Ghannad (2013)). Applied to the author's case the initial interviewee, who also was the practical supervisor of the graduation project, named viable potential respondents during the early phase of data collection as well as during a phase when the theoretical construct became much more distinct. Thus, the sampling method can be perceived as a modified form of the *snowball sampling* technique. Based on this majorly, three interviewees, all members of the top management team (TMT) of Inwido were identified as crucial data sources. Those three were approached repeatedly incorporating the previously mentioned diversified application of interview techniques and media to add more "angles" to the investigation (Ghannad, 2013).

Since two interviewers conducted the interviews also the technique of unique individual roles (Eisenhardt, 1989) was employed. During conducting the interviews this tactic was applied in terms of using on main interviewer while the other team member took notes of both the responses as well as the observations. These roles could change between and even within the single interviews.

In this context both team members, could contribute to the conversation within a subject area of specific individual interest. All interviews were audio-recorded with prospect of potential to follow-up questions.

### 3.3 Method for data analysis

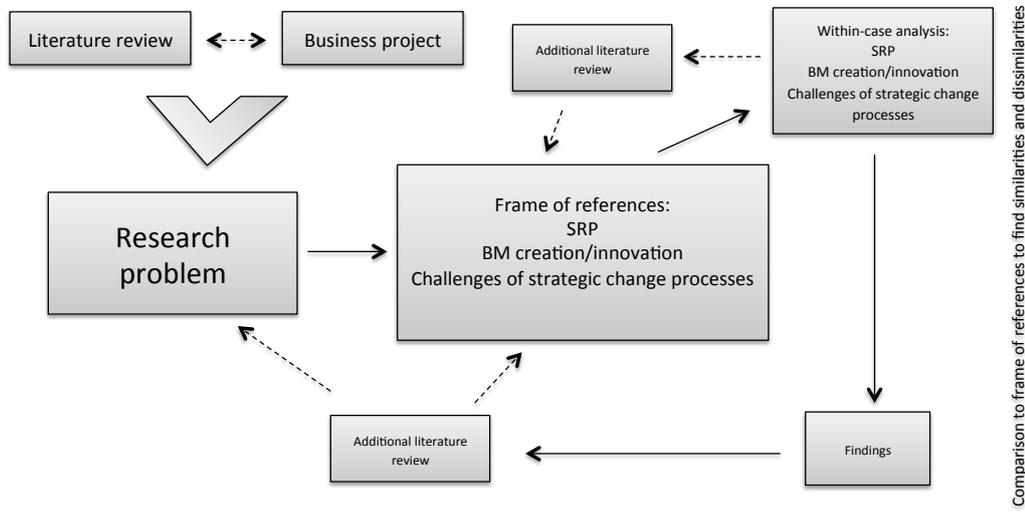


Figure 9: Conceptual draft of data analysis method, adapted from Ghannad (2013)

According to (Miles & Huberman, 1994) the process of qualitative data analysis involves three interrelated/synchronized activity streams: *data reduction*, *data display*, and *conclusion drawing*.

*Data reduction* can be described as process of *selecting, focusing, simplifying, abstracting and transforming* (Ghannad, 2013) the data gathered through field-notes or transcriptions. Ghannad (2013) further argues that the process of data reduction even starts before the data collection (e.g. the chosen conceptual framework or the type of research question) and that it should be perceived as a part of the analysis process and not as a separate process. Thus, the reduction process of the empirical data starts while conducting the data and not afterwards.

*Data display* can be pictured as the process to organize and compress the data that has been captured via unreduced and extended field-notes. The researcher has to read-through, scan-through, and attaches coding to the extended field-notes.

The author of this thesis applied a form of “lean coding”, which means that at every stage of the data analysis process only a few themes or categories (five to seven) were used to cluster the findings (Creswell, 2007; Saldana, 2009). The author identified three main themes (SRP, BM creation/innovation, Challenges of change processes) and several sup-groups (dimensions of a successful SRP, components of BM innovation, etc.). Although, these theme cluster changed during the data collection process due to the iterative research design, the identified themes can be pictured as reflecting the conceptual frame of references, which also shifted within the case study.

*Conclusion drawing* embraces the process in which the researcher should begin to finalize his thoughts about the meaning of the findings by noting down patterns, explanations, causal flows, and propositions. The results of the author’s *conclusion drawing* of this research can be found in the chapter “Analysis and discussion”.

Overall, Eisenhardt (1989) describes the process of data analysis as less standardized, most difficult and unstructured part of qualitative research. She further suggest two patterns: *within-case analysis* and *cross-case analysis*. As this case is based on the findings of one single organization the author was limited to the within-case analysis.

To identify the key challenges of SRP the author followed an approach of combining theoretical findings (Agarwal & Helfat, 2009; Aggarwal & Mudambi, 2005; Chan & Soong, 2011; Kotter, 1996; Ryan et al., 2007; Turner, 2003; Waterman et al., 1980) with practical implications. The chosen approach was identified as mostly suitable to contribute to the established literature. The data that refer to an under-specified challenge was gathered and clustered in effort to allow the author to suggest newly identified key challenges as outcome of his analysis (chapter 5).

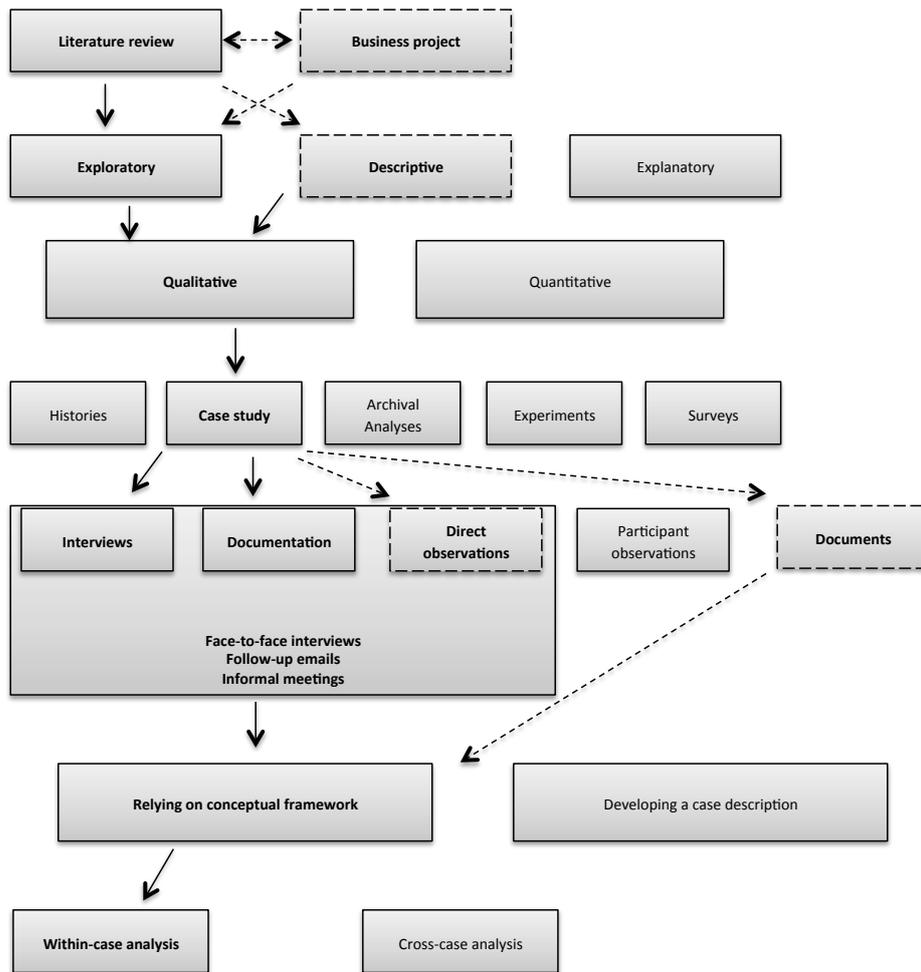


Figure 10: The overall research path (marked in bold) of the study, adapted from Ghannad (2013)

### 3.4 Reflections of method choices

Historically, qualitative research was commonly criticised to be imprecise and was lacking objectivity (Yin, 1989). Regardless the proclaimed development and establishment of qualitative research methods, which are nowadays commonly acknowledged as providing a more detailed description of the often complex structures around research objects and the interrelated research context (Lamnek, 1988), the author agrees with critics that there is still the risk of a too narrow interpretation of the surveyed data (Eisenhardt, 1989; Yin, 1989). Especially, in consideration of the limited capacity of people as information processors (Eisenhardt, 1989).

On the other hand the chosen research design assist to also survey “soft” data of the interviewees (e.g. behaviour before or while answering a question, the request to revise their given answer, or the amount and duration of breaks before and during the answer, etc.) (Eisenhardt, 1989). Since the master thesis tries to analyse the challenges that might occur and affect the strategic repositioning process the author assumes that especially “soft” and implicit data can reveal major implications. Especially, as people related challenges can be perceived as crucial during change processes in general (e.g. motivation and involvement of people in and inertia against the proposed change processes, influence and commitment of the CEO) (Agarwal, Echambadi, Franco, & Sarkar, 2004; Christensen & Overdorf, 2000). With reference to Lamnek (1988) the chosen method also provides the openness to develop a promoting relationship between research object and researcher, to use a variety of data collection and evaluation methods, and to adapt according to the situation (e.g. raise additional question within a semi-structured interview, etc.) (Eisenhardt, 1989).

Since the chosen topic of the master thesis has not been empirically analysed so far, the author assumes that the *case study* as qualitative research method can be perceived as mostly beneficial to analyse the designated topic. On the one hand, a case study will provide more extensive insights into the research object, which will contribute to serve the explorative character of the topic and the chosen research question. On the other hand, a case study is identified as mostly suitable to contribute to the existing theory around strategic repositioning and BM change process, by also revealing the potential of collecting the prior mentioned “soft” data.

In general the author struggled to take assumption regarding the scientific quality criteria (Yin, 1989) of the case study beforehand the actual data collection phase. The two dimensions of *validity* and *reliability* of the case study, could not satisfactory be examined in the initial stages of the research process. The term *validity* basically describes the effective fit between the characteristic desired to examine and the characteristic examined indeed. The choice and application of viable data sources and instruments of investigation generally represent the *reliability* of a case study.

Furthermore, the author had to clarify that the case study was not conducted in an effort to provide statistically valid and significantly proven results regarding the relationship of the determined variables. With reference to Bryman and Bell (2011), the author further would like to propose that a case study approach in general should not be perceived as a single source to deduce general applicability. Thus, also the proposed theoretical model developed in this case study cannot raise the claim to be general applicable. Notwithstanding, there is the potential to amplify the findings with additional qualitative and quantitative research to harmonize the concept with the claim for generalization.

## 4 Presentation of results

In this chapter the reader shall be introduced in the information that was gathered throughout the different stages of the data collection process. The information gathered was classified according to the conceptual frame and will thus be presented under the headings that were chosen to describe the theoretical framework. To enhance the readers understanding of Inwido's current situation some further aspects should be stressed out, which should provide brief insights in Inwido's business environment and the on-going organizational change processes.

### 4.1 Repositioning in practice: A case study of Inwido

The Inwido Group is a multinational Swedish based window and door manufacturer corporations and one of the largest manufacturer conglomerates of windows and doors in Europe (Linden, 2012c). During the last ten years Inwido grew from a company with barely one billion SEK to a multi-brand (see Appendix A1) and multi-market (see Appendix A2) conglomerate with a turnover of over five billion SEK and 3200 employees (Linden, 2012b).

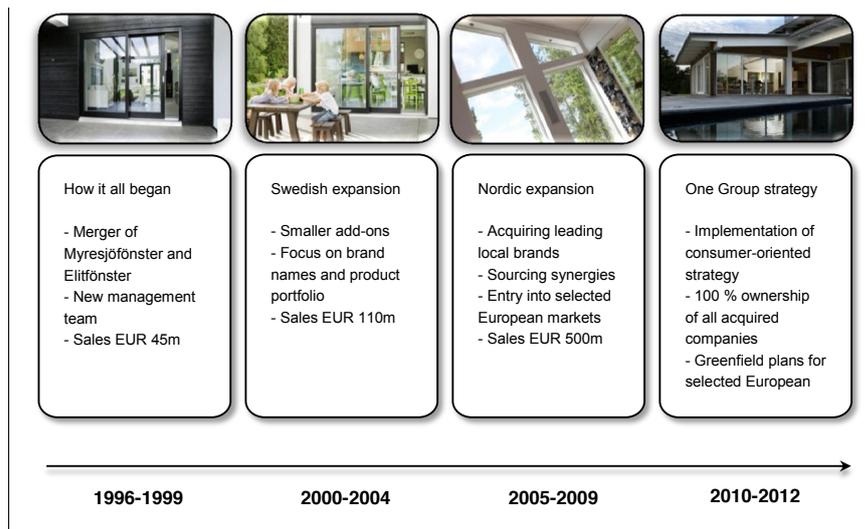


Figure 11: Structured growth through acquisitions ("Inwido Company Presentation," 2012)

The growth was basically built on a strategy of successfully acquiring small and medium-sized enterprises (SME) in same or immediately related industry, while the focus of this acquisitions was aiming to enhance the economies of scale of the existing business (Jeppsson, 2012b). Thus, the organizational network of Inwido is based on a through mergers and acquisition (M&A) grown conglomerate of formerly independent companies (Linden, 2012). A strategic inflection point caused by the economic crisis of 2008 largely affected Inwido's historically so far successful dominant logic. As the during this time new employed CEO, Hakan Jeppsson, stated in an official company report that although the economic decline was expected in most parts of the world, Inwido could not predict how difficult the conditions for the Inwido Group would become (Jeppsson, 2010). When he in early 2009 realized that, as for the most companies, the environmental conditions affected by a deep global recession and financial crisis were radically different (Jeppsson, 2010). Nonetheless, this year also was characterized by the completion of Inwido's process of reviewing the strategy for the coming years. This process resulted in a renewal of Inwido's vision and mission:

Inwido's vision of 2006, two years before the strategic inflection point and the conducted strategic renewal process:

*"Letting in the light – the one-stop-shop for closing the building"*  
(*"Inwido's Annual Report 2006," 2007*)

Inwido's vision since 2009, outcome of the process of strategic renewal and guideline for Inwido's strategic repositioning:

*"We will be Europe's leading supplier of environmentally friendly wood-based windows and doors by focusing our resources, products and services on people's needs. By always assuming the consumer perspective we improve people's well-being"*  
(Jeppsson, 2010)

According to Inwido's vision they desired to develop from producing windows and doors to improving people's well-being (Jeppsson, 2010). By focusing on offers to the markets that should reflect the most innovative products and services in several consumer trend-areas (according to: "The Nordic Trend Report," 2012: environment, cost of living, design, security and comfort) Inwido pursued a strategy to differentiate its position in the market by drastically altering its several product-market combinations. To avoid the price pressure caused by the industry's highly focus on production and capacity (e.g. most of the competition lowered their prices to increase volumes Jeppsson (2010)), which led to decreasing margins, Inwido raised the ambition to become more user and consumer oriented company.

*"... going from a supplier to the building material industry to... a company of consumer products. And that is for us a long process that will take time...." (A8)*

Furthermore, a process of organizational restructuring was established to be create a more coordinated group that employs economies of scale in purchasing, product development, production and finance (Jeppsson, 2010). Also, it was proclaimed to exploit Inwido's existing expertise across company boundaries and national borders.

Among other initiatives, a light-matrix structure was established, several additionally key functions were employed, and personal was exchanged to develop the capabilities needed to foster the begun strategic change processes ("Inwido Company Presentation," 2012; Jeppsson, 2010; Linden, 2012; see also Appendix A4-A9)

## Dezentralized business responsibilities

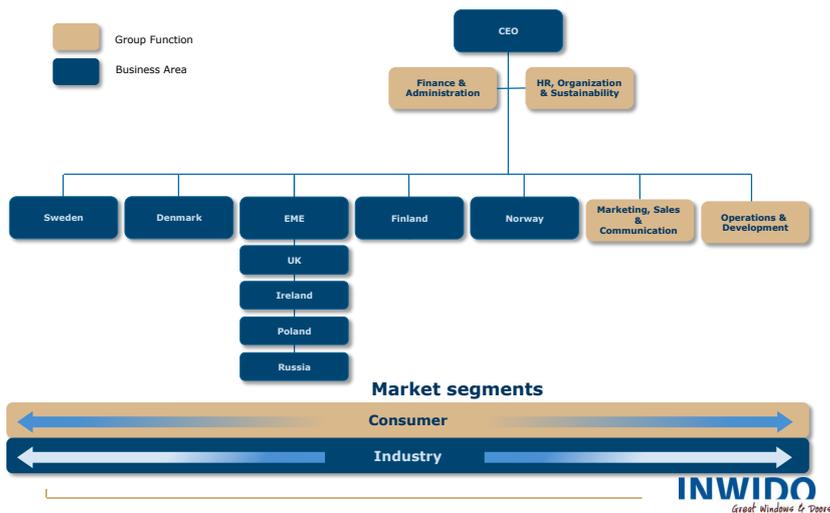


Figure 12: Inwido's "Light-Matrix" Structure ("Inwido Company Presentation," 2012)

In the following, Inwido established BA Home Improvement & Supply in effort to diversify its offering in comparison to the competitive environment. The BA Home Improvement & Supply was a combined SBU that embraced a set of small companies that sold a range of different interior products for the home to the end-consumer. It also embraced, several small manufacturing firms that operated as a vertically integrated supply organization to the Inwido Group but also to external customers. ("Inwido's Annual Report 2011," 2012). According to proposed strategic misfits ("Inwido sells Home Improvement business area," 2012) the Home Improvement part of the combined SBU was sold in 2012. Although Home Improvement embraced designated end-consumer companies ("Inwido's Annual Report 2009," 2010; "Inwido's Annual Report 2010," 2011; "Inwido's Annual Report 2011," 2012), it did not fit with Inwido's future plans (see also Appendix A7-A8):

*"Inwido's focus is to be the leader in Europe within windows and doors. We have therefore decided to sell this business area since it is a retail operation with a totally different business model and therefore offers no economies of scale with our other operations." (Jeppsson, 2012b)*

*“...we thought we can complement their product range and then take their experience in accessories...but there was never a real connection between windows and their product range established.” (A8)*

*“Those products were sold differently than windows and doors...it was a different business...I mean if we had come further with the development with this company I think we could have seen more synergies.” (A7)*

At about the same time the divestment process was conducted, Inwido launched its corporate core values, which are closely linked to the ambition and mission of Inwido to become a consumer-driven company that fosters organic growth (Jeppsson, 2012a, 2013; Linden, 2012). Proposed as daily guidance for leaders and employees on how to think and act and in prospect to continually develop as an organization Inwido launched the following three corporate values in the end of 2011:

**Inwido’s Core Values** (Wessner, 2013):

1. Consumer in mind<sup>2</sup>
2. Courage to improve<sup>3</sup>
3. Competent people<sup>4</sup>

Today Inwido’s corporate network embraces twenty brands that are settled in two superordinated market segments (end-consumer and industrial customer).

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<sup>2</sup> *We want everyone to have the insight and to have an end-user mindset throughout the whole Inwido organization. (Wessner, 2013).*

<sup>3</sup> *We are prepared to make changes in time, and make these changes to fulfill our company strategy and goals. (Wessner, 2013).*

<sup>4</sup> *We need honest feedback, and openness as a way of behaving even when giving feedback, rather than avoiding the difficult subjects (Wessner, 2013).*



Figure 13: Inwido's Brand Portfolio ("Inwido Company Presentation," 2012)

Thereby, a set of channels is used to reach the particular target group (Consumer markets: Direct, Middleman Retail; Industrial markets: Construction and House factories) ("Inwido Company Presentation," 2012).

### Local brands in two market segments

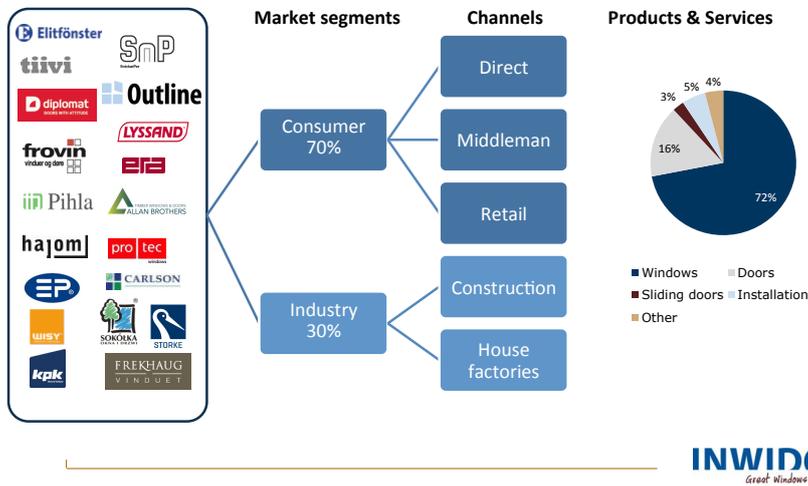


Figure 14: Inwido's business structure – Brands, Segments, Channels, and Offerings ("Inwido Company Presentation," 2012)

Historically the window and door industry is characterized by only incremental innovations, which are more or less based on product quality improvements, cost reductions and additional service offerings (Linden, 2012).

As response the subject of Inwido's renewed strategic orientation stresses the focus on dynamic innovation and internal growth, which explicitly stresses the importance to find more radical innovation and once again to shift its focus from a supplier for windows and doors to a company that predominately targets the end consumer market (Jeppsson, 2013; Linden, 2012; see also Appendix A4-A8). As one of the latest initiatives that pinpoint the strategic reorientation Inwido launched a cooperative initiative ("Inwido Compete and Incubate Innovation Challenge") together with a business incubator ("Ideon Innovation startar innovationstävling med Inwido," 2012; Jeppsson, 2013).

In general Inwido's management team seems to have understood the new strategic orientation and the importance of innovation for organic growth the desired results are lacking (Linden, 2012).

*"... I think we're at the stage where we have created an internal understanding of what it means to be... having...that's one of our core values...the 'consumer in mind'...it is...not only our customer in mind, which is often business to business." (A8)*

Linden (2012) further propose that Inwido's problem is not its organization's innovation capabilities it is more that no common comprehension, standardized process or framework exists of how to drive innovation internally (Linden, 2012, p. 10).

*"It [product development process] takes too much time, the process is too long. We need to shorten it to be able to take it quicker to market. (A4)*

Cross-brand synergy effects are rarely and each BA is more or less working separately and independent with regards to the development of innovation (Linden, 2012; see also Appendix A4-A6). As a result the innovation implemented can still be perceived as incremental and occasionally (Linden, 2012; see also Appendix A4-A6). Also, a valuable customer long-term relationship is still missing (Linden, 2012).

To grow Inwido organically it is crucial to establish an approach to reallocate the existing innovation capabilities to systematically drive the needed change towards Inwido's proclaimed strategic goals:



**Figure 15:** Inwido’s strategic goals ("Inwido Company Presentation," 2012)

To proactively pursue Inwido’s organic growth further by launching innovation more constantly and establish a valuable CR to foster the realization of a consumer-driven company one can claim for new shift in Inwido’s *dominant logic* .

*“We often talk about having different approach but when it comes to the actions we are still using same terminology. We are still approaching the customers in the same way....but to be able to get the right people you need to have to understand: Where are we? What are we focusing on? What are the needs that our customers have? ... We definitely have a challenge internally that we need to solve...a new way of thinking.”(A4)*

In effort to drastically changing its collective cognitive orientation to develop the organizational capability that are required to become a company, which has “*the consumer in mind*” (Appendix A8), Inwido considerably undergoes a new process of *strategic repositioning*.

This new process of SRP embraces several interrelated change initiatives to foster the set of proclaimed strategic goals. One of these initiatives particularly represents the research setting of this thesis:

*“So, we have to find something else...so, we talk about accessories today and I think we have an opportunity there because no one else is focusing on that: accessories...I think it is about increasing the speed of doing things...by build up an organisation that is very agile and flexible and the time to market is very short and focused on accessories...” (“Inwido's new venture plan.,” 2013)*

Inwido’s idea consist basically of spinning out a new venture that enters the markets to develop a so far underexplored product-market combination and increases the innovation speed of Inwido by employing new sales channels (Appendix A4-A9), establishing a valuable customer relationship (Appendix A6-A9), and exploiting the corporate capabilities and combining them with external capabilities in unemployed manner.

*“A Platform where you can probe and learn how social media work... Learn how to convert site visitors to costumers...” (“Inwido's New Sales Platform,” 2012)*

*“...design it...to establish a valuable and beneficially sustainable long-term consumer relationship...to integrate the consumer in a more dynamic way...educate them.” (“Interview: The new venture - requirments regarding a SRP,” 2013)*

*“...we should start a new venture...and use external knowledge to come up with new ideas and new products because our current knowledge is actually a big barrier for us to innovate...”. (“Inwido's new venture plan.,” 2013)*

According to the VP R&D of Inwido AB, who can be recognized as initiator and entrepreneurial champion of the new venture project, the idea basically addresses a creation new product-market combination that characterizes a SRP (see 2.2). It shall focus on introducing new products and/or services to the market, which should differ substantially from the current product portfolio and the competitive offerings, whereby Inwido also highlighted the difference in requirements regarding the value chain/value creation process:

*“So, we have to find something else... build up an organisation that is very agile and flexible and the time to market is very short and focused on accessories...”*  
(“Inwido's new venture plan.,” 2013)

## 4.2 Key challenges

In this chapter the author tries to present the gathered data that can be related to the strategic decisions that had taken place at Inwido regarding their pursued strategic renewal, which includes an initiative dedicated to SRP (see chapter 4.1) These strategic decisions should be perceived as either immediately affecting the currently on-going process of SRP or providing implications about challenges that occurred in the past or might occur in the future. The interviews and meetings took place during a simultaneously conducted business project, which was focused on the conceptualization of the spinout as a partially or fully owned new venture.

Regardless the fact that the responsible executives consistently support the plan to spinout a new venture they stressed several main challenges, which should be perceived as based on their own experiences and perceptions. Thereby, the mentioned challenges are either dedicated to the overall aspect of Inwido’s capabilities to carry the desired strategic changes or directly related to the spinout plan that should implement the desired changes in terms of SRP.

Especially, the challenge of establishing a valuable customer relationship (CR) is identified as crucial:

*“Retailers would like to protect their consumer information because that is the information of power, and that is one of our main obstacles. We would like to get closer to end consumer; first know who it is, than to interact with them more often so we can sell accessories between windows being exchanged.” (A5)*

As proposed (see previous chapter 2.1-2.2.) a SRP that should provide the potential for long-term success has to reflect the strategic fit to the overall strategy of the firm. Thus, it should be considered that a SRP also implies to question the design of viable BM that best serves the pursued goals:

*“Since we have been successful we should stick to that but I also think we have to try and test new ways of doing business...develop a new business model...is necessary for the future!” (A6)*

*“I mean we have a direct business model...but we have also some channels, especially the retail channel, which is under strain...and our question is if they are actually bringing some value here!?!...Either we need to develop them [business models] together with them [retailers] or we need to challenge them [channels]...”(A7)*

Thereby, Inwido also highlighted a challenge that has major impacts on the strategic decision-making and thus on the design of the SBU’s strategy, which was not recognized in the theoretical framework as potentially affecting the strategic decision-making process before: the image aspect of cross-brand strategies. Thus, a SRP should consider the threat that offered products or services potentially might affect the existing brand images in an unbeneficial way ("Interview: The new venture - requirements regarding a SRP," 2013):

*“...a...sandbox where you can test new things rapidly without... risk to destroy the value of any of our existing brands” (A6)*

*“...an obstacle can be if its start being really connected with our core brands the window and door business then of course it will be a... it will put a lock on the ideas that come in because then we have to monitor that it not negatively affect the brand values and it always has to go along with our brand.....”(A8)*

*“...our brand, names and so on, the model and what can be sold and how we do it and everything. Just to secure that our brands are not... maybe mixed and connected too much with new ideas ... We have to define a good setup there but them I'm up for it!”(A8)*

Another aspect that stresses out the key challenges of developing a fitting strategy to pursue a SRP is based on the early historical development, which was dominated by sale of Inwido ‘s Home Improvement BA due to strategic misfits ("Inwido sells Home Improvement business area," 2012). Thereby, another main challenge was highlighted that was rejected in the conceptual framework. While considering the overall strategy as guiding framework in itself, it has also hindering impacts. Especially for a SBU, which business is not immediately related to the established CBUs. As it can be identified by comparing Inwido’s official, vision and designated strategic core values and a statement of an executive talking about the reasons for the divestment in the Home Improvement BA:

*“...we thought we can complement their product range and then take their experience in accessories...but there was never a real connection between windows and their product range established.” (A8)*

*“Those products were sold differently than windows and doors...it was a different business.” (A7)*

With reference to the sale of the Home Improvement BA in 2011, which could be perceived as designated consumer SBU ("Inwido's Annual Report 2010," 2011), one can claim that a SRP that is designed to pursue a consumer-driven initiative could face the major challenge of a short-term misfit with the overall strategy and designated core value:

*“...I mean if we have had come further with the development with this company I think we could have seen more synergies.” (A7)*

*“We are proactive and strive to be in the front line of innovation in everything we do” (“Inwido Company Presentation,” 2012)*

As acknowledged by the author in the theoretical framework, also Inwido acknowledged the business model as attributed with a broader scope than a solely focus on managing the various revenue stream of their network of different SBUs. It can be assumed that the BM is acknowledged as practical application of the guiding strategy. Further, it can be argued that Inwido identified the BM also as reflecting external occurring challenges:

*“I think it is about increasing the speed of doing things... I think speed is the key to this business model and time to market...” (“Interview: The new venture - requirements regarding a SRP,” 2013)*

*“We are too slow on the trigger and we are too slow on the implementation. If we could find a more direct model that we could faster to the customer with faster responses...” (A5)*

*“...let the consumer be aware of what is possible...maybe the price is not that important of that kind of solution it's more...look for new ideas...” (“Interview: The new venture - requirements regarding a SRP,” 2013)*

Especially lacking individual competences were identified as crucial challenges that need to be overcome to pursue the processes to perform the designated strategic renewal:

*“We haven't got the competence in quite a few areas. We're lacking...I wouldn't say completely lacking but we have so little of them that they are so broadly spread all over the company.” (A7)*

But also organizational capabilities in terms of the *organisations absorptive capacity*<sup>5</sup> were identified as elemental challenges:

*“We often talk about having different approach but when it comes to the actions we are still using same terminology. We are still approaching the customers in the same way....but to be able to get the right people you need to have to understand: Where are we? What are we focusing on? What are the needs that our customers have? ... We definitely have a challenge internally that we need to solve...a new way of thinking.”(A4)*

But also the need for dynamic resources was recognized as challenge when pursuing a of heuristically designed strategic renewal.

*“We talk about resources, currently I don't see that we don't have the resources necessary to be able to start this journey.” (6 A3)*

Whereby again the intangible resources, especially knowledge, was emphasized:

*We need a better understanding on why we do it and how we should do it and why it is important.” (A4)*

Furthermore, it was stressed that Inwido perceive the challenge to manage organizational capabilities as largely attached to human resource management (HRM). Also, it was emphasized that the implementation of vertical processes<sup>6</sup> aiming to educate and train the desired competences should be pursued to overcome the challenge of lacking individual and organizational capabilities:

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<sup>5</sup> Absorptive capacity can be described as „...the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends is critical to its innovative capabilities.“ (Cohen & Levinthal, 1990, p. 128)

<sup>6</sup> A vertical process refers to a process that drives the flow of knowledge . (Wiest, 2011 according to: Snider & Nissen, 2003)

*“...we have gaps in competence...we need either to do educate the ones we have or we need to take out old competence and exchange that to new competence. (A9)*

Finally, Inwido perceive the challenge of capability also as a challenge of allocating the existing competences and resources:

*“...they are so broadly spread all over the company. So you don't really get the gain of them [people with competence]. Since they are not allowed to focus on the areas where they really can make a change.” (A7)*

The element “people” was identified as revealing several challenges regarding the pursued strategic change processes, which also embrace several other aspects that can be perceived as immediately related to the human dimension within organizations (e.g. lacking motivation of people, need for situative leadership skills, etc.). Management and employees were it was identified as both main challenge and central mean to pursue change:

*“You need to get people on board and understand why change is necessary. Because most people perceive change as threatening.... I think this is the challenge, which I like. It is fun to see people get glimmer in the eyes when they understand that change is actually an opportunity.” (A7)*

*“Internally of course there are several challenges, one of them being the hesitance of people to change... So I'm sure we have to do a lot more in that making people understand the ‘Whys’ the ‘Whats’ and the ‘Hows’.” (A9)*

Also, the challenge of carrying a certain profile of individual capabilities that would be needed to participate in the strategic change processes was identified:

*“And we are doing that...I would say we have done that over the past three years to change...the top sixty managers within the company, like I think we have exchanged forty of those...”(A9)*

A great emphasis was put on issues concerning the leadership capabilities of persons, who are mainly responsible to motivate people to actively participate in change processes and to live the proclaimed core values to affect the attitude towards strategic renewal:

*“...I mean we are at least aware of obstacles and also aware of the importance to motivate people and to get people on board when you're doing changes, so and then of course it always comes down to each individual leaders and how well they know their people and how well they manage them.... I mean we tried to motivate or incentivize the ones that are moving change the most of course.”*  
(A9)

Although it was stated that rewarding and incentivizing people was not core of the company's culture in the past, individual rewards were identified as essentially contributing to overcome the challenge of motivating people for participating in change processes:

*“I mean all the people that have worked within this company for 25 years are used to doing things in a certain way. And getting them motivated to do things differently, I think, is a great barrier.”* (A7)

*“...I mean there has been sales competition started and other kinds of competitions... since the last three years, we're also rewarding the best Inwido business area every year and so on...I'm sure there's more we could do on that part...Definitely, I'm sure that the, we do not live in a culture that is used to those kind of individual rewards. That is not been the way that you have traditionally geared the people in the company...”* (A9)

Inwido investigates the involvement of the management also as a hindrance for the development and motivation of the individual, which is needed to facilitate a SRP. Especially, if considering the aspect that conducting a SRP that aims to create a new product-market combination cannot or only slightly draw back on existing knowledge. Thus, decisions cannot be taken on previous experiences and imply a degree of novelty, which can substantially differ from acknowledged and proven decisions and procedures:

*“The management is too involved in the daily activities! If the manager are involved in everything suddenly you're very scared of doing something... It becomes very static... and then you are afraid of taking the decisions...your own decisions.”(A6)*

A specifically motivating role can be attributed to the CEO as incubator and champion of the overall strategic direction of Inwido. As impersonation of the guiding strategy the CEO has not only implications for the design process of the strategic orientation but also major impact on pursuing the development of the strategic objectives further (e.g. employing or reallocating the needed capabilities in a particular area, etc.):

*“Our CEO Håkan Jepsson of course had a vision of where he wants to go and what he wants us to be good at...” (A4)*

*“The change that has been made with the new CEO, there has been huge difference compare to how it was before. For both good and bad...(A5)*

*“Yes, I was the first one Håkan [CEO] employed. I think he looked for someone with my capabilities. (A7)”*

Main challenges that might occur regarding the concrete SRP initiative to spin out a part of Inwido's business were discussed, which were acknowledging that knowledge and capabilities have to be looked at from a bilateral perspective:

*“I think it will take a vey long time to change the current way of doing things here at Inwido...our current knowledge is actually a big barrier for us to innovate... So therefore, we have to start something new with new fresh people that don't have that barriers.” (“Inwido's new venture plan.,” 2013)*

*“... doing it outside is.... there I think it could be tricky if you doing it with new people without knowledge about the industry... it could be failure so it's very important that you leverage the knowledge we already have.” (A6)*

Especially, to amplify the implementation of the new core values that should help to support the realization of the strategic renewal the organizational structure can be perceived as hindrance:

*“...to be able to put...more emphasis on the change and that it was necessary and*

that it was necessary to get things done quite quickly. There has to be an organizational [structural] change.” (A9)

The challenge of organizational structure is furthermore perceived as an continuously on-going change. Moreover, it was assumed that an organizational structure has to increasingly adapt to the requirements that the future might reveal:

“I’m not sure that the light-matrix will be able to facilitate the whole journey, so to say... but I would say within the next three to five years there would have to be additional organizational changes to really, really get this going.” (A9)

*“...to be able to be really effective in that end of our business...I think we need a more centralized approach to...it's a few years from now but I think we're heading in that direction ...”(A7)*

Contrary it was questioned if a centralization of the decision-making process should really be perceived as contributing to establish a consumer-driven organization that not only reacts to changes in the environment but also proactively affects those changes. Thus, the structure also largely affects the efficiency of organizational processes:

*“...looking at the possibility maybe to have a company outside of Inwido or handling innovation so you won't get stuck in the bureaucracy within the company...as I said the organizations becomes more complex because you need to consider all aspects of the organization. (A4)*

Moreover, the structure of the organization was identified as serving as supporting framework of cultural change. While the people inside the organization can be perceived as “processors” and “carriers” of the proclaimed organizational vision, strategy, culture and core values the structure of the organization provides the infrastructure.

Thus, the structure was recognized as largely influencing the organizational penetration of these designated dimensions of *strategic planning*<sup>7</sup>.

*“Well, as you know, we have the strategy to go from a production-driven company culture to a consumer-driven company culture. Of course it needs to be driven by different things - among them, the organization.” (A7)*

*“...the light-matrix then was introduced...to be able to reach our mission and vision...because historically all those kind of questions have been within the local management team and we don't...I mean it will take too long for all those questions to be taken.” (A7)*

Inwido acknowledges culture as general facilitator of change. On the one hand, it can be perceived as affecting the organizations absorptive capacity and what is commonly perceived as taken for granted. On the other hand, it describe the general shared mind-set and core values:

*“I mean we are coming from this production cultural background...different production facilities that are somewhere in the middle of nowhere where people are more or less like: they want to stay there, they need a job and our factories are almost the only choice they have...” (A9)*

Equally to the main challenge “structure” the dimension “culture” provides a superordinated area in which the certain characteristic of change can take place. Moreover the culture is rebuilding itself during the whole strategic renewal process. Consequently, the outcome of strategic renewal can also result in an evolved culture. The proclaimed process can be pictured by screening the following statements by an executive, who accompanied the change process from the earliest hour (A9):

*“I would say that the traditional culture was very much, actually, the production orientation. I mean we've sold what we could produce...I think that has been the traditional culture... The culture we're in right now is in between cultures I would say.” (A9)*

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<sup>7</sup> Strategic planning as process of determining an organization's strategy embraces several key components. Among others, (P. Kotler et al., 2009) propose the key components: *vision, mission, values, strategy*, and *culture* as heuristically integrated component.

*“...we are changing the culture. The culture from before would not allow this change but since we are changing the culture. I mean that's part of the whole strategy process.” (A9)*

*“...it's not been implemented I would say. But the culture we are driving to is of course, to have a consumer orientation and happy to become a consumer orientated company...” (A9)*

## 5 Analysis and discussion

This chapter is structured as follows: Firstly, in respect of the proposed theoretical frame of references the author is evaluating if Inwido's process of strategic change and strategic renewal can also be classified as embracing the characteristics of SRP. Therefore, the author decided to relate the development process of Inwido's early history (see chapter 4.1) with the proposed interpretation of SRP (see chapter 2.1.-2.3.) as subordinated concept dedicated to the domain of strategic renewal. The latter, as corresponding part of *strategic entrepreneurship* (Kuratko et al., 2011), can again be classified as concept belonging to the framing area of *strategic change*. Secondly, the chapter 5.3 presents the analysed interview data to compare the identified practical challenges with the proposed conceptual framework (see chapter 2.3.2.) in effort to test if the model holds. Thirdly, a revised conceptual model is presented as final outcome of the case study.

### 5.1 Strategic renewal

Strategic change can be perceived as synonym for radically redesigning the generic substance of a company's strategy, which is determined by its scope, resource utilizations, competitive advantages, and synergy to other fundamental strategic entities strategic concepts and areas (e.g. strategy, culture, organizational structure, core values) (Aggarwal & Mudambi, 2005; Ansoff, 1957; H.I. Ansoff, 1965; Dolan & Garcia, 2002; G. Hamel, 1996; Hofer, 1980; Hofer & Schendel, 1978; Ryan et al., 2007; Spector, 2007). While Ven and Poole (1995) and Rajagopalan and Spreitzer (1997) further claim that *strategic change* is defined as the company's effort to align with its over time altering external environment, Spector (2007) argues that strategic change, though, should not be perceived as a singular concept (Agarwal & Helfat, 2009; Aggarwal & Mudambi, 2005; Hofer & Schendel, 1978; March, 1991; Mintzberg, 1979; Mische, 2001; Nelson & Winter, 1982; O'Reilly & Tushman, 2004; Rajagopalan & Spreitzer, 1997; Sundbo, 1999). Facing the environmental threats of the global economic downturn caused by the economic crisis of 2008 industries *strategic inflection point* Inwido pursued a process of several drastically strategic changes among them a drastically renewal of the strategy, a process of organizational restructuring (introduction of the light-matrix to develop a more coordinated group, new key functions), changes in the leadership culture (exchange of 2/3 of the TMT and leadership training) and the proposal of core values ("Inwido Company Presentation," 2012; Jeppsson, 2010; Linden, 2012; see also Appendix A4-A9). Inwido thus conducted a process of synergetic strategic change to develop

the dynamic capabilities needed to pursue the proclaimed goals (Aggarwal & Mudambi, 2005; H.I. Ansoff, 1965; 1988). The so far successful *dominant logic* (Bettis & Prahalad, 1995) of Inwido, which can be described by a classical product-driven/resource-driven focus (A6-A9), was additionally affected by price and volume competitions (Jeppsson, 2010). Furthermore, Inwido was not perceived as providing the organizational capabilities to sustain the established competitive advantage anymore ("Inwido's Annual Report 2009," 2010; Jeppsson, 2010; also A5/A7). Consequently, a *renewal* of the designated strategy to a modify Inwido's intention to protect or extend its sustainable competitive advantage (Spector, 2007). The conducted *strategic renewal* aimed to drastically change the focus of Inwido's vision, mission, and designated strategy (Jeppsson, 2010; also A4). The newly proclaimed strategic goals were focused on the establishment of a consumer-driven company ("Inwido Company Presentation," 2012; "Inwido's Annual Report 2009," 2010; Jeppsson, 2012a; Linden, 2013) to further renew the *dominant logic* of Inwido. Also, corporate core values were communicated to strengthen a common understanding of the new strategic orientation and raise the overall commitment to the renewal process (Wessner, 2013; also A9) Since Inwido's pursued strategic renewal seeks to essentially redefine customer expectations, change relationship with customers, redefine market dynamics, and/or the firms generic basis for competition and also modifications in the core business models, one can claim that they conduct a *transformational strategic renewal* (G. Hamel, 1996). *Strategic renewal* can also serve a more incremental purpose (G. Hamel, 1996); Mische (2001); (Spector, 2007; Wessner, 2013), which basically comprises decisions regarding plans to expand into new product or service lines or to capture new market segments (G. Hamel, 1996). One initiative germane to the domain of *incremental strategic renewal* was the establishment of Inwido's BA Home Improvement & Supply, which was designed in effort to horizontally diversify (Ansoff, 1957) Inwido's offering in comparison to the competitive environment ("Inwido's Annual Report 2011," 2012; see also A7/A8). According to strategic misfits (Jeppsson, 2013; see also A7/A8) the Home Improvement part of the combined SBU was sold in 2012("Inwido sells Home Improvement business area," 2012). Although, Home Improvement embraced designated end-consumer companies it did not complement to the Inwido's proclaimed strategic goal of establishing a consumer-driven focus (Jeppsson, 2012b; see also A7-A8). Nonetheless, it was also stressed that it might also been due to a lack of organizational capabilities to managing the efforts of establishing synergetic effects to Inwido (A7).

## 5.2 Key challenges

The perceived challenges are classified according to the proposed conceptual framework (see chapter 2.3.2). In acknowledgement of potential deviations the author altered the preselected challenge groups.

### Culture and core strategic values

As stated above Inwido acknowledged the challenge of having a guiding overall orientation for management and employees that states how they should acknowledge their daily work and assist to how they basically should think and act. In Inwido's case these core values helped to generally alter the *dominant logic* in changing the focus from a production-driven to a consumer-driven company (A7/A9). Thereby, Inwido perceived the core values as integrated part of the company's culture, which they described as a continuously evolving frame (A9). On the one hand, the culture affects the strategic thinking of the TMT and the employees (Ryan et al., 2007) as a better internal communication, the team spirit, and an effective user communication is perceived as part of the cultural challenge (Chan & Soong, 2011) On the other hand, the culture itself is affected by the individual cognition of the organizational members and can thus be perceived as a challenge that is dedicated to the centre of strategic change processes (A9). In acknowledgement of the perceived superordinated scope of culture and core values the author decided to cluster both challenges as they reflect more that fundamental underpinned of a process of SRP by embracing the purposeful, enduring, fundamental values (Collins and Porras, 1996), which guides the thinking and decision-making process. Hence, the challenge of organizational culture within SRP can be perceived as keeping the symbiose to the proclaimed strategy (A7) and the implemented organizational structure (A7/A9) as all together determine the firm's capability to adapt to strategic change processes (Aggarwal & Mudambi, 2005; H.I. Ansoff, 1965; Ansoff & McDonnell, 1988) So, one can claim that the divestment of the Home Improvement BA can also be perceived as misfit in the way the responsible executives thought (Jeppsson, 2012b; see also A7/A8)

### Brand reputation and cross-brand effects

Ryan et al. (2007) state that management's belief in the product or brand is essential to a repositioning strategy as much as the awareness about market and customer.

The analysis of the gathered data could neither support nor weaken this proposed challenge. Nonetheless, Inwido stressed other aspects regarding brands and products that might be employed during a SRP, which can be perceived as essentially mattering: cross-brand effects. Inwido's planned initiative to spin out a new venture can be pictured as a *conglomerate diversification* (H.I. Ansoff, 1965; Rijamampianina et al., 2003) as it should employ new channels (online and social networks), new products (innovative accessories), and integrate the end-consumer more direct and dynamically (Berglund & Linden, 2012; "Inwido's new venture plan.," 2013). As Inwido did so far not employ these elements in the established business structure (see figure 14) they cannot draw back or only minor draw back on existing expertise ("Inwido's new venture plan.," 2013). Accordingly, Inwido stated that all initiatives that make use of unfamiliar products or brands have to be established externally. Thereby, the author acknowledges the threat of unprofitable cross-brand effects that might negatively affect the image of established brands. This further has also major implications for the direction of the SRP.

#### Strategic flexibility/learning capabilities

Ryan et al. (2007) claim that the organization's learning capability is a keystone of a successful repositioning strategy (Senge, 2000). Inwido also identified competence, knowledge and individuals innovative capabilities as one of the main challenges of SRP. As it is also stated ("Competent People") as one of the corporate core values (Wessner, 2013). Inwido identified the need for people that reveal the required capabilities to pursue the proclaimed strategic goals. Thus, Inwido not only employs trainings to develop the required leadership skills of the TMT and middle management (A9), they also exchanged of executives in key roles were implemented (A7/A9). Accordingly, they conduct a process of exploration of new capabilities as well as the exploitation of the current knowledge base to gather the required capabilities implies (March, 1991). Inwido thereby especially points out the role of the CEO as change driver, incubator and entrepreneurial champion (Kuratko et al., 2011) of the overall strategic direction, who should reveal the capabilities to proactively design the strategic orientation but also pursuing the achievement of the proclaimed strategic objectives further (e.g. employing personal or reallocating the needed capabilities in a particular area) (Ryan et al., 2007).

#### Capitalize on customer awareness and sensitivity

The importance of customer awareness and sensitivity was already recognized by Inwido, which can be picture by the presents of a consumer orientation in the strategic goals (see figure 15), corporate core values (Wessner, 2013), as well as in the dominant mind-set of the TMT (Linden, 2013; see also A8). The challenge for any SRP initiative is to establish a comprehensive awareness of the potential target groups and their consumption behavior (Awa & Kalu, 2010; Foss & Ishikawa, 2006; P. Kotler et al., 2007; MacMillan & McGrath, 1997). Resultantly, Inwido's plan to spin out a company which main purpose is the establishment a valuable customer relationship ("Inwido's New Sales Platform," 2012; "Inwido's new venture plan.," 2013) can be identified as integrative measure to tackle the challenge of customer awareness. Furthermore, one can claim that this challenge was underestimated during Inwido's earlier trial to establish a consumer-driven accessory company (Home Improvement BA).

#### Management Commitment

In general Inwido's management team seems to have understood the new strategic orientation and the importance of innovation for organic growth (Linden, 2012; see also A7-A9). Further supporting arguments to identify management commitment as a key challenge could not been investigated. Resultantly, the author decided to skip the proposed key challenge "Management Commitmen" in the revised framework.

#### Business model

Inwido identified the need for a developing a viable BM that would allow to transport and communicate the adapted core values to the end-consumer market, since the established BM are lacking the dynamic component (A6/A7). As their pursued SRP can be perceived as a *conglomerate diversification* (H.I. Ansoff, 1965; Rijamampianina et al., 2003), which is planned to use online channels and social networks, a range of innovative new accessories products, and an integrated more dynamic interaction with the end-consumer (Berglund & Linden, 2012; "Inwido's new venture plan.," 2013), Inwido assumes that a dynamic BM characterized by increasing the speed to the market is needed (A5). Regardless, their perceived scepticism regarding the further potential of the future applicability of one of their established BM ("Retailer", A5/A7) Inwido does not feel an urgent need to drastically redesign it as long as it is positively contributing to the revenue ("Interview: The new venture - requirments regarding a SRP," 2013). Consequently, another challenge should be considered, which can be described as managing

ambidexterity (Chesbrough, 2010; V. Govindarajan & Trimble, 2005; O Reilly & Tushman, 2004; W. K. Smith et al., 2010).

### Motivation

Management literature stressed the importance of individuals for organizational change in several manifestations (Agarwal & Helfat, 2009; Bridges & Bridges, 2009; Christensen & Overdorf, 2000; Kotter, 1996; Tripsas & Gavetti, 2000).. Inwido especially stressed the challenge of motivating employees to take part in change processes (A7). Inwido also identified people as hesitant to change, which can be assumed as a challenge that rather belongs to the domain of “Strategic flexibility/learning capabilities” (Cohen & Levinthal, 1990; Hannan & Freeman, 1984). Consequently, the author decided to adapt to Inwido perception of the proposed key challenge “People” and label it “Motivation”, which better describe the characteristics of the assumed key challenge.

### Structure

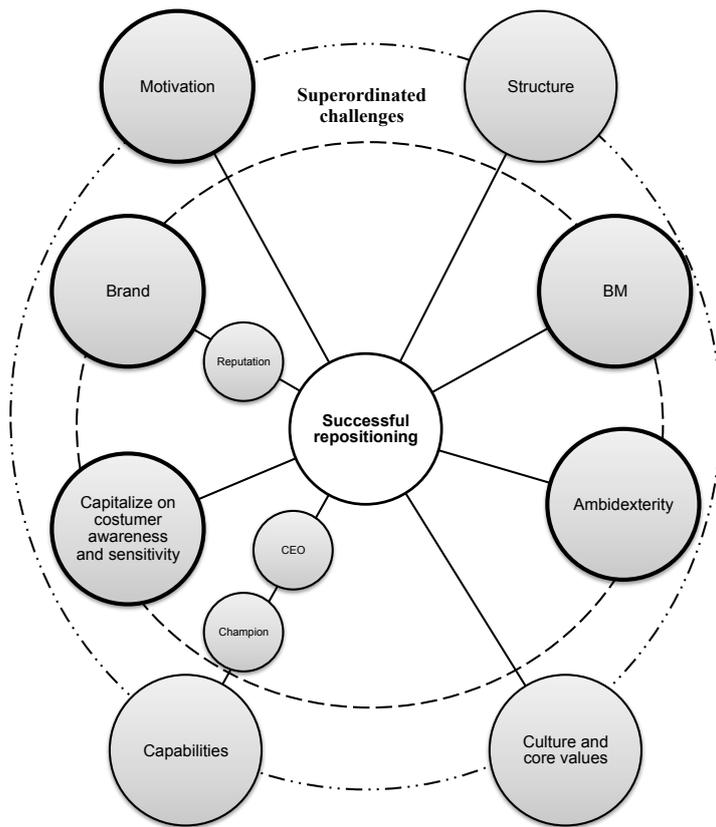
In acknowledgement of Ryan et al. (2007), who are limiting their work by questioning the scale of change within their surveyed SRP due to the lack of structural modifications, Inwido proposed the organizational structure as a main challenge. In consideration of the informal (the emergent pattern of social interactions within organizations) and the formal (normative social system designed by managers) elements of the organizational structure (Gulati & Puranam, 2009), Inwido altered its pre-existing formal structure by establishing the “light-matrix” (A7/A9). Also, the informal structure was adapted, which can be exemplarily pictured by the proclaimed strategic corporate goal “Operational excellence through group co-operations” (see figure 15). With regard to the launch of the new venture the organizational structure additionally has influence on employed sales and communication channels as well as for the interfaces to the corporate network and strategic alliances (Aggarwal & Mudambi, 2005). With regards to Turner (2003) and the previously discussed classification of SRP and underlying theoretical streams (see chapter 2.2), the author also highlights the challenges that lies in the misalignment of strategic orientation and the organizational structure.

### 5.3 A revised framework for successful strategic repositioning

The author revised the conceptual framework according to the findings presented in chapter 5.2. The outcome represents a model that provides a guiding framework for successful repositioning in a multi-brand business. The perceived key challenges “Structure” and “Capabilities” as well the combined challenge “Culture and core values” and the adapted challenge “Motivation” were identified as having a more framing character that reflects the heuristically interrelation to the fundamental domain of strategic renewal. Nonetheless, the superordinated challenges should be perceived as also valid for the actual repositioning process as they were identified as preparing challenges that need to be overcome in an initial stage since they were perceived as revealing a determining character for the execution of the SRP (establishment of new SBU/retrenchment of old SBU, major changes in the product-market combination, and increasing focus towards the establishment/retention of a CBU) (Ansoff, 1957; Palich et al., 2000; Michael E Porter, 1987; Ramanujam & Varadarajan, 1989; Reichel, 2005)

The inner circle reflects perceived challenges that were directly related to the actual process of SRP, which are represented by the need for a viable BM, a synergetic cross-brand strategy, the identification of mechanisms to capitalise on customer insights, and the need for a heuristically consideration of ambidextrous evaluation criteria and crucial decision-making processes (e.g. resource allocation, leadership aspects, etc.).

Three integrative challenges were identified that are neither dedicated to the domain of the actual SRP nor to the framing process of strategic renewal: the challenge of brand reputation, the need for an entrepreneurial champion, and the major influence of the CEO.



**Figure 16: A Revised Conceptual Framework – Perceived Challenges of Strategic Repositioning Processes of a Multi-Brand Corporation in the Construction Industry**

## 6 Conclusions and implications

### 6.1 Conclusion

In effort to contribute to the dearth of literature around the domain of SRP (Ryan et al., 2007) the author analysed the perceived main challenges of an organization's process of strategic repositioning. The author employed an approach of combining various conceptual frameworks of SRP (Aggarwal & Mudambi, 2005; Chan & Soong, 2011; Dittrich et al., 2007; Ryan et al., 2007; Turner, 2003) as well as conceptualization of frameworks regarding strategic renewal and organizational change (Agarwal & Helfat, 2009; Barker Iii & Duhaime, 1997; Kotter, 1996). This approach was chosen with regard to other case studies concerning SRP, which are either based on cases that are limited in their scale of change (Ryan et al., 2007), concentrated on organizational restructuring rather than changing product-market combination in effort to grow (Chan & Soong, 2011), or solely focused on the element of *concentration* (Michael E Porter, 1987) within the concept of SRP (Turner, 2003), or lacking a concrete definition and classification of SRP as it is used as interrelated to strategic change (Dittrich et al., 2007). Consequently, the literature concerning SRP can be perceived as not very extensive. The author provided a conceptual model (see chapter 5.3) that consists of eight main challenges and three sub-challenges, that should answer proposed research question:

*What are the perceived key challenges during an organization's process of strategic repositioning?*

The model can be perceived as reflecting the perceived key challenges of Inwido. Further, it was assumed that one could differentiate between key challenges that are more dedicated to the superordinated domains of strategic renewal and strategic change and those that can be directly related to the process of SRP. The perceived superordinated challenges embracing the following four dimensions:

Structure, Culture and core values, Dynamic capabilities, Motivation

Especially, the challenge of dynamic capabilities was perceived as crucial. One specific finding was the challenge that Inwido identified in the need for the entrepreneurial champion (Kuratko et al., 2011), who drives the change and takes the responsibility to make decisions that could conflict with the established way of how things were done before.

Also, the CEO as incubator and champion of the overall strategic direction, who is perceived as impersonation of the guiding strategy the CEO has not only implications for the design process of the strategic orientation but also major influence on pursuing the achievement of the proclaimed strategic objectives further (e.g. employing personal or reallocating the needed capabilities in a particular area). Accordingly, this again stresses the close interrelation to the key challenge represented by the element “motivation”, which can be perceived as majorly a challenge regarding individual inertia and the need to motivate to people in general to participate in strategic change processes.

Perceived key challenges that can be directly related to the more concrete initiative of SRP (establishing a SBU that creates a new combination of product and market) the author identified the following four main challenges:

Business model dynamics, Ambidexterity, Capitalize on customer awareness and sensitivity, Brand reputation and cross-brand effects

The author once again would like to highlight that the case study subject Inwido reflects the specific features of a multi-brand corporation. Thus, the perceived key challenges especially regarding the brand reputation and cross-brand effects can be acknowledged as very specific to the particular case.

## **6.2 Implications for research**

In this chapter the author would like to stress out his implications to future research. In acknowledgement of Ryan et al. (2007) the author of this thesis would also like to limitate his findings especially in terms of time scope of this research, As a strategic repositioning can be perceived as process with long-term prospect the author suggests that further research on topics around key challenges of SRP should at least include the realization process of the addressed issue. The author also assumes that future research could contribute to draw a “web of relationship” between the terms *strategic repositioning* (SRP) and the firm’s *Business Model* (BM), a term, which increasingly “...have surged into the management vocabulary.”(Shafer et al., 2005, p. 199). That a SRP can also reveal the need to change the established business models should be reasoned by reflecting that a BM can be described as “...management’s hypotheses about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit” (David J. Teece, 2010). David J. Teece (2010), further highlights a view that describes the BM as anticipation of changes in the environment.

Thereby, the author proposes that one can claim that key challenges of SRP can be perceived as overlapping to business model change. Especially, if the conducted SRP, like in the here proposed case of Inwido, embraces the plan to establish a new venture that reveals the need for a complete new BM (according to: Cavalcante et al., 2011: Business model creation). Furthermore, an extensive analysis regarding the relationship of SRP and organizational ambidexterity in mature businesses (Tushman and O'Reilly 2004, O'Reilly and Tushman 2008), could reveal contributing findings to the overall topic of SRP. As in the case of Inwido, SRP often takes place at the SBU level of multi-business corporations, which face the challenge of simultaneously building future new businesses to foster growth ambitions while also operating in the established CBUs. Finally, with regard to this case study as well as to the other scholarly literature concerning the domain of SRP, the author recommends that quantitative research or at least a multi-case study could contribute to provide more substantiated findings.

### **6.3 Practical implications**

The author assumes that the provided framework and findings can contribute to foster common understanding of the current situation within Inwido. With regard to the proposed key challenges the framework can contribute to increase the acceptance and commitment to change processes in general by providing the management a base to refer to when facing the situation of a planned SRP. The proposed conceptualization of SRP can also add to the anticipative capability of executive and employees in terms of fostering an intensive understanding of issues and processes dedicated to SRP. This will also contribute to enhance the proactiveness in terms of developing a valuable strategy for SRP, which considers potential necessary activities (e.g. resource allocation) on the base of guiding framework rather than reacting to the occurring issues. Viewed from a broadened base, the author wants to emphasize that this thesis can only serve as a rudimentary baseline case for thoughts on how manufacturing companies may meet the challenges of an increasingly dynamic environment. The analyzed case is characterized as quite specific in nature as the pursued SRP of Inwido is at least novel to the particular industry. Other companies, especially in unrelated industries might likely have other experiences, alternative methodologies and insights that again would enable other parties to learn and benefit from.

Although the company clearly identified the challenges of strategic and organizational change processes the challenges dedicated to the particular area of SRP can be perceived as quite novel to them. Especially, since Inwido is entering unknown territory with the discussed initiative of spinning out an social and online commerce-based innovation platform. By referring to the proposed framework a more structured process for future SRP could be conducted.

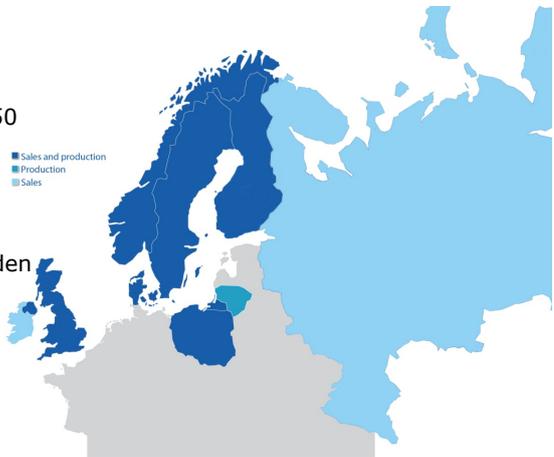
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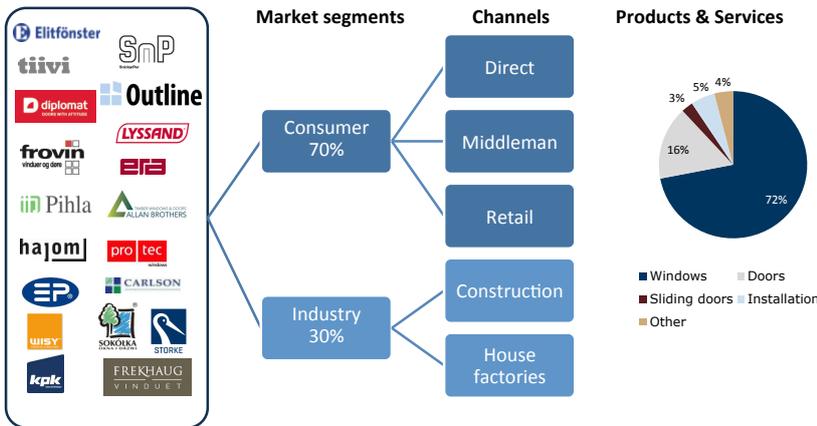
**Appendix A1: Inwido's company profile**

The leading window and door group in northern Europe

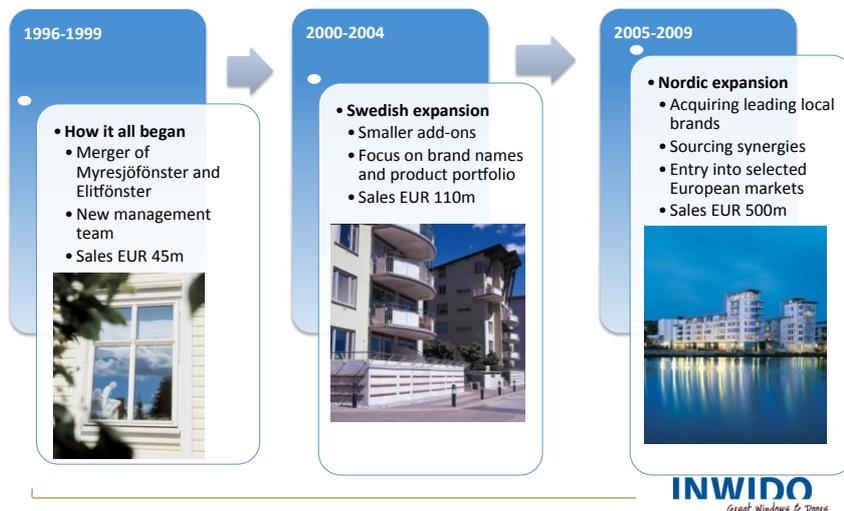
- » No. 1 or 2 position in all Nordic markets
- » Sales in 2011: MSEK 5 050
- » Employees: 3 500
- » Production plants: 31
- » Head office: Malmö, Sweden
- » Largest holding of Ratos



Local brands in two market segments



## Structured growth through acquisitions



### Business concept

**Offering**

- » Wood based windows and doors
- » Added services and accessories

**Customers**

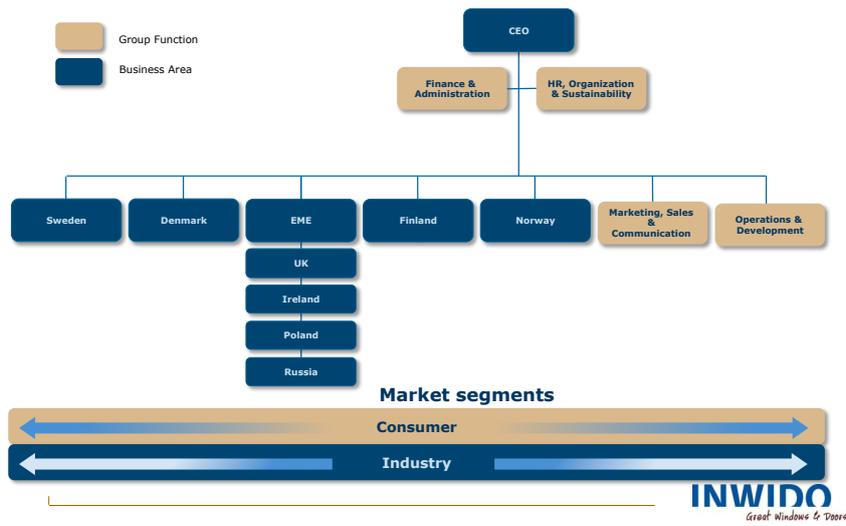
- » Consumers
- » Construction companies

**Value creation**

- » Innovative products
- » Lowering the cost of living
- » Contribute to a better environment
- » Security, comfort and design

6

# Dezentralized business responsibilities



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## Business drivers

- » Disposable income
- » Taxes
- » Interest rates
- » One off house prices
- » Economic confidence (consumers)
- » Public subsidiaries



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## Challenging mission and vision

**MISSION**

We improve people's well-being

**VISION**

Leading European consumer  
company

---

## Our Core values



**Consumer** in mind



**Courage** to improve



**Competent** people at hand

---

## Top 5 ambitions for European leadership



**1. Grow with profitability in Europe**



**2. Operational excellence through group co-operation**



**3. Establish a sales driven consumer company**



**4. Innovative solutions**



**5. The best people for the business**

## Appendix A2: Inwido's market overview

### Markets

Core markets: Nordic region

Side markets: East (Russia and Poland), West (Great Britain), Planned (Austria)

## Appendix A3: A dynamic RBV - Various views regarding dynamic capabilities

<i>Author</i>	<i>Definition</i>
<i>D. Teece and Pisano (1994)</i>	<i>The subset of the competences and capabilities that allow the firm to create new products and processes and respond to changing market circumstances</i>
<i>David J Teece et al. (1997)</i>	<i>The firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments</i>
<i>Eisenhardt and Martin (2000)</i>	<i>The firm's processes that use resources—specifically the processes to integrate, reconfigure, gain, and release resources—to match and even create market change; dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die</i>
<i>David J Teece (2000)</i>	<i>The ability to sense and then seize opportunities quickly and proficiently</i>
<i>Zollo and Winter (2002)</i>	<i>A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness</i>

<i>Winter (2003)</i>	<i>Those (capabilities) that operate to extend, modify, or create ordinary capabilities</i>
<i>Zahra, Sapienza, and Davidsson (2006)</i>	<i>The abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision maker(s)</i>
<i>Helfat et al. (2009)</i>	<i>The capacity of an organization to purposefully create, extend, or modify its resource base</i>
<i>David J Teece (2007)</i>	<i>Dynamic capabilities can be disaggregated into the capacity (a) to sense and shape opportunities and threats, (b) to seize opportunities, and (c) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets</i>

#### **Appendix A4: Interview transcript: Business Controller Inwido AB**

Interviewer: Kaya Vatansever/Tim-Ole Mundt

Interviewee: *Corporate Controller / Business Controller at Inwido AB*

Interview Setting: Interview conducted in the meeting room of Inwido. The interview was conducted from 16:10 PM to 17:15 PM on Tuesday afternoon.

Affiliation with interviewee: First time meeting at Inwido.

Interviewer: What is your formal position?

Interviewee: I have a split position. 50% goes into corporate controlling and remaining 50% I have a role as business controller for sales and marketing department. From the group prospective.

Interviewer: Could you briefly describe what your work duties are?

Interviewee: From corporate controller point of view, it's very much into reporting area, follows ups, doing management reporting, very much from a strategic prospective. From the business controlling point of view its more into how should I say, more into following brands, focusing more or where is vital for that area, for that department, but also from the strategic point of view due to the fact that we are in the headquarter. There is no operational responsibility more than giving recommendations as we have a very de-centralized organization.

Interviewer: So you are giving recommendations in the decision making process?

Interviewee: It depends on what it is. If we talk about brands for instance, we have to have a brand guide meaning we have this brand due to the fact and you are to follow it according to these principles. But then we don't come up with the guidance on how to market your brand. We are not saying you are supposed to use this bureau or you are supposed to go through these channels. But still we can give recommendations, it's a decentralized organizations and the final decisions has to be taken on local bases.

Interviewer: Do you have any relations to product development process?

Interviewee: No, not more than talking to Gabriel. We are trying to give him as much input as possible and what do we see and find interesting. I mean, looking from Inwido perspective and R&D perspective I mean, or previously or until we got Gabriel on team I mean our R&D process was (incomprehensible).

Interviewer: Could you please give some insight about your background education and how long you have been here.

Interviewee: My background is, yeah...I have been studied on a high level of four years. First I wanted to be an account, I found that this was the easiest way to understand when you are student but then I got more into the margins, campaigns etc. meaning that turn over to focus on the controller part of the financial sides, how to say, and that I started my first job back in 2003 within the fast moving consumer business, first as an assistant controller and then business controller with the company called Malakoliv with a ... confectionary. I stayed there for two and a half years and then I signed with Inwido group in 2006 at that time we had a turnover of 2.2 billion and the peak were at 5.6 so I mean it been quite long So I am still here it's been seven years within Inwido.

Interviewer: Does Inwido make a practice of bringing external knowledge, know-how to the company as well as technology?

Interviewee: I would say do we or have we? That's a totally different question. We have not I would say. We are not lacking totally but it has been very limited, but of course we want to do a journey as well otherwise we wouldn't hire Gabriel and with his entrance to the team I think that innovation has been given more focus or still been very low levels. At least now we talk about the turn innovation, we are not saying that was something that was discussed very much previously.

Interviewer: So you would say very general that turn innovation was implemented by employing Gabriel?

Interviewee: Our CEO Håkan Jepsson of course had a vision of where he wants to go and what he wants us to be good at. One part is taking our products from being just products to something that you actually strive for or aim to get or focus on, and by doing so we need, I mean to be totally honest, it's quite un-sexy product. So I mean you have attract with something, and to be able to do that and also create an interest for more than just a window or just getting the window and door to fit in the facade, that takes development. So I would say yes we have done R&D before, we have launched some innovations but it's still very well connected to the product as such. I mean we talked about triple glazing for instance. I mean for sure it's an innovation going from two to three layer glass but still we are not talking apple development.

Interviewer: How is external know-how commonly accessed?

Interviewee: That depends on what you focus on. If you focus on the innovation part, we have just started and due to the fact that we don't enough knowledge about it then of course we have to use third parties for making that development. I mean you are a part of it. It is connected to the role that was introduced and Gabriel was hired I mean. Before that of course we had some exchange with external parties but I would not say that we were driving it, they did something innovative and we evaluated if we could apply it to our products instead of saying we want this because we know our consumers wants this can you develop it yes or no.

Interviewer: Could we describe it as ideation as part of open innovation? Or is it just a new way of thinking?

Interviewee: Definitely a new way of thinking. When you look at where we are today. We are talking about launching smart innovations and smart products for creating well-being for people. I mean we are just in the beginning. Definitely.

Interviewer: Could you please describe Inwido's critical sources?

Interviewee: I would say they are very limited. I think that Elitfönster definitely has the largest amount of resources connected to that are because it's our largest brand. But still considering Elitföntser's turnover is more than 2.2 billion but the amount connected R&D is not that big.

Interviewer: From your perspective could you please define the resources which are most successful for Inwido?

Interviewee: When we are talking about in our group, for us is this is really new. The most curtail thing that we need to do first is to understand the ...I would say the most crucial thing to be able team and start to this is that we talk about internally. The general view on innovation I would say is that Gabriel takes out his magic (...) and just say (...) and then everybody expects him to just pick up an innovation and we go from there but that's totally I mean the first thing we need to do is to set up processes because we lack them and before we do we have to talk about what innovation is. For me innovation is nothing before you make a money of it. My opinion is not the opinion of all the internal view. We definitely have a challenge internally that we need to solve....

We talk about resources, currently I don't see that we don't have the resources necessary to be able to start this journey. We need a better understanding on why we do it and how we should do it and why is important.

Interviewer: Did the resources changed in the last years?

Interviewee: I would say in the last year, after Gabriel we increased our focus on innovation, but its still new to us and to be able to actually benefit from having this role and to be able to make something out of it we have to take baby steps. We need a better understanding... and it's something that we do it together through process etc...there is no magic... there is nothing in the back that we just pull out it. It would be a hard work. We have a lot of preparations to do before we start this journey, and at least come a bit on the way regarding preparations then we can start the rest.

Interviewer: Was it the new CEO who drives this change?

Interviewee: Previously Inwido was all about creating turnover having capacity etc...very product oriented and very into what we were able to produce we were not into the customer needs etc.. Our previous CEO retired and the choice fell on Håkan. Of course he had a discussion together with owners and what way to take for Inwido. The outcome was that we want to be the leading consumer company in Europe. By taking that approach we need to redefine

what we are actually focusing on, meaning consumers in mind, what are they interested in? Not what are we able to produce? Looking at all the companies that has been successful with introducing new products it has always been about that some a need that the costumer or end user it not know they had until you presented it, and it's the same thing for us. As I said before windows and doors are quite un-sexy products and we need to take it up to be able to talk about it with more... try to fill it with feelings instead of just saying that it fits the basic needs, instead of just being part of the building. I would say that we started the journey in 2009 but it was so different than we have now. ....The change started when we changed CEO. When the old one retired I think that the people making the final decisions regarding this group or owners saw the opportunity to evaluate what should Inwido become and by doing so they choose a new CEO that would go along that journey or believe that journey. I think the final trigger was changed CEO. I guess that there has been discussions or thoughts that Inwido may change its way it is just the question of whether to do or not to do. The process started in 2008 with financial crises which of course most likely increased the speed of the process of taking another turn (.....)

Interviewer: I would like to point out how important the aspect or the dimension people are in that process, obviously theories are lacking a lot of data about that and they are proclaiming a lot of very static view but they are missing the people who are really leading the process.

Interviewee: I think that is quite good observation. We often talk about having different approach but when it comes to the actions we are still using same terminology. We are still approaching the customers in the same way...but to be able to get the right people you need to have to understand: where are we? What are we focusing on? What needs that our customers has? If we cannot take it to the next level than we don't need a people skilled salesman. Than we should go through the retailers still which we are doing today. Than we need another type of sales person that get talk to the retailers instead of addressing consumers. Because consumers wants to know, at least it's my thoughts about it. They want to know why they should choose the products. You can relate to car industry. Let's take an Audi compared to Skoda. It's still take you from one place to another, it runs on the same type of way. But it's something extra with an Audi. The basics for the car models are very much alike but still some people prefer to drive an Audi before Skoda and why is that. Because it is a need of identity... it is something about approach to the product. We have the same thing. I mean window is a window. We need to feel it with something else. You need to be emotionally touch to your product if you need to take the next step.

Interviewer: Could you please describe how crucial information is shared at Inwido? Is there a formal process?

Interviewee: I would say that we have started to build up a good process within management. We have started to do some exchange between for instance R&D and Marketing which is crucial to be able to launch the idea to become an innovation. But still as with everything else it is so fairly new so I would not say that we have a good process that is actually up and running but at least we have put the seed in the ground and hopefully it will grow from that. But everything is fairly new to evaluate, I mean something is better than nothing. The exchange of the information that I have seen so far I think it is very positive for us and I hope that we can continue develop it. I am convinced that it will contribute if we will continue develop.

Interviewer: Do you personally feel effected by the ongoing change process?

Interviewee: Yes of course. The change that has been made with the new CEO, there has been huge difference compare to how it was before. For both good and bad, the problem with the new set up as I see it the frame to connect to R&D department. You have to go through different stages, or different gates to get an approval. The decision time was very much shorter previously. That is good and bad. From developing point, you would appreciate a faster process that is also the reason why you have received this task of making business plan, (he means our BDR project) looking at the possibility maybe to have a company outside Inwido or handling the innovation so you won't get stuck in the bureaucracy within the company which I think is good I think that is correct way to be totally honest. By the new set up we have got several new people that very competent within their respective areas, and I mean that is good for development as well. Even though as I said the organizations becomes more complex, because you need to consider all aspects of the organization. Previously it was more or less, if you have a good idea present it to (...) and then just run it through and they will test it. Now it is more about, ok, this is what we want to do, how is that look within this organization: ok that is an approval. How could that be handle through the next gate etc...? It [product development process] takes too much time. We need to shorten it to be able to take it quicker to market.

Interviewer: Is it the same in NPD process or it is just business decision process?

Interviewee: I would say definitely both. It depends on what you actually aiming for. The innovation process of saying yeah we want to go with this that might be a short because it is Gabriel's table. But then taking to the next step; I mean how are we gonna do this in marketing, I mean it takes too much time. Before it was very much shorter. We didn't had the same

organization, we had specific department for each, the gates were not so tightly seen between one to another, and also there were less people involved in the process. Now there are tons of people, and all have of course the agenda in their interest and their saying about it.

Interviewer: So every gate have to approve the process?

Interviewee: Yeah... It is not even the process, it is the way of how you do it. We don't have a written material saying we have 13 gates that you need to pass before doing this, but even though we don't have it but you still doing it. It is not written but it is in the routines. If Gabriel's team come up with an idea that should be anchor within marketing, operations, productions supply etc...It's is not obvious that you need to pass all gates depending on the idea. It could be that you can pass only three with one idea, but when the idea comes of a large scale and will effect more people, than you need to pass through them as well. It is not a stated process that say you need to go through these 13 steps. It is more or less like, you are involve in this Kaya, than we need to talk to you because you are in production, and then we need to talk to you because you are in marketing. It is not a well stated process, but this is how we do it. But hopefully Gabriel having... a better understanding of Inwido organization, he would hopefully find a good process of how we take ideas through his ... in combination with the rest of the parts, so we can be quicker. I that the idea with a sand box being in a separate company maybe a good solution because then you have the opportunity to play and test without going through all the bureaucracy connected to the product development that we have to take.

The business plan that I noted you are working could have such an approach, it is not necessary. It could be that you find another solution that is even better. But I think it is definitely something to keep in mind when you go in to discussions like, how we should do it to be able to do it smarter, faster and getting the most out of it. Currently Inwido is decentralized, they are interested in their own products and innovation, and then secondly you may distributed to others. Instead of having one bank saying, currently we are playing innovative glass and then Finland or Denmark comes and say that could be interested in our market. Instead of having from the central point of view, but without that long process. Now you are developing it locally and then you go to the next step and next step.

Interviewer: What do you think the value proposition is that through Elitfönster?

Interviewee: That is good question and I actually cannot give you good answer. I set down with Gabriel, actually we had a short meeting this morning. The meeting was 15 min. but we discussed further, and my question was; do you think that our products can become a need for

the customer because then we are actually talking that about something that they want and trying to get. And that is basically the question, what is Elitfönster proposing and why should people buy their products, and I actually cannot give you good answer because I cannot answer it myself. If we can crack that matrix then we also know what we can offer. Our competitors have that as well, why they don't buy windows and doors from our competitors. It is definitely brand awareness. I question that like in your case, when does the brand connected to doow and window comes in your mind. Do you know when you live in flat?, not. Do you know it when you buy a house? I think you start to think when you do a renovation. If you look at the timeline, there are several decisions being taken before our products even come in to mind? So that is how do we turn that? If we talk about general brand awareness, how do we make our brands so attractive? If I ask you, you would say Elitfönster. There are thousand brands, BMW, Google ...whatever. But how should we do it to be able to take it from just being products, to being something that is feeling a product identity or brand identity. That is the reason I cannot answer. What are they actually providing the customer besides the products? I would say brand awareness, Elitfönster has a huge market share in Swedish market, and very well known when it comes to windows.....It comes to mind when you are in renovation process meaning you first have to buy your house, and before have to live in a flat, you have to live five years. How do we attract young people to actually think of Elitfönster even though they are not into the products? By innovations! Attractive innovations that, did you know that.... In this window of instance. Currently, when you buy at least in Sweden when you buy a new house the ground that you get is small, between 300-500 m<sup>2</sup> grounds. On that you should put your house. The normal house in Sweden is between 130-170 m<sup>2</sup>, that means that you are almost living in your nabors house because they are very close. Also you want to get as much space that is possible. Today, can you buy a TV that is not flat? No! Also you want open space within your home, meaning less walls, where do you put your TV even though is 55 inches, and you don't. So what is the next step? Why don't you put it in your windows etc...?

Interviewer: How does the window or door of tomorrow look like?

Interviewee: The product as such, I don't think that we gonna do so much with. It will look the same, but I think that you won't survive in the long run if you only go with your products. You need to conceptualize, meaning attractive accessories, or attractive ....connected to the window, like TV integration. I think it will be very much into the comfort, you will get automated windows openings during the nights or before you should go to bed get the most optimal climate in your bedroom before going to bed. It could be that the products get more inte-

grated with sun protection etc... meaning when certain amount of lightning enters the window the blind will automatically turn down. You are not buying just the product. (...) I would to buy a door that is compatible to my alarm system, maybe connected to a video conferencing system, meaning that you could see a carpenter coming to you, you get him his unique code that is valid for couple of hours....more conceptualized.

## **Appendix A5: Interview transcript: Group and Business Controller Inwido AB**

**Interviewer:** Kaya Vatansever/Tim-Ole Mundt

**Interviewee:** Group and business controller at Inwido AB

**Interview Setting:** Interview conducted in the meeting room of Inwido. The interview was conducted from 12:55 PM to 13:55 PM on Thursday afternoon.

**Affiliation with interviewee:** First time meeting at Inwido

Interviewer: Can you describe an acquisition process at Inwido?

Usually top management in the business area who knows the different companies they wish to acquire. There might be a short list but it is usually the MD of the business area who is responsible for that. If it's at local level, usually an ongoing communication is ending with acquisition, if it's strategic decision than group management in Malmö are involving in the process.

Interviewee: How is the process of new venture decision? for ex. Hemmafönster

It could be a strategic event to set that new brand decisions, with investments than group management at Inwido is deciding for that. Business area Sweden is taking care at tactical and operational level. Group management is deciding and running the process if it's strategically important, representatives from the other business areas are involving in the further steps.

Interviewer: Could you please describe the current business model of Inwido's main brand, Elitfönster for example?

Interviewee: If you take Elitfönster, they are basically into the channel what we call retail. Basically that is a group of stores merchandising Elitfönster as a window and what happens is a customer enters a store and they have a couple of different window manufacturers in the store, and they hopefully will end up buying Elitfönster. Then the store will place the order to Elitfönster and basically handle the practicalities. Our customer is the store and then their customer is the end consumer for us. We separate the consumer that is the one using the product and the customer is the one buying from us. Retailers would like to protect their consumer information because that is the information of power, and **that is one of our main obstacles**. We would like to get closer to end consumer; first know who it is, than to interact with them more often so we can sell accessories between windows being exchanged.

Interviewer: Do you think it is possible to describe a bit the business model of Inwido

Interviewee: There are quite many, actually you could divide them into two channels; consumer and industry.

#### 1. CONSUMERS

- **Retailers** – Mainly in Sweden and Norway
- **Direct**- In Sweden they also have direct sales and this is Hemmafönster (service included). You search for the customer sell them directly. This is very big model in Finland as well. In Sweden we use to joke a little bit about vacuum cleaners, going around in the streets and knocking on peoples doors: do you need a new vacuum cleaner which that happened in Sweden a couple of years ago. Is exactly the same business model in Finland, they go around and they have done some demographic studies and they have looked at the houses and they just go out and ring the door bells.
- **Middleman**: is a little bit more complex and the most profitable concept within Inwido is basically done only in one place and that is Denmark KPK but other ones copied it. What you basically doing is that you are in alliance with the carpenters who driving around in the small lands. When customer in the lands need a new window they call those local carpenters and we have signed with 10000 of those to KPK, so everytime they call one of those 10 000 they will get the product of KPK. That model requires long term relationship that takes time to build up but is very rewarding when it's done.

#### INDUSTRY

- Construction

- House factories

q- Is Inwido included the process of delivering information

If the customers want the KPK window and if they look at KPK's webpage (I am not 100% sure but I am guessing) they can find a list of carpenters. But I don't think they are doing active advertising.

Q. Couldn't it be an opportunity for Inwido to invest in one of the information providing webpages or apps to find new customers?

Sure, we have an app called the door selector, and that is doing it in a little bit way. But I think we could be much more distinct in webpages and in apps for example. Because if people have a problem they want to know what to buy, where to buy, how do they pay and when does it come. If you could answer those questions, now if you enter one of our webpages you are drown in an information and you don't really know if you want 2+1 window or 3 glass or door with sliding etc. it's very difficult.

We are too slow on the trigger and we are too slow on the implementation. If we could find a more direct model that we could faster to the customer with faster responses if it's working or not that would be something that we don't do it today.

For Example if you want to try out a new accessory instead of pulling through all the bureaucracy it would take a year to launch. It could be more interesting with a side-track that you can test it in the market if it sales or not. It could be entirely new brand that you can test it on live audience and you could implement it to Elitfönster or push it out to your wide audience.

If you have a webshop working perfectly and if you have some items on the webshop that they are not on stock necessarily at least in your position but in your supplier. Then you can roll it out into any shop in shop.

Interviewer: Just to adopt an idea to create a new eco-system, when focusing on the online environment how is the approach to spread it out?

Interviewee : I think this whole industry is quite stiff and old fashion. Having a wild approach to business, if you would use a name like pimp my windows that would certainly stick out in the market. Pimp my window is eye-catcher. I think a new simple beautiful way could help to gain advertising in itself.

Interviewer: When the company is deciding for new venture how is the process going?

Interviewee : If we would own the some part of the company it would be a strategic decision and that group management will decide, but the decision would not necessarily be that big if its minor investment.

Interviewer: Could you please describe you formal position?

Interviewee: I am a group controller, I function both as a group controller and a business controller. I work basically 50% in finance and % 50 in operations. In finance I own projects like business intelligence, I work with acquisitions and basically work where I needed. In operations I work with cross-border projects and I work with lean.

Interviewer: Are you also any kind related to product development issues?

Interviewee: No not formerly, of course we are having discussions with Gabriel on our thoughts and inspirations but not formerly.

Interviewer: Are you aware of Inwido's next practice of bringing external know-how or technology inside the company?

Interviewee: We did Ideon project for example.

Interviewer: Did it effected your process in the company? In terms of product development.

Interviewee: I think we are at the very beautiful stage in modern product development. I would say it basically (historically) works on like we have a few people that works on very much about windows and then they incorporate small changes and they label it with big letters in the marketing. It's not putting the man on moon with that kind of development. We are just in the phase that is started to change a little bit. We have launched an open innovation project at ideon to challenge our internal ways of doing it. And I think that generated a few leads that we could continue. It puts a lot of questions on how we really work with innovation. We recognized that smart window will be a reality quite soon. It's time to work on that. Open Innovation was the way of spark the development. I think the recruitment of Gabriel has changed the process.

Interviewer: Would you describe knowledge acquisition before starting the project?

Interviewee: Its knowledge, its openness to change ans is also how you work in your process. This is more philosophical question. It could be as are you working in some kind of

waterfall technique or you work with some kind of slack technique that you are just waiting for some innovation to follow in your hand. Or you working with innovation in agile manner in creative teams with different knowledge. In all these aspects we have a long way to learn I think and is not only in development it's in all aspects in the group.

I would like to add that it's so basic but it's so difficult to do and that is actually people and employees to understand where we are going strategically and also tactically in a small not that wide I mean. If we say that our strategy is through smart windows than it has to be reflected in development we cannot work on un-smart windows. So it's also about strategic direction.

Interviewer: How information is shared in the company, for ex. A strategic change?

Interviewee: It's different and is very difficult to find to give you a simple answer. The general one is that we have bought a 30 companies and to reach every one of them out there is challenging. We have invested quite much in machines but we have not invested that much in information. We have started now, we have done some apps, we have some pilot projects, we have an intranet which is at least a tool that you can get information out but it perhaps not a broad where you can collaborate. In general we spread information with the resources we have and the resources are fairly internet.

Interviewer: There are also allocation process of information which is formally aspect of having collaborative meeting like quarterly or monthly or programs some top management guys are educated and try to push in the right direction?

Interviewee: We have a formal structure around meetings, it's quite complex to get all these persons in the right meetings during the year. So it's basic a calendar with group management meetings, business review meetings, finance meetings, sales and marketing etc. What we are not used to do is to mix our competences, certainly not across borders.

Group management is quite homogeny group, but I run a project of business intelligence around the most common dimensions and in that case the same room I have one MD, I have one IT manager I have sales controllers I had business controllers I had finance responsibility and I had the head of accounting. That was a fun mix.

Interviewer: Do you have an intra-organizational (open innovation) meetings?

Interviewee: I don't think is that common used. I mean they all run R&D team where Gabriel is heading that up but I think it would be better if they meet a marketing team, opera-

tions teams and basically what happens it becomes quite large meetings. I think it would be more beneficial if you take; you are the number one on that subject, you know that and you know that. You three guy are gonna sit here for a week and find out the solution for this problem, and then you can invite your friend and they can think about it. I think groups are better than individuals.

I think the really big problem that is not to used to work on agile manner and everyone is so stocky in the routines and basically 90% of their time is routine work. I think a lot of people in our organizations are basically full in their schedules. They don't have time for doing things in agile manner. Everything takes too long.

Interviewer: If you are able to change that kind of problems what kind of solutions can you suggest?

Interviewee: Around my business intelligent process I have an IT manager who is upset with me. He wants the waterfall method, he wants me to tell him what the problems in the next moth are gonna be so he can prepare his organization. Instead I have said him I want one day from your department each week, than we gonna fill it I don't know with what but we gonna fill it. And see what happens. I think to formulate your problems to be solved must be aligned with your strategy. I think we are spending a lot of hours to solve problems that are not aligned with our strategy. We need an agile manner but we also need to be linked. But it might not reflect the reality.

Interviewer: Could you please define the sources for Inwido's success ?

Interviewee: I think people. I would compare that we are at the stage that before the iPhone was launched. Everyone had mobile phone but no one experienced how it could be. I think we are at that stage with windows. Everyone has them but they are not what they could be.

If you go on online gaming websides, take *bet-safe* for example. It's a friend of mine who's the CEO in that company. You will see a quite clean first page, and you clearly see three options if you have a problems; you can chat, you can call or send an email. What they are doing is, they are becoming friends with the customer and they are helping instead of selling. That is something that we could do a lot better. How to help our customer? If we would help them we don't need to sell, they would buy them. They would talk to their friends.

Interviewer: Are you aware of the problems they have?

Interviewee: The real big problem is quite difficult to buy, and the second one is what to choose. I think we are on top of the problem what is “difficult to buy”. But to foresee future demands and how to put that in a product, that we are not in top.

Interviewee: What is the value added of your customers to change infrastructure of their home? Is it a real demand?

Interviewer: It's about what the products would look like. I think is as much in the all consumer experience. In the middle man here; that's a business concept, the products are just standard. It's really nothing special. They are actually the last one to launch allow added window I think. The business concept worked that well so that still has a loyal customers. And I think getting close to customers would be more easy to ...to interact with a customer is absolutely what we need. The main point is perhaps not what they want basically is how they want to be served. How do they wanted to be approach, how do they want to buy. That is just one part, we have technology on the other hand. If people have a choice between the highly developed technological window but not that sexy, and on the other hand really flashy window that it looks quite good but a little bit expensive. I still think that many would not gamble, they want the basic function and add up the intelligence on top of that.

Interviewer: Aren't you trying to create first problem and then solution to the market? Like standard box system which Gabriel is working on it?

Interviewee: Of course, I totally agree. If you want to protect your market share, if you want to be long term you have provide an eco-system, and that eco-system of course has to add value. I think we have had smart homes for a while and it's never really cored on. If you buy a house here in southern part of Sweden, we bought a quite small new house for a couple of million kronas to make it smart. The addition would have been 100 000 kronas, and I think there were smart phones before the iPhone as well but were they really smart? I think we really need to focus on what is the actual problem that people want to be solved? For example I could imagine that you know the cars with the back hoods, you can open with the button and you can close it with the button it very handy when you have two bags. I think we need to think of that when we design our entrance doors. I mean how we want to open and close our entrance doors. That is something that we do a few times every day. And we have done it in the same way. When do they start it with keys in the doors .I think is not enough to have timers on your lamps because that's not considered that smart? Perhaps is about your windows are playing TV when you wake up, because you want to wake up happy.

Interviewer: Isn't it good approach to try to educate the market in just spreading out below cost and earn afterwards?

Interviewee: I don't really know what people want in a smart home? It's a really good idea to have an eco-system, but I cannot really foresee. If you didn't really define the problem it's really difficult to build the eco-system. I would prefer to work with eco-system but if you don't have a vision that it's difficult to build an eco-system. When there is an eco-system around core product than I think there is a lot of business opportunities around that.

I think the good business idea is to set up an independent company from Inwido, make sure that accessories fits. Make it a global for Inwido, and have third part resourced products so you don't have it on your own stock. Basically what you offer is that solution to the problem. That platform can have a wide range of products.

Interviewer: What do you suggest as a cost structure for business model in that new venture?

Interviewee: We have a strategic target of 12%. I would say that all new business ideas should have sustainable profitability about that. But in this area I would say that the business model would be quite different compare to Inwido. I would say that the margins would be probably higher.

I think the main important part here is that the company should not have any stock, or extremely little. It should only be a middle part between the customer and supplier. In addition you would have marketing and development cost. It's an easy business model but to get suppliers to that model it should be lucrative part of it.

Interviewer: How does the window and door of tomorrow look like?

Interviewee: I think the window of tomorrow would be chameleon windows. I think windows and touch would come close to each other and windows and smart homes, maybe screens, TV's.

Why having TV if you have a window? Firstly, getting electricity to windows needs to be sold out.

Interviewer: What do see that has more potential smart windows or films?

Interviewee: I think it's a segmentation. You have two potential products that could solve the same problem.

## Appendix A6: Interview transcript – Vice President of VP R&D Inwido AB

**Interviewer:** Kaya Vatansever/Tim-Ole Mundt

**Interviewee:** Vice President of VP R&D Inwido

**Interview Setting:** Interview conducted in the meeting room of Inwido. The interview was conducted from 14:15 AM to 15:10 AM on Monday morning.

**Interviewer:** What is your formal position?

Interviewee: VP R&D Inwido

**Interviewer:** What are your work duties? Just briefly...

Interviewee: ... (long break)...tricky question.... (laughing)... I think the most important thing here for me is to... secure that Inwido has the right tools, technologies and processes in place to be able to deliver.... products and services to the market with a higher rate.... or speed than we have done previously

**Interviewer:** How much of your work time is dedicated to product development?...mediately or immediately

Interviewee: .... (long break) maybe... 10%

**Interviewer:** Does Inwido make a practice of bringing in external know-how and/or technology? And if so, at which stage of the process?

Interviewee: Yes I think we are using all different kinds of sources... Ideon, suppliers, consultancies, professors....other well-known people in the industry...

**Interviewer:** ...and at all stages of "the process"? Or is it more at the ideation...idea generation part or also implementation, production and so on?

Interviewee: I think we are more or less using.... them through the whole process.

**Interviewer:** How important are intangible resources e.g. knowledge, intellectual property or customer relations to

- o Inwido
- o Your division

Interviewee: (laughing) tangible resources?

**Interviewer:** Intangible resources

Interviewee: Intangible resources.... competence is everything...without the right people we would never succeed. Taking care of the knowledge...existing knowledge within Inwido.... I think this is one of my...or a part of my role as well - to leverage and share the existing knowledge within the business.

**Interviewer:** Okay! Do you personally think that Inwido has got a lot of unexploited IP and knowledge... unexploited...like using the lower staff or employees to...

Interviewee: YES!

**Interviewer:** Do you have any approaches to exploit this? I mean right now.

Interviewee: YES!

**Interviewer:** Okay???

Interviewee: Working in a more structured way and secure that the ideas are not just coming from the top-management team.

**Interviewer:** ...hem...would you like to share one of these approaches exemplary? I mean how do you do this?

Interviewee: ...ja... for instance working in a cross-functional way

**Interviewer:** Could you please describe how crucial information is shared at Inwido?

Interviewee: How "crucial"?

**Interviewer:** Jap.

Interviewee: Well its a matrix-organisation and...ehm... the headquarter is...ja... (laughing)  
...the headquarter is running meetings with people from each business area.

**Interviewer:** So I assume you have regularly meetings regarding information exchange and sharing? How often? How regular?

Interviewee: It depends but in one project, for example, it's every week. Every second week we have an R&D meeting by phone and then every month we have a physical meeting.

**Interviewer:** What means change to you?

Interviewee: (long break) Change to me is a lot of things but... I think Innovation is change... because often you have to do something in a new way and then you have to con-

vince people that it should be done in some way and then the next thing is to align people.

**Interviewer:** Could you please describe the currently on-going strategic change process at Inwido? Please also with regards to

- o Organizational structure
- o Competences needed
- o Formal processes > In respect of PD, leverage the existing knowledge

Interviewee: (laughing) .... (long break).... in respect of product development a lot is on-going here... but as I said before its about work in a more structured way to leverage the existing knowledge and make sure that you are not reinventing the wheel in each business area...build on each other knowledge is...

**Interviewer:** Would you say that the strategic orientation from a "supplier to the building industry" to a consumer brand has implications to the organizational structure? You have changed the structure because of the strategic reorientation?

Interviewee: ...hem... (long break) to become a consumer company I think we need to provide real value to the end-consumer and I mean in the long-term its about deliver a product and... have the right features and quality and so on and in this case we have to all rapidly develop new products...because the external change so to say is... a lot of things are happening very fast and to fit into that we also have to react fast.

**Interviewer:** But the organization as such has not changed so far?

Interviewee: So far...not, No! I mean of course we can push it in the right direction but maybe we need other things to become a real consumer company.

**Interviewer:** What is your opinion of this organizational change processes?

Interviewee: .... a very general question... a lot of things happening...the bigger the organization is the more difficult it is to change things.... maybe not going...changing something for just changing something...tha's good but... (long break) ... you can except change but then you have to think about every person has his own interest in the organization... I think this is the tricky part.

Note: Reveals mixed feelings regarding change

**Interviewer:** Could you please describe why Inwido sold its Home Improvement business area?

Interviewee: I can't really speculate... I was not employed then.

**Interviewer:** Could you please describe the current dominant business model(s) at Inwido? Dominant in terms of KPI/Durability/Tradition/Management Backing

Interviewee: A lot of questions... (laughing)... (laughing)... I mean looking at the past we have been quite successful. So in that perspective we have the right business models... I think our shareholder are very happy... but of course...the question is "Are they good enough for the future"... (laughing)...I don't think that they are good...they are too slow... as you would say "bureaucratic". The management is too involved in the daily activities! If the manager are involved in everything suddenly you're very scared of doing something...you do something by your own and you get punished so to say (laughing) that you have taken your own initiatives. It becomes very static... and then you are afraid of taking the decisions...your own decisions.

→ Note: Shareholder are happy!!!

**Interviewer:** Would you say Inwido is more focused on its shareholders or its consumers?

Interviewee: ...we are here because of the shareholder...its always to deliver to the shareholder but in order to do this you have to deliver value to the consumers. I don't know which one comes first (laughing)

**Interviewer:** Could you share your personal view regarding the value proposition, which is offered through this/these specific BM?

Interviewee: ... (long break) .... the value proposition... we are going to supply... the... (long break) ... the best windows but looking at our...from a quality perspective I think all our products have very good quality. I can't say that we have a very differentiated value proposition compared to our competitors.

**Interviewer:** Do you personally see a necessity for a change in the current BM or the creation of a new BM?

Interviewee: Since we have been successful we should stick to that but I also think we have to try and test new ways of doing business...develop a new business model...is necessary for the future!

Note: Implies ambidexterity

**Interviewer:** Could imagine any main barriers regarding the implementation of a new BM or the change of the current BM?

Interviewee: Of course, there are a lot of barriers of doing that...and...due to different reasons...but therefore I think we have to do it (observer's note: new venture) outside of the business. We can't... (incomprehensible)...when this change happens in the existing business we have to go outside...

**Interviewer:** Could you then imagine any main barriers for doing it outside

Interviewee: JA... doing it outside is.... there I think it could be tricky if you doing it with new people without knowledge about the industry... it could be failure so it's very important that you leverage the knowledge we already have.

**Interviewer:** You're planning to spin-off a new venture to increase the innovation speed. Could you please briefly describe your intentions regarding this approach?

Interviewee: I think it is about increasing the speed of doing things, having a...sandbox where you can test new things rapidly without... risk to destroy the value of any of our existing brands

#### **Appendix A7: Interview transcript – Vice President of Marketing and Sales at Inwido**

**Interviewer:** Kaya Vatansever/Tim-Ole Mundt

**Interviewee:** Vice President of Marketing and Sales at Inwido

**Interview Setting:** Interview conducted in the meeting room of Inwido. The interview was conducted from 10:10 AM to 11:10 AM on Monday morning.

**Affiliation with interviewee:** None. Introduced to her three month ago but we have never spoken an additional word

**Interviewer:** What is your formal position?

Interviewee: I am senior vice president for Marketing, Sales & Communication

**Interviewer:** Could you briefly describe your work duties?

Interviewee: I am in charge of internal and external communication. I am also responsible for our brands and the brand strategy. And I have a key account responsibility for our international retail chains.

**Interviewer:** How much of your work time is immediately or mediately dedicated to product development activities?

Interviewee: Perhaps 10%, if you also mean conceptualization

**Interviewer:** What is your background and education and how long have you been working for Inwido?

Interviewee: 3 ½ years

**Interviewer:** Why?

Interviewee: Because I was interested in the challenge that this job at Inwido will bring.

**Interviewer:** What is your role in group meetings when deciding about new products?

Interviewee: I'm part of the group "Product Council". And also, as you may know, we were part of this "Compete & Incubate Initiative" together with Ideon. Out of those I'm heading to projects.

**Interviewer:** So you are running two projects right now?

Interviewee: Yes, and apart from that I'm working with and I'm overall responsible for a marketing and sales group that is running a product development project at the moment. I am not a big part of it, though.

**Interviewer:** So is the product developed and ready to launch or in prototype stage?

Interviewee: So far, it is a prototype but it supposed to be launched next year

**Interviewer:** And this prototype was resulting out of the collaboration with Ideon?

Interviewee: No, sorry, that is a separate one. The one I'm talking about is not related to the Ideon project. Only internal and not connected to any external initiatives like "Compete & Incubate".

**Interviewer:** Okay, let me revise my question. I was interested in NPD resulting out of the collaboration with Ideon or similar initiatives.

Interviewee: Okay. There are two projects, which I've taken care of. One of them is more of a software development project. Aiming to illustrate to people the benefits of different windows, doors, and accessorie-solutions at their homes. Which has not come so far, yet. The

other one is more like you can dress your window – the frames. It's about accessories - similar like an iPhone case. You can print it and add it to your window frames.

**Interviewer:** Did you launch it?

Interviewee: No, but we are most likely going to launch it. We are in the process to create this venture together with the guy that came up with the idea.

**Interviewer:** Interesting! Did you, in any stage of the development process, involve customers?

Interviewee: Yes, we have done that. But not in the way I would have like to. Actually, it was more in the other project - the one that is conducted by the marketing group. We used, for example, focus groups. The "sticker" project is a really low budget project. We are conducting it with a minimum of internal funding. But we're planning to integrate the customers a bit before we launch.

**Interviewer:** Does Inwido make practice of bringing in external knowledge and technology? Additionally, to the Ideon project?

Interviewee: No, not on a regular basis.

**Interviewer:** When a new product idea is generated or concept is invented, do you need to be convinced in terms of if the project will be followed-up.

Interviewee: Depends on the investments requirements. But to be able to launch sth, we (I and my friends from marketing and sales) need to be on board.

**Interviewer:** We know that you collaborate with your suppliers in terms of NPD before. Have you ever used other external parties like customers before?

Interviewee: Yes, on the industry side we did it a lot. I mean industrial customers (IC) and suppliers were often part of NPD, so far. But to my knowledge, I've been here since 3 ½ years, not other parties.

**Interviewer:** Did the IC approach you to come up with NPD or how did a NPD process normally proceed? Collaboration?

Interviewee: Normally, the IC put up certain demands and we tried to reach them. There is a part of collaboration because we can't do everything on our own. That is mostly how.

**Interviewer:** And in terms of collaborating with universities? Is this the first time?

Interviewee: I think so, yes! Not to my knowledge. But...wait I shouldn't say... in Denmark there is a company we have acquired it is called Pro Tec .... They have used external knowledge a lot: universities, designers, architects, etc.

**Interviewer:** Have you ever developed products by using marketing instruments to analyse the competitive environment (e.g. benchmarking)

Interviewee: No, so far the NPD is factory-driven. Not at all from the market side. I should explain: I don't have a department. It's me. All the activities are locally driven from the business areas (BA). What I'm trying to say, you can find things in Denmark that would never work in Sweden for example. You have rules only applying to Sweden and such only applying to Denmark. Not saying that the driver for NPD couldn't be the same; it's just the markets as such!

**Interviewer:** What would be your role in launching a new venture? Would you have direct influence on marketing decisions? E.g. Hemmafönster

Interviewee: No, not necessarily! In the case of Hemmafönster was not a real new brand launch. It was formerly known under VC. Its was just a brand relaunch. I was deciding about name, positioning, the graphic decisions. But not in putting done the actions.

**Interviewer:** Could you describe how a process of launching a new venture would look like? Who decides? How is the decision-making process look like.

Interviewee: It always depends in which BA or to be more specific if it's in a market where we have already an organization than the specific organisation would lead the launching process. It also depends on the volume, who of the TMT needs to be involved.

If it's a complete new venture in a new market like we have at the moment with Austria...there I'm part of which brand(s) to use, what positioning, about the price, where to be localized, which city, where would it be good to us to enter the market. When it comes to products... I'm part of that...but it's not my core what products to use in that market.

**Interviewer:** Oh, okay! So are you going to use/transfer products from the BA Sweden?

Interviewee: No. The main sourcing will be from Poland and most possibly from Denmark.

**Interviewer:** Okay. Now we are curious to know as which very fundamental strategic orientation would you label your ambition to enter the Austrian market. Is it just a focus on growth? Or more like a strategic repositioning?

Interviewee: Of course, it is a growth ambition! We spotted a few markets in Europe, which reveal the potential to generate substantial market share. Fundament for that is of course “it’s a wood-based market”. That’s we are not entering the German market, because it’s a plastic dominated market. So we see Austria, we see Switzerland, we see northern Italy, and a few other markets that are interesting to us. Then we do all the market research...of course. Then we look at all the competitors and...you know the drill. Since we’ve quite an extensive brand portfolio. We don’t want to put a new brand into the market. This time we also have the requirement that whatever brand we use to enter Austria is a brand that we will be able to reuse when enter other European market.

**Interviewer:** So, you would not describe entering the Austrian market as strategic repositioning, right?

Interviewee: No! Its part of our growth ambition to be a leading European company! Since most our markets are decreasing we need markets that are a bit more stable.

**Interviewer:** And the Austrian market growing instead?

Interviewee: Well, let’s say it is not decreasing. And also Austrian is the home market of the second or third largest player in Europe. It’s a market that not has been challenged so far I would say to very large extent. And its also a market in which windows are regarded...it has a better position I would say – you can charge much more for a window than in other markets. Which also requires that your are much sharper in your positioning and in your offering. You can also see that in the communication done in that market...its quite much sharper.

**Interviewer:** Do you have any idea why it is like that?

Interviewee: I think that Internorm has done a very good job to take it (note: windows & doors) from building material to something that is important to your home...more important part of peoples’ life.

**Interviewer:** How important are intangible resources e.g. knowledge, intellectual property or customer relations to Inwido, your division, and your individual workplace?

Interviewee: Its very very...its getting more and more important I would say. Since we have a history on being very dependent on our sales channels and have had not, historically, a very tight relationship with the consumer, who is actually buying the windows. To be able to reach our vision and mission we need much much much closer to our consumers and therefore we need those kind of properties you’re talking about. Its important that we manage it (note: knowledge) and that we own it (note: knowledge). We’re not there yet, though! We not work

on it quite a lot. It differs...I mean different markets. For example in Finland it's a totally different setup because they're selling directly and they have all data, for example when it comes to customer data. While in Sweden we've almost nothing! But it's very important! And it's growing in importance. Probably the most important looking ten years ahead.

**Interviewer:** Could you please describe how crucial information is shared at Inwido?

**Observers supplement:** Is laughing out loud. Obviously also a bit concerned about the way crucial information is shared.

Interviewee: Email!?! I'm afraid that's...I think email and meetings that is how crucial information is shared to a very large extent. I would like to say through intranet or other documents or sharing places...but this is not the case.

**Interviewer:** Do you have regularly meetings?

Interviewee: We have lots of different meeting - on different levels. We've meeting on the group management team every month. I as I sad have a marketing and sales management team - people that have a strategic position in sales or marketing. We also meet every month. This office (note: embrace the centralized functions of Inwido in top-management team and middle management) has quarterly meetings. And then my own department has meetings every three to four weeks to update what has happened...we have quite a few meetings. Apart from that we have quite a few project-related meetings: we have the Product Council four times a year. We also have Business Review Meetings, where the central staff, means myself (VP Marketing & Sales), CFO, CEO, VP Operations, VP HR, we go out to the different BA where we have a full-day meeting with the BA-TMT. We go through all the business issues on corporate level as well as on local level. We do that three times a year. We do this to focus on the most important parts of our business. It's a pretty important forum. Then we have the TOP-60 Meeting every year where the the TMT of every BA meets for a full-day.

Then I also have the same with all the sales & marketing staff once a year for 24 hours.

**Interviewer:** Could you please describe the currently on-going change process at Inwido?

Interviewee: Connected to our organization or connected to our strategy? Is that what you saying?

**Interviewer:** Both. More about the strategy but also how do you perceive it internally and

what is happening inside the organization and structure.

Interviewee: Well, as you know, we have the strategy to go from a production-driven company culture to a consumer-driven company culture. Of course it needs to be driven by different things - among them, the organization. One part of this is of course the light-matrix that we have put in place... I mean our business is driven from the different local business areas. That is where the different P&L responsibility lies. It's in our business areas. So, under that is sales and marketing and operations...the factories are in the countries. There are driven by the local business areas but at the same time we are of course more and more trying to use the synergies we have of course being in groups. A lot of our competitors are very local while we as a larger company can use the synergies and also the knowledge from different countries to be able to offer more and better solutions to our customers. Anyhow, the light-matrix then was introduced...I think...a year and a half ago...as part of that my group...I call it my group...with marketing, sales and communication with representatives from the different business areas...we focus on marketing and sales to drive those questions more quickly in our company...to be able to reach our mission and vision...because historically all those kind of questions have been within the local management team and we don't...I mean it will take too long for all those questions to be taken. At the same time, there is a group within Operations that are doing the same kind of work when it comes to trying to workout product platforms, finding synergies in the production part of our business. So...and in that work we are focusing on common processes, benchmarks, and best-practices that we can use for different parts of the organization. I think that is the main organizational...I mean we are probably heading towards a more centralized organization especially within Operations I would say...because we are now heading for Austria...we're taking production capacity from different countries to use in a new market and it will be more and more like that to be able to be really effective in that end of our business...I think we need a more centralized approach to...it's a few years from now but I think we're heading in that direction...and when that happens the business areas will be marketing and sales organizations to a very large extent...and I don't now if I'm supposed to say anything about what I think about things???

**Interviewer:** Yeah, of course

Interviewee: I think that will be necessary and I think that will be the only way where we will actually could become a marketing and sales-driven company... because as of today we're not at all (laughing) we have very few marketing resources...it's less than ten people

within the group of more than 3000 people that work with marketing...and those are not strategic at all...they are more the hands-on-marketing people...and then when it comes to sales we have historically not been handling that as a strategic tool. Moreover, it's been very much basic selling and not value-based selling at all. We have "this is the competitor - we have a better price!" (laughing)...Yeah its needed, especially when we're going to incorporate new technology and new things into our products we need a totally different approach both when we're introducing our products into new markets but also when of course selling them. We not much more...we can't not sell everything through campaigns and everything is included in all time (note: meaning the window and door as part of an integrated and heuristic system that need to be implemented with prospect to further compatibility and long-term focus)...now we need to be much smarter when going to market.

**Interviewer:** What is your opinion of this organizational change processes?

Interviewee: NOTE: see included in answer above

**Interviewer:** Do you feel affected by this change process in any kind?

Interviewee: Oh yes, I'm part of it - that's way I chose to work here! I wanted to be part of these change. To use the tools that I learned working in other industries.

**Interviewer:** So, I assume they (note: Inwido board) looked for someone like you with a intensive focus on the end-consumer?

Interviewee: Yes, I was the first one Hakan (note: CEO) employed. I think he looked for someone with my capabilities.

**Interviewer:** What means change to you?

Interviewee: New opportunities...challenging the old. Taking lessons-learned and making it better. I am curious person, so to me change is mostly positive but I know that change is also hard work...very hard work. You need to get people on board and understand why change is necessary. Because most people perceive change as threatening...they know what they have but they don't know what they are going to get and that is fully understandable. I think this is the challenge, which I like. It is fun to see people get glimmer in the eyes when they understand that change is actually an opportunity.

**Interviewer:** How do you do that?

Interviewee: (laughing) By involving them. Making them part of it. Making them also part of finding a solution.

**Interviewer:** Could you please describe why Inwido sold its Home Improvement business area?

Interviewee: (laughing) Yes, I can. I was not part of our core business. The synergies were not there.

**Interviewer:** Again, why?

Interviewee: Those products were sold differently than windows and doors. You (note: consumer) don't take the decision at the same time and so you need to be with the consumer at different times...it was a different business...I mean if we had come further with the development with this company I think we could have seen more synergies...but I mean (laughing)...but have another ten years...so at this point...no...I think it was a wise decision. Even if I wasn't part of it (laughing)

**Interviewer:** Actually we are now wondering...was it completely unsuccessful or was it just not matching your strategic idea during this stage of the change process?

Interviewee: I think it depends on what you mean by unsuccessful?

**Interviewer:** Bottom-line performance

Interviewee: That was not bad but there was not the synergy that they (note: decision-maker at Inwido during that time) expected to be there. We were not able to take care of the home business areas in a way that would have deserved I would say...

**Interviewer:** So, did you have a team that was in the lead to establish the desired and needed synergies you are speaking about? Or did you just expect that there will be synergies, which turned out to be wrong?

Interviewee: I think...No, there was not a team...I mean there was a team that managed the acquisition but no, we didn't handle it from the consumer-drive perspective what, I think, we could have done. There were some initiatives...I mean the manager of that business areas was part of the group management team and so on...and they were involved in quite a few initiatives that we did but...no, not a team that focused on managing synergies.

**Interviewer:** Could you please describe the current business model at Inwido/Elitefönster?

Interviewee: (laughing) we have several different business models... (laughing)

**Interviewer:** (laughing) we can also skip this question?!?

Interviewee: Yes, thank you (laughing)

**Interviewer:** Could you share your personal view regarding the value proposition, which is offered through the current BM? Perhaps at both your cash-cow brand Elitefönster and Inwido?

Interviewee: The value proposition for Elitefönster?!? I mean that... we call them a Market generalists, the Volvo of windows in Sweden...if that gives an indication? Its safe, its quality, it has the solution that you need more or less and a history of doing that for 90 years. But there is a value proposition for each and everyone. They (note: brands) deliver all the time on it but...

**Interviewer:** Do you personally perceive that the consumer also think about Elitefönster offering a value proposition labeled "market generalist"?

Interviewee: Actually, I know since we are doing brand audits. So I know that they think...that they perceive Elitefönster as what I just said. I would have wished they had some more labelings on Elitefönster because that would it make a more personal brand but...Elitefönster has a good...it is the strongest window brand in Sweden...that is a fact. Well known for quality and being the strongest window brand in Sweden.

**Observers supplement:** She is talking more about consumer's perception of Elitefönsters' image than the value proposition here.

**Interviewer:** Now Inwido?

Interviewee: Great windows and doors...so (laughing) that's all what I would like to say.

**Interviewer:** Do you personally see a necessity for a change in the current business models or the creation of a new business model? If so, where?

Interviewee: Since we have several business models I think some of them are well suited for that while others need to be either revitalized or challenged to be able to carry us towards our vision or mission. I mean we have a direct business model in quite a few of our countries and that of course is a carrier to where we heading...but we have also some channels, especially the retail channel, which is under strain (laughing) and our question is if they are actually bringing some value here!? I think that is something that we need to figure out. Either we need to develop them (note: business models) together with them (note: retailers) or we need to challenge them (note: business models)...question if we

should continue on it.

**Interviewer:** If you have to point out some part of the process from the production to the end consumer, where do you see the potential to change - more on the consumer-side like channels and the consumer relationship or also in terms of key partners, resources or activities?

Interviewee: (laughing) I see opportunities everywhere (laughing) I think we have...that is why I chose this company to work for (laughing) ...its a very traditional business. Not only Inwido more the whole business as such. Lots have done in other industries what have not been done in this industry yet. And then of course challenging the existing in the old tradition always creates some turbulence and you lose some here but win on the other...So, I think, the biggest where we could gain the most is in the customer and end consumer part. That's what I think. We have a very large part to do also on the backend of the processes and in the production but I think we would in best focus on the consumer part. But that is always the hard part because it's not like investing in machines. In an industry like this, with all its traditions behind it, its very very hard to get acceptance for those kind of investments. Also connected to product development and those parts. It takes time!

**Interviewer:** You were talking about main barriers in a BM change process? Could please describe them a bit more intensive?

Interviewee: Ourselves (laughing) ja ja ja (laughing) I mean all the people that have worked within this company for 25 years are used to doing things in a certain way. And getting them motivated to do things differently, I think, is a great barrier. I think actually the surroundings are more often changed in comparison to internal aspects. And one more thing that I would like to emphasize is competence. We haven't got the competence in quite a few areas. We're lacking...I wouldn't say completely lacking but we have so little of them that they are so broadly spread all over the company. So you don't really get the gain of them (note: people with competence). Since they are not allowed to focus on the areas where they really can make a change.

**Interviewer:** Inwido is planning to spin-off a new venture to increase the innovation speed. Are you aware of that? What do you think about it?

Interviewee: Yes, I know about it but not that I would say...I must admit that I have been not so nice to him on this issue... (laughing) No, we have so many projects and I'm in-

volved in so many... I don't like to be only a little bit involved. Unless he is not really in need of me I will be not involved...so its more me (laughing)

**Interviewer:** How does window/door of tomorrow look like? From each perspective, you in your role as a customer as well as you as part of Inwido.

Interviewee: As a part of Inwido - I don't know.

My vision of the window is that it will actually become a much more and important integrated part of every people's home. It's something were you...I wouldn't say sophisticated...but to me the window is something that you should be able...that should be able to reflect you mood. So that it actually gives you the environment your actually want to be in - if you want light it will bring you light, if you want to be shaded it gives you shade. If you want the kitchen to have the menu when you're going to cook there, it will be there. If you would like to watch TV on it, you can watch TV on it. And you would be able to control...control your windows of course from the distance and so on...but it will bring you the comfort you would like! That's how! When it comes to the door - I think that the door is doing its job to much larger extent today than the window. Because I think the door is something that you personalize much more than a window today. Then of course it should bring you secure. It should be easier to manage automatically...but I think that is...its not that interesting I would say! I think y window has much more opportunities than a door, because I think more and more of our homes will be glass and windows. For Inwido - I definitely hope that we will be part of this new era of windows! I hope that we will be first out! I'm not so sure, though. Maybe in the industry they (note: competition) will recognize us as being first. I'm not so sure that we will be...that we will take the investments to make the consumers regard us as being first.

**Observers supplement:** Seems that they are all believing in their shared vision of bringing “smartified” solutions to people's homes.

**Interviewer:** If you had the power and means what would you change at Inwido?

Interviewee: ... I would definitely invest much more in the marketing and sales part much more. I would take away a lot of the initiative that we're doing today. Prioritize much much much more of what we are doing. Putting large investment in the marketing side to get up the awareness (note: consumer awareness) around windows. I would definitely invest...jaaa...because people need to be aware of the windows - to look at them not through them! I think this is very important! To be able to sell values around windows

people need to be aware of them. That is something I would do! And then I would invest a lot more in product development - that's what I would do...because we need to develop. This (note: the current market technology) is mechanic. Its boring! Today it's a hassle it needs to be much much more... and perhaps not so serious!!! It needs to be more fun (laughing) fancy and fun! (laughing) But this industry is taking itself so serious...and people get bored of seriousness! They want the safety connected and security connected to seriousness but...

**Observers supplement:** Interestingly large break before she answered.

**Interviewer:** Nice! Thank you very much! Yeah, thank you very much!

Interviewee: Thank you! I hope it will help to whatever work you have to do (laughing) Good luck! I look forward to getting whatever it is you working on (laughing)!

#### **Appendix A8: Interview transcript** – *Acting Senior Vice President, Group Operations*

**Interviewer:** Kaya Vatansever/Tim-Ole Mundt

**Interviewee:** *Acting Senior Vice President, Group Operations*

**Interview Setting:** Interview conducted in the meeting room of Inwido. The interview was conducted from 16:10 PM to 17:15 PM on Tuesday afternoon.

**Affiliation with interviewee:** Designated co-mentor at Inwido. Introduced to him three month ago. So far we had two meetings together.

**Interviewer:** What is your formal position?

Interviewee: Senior Vice President Operations

**Interviewer:** What are your work duties?

Interviewee: It is to...coordinate our operation its our production, its our R&D, its our facilities, its our procurement for the group...basically that is to hold-together, to maximize our potential with our plans, to consolidate our platforms...and insure the to lower the cost of our purchases. So, its a broad role but its in parts its quite holding two positions because also Head of Procurement...and we work in Matrix... we are decentralized but coordinated from here.

**Interviewer:** How much of your work time is dedicated to product development? Mediatly or immediately?

Interviewee: I mean product development is operationally positioned under Operations and its like that in most business areas that the Operations Manager is also managing the R&D departments and centrally we have as you know Gabriel (note: new VP of R&D) new and he reports to me. So in that sense I have a direct link to R&D by discussing the issues he reports to me. And then there are all the connections to our strategic suppliers, which is the base for a lot of our R&D and a lot of our ideas, which we have brought forward to the market place...as campaigns and so on are from the suppliers...its a new kind of glass, a new handle....so not so much research but absolutely development of our existing products.

**Interviewer:** So historically you have developed your products also in collaboration with your supplier?

Interviewee: Yeah, I would say so we've that....and pressure from laws that regulating energies demands and...the presentation of new ideas from our suppliers and also some customer demands forced us to develop in certain... I wouldn't say...as you know...our organizations itself is not generating massive amount of new products but we're...I think we're good at reading our suppliers and also trying to adapt to market demands, which made us, especially in Sweden quite successful and being first in energy solutions and so on. The three-glass-window for example...jap.

**Interviewer:** What is your background and education and how long have you been working for Inwido?

Interviewee: BSc. Development Engineer/MSc. Industrial Organisation & Finance

**Interviewer:** Does Inwido make practice of bringing in external know-how and/or technology?

Interviewee: I think we do. I think Abell Security quite recently is a good example by acquiring a technology company or part of it and bringing it in...helping us launch new smart home products...its one example of it...but historically it is what I mentioned before: using our suppliers and pushing them to say what is next? What do you have in the pipeline? Do you have product like this or that? And bringing in technology and know-how from them.

**Interviewer:** When in the process are external know-how and/or technology mostly used? Ideation phase, creation phase, development?

Interviewee: I would say historically it has been in the very beginning... we have stolen ideas

from them or products from them. I would say we gotten innovation and brought them to the market through our products via our channels...that's historical. But then of course we have development projects...we've with the customer right now...looking at new types of windows together with Skanska and Abell, which I mentioned before. In this case they are part of the process from beginning to end. I think it has been the last two to three years were we built something...ja I think you can take that. I mean its...we've pushed suppliers in the past also and develop things together like "Finger Joint Wooden-Components" and that was basically not done before. But in 2002 we started together with NAME OF FIRMA NOT UNDERSTANDABLE where we started with "Finger Joint Wooden-Components"...so I say we were first with that. You see lots of and defects that are cut-out with...Yeah but I guess I would say two or three years we were working more close with longer projects.

**Observers supplement:** Historically

**Interviewer:** How did the strategic change affect the product development process?

Interviewee: I would say we never had a product development process. We worked ad-hoc with project we've found. Not through clear processes or tunnel or gate-ways..no systemization. I mean we of course check with the marketing force? and then we get further with their "god-feelings"...basically you could say that whatever we do their is a process but we hadn't have a defined process on a paper that we follow and ... to this day we actually don't have a common even though Gabriel has launched one and has one...on paper... (laughing) its still not a common model that anybody is running after...that will take some time for us.

To get everybody understand what that gate process mean...what does gate one or gate two mean...we have it on a paper but not everybody knows what it mean. I think a year and half ago the process was born...it was a rocket on the intranet... but no-one used it.

**Interviewer:** So before you never used open innovation in the ideation process of new products, right?

Interviewee: No, I think open innovation was first...we started that together with Ideon last year. It was definitely new to us. But this does not mean that we had a process in the background and still don't have one. Open innovation we did because we really believed that that would be a fantastic way to get new influences and young competences into the company... but of course it helped to see what could be accomplished with that (note: open innovation) ... it was a very successful process! But do we have a lot of new products out in the market because of that - No, not yet. But it doesn't matter because it gave us a lot - the process itself.

**Interviewer:** What is OI to you? How contributes open innovation to Inwido the most?

Interviewee: Open innovation definition for me...well, I would say for us and the way we looked at it and sharing our problems or challenges with...with a broad public or with the public...saying "help us with this", what can we come up with together and we are willing to share the result from that with you...and by that getting much more - to answer the second question - to getting much more than we would receive when we would sit in a close office together and all our R&D guys looking at each other. So, I think we achieved a lot by doing that and we can get so much more out of that - yes, we opened up for competitors to look in. Absolutely! To someone to maybe steal our business idea and what not...but I think we're in a position that we're quite stable and traditional industry. That we can do this without being afraid of someone stealing and launching. I think if we were Apple, Nokia or a fast-moving electronic company or Samsung...I think it would be a harder process for them...that's my feeling... I think it fits business like us maybe a little more...because we can be quite open.

It's not something (note: talking about products) that you can copy and steal within a day and launch tomorrow. So, that's maybe something...and in regards to open innovation that might fit to our business. Ja, open and not afraid to share our problems, thoughts and ideas together with a... like we did!

**Observers supplement:** Is much more talking about threats that change and opening up the corporation could bring.

**Interviewer:** What are Inwido's/Elitefönster's crucial sources to gather/gain/acquire resources? Could be knowledge, people, assets, tangible, or intangible.

Interviewee: I think so far suppliers is key for us. That's where we gather most! I would like to say customers but that is not the case. I think we will have to tell them what they need because they don't know what they need! If you ask "Do you want to control your window with your phone?" than they most probably would respond: "No, why should I want to do that?"...I guess that there is no need yet. So we have to create that need! I would say from suppliers! I would say whatever brands are doing -in other markets. Looking at what technology and "smart" is doing in different business and different business models and trying to steal from that...its not an answer to the resource question but.... the only way to get new resource we have to go out and steal them - ideas that we want, people we found out there...this is what we can use! So, let's buy-in his company and see... I think its very rare in our business. It is

one way... I would say its hard...its always a challenge to acquire or gather the right resources... I would say.

**Interviewer:** Do you also make use of internal sources when it comes to unexploited knowledge inside the company ? Ideas, etc.

Interviewee: Yeah, on the group-level. The R&D is meeting every month. We have a meeting for only high level ...every Head of the different functions...and sometime we mix them up - that is quite cross-divisional. But only...I mean below top 60 management I would say. We have idea boxes...and also open innovation with Ideon we also invited a lot of internal people to take part in order to learn also from the process and learn also from the process... but innovation itself we can be much better in collaborations with universities and so on...we act at a very low level...I mean it's you're, when I look at you two, you a rare...it's not what we have done a lot...historically. But locally its more common - take Elitefönster. They have one or two from technology educations coming in every year doing...lets say a new type of window or so on...getting some influences. But on a very low level!

**Interviewer:** Could you please define the resources, which are essential for Inwido's success? From your perspective.

Interviewee: Well, we can't lose our core competence of production of wooden-windows-that is core! If we don't have this, we don't have Inwido! That means we need that core competence locally to produce a simple thing as a window! I would like to say it is within innovation but it is not... if we're talking about something essential for Inwido I would have to go back to our core business, which is producing wooden-windows!

That's what we build it on and that's what we have to go back to...I think (laughing)... but to grow, to be prosperous, to take the next step, to evolve as a business, we need so much to be on the edge of things and showing the market that we want to take the market leader position by bringing innovations to market and actually becoming a product...yes, that is core for us. Even though we're not market leaders than we can still take that position by bringing products and using our group as strength there. So, if we are or have a lot of power in on business areas we can be innovative used that strength to launch that in our neighbor area, where we have very little resources.

**Observer's supplement:** Is focusing on the production-based view/resource-based view when talking about Inwido.

**Interviewer:** Did they change in the last years? Regarding innovation and the organization-

al/strategic change processes

Interviewee: Yes

**Interviewer:** Do you have an idea why that happened? Adapted: Why now, I mean what was the starting point?

Interviewee: ...I think it was a combination of things.. I think of course a new management that has come in. So, I think that has affected absolutely... Hakan (note: current CEO) instead of our previous manager. I think that has one effect. I think we're also in a place of our business where we are...have...like in Finland or Sweden where we have almost 50% market share. If we wanna grow we gonna have to bring more products to the market! We won't be able to acquire more window and door producers - we gonna have to bring more accessories to the market...new products...increase the value. And I think this is also key here. This is a third thing: increasing the value of the products we are selling because we are in a building material industry...a price-pressed product, which has...if you don't differentiate you will use your margin in the end because it is definitely a price-market...I think that might be the key driver actually...the last one there...So I think that's...you have to upgrade your product and bring more value to the end-user. Otherwise we will just be a commodity... I mean that might be the key driver!

**Interviewer:** Could you please describe how crucial information is shared at Inwido? Is there a formal process or is it quite informal like door to door conversations?

Interviewee: ...intranet...email... I would say email...if its crucial information we make sure that everybody get it by email... I would say that is the main way...but intranet...it will be launched on the intranet if its official of course and then by email... I mean it depends what information...you can have crucial information from the CEO to the management group - then it is his voice (laughing) So...but if it's to the group in one...then it would have to be email. But then it's up to every managers position to share information for his department. So, I mean if Hakan says something to us and the senior management then it's everybody... I mean business area managers task to bring that home to their organization and so on... So... I mean if you want to reduce the time (note: time to spread information) by 50%, then you shouldn't use email. Then you have to do it directly...to do that! Crucial can be... (laughing)...

**Interviewer:** Could you please describe the decisions-making process regarding the need for

and the allocation of resources?

Interviewee: ...I mean...we have no resources to allocate here...we have a bring to the market process...we have gates now...we have decided what should be decided in the gates...what do you need to represent each gate...but like I said, that process is very young. So, I would say we are... the processes are young, we started to work with it, yes...we are at lot of different levels in different business areas. Denmark have a go-to-market process that is well described and very defined... if you like to , I can send it to you...and Gabriel has of course look through...but then we have also some centralized models, which also have the gates and a bit simpler just to get everybody on board to use a go-to-market process and product development process to get a structurized, to get a cross-functional teams in place from the beginning...supporting the process...it's been very much R&D, procurement and production and then you present something to the market... the managers and say "Can you sell this?"

**Observers supplement:** The term resource allocation needs more detailed introduction and demarcation before raising a question about it.

**Interviewer:** What means change to you? In any kind.

Interviewee:.... Change is hard. I think it is the hardest thing we do. I think it is very easy to start change but going full-circle is hard. So, change to me is when you have...putting out an idea out there.

When you gotten an alignment with people, you gotten everybody...at least most part on board. You start pulling on the machine, you get the last people on board and they see they have to follow or they see it is a good thing. And then you bring a full-circle...until you...until you gotten all you can out of that change and then it will evolve into a new change...cause then you will...the process will go full-circle and then you will come up with the next circle and change again. And evolve. So, I think change is bringing from the start side...an idea from start to finish and getting the alignment and the follow from all the resources...and stakeholders.

I know...change is hard like I said... the one that really manage change are fantastic people and their are not that many and I'm one of those...you...the last part is very hard...and when you look at history books its not that many...that are very good at it. So, if you can master that you're in a good position (laughing)

**Interviewer:** Could you please describe the currently on-going change process or processes

at Inwido?

Interviewee: First, we are going through many! Change processes! I guess I take one...and...I take one...and then I choose..."Going from a supplier to the building material industry to... a company of consumer products. And that is for us a long process that will take time....and... I think we're at the stage where we have created an internal understanding of what it means to be... having...that's one of our core values (note: ?) "Consumer in mind"...it is...not only our customer in mind, which is often business to business. Which it was historically! So we had our wholesalers or building material industry in our...in our minds all the time - what do they want?! But also having our the end-use, the consumer in mind. And getting them to go in and ask for our products. So, when they talk to the carpenter then they don't leave it up to him to decide what windows he chooses and what brand...they actually tell them "I want Elitefönster" or whatever brand we have in our portfolio. I think this is a process on-going and that started maybe two years ago and it will...it will continue on until we are regarded...from the end...we have a definition of when we say it is fulfilled and when the change is actually in place...if you like to , I can send it to you.

**Interviewer:** Do you feel affected by this change process in any kind?

Interviewee: Well...Since it's not a drastic process, not a drastic change for us, it is not a burning platform...even though maybe it should be but it hasn't been presented that way... it's been slow process of understanding of that we have a consumer product in our portfolio. Its actually used every day by our consumers. But doors...we haven't appreciate the value of that...you can't see who made it. Our brand could be visible for twenty or thirty years..ad we haven't used it...crazy!!! (laughing) Crazy! Very important and crazy that we haven't used it.

**Observers supplement:** He is not answering to the question. Should I asked again!?

**Interviewer:** But do you feel affected by this change process in any kind?

Interviewee: NO! And no-one work-divisino...what is happening is that...our marketing focus... I would say our marketing is today more focused on the end-consumer...so, yes, we have probably one or two more people in marketing than we had before...so... more focus on that side. But I don't think that it has changed the way of working for people.

I mean we have business concepts that have gotten more validated by this. So, our direct channels...we're now saying that this is the key for the future to having that direct channels and talk to the end-consumer to getting the direct feedback. So, in that sense the company had

changed...we make sure...we appreciate those business models. We didn't have them before but now we are more focused and appreciate it.

**Interviewer:** So, in general you can say more open-minded?

Interviewee: Yeah, I would say

**Interviewer:** Adapted: Could you please describe why Inwido sold its Home Improvement business area?

Interviewee: Ja...It was bought to be base for accessory sales... it was never integrated as a part of the window sales. Their range of products was not a perfect fit. We knew that going in but we...we thought we can complement their product range and then take their experience in accessories, which is what they sell actually... a lot of different small products... but there was never a real connection between windows and their product range established. Therefore, we decided it's not core business and we let go. I think it was not driving our core business sales. The accessories we want to sell should be connected to our windows and doors somehow and we didn't think that their products...we did and we never put the effort in to make them a part of it. It was always a separate business.

**Interviewer:** Could you please share your opinion about why the Home Improvement business areas was not successful?

Interviewee: Ja, we never used their...that organization that they had for working with accessories and implemented in our windows and door business. And the knowledge that they had was kept for themselves! It was never integrated in the window and door business. The window and door business was too stable... I would say too old-fashioned in their ways to... management problem I would say...we could...we never consolidated in together...we took help from each other and we (incomprehensible) prices from time to time but it was on a very limited scale. So...it wasn't really a...they already had the same customers. So, we were already on the same customer base, retailers. They had their business model and... one plus one did not really make two. In that sense it was more strategically right to keep them separate. Maybe to help on specific projects but that didn't happen...

Interviewee: How far are we? I just have to...

**Interviewer:** We are going to speed it up from now on.

**Interviewer:** What happened to the formerly tied resources (assets, people, knowledge, etc.)

Interviewee: Nothing (laughing)

**Interviewer:** Could you share your personal view regarding the value proposition, which is offered through the current BM? For Elitefönster as well as for Inwido or in general.

Interviewee: ...ja, we actually have a new mission...or value proposition...we put in there as well... in general it is bringing well-being to people...and that has been since... a couple of years now. I think this is a good way of seeing...a good way of describing what we want to do. But there's also a safety-level, easy-to-use, and being recognized as part of the home...but again only as a building material.

**Observers supplement:** Is talking about mission, vision and image rather than value proposition

**Interviewer:** Do you think your customers/consumers think the same?

Interviewee: No, we don't have any!

**Interviewer:** ...

Interviewee: I mean... I'm probably a little off but do people choose Elitefönster because they feel its safe? Its trustworthy? Its reliable? Its dependable? And its the biggest brand?...ja, they connect that with the brand. And that is well-being of course. Feeling safe and having all that. So, for some of our brands...ja, a lot of well-being fits. But have they... in that sense, yes, well-being affects our customers absolutely... but do they regard it as bringing well-being to them...I'm not sure... (laughing) it's tricky (laughing) yeah, I guess we are market leaders and we got strong brands... we...we have... it's a certain comfort-level to choose our brands... I would say...its Volvo that you buy.... I would say. In other brands its also service-level and price...

**Interviewer:** What do you think about the simple terms "brand-awareness" and "getting-the-job-done". Meaning, a Elitefönster is offering one essential purpose, its just serving with having a window in my house.

Interviewee: ...ja...jaa..I guess...its fulfilling its purpose...yeah, absolutely!

Its a safe choice and a reliable one and one that is often recommended to them... I would say... by retailers, carpenters... they trust the quality, easy-to-install, has all the value of a window that the carpenter likes and therefore they recommend it...ja... I would say you don't change your windows because its fun (laughing) you have to do it (laughing)

**Observers supplement:** In general a lot of guessing out in the blue. Do retailers and carpenters really recommend - they don't know.

**Interviewer:** Inwido is planning to spin-off a new venture to increase the innovation speed. Are you aware of that? What do you think about it?

Interviewee: ...depends on what you mean...because... we are... I mean there are a lots of ideas of having new ventures... so you don't know about them... I mean of those projects... I know you guys with Gabriel have talked about different new setups and models... but It's great... I like it...its perfect! Bring it on. I'm very open to it! Then we have to decide further... how we use our brand, names and so on, the model and what can be sold and how we do it and everything. Just to secure that our brands are not... maybe mixed and connected too much with new ideas that just want to test and then maybe discard... but still you have to test them. We have to define a good setup there but them I'm up for it! Yes, very good.

**Interviewer:** I just wanted to figure out how and when information regarding innovation projects are shared and approached

Interviewee: ... I mean...we... it is a... Gabriel and I discuss and when we come up with something maybe together with Jonna...and then we build it and then we present it. We don't share all the time and we don't have a good coffee room (laughing) in a good way... I mean we should if we want to be a very innovative company but we have more small clusters and if we have something we bring it up... I would say we work like that.

**Interviewer:** Could you imagine any main barriers and obstacles affecting a process of spinning of a new venture - from your point of view.

Interviewee: ... not... I mean if we are talking about the open innovation as a new venture as putting out a place... a market place to test new ideas... as long as you can do that... yeah, an obstacle can be if its start being really connected with our core brands the window and door business then of course it will be a... it will put a lock on the ideas that come in because then we have to monitor that it not negatively affect the brand values and it always has to go along with our brand. So, if it can be under our roof as spin-off and letting entrepreneurs test ideas and having a platform for that without a direct connection to Elitefönster or Hemmafönster or other brands and maybe just to Inwido... Yeah, I think that could be an obstacle.

If the ideas that come up are so connected to a certain brand then they might not get tested because they are wacky... (laughing) ... and not really core for that brand and that we will have the brand police in person of Jonna in running first over there and saying "You can't test that while being so closely tight to Elitefönster if its so way of what they are stand for!" of course it should be linked to windows and doors somehow but connect them to a brand can be a little difficult. So, that's a challenge. Because sometimes you need that to get the pull, to get the sales, to get it really tested, And on the other hand if it's too wacky you might not want to connect it to one of our brands until it's tested...So, that's an obstacle.

**Interviewer:** How does window/door of tomorrow look like? From each perspective, you in your role as a potential customer/consumer as well as you as part of Inwido.

Interviewee: ...I won't go into design... I should be able to chose the style and design that I want that fits my house. They (note: windows/doors) should be dynamic and having accessories that makes them dynamic. They let in energy when they should. They keep energy in when they should.

And they keep energy out when they should - they should be dynamic. I should be able to monitor them... remotely... I should be open my door...who is staying outside, which means I need a camera in my door...should be already implemented in the door. So, we get the sale (laughing)...and needs to be a plug'n'play system...so its not...if you buy its today it's very complicated...you have to be smart and love it. You should buy this, get a control box and you just match your windows and doors to the box and you're off! It will help me to control my indoor-climate by being dynamic. I will also have the opportunity to open and close my system for foreigner, for example carpenters or whoever is delivering something... I can open the door from them and close it behind them when they leave. That's technology, not design like I said.

**Interviewer:** So, that's it! We're done! Thank you very much for your time! Thank you! We appreciate that a lot!

Interviewee: Thank you! And of course if you have more, please let me know!

**Appendix A9: Second interview transcript – Vice President of Marketing and Sales at Inwido**

**Interviewer:** What major challenges is Inwido facing during the on-going processes of strategic repositioning and how do you manage to handle this?

Interviewee: What major challenges are we facing, um..

**Interviewer:** Yes.

Interviewee: I mean, are you, are you talking about the external and internal challenges or...

**Interviewer:** Yeah, both!

Interviewee: Both? Well, I'll start with the external ones?..., of course it's .. that we are just doing this to see this turn around when the market is down, when we have some market requests, which makes it more difficult because it has to be very cost effective to see this turn around.

**Interviewer:** Okay..

Interviewee: We can not lose to fail because of it.

**Interviewer:** Okay.

Interviewee: 'Cause we need to do it um.. under, under, I would say: some kind of “market strain“.

**Interviewer:** Mhmh.

Interviewee: And... I think that is made upon of the external projections..... since what we are trying to do is actually something that, I think, both customers and consumers... I mean would gladly see us do, so I don't see that there would be a big opposition from that point. In some cases perhaps the channels as such could feel threatened for gross moving, closest to the consumers but if we, if we are doing that in a professional way, I would say, it would rather be an advantage for us, actually.

**Interviewer:** Okay

Interviewee: But if it's not handled correctly, that might also be a challenge

**Interviewer:** Okay

Interviewee: Internally of course there are several challenges, one of them being the hesitance of people to change, I mean not people feel threatened by change and this is of course a big change... but again: Communication and making people understand how they can contribute, I think it's the best way to bridge that and that is something we are putting effort into. I think we have done that but I think communication can never be overdone in situations of change. So I'm sure we have to do a lot more in that making people understand the "Whys" the "Whats" and the "Hows".

**Interviewer:** Okay, yeah

Interviewee: So it's very, very important. And then taking we of course also competences is a big challenge, since I mean driving the business in a different way, puts, I mean, kind of a ??? where we have gaps in competence and again, the market being as it is, we have restrained us on recruiting people, which means that we need either to do educate the ones we have or we need to take out old competence and exchange that to new competence.

**Interviewer:** Okay

Interviewee: And we are doing that, I would say, we have done that over the past three years to ... ??? logic sense out of the top sixty as we call it: the top sixty managers within the company, like I think we have exchanged forty of those...

**Interviewer:** Oh

Interviewee:...during our three years

**Interviewer:** Okay, okay! That's quite a lot.

Interviewee: *Yeah, there has been a big competence restructuring to be able to facilitate the change.* I would say that those are , and then there is also organizational changes of course to carry the... or to facilitate the change, being the ones we talked about last time with the different meetings we participate the marketing and sales management team, the operation management team that is cross-bordered and... also the of course, I mean, recruiting ??? and also putting more focus on the R&D and in all our markets and doing the initiative with ... is also a facilitator or at least something that could focus on what we want to do in the future, rather than what we have done in the past.

**Interviewer:** Okay, nice. ... thank you. ... do you have a commonly acknowledged overall

aim, which is describing whether the desired strategic change processes, and the repositioning is successfully completed? Or not?

(...)

Interviewee: We have actually a checklist. We have put down four checkpoints of when we can call ourselves a consumer driven company.

**Interviewer:** Okay, nice.

Interviewee: Internally we can call ourselves a costumer company when we drive our business from the costumers needs and external the costumers are evidences satisfy with our product services and performance...and when the financial market label us as a consumer company. So those are the four checkpoints.

**Interviewer:** Okay, nice. Thank you. Next: the capabilities, I mean you also talked about competences inside the company and the organization as structure as you said. Would you stress additional organizational capabilities that are needed to conduct the strategic repositioning process? Or do you think you've already mentioned all of them?

Interviewee: Well, I think what we need is of course, I'm not sure if we need more strategic thinkers. I think we need more practical doers, who are actually doing the change now. I think that's the stage we are at. I think we have thought the big thoughts. And now it's down to actually getting that out in the whole order making sure that everybody understands and everybody understands their own role in this and why it's important and why we think this is good for the future.

**Interviewer:** Okay

Interviewee: I think there are some business areas we have so much further and in others we have quite some way to go, still.

**Interviewer:** Okay, nice. Okay. The last time you also talked a bit about the organizational structure and that you changed to the light-matrix structure. So would you say that the change from your old structure to the light-matrix structure was caused by the ambition to change the company, the strategy and the positioning in the market?

Interviewee: Yes!

**Interviewer:** Okay, is there any deeper explanation, I mean...

Interviewee: I mean, it could not be done quickly enough in the old structure..

**Interviewer:** okay

Interviewee: ...So I mean, to be able to put... more emphasis on the change and that it was necessary and that it was necessary to get things done quite quickly. There has to be an organizational change. I might even add :I'm not sure that the light-matrix will be able to facilitate the whole journey, so to say.

**Interviewer:** Yes

Interviewee: I think perhaps we might... I mean.. in how long time. But I would say within the next three to five years there would have to be additional organizational changes to really, really get this going.

**Interviewer:** Okay, nice. The next point is rewards and motivation. How does Inwido or you personally as a manager motivate your staff or the organizational members to take part in change processes or projects in general? So, do you have a guideline how to motivate or do you do it on individual like perceptions or do you have rewards?

Interviewee: No, we don't have any guidelines but I mean all the *TOP 60* managers should have had for the past two years leadership-training. Where we get trained in how get to motivate our employees. And that was also during the last year that middle management in most of our business areas that have also gone through leadership training

**Interviewer:** Okay

Interviewee: Great emphasis has been put on to I mean, change management so, and communication, so I think we have, I mean we are at least aware of obstacles and also aware of the importance to motivate people and to get people on board when you're doing changes, so and then of course it always comes down to each individual leaders and how well they know their people and how well they manage them.

**Interviewer:** Okay, thank you. Adapting on this, do you have any like monetary rewards or like bonus programs?

Interviewee: Yes, we do.

**Interviewer:** Yeah? Okay.

Interviewee: I mean especially within sales we do but there are so many different bonus themes. I won't be able to give you one favorite....it's the most common

**Interviewer:** Okay.

Interviewee: I mean we work through five different channels and within those five different channels we work in separate ways in different markets, so... I mean it puts things.. The most general I can. I mean we tried to motivate or incentivize the ones that are moving change the most of course.

**Interviewer:** Okay, nice. Um

Interviewee: But I mean, I'm sure there's more we could do on that part.

**Interviewer:** Okay

Interviewee: Definitely, I'm sure that the, we do not live in a culture that is used to those kind of individual rewards. That is not been the way that you have traditionally geared the people in the company. And the explanation of that is of course the.. I mean we are coming from this production cultural background and all the different production facilities that are somewhere in the middle of nowhere where people are more or less like: they want to stay there, they need a job and our factories are almost the only choice they have. So, I mean that means that you haven't had to incentivize people .. You know in any other way

**Interviewer:** Yeah, sure.

Interviewee: ???.... I mean, That's also trying to change the culture but then I mean you get failed people and those are not situated always at the factories but actually in other cities then of course those ways of motivating people coming to the full???... way

**Interviewer:** Mh okay, nice. So I assume that rewarding and incentivizing became more common during the last years?

Interviewee: Yes! Yeah, I mean there has been sales competition started and other kinds of competitions, I mean, nowadays since the last three years, we're also rewarding the best indigen business area every year and so on. So there has been, yes!

**Interviewer:** Okay, nice. So let's talk about processes as such are. Have any changes been made to lateral or vertical processes? When I'm talking about lateral processes I mean some for example new development processes and when I'm talking about vertical processes it's more about what you mentioned: trainings or budgeting process, R&D restructuring and so on. Do you know what I mean?

Interviewee: Yeah, I know what you mean, I would say that, I mean we, during those 3 or 4 years, I mean we've established quite a few processes that wasn't here before. R&D process was not here, there was no cross boarder-sales process, uhmm, there was no more common structure for example within my area, the marketing and sales accounting, follow-up on brands. That's quite a few.

**Interviewer:** Yeah, It's okay if you answer briefly. So it's fine. And, I mean actually I'm already aware of it but: You also tried to or already did in some business areas change the product development process, right?

Interviewee: Yeah! I mean, there has actually been, I would say most of our business areas. There [in most business areas] have been no structured processes before! So that is something that has been established over the last three years and then of course something that is terrible while others think it's great, so.

**Interviewer:** Sure. Okay, thank you. Actually it's the last question and again it's quite subjective: Do you think that Inwido's existing culture allows you to drive those kind of drastic changes and this repositioning from a supplier in the building industry to the consumer market?

Interviewee: In our culture?

**Interviewer:** Yeah, culture.

Interviewee:(...) I mean we are changing the culture. The culture from before would not allow this change but since we are changing the culture. I mean that's part of the whole strategy process.

**Interviewer:** Definitely! Could you describe in three to five words what is the current culture?

Interviewee: I would say that the traditional culture was very much, actually... the production orientation. I mean we've sold what we could produce. I would say that was it very much. It

was. We looked into our factories and thought: What can we do and what are we good at and then we produced that and then we tried to find someone to sell it to. And if we found a good customer we did everything to keep that customer. I think that has been the traditional culture. Everything came out of the production, very technical production orientation??? The culture we're in right now is in between cultures I would say.

**Interviewer:** Yeah, definitely!

Interviewee: Since it's not been implemented I would say. But the culture we are driving to is of course, to have a consumer orientation and happy become a consumer orientated company with the parts that I have told you about. I mean the pillars of that is of course also the corporate value so with the consumer in mind... to improve the competent people at hand. Those are the three corporate values and I think they are the pillars upon which we try to make this pretty big change.

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