

Front End Innovation: On Identifying Value-Adding Opportunities

Key Factors to Enrich an Existing Business Model

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June 2014



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- Key Factors to Enrich an Existing Business Model

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Preface

We want to start by thanking the Case Company for suggesting the problem definition for this thesis, and for the opportunity to conduct the case study in collaboration with them during the spring of 2014. In particular we would like to thank our supervisor Johan Mårtensson. He made this thesis possible in the first place with all the work he carried out in advance, and in parallel with the case study being conducted. Thank you for your involvement, dedication, collaboration and trust; it has been a true pleasure working with you.

A special thank you to Carl-Johan Asplund, our supervisor at the Faculty of Engineering, Lund University. He has constantly been challenging and pushing us towards interesting discussions. With your questioning and challenging approach, you have been an inspiring supervisor.

Furthermore, we would like to thank the people we have interviewed, helping us with valuable insights into the Indian culture. We are grateful for all the information and inspiration you have shared with us.

We would also like to thank our opponents, Cecilia Berninger and Elin Otterbeck, for valuable inputs of improvements to this thesis.

We would also like to send our sincerest thanks to our family and friends, who have been of great importance to us and supportive throughout the whole process.

Finally, we would like to thank each other for a great cooperation. We have learnt a lot from each other and have been able to bring different perspectives into the thesis. It has also been great fun to share this experience – both the days when everything went smoothly, and the days we had to struggle. Together we achieved a result that we are proud of!

Lund, June 2014



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Abstract

- Title:** Front End Innovation: on Identifying Value-Adding Opportunities
- Key Factors to Enrich an Existing Business Model
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Johan Mårtensson, supervisor at the Case Company
- Purpose:** The main purpose of this thesis is to increase the understanding of how companies in general, and for the Case Company in particular, can identify and analyse value-adding opportunities to an existing business model.
- Sub purposes:**
- Create and suggest a theoretical framework in order to identify and analyse value-adding opportunities to a business model.
 - Identify and analyse value-adding opportunities to the Case Company's business model.
 - Validate the created and suggested theoretical framework.
- Methodology:** Based on the purpose of this study, a qualitative case study with an abductive approach was chosen for this thesis. The data collection mainly includes internal secondary data gathered from a Case Company, as well as external secondary data and semi-structured qualitative interviews.
- Theoretical Framework:** The empirical data has been collected and analysed with a framework developed in this thesis called the *Structured Front End Innovation* model. This model is a composition of concepts and theories within the theoretical sphere around Front End Innovation, understanding the market and understanding the organization. The model is an attempt to give an increased understanding for identifying and

analysing value-adding opportunities to an existing business model. The context has been analysed using Peter E. Koen's model for new concept development as a theoretical foundation. More specifically, an integrated view of stakeholders need, a business model, and value-adding opportunities into a revised Front End Innovation model.

The *Structured Front End Innovation* model consists of three main elements: influencing factors, opportunity identification and opportunity analysis. The framework should be used with a non-solution oriented approach and with possible iterations between the elements. Furthermore, since the framework is a schematic guide, the practitioner needs to adjust and adapt the framework towards the specific case.

Conclusions:

The *Structured Front End Innovation* model has been developed and empirically tested through a case study. From the case study, the framework has been validated and suggested to be useful as a schematic guide to identify and analyse value-adding opportunities to an existing business model, in the front end of innovation. The framework will hopefully help practitioners who want to enrich their business model, by giving them a structured hands-on approach.

Keywords:

Front End Innovation, value-adding, opportunity identification, business model, case study, India

Acronyms

FEI	Front End Innovation
FFE	Fuzzy Front End
NCD	New Concept Development

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1 Introduction

This chapter aims to provide the reader with a background to the research field, as well as to this specific master's thesis and the Case Company. Furthermore, the issue that is being studied is explained, and the purpose and sub purposes are presented. Finally, some delimitations of the study are stated and the outline of the report is described.

1.1 Background to Research Field

It has been shown that innovation is crucial for organizations in order to maintain a competitive advantage (Drucker, 1985; Chesbrough, 2003). In addition, in today's globalized economy, in which knowledge and competences are crucial, innovation plays a key role in sustaining and developing a competitive edge (Tinguely, 2013). Tinguely (2013) also points out that although everybody has a broad idea of what innovation is, when one look deeper into it, innovation appears to be a particularly complex area.

Organizations need to manage their portfolio of competences. They need to do both exploitation, i.e. focus on their current business with its existing competences, and exploration, i.e. identify, acquire, and develop new competences for new businesses (Herzog, 2011). Therefore, different types of innovations are necessary, such as radical and incremental (Garcia & Calantone, 2002). The radical innovations transform the relationship between customers and suppliers, restructure marketplace economics, displace current products, and often create entirely new products categories (Leifer, 2000). The incremental innovation is not about huge sweeping changes. Instead, they can be seen as cost cutting or feature improvements in existing products or services, and is dependent on exploitation of competences (Leifer, 2000; Herzog, 2011). Consequently, both radical and incremental innovations could result in added value to an existing business.

All innovations originate from ideas, which can be seen as fuel to the innovation process as it supplies the innovation funnel with new or improved concepts that finally may trigger innovation (Boeddrich, 2004). However, to be able to generate ideas, it is important that the organization first identifies and analyses valuable opportunities (Koen et al., 2001, 2002). These opportunities need to be generated with a focus on the market and its needs together with the business strategy and the

organizational capabilities (Koen et al., 2001, 2002; Beckman & Barry, 2007; Danes & York, 2011).

Due to the increased globalization, the desire for organizational growth and the urge for competitive advantage, the processes to identify and analyse value-adding opportunities to an already defined business model, is something that companies need to learn to do better.

1.1.1 Background to Master's Thesis

The problem definition for this master's thesis initially came from a packing solution company. From now on in this thesis, this company will be called the Case Company. From the problem definition, the authors developed the purpose and the sub purposes for this thesis.

With today's globalization and increased competition, the urge for large corporations to enter new possible markets is of great interest. This especially applies to companies that already act on a global market. With an increased globalization, a company has to adapt to new markets and customers, and the company's managers are lucky if they can use the same business model that they have used on their home market or in earlier enterings on new markets (Al-Rodhan & Stoudmann, 2006). The Case Company is one of those companies who have succeeded in using the overall same business model when entering new markets, and are as a result active in over 170 countries. However, when the Case Company entered the Indian dairy market, their current business model did only result in a minor success.

When entering the Indian dairy market, the Case Company started to act on the organized market; where other established companies already acted. The attempt to penetrate the market resulted in the Case Company being a minor actor on the market, with a market share lower than 0,5 percentages. Since the dairy market in India turned out to be more complex than expected, the Case Company chose a new approach: a new business model on the unorganized dairy market.

1.1.1.1 Market Research Conducted by the Case Company

In order to be successful and to penetrate the unorganized dairy market properly, the Case Company understood that an extensive market research had to be conducted to be able to get a deeper understanding of the milk's function for the

stakeholders acting on the dairy market. The Case Company chose to focus on the consumers with low economic standards, since they realised that there were market shares to gain in this segment. Therefore, the research was made in one of the poorest states in India, Uttar Pradesh. In addition, this is also the most milk producing state (National Dairy Development Board, 2013). Consequently, the findings from the market research lead to the new business model.

1.1.1.2 Value-Adding Opportunities

The business model is a franchising concept, consisting of a value chain targeting a specific end customer. In order to create a competitive business model, the Case Company chose to include three stakeholders, who act on the unorganized dairy market today. In this early phase, the business model is not yet launched on the Indian market. However, the intention is to launch it within the near future.

The Case Company's vision with the business model is to penetrate the unorganized dairy market in India. To be able to successfully do so, they need to strengthen and develop their business model even further in order to attract the chosen stakeholders, and furthermore, to be able to scale up and gain a greater market share. This has resulted in the problem definition created by the Case Company; to find more value enhancing activities for the business model. To be able to find such activities, one has to identify and analyse potential value-adding opportunities.

To study the process of identifying and analysing value-adding opportunities to a business model is an interesting assignment for a master's thesis. The general results may be interesting for companies in general, as well as for the academia. To be able to study this process, a case study has been done, using empirical data from the Case Company.

1.2 Issue of Study

It has been shown that it's in the first phases of an innovation process that the organization decides whether to invest resources into further development of ideas and concepts (Koen et al., 2001; Danes & York, 2011). It is therefore of high importance for a company that their business model gives enough early value for all the stakeholders, to motivate them to continue investing. Furthermore, it is also of importance that the business model continues to give value to all the

stakeholders throughout the whole life cycle to maintain a competitive advantage (Drucker, 1985; Chesbrough, 2003). Consequently, there is a need for value enhancing activities to a business model. The process to identify and analyse value-adding opportunities is an interesting issue of study for companies in general, as well as for the Case Company.

Existing literature discusses the best practices in the design and development phases of a product or service in an organization, as well as the actual product launch phase (Guiltinan, 1999; Cooper 2001). Literature also describes the process before the actual making of the product or service, the area called Front End Innovation (FEI). The FEI focuses on how to identify and analyse opportunities and has been shown to give some structure when developing concepts (Koen et al., 2001, 2002; Boeddrich, 2004; Koen, 2004; Danes & York, 2011). The authors of this thesis felt that FEI was useful even when identifying and analysing value-adding opportunities to an already existing business model. Consequently, this thesis aims to use the FEI approach when identifying and analysing value-adding opportunities to an already existing business model. Furthermore, the FEI is considered to be the weakest area in the process of innovation, since it is seen as abstract and hard to structure (Herstatt & Verworn, 2001; Kim & Wilemon, 2002). This has resulted in the need to further structure the FEI area.

By developing an innovative framework for identifying and analysing value-adding opportunities to an existing business model, and testing it empirically in the case study, the aim is to make contribution to existing theory. Another aim with this thesis is to help the specific Case Company with valuable empirical findings regarding opportunities found on the Indian market.

1.3 Purpose

The main purpose of this thesis is to increase the understanding of how companies in general, and the Case Company in particular, can identify and analyse value-adding opportunities to an existing business model.

1.3.1 Sub Purposes

- ✓ Create, suggest and apply a theoretical framework in order to identify and analyse value-adding opportunities to a business model.
- ✓ Identify and analyse value-adding opportunities relevant to the Case Company's business model.
- ✓ Validate the created and suggested theoretical framework.

1.4 Delimitations

Focus is on the initial innovation phase, furthermore, to identify and analyse opportunities. In the case study, the evaluation and selection of which opportunities the Case Company should proceed with, falls outside the scope of this thesis.

Due to geographical delimitations (the authors are situated in Sweden), the case study is mainly based on the market research done by the Case Company.

1.5 Disposition of the Thesis

Chapter 1 - Introduction

This chapter aims to provide the reader with a background to the research field, as well as to this specific master's thesis and the Case Company. Furthermore, the issue that is being studied is explained, and the purpose and sub purposes are presented. Finally, some delimitations of the study are stated and the outline of the report is described.

Chapter 2 - Methodology

This chapter describes the research approach as well as the practical work methodology used in this master's thesis. More specific, a description of the work process for this thesis and how the data collection has been made. Finally, the credibility in the study is discussed in terms of validity, reliability and generalizability.

Chapter 3 - Theoretical Framework

In this chapter the theoretical framework for identifying and analysing value-adding opportunities is presented. The presented concepts and theories are based on literature studies, and are partly used to design a specific framework, presented in chapter 4.

Chapter 4 - The Structured Front End Innovation Model

In this chapter the sub purpose “Create and suggest a theoretical framework in order to identify and analyse value-adding opportunities to a business model” is elaborated upon and fully described. More specifically, different concepts and theories for identifying and analysing value-adding opportunities are combined into a specific framework created and used in this thesis.

Chapter 5 - Structured Front End Innovation Model in Practice: The Case Study

In this chapter the sub purpose “Identify and analyse value-adding opportunities to the Case Company’s business model” is elaborated upon. Furthermore, the *Structured Front End Innovation Model* is empirically tested on the case to be able to validate it in chapter 6, Analysis.

Chapter 6 - Analysis

In this chapter the sub purpose “To validate the created and the suggested theoretical framework” is elaborated upon. More specifically, the *Structured Front End Innovation Model* is analysed both in its entirety, as well as in its different elements. The analysis consists of discussions regarding the empirical outcome together with the presented theory.

Chapter 7 - Conclusion

This chapter focuses on the main purpose “Increase the understanding of how companies in general, and the Case Company in particular, can identify and analyse value-adding opportunities to an existing business model”. More specifically, summary and reflection, theoretical and practical contribution, and further work are presented.

2 Methodology

This chapter describes the research approach as well as the practical work method used in this master's thesis. More specifically, a description of the work process for this thesis and how the data collection has been made. Finally, the credibility of the study is discussed in terms of validity, reliability and generalizability.

2.1 Challenges in this Thesis

When conducting this thesis there were mainly two challenges to face. First, a limited time frame, and second, a limited access to data for the authors.

2.1.1 Limited Time Frame

The short time frame for this thesis has been a challenge. In dialogue with the Case Company it was decided that it would be of high value to do something practical and to actually give concrete recommendations to the company, despite the short time frame. However, this has inevitably resulted in the need to force and rush some activities, and that some trade-offs regarding the scope were necessary. For example, it would have been desirable to be able to complete the opportunity analysis. But, since an innovation process runs over a long time horizon, and includes much iteration (Koen et al., 2001, 2002), this was not possible. Therefore, it will be up to the Case Company to use the presented opportunities to take them further.

2.1.2 Limited Access to Data

As mentioned in the *Introduction*, the Case Company has conducted a market research on the Indian market. The authors have had access to the market research, as a secondary source, when conducting the thesis. In addition, the authors have also collected external secondary data. Unfortunately, it has been hard to find the right amount of relevant information about the specific market since the authors were not located in the country. This, together with the fact that India is a big country, with 1,27 billion inhabitants (India Population 2013, 2013), made the data collection harder. The large population size also made it hard, almost impossible, to draw general assumptions about the people, their lifestyle and their code of

conduct. It would have been desirable to give the Case Company a finalized opportunity analysis, but the limited access to data has prevented this.

2.2 Methodological Approaches Used in this Thesis

In methodology literature there are several variables describing different methodology approaches. In the following section the most common variables will be explained, followed by the specific variables used in this thesis together with how they serve as guiding principles throughout the thesis.

2.2.1 Exploratory, Descriptive, Explanatory and Problem Solving Studies

According to Höst et al. (2006), the main methodology approaches are: exploratory, descriptive, explanatory, and problem solving. An exploratory approach is used when the study aims at gaining a deep understanding and an understanding on how something works. A descriptive approach aims at finding out and describing how something works. An explanatory study aims at identifying cause and effect relations together with explanations on how something works. Finally, the problem solving approach aims at finding a solution to an identified problem (Höst, Regnell & Runeson, 2006).

2.2.1.1 Exploratory and Problem Solving Study in this Thesis

In order to fulfil the purpose of this thesis, together with the sub purposes, it was necessary to first gain deeper understanding and knowledge about adding value to a business model. Next, a solution to the problem of how to identify and analyse value-adding opportunities, had to be found. Consequently, the design of this study can be seen as a combination of two methodology approaches: exploratory and problem solving. It is exploratory as it aims to contribute to a deeper understanding and knowledge about identifying and analysing value-adding opportunities (Höst, Regnell & Runeson, 2006). The problem solving approach in this thesis is due to the fact that it aims to find a tentative solution to the Case Company on how to add value to their new business model.

2.2.2 Inductive, Deductive and Abductive Approaches

In both theory and empirics, a study moves between different levels of abstractions. An inductive method is where general theoretical claims are based on gathered data and empirics. A deductive method, on the other hand, is a method where assumptions about the empirics are formed when creating the theoretical framework. These theories are then verified by the previously collected data. The abductive approach is a combination of the inductive and the deductive approaches (Wallén, 1996).

2.2.2.1 An Abductive Approach in this Thesis

The approach in this thesis has been of an abductive nature, which implies that the study has used both empirical observations and theories in an iterative process in order to achieve a theoretical contribution (Alvesson & Sköldbberg, 1994). The theories regarding the area of innovation, value-adding activities and how to find opportunities are extensive and the study started with a literature review of existing theory in the mentioned areas in order to be able to build a theoretical framework. This theoretical framework was then tested empirically on the Case Company's specific case. A data collection was done, using both primary and secondary sources. The findings from the evaluation and the analysis were then used to discuss the theoretical framework's applicability and contribution to existing literature. This can be seen as a deductive approach since the collection of data has been collected according to the theoretical framework and a model has been formed from it. Since the study of innovation, value-adding activities and how to find opportunities can be seen as rather complex, an inductive approach has also been applied. During the collection and analysing of data an open mind has been kept and has contributed to additional theories to the theoretical framework.

2.3 Work Process in this Thesis

Figure 2.1 visualizes the work process of this thesis. The study started with a problem definition from the Case Company. The next step was an extensive literature study, which implied gathering theories in the area of FEI and theories regarding the market and the organization. After a general understanding of the research field, the authors created a framework, defined as the *Structured Front*

End Innovation Model, in order to identify and analyse value-adding opportunities to a business model. Further on the authors will use the acronym SFEI.

Next, a gathering of empirical data began through looking at internal secondary data from the Case Company together with external secondary data. In parallel with this, semi-structured qualitative interviews were made based on the findings in the secondary data. The gathering of the empirical data was made with the SFEI model as framework. The empirical data and its findings resulted in new insights and, consequently, new theory was added throughout the whole case study. After the data collection was made, a deep data analysis could take place. The SFEI model was still used as a framework for how to analyse the data. Since the study is of abductive approach, new findings to the theory were added throughout the data analysis phase as well.

After analysing the collected data, empirical findings to the Case Company could be presented. Finally, an analysis and a validation of the SFEI model were done and contributions, both theoretical and practical could be made.

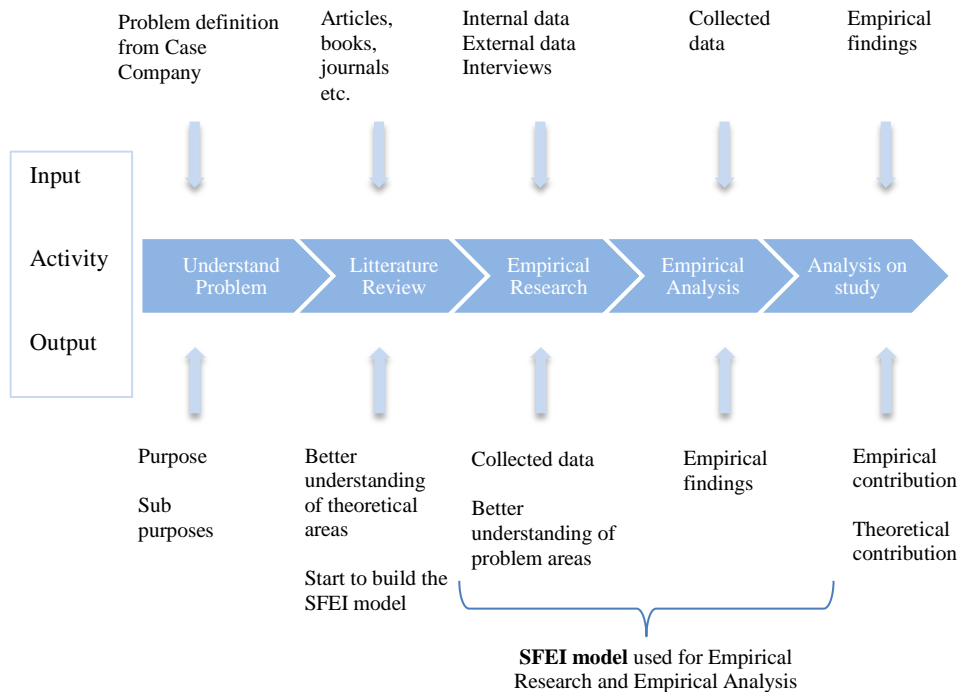


Figure 2.1 Work process in this Thesis

2.4 Data Collection

The method that has been used in this study is primarily an exploratory case study. According to Höst et al. (2006), a case study is a method well suited in exploratory studies. Consequently, a case study was appropriate in this study since the purpose was to understand something, which implied that a deeper examination was needed. Through a case study, an in depth knowledge could be reached, by gathering qualitative information through interviews and secondary data (Blaxter, Hughes & Tight, 2006).

A case study collects both qualitative and quantitative data, but with a major focus on qualitative data. The two different methods for conducting data collection are more or less suitable depending on the cases. Quantitative data is data that can be counted, classified and processed through statistical calculations, hence, more suitable for structured and precise research studies (Höst, Regnell & Runeson, 2006). Qualitative data is data in the form of words and descriptions rich on details and nuances, which is often created by watching, asking questions and examining (Punsch, 2005; Höst, Regnell & Runeson, 2006). Qualitative methods can be seen as more subjective than quantitative methods, consequently, more suitable for studies that aim to obtain a complete understanding of a phenomenon (Wallén, 1996). The purpose of this thesis was to gain a deeper understanding about the process to identify and analyse value-adding opportunities, which can be seen as rather abstract and difficult to define and measure. Therefore, a qualitative method was primarily used for the data collection.

There are two main types of data to be collected; primary and secondary data. The data collected in this thesis were of both types.

2.4.1 Semi-structured Qualitative Interviews

The interviews used in qualitative researches are often less structured than when quantitative data is to be found and researched. Thus, the qualitative interviews can be either unstructured or semi-structured (Bryman & Bell, 2007). In this specific study a semi-structured approach towards the interviews has been taken in order to get an overview of influencing factors in the SFEI model. Therefore, these semi-structured interviews were made during the initial phase of the research. An interview guide (see Appendix A) was created to make sure that important areas were discussed during the interview.

To conduct interviews of high quality, the authors contacted Lund University to find anthropologists with their major in Indian culture. The interviewees were chosen based on their expertise in the Indian market as well as their knowledge about the dairy market. All interviewees were given background information about the problem definition beforehand in order to be prepared, thus making the interviews more efficient.

2.4.2 Internal Secondary Data

A collection and gathering of the internal secondary data were made in order to understand the specific market, as well as the Case Company's approach towards the market and the chosen business model. This kind of collection can be classified as an archive analysis, which means for example to examine reports on the subject one is studying (Höst, Regnell & Runeson, 2006). In this specific study the archive analysis were made on the extensive market research made by the Case Company.

2.4.2.1 The Market Research by the Case Company

The extensive market research made by the Case Company was done together with a consultant bureau in India during a six months period. During this time horizon, the bureau provided the Case Company with new information about the market almost every week. The bureau used a combination of observations of the different stakeholders on the unorganized dairy market in Uttar Pradesh, together with open interviews. By doing observations, one gets the opportunity to discover discrepancies between what a person says and what is actually done and can be seen. This way of working gives high validity and reliability to a study (Bryman & Bell, 2007; Saunders, Lewis & Thornhill, 2009). The observations and interviews were done on many different locations in the region of Uttar Pradesh, all to get the most widely possible knowledge base regarding the unorganized dairy market in India.

2.4.3 External Secondary Data

An extensive literature study was made in order to understand the specific market with a wider perspective than by only analysing the Case Company's market research. The literature study was made with influencing factors in mind, as well as with an open mindset to discover new angles. Through the literature study, data could be gathered from many different reliable sources.

2.5 The Structured Front Innovation Model

In order to both collect and analyse data, the SFEI model has been applied and further developed to the specific case. Since the study is of an abductive nature the framework has been developed and adjusted during the empirical research. In chapter 4, the SFEI model is described in detail.

The three parts in the framework are as follows:

- ✓ Influencing Factors
- ✓ Opportunity Identification
- ✓ Opportunity Analysis

2.6 Credibility in This Study

The credibility of a study can be divided into three areas: validity, reliability and generalizability. Validity implies that the chosen research method measures what it is intended to measure (Höst et al., 2011). Validity concerns the connection between what the researcher is measuring and the studied object. Reliability refers to the trustworthiness in the data collection and the analysis regarding random variation (Bryman & Bell, 2007). According to Bryman and Bell (2007) reliability can be described as the consistency of measuring concepts. In other words, whether the results of the study would be identical if the study was repeated, or whether they are affected by random assumptions (ibid). Generalizability implies that the final conclusions of study are general and applicable under broader terms.

2.6.1 Validity

Reaching a high validity has been a challenge in this study. To identify and analyse value-adding opportunities is a rather abstract area, consequently, hard to measure. Due to this, it has been difficult to assure that the study measured what it was intended to measure.

When conducting a study, there is also a challenge regarding the authors' influences and their subjectivity. There is always a risk that the subjectivity influences too much and therefore the measuring is done based on what they have in mind. However, to decrease errors due to subjectivity, the empirical findings

have been carefully analysed by the authors and compared with many different sources, such as external sources, the market research and the different interviewees.

Furthermore, the risk of working in the wrong direction was reduced by continuously reviewing the work process. Throughout the process the authors made sure that the theoretical framework, the data collection and analysis were in line with the purpose and the sub purposes. Regularly status meetings with supervisors, as well as guidance from experts within the area of innovation, have also helped to ensure validity.

2.6.2 Reliability

When conducting a qualitative study, a high degree of reliability can be harder and more complex to reach. Data collection through semi-structured interviews together with analysing secondary internal data can be seen as complicated collection methods (Jacobsen, 2002). There is a risk that subjective perception and bias from the researchers can lead to a focus on different specific parts, rather than the whole picture (ibid).

The authors of this thesis tried to approach every new area with an objective mindset. The interviews were done with a guideline, but it was semi-structured. Consequently, it did not prevent the interview to take unexpected turns, and the authors were careful not to influence if new areas were brought up. When necessary, additional data was requested after the completion of the interviews, to follow up any uncertainties. In some of the cases even new interviews were done, everything to minimize misunderstandings and to gain an increased quality and reliability in the collected data from the interviews.

A weakness in the reliability of this study could be the collected internal secondary data used in the case study. Furthermore, the data collected from the market research is of confidential nature, which makes the reliability in the case study even harder to verify. However, what increases the case study's reliability is that the Case Company has been transparent towards the authors regarding the market research. The authors were informed on how the market research was conducted. Furthermore, it is detailed, well presented and done during a six months period. The consultant bureau conducting the market research had close contact with the Case Company during the whole process. Due to this, it was possible for the Case Company to ask clarifying questions and to have opinions regarding future

directions. The authors also participated in telephone meetings with the consultant bureau and witnessed their working process. The reliability could have been higher if the authors were to collect this data primarily. By conducting a similar market research on their own, the data collection would have been more transparent, in the same way as the Case Company was transparent towards the authors.

However, since the case study was used as an empirical foundation to practically test the framework in general, the overall reliability in this thesis is not that affected.

Furthermore, supervisors have reviewed the data collection and analysis in order to identify weaknesses in the work process that had to be strengthened. However, the supervisors have not tried to influence the authors in their process. Since the study was supposed to give an empirical contribution to the Case Company, the objectivity was of high importance. Therefore, the reliability can be seen as higher.

Additionally, the choice to contribute something practical to the Case Company, and actually identify and analyse value-adding opportunities, is considered to improve the reliability of a study.

2.6.3 Generalizability

In research, compared to consulting or making an investigation, the final result should be generalizable to some degree (Wallén, 1996). However, generalizability in this study has been a challenge since the framework has only been tested on this specific case. To increase the degree of generalizability, the authors have been keen to compare everything with existing theory and existing researches in the same area. Obviously, this specific case is unique, but there is reason to believe that similar situations could appear within other large organizations.

Moreover, the detailed developed framework conducted in this thesis also increases the generalizability. The framework was developed by analysing and comparing different concepts and theories, with the conclusion that this framework is suitable. By testing different theories and frameworks, the generalizability could be seen as higher since it eliminates the risk of using theories suitable in just this specific case.

3 Theoretical Framework

In this chapter the theoretical framework for identifying and analysing value-adding opportunities is presented. The presented concepts and theories are based on literature studies, and are partly used to design the specific framework, presented in chapter 4.

3.1 Fuzzy Front End in the Innovation Process

The term Fuzzy Front End (FFE) was first popularized by Reinertsen and Smith (1992) in their book *Developing products in half the time*. The result in this book was that half of the usual development cycle disappears before the development project is even initiated. Professor Peter A. Koen found an urge to reduce the fuzziness in the term FFE by making it more structured (Koen et al., 2001). One of the greatest reasons why he found this area to be an interesting research field was due to the fact that several authors considered it to be the weakest area in the process of innovation (Herstatt & Verworn, 2001; Kim & Wilemon, 2002). In addition, Tinguely (2013) points out that innovation appears to be a particularly complex area.

Koen et al. (2001) choose to use the term Front End Innovation (FEI), since the term FFE implies that this phase in the innovation process is mysterious and can lead to lack of accountability in the results. In addition, Mootee (2011) expresses that the initial phase in the innovation process is driven by carefully managed and highly sophisticated cross-disciplinary thinking and research. The use of the term FFE incorrectly suggests that unknowable and uncontrollable factors dominate the FEI, implying that this initial part of the innovation process can never be managed (Koen et al., 2001; Mootee, 2011).

3.1.1 Front End Innovation

FEI can be described as the initial part of an innovation process. This part contains of the activities, which comes before the traditional New Product Development (NPD) phase, as can be seen in figure 3.1 (Koen et al., 2001, 2002). Earlier studies made in the initial part of the innovation process have often been focused on the

ideation phase, without explaining how the process before the ideation phase looks or how the actual ideation process works (Cooper, 2001). Instead, the purpose of the FEI is to focus on the finding and developing of an opportunity and to, furthermore, generate ideas and concept from that (Koen et al., 2001, 2002). In addition, Mootee (2011) wants to specifically point out that the ideas need to be generated from customer insights to be able to become a successful concept. The phase after the FEI, the NPD phase, is where the concept of the product or service enters a more structured development process with the intention of becoming a product or service.

The FEI is the phase where the organization decides whether to invest resources, in terms of money, time and labour, in the further development of the idea and concept (Koen et al., 2001; Dess et al., 2004; Danes & York, 2011). It is in the FEI that the fuzziness of the idea's quality is the greatest, which often prevents it from moving on to the proceeding development phases. Consequently, the fuzziness needs to be more organized (Kim & Wilemon, 2002).

An important aspect in the initial phase of innovation is to not be narrow-minded. Furthermore, with an open mindset and keeping the door open for any possible opportunities, more opportunities can be identified. This mindset is of high relevance during the early phase of the innovation process, when opportunities are identified and when collecting the factors influencing the company. This was stated by Associate Professor in Innovation Engineering, Andreas Larsson, in his course Innovation Engineering, at Lund University, during the fall, 2012. However, Mootee (2011) emphasizes the importance to be open minded throughout the whole innovation process. In addition, Blank (2006) points out the importance of not having a commitment to a specific path or solution since this can impede the innovation process.

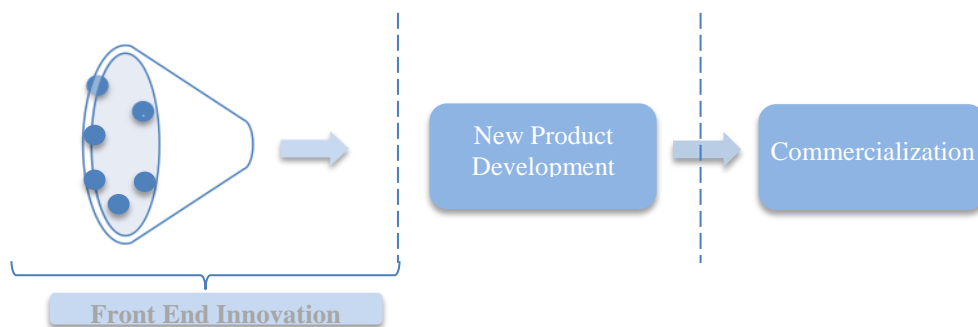


Figure 3.1 Front End Innovation: before NPD (Koen et al., 2002)

3.1.1.1 The New Concept Development Model

The New Concept Development (NCD) model is the foundation in the theory of the FEI. The model is a framework to impose order in the FEI and describes how the FEI is not that fuzzy (Koen et al., 2001, 2002). The purpose with the NCD model is to bring clarity and rationality to the front end, thereby helping to better articulate and manage the front end of the innovation process (Koen et al., 2001). The model helps to use a creative process together with an analytical process to better identify customer needs, collect insights, explore white spaces and create valuable opportunities (Blank, 2006; Mootee, 2011).

The strength of the model is that it does not follow a linear structure, as for many other models in the same area (Koen et al., 2001, 2002). Instead, the model follows a nonlinear and non-sequential process. In practice, it has been shown to be a continual interplay between opportunities, ideas, and concepts (Danes & York, 2011). The NCD model consists of three key parts: influencing factors, engine and inner area (Koen et al., 2002). Figure 3.2 visualizes the NCD model and its different parts.

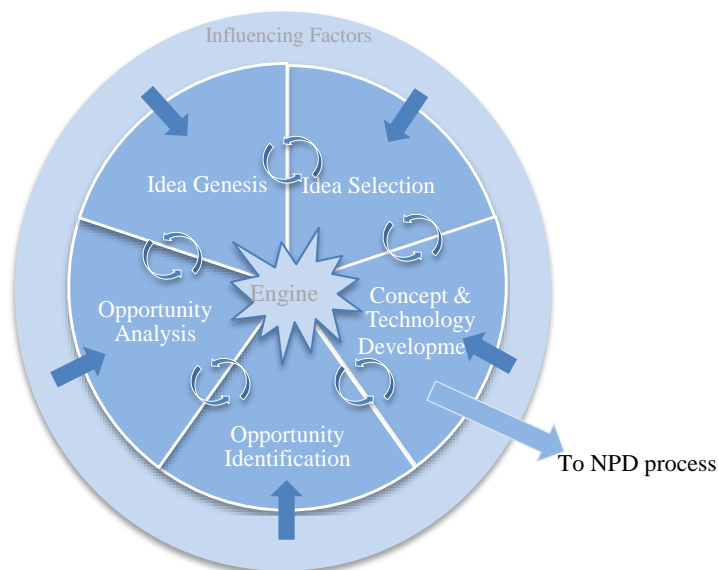


Figure 3.2 The NCD Model (Koen et al., 2001)

3.1.1.1.1 The elements

Influencing factors

The element influencing factors is the area around the inner parts and consists of all factors that could influence the innovation process. These factors could be: the business strategy, organizational capabilities, the outside world such as distribution channels, stakeholders, the economic and social trends, and the enabling science and the technology that will be utilized (Koen et al., 2001). More specifically, the influencing factors affect the entire innovation process, from the opportunity identification to the actual commercialization of the product or service and are relatively uncontrollable by the organization (Koen et al., 2001; Koen, n .d.).

Understanding the influencing factors is critical throughout the whole FEI phase since they will affect if and how the final product or service will be adopted into the society (Koen et al., 2001, 2002). Frankelius (2001) agrees with the importance of understanding these external factors. The influencing factors are also essential for the supportive climate in the organization for the most productive FEI (Koen et al., 2001, 2002). According to Koen et al. (2001), these influencing factors, constantly act upon people's minds, are the primary contributors to "serendipitous discovery" of new ideas (Koen et al., 2001).

Engine

The engine, which can be compared to leadership, culture and context in the organization (Koen et al., 2001; Koen, n .d.), is the driver of the inner area and is controllable by the organization (Koen et al., 2001, 2002; Danes & York, 2011; Koen, n.d.). The element of leadership, culture, and business strategy sets the environment for successful innovation. Proficiency in this element distinguishes highly innovative companies from less innovative ones (Koen et al. 2001; Dess et al., 2004).

Inner Area

The inner area defines five controllable activity elements for the FEI process. The elements are as follow: opportunity identification, opportunity analysis, idea genesis, idea selection and concept and technology development (Koen et al., 2001).

As mentioned earlier the NCD model is nonlinear; there are iterations between the different activity elements. The opportunities, ideas and concepts can flow,

circulate, and iterate between and among all the five elements. This is in contrast with the traditional, linear NPD process where looping back may be viewed as a gating error, as opposed to a reasoned, positive correction (Danes & York, 2011). Looping back may delay the concept and technology development, but Koen et al. (2002) argues that it typically shortens the total cycle to the moment of a product or service launch.

1. Opportunity Identification

In this element the organization identifies opportunities that they might want to pursue and which in the end could increase their value. This element is typically driven by the organization's business goals, for example an entirely new direction for the business, a new product platform, a new service offering or a new marketing approach. The opportunity identification may occur from recognizing an unmet customer need or previously undetected problem (Koen et al., 2001, 2002). The opportunity could be an entirely new direction for the business or a minor upgrade to an existing product (ibid).

2. Opportunity Analysis

In this element the organization assesses the opportunity to confirm that it is worth pursuing. Additional information is needed for translating opportunity identification into specific business and technology opportunities (Koen et al., 2001, 2002).

Examples of different tools and techniques that can be used in the opportunity analysis phase:

Strategic framing

This technique could help the organization to determine how an opportunity fits within the company's market and technology strengths, gaps and threats (Koen et al., 2002).

Market segment assessment

The market segment assessment involves an analysis of the targeted market and its growth rates. The activity could include for example looking at the economic, cultural, demographic, technological, and regulatory factors that impact the market segment (Koen et al., 2002).

Customer assessment

This tool determines which current products or services are meeting major customer needs (Koen et al., 2002).

Competitor analysis

This tool determines who the major competitors are in the identified market segment. This could be done by an analysis of the potential competitors and how they could affect the opportunity (Koen et al., 2002).

3. Idea Genesis

This element concerns the birth, development and maturation of concrete ideas. Ideas are built up, torn down, combined, reshaped, modified and upgraded. An idea may go through many iterations and changes as it is examined, studied, discussed and developed in conjunction with other elements of the NCD model. This element is what translates the opportunity into specific ideas. Direct contact with customers and users often enhance this activity (Koen et al., 2001, 2002). In addition, Brown (2009) says that it is not recommended to try to create ideas in isolation, in the abstract or by using words alone. The best is to use multiple methods and tools (ibid).

4. Idea Selection

The problem for most organizations is to select which ideas to pursue in order to achieve the highest value for the organization. Hence, making a good decision is critical for the organization's future. However, there is no single process that could guarantee a good decision. Most idea selections involve an iterative series of activities that are likely to include multiple passes through opportunity identification, opportunity analysis and idea genesis, often with new insights from the influencing factors and new directives from the engine (Koen et al., 2001, 2002). In addition, Brown (2009) emphasizes that it is of high importance to shift back and forth among the different elements. When an organization has done this properly the idea selection will be easier to do (ibid).

5. Concept and Technology Development

Concept and technology development is the final element in the NCD model. This element is the only exit to the new product development. If the innovator wants to take the idea further, a compelling case for investment in the business or

technology proposition must be done. The investment case should consist of both qualitative and quantitative information, which the decision maker can use to make a determination (Koen et al., 2002).

3.2 Interdependence in the Innovation Process

There has been a long tradition in innovation studies emphasizing the interdependencies – the mutual dependencies and reciprocal relationships – in the innovation process (Dodgson, Gann & Salter, 2006). Several authors point out that in order to succeed with innovation, it is crucial to have a high level of internal integration within the organization, which should be complemented by extensive external integration, with customers, suppliers and sources of knowledge (Freeman, 1991; Rothwell, 1992; Szulanski, 1996; Dodgson, 2000; Laursen and Salter, 2004). Additionally, Chesbrough (2003) states that an innovation process redefines the boundary between the organization and its surroundings. Chesbrough also suggests that there are many innovative solutions developed at the boundaries between disciplines, and innovation therefore needs to find ways of leveraging this (Chesbrough, 2003). Consequently, it is of big importance to have an understanding for both the market and the organization in an innovation process. An understanding for the market will be further described in section 3.3 and an understanding for the organization in section 3.4.

3.3 Understanding the Market

Many engineering-driven organizations fail to do a proper market research. Instead, they start with a solution to a problem and then place the solution in the market to see whether or not there is a need. This approach may uncover many usability needs, but unfortunately, it has proven too be a mistake much to often. The organization does not discover the high level meaning-based needs that are crucial for the success of an innovation (Beckman & Barry, 2007). As mentioned in the *Introduction*, the need for a deep understanding of functionality, when trying to understand the needs in a new market is essential (Prahalad, 2010). Accurate and thorough information are the foundation of all successful business ventures because it provides a wealth of knowledge about prospective and existing customers, the competition, and the industry in general (Entrepreneur.com, 2006).

If an organization does a proper market research, it implies that they will know how the world around the core business works, and how it will affect the organization and their business models (Koen et al., 2001). A good market research does not only collect data, it turns data into intelligence, which is useful to the organization. A valuable market research collects statistics, information and opinions, which are subsequently analysed, and from this analysis the company can draw conclusions that will lead to improved business decisions (Hague, 2007).

3.3.1 PESTEL

PESTEL is an acronym for the words political, economical, social, technological, environmental, and legal. The PESTEL framework describes the macro-environmental factors, the six concepts just mentioned, that may give an impact on a organization and its business model. The framework provides a comprehensive list of influencing factors important for the organization to analyse and understand (Frankelius, 2001; Thomas, 2007).

3.3.1.1 The Factors

Politics highlights the role of government; economical refers to macroeconomic factors such as business cycles and differential economic growth; social influences embrace the culture and demographics; technological influences refer to innovations within the technical area; environmental stands specifically for “green” issues, and legal embraces legislative constraints or changes (Johnson, Whittington & Scholes, 2009).

3.3.2 Trends and Proactiveness

It can be beneficial for organizations to look at trends in a society, in the technology, on a specific market or market segment, since future opportunities could be identified. By monitoring trends, identifying future needs and anticipate changes in demand; a company could more easily foresee future business opportunities. Besides recognizing changes and looking at trends, proactiveness also involves the willingness to act on these insights and the ability to stay ahead of competition (Dess et al., 2004; Wahlström, 2004).

3.3.3 The Culture

According to Hall (1976), there is not one aspect of human life that is not touched and altered by culture. With this he means different personalities, how people express themselves, the way they think, how they move, how problems are solved, how their cities are planned, how transportation systems function and are organized, as well as how economic and government systems work (Hall, 1976). In addition, Kotter (1996) describes culture as norms of behaviour and shared values that exist in a group of people. This behaviour is encouraged and is required to fit into the group (ibid).

However, culture is frequently the most obvious and taken-for-granted aspect. Hall (1976) means that understanding the reality of covered culture and accepting it on a gut level comes neither quickly nor easily, and is done better lived rather than read or reasoned. In addition, Brown (2009) mention that insights about people do not come from crunching numbers, but rather from observing what people do, what they don't do, and an understanding for what they do not or cannot explain about what they do.

An understanding for how culture impact on behaviour is critical to the study of international business. If an organization is unaware about the culture in the country they deal with, the result can be quite disastrous (Hodgetts, Luthans & Doh, 2006; Ståhl, 2014).

3.3.4 Stakeholder Theory

An important factor influencing an organization is its stakeholders (Johnson, Whittington & Scholes, 2009). The stakeholder term has been defined by many researchers through time, but the father of the term is often said to be R. Edward Freeman who wrote the book *Strategic Management: A Stakeholder Approach* in 1984. He defines stakeholder as "A stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984). Freeman indicates that the stakeholder theory is a theory of organizational management and business ethics that addresses morals and values when managing an organization (ibid). Since this definition was created, the term has gained a wide acceptance in business practice and in theorizing related to strategic management, corporate governance, business purpose and corporate social responsibility. Another well-known definition that was created by the Swedish author named Eric Rhenman in

year 1964 is “We shall be using the term stakeholders to designate the individuals or groups which depend in the company for the realization of their personal goals and on whom the company is dependent.” (Rhenman, 1968). Although the definitions differ, both of them show the importance of looking at the stakeholders in a bilateral way (Vandekerckhove, 2009).

3.3.4.1 Primary and Secondary Stakeholders

The stakeholders can be divided into two subgroups, the primary stakeholders and the secondary stakeholders. The primary stakeholders can be defined as the ones that the organization cannot survive without. Typically primary stakeholders are shareholders, investors, employees, customers, and suppliers. The primary stakeholders can be seen as those who are engaged in economic transactions with the business (Freeman, 1984; Clarkson, 1995). The secondary stakeholders can be defined as the ones who influence or affect, or are influenced or affected by, the corporation, but who are not engaged in transactions with the corporation and are not essential for its survival (Freeman, 1984; Clarkson, 1995).

3.3.5 Jobs-to-be-done Approach

Companies face the on-going challenge of defining and developing products that customers and stakeholders want. Despite the best efforts from talented people, most attempts to create successful new products fail (Barton, 1995).

The general definition of market segmentation is that the customers are divided into different groups where each group has similar needs, which differ from the needs of other groups. Porter states this in his book *Competitive Advantage* from 1985. According to Christensen and his co-author Raynor, market segmentation should be defined in a different way (Christensen & Raynor, 2003). Furthermore, Christensen & Raynor (2003) has put forth a distinct way of understanding innate demands. Rather than asking what potential stakeholders want, companies need to find out what jobs these people are trying to get done in their lives. This approach focuses on “why”, not “what” (Christensen & Raynor, 2003; Wunker, 2011).

Instead of segmenting a market by the attributes of products, one can segment by the jobs that people are trying to get done for them. Christensen & Raynor (2003) believe in the approach that customers “hire” products to do specific “jobs”. Or as Harvard Business School marketing professor Theodore Levitt is cited, “People don’t want to buy a quarter-inch drill. They want a quarter-inch hole!”

(Christensen, Cook & Hall, 2005). Thinking in this way can help to segment markets to mirror the way the customers experience life. In doing so, this approach can also uncover opportunities for innovation (Christensen & Raynor, 2003).

To describe the “jobs-to-be-done”-theory a study has been done involving milkshake and what job the milkshake does. Consider a fast-food chain that serves milkshake and wants to improve the sales regarding the milkshake. The company started by segmenting its market both by the product, the milkshakes, and by demographics, a marketer's profile of a typical milkshake drinker. Next, the marketing department asked people who fit the demographic to list the characteristics of an ideal milkshake; thick, thin, chunky, smooth, fruity, chocolaty etc. But the sales from the milkshakes did not improve (Christensen & Raynor, 2003).

The company then approached the situation by trying to realize the "job" that customers were "hiring" a milkshake to do. It turned out that most of them bought the milkshake to do a similar job. The customers faced a long, boring commute and needed something to keep that extra hand busy and to make the commute more interesting. They weren't yet hungry, but knew that they'd be hungry later on. And they faced constraints: They were in a hurry, they wore work clothes, and they had, at most, one free hand. The milkshake was hired instead of a bagel or doughnut because it was relatively tidy and appetite quenching, and because trying to suck a thick liquid through a thin straw gave customers something to do with their boring commute (ibid).

By understanding the job to be done, the company could respond by creating a morning milkshake that was even thicker to last through a long commute, as well as more interesting with chunks of fruit, than its precursor (ibid).

3.3.5.1 Functional, Emotional and Social dimensions

When analysing the job-to-be-done, one has to analyse the functional, emotional and social dimension of the needs. By understanding the job and improving the product's functional, emotional and social dimensions the job can be done better since job-defined markets with these three dimensions will gain a larger market share. In the example of the milkshake, the company will gain share against the real competition, not just other milkshakes, but bagels, bananas and doughnuts as well (Christensen, Cook & Hall, 2005).

3.3.5.2 Pains

When one has an understanding for what jobs the stakeholders are trying to get done, it is a good idea to point out the consequences, the negative emotions and the risks the stakeholder feels with the existing product or service. When mapping out these consequences it will be easier to understand which pains the new solution can address (Wunker, 2011). In addition to the consequences, negative emotions and risks, one can think of the pains as fears, frustrations and obstacles the stakeholders can experience before, during and after getting the job done (Osterwalder, Pigneur & Clark, 2010).

3.4 Understanding the Organization

Together with an understanding of the market, an understanding of the organization itself and its competences is crucial for success in a business, particularly when the business is going through changes. One has to understand how the organization creates value through its strategic capabilities, otherwise a competitive advantage cannot be built and developed (Johnson, Whittington & Scholes, 2009).

3.4.1 Technology Strategy

Technology strategy is the aspect of strategy, which is concerned with exploiting, developing and maintaining the total sum of the company's knowledge and abilities (Ford, 1988). To be able to understand the technology strategy, a good starting point is to affirm that the core of a company is what it knows and what it can do, rather than the products that it has or the markets it serves. This knowledge and these abilities is what centre the technology strategy (ibid). In addition, Clarke (1998) argues that knowledge strategy is a natural extension of technology strategy and requires similar approaches in its formation.

3.4.1.1 Core Competences

An organization has to have a clear understanding of its core competences (Hamel & Prahalad, 1990). Core competences can be defined by the skills and abilities by which resources are deployed effectively through an organization's activities and processes to achieve competitive advantage in ways that others cannot imitate or

obtain (Johnson, Whittington & Scholes, 2009). According to Cameron and Green (2009), it is essential for an organization to link its vision, mission and objectives to the business strategy, the capabilities and the competences. If an organization does not understand its organizational capabilities and how everything in it is linked, a change will be hard and the organization will not be able to achieve competitive advantage (Cameron and Green, 2009).

3.4.2 Porter's Value Chain

To be able to analyse the specific activities through which an organization can create a competitive advantage, it is useful to model the firm as a chain of value creating activities. Porter's Value Chain is a concept that describes the categories within and around an organization, which together create a product or service. The results were gathered in a book, in 1985, as a concept of primary and supporting activities generating value to customers (Porter, 1985). Since 1985 when the concept first was termed Value Chain, little has changed and today it is still a valuable and used method for understanding which activities create and provide value and which do not (Johnson, Whittington & Scholes, 2009).

Porter's Value Chain comprises five groups of primary activities that are linked to support activities. The primary activities are directly concerned with the creation or delivery of a product or service while support activities help to improve the effectiveness or efficiency of primary activities (Porter, 1985).

3.4.2.1 Primary Activities

Each of the activities may be vital to competitive advantage depending on the industry (Porter, 1985). The following presentation is a brief description of each primary activity in Porter's Value Chain, see figure 3.3.

Inbound logistics

Activities that are concerned with receiving, storing and distributing inputs to the product or service including materials handling, stock control and the transportation.

Operations

Operations are the transformations of these inputs into the final product or service. The activities could be such as machining, packaging, assembly and testing.

Outbound logistics

Activities associated with collecting, storing and distributing the product to customers, such as warehousing, materials handling and distribution.

Marketing and sales

Provide the means whereby consumers/users are made aware of the product or service and are able to purchase it. This includes sales administration, advertising and selling.

Service

Service includes those activities that enhance or maintain the value of a product or a service, such as installation, repair, training and spares.

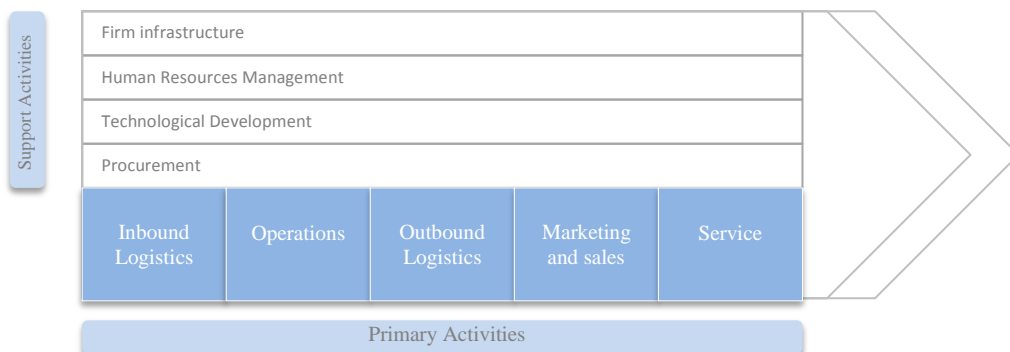


Figure 3.3 Porter's Value Chain (Porter, 1985)

3.5 Theoretical techniques and tools

Below is a presentation of the techniques and tools used in the case study in this thesis.

3.5.1 Radar Chart

A radar chart is a graphical method of displaying multivariate data. It is designed with a two-dimensional chart of three or more quantitative variables (Tague, 2005). The radar chart consists of a sequence of equi angular spokes, called radii, with each spoke representing one of the variables. The length of the spoke is proportional to the magnitude of the variable. The data point is relative to the maximum magnitude of the variable across all data points. A line is drawn connecting the data values for each spoke (NIST/SEMATECH, 2003).

3.5.2 The Ansoff Matrix

Ansoff initially developed the central idea of the Ansoff Matrix in his book *Corporate Strategy* in the year 1988. The matrix focuses on when an organization is in a developing phase and wants to grow or scale up their business. The matrix is supposed to help organizations prepare for the future through a systematic anticipation of future environmental challenges and formulating appropriate response strategic plans. The model is supposed to provide a simple way, with four alternative directions, for the strategic development (Ansoff & McDonnell, 1988).

Market Penetration

An organization typically starts with market penetration, which implies that the company uses the same product range on the same market, but tries to gain a larger market share (Johnson, Whittington & Scholes, 2009).

Market Development

Market development involves offering existing products or services to new markets. This may take three different forms; new segments, new users and new geographies (ibid).

Product Development

The product development is where organizations deliver modified or new products or services to existing markets. In this scenario the organization needs to focus more on innovation, which could imply higher risk and more costs (ibid).

Diversification

The diversification strategy takes the organization away from its existing markets as well as from its existing products or services. This is a strategy with a high risk, but also a strategy that could imply a large increased market share (ibid).

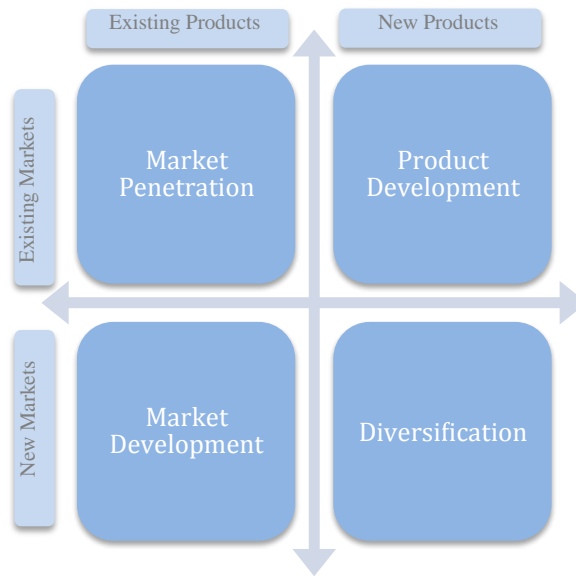


Figure 3.4 the Ansoff Matrix (Ansoff & McDonnell, 1988)

When using the Ansoff matrix, and following one of the mentioned growth strategies, it is important to have in mind that every strategy implies a certain risk, uncertainty and effort, some more than others. However, if the organization takes one step at the time and does not rush into any of the strategies, it is more likely that the outcome will be of higher value (Dahl, 2010).

3.5.3 Structured Brainstorming

Brainstorming is a tool used when a group or individual wants to find a conclusion for a specific problem. By gathering a list of ideas, and structure them, the group or individual more easily sees patterns or come up with other ideas (Diehl & Stroebe, 1991). There are different ways to conduct the brainstorming, for example nominal group technique, breaking the rules technique or guided brainstorming. What

distinguishes the structured brainstorming from a regular brainstorming is a more organized way of capturing and saving the ideas for future use (ibid).

3.5.4 Mind mapping

A mind map is a diagram used to visually outline information. The mind map is created around a single word, text or picture. Major categories radiate from the central text or image and lesser categories are portrayed as branches on larger branches (Budd, 2004). Mind maps are used to generate, visualize, structure, and classify ideas, and as an aid to organize information, solving problems and to make good decisions (Willis, 2006).

4 The Structured Front End Innovation Model

In this chapter the sub purpose “Create and suggest a theoretical framework in order to identify and analyse value-adding opportunities to a business model” is elaborated upon and fully described. More specifically, different concepts and theories for identifying and analysing value-adding opportunities are combined into a specific framework created and used in this thesis.

4.1 The Framework

The SFEI model is created to further reduce the fuzziness that has been shown to exist in the initial phase of the innovation process (Koen et al., 2001, 2002; Kim & Wilemon, 2002). Koen et al. (2001, 2002) developed the NCD model to reduce this fuzziness. The *Structured Front End Innovation Model* is created to reduce it further. The framework should be used as a schematic guide when identifying and analysing opportunities to a business model. The framework aims towards enabling a concept development of value-enhancing activities.

The SFEI model is a combination of different concepts and theories, primarily in the area of FEI. Due to theory regarding successful innovations, the framework has a great focus on the interdependence between the organization and its surrounding environment throughout the whole process (Freeman, 1991; Rothwell, 1992; Szulanski, 1996; Dodgson, 2000; Laursen and Salter, 2004). The framework has its roots in the NCD model and has the same approach as the model has. Associate Professor in Innovation Engineering, at Lund University, Andreas Larsson, stated in a personal conversation on February 10, 2014, that this framework is a good approach for innovation. Since the purpose of the framework is to identify and analyse value-adding opportunities to a business model, it involves the three elements: influencing factors, opportunity identification, and opportunity analysis. As mentioned, FEI is not seen as linear process, hence, iteration between the different elements in the NCD model could be necessary (Koen et al., 2001, 2002; Danes & York, 2011). The SFEI model uses this approach as well, hence, the arrows between the elements points out the possibility of iteration.

4.1.1 Non-solution Oriented Approach

As mentioned in theory, Blank (2006) and Larsson (personal communication, fall 2012) point out the importance of having an open mindset during the innovation process. In addition, Beckman & Berry (2007) stress the importance of fully understanding the needs of the market and not focusing on solutions. All of the just mentioned authors point out that the open mindset and the non-solution oriented approach are of the highest importance when identifying opportunities (Beckman & Berry, 2007; Blank, 2006). Consequently, the SFEI model should be used with a non-solution oriented approach, with a strong focus on the beginning of the process.

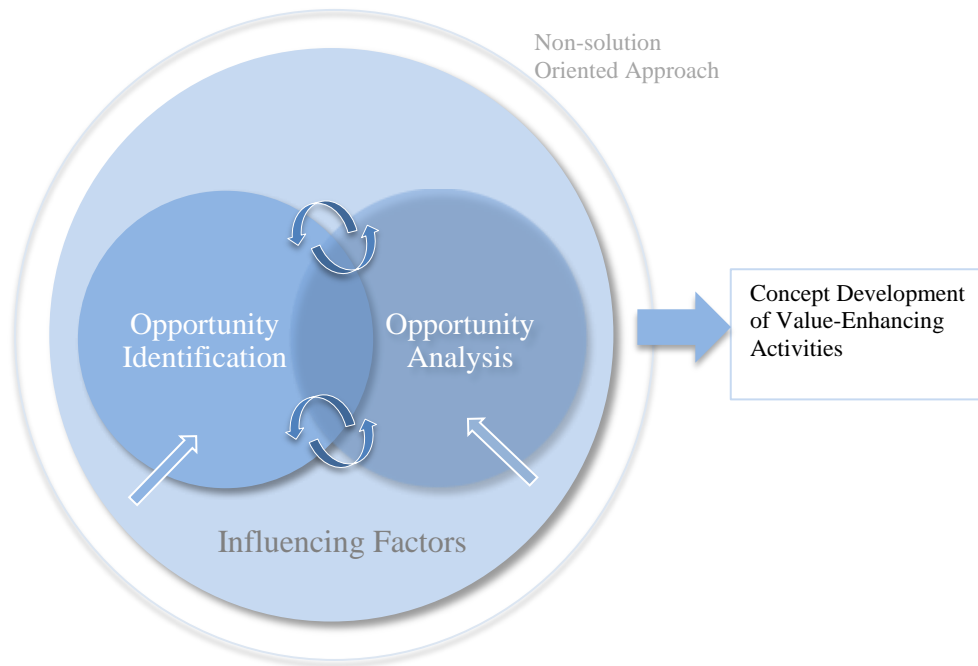


Figure 4.1 Visualization of the Influencing Factors

4.2 The Elements

Each element is further described below with a description of how to use it. The elements contain different concepts and theories combined from chapter 3, *Theoretical Framework*.

4.2.1 Influencing Factors

According to Koen et al. (2001), the influencing factors are used in all elements, hence, influencing factors will be used in all the elements in the SFEI model as well. Koen et al. (2002) state the importance of understanding the outside world, together with the company's strengths and weaknesses. Consequently, the element influencing factors consists of a market research and the organization's business and technology strategy. The purpose of the element is to find factors that could have an impact on the company, its business model and the innovation process.

The market research is further divided into macro- and microenvironment. To be able to understand the macro environment it is analysed through PESTEL, with a focus on trends. Theory has shown the importance of understanding the factors from the macro environment affecting the organization (Frankelius, 2001; Thomas, 2007). In accordance with theory, the microenvironment is analysed through looking at culture, trends and stakeholders on the specific market (Hall, 1976; Freeman, 1984; Dess et al., 2004).

To be able to understand the company's technology strategy, the core competences and knowledge are researched in accordance with Ford's (1988) theory regarding the technology strategy. Consequently, the technology strategy in the SFEI model is looked at with a focus on the company's core competences and their knowledge and experience.

The organizational capabilities are looked at together with the business strategy, in accordance with Koen et al. (2001, 2002). The theory regarding organizational capabilities by Cameron and Green (2009) goes in alliance with this.

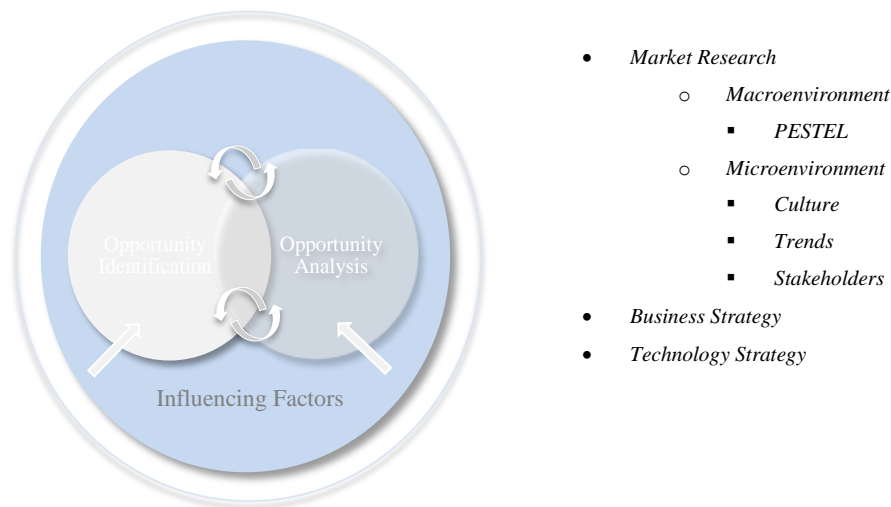


Figure 4.2 Visualization of the Influencing Factors

4.2.2 Opportunity Identification

To be able to identify opportunities, one needs to identify market gaps and understand the company's strengths. In the SFEI model, the influencing factors are used, together with a primary stakeholder assessment and a business model analysis with the purpose to identify opportunities that could give potential value for the company's business model.

Since the SFEI model is aimed towards identifying value-adding opportunities to a business model, a stakeholder approach is used in accordance with Freeman's stakeholder theory (Freeman, 1984). More specifically, the stakeholders are divided into primary and secondary stakeholders since they are of different importance and will affect the company in different ways (Freeman, 1984; Clarkson, 1995). Koen et al. (2002) mention that recognizing an unmet customer need could identify opportunities. Since the stakeholder approach is used in the SFEI model, the primary stakeholders' unmet needs are recognized instead of only the customer needs.

Since the purpose is to add value to a business model, this phase also consists of a business model analysis. This in accordance with Koen et al. (2001, 2002) who points out that the opportunity identification element is typically driven by the

organization's business goals. The business model is analysed and evaluated through looking at opportunities within it, and through looking at its surroundings to identify value-adding opportunities there as well. When looking at the surroundings one of the great focuses is on the secondary stakeholders since they also affect the business model.

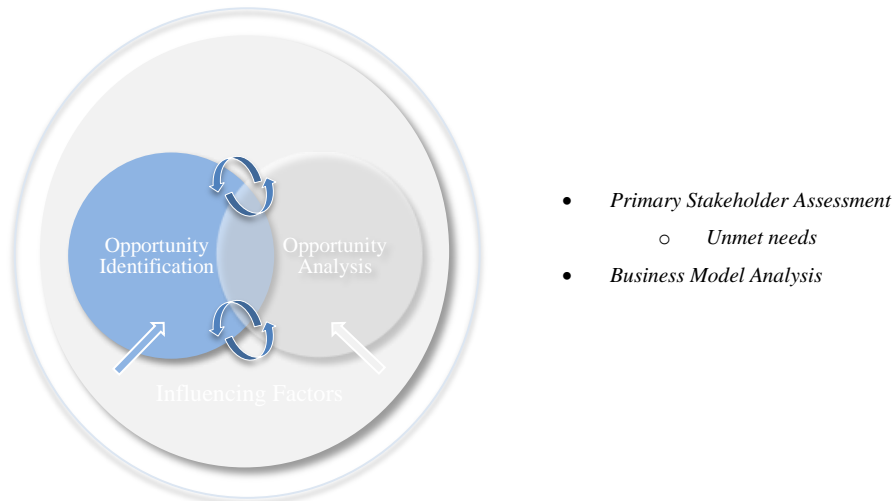


Figure 4.3 Visualization of the Opportunity Identification

4.2.3 Opportunity Analysis

In the SFEI model, the NCD model's approach regarding opportunity analysis is used. Consequently, four different strategies are used to analyse and evaluate the opportunities: strategic framing, market segment assessment, competitor analysis, and customer assessment (Koen et al., 2001, 2002). The purpose with the opportunity analysis is to prioritize and narrow down the amount of opportunities to know which ones to pursue to create value-enhancing activities.

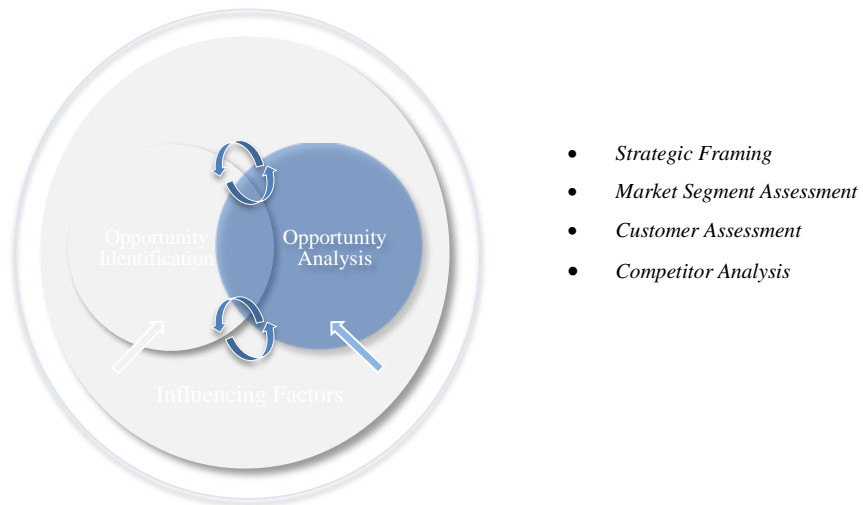


Figure 4.4 Visualization of the Opportunity Analysis

5 Structured Front End Innovation Model in Practice: the Case Study

In this chapter the sub purpose “Identify and analyse value-adding opportunities to the Case Company’s business model” is elaborated upon. Furthermore, the Structured Front End Innovation Model is empirically tested on the case to be able to validate it in chapter 6, Analysis.

In order to fulfil the sub-purpose “Identify and analyse value-adding opportunities to the Case Company’s business model”, the SFEI model is used as a schematic guide. Furthermore, the framework is adjusted and adapted to the case study. Consequently, additional theoretical frameworks are chosen based on what the authors experience as most suitable and optimal for this specific case.

In accordance with the SFEI model, the case study is conducted with the three elements: influencing factors, opportunity identification and opportunity analysis. Due to the nature of the empirical findings and iteration, the case study is structured as follows, see figure 5.1.

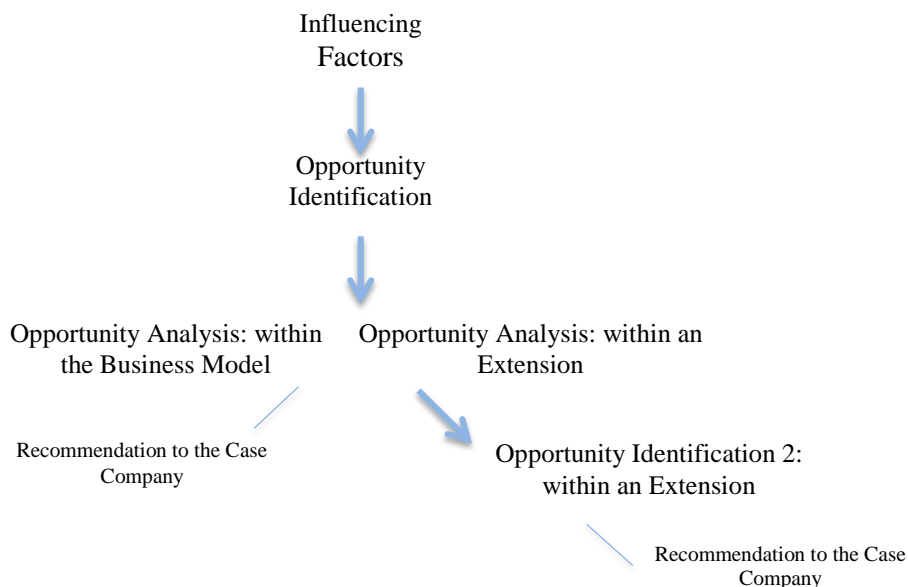


Figure 5.1 Visualization of the process of the case study

5.1 Influencing Factors

Below is a presentation of the relevant influencing factors for this case study. In accordance with the SFEI model, the macro environment, the microenvironment, the business strategy and the technology strategy are presented. Due to limited time frame and limited access to data, the focus in this case study is on the microenvironment rather than the macro environment.

5.1.1 Macro Environment

Below is a presentation of India and Uttar Pradesh. Three parameters in PESTEL are analysed; economical, social and technological. These are analysed with focus on how the Indian market looks today, as well as with a future perspective. What is of importance to point out is that the Case Company has done, or in some cases will do, similar market researches with focus on all the parameters in the PESTEL.

5.1.1.1 Republic of India

India is the second most populated country, with a population of approximately 1,27 billion people (India Population 2013, 2013). The largest religious group in India is Hinduism and is practiced by up to 80 percent of the population. The country doesn't have an official national language, but the two most spoken are Hindi and English (ibid).

Since 1947, when India became independent from the British Rule, the country has experienced a socioeconomic progress. India is today one of the top industrialised countries in the world (Indian Government, 2014) and their economy is the world's fourth largest economy (The World Bank, 2012a). However, in 2012, 22 percent of India's population were living under the national poverty line (The World Bank, 2012b).

5.1.1.2 Uttar Pradesh

As mentioned in the *Introduction*, the Case Company will focus on the customers in India that are classified as the poor people. Therefore, as mentioned in the *Methodology*, the Case Company chose to do their market research in one of the poorest states in India, which also have a high consumption of milk; Uttar Pradesh.

Consequently, most of the following facts have been gathered with a focus on Uttar Pradesh.

Uttar Pradesh is located in Northern India with a population of 200 million and is the most populated state in India. Almost 78 percent of the population were living in rural areas in 2011 (Census of India, 2011c). Uttar Pradesh is among the poorest states in India and a state where the caste hierarchy is still strong (Andersson & Elofsson, 2007).

5.1.1.3 The Traditional Indian

It is almost impossible to make general assumptions about a country, especially when of such size as India, with its large population and different states. The same goes for the lifestyle of the Indian people. The country has been modernised to a certain extent and India today has a growing middle class, but the majority of the population are still living according to traditional values (Lindberg, 2014; Mandal, 2014; Ståhl, 2014).

Since Uttar Pradesh is one of the poorest states in India with low standard of living, one can assume that a large percentage of the population still lives according to traditional Indian values. Lindberg (2014), Mandal (2014) and Ståhl (2014) are verifying this assumption.

5.1.1.4 Caste System

The caste system in India is divided into different jati, i.e. groups that are associated with a certain job and geographical area. There are definite rules concerning which other jatis one can marry and who in which jati one can eat with. An individual can never change jati, but a whole jati can change status (Ståhl, 2006). In today's India the trend is that the connection between caste and job is getting weaker, but the connection between caste and identity is still there (Ståhl, 2014). Mandal (2014) agrees with the fact that there still is a strong connection between caste and identification for the traditional Indian.

5.1.1.5 Lifestyle

According to Ståhl (2006), the typical Indians are religious, philosophical and a survivalist. Because of Hinduism their way of looking at time is static, time is

eternal from beginning to end. This implies that they have higher tolerance towards delays and it is easy for outsiders to think that the Indians are wasting time (Ståhl, 2014). Mandal (2014), strongly agrees with Indians having a different time perspective. People in for example Sweden are punctual; in India they are in general not. However, a difference can be seen when it comes to business, where people tend to be more efficient and punctual (ibid).

According to Mandal (2014), it is taken for granted in the Indian culture that life is not perfect. Ståhl (2006) describes the same. This way of living and thinking has its roots in Hinduism, which claims that the human world never will be perfect (ibid).

Mandal (2014) and Ståhl (2014) have experienced that the Indians live more collectively compared to people in for example Sweden. Research from 2005 made by Hofstede, showed the same result. Through a multi-cultural perspective India is more collectivistic compared to Europe and United States of America, but more individualistic than other countries in Asia, for example China (Hofstede, 2005). According to Ståhl (2014), the collectivistic lifestyle is of great importance, often of higher importance than what people might think.

Family plays an important role in the traditional Indian society. It is more important to be loyal towards the family than the state, duty or the workplace. (Mandal 2014; Ståhl, 2014) Mandal (2014) means that Indian people often adjust to their family, and their family's wishes.

It is important for an Indian person to have incentives to why a task should be completed. This can for example be performance pay, share in profits, that project implementation gives increased prestige, or simply a good personal relationship. (Ståhl, 2006) Mandal (2014) agrees, but points out that incentives are not always necessary.

Gifts are something that is an accepted part of the society, but it is important to differ between a gift and a bribe; the Indians associate bribes with corruption. It is better to give a gift after a transaction has been done, than before (Ståhl, 2006).

According to Ståhl (2006), the most common way for the Indians to socialize is through spontaneous visits. They are hospitable and their homes are always open for friends. When they are socializing it is often over a cup of tea or juice (Ståhl, 2006).

5.1.2 Code of Conduct - when Doing Business in India

India is traditionally a hierarchical society. The relationship between the management and the employees illustrates this. Most of the decisions at the companies are taken strikingly high up and the managers are commanders of their employees (Ståhl, 2006). Hofstede's research is showing the same, that India is a country where the power distance is quite large (Hofstede, 2005).

When doing business with an Indian it is important to meet face to face since they have a traditional aversion against doing business with someone they have not met (Ståhl, 2006). According to Ståhl (2006), personal relationships play an important role, more important than for Swedes, and it is therefore important during the first business meeting to devote long time to get to know each other. Mandal (2014) agrees, and wants to point at the importance of having good relations.

According to Ståhl (2006), it is important to get the Indian counterpart to wish that the deal should happen, and to be able to do what the counterpart needs to be motivated and interested. In general, the Indian businessman does not often plan for the long term. This due to the fact that laws and rules in India can change over night, which implies that there is a risk that the conditions can change rapidly. It is therefore more important with short-term benefits regarding the business (ibid).

Finally, continuous relationships are something that the Indians value, even after the deal has been completed. When doing business with an Indian one should try to stay in touch (Ståhl, 2006).

5.1.2.1 Trends: with a Focus on Uttar Pradesh

Below is a presentation of the trends regarding Uttar Pradesh.

5.1.2.1.1 Economical Trends

Uttar Pradesh as a state has developed itself as an industrial hub of North India and has potential to grow at an even better pace. The economy of Uttar Pradesh has undergone several changes, which have come with collaborative efforts of the government and other stakeholders. It is all set to scale new heights to emerge as a strong economy with sustainable and inclusive growth (PHD Research Bureau, 2011). The state domestic product's growth rate per capita in Uttar Pradesh has

been 3,9 percent between 2001 and 2011. This number indicates that the purchasing power has increased the last decade and new numbers show the trend is looking the same these days (Drèze & Sen, 2013).

The liberalisation in India is increasing, which means that the social and economical gaps are widening. People with higher income are of course getting richer. What is interesting though is that people with lower income are also increasing their standard of living; not at the same pace as people with higher income, but noticeably (Ståhl, 2014).

Labour

In 2012, the overall unemployment rate in India was 8,5 percent (CIA, 2012). An interesting observation made is that the young workforce is growing and the country will soon have the largest and youngest workforce in the world (The World Bank, 2012a).

Uttar Pradesh is primarily an agricultural economy with more than 60 percent of the population depending on agriculture for their livelihood (PHD Research Bureau, 2011). When looking at Uttar Pradesh, the total percentage of workers in year 2011 was 32,9. The same number in the rural areas was 33,4 percent and in the urban areas 31,2 percent. One trend you can see regarding the workforce in general is that the workforce is migrating towards the urban areas since there is an urbanization going on in the society at the moment (Census of India, 2011c).

Female labour

According to Census (2011a), the female labour in Uttar Pradesh year 2011 was 16,7 percent with 18,3 percent working in the rural areas, and 11,3 working in the urban areas (Census of India, 2011b).

5.1.2.1.2 Social Trends

Family structure

It is most common that the women in the family does the grocery shopping since they often do not work outside the home, or work much less than the man in the family (Ståhl, 2014). The average household size in Uttar Pradesh was 5,5 family members in year 2011 (Census of India, 2012). The general trend in India, according to Ståhl (2014) is that the average household size is decreasing.

Education level

The literacy rate in Uttar Pradesh is on an upward trend. At 2011 the rate was 67,7 percent, 77 percent males and 57 percent females. The literacy rate is significantly lower in the rural areas compared with the urban areas (Census of India, 2011d). In a report given by Census in 2001, 86,8 percent of the children in the age of 6-17 years old was attending school in Uttar Pradesh. When it comes to attending school the difference between female and male, and rural and urban was imperceptible (Census of India, 2012).

Population growth rate

Between 2001-2011 the growth rate of the population of Uttar Pradesh was about 20 percent, which was among the highest growth rates in the country. During the decade before, 1991-2001, the growth rate was 25 percent, which shows that the growth rate in Uttar Pradesh has been decreasing (Census of India, 2011c).

Rural-urban

India is going through a wave of urbanization. It is the largest rural-urban migration of this century (The World Bank, 2012a). In 2011, 22,3 percent of Uttar Pradesh's population were living in urban areas. Looking at the Census report for the latest 60 years it is clear that Uttar Pradesh is changing into a more urbanized society. However, the pace of the rural-urban migration is lower than India in general (Census of India, 2011c).

Attitudes toward "green" or ecological products

The Indian people have a weak environmental thinking. An increasing environmental awareness has been seen, but according to Mandal (2014) and Ståhl (2014) they still have a long way to go. From experience, young people are more aware about the environment than the elderly (Mandal 2014; Ståhl 2014).

Sex distribution

In 2011, the sex ratio in Uttar Pradesh was 912 females for each 1000 males, which was below the national average of 940. Since 1991 the sex ratio has levelled out and the sex distribution is moving more and more towards an equal distribution. The same trend can be seen in both rural and urban parts of Uttar Pradesh (Census of India, 2011a).

Health

Uttar Pradesh has made serious endeavour to improve the quality of life of the people and making its best efforts to overcome the health problems of the state (PHD Research Bureau, 2011). Mandal's (2014) and Ståhl's (2014) general opinion is that health is something important for the Indian people, but that it is a subject they have little knowledge about. An interesting fact is that Mandal points out that a lot of people drink milk to be healthy and therefore milk can be seen as something important to give to children (Mandal, 2014).

5.1.2.1.3 Technological Trends

Transportation trends

Roads

The roads are the dominant way of transportation in India today. The roads carry 90 percent of the country's passenger traffic on cars, bikes and scooters, and 65 percent of its freight. The density of the India's highway network is high and can be compared with the density in USA (The World Bank, 2007).

The state of Uttar Pradesh is one of the poorest, which results in narrow roads with poor surface and poor quality. Earlier, a common way of trafficking the roads in the poorer states was using trailers dragged by oxen or camels. Today this has changed and there is a steady trend towards motorcycles and mopeds (Ståhl, 2014).

Railways

The railways play a leading role in carrying passengers and goods across India. The Indian railway is one of the largest railways under single management. In year 2007 it carried 17 million passengers and 2 million tonnes of freight a day. However, most of its major corridors have capacity constraint requiring capacity enhancement plans (The World Bank, 2007).

There are different projects in Uttar Pradesh that will affect the railways and will make it easier for the passengers and the goods to be transported (Government of Uttar Pradesh, 2012).

Communication trends

The telecommunication network in India is developed in terms of wireless connection and mobile subscribers. The country is the world's second largest mobile phone market in terms of subscribers and had a total of 861,66 million mobile connections as on February 2013 (The Indian Express, 2013). The cell phone network is as good as in for example Sweden, and almost everyone, regardless of social standard or income, owns a mobile phone (Lindgren, 2014; Ståhl, 2006).

Uttar Pradesh accounts for the largest number of mobile subscribers in the country. Uttar Pradesh has a total of 121,6 million mobile phone connections (The Indian Express, 2013).

5.1.3 Microenvironment

The microenvironment is focused on the culture in the dairy market, the trends and the stakeholders acting on it.

5.1.3.1 The Indian Dairy Market Today

India is one of the most milk producing countries in the world (National Dairy Development Board, 2010). The total amount of raw milk produced from both cows and buffalos every year is 122 billion litres according to figures from 2012. There are different ways of producing, processing, delivering and then selling the milk in the Indian market, and therefore, different kinds of value chains.

The Indian dairy market can be divided into two major markets, the organized and the unorganized. The organized market accounts for approximately 37 billion litres, of the total of 122 billion litres, while the unorganized market accounts for approximately 85 billion litres. The unorganized market can be further divided into two value chains. The largest value chain within the unorganized market is where the raw milk is being sold within the rural areas between households and the second biggest is where the rural areas are trading loose milk from villages to the urban cities.

5.1.3.1.1 Packed Milk and Loose Milk

The organized market is trading packed milk and the unorganized market is mostly trading loose milk. The by far most popular container for the packed milk is a plastic pouch. The main reason why the plastic pouch is used for packaging milk in India is because of the low material cost. An important detail is that the milk being sold in the plastic pouches today has to be stored cold. The percentage of milk produced and eventually sold in the plastic pouches is approximately 30 percent out of the 122 billion litres. In contrast, the unorganized market is mostly trading with loose milk instead of milk packed in the plastic pouches. The loose milk accounts for approximately 68 percent of the 122 billion litres.

Except for the fact that the plastic pouches are made by a cheap material, the plastic pouches have other advantages. They are easy to transport and the content is isolated from bacteria and other particles that may affect it. On the other hand, the loose milk also has its advantages according to the Indian inhabitants. When buying loose milk the Indian people are able to smell, taste and feel the milk before buying it, which is considered very important in India since the quality of the milk is by far the biggest deal breaker when buying milk.

5.1.3.1.2 The Quality of the Milk

As mentioned, the quality of the milk is important in India. The consumer's perception of quality is measured by smell, taste and thickness. The better quality the milk has, the more expensive it is.

One of the biggest problems regarding the milk on the market today is the adulteration, which is widely common throughout the value chains. This addresses both the loose milk and the milk sold in plastic pouches. Adulteration occurs due to the fact that the consumers cannot afford buying the raw milk as it is. By mixing the raw milk with adulterants, the stakeholders can reach more consumers. The adulteration implies that the different stakeholders mix the raw milk from the cattle with water or other chemicals because they want to sell higher quantities. The adulteration takes place at different stages throughout the value chain.

5.1.3.1.3 Different Dairy Products

The Indian people rarely drink the milk as it is; they either use the milk in their tea or in other products. When the retail consumer receives the raw milk, they boil it out of tradition.

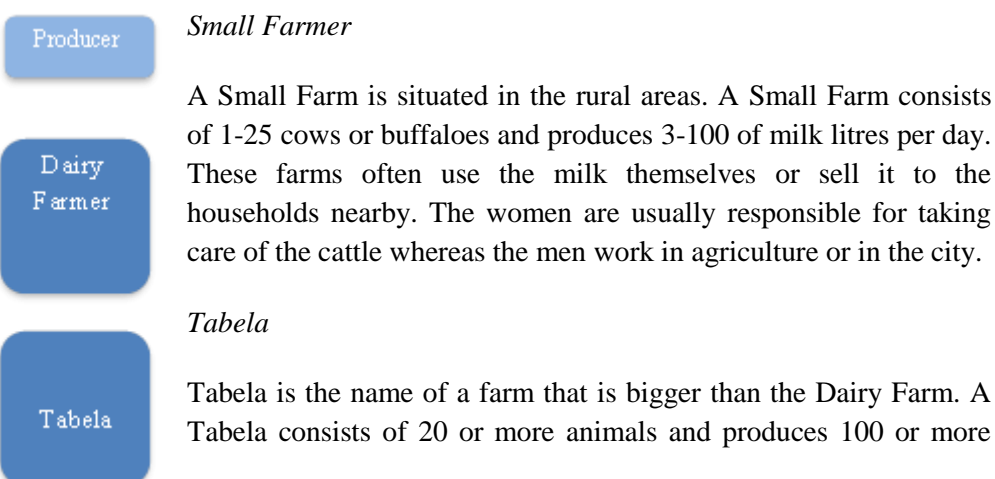
The Indians either produce dairy products at home, or buy these products already made. The most important and used products produced from dairy in India are yoghurt, butter, cheese and sweets. These products are widely used and it is important to understand the primarily purpose for the milk in India is to produce these different products.

5.1.3.1.4 The Unorganized Market Today

As mentioned above, the unorganized market can be divided into the trading between the households in the rural areas and the trading between the rural areas and the urban areas, the cities. The value chain where the milk is transported from the rural areas into the cities involves different stakeholders. The relationships between each of the different stakeholders in the value chain are highly valued and important.

The stakeholders on the unorganized market today are many and their relationships are rather complex. Below, a description of stakeholders is presented together with their function on the unorganized market. A visualization of the stakeholders and their relationships is presented in figure 5.2.

Producer



litres of milk per day. The Tabela uses the produced milk themselves, and sells it to the households nearby as well as further in the value chain.

Accumulator

Accumulator

Dairy Accumulator

Dairy
Accumulator

The Dairy Accumulators consist of a group of men, also called milkmen, who are responsible for delivering the loose milk. A Dairy Accumulator can be either one of the farmers managing the Tabela, or a person only working as a Dairy Accumulator. The primary objective for the Dairy Accumulators is to collect milk from one or different farms or Tabelas, then transport it to either the bulk or retail consumer directly, or transport it further in the organized value chain.

Mandi

The Dairy Accumulators transport the loose milk by carrying the loose milk in vessels. They transport these vessels in different ways; by bike, train or by foot. There are different ways to distribute the milk to the retail consumers. It could be delivered directly to the retail consumer, delivered to a bulk consumer or sold to a store, more specifically a Dairy Outlet or a Kirana. Two complaints that the Dairy Accumulators have expressed are that the roads are in bad shape and that the trains on the railway are always full. These circumstances can sometimes make the delivering part tough.

The second objective for the Dairy Accumulators is to act as a bank. Since the unorganized market mostly involves poor people, the milkmen have developed a system based on credit for the customers where they pay the milkmen in the end of the week or month.

Mandi

A Mandi is a set up for the Dairy Accumulators to trade loose milk with each other based on their shortage or excess of it. The milkmen transport the milk from the Mandi further in the value chain either to a processor, a bulk consumer or directly to the retail consumer.

Processor and bulk consumer

Sweet Shop

Processor

Sweet Shop

The Sweet Shop works both as a bulk consumer and as a processor, since it processes the loose milk it receive into sweets made by milk mixed together with other ingredients. The Sweet Shop is processing these sweets itself in the store and packages the sweets in bulk portion sizes, which can be stored in advance for high demand seasons, and also can be stored without risk of spoilage or damage to the sweets. The Sweet Shop requires high quality milk.

Distributor

Distributors

Dairy Accumulator

Dairy Accumulator

The Dairy Accumulator plays an important role in the distribution after the processor as well. The Dairy Accumulator can both deliver to the processor, and also from the processor to the consumer. In the later case, the Dairy Accumulator delivers milk in form of a dairy product.

Dairy Outlet

Dairy Outlet

Kirana

The Dairy Outlet is similar to a small milk store located in the city. The Dairy Outlet mostly sells loose milk, which implies that the customers going to the Dairy Outlet are used to be able to smell, taste and feel the milk. It can occur though, that the Dairy Outlet sells milk packed in plastic pouches and milk processed into different products, all depending on what the owner wants. Some Dairy Outlets also buy the loose milk and process it themselves into different kind of dairy products.

Kirana

The Kirana is similar to a small store located in the city that sells all kinds of foods, fruits and beverages. The Indian people visit the Kirana daily to do their everyday purchases. The Kirana sells packed milk, but only in small quantities. The packed milk on the market today has to be stored cold. The Kiranas are usually not capable to make enough space for cold storing, and furthermore, owning a fridge is expensive because of the electricity needed to run it.

Consumers



Bulk Consumer

A bulk consumer can be compared with a middle hand between the Tabela and the retail consumer. The bulk consumer receives the loose milk from a Dairy Accumulator who has bought the milk at a Small Farm or Tabela, and, after processing or storing it, they sell it to the retail consumer.

Sweet Shop

See above

Tea Shop

The Tea Shop buys loose milk from the Dairy Accumulator who comes directly from the Small Farm or the Tabela. The Tea Shop always boils the loose milk and then sells it together with the tea to the retail consumer. The Tea Shop wants quality milk.

Retail consumer

Low Income Consumer

The typical Low Income Consumer is a household in the city that uses 1-3 litres per day. The Low Income Consumer either acquires their loose milk from a Dairy Accumulator, who delivers the milk directly to the house, or they go and buy their milk. They rarely go directly to the farm and buy the milk since it is expensive to travel there. The Low Income Consumer uses the loose milk for different purposes: to produce sweets, yogurt, butter and other dairy products. They also use it to boil and drink with tea. Since the Low Income Consumer tries to minimize their expenses they rarely buy already processed dairy products, they tend to make the dairy products themselves.

High Income Consumer

The High Income Consumer is a household in the city that uses 2-4 litres per day. The High Income Consumer either acquires their loose milk from a milkman who delivers the milk directly to the house or they use their maid to go and buy the milk at the Dairy Outlet or directly at the farm. The High Income Consumer use the

loose milk for different purposes; producing sweets, different dairy products and to drink with tea. The difference between the High Income Consumer and the Low Income Consumer is that the High Income Consumer either uses their maid to make the dairy products or they buy them already made and packed.



Figure 5.2 Stakeholders on the unorganized Indian dairy market

5.1.3.2 Trends Observed on the Dairy Market

5.1.3.2.1 Credit Systems are Decreasing

The importance of the credit system seems to be different depending on each region. In some regions the credit system seems to be of less importance. This has been because the credit-based model is becoming increasingly difficult to sustain for suppliers at a larger scale.

5.1.3.2.2 Made Dairy Products are Increasing

Some of the stakeholders on the dairy market see benefits in selling or buying already made dairy products. For example, the Tabelas have noticed that by

producing and selling products, their margins increase. For the retail consumer the benefits of buying already made dairy products are that the daily cooking will be easier and less time consuming. This trend can also be verified by Lindgren (2014), Mandal (2014) and Ståhl (2014), who all have noticed that the modernised Indian does not want to spend as much time in the kitchen as before.

5.1.4 Business Strategy

The business strategy in this case is the Case Company's chosen business model.

5.1.4.1 The Case Company's Business Model

As mentioned earlier, the Case Company has chosen to focus on penetrating the unorganized market of loose milk. This due to several reasons; it is the biggest market, it has the most potential to improve, there is a big advantage due to the fact that it is unstructured and, as mentioned, they have tried to penetrate the organized market earlier, but with minor success.

In order to decide their strategy for the penetration they analysed and used the market research and came up with the new business model.

5.1.4.1.1 The New Product

The market research showed a market gap in providing the Low Income Consumers with good quality milk and cream. Consequently, the Case Company has chosen to deliver a better end product to the segment, than the existing loose milk or the milk sold in the plastic pouches. Therefore, the Case Company is going to develop a machine that will process the milk. By doing this, all bacteria are killed to the extent that the outcome can keep its quality up to 30 days, without being refrigerated. The machine will be able to separate cream from the raw milk, hence, the outcome will be both milk and cream. Finally, the machine will pack the outcome in the same plastic pouches that already exist on the market today.

5.1.4.1.2 Franchising Concept

To be able to deliver the better end product the Case Company created the new business model, which consists of a concept being franchised. A franchising concept consists of a franchisor acting as a supplier. The franchisor allows a

franchisee to use the supplier's trademark and distribute the supplier's goods. In return, the operator pays the supplier a fee (Gurnick, 2011). The Case Company's concept consists of the new product that is going to be produced, delivered and sold through a specific value chain.

The Case Company's key role in this business model will be to provide the franchisees with the equipment that is going to process and pack the milk and the cream, and be responsible for the maintenance of it. They will also provide the franchisee with all the necessary material needed for the equipment to work. The Case Company will make revenues from charging the franchisee per litre produced milk or cream. As a franchisor they also need to make sure that the franchisee is following the agreements that come with the concept.

5.1.4.1.3 The New Value Chain

The business model, see figure 5.3, includes a specific value chain, see figure 5.4. Since this value chain does not exist today, the Case Company had to decide how to design the value chain for an optimal outcome. Consequently, two stakeholders were chosen as a value chain to target the Low Income Consumer: the Tabela and the Kirana.



Figure 5.3 Visualization of the business model

Tabela

The Tabela is chosen to be the franchisee. It can produce 100 litres or more per day, which makes it profitable for the Case Company. In the new value chain the Tabela will be responsible for collecting the raw milk, which includes being responsible for the cattle, the milking, the handling and the collecting of the raw

milk. The Tabela will also handle the operations, i.e. handle the process and packaging equipment the Case Company is providing. Finally, the Tabela will also be responsible for the distribution of the packed product to the Kirana.

Kirana

When the packed milk and cream has been delivered to the Kirana, the Kirana will be responsible for the selling process towards the Low Income Consumer. This also includes storing and marketing the products. The Case Company has chosen to have the Kirana in the new value chain since the Low Income Consumers already today visit the Kirana daily for other purchases. The Kirana would be more attractive to the Low Income Consumers if it could provide them with their daily amount of milk.

In summary, the described new value chain above will consist of the following primary activities (Porter, 1985):

- ✓ Inbound Logistics: Collect the raw milk
- ✓ Operations: Process and pack the milk and cream
- ✓ Outbound Logistics: Distribute packed milk and cream
- ✓ Marketing and Sales: Sell packed milk and cream

The Tabela, as mentioned above, will be fully responsible for both inbound and outbound logistics. The Case Company itself will be responsible for the operations, but the Tabela will handle them. The final primary activity will be the Kiranas responsibility. A visualization of the value chain is presented in figure 5.4.

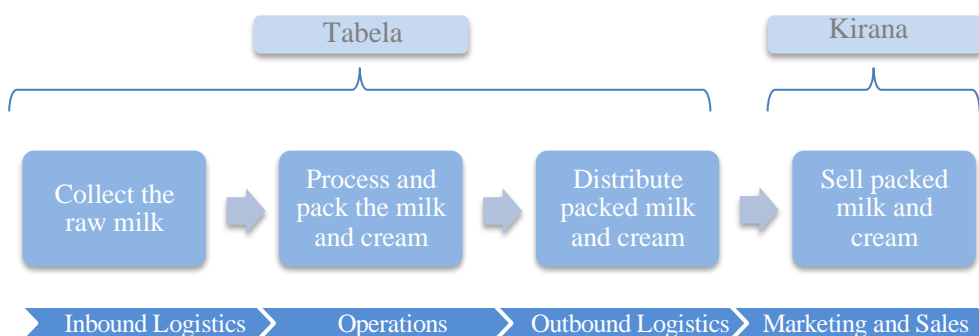


Figure 5.4 Visualization of the Value Chain

5.1.4.1.4 Scale-up strategy

The Case Company's goal with penetrating the unorganized market is to scale-up to a high amount of Tabelas. When the Case Company has implemented their business model on the market, the next step will be to attract more franchisees. According to Wilson (2011), one of the biggest challenges for an organization is to find the right franchisees and get them to join the concept. The amount of customers willing to buy a product is of no importance if there is no product to buy. However, attracting more customers is of high importance in the second step of a successful scale-up. When more Tabelas and customers have been attracted to the business model, the value chain needs to run as smoothly as possible. Wilson (2011) expresses that a franchise system cannot grow until it works properly. Therefore the value chain needs to run smoothly to maximise the efficiency of the business model. To summarize, the Case Company has three important phases they need to go through to be able to scale-up; attract more Tabelas, attract more customers and make sure that the value chain runs smoothly. Consequently, the authors have defined the Case Company's scale-up into the following three phases, which can all be seen in figure 5.5.

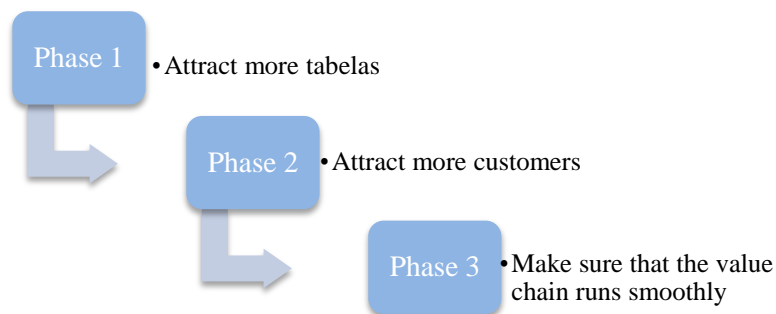


Figure 5.5 Visualization of the three phases

The scale-up will be the Case Company's first step to penetrate the unorganized market, but the company's vision is to grow even more on the Indian market. However, their future direction for strategic development is not yet decided.

5.1.5 Technology Strategy

The focus on the technology strategy is on the Case Company's core competences, and on their knowledge and earlier experiences on the Indian market.

The Case Company is one of the world's largest companies in their area. They possess core competences in several areas together with great knowledge and experiences in even more areas.

5.1.5.1 Core Competences

The Case Company is a part of a global corporate organization, which consists of three industry groups working towards the same goal, but has different areas of expertise. The industry groups can be seen as three different companies, but they often work together and support each other.

By looking at the Case Company as a part of the global corporate organization the core competencies are as follow:

- ✓ Packaging
- ✓ Processing equipment
- ✓ Filling machines
- ✓ Distribution equipment
- ✓ Service products
- ✓ System for milk production
- ✓ System for animal husbandry

5.1.5.2 Knowledge and Experiences on the Indian market

As mentioned above, the Case Company is already acting on the Indian market. Therefore the Case Company today possesses knowledge in different areas on the market. They have knowledge about marketing on the Indian market, and they also have insight in how the distribution works.

5.2 Opportunity Identification

In accordance with the SFEI model, a primary stakeholder assessment and a business model analysis are used to identify opportunities. In order to structure the opportunity identification in this case study, mind maps and structured brainstorming are used.

5.2.1 Primary and Secondary Stakeholders

In accordance with the SFEI model, the stakeholders are divided into primary and secondary stakeholders.

The Case Company's business model consists of three stakeholders. Since all of these are engaged in economic transactions within the business model, the authors classify these as primary stakeholders for the Case Company. Furthermore, the rest of the described stakeholders acting on the unorganized dairy market are classified as secondary stakeholders. This since the stakeholders are being influenced or affected by the Case Company, but are not engaged in the economic transactions.

5.2.2 Primary Stakeholder Assessment

To be able to understand the primary stakeholders unmet needs in this case study, their jobs-to-be-done are identified and their pains are mapped out according to Christensen & Raynor (2003). In accordance with Rhenman's (1968) view on stakeholders, the job-to-be-done approach answers to the realization of the stakeholder's personal goals. Consequently, the authors have chosen to use this approach in this case study's primary stakeholder assessment.

5.2.2.1 Jobs-to-be-done

Following presented tables is a visualization of the jobs-to-be-done on the three primary stakeholders. Table 5.1 presents the jobs-to-be done for the Tabela, table 5.2 presents the jobs-to-be done for the Kirana, and table 5.3 presents the jobs-to-be done for the Low Income Consumer

Table 5.1 Jobs-to-be-done Tabela

Jobs-to-be-done Tabela	Functional	Emotional	Social
Expanding the Independent Dairy Business	Ensure high cattle yield by high quality breed, feed and healthcare	Financial security	Be perceived as trustworthy by bulk consumer and paid premium
	Employ labour and modernize to increase milk output	Improve the standards of living	Good relationship with their different customers further on in the value chain
	Build financial capability for investment		
	Access to clean water		
	Access to electricity		
Have/Create a network to sell the milk	Build their own brand		
	Sell mainly to the bulk consumer	Be in a trust relationship with milkman or customer	Be recognized as supplier of high quality milk
	That the milk will be safely delivered		
	Good infrastructure		
	Good communication		
	Ensure quality milk		

Table 5.2 Jobs-to-be-done Kirana

Jobs-to-be-done Kirana	Functional	Emotional	Social
Grow the business	Steady stream of customers	Improve standard of living	Be recognized as a good Kirana
	Increase revenues		Consumers perceive that their requirements are addressed
	Wide range of products		Good relations with customers
	Opening hours which attracts customers		
	Continue long-term sales relationships		
Be a differentiate "brand" in the local community	Align the range of products to consumer needs	Increase opportunities for further business growth	Be the most popular Kirana in the neighbourhood
	Drive word-of-mouth marketing for		
	Create a reason for the customers to return		
	Good infrastructure		
	Good communication		
	Ensure quality milk		

Table 5.3 Jobs-to-be-done Low Income Consumer

Jobs-to-be done Low Income Consumer	Functional	Emotional	Social
Maintain Family Nutrition	Beverage for the kids To drink tasty and good tea	Ensure kids health	
Live within budget	Consume milk judiciously Avoid milk wastage	Keep kids happy Manage the standard of living	

5.2.2.1.1 Pains

Below is a table presenting the pains for the three primary stakeholders based on their jobs-to-be-done.

Table 5.4 The Three Primary Stakeholders Pains

Pains Tabela	Pains Kirana	Pains Low Income Consumer
Buffalo costs have increased	Inconvenient selling milk	Needs to buy milk twice per day
Labour shortage	Hire good labour	No home delivery plastic pouches
Poor transport infrastructure	Steady stream of customers	Good quality to low price
Animal theft	Earn money	Poor, therefore problems with health
Animal slaughter	Low margins	
Low margin cost on sold milk	Hard to differentiate itself from other Kiranas	
Cattle produces small quantities of milk		
Expand business		
Good fodder		
Unable to build their own brand		

5.2.3 Business Model Analysis

In accordance with the SFEI model, opportunities for the Case Company are identified through analysing and evaluating the business model, both within it and through looking at its surroundings i.e. in its context.

5.2.3.1 Opportunity Identification within the Business Model

In this case study the unmet needs assessed in the *Primary Stakeholder Assessment* are used to be able to identify opportunities within the business model. The business model covers many of the dimensions; functional, social and emotional, to meet the needs required to get the job done for the primary stakeholders, but not all, the same regarding the stakeholder's different pains. By covering more of the different dimensions and by easing more of the pains, there will be opportunities for the Case Company to add value to the business model.

As mentioned above the Case Company's business model comprises that the company makes revenue from one part in the new value chain, but to be able to make that part successful they are dependent on how well the rest of the value chain works. Therefore, in this case study, adding value to the new value chain equals adding value to the Case Company. In addition, the business model's success also depends on the target customers. Consequently, opportunities for value enhancing activities in this section are found both within the value chain and regarding the target customer.

5.2.3.1.1 Opportunities within the Value Chain

In this case study the value chain's primary activities are further divided into direct and indirect activities; the ones that create value by themselves and the ones that allow direct activities to run smoothly. By looking at it through this perspective, more value-adding opportunities can be identified within each primary activity, both in terms of developing new activities and in terms of improving existing ones. Below is presentation of the found opportunities within the new value chain.

Handling the milk and the cream - Tabela

Direct activities

1. Increase Cattle Yield

One opportunity for the Case Company is to help the Tabela to increase their cattle yield. On the market today there is a clear gap regarding the cattle yield. In Sweden, a cow produces 35 litres per day (DeLaval, 2009), while cattle in India produces 2-5 litres (National Dairy Development Board, 2010). What can also be seen is that one of the Tabelas' functional dimensions is to ensure high cattle yield by high quality breed, feed and healthcare. The potential value for the Case Company will therefore be to help the Tabelas increase their cattle yield to cover this gap and the functional dimension. Another potential value with this opportunity is that more Tabelas could feel a benefit by joining the Case Company's franchising concept, since covering this gap could increase their revenues.

2. Improve the Handling of the Raw Milk

Another opportunity for the Case Company is to help the Tabela handle the raw milk in an optimal way. By optimizing the process from the cattle to the equipment, the potential value for the Case Company could be an increased revenue stream. This since there will be less spoilage, and thus more raw milk. Another potential value is that quality milk is guaranteed, which is the Case Company's strongest competitive advantage and has been shown in the *Influencing Factors* as important. A third potential value with this opportunity is that more Tabelas could join the Case Company's franchising concept since they can see benefits by doing so.

Indirect activities

3. Improve the Brand of the Tabela

One of the Tabelas' pains is that they are unable to build their own brand. This opens up for an opportunity for the Case Company since it could give them a potential value to cover this pain. A second potential value with this opportunity is that more Tabelas could join the Case Company's franchising concept since they will see a clear benefit if they do so. A third potential value for the Case Company could be that branding the Tabelas could attract more Kiranas into buying milk from them.

4. Improve the Standard of Living for Tabela Owner

Improve the standard of living for the Tabela owner is one opportunity for the Case Company since this is an emotional dimension for the owners. If the Case Company can improve the owner's financial situation and working conditions, the new value chain could be a more attractive choice for him/her. This could lead to more Tabelas joining the Case Company's franchising concept. Another value is that a more satisfied could lead to better performance, which can lead to more milk produced.

5. Help the Tabela with Dairy Farm Planning

One opportunity for the Case Company is to help the Tabela with dairy farm planning. For example, by improving refurbishing, guarantee security and increase the access to clean water and electricity, the Tabela could produce more milk, and that in its turn could increase the revenues for the Case Company. Another potential value with this opportunity is that one of the Tabela's pains was animal theft, and by guaranteeing the security for the Tabelas they could make a benefit by joining the franchising concept.

6. Improve the Recruitment Process for the Tabela

There is an opportunity for the Case Company in helping the Tabela owner with the recruitment of new labour since one of the pains for the Tabela is labour shortage. By helping the Tabela to hire and form a more suitable workforce, the Case Company will ease one of their pains, but it could also lead to better handling of the milk. Another potential value is that the Case Company could attract more Tabelas to join the franchising concept.

7. Improve Working Conditions at the Tabela

Another opportunity for the Case Company is to help the Tabela owner to improve the working conditions for the labourers. Hence, more motivated employees could lead to higher performance. The potential value for the Case Company is that higher performance could lead to better handling of the milk. This opportunity could also attract more Tabelas to join the franchising concept since other Tabelas could see a benefit in joining.

Distribute the packed product - Tabela

Direct activities

8. Help the Tabela Improve the Distribution

There is an opportunity for the Case Company in improving the distribution between the Tabela and the Kirana. Today the Tabela is supposed to take care of the distribution, but when looking at the *Influencing Factors* there are indicators showing that the distribution on the unorganized market today is not the most efficient. In the *Influencing Factors* it has also been shown that the roads and railways are often damaged and not of the best quality. By helping the Tabela improve the distribution, the distribution time could be decreased and the distribution could be more efficient. Another potential value could be that the equal amount of milk stays throughout the whole value chain.

Indirect activities

9. Create Distribution Standards

One opportunity for the Case Company is to create and state standards for the distribution between the Tabela and the Kirana. If the Case Company can help creating standards, there would be less complications and better efficiency in the distribution. By making it run more smoothly there could be a potential value for the Case Company. As seen in the *Influencing Factors*, the Traditional Indian is used to work in hierarchy and is not used to make decisions on his/her own. A distribution standard will make decisions easier to make and could therefore make the value chain more attractive for the primary stakeholders. Another potential value would be that the equal amount of milk stays throughout the whole value chain.

10. Create and Improve Necessary Relationship between Tabela and Kirana

Another opportunity for the Case Company is to create and improve the relationship between the Tabela and the Kirana. The importance of having a good relationship has been seen both in the *Influencing Factors* and as an emotional dimension. A good relationship could result in the distribution between the two running more smoothly.

11. Improve the Transport Infrastructure

As mentioned earlier, one of the pains for the Tabela is the poor transport infrastructure. Consequently, one opportunity for the Case Company could be to improve the infrastructure. By doing this, one of the Tabela owner's pains would be eased and the distribution could be easier to optimize.

Sell the packed product - Kirana & Case Company

Direct activities

12. Improve the Kirana's Ability to Sell and Market Milk and Cream

One opportunity for the Case Company is to help the Kirana improve the selling and marketing process of milk and cream towards the Low Income Consumer. By improving this, it could enhance the buying experience for the customer. The potential value for the Case Company is that the customer would be more likely to return and buy more milk or cream. Another potential value is the importance to get the Traditional Indian to be motivated and interested enough to make the deal happen, as has been seen in the *Influencing Factors*. A third potential value for the Case Company is that by giving the Kiranas an improvement in selling and marketing the Kiranas will hopefully increase their revenues. This could lead to more Kiranas joining the business model since they make a benefit by joining it.

13. Market Milk and Cream

One opportunity for the Case Company is to create a marketing campaign directly towards the Low Income Consumer. The milk and the cream will be more exposed and therefore attract more customers to buy the products. This could make the stakeholders aware of the benefits of the new value chain and want to produce more milk and cream, as well as attracting new primary stakeholders.

Indirect activities

14. Improve the Store Brand of the Kirana

To improve the store brand is a job that the Kirana wants to get done for them. This opens up an opportunity for the Case Company to help satisfy the need behind this job. The potential value in this would be to attract more Kiranas to join the new value chain, which leads to more customers coming in contact with the milk and the cream and therefore more milk and cream could be sold. This could also lead to more Kiranas joining the business model since they realise the benefit of it.

15. Improve the Relationship between Kirana and Low Income Consumer

As can be seen in the *Influencing Factors* and the jobs-to-be-done, the relationship between each stakeholder is very important. It is therefore an opportunity for the Case Company to help the Kirana and the Low Income Consumer to maintain and improve their relationship. This will lead to the two parts being more satisfied with the new value chain, which could be a potential value for the Case Company. A good relationship could also lead to higher customer satisfaction.

16. Improve the Standard of the Kirana

There is an opportunity for the Case Company in improving the standards of the Kirana. The customer's perception of the store indirectly affects if they will buy milk or not. With a higher standard of the Kirana, the customer's total buying experience is likely to improve. The potential value for the Case Company would be that more customers choose the Kirana in their value chain over another. The handling of the milk at the Kirana could be better as well if the storing of the milk works better and is more efficient. Another potential value could be that the Kirana will realise the benefit of joining the business model, which in turn could lead to more Kiranas joining.

17. Improve the Recruitment Process for the Kirana

An improvement of the recruitment process could be an opportunity for the Case Company, because one of the pains for the Kirana is to find and hire good labour. By easing this pain the business model could be more attractive for the Kirana. Another reason for helping the Kirana with the recruitment process is that more suitable workers imply higher customer satisfaction.

18. Improve Working Conditions at the Kirana

Another opportunity for the Case Company is to help the Kirana to improve the working conditions for the labourers, since more motivated employees could lead to higher performance in the selling and marketing process. The potential value for the Case Company is that higher performance could result in more milk and cream being sold to the customers.

19. Create Home Delivery

As have been seen in *Influencing Factors*, many of the customers today are used to get the milk or cream delivered to their door. However, one of the Low Income

Consumer's pain is that there is no home delivery for plastic pouches. An opportunity for the Case Company is therefore to help the Kirana to create a possible home delivery of milk and cream. There are three potential values in this; the customers could buy more since the home delivery makes it easier, home delivery is offered today on the Indian dairy market and the Kirana will differentiate itself from other Kiranas. Another potential value is due to the fact that no home delivery of the plastic pouch bags has been seen as a pain in the existing market.

5.2.3.1.2 Opportunities regarding the Target Customer

The business model already covers some of the Low Income Consumers jobs-to-be-done to a certain extent, but by covering them fully it opens up for even more value-adding opportunities to the business model. Below is a presentation of the found opportunities regarding the target customer.

Low Income Consumer

20. Help the Low Income Consumer Live within their Budget

One opportunity for the Case Company is to help the Low Income Consumer to live within their budget, since this is a job that they want to get done. This opens up for the Case Company to come up with innovative solutions that could cover this job even more. By doing so, the Low Income Consumer would most likely see an advantage in using this solution.

21. Improve the Low Income Consumer's Health

As seen in the *Influencing Factors*, health is very important for the Traditional Indian and maintaining the family nutrition is a job-to-be-done for the Consumer. An opportunity for the Case Company is therefore to come up with innovative solutions to cover this job even more. By doing so, the Low Income Consumer would most likely see an advantage with using this solution. If the Case Company succeeds with improving the Low Income Consumer's health, there could also be value in terms of goodwill.

22. Improve Standard of Living for the Low Income Consumer

Another opportunity for the Case Company is to improve the standard of living for the Low Income Consumer and his/her family, as this has been seen as one of their

emotional dimensions. This opens up for the Case Company to come up with innovative solutions that covers this job even more. By doing so, the Low Income Consumer would most likely see an advantage with using this solution.

23. Create New Package Sizes

One opportunity is to increase the amount of different sizes on the packages that the Case Company is going to sell. The potential value with this is that more customers may want to buy their products since they offer a greater variety of different sizes. Within a customer segment there will be diversified needs and if the Case Company could research these needs more specifically and offer more suitable package sizes it could lead to more customers buying their product.

5.2.3.2 Opportunity Identification in the Surroundings of the Business Model

In accordance with the SFEI model, more opportunities are identified through looking at the surroundings. In this case study, the secondary stakeholders are looked at in order to identify these opportunities. Furthermore, they are looked at through two different perspectives: how to include them into the business model and how to take advantage of the absence of them.

5.2.3.2.1 Opportunities by Including Secondary Stakeholders

Below is a presentation of the found opportunities from including the secondary stakeholders into the business model.

24. Include the Small Farmer

An opportunity is to include the small farmers into the business model by extending the new value chain. As mentioned in the *Influencing Factors*, the Small Farmer produces 3-100 litres per day, which is such a small amount that the Case Company would not profit by having them as their franchisees in the business model. However, by including them there could be a potential value for the Case Company since more milk would be coming into the value chain.

25. Include the Sweet Shop

Another opportunity is to include the Sweet Shops in the business model by extending the new value chain. By doing this, the Case Company could gain a

potential value since the Sweet Shop will be a new valuable primary stakeholder. The potential value in this will be that the Case Company could reach out to a new customer segment, since the Sweet Shop covers a different need than the Kirana does.

26. Include the Tea Shop

One more opportunity is to include the Tea Shop in the business model by extending the new value chain. The Tea Shop is popular today and many retail consumers go there. The potential value in including them will be that the Case Company could reach out to a new customer segment, since the Tea Shop covers a different need than the Kirana does.

27. Include the Dairy Outlet

Yet another opportunity is to include the Dairy Outlet in the business model by extending the new value chain. This could give potential value for the Case Company since more customers could be reached and therefore more milk could be sold. The Dairy Outlet does not only sell milk. As it has been seen in the *Influencing Factors* they can also produce other dairy products. This could be a potential value because they would reach a new customer segment.

28. Include Dairy Accumulator

In the business model the Dairy Accumulator does not have any given role. By including them, the potential value for the Case Company could be that they could take advantage of the knowledge the accumulators possess about the dairy market. Another potential value is that by including an existing stakeholder, the Dairy Accumulator in this case, a higher satisfaction might be felt among these stakeholders, which could lead to added value since more people are content with the new value chain.

29. Target the High Income Consumer

The Case Company only targets the Low Income Consumer, which leaves an opportunity to target the High Income Consumer as well. The potential value in targeting the High Income Consumer would be that Case Company broadens their target market, which might result in more customers.

30. Apply the Business Model on a Secondary Stakeholder

Another opportunity for the Case Company is to apply the business model on other value chains in the dairy market, with one of the secondary stakeholders as their franchisee, and therefore convert them into a primary stakeholder. By doing this they could penetrate the market even further and reach out to more and/or new customers. The potential value in this is that it could generate new revenue streams.

5.2.3.2.2 Opportunities by Taking Advantage of the Absence of Secondary Stakeholders

Below is a presentation of the found opportunities from taking advantage of the absence of the secondary stakeholders in to the business model.

31. Create a Credit System

As mentioned in the *Influencing Factors*, today the Dairy Accumulators act as credit providers. If the Case Company could create a similar system for the primary stakeholders in the business model there would be an opportunity. The potential value in this could be that the stakeholders see a benefit in using the new value chain and also that they feel trust towards the Case Company. This could result in more customers for the Case Company.

32. Produce Sweets

An opportunity for the Case Company could be to extend the business model by broadening the product portfolio with sweets. It has clearly been seen in the *Influencing Factors* that the retail consumer does not drink the raw milk as it is; instead they use the raw milk to produce dairy products, such as sweets. If the Case Company would broaden the product portfolio with sweets, there could be a potential value in that since the retail consumers could save time by not having to produce it themselves. By producing sweets they could also attract a new customer segment.

33. Produce Dairy Products

Another opportunity is to extend the business model by broadening the product portfolio with other dairy products. As mentioned above it has clearly been seen in the *Influencing Factors* that the retail consumers do not drink the raw milk as it is, but they use it to produce dairy products. By producing and selling already made

dairy products it would make the daily cooking easier for retail consumers. Consequently, a potential value for the Case Company could be that the retail consumer thinks of the new product as more attractive and so the Case Company could gain more customers.

34. Create Tabela to Household Delivery

As mentioned in the *Influencing Factors*, the largest existing value chain today is between the households in the rural areas. One opportunity for the Case Company is to create a similar household-to-household delivery system. The value in this case could be that more customers would be affected and involved in the value chain, which could lead to more customers for the Case Company.

5.2.4 Conclusion

In the *Opportunity Identification*, 34 opportunities have been identified, which could all give potential value for the Case Company. By looking at the opportunities presented above, differences are found in terms of their nature. Numbers 1-18 are opportunities that could give potential value to the business model in terms of improvements; changes that are of non-sweeping character. Consequently, these opportunities can be seen as opportunities leading to future incremental innovations. Furthermore, numbers 19-34 are opportunities that could give potential value in terms of extending the business model. These opportunities can be seen as opportunities leading to future innovations of a more radical nature. Hence, the two different natures of opportunities are classified as opportunities within the business model and opportunities within an extension of the business model.

5.3 Opportunity Analysis: within the Business Model

In the *Opportunity Identification*, the identified opportunities were described as being of two different natures. In this section the opportunities within the business model are further proceeded with.

In accordance with the SFEI model, a strategic framing is done on every found opportunity. Furthermore, the market segment assessment, competitor analysis and

customer assessment are used as a foundation for further work for the Case Company in the recommendation.

5.3.1 The Strategic Framing

Each opportunity is strategically framed by being analysed and evaluated based on three chosen variables. The purpose with the strategic framing is to give each opportunity a total value based on the sum from the three variables, with the aim to prioritize them.

The three variables are as follows; the value for the Case Company, the effort for the Case Company and the importance of the opportunities during the Case Company's scale-up. The overall potential value for each opportunity has been presented in the *Opportunity Identification*, but these values have not been evaluated. To be able to compare the different opportunities with each other, their potential values need to be evaluated and graded. The amount of effort needed for each of the opportunities has not been taken into account during the *Opportunity Identification*. However, it is clear that some opportunities will be easier to take advantage of than others depending on the Case Company's technology strategy. This implies that the effort needs to be evaluated and graded. Furthermore, no time frame was being used in the identification. The identified potential values depend on how well the Case Company succeed with their scale-up. Consequently, it is of big importance to look at how influential each opportunity is during the scale-up and to evaluate and grade them.

The total value is visualized in a radar chart with three axes, defined with the variables. To illustrate, the value for the Case Company is on the x-axis, defined as Value, the effort for the Case Company is on the y-axis, defined as Effortlessness, and the importance during the scale-up is on the z-axis, defined as Importance. These three axes are divided into three sections and are further graded from 1 to 9, with 3 numbers in each section.

The strategic framing of the opportunities is structured as follows. The opportunities are first framed by being classified into one of the three sections in each of the variables, which takes place in the *Strategic Framing 1*. Furthermore, the opportunities are even further framed within each section and are evaluated and graded with a specific number, which takes place in the *Strategic Framing 2*. Below, figure 5.6, is a schematic presentation of the road map towards the opportunities' given values within each variable.

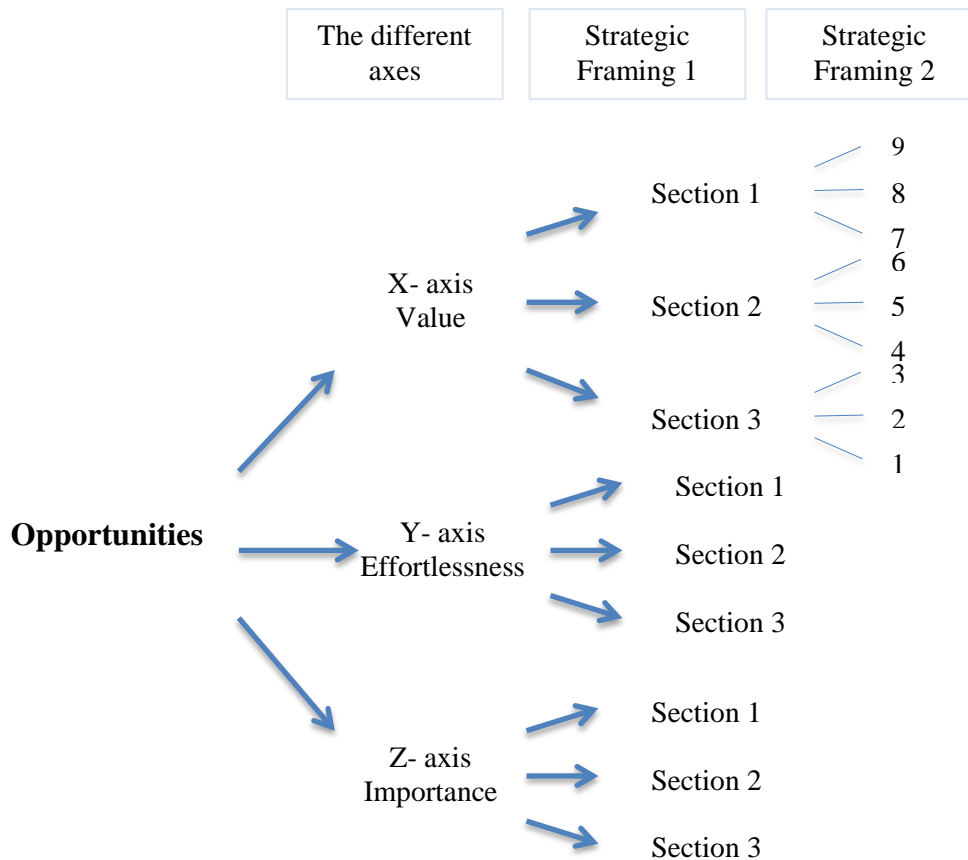


Figure 5.6 Visualization of the case study

5.3.1.1 Strategic Framing 1: Description

The purpose of the *Strategic Framing 1* is to classify the opportunities into different sections within each axis. Below is a description of how the classification is done.

5.3.1.1.1 X-axis - Value

The x-axis is divided into the three sections: high value, medium value and low value. Below is a description of the criteria for each section.

Section 1 - High Value

An opportunity generating a direct value for the Case Company, hence give a direct increased revenue, is classified to be of high value. Consequently, placed in section 1.

Section 2 - Medium Value

As mentioned earlier, if the value chain is efficient it will indirectly give value to the Case Company and its business model. Efficiency in this case implies maintaining the same amount of input through the whole value chain as well as guaranteeing that the same amount leaves the value chain. By doing this in the long run, the Case Company could indirectly increase their revenues. An opportunity generating this indirect value is classified to be of medium value. Consequently, placed in section 2.

Section 3 - Low Value

As just mentioned above, opportunities that can give a direct value to the efficiency of the value chain is indirectly giving value to the Case Company and its business model. Consequently, opportunities that can give an indirect value to the value chain can be seen as a far-fetched value-adding opportunity for the Case Company and can in the long run give far-fetched revenues. An opportunity generating this far-fetched value is classified to be of low value. Consequently, placed in section 3.

5.3.1.1.2 Y-axis - Effortlessness

The y-axis is divided into the three sections: low effort, medium effort and high effort. Below is a description of the criteria's for each section.

Section 1 - Low Effort

If the Case Company can use their core competences to take advantage of an opportunity, the opportunity is classified to be of low effort. Consequently, placed in section 1.

Section 2 - Medium Effort

If the Case Company cannot use their core competences, but instead their knowledge or experience to take advantage of an opportunity, the opportunity is classified to be of medium effort. Consequently, placed in section 2.

Section 3 - High Effort

If the Case Company does not possess any knowledge or experience regarding an opportunity, the opportunity is classified to be of high effort. Consequently, placed in section 3.

5.3.1.1.3 Z-axis - Importance

As mentioned in the *Influencing Factors* there are three phases that the Case Company needs to go through to be able to scale up. To be able to determine if an opportunity is important during the scale-up, the z-axis is divided into the three sections: high importance, medium importance and low importance. Below is a description of the criteria's for each section.

Section 1 - High Importance

Since the first scale-up phase requires the Case Company to gain as many franchisees as possible, an opportunity that could attract more Tabelas is classified to be of high importance. Consequently, placed in section 1.

Section 2 - Medium Importance

Since the second scale-up phase requires the Case Company to gain as many customers as possible, an opportunity that could increase the customer amount is classified to be of medium importance. Consequently, placed in section 2.

Section 3 - Low Importance

Since the third scale-up phase requires that the value chain runs more smoothly, an opportunity that might help in that phase is classified to be of low importance. Consequently, placed in section 3.

5.3.1.2 Strategic Framing 1: Hands on

In this section, the opportunities are framed in accordance with the criteria, described in *Strategic Framing 1: Description* (see Appendix B). Table 5.5 is a presentation of the opportunities placed in the right section within each variable.

Table 5.5 Strategic Framing 1: Hands on

The opportunity	Value			Effortlessness			Importance		
	High	Medium	Low	High	Medium	Low	High	Medium	Low
1. Increase Cattle Yield	X			X			X		
2. Improve the Handling of the Raw Milk	X			X			X		
3. Improve the Brand of the Tabela			X		X		X		
4. Improve the Standard of Living for Tabela Owner			X			X	X		
5. Help the Tabela with Dairy Farm Planning	X			X			X		
6. Improve the Recruitment Process for the Tabela			X			X	X		
7. Improve Working Conditions at the Tabela			X			X	X		
8. Help the Tabela Improve the Distribution		X			X				X
9. Create Distribution Standards			X		X				X
10. Create and Improve Necessary Relationship between Tabela and Kirana			X			X			X
11. Improve the Transport Infrastructure			X	X					X
12. Improve the Kirana's Ability to Sell and Market Milk and Cream		X			X			X	
13. Market Milk and Cream		X			X			X	
14. Improve the Store Brand of the Kirana			X		X			X	
15. Improve the Relationship between Kirana and Low Income Consumer			X			X		X	
16. Improve the Standard of the Kirana			X			X		X	
17. Improve the Recruitment Process for the Kirana			X			X		X	
18. Improve Working Conditions at the Kirana			X			X		X	

5.3.1.3 Strategic Framing 2: Description

The purpose of the *Strategic Framing 2* is to grade the different opportunities based on value, effort and importance. Below is a description of how the opportunities are further analysed and evaluated within each axis and section.

5.3.1.3.1 X-axis - Value

To be able to grade and evaluate the potential value for the Case Company in each opportunity, the numbers 1 to 9 are used. If an opportunity is classified with value 9 it implies the highest potential value, and in contrast, value 1 implies the lowest. Consequently, section 1 will be graded with 7-9, section 2 with 4-6 and section 3 with 1-3.

5.3.1.3.2 Y-axis - Effortlessness

To be able to grade and evaluate the potential effort for the Case Company in each opportunity, the numbers 1 to 9 are used. If an opportunity is classified with value 9 it implies the highest effortlessness, hence, the lowest effort. In contrast, value 1 implies the lowest effortlessness, hence, the highest effort. Consequently, section 1 will be graded with 7-9, section 2 with 4-6 and section 3 with 1-3.

5.3.1.3.3 Z-axis - Importance

To be able to grade and evaluate the opportunity's importance during the Case Company's scale-up, the numbers 1 to 9 are used. If an opportunity is classified with value 9 it implies the highest importance during the scale-up, in contrast, value 1 implies the lowest importance. Consequently, section 1 will be graded with 7-9, section 2 with 4-6 and section 3 with 1-3.

On the z-axis, the opportunities are placed in the three sections based on how important they are for the Case Company's scale-up. However, to be able to grade and evaluate the opportunities within these sections, a different approach is taken than on the two other axes. Instead of focusing on the importance during the scale-up itself, focus is on the opportunities' importance during each scale-up phase.

5.3.1.4 Strategic Framing 2: Hands on

In this section, the opportunities are framed in accordance with the criteria, described in *Strategic Framing 2: Description*. The opportunities are graded with the right value within each variable, more specifically on the X-axis (see Appendix C), the Y-axis (see Appendix D) and the Z-axis (see Appendix E). Table 5.6 presents the strategic framing on the X-axis, table 5.7 presents the strategic framing on the Y-axis, and table 5.8 presents the strategic framing on the Z-axis.

Table 5.6 Strategic Framing 2: Hands on, X-axis

High Value – Section 1	Medium Value – Section 2	Low Value – Section 3
1. Increase Cattle Yield: Value 9	12. Improve the Kirana’s Ability to Sell and Market Milk and Cream: Value 6	4. Improve Standard of Living for Tabela Owners: Value 3
5. Help the Tabela with Dairy Farm Planning: Value 8	13. Market Milk and Cream: Value 5	9. Create Distribution Standards: Value 3
2. Improve the Handling of the Raw Milk: Value 7	8. Help the Tabela Improve the Distribution: Value 4	14. Improve the Store Brand of the Kirana: Value 3
		7. Improve Working Conditions at the Tabela: Value 2
		6. Improve the Recruitment Process for the Tabela: Value 2
		17. Improve the Recruitment Process for the Kirana: Value 2
		18. Improve Working Conditions at the Kirana: Value 2
		3. Improve the Brand of the Tabela: Value 1
		10. Create and Improve Necessary Relationship between Tabela and Kirana: Value 1
		11. Improve the Transport Infrastructure: Value 1
		15. Improve the Relationship between Kirana and Low Income Consumers: Value 1
		16. Improve the Standard of the Kirana: Value 1

Table 5.7 Strategic Framing 2: Hands on, Y-axis

High Effortlessness – Section 1	Medium Effortlessness – Section 2	Low Effortlessness – Section 3
2. Improve the Handling of the Raw Milk: Value 9	3. Improve the Brand of the Tabela: Value 6	10. Create and Improve Necessary Relationship between Tabela and Kirana: Value 3
1. Increase Cattle Yield: Value 8	13. Market Milk and Cream: Value 6	4. Improve Standard of Living for Tabela Owners: Value 2
5. Help the Tabela with Dairy Farm Planning: Value 7	14. Improve the Store Brand of the Kirana: Value 5	6. Improve the Recruitment Process for the Tabela: Value 2
	8. Help the Tabela Improve the Distribution: Value 4	7. Improve Working Conditions at the Tabela : Value 2
	9. Create Distribution Standards: Value 4	15. Improve the Relationship between Kirana and Low Income Consumers: Value 2
	12. Improve the Kirana’s Ability to Sell and Market Milk and Cream: Value 4	11. Improve the Transport Infrastructure: Value 1
		16. Improve the Standard of the Kirana: Value 1
		17. Improve the Recruitment Process for the Kirana: Value 1
		18. Improve Working Conditions at the Kirana: Value 1

Table 5.8 Strategic Framing 2: Hands on, Z-axis

High Importance – Section 1	Medium Importance– Section 2	Low Importance – Section 3
1. Increase Cattle Yield: Value 9	12. Improve the Kirana’s Ability to Sell and Market Milk and Cream: Value 6	11. Improve the Transport Infrastructure: Value 3
4. Improve Standard of Living for Tabela Owners: Value 9	13. Market Milk and Cream: Value 6	8. Help the Tabela Improve the Distribution: Value 3
5. Help the Tabela with Dairy Farm Planning: Value 9	14. Improve the Store Brand of the Kirana: Value 5	9. Create Distribution Standards: Value 2
2. Improve the handling of the raw milk: Value 8	15. Improve the relationship between Kirana and Low Income consumers: Value 4	10. Create and improve necessary relationship between Tabela and Kirana: Value 1
3. Improve the brand of the Tabela: Value 7	16. Improve the Standard of the Kirana: Value 4	
6. Improve the recruitment process for the Tabela: Value 7	17. Improve the Recruitment Process for the Kirana: Value 4	
7. Improve Working Conditions at the Tabela: Value 7	18. Improve Working Conditions at the Kirana: Value 4	

5.3.1.5 Strategic Framing: Result

A total value of each opportunity is calculated by a summation of the values from each variable. A visualization of every opportunity and its total value can be found in a radar chart in Appendix F. Below is a presentation of each opportunity and its total value unveiled in a list, table 5.9, with the opportunity with the highest total value first.

Table 5.9 Strategic Framing: The Result

Opportunities in order	Total Value
1. Increase Cattle Yield	26
2. Improve the Handling of the Raw Milk	24
5. Help the Tabela with Dairy Farm Planning	24
13. Market Milk and Cream	17
12. Improve the Kirana's Ability to Sell and Market Milk and Cream	16
3. Improve the Brand of the Tabela	14
4. Improve the Standard of Living for Tabela Owner	14
14. Improve the Store Brand of the Kirana	13
6. Improve the Recruitment Process for the Tabela	11
7. Improve Working Conditions at the Tabela	11
8. Help the Tabela Improve the Distribution	11
9. Create Distribution Standards	9
15. Improve the Relationship between Kirana and Low Income Consumer	7
17. Improve the Recruitment Process for the Kirana	7
18. Improve Working Conditions at the Kirana	7
16. Improve the Standard of the Kirana	6
10. Create and Improve Necessary Relationship between Tabela and Kirana	5
11. Improve the Transport Infrastructure	5

5.3.2 Recommendation: within the Business Model

The strategic framing has resulted in the presented prioritization above. The authors recommend the Case Company to follow this prioritization when pursuing with the opportunities into further analysis. How many of the presented opportunities the Case Company chooses to take further depends on the time frame, their budget and their willingness to try to add as much value as possible to the business model.

In addition, the Case Company is recommended to have an open mind and preferably make observations during the collection of the additional data needed when proceeding with the opportunity analysis (Bryman & Bell, 2007; Saunders, Lewis & Thornhill, 2009).

The authors want to point out that if the Case Company's scale-up does not work, it could still be worth pursuing with opportunities that could make the value chain work better, regardless a potential low value or high effort. This due to the fact that these opportunities could be of importance during the scale-up. As mentioned earlier, the scale-up is depending on that each of the three phases work; otherwise the Case Company will not be able to grow the way they want.

5.3.2.1 Further Work

Due to limited time frame and limited access to data, the authors could only take the SFEI model to a certain point. Consequently, focus in the *Opportunity Analysis* has been on the strategic framing.

To give an example of how the Case Company could pursue with the opportunity analysis, an example is given in table, 5.10, 5.11 and 5.12. The further analysis should be done in accordance with the SFEI model, and contain market segment assessments, customer assessments and competitor analyses.

Table 5.10 Further Work – Increase the Cattle Yield

Further Work Increase the Cattle Yield	
Market Segment Assessment	To which amount can the cattle yield increase? How much more revenues can be expected when increasing the cattle yield?
Customer Assessment	What are the specific needs of the Tabela to increase the cattle yield? What needs to be done to increase it?
Competitor Analysis	Benchmark among other successful Tabelas and find out which are the best practices for high cattle yield. Research for similar best practices on other market segments than the Tabela, for example in other regions and in other countries.

Table 5.11 Further Work – Improve the Handling of the Raw Milk

Further Work Improve the Handling of the Raw Milk	
Market Segment Assessment	How much more milk could be sustained in the process? How much more revenues can be expected by improving the handling of the milk?
Customer Assessment	What are the specific needs when the raw milk is transported between the cattle and the equipment in the Tabela? What are the specific needs regarding the equipment around the cattle in the Tabela?
Competitor Analysis	Benchmark among other successful Tabelas and find out which are the best practices for handling the raw milk. Research for similar best practices on other market segments than the Tabela, everything from small farmers to how they do in other countries.

Table 5.12 Further Work – Help Tabela with Dairy Farm Planning

Further Work Help the Tabela with Dairy Farm Planning	
Market Segment Assessment	How big is the need for dairy farm planning? How much can the Case Company gain from helping the Tabela with this?
Customer Assessment	Which are the specific needs for the Tabela to function better? For example, do they have water and electricity? Do they need to refurbish?
Competitor Analysis	Benchmark among other successful Tabelas and which are the best practice for Dairy farm planning? Research for similar best practices on other market segments than the Tabela.

5.4 Opportunity Analysis: within an Extension

In the *Opportunity Identification*, the identified opportunities were classified into two natures. In this section the opportunities within an extension will be further proceeded with.

In accordance with the SFEI model, a strategic framing is done. However, the framing is done initially and can be seen as an initiation for future framing. Due to the radical nature of these opportunities, a further analysis is not possible in this early stage. Furthermore, the Case Company is recommended to proceed with further strategic framing, market segment assessment, competitor analysis, and customer assessment.

5.4.1 The Strategic Framing

In contrast to the previous section, the strategic framing in this section is done in a different way, since the opportunities in this section involves more than improvements and can be seen to be of a more radical nature. In addition, the authors do not have the same deep knowledge about these opportunities as regarding the ones in the previous section. Consequently, it is not possible to individually frame the opportunities within an extension. Instead the opportunities

in this section are looked at collectively, and framed by clustering them into different possible scenarios.

The future goal for the Case Company is, as mentioned, to grow their business beyond the scale-up. However, it is uncertain today which direction for strategic development the Case Company will take. According to Ansoff and his matrix, there are four alternative directions for strategic development; further market penetration, market development, product development or diversification (Ansoff & McDonnell, 1988). In this case study, the Ansoff Matrix, and its four alternative directions for strategic development, are being used as a foundation in order to visualize possible scenarios for the Case Company. In accordance with Porter's definition of a scenario, these scenarios are based on possible future outcomes (Porter, 1985), depending on which of the four directions the Case Company chooses to follow.

5.4.1.1 The Scenarios

Four different scenarios are defined depending on how the Case Company chooses to further grow their business. Below are the definitions of these scenarios.

5.4.1.1.1 Scenario: Further Market Penetration

The Case Company has chosen to grow their business further by taking the direction: further market penetration. More specifically, they want to do further penetration into the existing market segment, Low Income Consumer, with the Case Company's existing products, the milk and the cream.

5.4.1.1.2 Scenario: Market Development

The Case Company has chosen to grow their business further by taking the direction: product development. More specifically, they want to penetrate new market segments with the Case Company's existing products, the milk and the cream.

5.4.1.1.3 Scenario: Product Development

The Case Company has chosen to grow their business further by taking the direction: product development. More specifically, they want to penetrate the existing market segment Low Income Consumers with a new product.

5.4.1.1.4 Scenario: Diversification

The Case Company has chosen to grow their business further by taking the direction: diversification. More specifically, they want to penetrate into a new market segment with a new product.

5.4.1.2 Strategic Framing: Description

Depending of which scenario the Case Company might face, the identified value-adding opportunities will be of different relevance. Consequently, the opportunities in this section are framed based on their relevance in each scenario. Below is a description of how the opportunities are classified into the four scenarios.

5.4.1.2.1 Further Market Penetration

If the *Scenario: Further Market Penetration* would happen, all opportunities that could help the Case Company to further penetrate the market would be of high relevance. Consequently, an opportunity classified to help the Case Company penetrate the market segment Low Income Consumer with the existing products, the milk and the cream, is framed into this classification.

5.4.1.2.2 Market Development

If the *Scenario: Market Development* would happen, all opportunities that could help the Case Company to develop the market would be of high relevance. Consequently, an opportunity classified to help the Case Company penetrate new market segments with the existing products, the milk and the cream, is framed into this classification.

5.4.1.2.3 Product Development

If the *Scenario: Product Development* would happen, all opportunities that could help the Case Company to develop the product would be of high relevance. Consequently, an opportunity that can help the Case Company penetrate the existing market segment Low Income Consumers with a new product is framed into this classification.

5.4.1.2.4 Diversification

If the *Scenario: Diversification* would happen, all opportunities that could help the Case Company diversify itself would be of high relevance. Consequently, an opportunity that can help the Case Company penetrate into a new market segment with a new product is framed into this classification.

5.4.1.3 Strategic Framing: Hands on

The four different classifications, presented above, are used in order to classify and frame the identified opportunities (see Appendix G). Figure 5.7 visualizes the strategic framing.

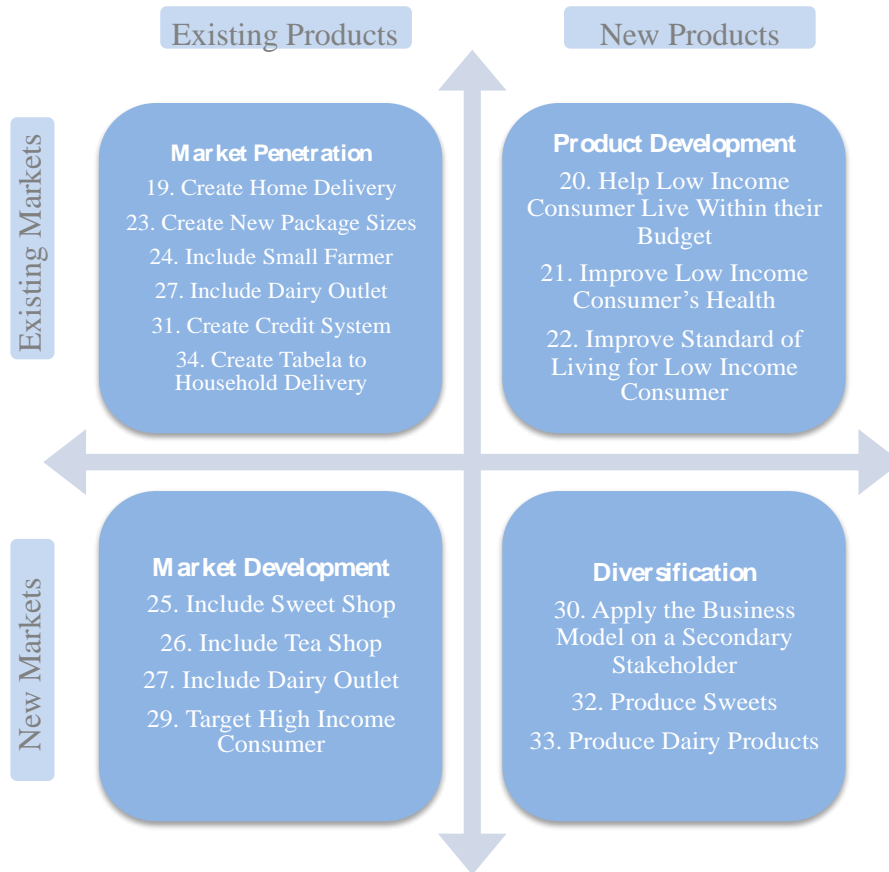


Figure 5.7 Visualization of the different scenarios

5.4.2 Conclusion

In the *Opportunity Analysis: within an Extension*, a strategic framing has been made by clustering the opportunities into four different scenarios. The authors succeed in framing all the opportunities into scenarios, except one. Opportunity 28. *Include Dairy Accumulator*, could not be classified into any of the four scenarios. In this strategic framing, it was not shown to be a value adding opportunity. Since the authors use an open mindset, the opportunity will still not be neglected when proceeding further with the case study.

In contrast to the strategic framing regarding the opportunities within the business model, the strategic framing in this chapter was not done as thoroughly. Mainly due to two reasons: lack of data, and the circumstance of these opportunities being of a more radical nature.

This strategic framing has clustered the opportunities collectively. They are now framed into a context and the clustering has made it easier to get a grip of them than compared to before. However, to be able to get a grip of each of these rather non-specified opportunities, and to frame them individually, the authors feel that the opportunities need to be more focused. Consequently, iteration back to opportunity identification is necessary for further specification of the opportunities. This opens up for identifying new opportunities that can specify the original opportunity.

5.5 Opportunity Identification 2: within an Extension

The *Opportunity Identification 2: within an Extension* is based on the strategic framing, together with the *Influencing Factors* and the authors' competencies and experiences. Since the Case Company's future direction for the strategic development is not yet defined, all the opportunities from the previous strategic framing are iterated back into the opportunity identification. New opportunities are identified to be able to specify the original opportunities even further.

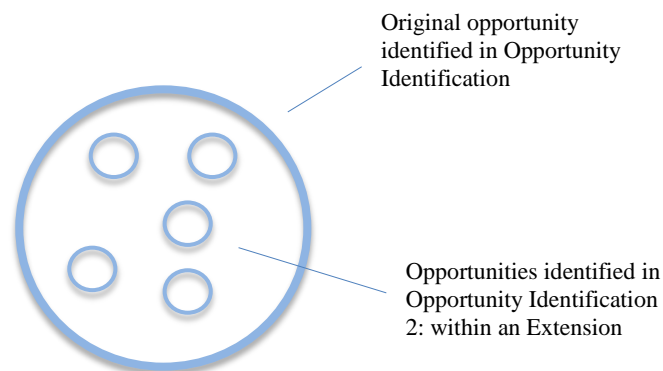


Figure 5.8 New opportunities within original opportunities

5.5.1 Opportunities within the Original Opportunities

In this section, new opportunities are identified in order to specify the original opportunities further. The new opportunities are identified by tearing down and combining the original opportunities, with the use of mind maps and strategic brainstorming. Table 5.13 presents the opportunities within a market penetration, table 5.14 presents the opportunities within a market development, table 5.15 presents the opportunities within a product development, table 5.16 presents the opportunities within a diversification, and table 5.17 presents new opportunities placed within diversification.

5.5.1.1 Further Market Penetration

See Appendix H.1 for a more detailed description of the new opportunities identified.

5.5.1.2 Market Development

See Appendix H.2 for a more detailed description of the new opportunities identified.

Table 5.13 Opportunities within further market penetration

19. Create Home Delivery	23. Create New Package Sizes	24. Include the Small Farmer
✓ Include the Dairy Accumulator	✓ Create smaller packages	✓ Tabela responsible for the inbound logistic
✓ Involve female labour	✓ On-the-go size	✓ Third part responsible for the collection and transportation
✓ Create standards		✓ Increase cattle yield and look over handling of the raw milk
✓ Combine home delivery with other groceries		
✓ Modify the plastic pouches		
✓ Use modern technology		
✓ Provide credit		
✓ Customized home delivery		
27. Include the Dairy Outlet	31. Create Credit System	34. Create Tabela to Household Delivery
✓ Samples for taste	✓ Case Company as a financier	✓ Include Dairy Accumulator
✓ Market campaign	✓ Use modern technology	✓ Involve female labour
✓ Modify the plastic pouches		✓ Create standards
		✓ Modify the plastic pouches

Table 5.14 Opportunities within market development

25. I include the Sweet Shop	26. I include the Tea Shop
✓ Modify the plastic pouches	✓ Modify the plastic pouches
✓ Provide other ingredients	✓ Help with selling and marketing process
✓ Market research	
✓ Help with selling and marketing process	
27. I include the Dairy Outlet	29. Target the High Income Consumer
✓ Modify the plastic pouches	✓ Market Campaign
✓ Provide other ingredients	✓ Change the Kirana's marketing and selling process
✓ Market research	✓ Modify the plastic pouches
✓ Help with selling and marketing process	✓ New pricing strategy

5.5.1.3 Product Development

See Appendix H.3 for a more detailed description of the new opportunities identified.

Table 5.15 Opportunities within product development

20. Help the Low Income Consumer Live within their Budget	21. Improve the Low Income Consumer's Health	22. Improve the Standard of Living for the Low Income Consumer
<i>None</i>	<ul style="list-style-type: none"> ✓ Add nutrition to the milk and the cream ✓ Produce dairy products with extra nutrients 	<i>None</i>

5.5.1.4 Diversification

See Appendix H.4 for a more detailed description of the new opportunities identified.

Table 5.16 Opportunities within diversification

30. Apply the Business Model on a Secondary Stakeholder	32. Produce Sweets	33. Produce Dairy Products
<ul style="list-style-type: none"> ✓ Apply it on the Sweet Shop ✓ Apply it on the Dairy Outlet 	<ul style="list-style-type: none"> ✓ Develop equipment suitable for the Tabela ✓ Research and create a new value chain ✓ Market campaign 	<ul style="list-style-type: none"> ✓ Develop equipment suitable for the Tabela ✓ Research and create a new value chain ✓ Market campaign

5.5.1.5 New Opportunities Identified

New opportunities, with the same character as the original opportunities, are identified. These are taken into the opportunity analysis and are strategically framed, similar to the strategic framing in the *Opportunity Analysis: within an Extension*. Furthermore, they are iterated back into opportunity identification and specified with new opportunities. Figure 5.9 visualises the iteration.



Figure 5.9 Visualization of the iteration

5.5.1.5.1 Opportunity Identification

25a. Create a Sweet-milk

A new opportunity, of a more radical nature, was identified when specifying the original opportunity 25. *Include the Sweet Shop*. There is an opportunity in terms of a product development of a special milk unique for producing sweets, sweet-milk. The potential value in this is that the sweet-milk could make the producing of sweets easier, or that sweets could taste better. This opportunity could outcompete the “regular” milk and cream on the market.

26a. Create a Tea-milk

A new opportunity of a more radical nature was identified when specifying the original opportunity 26. *Include the Tea Shop*. There is an opportunity in terms of a product development of a special milk unique for tea, tea-milk. Today the Case Company knows that their milk and cream will be suitable for using together with tea. The potential value in developing a specific tea-milk is that it will be extra suitable for using with tea, hence, attract more customers. This opportunity could outcompete the “regular” milk and cream on the market in the purpose of using it for tea.

5.5.1.5.2 Opportunity Analysis

The four different classifications, presented above, are used in order to classify and frame the identified opportunities (see Appendix I.1). Figure 5.10 visualises the strategic framing.



Figure 5.10 Visualization of new opportunities framed into diversification

5.5.1.5.3 Opportunity Identification

The original opportunities identified with their specified opportunities are presented below in table 5.17. See Appendix I.2 for a more detailed description of the new opportunities identified.

Table 5.17 New opportunities identified

25 a. Create a Sweet-milk	26 a. Create a Tea-milk
✓ Sell to Sweet Shop	✓ Sell to Tea Shop
✓ Sell to end customer	✓ Sell to end customer

5.5.2 Conclusion

During the *Opportunity Identification 2: within the Extension*, the authors specified the original opportunities and succeed with identifying new opportunities within almost all of these. However, in opportunity 20. *Help the Low Income Consumer Live within their Budget*, and in opportunity 22. *Improve the Standard of Living for the Low Income Consumer*; the authors were not able to identify new opportunities. This could be due to several reasons: that the authors did not have enough knowledge, information, resources or time, or that the original opportunities are not worth pursuing.

The authors also identified entirely new opportunities, which were taken through the same iteration process. Hence, iteration has been used several times regarding the opportunities within an extension of the business model.

Opportunity 28. *Include Dairy Accumulator* was kept in mind during the *Opportunity Identification 2: within an Extension*. As a result, the opportunity and its content were used in order to specify opportunities within the original opportunities.

The opportunity identification 2 has generated new and more opportunities, all with the aim to focus the original opportunities. Consequently, the opportunity analysis within an extension of the business model could hopefully now be done since the original opportunities are more specified.

5.6 Recommendation: within an Extension

The first recommendation for the Case Company is to decide which their future direction for strategic development will be. Second, depending on how they choose, they are recommended to pursue with the presented original opportunities in the scenario for this strategy. To be able to take advantage of these rather radical opportunities, the Case Company are recommended to use the new and more focused opportunities.

Since the authors could only take the case study to a certain point, the authors recommend the Case Company to take over the process from this point and to proceed with the opportunity analysis. To be able to finalize the opportunity analysis, the Case Company is recommended to do a further strategic framing, a market segment assessment, a customer assessment and a competitor analysis on every original opportunity, with its associated opportunities. More specifically, the authors believe that a strategic framing, similar to the one in opportunity analysis, within the business model, would be an appropriate next step.

In addition, the Case Company is recommended to have an open mind and preferably do observations during the collection of the additional data needed when proceeding with the opportunity analysis (Bryman & Bell, 2007; Saunders, Lewis & Thornhill, 2009). Together with this, the Case Company is recommended to look closely at the trends in the Indian market in general as well as on the dairy market. As mentioned in chapter 3, the *Theoretical Framework*, it is of high importance to look at trends since it can give the Case Company a competitive advantage against their competitors (Dess et al., 2004).

The authors want to point out that further iteration between the opportunity analysis and the opportunity identification could be needed to be able to pursue the opportunities.

6 Analysis

In this chapter the sub purpose “To validate the created and the suggested theoretical framework” is elaborated upon. More specifically, the Structured Front End Innovation Model is analysed both in its entirety, as well as in its different elements. The analysis consists of discussions regarding the empirical outcome together with the presented theory.

6.1 The Structured Front End Innovation Model in its Entirety

The relations between the elements in the SFEI model have its roots from the NCD model. To be able to determine whether this approach is of relevance or not, these relations are analysed; both in terms of the influencing factors’ relevance, and the iteration between the elements. Furthermore, the SFEI model is used with a non-solution approach, and this is analysed as well. The SFEI model in its entirety is visualised in figure 6.1.

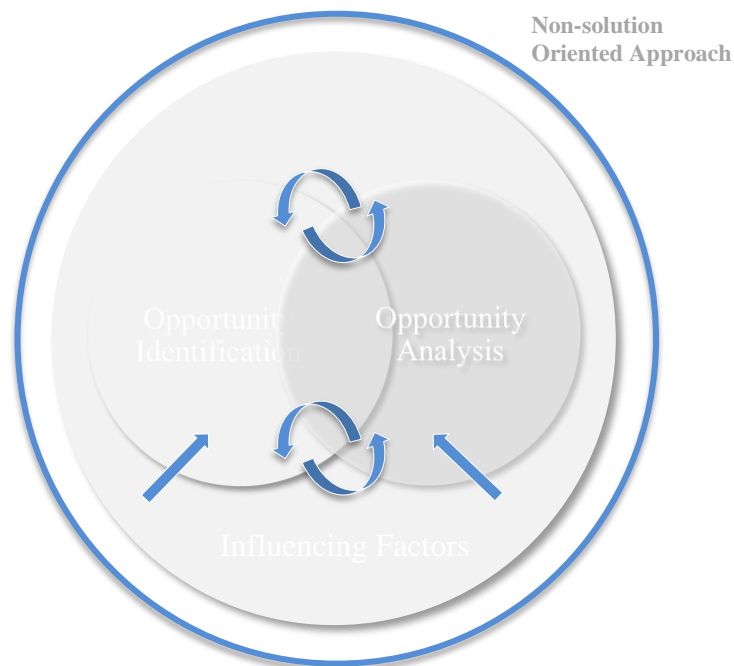


Figure 6.1 Visualization of the SFEI model in its Entirety

6.1.1 The Influencing Factors' Relevance

According to Koen et al. (2001, 2002), the influencing factors should be used through the whole innovation process. The SFEI model is based on this theory and is developed with the same approach as the NCD model, hence influencing factors were used through the whole case study. To be able to determine whether the influencing factors in the SFEI model are of relevance or not, the influencing factors applied in this case study are analysed. The two elements; opportunity identification and opportunity analysis, in the SFEI model are therefore analysed to see if the influencing factors actually did contribute to each element.

The influencing factors made a big impact on the opportunity identification in this case study. All the identified opportunities were founded on the collected data in the element *Influencing Factors*. Therefore, the authors believe that it would have been impossible to do the *Opportunity Identification* as well as *Opportunity Identification 2: within an Extension*, without these factors. Consequently, the influencing factors contributed to the element in this case study.

In the *Opportunity Analysis: within the Business Model*, the influencing factors were of relevance. The analysis of the opportunities within the business model would not have been possible to make without knowledge about the Case Company's business strategy and their technology strategy. More specifically, knowledge about the business strategy regarding the design of the business model as well as their future goals, and knowledge about the technology strategy in terms of core competences and knowledge. Consequently, the influencing factors contributed to the *Opportunity Analysis: within the Business Model* in this case study.

In the *Opportunity Analysis: within an Extension*, the authors initiated the analysis with a strategic framing. Since the strategic framing was done collectively, in terms of a clustering into different scenarios, the authors did not use any data from the element *Influencing Factors*. However, it will not be possible for the Case Company to further process with the analysis without influencing factors.

In the analysis, knowledge about the Case Company's future direction for strategic development is crucial. Furthermore, to be able to individually frame the opportunities, more knowledge about the specific opportunities are of high importance to be able to pursue with them. Consequently, influencing factors will contribute to the opportunity analysis regarding opportunities within an extension

of the business model if the Case Company were to use the SFEI model themselves.

6.1.2 Iteration

According to Koen et al. (2001, 2002) and Danes & York (2011), iteration between the different elements in the NCD model could be necessary. The SFEI model is based on this theory and developed with the same approach as the NCD model, hence, possible iteration between the two elements opportunity identification and opportunity analysis were kept in mind through the whole case study. As a result, iterations were made and were shown to be of importance. More specifically, in the *Opportunity Analysis: within an Extension* iteration was necessary. To be able to proceed with the opportunity analysis the authors had to iterate back to the opportunity identification.

6.1.3 Non-solution Oriented Approach

During the case study, the authors used a non-solution oriented approach and kept their minds open. Consistent with theory, this approach was seen to be of high importance during the collection of the influencing factors and during the opportunity identification in the study. When the influencing factors were collected with this approach, a broader perspective was given. Since the authors did not work towards a specific path or a solution, all factors that could be of relevance were collected. This broader knowledge resulted in more opportunities being identified. Many of the collected influencing factors were used in the study, but not all of them. However, these factors could still be used by the Case Company during the further work recommended for them.

During the opportunity identification, this approach lead to more identified opportunities, since the authors' creativity was fostered and not inhibited. Secondly, this approach kept the authors from judging any of the opportunities and so made it possible to proceed with all the identified opportunities. The authors believe that judging the opportunities at this early stage could have lead to important opportunities being dismissed. In this case study some of the opportunities that the authors thought were going to give low value, were further on shown to be of high potential value.

In the opportunity analysis this approach was used as well, but not as much. In this element, the opportunities were framed, which implied some structure. However, it was still seen to be of importance to have a broader mindset and not only focusing on one solution. Consequently, a non-solution oriented approach contributed to this case study.

6.2 The Elements

The elements in the SFEI model are based on different concepts and theories. It is of interest to analyse whether these theoretical frameworks have contributed towards the purpose; identify and analyse value-adding opportunities to an existing business model, or not. The different element in the SFEI model is visualized in figure 6.2.

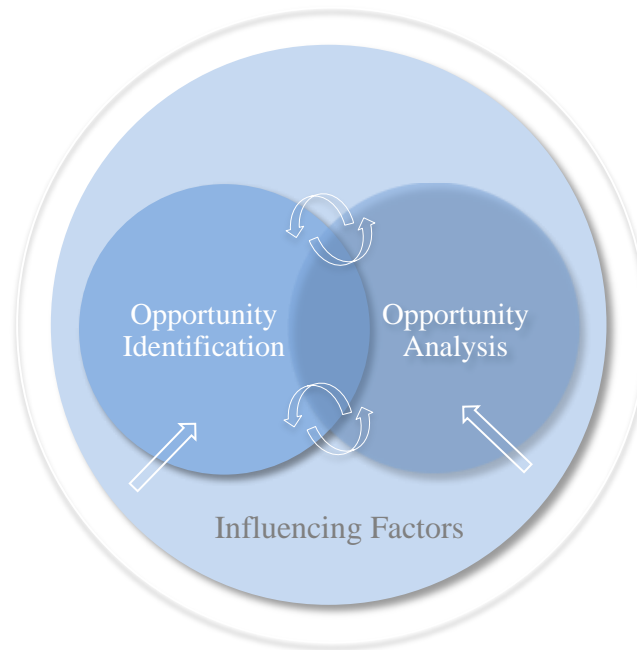


Figure 6.2 Visualization of the different element in the SFEI model

6.2.1 Influencing Factors

Below is an analysis of the concepts and theories used in the element influencing factors.

6.2.1.1 Macro Environment

To be able to understand the macro environment, the SFEI model is defined with the theoretical framework PESTEL. In this case study, the SFEI model has been applied through briefly looking at the economical, social and technological factors. The macro environment did not have significant influence on the *Opportunity Identification* nor the analysis of opportunities, however, it was influential on the *Opportunity Identification 2: within an Extension*. Many of the identified opportunities in this section had their foundation from the collected data regarding the macro environment.

The authors believe that if a deeper macro environment analysis had been done, the trends would have influenced the case study more. For example, in the *Opportunity Analysis: within the Business Model*, when the opportunities were analysed and prioritized, the authors did not use the macro trends. However, the prioritization would have been different and perhaps more accurate if these could have been further analysed and been taken into account.

The authors could only take the case study to a certain point, hence the final recommendation for the Case Company was to take over the process and to proceed with the opportunity analysis. Theory says that it is important to look at macro since it may give an impact on an organization and its business model (Frankelius, 2001; Thomas, 2007). Although the case study was not taken far enough to show it, theory are pointing towards that the macro environment would play an important role when proceeding with the opportunity analysis and further into idea genesis. Due to theory, and the case study showing some contribution from the macro environment, PESTEL should still be a theoretical framework used in the influencing factors in the SFEI model.

6.2.1.2 Microenvironment

To be able to understand the microenvironment, the SFEI model is defined with culture, trends and stakeholders. When these theories were applied on the case study, each of these contributed towards the purpose. The culture and the trends on

the dairy market were used throughout the whole case study. Furthermore, the stakeholder approach was shown to be of high importance during the opportunity identification since it contributed to a broader perspective.

6.2.1.3 Business Strategy

The Case Company's business strategy influenced the whole innovation process and without a deeper understanding of it, the opportunities would have been useless. Consequently, using the business strategy as an influencing factor has contributed towards identifying and analysing value-adding opportunities to an existing business model.

6.2.1.4 Technology Strategy

The understanding for the Case Company's knowledge and abilities was of high importance during the opportunity analysis. More specifically in this case study, the understanding of the Case Company's core competences, knowledge and experiences. The opportunities would not have been able to be strategically framed without the knowledge about these capabilities. Consequently, understanding of the Case Company's technology strategy contributed towards the purpose.

6.2.2 Opportunity Identification

To be able to identify opportunities, the SFEI model is defined with two ways to analyse: a primary stakeholder assessment and a business model analysis. The authors want to point out that both of these have been further adjusted and adapted to the specific case study and have been defined with other theoretical frameworks. These frameworks were chosen based on what the authors believed was most suitable and optimal for this specific case.

6.2.2.1 Primary Stakeholder Assessment

In the *Opportunity Identification*, the primary stakeholders unmet needs were identified through a jobs-to-be-done approach and their pains. The unmet needs laid the foundation for the opportunity identification and the authors believe that it would have been harder to identify opportunities without them. Consequently, the

primary stakeholder assessment, with the unmet needs, contributed to the opportunity identification.

6.2.2.2 Business Model Analysis

The business model analysis is defined by looking at opportunities both within the business model and in its surroundings. In this case study, Porter's Value Chain was used to identify opportunities within the business model. By further dividing the value chain into direct and indirect activities, new opportunities, especially in terms of improvements, were successfully identified within the business model. To be able to analyse the surroundings of the business model, the secondary stakeholders were looked at. By looking at them, and their responsibilities, more opportunities were easily identified. Consequently, the business model analysis has contributed to the opportunity identification.

6.2.3 Opportunity Analysis

To be able to analyse the identified opportunities, the SFEI model is defined with four strategies: strategic framing, market segment assessment, customer assessment, and competitor analysis. As mentioned earlier, the authors could only take the case study to a certain point. In both the *Opportunity Analysis: within the Business Model* and the *Opportunity Analysis: within an Extension*, the analysis was done initially in terms of strategic framing. However, the authors did not complete the opportunity analysis.

6.2.3.1 Strategic Framing

Since the identified opportunities were divided into two categories, within the business model and within an extension of it, different concepts and theories were used to strategically frame them. These concepts and theories were chosen based on what the authors believed was most suitable and optimal for this specific case study. The opportunities within the business model were framed individually by their potential value, effort and importance during scale-up since the authors defined these parameters as the three most suitable. The opportunities within an extension of the business model, on the other hand, were framed collectively by being clustered into future scenarios, since the authors recognized this approach as most suitable. In accordance with theory, the purpose with the strategic framing is to get a grip around the opportunities. How this is done, was seen to depend on the

nature of the opportunities and the context. Consequently, the case study showed the importance of being flexible when framing the opportunities.

Finally, the strategic framing has contributed towards analysing the opportunities.

6.2.3.2 Further Opportunity Analysis

The authors could not proceed with market segment assessment, customer assessment or competitor analysis, but in the *Opportunity Analysis: within the Business Model*, the authors gave the Case Company hints on how they could proceed themselves. Just by looking at the hints, the authors could see that these assessments and analyses would make it easier for the Case Company to reduce technology and market uncertainty.

Although the case study was not taken far enough to show it, theory are pointing towards that the market segment assessment, customer assessment and competitor analysis would play an important role when proceeding with the opportunity analysis. Due to theory, and the case study showing some contribution from these frameworks, these should still be theories used in the opportunity analysis in the SFEI model.

6.3 Summary

From the analysis, one can validate that the SFEI model is useful as a schematic guide to identify and analyse value-adding opportunities to an existing business model, in the front end of innovation. Furthermore, the suggested framework should be adjusted and adapted to the specific case or the company situation.

7 Conclusion

In previous chapters, the different sub purposes have been elaborated upon. In chapter 4, the Structured Front End Innovation Model, the sub purpose “Create and suggest a theoretical framework in order to identify and analyse value-adding opportunities to a business model” was fulfilled. In chapter 5, the Structured Front End Innovation Model in practice: the case study, the sub purpose “Identify and analyse value-adding opportunities to the Case Company’s business model” was fulfilled. In chapter 6, Analysis, the sub purpose “Validate the created and suggested theoretical framework” was fulfilled.

This chapter focuses on the main purpose “Increase the understanding of how companies in general, and the Case Company in particular, can identify and analyse value-adding opportunities to an existing business model”. More specifically, summary and reflection, theoretical and practical contribution, and further work are presented.

7.1 Summary and reflection

Due to the desire for organizational growth and the urge for competitive advantage, it is crucial for companies that their business model continues to give lasting value to all the stakeholders throughout the whole life cycle of the business model. Consequently, there is a need for adding value to their existing business model. In order to add value, activities generating this value need to be identified. Furthermore, innovation is essential to succeed with this.

Innovation in general is a complex area with several different possible perspectives and viewpoints. Furthermore, the initial phase of it has been shown to often be the weakest area in the process of innovation. Earlier studies made in the initial part of the innovation process have often been focused on the ideation phase, without explanation on how the process before the ideation phase looks or how the actual ideation process works. Front End Innovation has structured it by focusing on the phase before the ideation: the finding and developing of an opportunity and, moreover, to generate ideas from that. Front End Innovation is acknowledged as an important dimension of innovation in theory. However, it does not seem to get the same attention in practice. This due to two reasons: the general difficulty in understanding the area, as well as how to manage it.

The proposed framework was created in order to increase the understanding for how companies can identify and analyse value-adding opportunities to an existing business model. In addition, the proposed framework aims to support the practitioners working with the FEI process. Previous research has proposed a framework, the NCD model, with the purpose to develop concepts in the FEI. The NCD model indicates how to act and work in the front end of innovation, but it does not give any specific practices of how to use it. In contrast, the framework in this thesis has a more detailed approach with a different focus: identifying and analysing value-adding opportunities to an existing business model. The SFEI model can hopefully provide relevant guidance for practitioners that want to enrich their business model with value enhancing activities.

7.2 Theoretical and practical contribution

The theoretical contribution with this thesis is a compilation of the literature within the field of FEI, understanding of the market and understanding for the organization, as well as the relationship between the areas. The combination of these areas has not gotten much attention in previous research; through this thesis a broader theoretical base has been created. More specifically, an integrated view of stakeholders' needs, a business model, and placing value-adding opportunities into a revised Front End Innovation model.

The practical contribution with the thesis is the SFEI model, presented in chapter 4. This framework will hopefully help practitioners who want to enrich their business model, by giving them a structured hands-on approach. In addition, the thesis contributes towards the industry with a deeper understanding for the initial phase of the Front End Innovation. Moreover, the practical contribution with this thesis is considered to be beneficial for the Case Company as well.

7.3 Further Research

In this thesis, the SFEI model has been applied on one case study. This case study validates the framework. However, further validation could be needed to make it entrenched. Consequently, testing the SFEI model empirically on similar case studies would be an interesting further research.

The SFEI model is created and developed to identify and analyse value-adding opportunities. However, organizations are often resistant to innovation. Only those

companies that actively pursue innovation, even though it is often difficult and uncertain, will get a payoff from their innovation efforts. To be able to foster innovation it is important that the leadership, culture and context in the organization have structural requirements to do so. It is therefore of great importance to implement strategies and practices that foster innovation (Dess et al., 2004). Further research regarding best practices in this area could be an interesting research field.

As mentioned above, the SFEI model is created and developed to identify and analyse value-adding opportunities. However, it does not proceed further with the opportunities after the analysis phase. Furthermore, an interesting research field would be to study the key factors and their interconnectivity when generating ideas from these opportunities in order to develop concepts for value-enhancing activities.

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Expert Interviews

Lindgren, S., [Interview], 2014-02-12, Emeritus Professor, Sociology, Indian and South Asia

Mandal, K., [Interview], 2014-03-07 and 2013-02-14, Professor of Sociology, Public Policy & Management Group, Indian Institute of Management Calcutta, India.

Ståhl, D., [Skype interview], 2014-02-06, Indian specialist and analyst - Indian Culture and Business, Studied Indology at Stockholm University, Stockholm, Religion history with major in India, Lund University, Lund.

Appendices

Appendix A – Interview Guide

Appendix B – Strategic Framing 1: within the Business Model

Appendix C – Strategic Framing 2: within the Business Model, X-axis

Appendix D – Strategic Framing 2: within the Business Model, Y-axis

Appendix E – Strategic Framing 2: within the Business Model, Z-axis

Appendix F – Strategic Framing 2: within the Business Model, Radar Chart

Appendix G – Strategic Framing: within an Extension

Appendix H – Opportunity Identification 2: within an Extension

Appendix I – New Opportunities Identified

Appendix A – Interview Guide

Personal

- ✓ Title
- ✓ Your relationship to India
- ✓ Your specific research in India

Indian Culture

- ✓ Perception of the Indian culture
- ✓ Religion
- ✓ Caste system
- ✓ Health
- ✓ Business
- ✓ Future trends in India
- ✓ The country as whole
- ✓ Uttar Pradesh

Uttar Pradesh

- ✓ Perception of the culture in Uttar Pradesh
- ✓ The traditional Indian
- ✓ The poor people's behaviour

Dairy Market in India

- ✓ The milk
- ✓ The different actors
- ✓ Future trends

Appendix B – Strategic Framing 1: within the Business Model

1. Increase Cattle Yield

Value:

The opportunity is of high value since increased cattle yield could directly give higher revenues to the Case Company. This will place the opportunity in section 1 on the x-axis.

Effortlessness:

Since the Case Company is part of a global cooperate organization, where one of the industry groups core competences are dairy herd management and milk production, the opportunity will classified with low effort and be placed in section 1 on the y-axis.

Importance:

This opportunity is of high importance when scaling-up since it attracts more Tabela's. This will place the opportunity in section 1 on the z-axis.

2. Improve the Handling of the Raw Milk

Value:

The opportunity is of high value since improving the handling of the raw milk could directly give higher revenues to the Case Company. This will place the opportunity in section 1 on the x-axis.

Effortlessness:

Since processing is one of the Case Company's core competences this will classify the opportunity with low effort and place it in section 1 on the y-axis.

Importance:

This opportunity is of high importance when scaling-up since it attracts more Tabela's. This will place the opportunity in section 1 on the z-axis.

3. Improve the Brand of the Tabela

Value:

Improving the Tabela's brand will be classified with low value and placed in section 3 on the x-axis since it could give a potential far-fetched indirect value for the Case Company.

Effortlessness:

Since the Case Company has knowledge about branding and some knowledge about branding in India this opportunity will be classified with medium effort, hence, placed in section 2 on the y-axis.

Importance:

This opportunity has a potential value in attracting more Tabelas and will therefore be classified to be of high importance during the scale-up. This will place the opportunity in section 1 on the z-axis.

4. Improve Standard of Living for the Tabela Owner

Value:

The potential value in improving the standard of living for the Tabela owner is a far-fetched indirect value for the Case Company. This will classify the opportunity with low value and place it in section 3 on the x-axis.

Effortlessness:

Improving people life is not in the Case Company's area of expertise or something they have knowledge about, which will classify the opportunity with high effort. This will place the opportunity in section 3 on the y-axis.

Importance:

This opportunity is placed in section 1 on the z-axis since it could attract more Tabelas and therefore will be of high importance during the scale-up.

5. Help the Tabela with Dairy Farm Planning

Value:

By improving the standard of the Tabela, the Case Company could get directly higher revenues, hence, the opportunity is classified as high value. This will place the opportunity in section 1 on the x-axis.

Effortlessness:

As mentioned, the Case Company is part of a global cooperate organization, where one of the industry groups core competences are dairy herd management and milk production, hence, the opportunity will therefore be classified as low effort. This will place the opportunity in section 1 on the y-axis.

Importance:

This opportunity could attract more Tabela to the new business model, which makes it of high importance during the scale-up. This will place the opportunity in section 1 on the z-axis since it can attract more Tabelas.

6. Improve the Recruitment Process for the Tabela

Value:

There is a potential value for the Case Company in improving the recruitment process for the Tabela, however, this value is a far-fetched indirect value for the Case Company. This will classify the opportunity with low value and place it in section 3 on the x-axis.

Effortlessness:

The Case Company has no knowledge about the Indian recruitment processes, which implies that the opportunity is classified with high effort. This will place the opportunity in section 3 on the y-axis.

Importance:

The opportunity could attract more Tabelas, which makes it of high importance during scale-up. This will place the opportunity in section 1 on the z-axis.

7. Improve Working Conditions at the Tabela

Value:

The value in improving the Tabela's labourers working conditions is far-fetched and indirect for the Case Company. This will classify the opportunity with low value and place it in section 3 on the x-axis.

Effortlessness:

The Case Company has some knowledge in improving working conditions, in terms of their own employees. However, they have little or no knowledge about how they could improve working conditions on the specific Indian market. Hence, the opportunity will be classified with high effort and it will be placed in section 3 on the y-axis.

Importance:

The opportunity could attract more Tabelas, which makes it of high importance during scale-up. This will place the opportunity in section 1 on the z-axis.

8. Help the Tabela Improve the Distribution

Value:

Improving the distribution could indirectly give the Case Company value since it can help guaranteeing that the same amount of milk stays in the system. Hence, the opportunity will be classified with a medium value and it will be placed in section 2 on the x-axis.

Effortlessness:

The Case Company possesses knowledge in general about distribution and logistics and the opportunity is therefore classified with medium effort. They do also have knowledge about the unorganized market dairy market and the existing distribution channel. This will place the opportunity in section 2 on the y-axis.

Importance:

Improving the distribution will make the value chain run more smoothly, but it will be of lower importance during the scale-up. This will place the opportunity in section 3 on the z-axis.

9. Create Distribution Standards

Value:

Creating distribution standards could give the Case Company an indirect and far-fetched value, which classifies it to be of low value. This will place the opportunity in section 3 on the x-axis.

Effortlessness:

The Case Company possesses some knowledge about distribution standards, which classifies the opportunity with medium effort. They do also have knowledge about the unorganized market dairy market and the existing distribution channel. This will place the opportunity in section 2 on the y-axis.

Importance:

Creating distribution standards will make the value chain run more smoothly, but it will be of lower importance during the scale-up. This will place the opportunity in section 3 on the z-axis.

10. Create and Improve Necessary Relationship between Tabela and Kirana

Value:

The opportunity could give the Case Company a far-fetched and indirect potential value, hence, it is classified with low value. This will place the opportunity in section 3 on the x-axis.

Effortlessness:

Improving Indians relationship is not in the Case Company's area of expertise nor something they have knowledge about. The effort in doing this is classified as high and the opportunity will be placed in section 3 on the y-axis.

Importance:

An improved relationship between the Tabela and the Kirana could make the value chain run more smoothly, hence, it will be classified to be of lower importance during the scale-up. This will place the opportunity in section 3 on the z-axis.

11. Improve the Transport Infrastructure

Value:

If the Case Company will improve the transport infrastructure there could be an indirect value for them, however, far-fetched since it will not generate direct revenues. The value is classified as low and that will place the opportunity in section 3 on the x-axis.

Effortlessness:

The Case Company do not possess any knowledge about improving transport infrastructure, nor have experience from it. The effort is classified as high, hence, the opportunity will be placed in section 3 on the y-axis.

Importance:

By taking advantage of this opportunity the new value chain could run more smoothly and it is therefore classified to be of low importance during the scale-up. This will place the opportunity in section 3 on the z-axis.

12. Improve the Kirana's Ability to Sell and Market the Milk and Cream

Value:

If the Case Company could increase the amount of milk being sold at the Kirana it will give them indirect higher revenues. The opportunity is therefore classified to be of medium value, which will place the opportunity in section 2 on the x-axis.

Effortlessness:

The Case Company has experience from helping a third party with selling and marketing. In addition, they possess some knowledge about the specific market and have experiences from marketing there, hence, the effort will be classified as medium. This will place the opportunity in section 2 on the y-axis.

Importance:

This opportunity will be of medium importance during the Case Company's scale up since it could ensure that more milk is being sold. This will place the opportunity in section 2 on the z-axis.

13. Market Milk and Cream

Value:

If the Case Company markets the milk and the cream well it could indirectly increase their own revenues, hence, the value will be classified to be medium. This will place the opportunity in section 2 on the x-axis.

Effortlessness:

The Case Company possesses knowledge about marketing and has experiences from marketing on the Indian market. This classifies the opportunity with medium effort and it will be placed in section 2 on the y-axis.

Importance:

Marketing the products will result in more milk and cream is being sold and that the Case Company reaches out to more customers. This will place the opportunity in section 2 on the z-axis.

14. Improve the Store Brand of the Kirana

Value:

If the Case Company improves the store brand of the Kirana it could give them a far-fetched indirect value, hence, this opportunity will be classified with low value. This will place the opportunity in section 3 on the x-axis.

Effortlessness:

Since the Case Company has knowledge about branding and some knowledge about branding in India this opportunity will be classified with medium effort, hence, placed in section 2 on the y-axis.

Importance:

This opportunity could attract more Kiranas and contribute to more milk being sold, hence, it will be classified to be of medium importance during the scale-up. This will place the opportunity in section 2 on the z-axis.

15. Improve the Relationship between Kirana and Low Income Consumer

Value:

By improving the relationship between the Kirana and the Low Income Consumers the Case Company could gain an indirect far-fetched value, hence, the value will be classified as low. This will place the opportunity in section 3 on the x-axis.

Effortlessness:

As mentioned earlier in the *Opportunity Analysis: within the Business Model*, improving Indians relationship is not in the Case Company's area of expertise nor something they have knowledge about. The effort in doing this is classified as high and the opportunity will be placed in section 3 on the y-axis.

Importance:

An improved relationship between the Kirana and the Low Income Consumer could result in more customers for the business model, hence, it will be classified to be of medium importance during the scale-up. This will place the opportunity in section 2 on the z-axis.

16. Improve the Standard of the Kirana

Value:

If the Case Company could improve the standard of the Kiranas involved in the new value chain it could result in a far-fetched indirect value for them, hence, the value will be classified to be low. This will place the opportunity in section 3 on the x-axis.

Effortlessness:

Improving Indian stores is not in the Case Company's area of expertise or something they have knowledge about. The effort in taking advantage if this opportunity is therefore classified as high and the opportunity is placed in section 3 on the y-axis.

Importance:

This opportunity could attract more customers into buying more milk and cream and the importance during scale-up is therefore classified as medium. This will place the opportunity in section 2 on the z-axis.

17. Improve the Recruitment Process for the Kirana

Value:

There is a potential value for the Case Company in improving the recruitment process for the Kirana, however, this value is a far-fetched indirect value for the Case Company. This will classify the opportunity with low value and place it in section 3 on the x-axis.

Effortlessness:

As mentioned earlier in the *Opportunity Analysis: within the Business Model*, the Case Company has no knowledge about Indian recruitment processes which implies that the opportunity is classified with high effort. This will place the opportunity in section 3 on the y-axis.

Importance:

The opportunity could result in better people selling the milk, which makes it of medium importance during scale-up. This will place the opportunity in section 2 on the z-axis.

18. Improve Working Conditions at the Kirana

Value:

The value in improving the Kirana's labourers working conditions is far-fetched and indirect for the Case Company. This will classify the opportunity with low value and place it in section 3 on the x-axis.

Effortlessness:

The Case Company has some knowledge in improving working conditions, in terms of their own employees. However, they have little or no knowledge about how they could improve working conditions on the specific market India. Hence, the opportunity will be classified with high effort and it will be placed in section 3 on the y-axis.

Importance:

The opportunity could result in better performing employees in the Kirana, which makes it of medium importance during scale-up. This will place the opportunity in section 2 on the z-axis.

Appendix C – Strategic Framing 2: within the Business Model, X-axis

X-axis

Section 1 - High Value (7-9)

1. Increase Cattle Yield

This opportunity is classified with value 9 on the x-axis. It is classified to give the highest potential value to the Case Company since the opportunity is seen to be the one that can give the most direct increased amount of raw milk.

5. Help the Tabela with Dairy Farm Planning

This opportunity is classified with value 8 on the x-axis. This opportunity opens up for many possibilities in increasing the amount of raw milk. However, it is not as directly associated with more increased milk as in opportunity 1, hence, the potential value will be lower.

2. Improve the Handling of the Raw Milk

This opportunity is classified with value 7 on the x-axis. It is classified to be of lower potential value for the Case Company than the other two in this section since it cannot increase the amount of raw milk. However, it can give higher input to the value chain if less spoilage could be avoided.

Section 2 - Medium Value (4-6 points)

12. Improve the Kirana's Ability to Sell and Market Milk and Cream

This opportunity is classified with value 6 on the x-axis. It is classified to be of the highest potential value for the Case Company in this section since it could directly affect if the customer buys the product or not. In contrast to opportunity 13, this is an opportunity that the Case Company could benefit from in the long run. Direct marketing and selling techniques could affect the customers during every purchase, in comparison with, for example marketing campaigns.

13. Market Milk and Cream

This opportunity is classified with value 5 on the x-axis. Market the milk and the cream could create an interested for the products, but it will not directly be associated with the buying process as in opportunity 12, hence, to potential value will be lower.

8. Help the Tabela Improve the Distribution

This opportunity is classified with value 4 on the x-axis. The opportunity is of the lowest value in this section since it cannot increase the input or the output. However, it could maintain the same amount of milk in the value chain, which is of indirect high value for the Case Company.

Section 3 - Low Value (1-3 points)

4. Improve Standard of Living for Tabela Owners

This opportunity is classified with value 3 on the x-axis. The potential value is far-fetched, however, it could lead to more milk being produced since a more satisfied Tabela owner could perform better, which makes it more value-adding.

9. Create Distribution Standards

This opportunity is classified with value 3 on the x-axis. This opportunity could be one of the steps when improving the distribution. The fact that creating distribution standards opens up for several potential values for the Case Company makes it more relevant and value-adding. It can make sure that equally amount of milk stays throughout the value chain, that there will be more efficient and less complications and that it is easier for the Case Company with standards in the long run. Hence, this opportunity is classified as one with the highest value in this section.

14. Improve the Store Brand of the Kirana

This opportunity is classified with value 3 on the x-axis. Attracting customers to the Kirana is crucial for getting the milk and cream sold. More customers to the Kirana do not necessarily imply more customers buying the milk and the cream, however, attracting them to the store will make that chance bigger. Since there is a fair chance that this opportunity could directly attract more customers into buying the milk and the cream it is classified as one of the highest value in this section.

7. Improve Working Conditions at the Tabela

This opportunity is classified with value 2 on the x-axis. Even though the potential value is far-fetched, more motivated employees could lead to higher performance. However, it is not as high value as looking at the standard of living for the Tabela owner, since he/she is the franchisee.

6. Improve the Recruitment Process for the Tabela

This opportunity is classified with value 2 on the x-axis. Even though the potential value it is far-fetched, hiring and form better employees could lead to better handling of the milk. However, it is not as high value as looking at the standard of living for the Tabela owner, since he/she is the franchisee.

17. Improve the Recruitment Process for the Kirana

This opportunity is classified with value 2 on the x-axis. The opportunity could improve the relationship between the Kirana and the Low Income Consumer and could improve the selling process. However, an improved recruitment process does not necessarily imply more motivated employees or more milk and cream being sold.

18. Improve Working Conditions at the Kirana

This opportunity is classified with value 2 on the x-axis. The opportunity could improve the selling process, which could give it higher value. As just mentioned in opportunity 17, the employees will not necessarily be more motivated into in particular selling milk and cream just by improving their working conditions.

3. Improve the Brand of the Tabela

This opportunity is classified with value 1 on the x-axis. The potential value in this opportunity is that far-fetched that it is hard to see how it can generate a value for the Case Company.

10. Create and Improve Necessary Relationship between Tabela and Kirana

This opportunity is classified with value 1 on the x-axis. The low value depends on the fact that the opportunity could make the Case Company's business model run more smoothly, but the business model's success will not be depended on the relationship, rather the distribution.

11. Improve the Transport Infrastructure

This opportunity is classified with value 1 on the x-axis. Since the Case Company has chosen to enter the unorganized market it is of higher value for the Case Company to make the distribution work as it is today. It is hard to see how improving the transport infrastructure could be value-adding to this new business model.

15. Improve the Relationship between Kirana and Low Income Consumer

This opportunity is classified with value 1 on the x-axis. The Case Company's new Business Model's success will most likely not depend on the relationship between the Kirana and the Low Income Consumers, rather on the selling process.

16. Improve the Standard of the Kirana

This opportunity is classified with value 1 on the x-axis. It is uncertain if a better standard will affect the Traditional Indian's perception, hence, their buying process. According to Mandal and Ståhl (2014) the standard and layout of the store does not matter since they are on the unorganized market and the customer they are targeting are Low Income consumers. Most important is that they get their milk, not how the store looks. Therefore value 1.

Appendix D –Strategic Framing 2: within the Business Model, Y-axis

Y-axis

Section 1 - Low Effort (7-9 points)

2. Improve the Handling of the Raw Milk

This opportunity is classified with value 9 on the y-axis. The potential effort in improving the handling of the raw milk is classified to be of the lowest effort, hence, high effortlessness. This due to the fact this opportunity is not that dependent on the country or the market, as the others in this section.

1. Increase Cattle Yield

This opportunity is classified with value 8 on the y-axis. The potential effort in increasing the cattle yield is classified with more effort than opportunity 2. The Case Company, as a part of the global cooperate organization, has their core competences in this area, but the potential effort in doing this is seen as more dependent on the Indian market.

5. Help the Tabela with Dairy Farm Planning

This opportunity is classified with value 7 on the y-axis. The Case Company has their core competences in this area, but is even though classified with the highest effort in this section. Furthermore, there will be some effort in applying it on the Indian market, since all the Tabelas are different and will need individual consulting on how they can increase the standard.

Section 2 - Medium Effort (4-6 points)

3. Improve the Brand of the Tabela

This opportunity is classified with value 6 on the y-axis. What makes this effort relatively low is due to the fact that this will hopefully occur to a certain extend by itself through the franchising concept, hence, only some effort will be needed.

13. Market Milk and Cream

This opportunity is classified with value 6 on the y-axis. The potential effort in marketing the milk and the cream is seen as relatively low since this marketing is going to be general, in contrast to some of the other opportunities involving marketing. This makes the opportunity of higher effortlessness.

14. Improve the Store Brand of the Kirana

This opportunity is classified with value 5 on the y-axis. Branding the Kirana will not be as general as market the milk and the cream. However, it will not be as individual as improving the Kiranas marketing and selling process and this will hopefully occur to a certain extent by itself through being a part of the new business model.

8. Help the Tabela Improve the Distribution

This opportunity is classified with value 4 on the y-axis. Even though the Case Company possesses knowledge about distribution in general and on the unorganized market, the effort in this opportunity is classified as one of the highest in this section. Effort will be needed because of the bad infrastructure and that all the Tabelas differ from each other, which imply that all the different distributions channels will have to be treated individually.

9. Create Distribution Standards

This opportunity is classified with value 4 on the y-axis. The potential effort in creating distribution standards is classified with one of highest effort in this section due to the same reason as just mentioned above in opportunity 8. Effort will be needed because of the bad infrastructure and that all the Tabelas differ from each other, which imply that it is going to be harder to set standards.

12. Improve the Kirana's Ability to Sell and Market Milk and Cream

This opportunity is classified with value 4 on the y-axis. The effortlessness in this opportunity is lower than market the milk and the cream, because it requires individual knowledge and improvements. The Case Company will have to teach different individuals with the purpose to change a buying behaviour at the Low Income Consumers.

Section 3 – High Effort (1-3 points)

10. Create and Improve Necessary Relationship between Tabela and Kirana

This opportunity is classified with value 3 on the y-axis. Creating and improving relationship between individuals are not in the Case Company's area of expertise, however, since the Tabela and the Kirana have a common goal less effort might be required from the Case Company.

4. Improve Standard of Living for Tabela Owners

This opportunity is classified with value 2 on the y-axis. The Case Company does not have knowledge about how to improve standards of living in general, but since the new business model will require detailed knowledge about the Tabela as well as the Tabela owner it will be higher effortlessness.

6. Improve the Recruitment Process for the Tabela

This opportunity is classified with value 2 on the y-axis. The Case Company does not have knowledge about how to improve a recruitment process on the unorganized market in India. However, by having the Tabelas as their franchisees they will have a close cooperation, which will indirect give the Case Company knowledge about the Tabelas and their employees. The opportunity will still require high effort from the Case Company, but the knowledge and information will hopefully be there.

7. Improve Working Conditions at the Tabela

This opportunity is classified with value 2 on the y-axis. The Case Company does not have knowledge about how to improve the employees working conditions on the unorganized market in India. However, as just mentioned in opportunity 6, by having the Tabelas as their franchisees they will have a close cooperation, which will indirect give the Case Company knowledge about the Tabelas and their employees. The opportunity will still require high effort from the Case Company, but the knowledge and information will hopefully be there.

15. Improve the Relationship between Kirana and Low Income Consumers

This opportunity is classified with value 2 on the y-axis. A good marketing and selling process could imply an improved relationship between the Kirana and the Low Income Consumers. However, it will require individual information and

knowledge about the two primary stakeholders for the Case Company to be able to improve this relationship further.

11. Improve the Transport Infrastructure

This opportunity is classified with value 1 on the y-axis. Improving the transport infrastructure is far from what the Case Company has done before, as well as it will require resources, time and information.

16. Improve the Standard of the Kirana

This opportunity is classified with value 1 on the y-axis. Improving the standard of the Kirana will require much information, which they do not have since the new business model does not require as much information about the Kirana as it requires from the Tabela.

17. Improve the Recruitment Process for the Kirana

This opportunity is classified with value 1 on the y-axis. Improving the recruitment process for the Kirana will require much information about the Kirana and the employees. Information that the Case Company does not have since the new business model does not require as much information about the Kirana as it requires from the Tabela.

18. Improve Working Conditions for the Kirana

This opportunity is classified with value 1 on the y-axis. Improving the labourers working conditions for the Kirana will require much information about the Kirana and the employees. Information that the Case Company does not have since the new business model does not require as much information about the Kirana as it requires from the Tabela.

Appendix E – Strategic Framing 2: within the Business Model, Z-axis

Z-axis

On the z-axis, the opportunities are placed in the three sections based on how important they are for the Case Company's scale-up. However, to be able to grade and evaluate the opportunities within these sections, a different approach is taken than on the two other axes. Instead of focusing on the importance during the scale-up itself, focus is on the opportunities importance during each scale-up phase. In each of the section is a more detailed description of how they are graded and evaluated with this approach.

Section 1 - High Importance (7-9 points)

In this section the opportunities are graded and evaluated depending on how important they are when attracting Tabelas. Therefore, the potential value for the Tabela is being looked at. If the Tabela can see many benefits with being a part of the new business model, it is classified to be the Case Company's strongest argument to attract them.

1. Increase Cattle Yield

This opportunity is classified with value 9 on the z-axis. This opportunity is classified to be one of the Case Company's strongest arguments to attract the Tabela with since it could generate more revenues for the Tabela as well as cover several of the Tabela owner's pains. In addition, it could indirect cover the job to be done; expanding the independent dairy business.

4. Improve Standard of Living for Tabela Owners

This opportunity is classified with value 9 on the z-axis. This opportunity is also classified to be one of the Case Company's strongest arguments to attract the Tabela with since it is crucial for the Tabela owner to have a good standard of living.

5. Help the Tabela with Dairy Farm Planning

This opportunity is classified with value 9 on the z-axis. The opportunity is classified to be one of the Case Company's strongest arguments in attracting more Tabelas since one of the jobs to be done for the Tabelas is to expand their business. In comparison with opportunity 8, this opportunity opens up for more possibilities for the Tabela and could give an overall more potential value for the Tabela. Therefore this opportunity is classified to be of bigger importance when attracting the Tabelas than opportunity 8.

2. Improve the Handling of the Raw Milk

This opportunity is classified with value 8 on the z-axis. The importance in attracting Tabelas is classified to be of medium importance in this opportunity. The opportunities just mentioned above can potentially give higher amount increased milk than improving the handling of the raw milk. However, since taking advantage of this opportunity could avoid spoilage and make the process more efficient it could still be a strong argument when attracting the Tabelas since their business will be better.

3. Improve the Brand of the Tabela

This opportunity is classified with value 7 on the z-axis. By improving the brand of the Tabela one of the owners pain will be covered, which makes it attractive for the Tabela owner. However, this opportunity will not directly increase the Tabela's revenues and therefore the opportunity is classified to be of lower importance for the Tabela, hence, the scale-up.

6. Improve the Recruitment Process for the Tabela

This opportunity is classified with value 7 on the z-axis. By improving the recruitment process for the Tabela a pain will be covered, but it is not classified to be the opportunity that could attract the most Tabelas. It is hard for the Tabelas to see direct revenues.

7. Improve Working Conditions at the Tabela

This opportunity is classified with value 7 on the z-axis. By improving the labourers working conditions the Tabela owner might be attracted by the business model, but it is not classified to be the opportunity that could attract the most since it is hard to see increased direct revenues.

Section 2 - Medium Importance (4-6 points)

In this section the opportunities are graded and evaluated depending on how important they are when attracting customers. If an opportunity could help directly with attracting customer, it is classified to be of high importance in this section.

12. Improve the Kirana's Ability to Sell and Market milk and Cream

This opportunity is classified with value 6 on the z-axis. As mentioned in the Influencing Factors, today the Low Income Consumer visits the Kirana daily, but not with the main purpose of buying milk. To be able to gain customers it is therefore of big importance that the Kirana can sell and market the milk and the cream. This opportunity could actively attract more customers to the specific Kirana and to buying the milk and the cream, hence, it will be one of the opportunities with highest importance when it comes to gaining customers.

13. Market Milk and Cream

This opportunity is classified with value 6 on the z-axis. Marketing the milk and the cream will create an awareness and interest for the products. Consequently, this is another opportunity that is classified to be of the highest importance when it comes to gaining customers during the scale-up.

14. Improve the Store Brand of the Kirana

This opportunity is classified with value 5 on the z-axis. This opportunity could relieve a pain for the Kirana, which could lead to more Kiranas joining the new value chain. Attracting more Kiranas implies that more customers could be reached out to. However, the Kirana is not directly connected with the milk and the cream. Branding the store brand of the Kirana does not imply more customers buying the milk and the cream.

15. Improve the Relationship between Kirana and Low Income Consumers

This opportunity is classified with value 4 on the z-axis. Improving the relationship does not necessarily imply customers buying more milk and cream. In contrast to the marketing and selling process of milk, this opportunity does not imply that the Kirana could directly gain more customers.

16. Improve the Standard of the Kirana

This opportunity is classified with value 4 on the z-axis. As mentioned earlier in the Opportunity Analysis: within the Business Model, the Traditional Indian the layout of the store is not an important factor in the buying process. In addition, improvements of the Kirana do not necessarily attract more customers into buying specifically milk and cream.

17. Improve the Recruitment Process for the Kirana

This opportunity is classified with value 4 on the z-axis. By improving the recruitment process for the Kirana better employees could be hired, that is to say that the selling process towards the Low Income Consumer could be better. However, it is uncertain if more motivated employees in general would attract more customers into buying specifically milk and cream.

18. Improve Working Conditions at the Kirana

This opportunity is classified with value 4 on the z-axis. By improving the labourers working conditions at the Kirana the employees could be more motivated. That is to say that the selling process towards the Low Income Consumer could be better. However, it is uncertain if more motivated employees in general would attract more customers into buying specifically milk and cream.

Section 3 - Low Importance (1-3 points)

In this section the opportunities are graded and evaluated depending on how important they are when making the value chain run more smoothly. If an opportunity could directly help with this, it is classified to be of high importance in this section.

11. Improve the Transport Infrastructure

This opportunity is classified with value 3 on the z-axis. If the transport infrastructure could be improved the value chain would be able to run more smoothly explicitly, hence, this opportunity is classified to be of highest importance when it comes to making the value chain run more smoothly.

8. Help the Tabela Improve the Distribution

This opportunity is classified with value 3 on the z-axis. This is another opportunity that is of high importance in making the value chain run more smoothly. By helping the Tabela improve the distribution it will actively make the value chain run more smoothly.

9. Create Distribution Standards

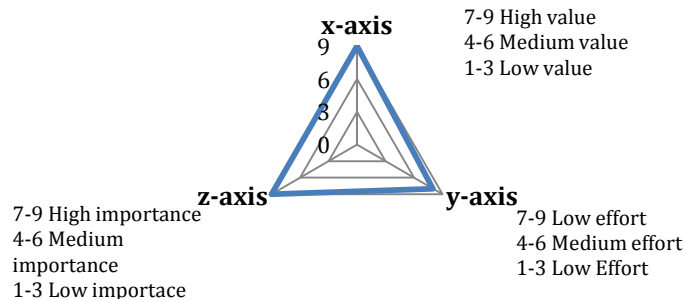
This opportunity is classified with value 2 on the z-axis. By creating distribution standards the Case Company could suggest ways that could make the value chain run more smoothly. However, it will not directly make it run more smoothly.

10. Create and Improve Necessary Relationship between Tabela and Kirana

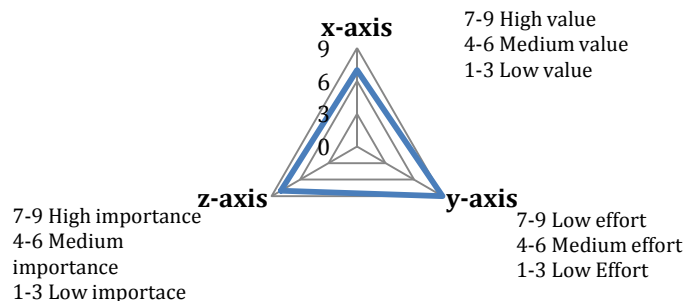
This opportunity is classified with value 1 on the z-axis. Create or improve a relationship between the Tabela and the Kirana does not necessarily imply efficiency in the value chain. Their relationship is not classified to be crucial for the value chain to run smoothly, rather beneficial.

Appendix F – Strategic Framing 2: within the Business Model, Radar Chart

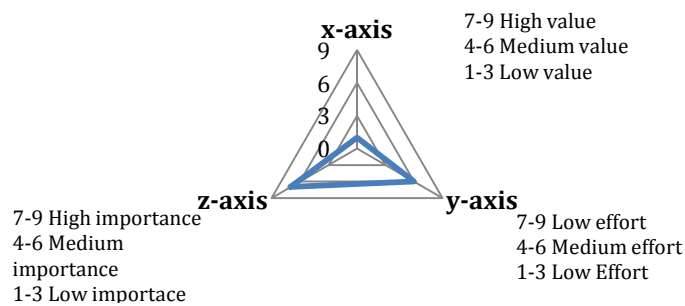
1. Increase Cattle Yield



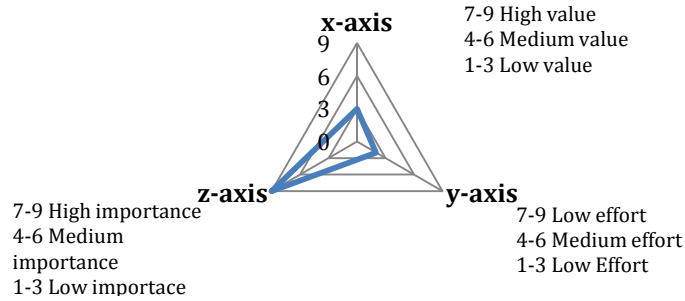
2. Improve the Handling of the Raw Milk



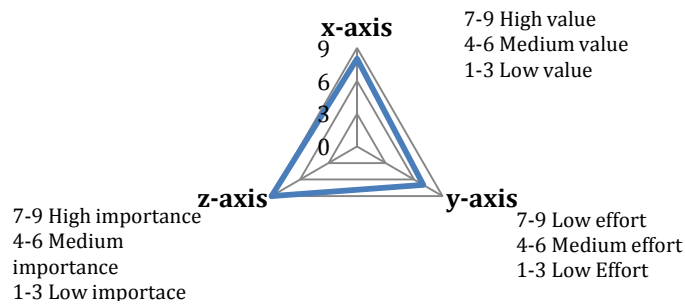
3. Improve the Brand of the Tabela



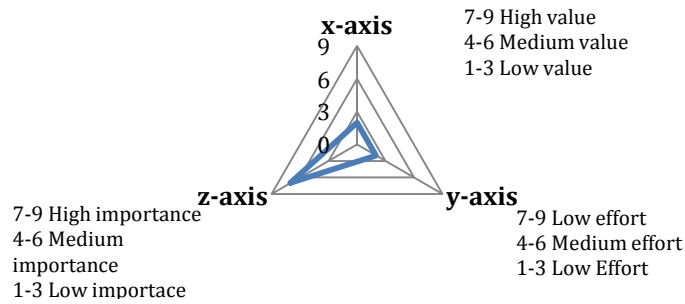
4. Improve the Standard of Living for Tabela Owner



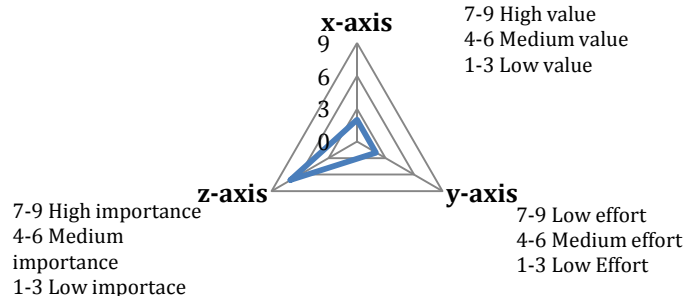
5. Help the Tabela with Dairy Farm Planning



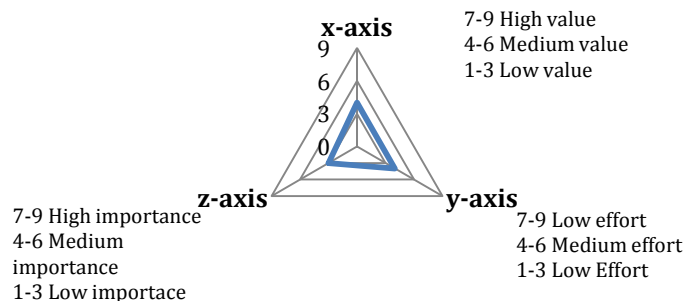
6. Improve the Recruitment Process for the Tabela



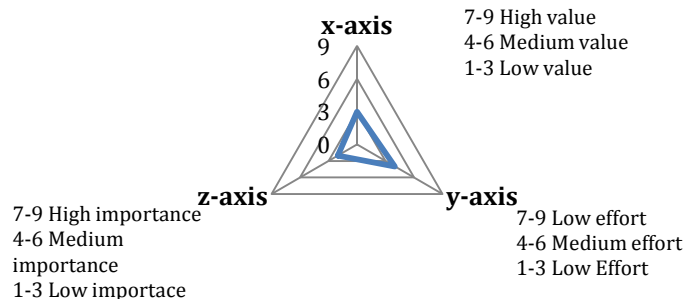
7. Improve Working Conditions at the Tabela



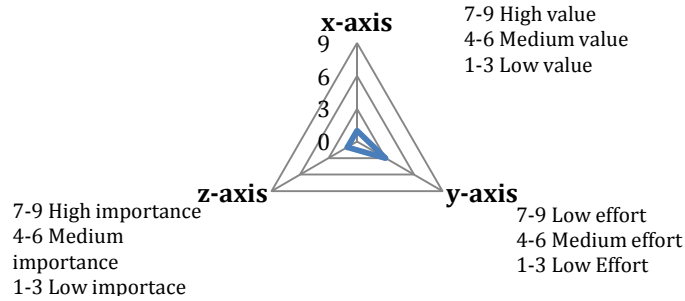
8. Help the Tabela Improve the Distribution



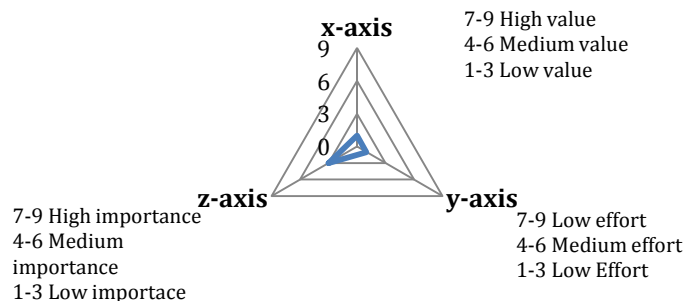
9. Create Distribution Standards



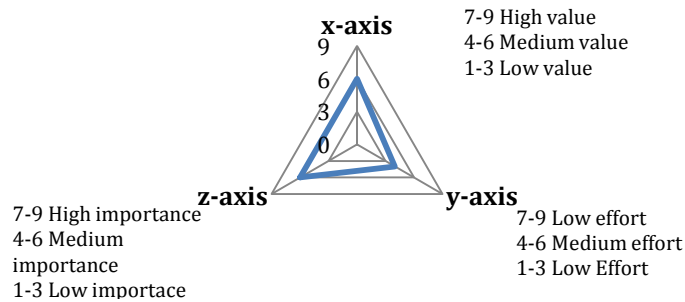
10. Create and Improve Necessary Relationship between Tabela and Kirana



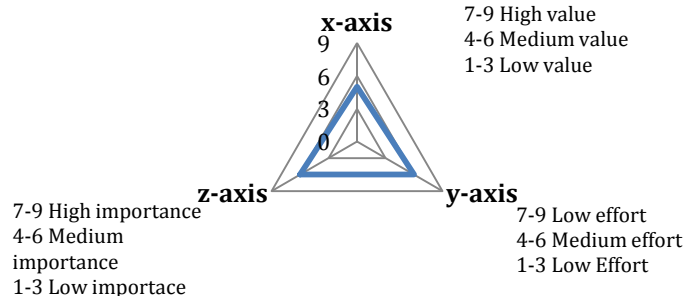
11. Improve the Transport Infrastructure



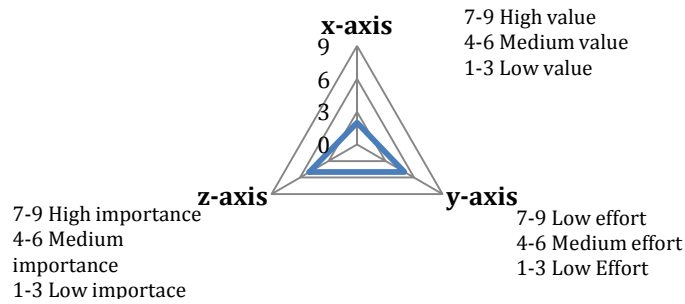
12. Improve the Kirana's Ability to Sell and Market Milk and Cream



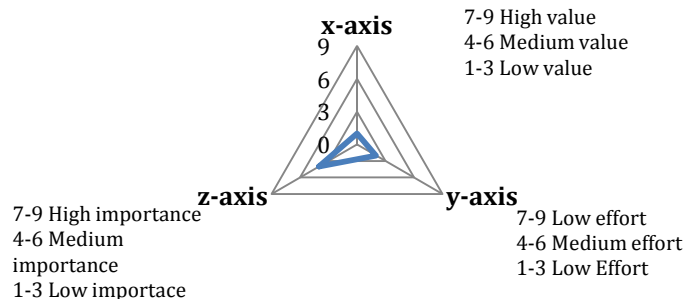
13. Market Milk and Cream



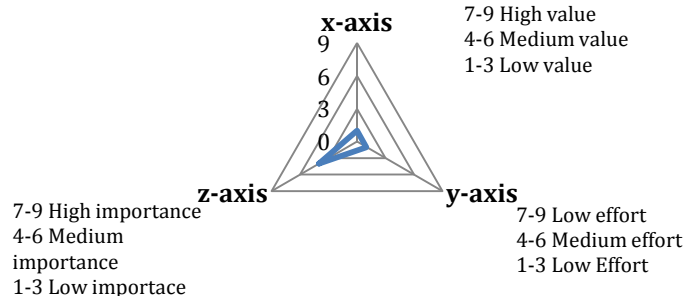
14. Improve the Store Brand of the Kirana



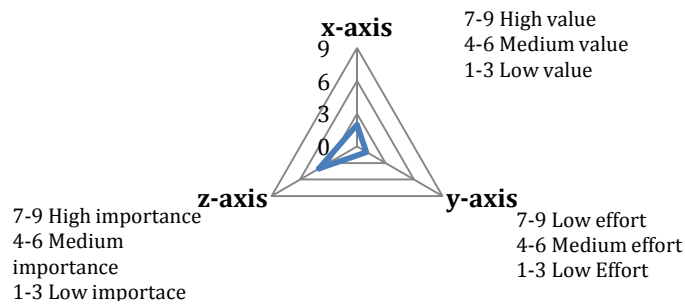
15. Improve the Relationship between Kirana and Low Income Consumer



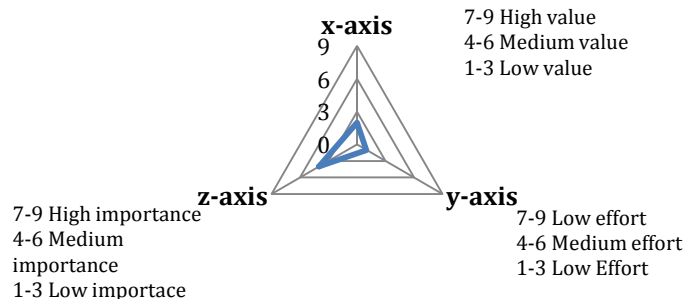
16. Improve the Standard of the Kirana



17. Improve the Recruitment Process for the Kirana



18. Improve Working Conditions at the Kirana



Appendix G - Strategic Framing: within an Extension

Further Market Penetration

19. Initiate Home Delivery

By providing the Low Income Consumer with home delivery the Case Company could gain more customers, hence, sell more of the existing products. Consequently, this opportunity could help the Case Company to do further market penetration.

23. Create New Package Sizes

By creating new package sizes the Case Company could reach out to more of the Low Income consumers by offering a wider range of sizes. This could lead to a higher market share. Consequently, this opportunity could help the Case Company to do further market penetration.

24. Include the Small Farmer

This opportunity opens up for an increased market share for the Case Company since more milk and cream could be produced and therefore Low Income Consumers could be able to buy more of the existing products. Consequently, this opportunity could help the Case Company to do further market penetration.

27. Include the Dairy Outlet

By including the Dairy Outlet in the new business model the Case Company could reach out to more Low Income Consumers and therefore increase their market share. Consequently, this opportunity could help the Case Company to do further market penetration.

31. Create Credit System

By providing the Low Income Consumer with a credit system the Case Company could gain more Low Income Consumers with the existing products. Consequently, this opportunity could help the Case Company to do further market penetration.

34. Create Tabela to Household Delivery

By providing the Low Income Consumer living in the rural areas with home delivery the Case Company could gain more customers. Consequently, this opportunity could help the Case Company to do further market penetration.

Market Development

25. Include the Sweet Shop

By selling milk or cream direct to the Sweet Shop the Case Company could include them as bulk consumer. Hence, a new customer segment will be reached; the ones that buy produced sweets. Consequently, this opportunity could help the Case Company to market develop.

26. Include the Tea Shop

By selling milk or cream directly to the Tea Shop the Case Company could include them as bulk consumer. Hence, a new customer segment will be reached; the ones that want to drink tea with milk outside their home. Consequently, this opportunity could help the Case Company to market develop.

27. Include the Dairy Outlet

By selling milk or cream to the Dairy Outlet the Case Company could include them as bulk consumer. Hence, a new customer segment will be reached; the ones that want to buy already produced dairy products. Consequently, this opportunity could help the Case Company to market develop.

29. Target the High Income Consumer

The High Income Consumer is not the targeted consumer today. By trying to include them in the new business model, with the same product, a new market segment will be reached. Consequently, this opportunity could help the Case Company to market develop.

Product Development

20. Help the Low Income Consumer Live within their Budget

This opportunity could open up for new products for the Case Company so that this jobs-to-be-done is being covered. The Case Company will still target the Low Income Consumer, but with a potential new product. Consequently, this opportunity could help the Case Company to product develop.

21. Improve the Low Income Consumer's Health

This opportunity could open up for new products for the Case Company so that this jobs-to-be-done is being covered. The Case Company will still target the Low Income Consumer, but with a potential new product. Consequently, this opportunity could help the Case Company to product develop.

22. Improve Standard of Living for the Low Income Consumer

This opportunity could open up for new products for the Case Company so that that this jobs-to-be-done is being covered. The Case Company will still target the Low Income Consumer, but with a potential new product. Consequently, this opportunity could help the Case Company to product develop.

Diversification

30. Apply the New Business Model on a Secondary Stakeholder

By finding a new franchisee the Case Company will target a new customer segment with new products. Consequently, this opportunity could help the Case Company to diversify.

32. Produce Sweets

By start producing sweets the Case Company will broaden their product portfolio as well as target a new market; the ones that want to buy already produced sweets. Consequently, this opportunity could help the Case Company to diversify.

33. Produce Dairy Products

By start producing dairy products the Case Company will broaden their product portfolio as well as target a new market; the ones that want to buy already produced dairy products. Consequently, this opportunity could help the Case Company to diversify.

Appendix H – Opportunity Identification 2: within an Extension

Further Market Penetration

Appendix H.1

19. Create Home Delivery

Include Dairy Accumulator

The Case Company could take advantage of the opportunity *19. Create Home Delivery* by including the dairy accumulators. Since the Dairy Accumulator is responsible for the home delivery on the dairy market today, there is an opportunity for the Case Company to use them in the home delivery.

Involve female labour

The Case Company could take advantage of the opportunity *19. Create Home Delivery* by involving female labour. Involving female labour could also be good for the Case Company since it could be beneficial to have an equal workforce. Consequently, there is an opportunity for the Case Company to involve female labour in the home delivery.

Create standards

The Case Company could take advantage of the opportunity *19. Create Home Delivery* by creating standards for the home delivery. As mentioned, the Dairy Accumulator feels a pain when delivering the milk today, since the roads and railways are in bad shape. If the Case Company could help with creating standards for the Kiranas when initiating the home delivery this pain could be relieved if the standard could contain ways to ease the delivery. For example, to take the train at a specific time when there are not as many people as there could be. By creating these standards a pain would be eased and the home delivery could be more efficient. Consequently, there is an opportunity for the Case Company to create standards for the home delivery.

Combine home delivery with other groceries

The Case Company could take advantage of the opportunity 19. *Create Home Delivery* by combining the home delivery of milk and cream with other groceries. If the home delivery of milk and cream could be combined with other groceries, it could make the home delivery more attractive for the Low Income Consumer. It has been shown in the *Influencing Factors* that the Low Income Consumer visits the Kirana for their daily grocery shopping. Consequently, there is an opportunity for the Case Company to combine to home delivery with other groceries.

Modify the plastic pouches

The Case Company could take advantage of the opportunity 19. *Create Home Delivery* by modifying the plastic pouches. This because of two reasons; there could be other size more suitable for different transportations, for example when transporting by bike or by train. Second, the Low Income Consumer could have different needs regarding the size and the form of the plastic pouch when they have it delivered to their house. Consequently, there is an opportunity for the Case Company to modify the plastic pouches for the home delivery.

Use modern technology

The Case Company could take advantage of the opportunity 19. *Create Home Delivery* by using modern technology. Since it has been shown in the *Influencing Factors* that India is a modern country when it comes to technology, it could be used in the process of home delivery. For example, the Indians could do their home delivery orders with a technical instrument, or the people who deliver could use technique to get the most efficient way of transportation at the moment. Consequently, there is an opportunity for the Case Company to use modern technology for the home delivery.

Provide credit

The Case Company could take advantage of the opportunity 19. *Create Home Delivery* by providing credit. It has been seen in the *Influencing Factors* that credit is something the Low Income Consumer uses and is provided on the unorganized market today. Furthermore, the home delivery could attract the customers more if there was a credit option. Consequently, there is an opportunity for the Case Company to provide credit for the home delivery.

Customized home delivery

The Case Company could take advantage of the opportunity 19. *Create Home Delivery* by customizing the home delivery. More specific, the home delivery's arrival time, as well as how often the delivery arrives, could be customized and based on the customers need. By customizing the home delivery it could be more attractive for the Low Income Consumer. Consequently, there is an opportunity for the Case Company to make the home delivery customized.

23. Create New Package Sizes

Create smaller packages

The Case Company could take advantage of the opportunity 23. *Create New Package Sizes* by creating smaller packages. It has been shown that when targeting a Low Income Consumer, it is of value to sell in smaller packages to make it affordable (Prahalad, 2010; Mandal, 2014). Consequently, there is an opportunity for the Case Company to create smaller packages for the milk and the cream.

On-the-go size

The Case Company could take advantage of the opportunity 23. *Create New Package Sizes* by creating a new package for the purpose to drink on the go. By doing this they could compete with other beverages suitable to drink on the go, for examples different sodas or juices, hence, penetrate the market further. In addition, the Case Company could promote the milk on the go as "more healthy" than the sodas or juice. This opportunity has been discussed during an interview with Mandal (2014) and was proposed something worth looking deeper into. Consequently, there is an opportunity for the Case Company to create a new package size for milk that is suitable on the go.

24. Include the Small Farmer

Tabelas responsible for the inbound logistics

The original opportunity, 24. *Include the Small Farmer*, opens up for several opportunities for the Case Company in it. One opportunity is to have the Tabelas responsible for the inbound logistics of the Small Farmers' raw milk. By having the Tabelas responsible, it will be even more important for the Case Company to have a close cooperation with them, however, it will ease or eliminate cooperation with the Small Farmers. Consequently, there is an opportunity for the Case

Company to extend the Tabelas responsibilities with the inbound logistics of the raw milk from the Small Farmer.

Third part responsible for the collection and transportation

As mentioned, the original opportunity, *24. Include the Small Farmer*, opens up for several opportunities for the Case Company in it. Another opportunity is to have a third part responsible for collection of the Small Farmers' raw milk and for the delivery to the Tabela. By having a third part responsible, the Case Company will have to cooperate with them, however, it will ease or eliminate cooperation with the Small Farmers. Consequently, there is an opportunity for the Case Company to use a third part company to collect to raw milk from the Small Farmer's and deliver it to the Tabela.

Increase cattle yield and look over handling of the raw milk

The Case Company could take advantage of the opportunity *24. Include the Small Farmer* by increasing the cattle yield and look over the handling of the raw milk. By increasing the cattle yield and looking over the handling of the raw milk at the small farms, more milk could be produced. More produced milk implies more revenues for the Small Farmer, hence, this could be a strong argument to attract them. Consequently, there are opportunities for the Case Company in both increasing the cattle yield as well as look over the handling of the raw milk for the Small Farmers.

27. Include the Dairy Outlet

Samples for taste

The Case Company could take advantage of the opportunity *27. Include the Dairy Outlet* by providing the Dairy Outlet with samples for taste. The Dairy Outlet mostly sells loose milk today, and their selling process depends on the customers' perception of the milk, the smell, the taste and the feeling of the milk. Furthermore, if all the included Dairy Outlets could have small samples to give to the customers, this could lead to that the Low Income Consumer could be convinced that the milk and cream sold by the Case Company are of high quality. Therefore, also buy the milk and the cream. Consequently, there is an opportunity for the Case Company to provide the Dairy Outlet with samples for taste.

Market campaign

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by having a market campaign for the milk and the cream sold in the Dairy Outlet. By doing that, the Low Income Consumer would be aware of that the Dairy Outlet sells the milk and cream and could be more likely to buy the products from the Dairy Outlet. Consequently, there is an opportunity for the Case Company to create and conduct a market campaign for the milk and the cream sold in the Dairy Outlet.

Modify the plastic pouches

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by modifying the plastic pouches. If the Case Company could create new plastic pouches, more suitable for the Dairy Outlet when selling the milk, this could attract more Dairy Outlets to their value chain. Consequently, there is an opportunity for the Case Company to create new, modified plastic pouches more suitable for the Dairy Outlet.

31. Create Credit System

Case Company as a financier

The Case Company could take advantage of the opportunity 31. *Create Credit System* by being financiers themselves. The Case Company could create a credit system for the Kirana, and furthermore, be the financier of lending out the money to the Kirana. This could ease for the Kirana since they may not have the money themselves. Consequently, there is an opportunity for the Case Company to be financiers themselves.

Use modern technology

The Case Company could take advantage of the opportunity 31. *Create Credit System* by using modern technology. As mentioned above, India is a modern country when it comes to technology, hence, it could be used in order to create and use a credit system. Consequently, there is an opportunity for the Case Company to use modern technology when creating the credit system.

34. Create Tabela to Household Delivery

Include Dairy Accumulator

The Case Company could take advantage of the opportunity 34. *Create Tabela to Household Delivery* by including the Dairy Accumulator. Since the Dairy Accumulator is responsible for the home delivery on the dairy market today, they could be used in the delivery between the Tabela and the households in the rural areas. This could be of value for the Case Company since it involves more stakeholders in the business model. Consequently, there is an opportunity for the Case Company to include the Dairy Accumulator in the Tabela to household delivery.

Involve female labour

The Case Company could take advantage of the opportunity 34. *Create Tabela to Household Delivery* by involving female labour. To focus on females as labour for the delivery could be good for the Case Company since fostering an equal workforce could be seen as positive for an organization. Consequently, there is an opportunity for the Case Company to involve female labour in the Tabela to household delivery.

Create standards

The Case Company could take advantage of the opportunity 34. *Create Tabela to Household Delivery* by creating standards. In the *Influencing Factors* it has been seen that these areas have roads in very bad shape and the transportation has been seen as tough. If the most suitable way for transportation is used, the delivery between the Tabelas and Households could be more efficient. Consequently, there is an opportunity for the Case Company to create standards for the delivery between the Tabela and the rural households.

Modify the plastic pouches

The Case Company could take advantage of the opportunity 34. *Create Tabela to Household Delivery* by modifying the plastic pouches for the delivery in the rural areas. Furthermore, there can be other sizes more suitable for transportation in the rural areas, as well as the Low Income Consumer living in the rural areas may have different needs regarding the size and form on the plastic pouches. Consequently, there is an opportunity for the Case Company to modify the plastic pouches to be more suitable for the delivery between the Tabela and the rural households.

Market Development

Appendix H.2

25. Include the Sweet Shop

Modify the plastic pouches

The Case Company could take advantage of the opportunity 25. *Include the Sweet Shop* by modifying the plastic pouches. Since the Sweet Shop may have other needs regarding size and form, modified plastic pouches could attract them into buying the Case Company's milk and cream. Consequently, there is an opportunity for the Case Company to modify the plastic pouches to be more suitable for the Sweet Shops.

Provide other ingredients

The Case Company could take advantage of the opportunity 25. *Include the Sweet Shop* by providing them with other ingredients. The sweets consist of more ingredients than the milk and the cream, hence, there could be a potential value to deliver all the necessary ingredients to the Sweet Shop. Furthermore, by doing this, the Case Company could make the process of making sweets easier. This could be a way to attract more Sweet Shops since they could feel a benefit of buying milk or cream from the Case Company if they were guaranteed the other ingredients as well. Consequently, there is an opportunity for the Case Company in providing the Sweet Shops with more ingredients necessary for the making of the sweets.

Market research

The Case Company could take advantage of the opportunity 25. *Include the Sweet Shop* by conducting a market research, researching the sweets. This could lead to the Sweet Shop knowing how to attract the end consumer the most and could therefore focus on selling the most profitable sweets. Consequently, more sweets could be sold. If the Case Company could make the Sweet Shops more profitable, it is more likely that they would choose their business model. Consequently, there is an opportunity for the Case Company in conducting a market research regarding the sweets.

Help with selling and marketing process

The Case Company could take advantage of the opportunity 25. *Include the Sweet Shop* by helping the Sweet Shops with the selling and marketing process. This could lead to that more customers visit and buy products from the Sweet Shop. Once again, if the Case Company could make the Sweet Shops more profitable, it is more likely that they would choose their business model. Consequently, there is an opportunity for the Case Company in helping the Sweet Shop with the selling and marketing process.

26. Include the Tea Shop

Modify the plastic pouches

The Case Company could take advantage of the opportunity 26. *Include the Tea Shop* by modifying the plastic pouches for the Tea Shops. Since the Tea Shop may have other needs regarding size and form, modified plastic pouches could attract them into buying the Case Company's milk and cream. Consequently, there is an opportunity for the Case Company to modify the plastic pouches to be more suitable for the Tea Shops.

Help with selling and marketing process

The Case Company could take advantage of the opportunity 26. *Include the Tea Shop* by helping the Tea Shops with the selling and marketing process. This could lead to that more customers visit and buy products from the Sweet Shop. If the Case Company could make the Tea Shops more profitable, it is more likely that they would choose their business model. In addition, more end customers could be reached. Consequently, there is an opportunity for the Case Company in helping the Sweet Shop with the selling and marketing process.

27. Include the Dairy Outlet

Modify the plastic pouches

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by modifying the plastic pouches for the Dairy Outlets. Since the Dairy Outlet may have other needs regarding size and form, modified plastic pouches could attract them into buying the Case Company's milk and cream. Consequently, there is an opportunity for the Case Company to modify the plastic pouches to be more suitable for the Dairy Outlet.

Provide other ingredients

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by providing them with other ingredients. The dairy products may consist of more ingredients than the milk and the cream, hence, there could be a potential value to deliver all the necessary ingredients to the Dairy Outlet. Furthermore, by doing this, the Case Company could make the process of making dairy products easier. This could be a way to attract more Dairy Outlets since they could feel a benefit of buying milk or cream from the Case Company if they were guaranteed the other ingredients as well. Consequently, there is an opportunity for the Case Company in providing the Dairy Outlets with more ingredients, necessary for the making of the sweets.

Market research

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by conducting a market research, researching the dairy products. This could lead to the Dairy Outlet knowing how to attract the end consumer the most and could therefore focus on selling the most profitable dairy products. Consequently, more dairy products could be sold. If the Case Company could make the Dairy Outlets more profitable, it is more likely that they would choose their business model. Consequently, there is an opportunity for the Case Company in conducting a market research regarding the different dairy products.

Help with selling and marketing process

The Case Company could take advantage of the opportunity 27. *Include the Dairy Outlet* by helping the Dairy Outlets with the selling and marketing process. This could lead to that more customers visit and buy products from the Dairy Outlet. Once again, if the Case Company could make the Dairy Outlet more profitable, it is more likely that they would choose their business model. In addition, more end customers could be reached. Consequently, there is an opportunity for the Case Company in helping the Dairy Outlet with the selling and marketing process.

29. Target the High Income Consumer

Market campaign

The Case Company could take advantage of the opportunity 29. *Target the High Income Consumer* by having a market campaign aiming towards the High Income Consumers. By having a market campaign especially conducted to target the High

Income Consumer, they could gain more customers from this market segment. Consequently, there is an opportunity for the Case Company in having a market campaign in order to target the High Income Consumer.

Change the Kirana's marketing and selling process

The Case Company could take advantage of the opportunity 29. *Target the High Income Consumer* by changing the Kiranas marketing and selling process towards the High Income Consumers. If the marketing and selling process at the Kiranas could be changed to better suit the buying habits of the High Income Consumers, the High Income Consumers are more likely to buy the Case Company's milk and cream. Consequently, there is an opportunity for the Case Company in changing the Kirana's marketing and selling process in order to attract the High Income Consumer

Modify the plastic pouches

The Case Company could take advantage of the opportunity 29. *Target the High Income Consumer* by modifying the plastic pouches for targeting the High Income Consumer. Since the High Income Consumers may have other needs regarding the looks of the plastic pouches and may be attracted to other sizes, formats or layouts, modified plastic pouches could attract them into buying the Case Company's milk and cream. Consequently, there is an opportunity for the Case Company to modify the plastic pouches to better target the High Income Consumer.

New pricing strategy

The Case Company could take advantage of the opportunity 29. *Target the High Income Consumer* by taking a new pricing strategy. Since the High Income Consumer has another budget, the Case Company could take a different pricing strategy to target this market segment. The High Income Consumers are not as price sensitive, hence, the Case Company could possibly take a higher price for the milk and cream sold towards them. Consequently, there is an opportunity for the Case Company to take a new pricing strategy when targeting the High Income Consumers.

Initiate home delivery

The Case Company could take advantage of the opportunity 29. *Target the High Income Consumer* by initiating home delivery. Since a modernised Indian tend to have less time than a traditional Indian (Mandal, 2014; Ståhl, 2014) and, the High

Income Consumer could be in need of home delivery to a high extent. Consequently, there is an opportunity for the Case Company to initiate home delivery in order to attract the High Income Consumers.

Product Development

Appendix H.3

20. Help the Low Income Consumer Live within their Budget

No further value-adding opportunities could be identified in this original opportunity.

21. Improve the Low Income Consumer's Health

Add nutrition to the milk and cream

The Case Company could take advantage of the opportunity *21. Improve the Low Income Consumer's Health* by adding nutrition to the milk and the cream. They could still target the Low Income Consumer but with a new product, that is healthier. New, or modified, equipment that could add nutrition could be placed at the Tabela. Consequently, there is an opportunity for the Case Company to add nutrition to the milk and the cream in order to improve the Low Income Consumer's health.

Produce dairy products with extra nutrition

The Case Company could take advantage of the opportunity *21. Improve the Low Income Consumer's Health* by producing own dairy products with extra high amount of nutrition. Since one of their emotional dimensions has been shown to be to ensure kids health, these dairy products could be attractive for the Low Income Consumer. Consequently, there is an opportunity for the Case Company to produce dairy products with extra nutrition in order to improve the Low Income Consumer's health.

22. Improve standard of living for the Low Income Consumer

No further value-adding opportunities could be identified in this original opportunity.

Diversification

Appendix H.4

30. Apply the Business Model on a Secondary Stakeholder

Apply it on the Sweet Shop

The Case Company could take advantage of the opportunity 30. *Apply the Business Model on a Secondary Stakeholder* by applying it on the Sweet Shops. By doing this, the Case Company could create a new business, getting revenues from each produced sweet. Consequently, there is an opportunity for the Case Company to use the same business model that they uses on the Tabelas, but instead apply it on the Sweet Shops

Apply it on the Dairy Outlet

The Case Company could take advantage of the opportunity 30. *Apply the Business Model on a Secondary Stakeholder* by applying it on the Dairy Outlets. By doing this, the Case Company could create a new business, getting revenues from each produced dairy product. Consequently, there is an opportunity for the Case Company to use the same business model that they use on the Tabelas, but instead apply it on the Dairy Outlets.

32. Produce Sweets

Develop equipment suitable for the Tabela

The Case Company could take advantage of the opportunity 32. *Produce Sweets* by developing equipment for producing sweets that is suitable for the Tabela. If the Case Company were to start producing sweets, they could develop equipment suitable for the Tabela and use the same business model to further sell the produced sweets. Furthermore, the Tabela could earn money on the sweets they sell and the Case Company could get their revenue from every sweet sold. Consequently, there is an opportunity for the Case Company to develop equipment suitable for the Tabela in order to produce sweets.

Research and create a new value chain

The Case Company could take advantage of the opportunity 32. *Produce Sweets* by creating a new value chain. Since the Case Company would create a new product, which would target a new market, a new value chain would be needed. If the Case

Company were to start producing sweets, other ingredients than the milk and cream would be needed, hence, suppliers providing this would be needed. Furthermore, new distributors could be needed. The Kirana could be used as their selling and marketing point, but likewise other secondary stakeholders, such as Sweet Shops or Dairy Outlets. Furthermore, decisions need to be taken for the most optimal value chain. Consequently, there is an opportunity for the Case Company to research and create a new value chain that is optimal for producing sweets.

Market campaign

The Case Company could take advantage of the opportunity 32. *Produce Sweets* by having a market campaign. By marketing the sweets, more end costumers could be aware of the Case Company's sweets and be reached. Consequently, there is an opportunity for the Case Company to market the produced sweets.

33. Produce Dairy Products

Develop equipment suitable for the Tabela

The Case Company could take advantage of the opportunity 33. *Produce Dairy Products* by developing equipment for producing dairy products that is suitable for the Tabela. If the Case Company were to start producing dairy products, they could develop equipment suitable for the Tabela and use the same business model to further sell the produced dairy products. Furthermore, the Tabela could earn money on the dairy products they sell and the Case Company could get their revenue from every sold dairy product. Consequently, there is an opportunity for the Case Company to develop equipment suitable for the Tabela in order to produce dairy products.

Research and create a new value chain

The Case Company could take advantage of the opportunity 33. *Produce Dairy Products* by creating a new value chain. Since the Case Company would create a new product, which would target a new market, a new value chain would be needed. If the Case Company was to start producing dairy products, other ingredients than the milk and cream would be needed, hence, suppliers providing this would be needed. Furthermore, new distributors could be needed. The Kirana could be used as their selling and marketing point, but likewise other secondary stakeholders, such as Sweet Shops or Dairy Outlets. Furthermore, decisions need to be taken for the most optimal value chain. Consequently, there is an opportunity

for the Case Company to research and create a new value chain that is optimal for producing dairy products.

Market campaign

The Case Company could take advantage of the opportunity 33. *Produce Dairy Products* by having a market campaign. By marketing the dairy products, more end costumers could be aware of the Case Company's products and be reached. Consequently, there is an opportunity for the Case Company to market the produced dairy products.

Appendix I – New Opportunities Identified

Opportunity Analysis

Appendix I.1

Diversification

25a. Create a Sweet-milk

By start creating a sweet-milk the Case Company will broaden their product portfolio as well as target a new market; the ones that want to buy already produced sweet-milk. Consequently, this opportunity could help the Case Company to diversify.

26a. Create a Tea-milk

By start creating a tea-milk the Case Company will broaden their product portfolio as well as target a new market; the ones that want to buy already produced tea-milk. Consequently, this opportunity could help the Case Company to diversify.

Opportunity Identification

Appendix I.2

25a. Create a Sweet-milk

Sell to Sweet Shop

The Case Company could take advantage of the opportunity Create a Sweet-milk by selling the sweet-milk to the Sweet Shops. If the milk could be modified in line with the Sweet Shops needs, they could see benefits by using the sweet-milk sold by the Case Company. Consequently, there is an opportunity for the Case Company to create sweet-milk and sell it to the Sweet Shops.

Sell to end customer

The Case Company could take advantage of the opportunity Create a Sweet-milk by selling the sweet-milk direct to the end customers. If the Case Company could find a milk that will fit the producing of sweet for those that wants to produce their sweets at home, they could see benefits by using the sweet-milk sold by the Case

Company. Consequently, there is an opportunity for the Case Company to create sweet-milk and sell it direct to end customers.

26a. Create a Tea-milk

Sell to Tea Shop

The Case Company could take advantage of the opportunity Create a Tea-milk by selling the tea-milk to the Tea Shops. If the milk could be modified in line with the Tea Shops needs, they could see benefits by using the tea-milk sold by the Case Company. Consequently, there is an opportunity for the Case Company to create tea-milk and sell it to the Tea Shops.

Sell to end customer

The Case Company could take advantage of the opportunity Create a Tea-milk by selling the tea-milk direct to the end customers. If the Case Company could find a milk that will fit the producing of tea for those that wants to produce their tea at home, they could see benefits by using the tea-milk sold by the Case Company. Consequently, there is an opportunity for the Case Company to create tea-milk and sell it direct to end customers.