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Organizing Marketing in Matrix Structured Companies

A Case Study of Alfa Laval

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Abstract

Title: Organizing Marketing in Matrix Structured Companies, A Case Study of Alfa Laval

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Key words: Marketing, Organization, Marketing Structure, Matrix Structure, Structural Marketing, Marketing Concept, Customer Centricity, Marketing Knowledge

Purpose: To find out how marketing should be organized in a matrix structured organization in order to increase the company's overall efficiency

Methodology: A qualitative single case study with in-depth interviews as the main source for empirical data. The use of a theoretical framework guided the research

Empirical Foundation: 25 interviews were conducted with employees at diverse positions at Alfa Laval. A conducted survey also collected complementary answers by 263 respondents.

Conclusions: The complexity of a large global matrix structured company will be apparent also in the marketing work. For this complexity to be manageable it is important to have a clear division of responsibilities, and managers whose role is to take responsibility for the marketing. The matrix structure needs to be continuously updated along with external and internal changes in order to stay efficient and agile. A company with a heritage of being innovation driven and product focused might increase its overall performance by working with a customer focus.

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1. Introduction

The environment is becoming increasingly multifaceted and this is something that organizations have to adapt to (Neill, McKee & Rose, 2007). The globalization gives reason to worry about competition from all over the world. Having a sustainable advantage is increasingly important in order to stay viable. Organizations are forced to change regularly since the demand from customers and technology is constantly evolving (Mäkimattila, Saunila & Salminen, 2014). Moving towards customer-centricity, the marketing departments of companies are gaining more and more responsibilities and marketing has come to play an important part in the strategic decisions organizations have to make (Bettencourt, Lush & Vargo, 2014). Through the use of matrix designs many innovative companies hope to take advantage of resources and skills that previously might have been scattered without any proper organization. Cross-functional cooperating marketing teams can help other functions in achieving their goals. Thus, marketing departments play a bigger role and the organization of it grows more important. With the increasing responsibilities come a growing number of employees and the challenge is to coordinate them efficiently (Olson, Slater & Hult, 2005). Recently the term *structural marketing* has gained attention in how to apply structural organization to marketing (Lee, Kozlenkova & Palmatier, 2015), which proves the topicality of marketing organization.

The trend is pointing towards increasingly customer-centric corporations and the previous importance of selling specific products has slowly given way to what the customer really needs (Day, 2006). By moving closer towards the customer the companies are aiming for an improved performance and this is where the structure of the marketing can play an important role (Day, 2006; Ivens, Pardo & Tunisini, 2009; Lee, Kozlenkova & Palmatier, 2015). Today, the empirical research regarding structural design and its effect on marketing activities is scarce (Harris & Ogbonna, 2003; Ivens, Pardo & Tunisini, 2009; Lee, Kozlenkova & Palmatier, 2015). Worth mentioning is also that The Marketing Science Institute recently had a Board of Trustees meeting on the subject: “Building a world class marketing organization” which involved how to organize and divide the activities and tasks of marketing since all companies can benefit from improved marketing (Marketing Science Institute, 2014). Because of the timing and interest in this area, this study aims to investigate this further.

1.1. Problem Description

The issue of the organization of marketing will be investigated by means of a case study at a large global company, Alfa Laval. It is quite common for global organizations to use a matrix structure. Alfa Laval is an example of this, where marketing tasks and activities are performed between functions and divisions, which makes it a suitable company to use for our study. The objective of this study is how marketing can be organized to increase the overall efficiency of a firm and to find a way to efficiently organize a complex matrix structure. What is of great interest is the division of responsibilities between the units and how that might need to change if a more effective marketing strategy is going to be developed. The issues of work that may be performed twice, potentially insufficient customer research and employees that are possibly performing task they do not have training or professional experience in are all concrete examples of what will be addressed and discussed in this study.

1.2. Aim & Question

Since little empirical research has been done in this area (Harris & Ogbonna, 2003; Ivens, Pardo & Tunisini, 2009; Lee, Kozlenkova & Palmatier, 2015) our aim is to make a contribution by adding knowledge to the field of marketing organization. We are interested in how the marketing activities are divided, how the involved parties communicate and if there exists a unifying goal within the company concerning product innovation and customer demands.

Our formulation of the research question is:

How should complex matrix organizations organize their marketing?

Sub-questions:

What enables and hinders effective organizing of marketing activities?

How can communication within a company aid the organizing of marketing?

How can a customer focus affect the role of marketing?

It is evident that the question has been around for a while and that it concerns many large companies (Olson, Slater & Hult, 2005). The organizational structure of a company can be used

to attain goals and results within marketing, but little research has been done in the use of organizational structure as a tool for achieving marketing results (Lee, Kozlenkova & Palmatier, 2015). More specifically, the research question will address how the marketing activities and responsibilities are split between the different departments, the educational background of the people involved in marketing, the cooperation and communication between the departments and the people involved in marketing.

Our aim is to provide a contribution to this interesting, important and highly topical subject of how to organize the marketing function in a large matrix in order to improve the efficiency of the company's business. Our research will provide both theoretical and practical explanations of how the marketing activities are organized in a complex matrix organization and we will, through the use of literature and empirical material, provide useful insights regarding possible improvements of the marketing organization.

1.3. Disposition

After this introductory part unfolding the background to our research question and the problem areas, a literature review describing existing and peer reviewed literature related to our topic will follow. The sections with general information on the background of our topic are shorter and present more basic facts, while research directly related to our research question are longer and more detailed. Most of the literature is recently published, but some older sources have been used as well to show that some issues related to our subject have existed for a long time. A presentation of our theoretical framework will end the literature review.

The third chapter will address the methodology used when performing this study. Concepts of relevance and a description of the research process will be presented to give an understanding of how this study was conducted.

The empirical part follows, where information obtained through interviews and results from a conducted survey will be presented. The information is related to our research question and describes different aspects of the marketing work and the organization of it at Alfa Laval. The empirical part is followed by the analysis, where we have analyzed our empirical findings by

comparing them to existing theory. A revised framework is also included to clarify what is suggested by the empirical findings. The thesis ends with a section of conclusions drawn from our research and the theoretical contributions and managerial implications we have reached.

2. Literature Review

A theoretical study was done and it will be presented here to give an understanding of what has already been said by researchers in the area of marketing organization. The research question touches upon the fields of study in both marketing and organization, and it has therefore been important to broaden our insights into both research areas. Previous studies of the organizing of marketing have identified strategic management and organizational theory as two useful areas complementing marketing research (Vorhies & Morgan, 2003).

2.1. Organization

In Greek, the word *organon* means *tool*. This is the origin of the word *organization* (Janicijevic, 2013). “One of the principle reasons people form organizations is to focus attention and energy on a selected goal” (Davis & Lawrence, 1977, p. 11). An organizational structure should be decided upon by management depending on how they want it to perform, and can be seen as a tool for leading an organization towards its goals (Janicijevic, 2013). A specific job can be too big for a single person due to restraints in mental capacity or the fact that the person cannot be at several places at once. This problem is what the organization is meant to solve (Davis & Lawrence, 1977).

Organizational theory can be defined as the knowledge of how organizations function (Alvesson & Svenningson, 2012). There are three different parts of organizational theory that are sometimes used for dividing the topic: *Organizational Sociology* which e.g., discusses how such things as how a country’s culture and business systems set the context in which the business exists (Alvesson & Svenningson, 2012). *Organizational Theory* addresses issues of the organization as such, regarding structure, strategy, control systems, goals, leadership, and organizational change. Lastly; *Organizational Behavior* focuses on both individuals and groups within a company e.g., diversity, motivation, learning, and power are addressed (Alvesson & Svenningson, 2012).

In this case study, we will mainly work with the *organizational theory* since the structure is one of the main topics of the thesis. We will analyze how the company in our case study is organized, how marketing work is structured and divided, and potential changes identified in ways of

working. We will also look into *organizational behavior* regarding culture and the way in which communication is performed. The organizational behavior will be important because, in matrix structured companies, individuals may have more “power” and influence than in e.g., a vertical structure, due to the mixture of horizontal and vertical structure. Individual power, cooperation, and learning will be relevant.

2.1.1. The Structure of an Organization

Mintzberg defines the structure of an organization as: “the sum total of the ways in which it divides its labor into distinct tasks and then achieves coordination among them” (Mintzberg, 1979, p. 2). This is also the way we see it and how it has been used throughout this study.

For large companies there are different ways of structuring the organization. The most common structures are the *Unitary Functional Structure* (U-form), the *Multidivisional Structure* (M-form), the *Matrix Structure* and the *Network Structure* (Besanko, Dranove, Shanley & Schaefer, 2013). Here will follow a brief description of each to explain the main differences.

The *U-form* is characterized by having all business functions divided into units. Each unit have the responsibility for one of the functions in the organization (see figure 1), e.g., finance, marketing, manufacturing, sales etc. (Hatch, 2002; Besanko et al., 2013). By structuring the organization in units it is easier to keep them specialized and focused. The coordination within each function tends to be very efficient but between the functions it can be hard to work towards the same goals. Because of this, strategic decision-making tends to be centralized above the functions (Besanko et al., 2013).

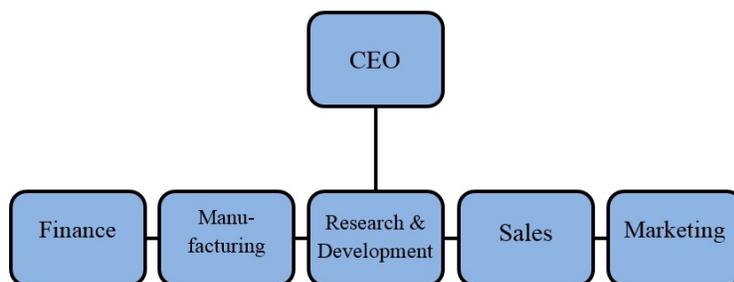


Figure 1. Unitary Functional Structure (adapted from Hatch, 2002, p. 213).

The *M-form* can be described as an organization containing multiple U-form companies. This is done through the use of a multidivisional structure. Each division can be organized around a product group or a geographical area (Besanko et al., 2013). Inside each division there is a whole set of functions tending to all the areas described in the U-form. This makes each division autonomous and responsible for succeeding in their market (Eriksson-Zetterquist, Kalling & Styhre, 2008; Besanko et al., 2013). Also in the M-form, the strategic decision making can be seen as lifted out of the divisions and organized centrally to make sure the divisions are moving in the right direction (Eriksson-Zetterquist, Kalling & Styhre, 2008).

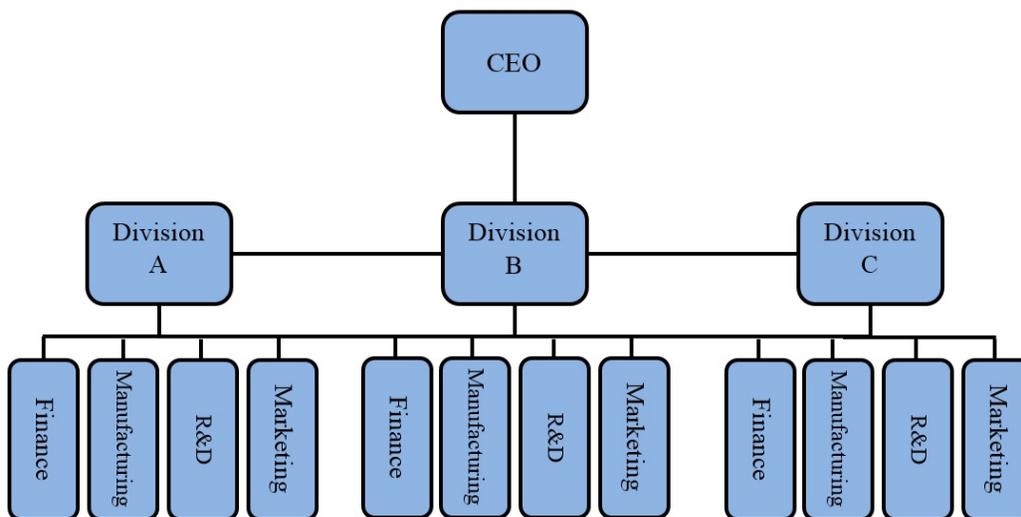


Figure 2. Multidivisional Structure (adapted from Hatch, 2002, p. 216).

The matrix is structured simultaneously along multiple dimensions (Hatch, 2002; Besanko et al., 2013). It could e.g., be geographical areas, functions, industries or product groups. By organizing the whole or just parts of the company in a matrix, different objectives can be achieved. The dimensions that are chosen should depend on the priority they have inside the company. They should preferably be equally important and there should be a reason for why they should be addressed simultaneously and not sequentially (Besanko et al., 2013). This case study focuses on the organizing of marketing work in a complex matrix. We will therefore go deeper into the matrix structure further down.

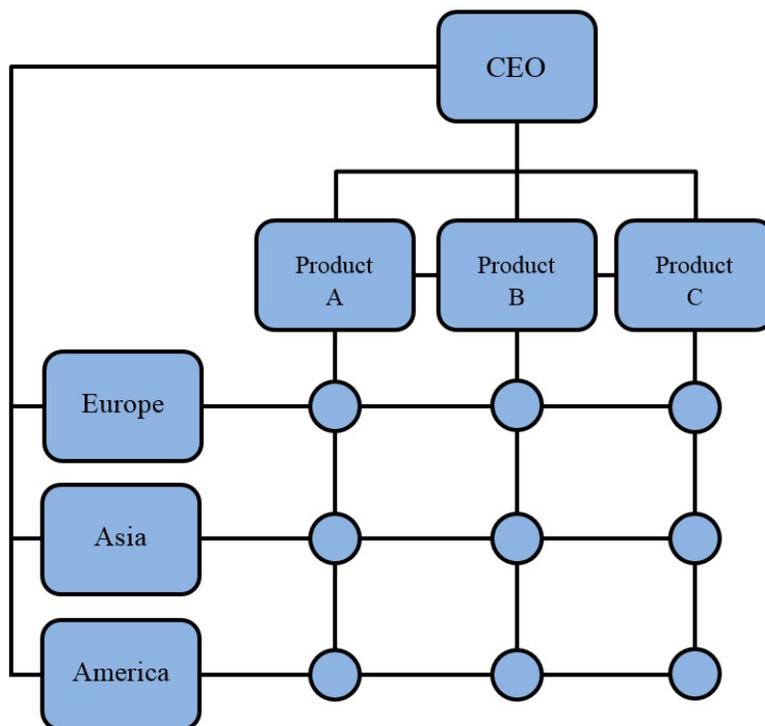


Figure 3. Matrix Structure (adapted from Hatch, 2002, p. 227).

The last of the four structures is the *network*. This structure is characterized by flexibility and the people employed can be regrouped depending on the need of the organization (Besanko et al., 2013). Networks tend to have flat hierarchies and the role of the employees change along with the organization. Networks can also be created through many companies working closely together, depending on each other's success (Hatch, 2002; Besanko et al., 2013).

No matter what structure is chosen, coordination is the key when organizing a company. Coordination can be achieved in different ways but for either of the ways to work efficiently

communication and control are important tools to use (Mintzberg, 1979). The ways of coordinating tasks and activities can be described through five mechanisms, *Mutual Adjustment*, *Direct Supervision*, *Process Standardization*, *Output Standardization*, and *Standardization of skills* (Mintzberg, 1979; Janicijevic, 2013). Which mechanisms to choose are decided by the structure and the characteristics of the company in question. Mutual adjustment is suitable for both the simplest and the most complex of companies. Informal communication is the key to adjustment and when a company consists of few people it is manageable to let informal communication be the coordinating force of the work (Mintzberg, 1979; Eriksson-Zetterquist, Kalling & Styhre, 2008). For more complex companies there is a need for other coordinating mechanisms, but what makes them prosper is the ability to adjust along the way to what coworkers achieve (Mintzberg, 1979).

Direct supervision is needed as soon as the number of employees grows. A leader can monitor the labor and issue instructions to speed up the work (Mintzberg, 1979). The last three mechanisms are all referring to standardization in some way, which means that the coordination is somewhat done before the actual work has started (Mintzberg, 1979; Eriksson-Zetterquist, Kalling & Styhre, 2008). Standardization gives the workers a clear understanding for how the work should be done and what is expected of them. Depending on the complexity of the task, different kinds of standardization is preferable (Mintzberg, 1979; Eriksson-Zetterquist, Kalling & Styhre, 2008). If the process is done often and routinely, it can easily be standardized. If the output is more important than the way to reach it, it is better to standardize the output. Lastly, if both the way it is done and the output can vary a lot, it is needed for the workers to have the same knowledge. Then the standardization of skills might be the superior mechanism. What is important to remember is that most companies will need to work with all five mechanisms in order to coordinate successfully (Mintzberg, 1979). However, there can be changes in which mechanism serves as the main coordinating tool. Also, depending on changes in the company it is important to think about how the coordination can be most efficiently.

2.1.2. Organizational Changes & Growth

It is important that the organizational design suits the company's situation as in strategy and contingency factors, since fitting designs usually brings greater success than a misfit (Donaldson & Joffe, 2014). Structures can become unfitting when an organization changes or evolves. A change of competitive strategy to which the organization has not yet adjusted its structure is usually the largest misfit in any given company (Donaldson & Joffe, 2014). If performance is not to decline, continuous adjustment needs to be made by attentive managers. This is not so easy though, as organizational environments may change often. "This makes the perfect organizational design elusive and attaining it an unrealistic goal" (Donaldson & Joffe, 2014, p. 43). Perhaps managers need to realize that an optimal organizational design is a process rather than a goal.

The environment is constantly changing and strategies evolving. As a consequence, organizations need to change with the environment, something that of course shakes working processes and behavior within a company. Along with environmental and strategic changes, the optimal organizational structure will change too (Davis & Lawrence, 1977; Donaldson & Joffe, 2014). To adjust the structure frequently by small means instead of infrequent upheavals will be helpful in the quest for the optimal structure (Davis & Lawrence, 1977). When applying frequent minor changes to the structure employees will be used to a constantly evolving organization and the changes will not come as a surprise.

The managers can often correct smaller issues in the structure quite easily as long as the bigger issues are identified. An experienced manager should know his organization and be aware of what measures to take in avoiding a misfitting structure (Donaldson & Joffe, 2014).

2.1.3. Communication Inside the Organization

The organizational structure also affects the communication inside the company. The structure determines the formal boundaries of different positions, which also to some degree defines the relationships that exist between employees. The structure will therefore to some extent affect the content and the channels used for communication (Simon, 1976; Bisel, Messersmith & Kelley, 2012; Csaszar, 2012).

For ongoing cooperation between departments or cross-sectional work as found in a matrix structure, it is important that communication is direct and continuous (Goggin, 1974; Chan, Chan, Chiang, Ton, Chan & Ho, 2004). To coordinate the work it is important for all participants to be aware of each other's expectations and responsibilities (Goggin, 1974; Chan et al., 2004). This has to do with how well defined each task is and if it is communicated in a clear way to everyone involved (Mohr & Spekman, 1994). For a high coordination level to be reached there has to be communication between multiple touch points (Cheng, Li & Love, 2000). If you have a multidimensional structure this suggests that communication should exist between all of the dimensions.

Effective communication implies that information and visions are shared between parties (Cheng, Li & Love, 2000; Chan et al., 2004). This might be between individuals or between departments. When the formal communication, and the process for conducting it, is not clearly established, people tend to reach out to their personal relationships (Hargie, Dickson & Nelson, 2003; Falkheimer & Heide, 2007; Kandlousi, Ali, & Abdollahi, 2010). This implies that when structured communication is lacking, personal connections decides who gets certain information and when. With a standardized process for what and when to share it will make the employees handle tasks more effectively (Mohr & Spekman, 1994). This can also be referred to the exchange of strategic information that will affect the way the environment is made sense of (Neill, McKee & Rose, 2007). Since communication is involved in all parts of a company it has been said to have a large effect on the organizational success (Mohr & Spekman, 1994).

2.1.4. Organizational Culture

A relationship between the organizational structure of a company and company culture has been found (Zheng, Yang & McLean, 2010; Janicijevic, 2013). Both components are commonly used for explaining and understanding behavior within a company, but their mutual impact is not widely studied (Janicijevic, 2013). Organizational structure influence behavior within a company through coordination and formal restrictions through the division of labor (Janicijevic, 2013). This can be seen as an external approach, which can be either planned or spontaneous

(Janicijevic, 2013). Culture within an organization is quite opposite an internal factor which influences behavior through norms and values (Janicijevic, 2013). It is decisive as to how organizational members will interpret the world around them and also affects how they behave. Organizational culture will influence learning within the company, the strategy, the type of leadership, type of changes, and how they will be made (Janicijevic, 2013).

Definitions of organizational culture often refer to the common knowledge that a group of people share and are taught to share. The knowledge is embedded and is of the kind to inform the employees and shape the activities and routines conducted in an organization (Swidler, 1986; Hatch, 2002; Van Maanen, 2011). This would suggest that the culture acts as guidelines through informing about what activities should be done, and in what way.

As was mentioned, the clear relationship between culture and structure is not yet empirically proven as for which of the two, being the cause of the other. Seeing them as depending on one and other, the two following quotes will exemplify both directions. The first suggests that culture affects the structure:

“With its assumptions, values, and norms, the culture influences top management’s frame of reference that shapes organizational structure. Organizational structure is, therefore, a sort of cultural symbol and it mirrors key assumptions and values dominant in an organization” (Janicijevic, 2013, p. 37).

The second enlightens how structural organization influences organizational culture:

“Organizational structure models, ... direct and shape the manner in which organization members perform their tasks in the course of achieving the organization’s goals. In different organizational models the organization members make decisions, take actions, and interact within the organization’s functioning in entirely different ways. Thus it can be assumed that the model of the organizational structure influences organizational culture” (Janicijevic, 2013, p. 38).

Together, structure and culture are responsible for a large share of what influences organizational behavior.

Employees need to feel a sense of belonging to the company’s strategies and visions in order to perform value-creating activities for the company. To successfully implement a strategy it is

therefore important to link it with the conceptions, attitudes and norms of the employees (Mühlbacher, Vyslozil & Ritter, 1987; Thompson & Strickland, 1992; Dobni, 2003).

Therefore when implementing an organizational structure, its effectiveness and success is largely dependent of how compatible the cultural aspects, such as norms and values, are with the means of working, indicated by the potential new structure (Janicijevic, 2013). If the best results are to be achieved, the ways of working and behavior that comes with the new structure should be in accordance with the ruling cultural values within the company.

2.2. Matrix Structure

A matrix is a structural design that companies can utilize to organize their work. By dividing the whole company or only some departments into a matrix structure, different goals can be achieved. What is interesting with a matrix is how it uses functional and divisional departments simultaneously (Lee, Kozlenkova & Palmatier, 2015). In comparison to more traditional structures, where divisions or functions often characterize the organization, a matrix can be seen as using both.

A matrix is suitable when a company needs to focus on complex technical solutions and unique projects at the same time (Davis & Lawrence, 1977). In this situation, a matrix structure can be implemented to help different managers make decisions together (Davis & Lawrence, 1977). A project-functional matrix may be appropriate when different projects use resources from the same central functions. There should then be functional managers handling the sharing of resources for the many projects and project managers responsible for innovation. This dual management makes this structure great for cost restraints and efficient innovation (Donaldson & Joffe, 2014).

Multiple researches show that a matrix can facilitate innovation and product development (Van der Panne, Van Beers & Kleinknecht, 2003; Miles, Snow, Fjeldstad & Miles, 2010; Mäkimattila, Saunila & Salminen, 2014). What a matrix tends to do is to capture the good characteristics from several structural designs, for example the flexibility and the customer orientation of multidivisional firms, as well as the efficiency and specialization often found in unitary organizations (Miles et al., 2010). This might be one of the reasons for the popularity this

structure has amongst large global organizations that make a profit out of innovative products. The complexity of being globally active in a diverse set of industries makes up the multi-dimensions that a matrix can consist of. Since Alfa Laval is an example of this kind of organization, we have chosen them for this case study.

2.2.1. Advantages of Using a Matrix

Already mentioned benefits of working with a matrix are flexibility and therefore the possibility to improve the customer orientation of the company. The flexibility refers to the ability to change in an environment defined by uncertainty (Knight, 1976). Since the external environment in most markets today can be seen as uncertain in regards to increasing competition and fast changing customer needs, this is an ability that should be highly valued. What makes the matrix flexible is how people from different departments work across the boundaries and therefore aids the spreading of information, which also lies behind decisions of change (Knight, 1976).

To increase the customer orientation of a company the example of having cross-functional teams is an advantage. When having the functions of *Research & Development*, *Marketing* and *Manufacturing* working together, different aspects of the production chain can be taken into account (Song, Thieme & Xie, 1998). Through their cooperation, a product, more closely linked to the need of customers, can be developed. By having close communication with the manufacturing function all details regarding capacity and production costs are taken into consideration by the marketing and design team and because of that also makes it easier to market (Song, Thieme & Xie, 1998; Van der Panne, Van Beers & Kleinknecht, 2003).

A matrix also facilitates communication between different departments, hence also amongst different perspectives. This is a way of sparking creativity and also to share knowledge between functions (Ford & Randolph, 1992; Song, Thieme & Xie, 1998). A matrix structure is also a good way of using the available resources of a firm in more than one department (Knight, 1976; Davis & Lawrence, 1977; Mäkimattila, Saunila & Salminen, 2014). By sharing the resources of the organization, skills possessed by individuals can be used for more than one purpose. This can also be tied back to the efficiency of a matrix since it is a way of avoiding the duplication of

positions in each department. Within a matrix, specialists can be shared between projects to contribute with their expertise in more than one place (Knight, 1976).

As mentioned, when cooperation and communication is required between individuals and departments within an organization a matrix can be a good solution. Sometimes, the information load becomes too big and the information process capacity between employees is not enough: “Under such conditions only a fundamental redesign of the organization can relieve the information overload” (Davis & Lawrence, 1977, p. 15). Factors such as uncertainty regarding the external climate, complexity induced by diversification of activities and interdependence between people when performing their work tasks, create a heavy load of information-process. With a lot of information, more decisions need to be taken, which calls for more people in managerial positions. Which the matrix can help with:

“The matrix design, properly applied, tends to develop more people who think and act in a general management mode. By inducing this kind of action, the matrix increases an organization’s information-processing capacity” (Davis & Lawrence, 1977, p. 17).

This also refers to the commitment from and development of employees as potential benefits emerging from a matrix structure (Knight, 1976). How this all relates, is through the increased responsibilities each position is given and the greater opportunities to affect the outcome. When having to make the decisions lower down in the hierarchy, the employees have the chance to step up and show what they are capable of. This tied with the different perspectives that have to be assessed, in a multidimensional organization, makes the process of development among employees’ speed up.

2.2.2. Disadvantages of Using a Matrix

There are many advantages with using a matrix structure, but they can also be disadvantages. The most common disadvantage by adopting a matrix structure is that of additional costs (Song, Thieme & Xie, 1998).

Another common disadvantage is that of potential confusion in regards to whom to report to, when and what (Aaker, 2008; Mäkimattila, Saunila & Salminen, 2014; Lee, Kozlenkova & Palmatier, 2015). When working in a matrix structure the reporting system and the way in which authority is organized, differ from the more traditional structures. In a traditional hierarchy every subordinate has a direct manager to which he or she reports back to (Song, Thieme & Xie, 1998). In a matrix this is seldom the case and a conflict in who to give information can often appear (Song, Thieme & Xie, 1998). It might not be a problem of who to formally report to, but when it comes to passing on information needed by others, it can be hard to make out whom the best recipients are.

When having divisions and functions working together it is natural that multiple goals exist. When having to work across the boundaries, these different goals and personal values might be the cause of conflicts (Knight, 1976; Song, Thieme & Xie, 1998). For some companies these kind of conflicts can lead to stress and lower productivity, since there can be uncertainties about what goals to actually reach (Knight, 1976; Song, Thieme & Xie, 1998). Matrix structures are complex and may become difficult for managers and employees to operate, so it is important to pre-specify which managers have final decision rights on which decisions (Davis & Lawrence, 1977). The stress can also arise when the employees have to find time for additional meetings to keep up with everything concerning the cross-sectional work (Knight, 1976). The communication and sharing of knowledge is an important part of the matrix but it is also time consuming to add that on the already existing tasks.

2.2.3. Functioning Matrices

An additional asset of a well-executed matrix is the ability to successfully distribute collective knowledge within the company. It is known that in general a group of people possesses a lot more intelligence and skills collectively than an individual and will therefore get better results (Katzenbach & Smith, 2003; Rangarajan, Chonko, Jones & Roberts, 2004). The trick is to know how to make use of all the knowledge and streamline it into one mission. When done successfully, this could become a valuable asset that can become part of a company's competitive advantage (Zhao & Anand, 2013).

To become a high performing company learning is essential. When having a team that consists of employees aspiring for different parts of a mission as in a matrix, the learning that can be made through the group is what enables progress (Edmondson, 1999; Rangarajan et al., 2004). To transfer knowledge inside an organization is a complicated process that is difficult to imitate (Grant, 1996; Spender, 1996; Zhao & Anand, 2013). By incorporating a system for sharing knowledge in the organizational structure the learning and transferring of knowledge can be made easier and without extreme costs. Through the use of cross-functional teams or boundary spanning positions the transfer of information can be aided and improvements on both side of organizational boundaries can be gained (Rangarajan et al., 2004).

For different companies matrices can be designed differently and a trade off can be made in regards to what advantages or disadvantages will surface and which of them that will outweigh the others (Song, Thieme & Xie, 1998). If the organization is aware of the problems that might occur, measures can be taken to prevent the disadvantages from transpiring (Donaldson & Joffe, 2014). A summary of common advantages and disadvantages can be seen in table 1.

Advantages with a Matrix	Disadvantages with a Matrix
Flexibility	Costly
Sparks Innovation & Creativity	Coordination Issues
Efficient Use of Resources	Confusion of Responsibilities
Sharing of Knowledge	Conflicting Goals
Sharing of Information	Conflicts of Managerial Interests
Aiding Customer-focus	Time Consuming Communication
Increased Commitment & Development of employees	

Table 1. Advantages and disadvantages of working with a Matrix.

2.3. The Role of Marketing

What role should marketing have in an organization? This is a question we will answer by studying definitions and explanations made by previous scholars. Marketing can be much more than glossy brochures and sharp taglines. Marketing can be defined as: “managing profitable customer relationships” (Kotler, Wong, Saunders, Armstrong, 2005, p. 4). The definition provided by the AMA (American Marketing Association) is more thoroughly described and says that:

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2013).

It has also been described as a process in which an exchange between different parties occurs to create value for both (Kotler et al., 2005). Ultimately what marketing is all about is for the company to understand the market and the customer. From this understanding value is created.

We have chosen a figure (see figure 4) to illustrate what marketing is all about.

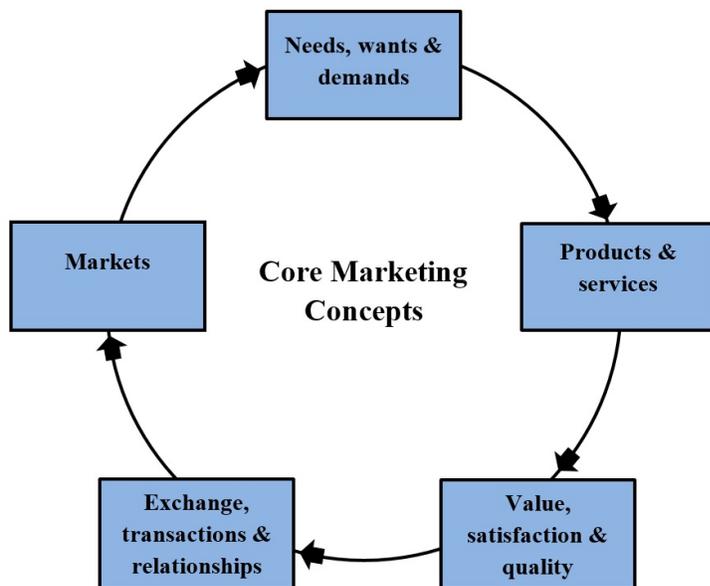


Figure 4. (Kotler et al., 2005, Fig. 1.1. Core marketing concepts.)

The concepts are, as illustrated, linked together and they are all based on the preceding concept (Kotler et al., 2005). The market will develop needs and wants, which is what the actual demand consists of. The task of the organization is to listen to the market and produce the products or services demanded. When they successfully finish that task, value and satisfaction will be offered to the customers and finally an exchange or transaction will take place between the parties. This can lead to the building of relationships and then it all starts over since there will always be new demands to satisfy (Kotler et al., 2005). We see marketing as included in the whole process and should therefore be thought of in all parts of a company.

A difference between business-to-business marketing and business-to-consumer marketing can be made. Business-to-business marketing is “an exchange between similar individuals and groups” (Kotler et al., 2005, p. 7). In consumer marketing the difference between the company’s and the consumer’s role can be described as follows: “for one group marketing is a managerial process pursued to fulfill their needs and wants, while the other group is just going through life fulfilling their needs and wants” (Kotler et al. 2005, p. 7). This implies that business-to-business marketing is more of a relationship, whereas business-to-consumer marketing is more of a one-way effort. For our case study, business-to business marketing is relevant, as Alfa Laval is only selling their products and services to other companies directly or through distribution channels.

Already in 1960, Theodore Levitt wrote that the same amount of research and development dedicated to product innovation should be spent on marketing innovation, as he thought the experimental element was missing in marketing. He compared marketing to a stepchild; not given the same investment and support as other departments within a company (Levitt, 1960a). Still more recently, marketing is not given the level of attention necessary: “Marketing must be elevated to a higher level of consciousness” (Webster & Lusch, 2013, p. 389). Webster and Lusch (2013) go as far as saying that marketing needs to be acknowledged and elevated in the minds of both managers and the public. They impose a more long-term perspective; that marketing needs to be involved in a company’s value creating process.

During the last decades a shift has been seen in the attitude towards marketing by company managements. More attention is given to customer focus and managers are implementing a

market orientation approach (Ruekert, 1992). Our conception is that there is still a need for giving marketing more resources, incorporating it more in the strategy of the company and organizing it efficiently. This matter will be discussed further under “The Marketing Concept” and “Customer Centricity”.

An open mind is an advantage in marketing and when in search for new customers and markets. A market is not only the field of existing customers:

“the size of a market depends on the number of people who exhibit the need, have resources to engage in exchange, and are willing to offer these resources in exchange for what they want” (Kotler et al., 2005, p. 11).

We think this is interesting because it means that a market does not only consist of existing customers, with whom the company perhaps already has established relationships, but also of potential customers. To summarize this section, marketing should be understood through satisfying of customer needs and not only as related to sales. This because a product is not sold until after it is produced, and marketing is a process that should be involved long before that time.

2.3.1. Marketing Management

Marketing management can be defined as “the art and science of choosing target markets and building profitable relationships with them” (Kotler et al., 2005, p. 13). There are different marketing management philosophies that give guidance to where the focus should lie when working with marketing (Kotler et al., 2005). The *Marketing Concept* and the *Product Concept* are two philosophies that could be seen as opposites and they will be described thoroughly since these are concepts of relevance.

2.3.2. The Marketing Concept

The term *Marketing Concept* has been around for more than 50 years (Vargo & Lush, 2004a) and is defined as:

“the marketing management philosophy which holds that achieving organisational goals depends on determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors do” (Kotler et al., 2005, p. 16).

Still companies are having trouble with putting the customer in focus (Bettencourt, Lush & Vargo, 2014). According to Bettencourt, Lush and Vargo, (2014), the true role of marketing is that of creating and “sustaining strategic advantage” (p. 44).

According to Kotler et al. (2005), value and customer-focus are the leading words in the marketing concept. The perspective is outside-in, which means that the marketing work starts from the outside, by defining the customers, focusing on their needs and organizing the marketing activities according to the findings. Profits are made on long-term relationships with customers, which also help in gathering input and understanding of the customer need. Usually, knowledge, understanding, imagination and so on are collected from the organization to have as many assets and tools as possible for creating a product that precisely fits the demands of the customer (Kotler et al., 2005).

When a company is really working with the marketing concept, the whole company has to be involved and accept the working method (Kotler et al., 2005). All employees are focused on the customers and on building and detaining long-lasting relationships with them. Having a marketing department and doing customer research does not necessarily mean that a company is working with the marketing concept. The company has to integrate all departments and there should be clear common goals that apply to the whole organization for it to really work by the marketing concept. The important thing is to always remain focused on markets and stay customer-driven; to notice small changes in customer needs and always keeping an eye out for competitors. However, a balanced perspective is always preferable:

“The purpose of marketing is not to maximise customer satisfaction, but to meet needs profitably. Marketers must therefore seek to achieve the very delicate balance between creating more value for customers and making profits for the company” (Kotler et al., 2005, p. 17).

The *Product Concept* can be seen as the opposite from the marketing concept and can be defined as:

“The idea that consumers will favour products that offer the most quality, performance and features, and that the organisation should therefore devote its energy to making continuous product improvements” (Kotler et al., 2005, p. 15).

Our case study company seems to fit in this category as it refers all growth to innovation.

To work with the product in focus might work well for smaller companies or companies specializing in few products (Day, 2006). When the customer diversity grows the limitations of this focus will also transpire and internal conflicts might arise in regards to the priority of market versus product (Day, 2006).

There are situations when customer needs are not so apparent and customers are not so sure what they want. This situation calls for extra careful research of customer needs; the company must understand the needs in order to create products that meet the needs, which the customers might have latently (Kotler et al., 2005).

2.3.3. Customer Centricity

Marketing has its roots in models of manufacturing of goods used during the Industrial Revolution, but has since been defined by the exchange of both products and services (Vargo & Lush, 2004b). However, marketing is often still built on the ground of manufacturing of goods and it has long been suggested that marketing should move away from the manufacturing based model (Vargo & Lush, 2004b).

Peter Drucker wrote already in 1974 that the organizations have to move “from selling to marketing” (p. 64). What he meant was that selling is the old way of doing business. When a company is selling something they are just promoting their own product, which they want to sell on their market. What should be the case is to look at what the customer actually needs and wants and produce that, instead of trying to sell what the company itself wish to produce. Drucker also said that:

“The aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself” (1974, p. 64).

By this it is clear that marketing is not the same as promoting a certain product since that is what is referred to as selling. This suggests that this view of marketing, and its importance for successful transactions between companies and customers, has been a long known topic. However, it is still not used properly in some organizations, which makes our study relevant in trying to make it a widespread practice.

Many companies may be suffering from what is called *Marketing Myopia* (Levitt, 1960b), which means that they are too focused on the products that they already sell in comparison to what products they could be offering. They think of themselves in terms of innovating and selling products rather than solving a problem for their customers (Levitt, 1960b; Kotler et al., 2005). The company forgets that the customers are looking for a solution to something rather than a product in itself (Kotler et al., 2005). It has been acknowledged that different types of companies benefit differently from focusing around customers (Day, 2006). What has been said is that companies with their business built on supplying customers with a diverse set of products and

preferably bundles of products and services are ideal for implementing the customer-focus. While companies selling standardized products to a uniform market might not benefit as much from reorganizing around customers (Day, 2006). The reason for this is that the ability to adapt, when the customer needs are constantly changing, can be necessary for having a sustainable advantage (Day, 2006). These arguments will be important to keep in mind during the analysis of the marketing work in this case study since Alfa Laval makes their money on having a broad product portfolio and offer customers not only single products but whole systems and processes.

A suggestion for companies to counteract the old marketing view is by focusing on what is needed to create value for the customer (Bettencourt, Lush & Vargo, 2014). The company is supposed to solve the problems for the customers by helping them reach their goals. By doing this, the company itself will also have a better chance of growing its business (Bettencourt, Lush & Vargo, 2014). Marketing is diverse and should be acknowledged for what it can attain. Working by the “old view” can prohibit growth, even in companies working with innovations, due to its limited understanding of marketing (Levitt, 1960a; Bettencourt, Lush & Vargo, 2014). As we see it many global companies have the potential to achieve a lot more in terms of performance if they chose to better incorporate marketing and work closer to the customers, they are just not aware of it.

2.4. Structural Marketing

The use of organizational structure in the area of marketing has become increasingly popular amongst both scholars and business experts. The term *Structural Marketing* has started to gain attention as a concept uniting organizational structure and marketing (Lee, Kozlenkova & Palmatier, 2015). Structural designs should be part of the tools available for the conducting of marketing (Lee, Kozlenkova & Palmatier, 2015). While customer-centric companies are becoming more popular the marketing department also plays a larger role and the structure of the company has the potential to enhance the overall performance of the firm (Lee, Kozlenkova & Palmatier, 2015; Shah, Rust, Parasuraman, Staelin & Day, 2006). Something Lee, Kozlenkova and Palmatier (2015) points out is the potential trade off between the increased performance and the augmented costs in regard to the complexity of coordination. When deciding on what structure to implement the profits has to be weighed against the costs and there is no single structure that works as optimal for all kinds of companies (Lee, Kozlenkova & Palmatier, 2015).

The importance of the organization of marketing activities is also addressed by the quantitative study conducted by Olson, Slater & Hult (2005). They along with others state that the success of marketing activities is affected by the way in which they are organized (Mintzberg, 1979; Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005). They also stress the importance of what business strategy a company is characterized by. Depending on what business strategy is used the optimal organization of marketing could differ (Olson, Slater & Hult, 2005).

Multiple studies have been made on the importance of strategy and marketing organization. The three commonly used strategies are *Prospector*, *Analyzer* and *Defender* (Miles, Snow, Meyer & Coleman, 1978; Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005).

The three strategies can be described as the main strategies a company can adopt. There is of course variations in what degree one of these strategies are being used and it is possible to mix them.

2.4.1. Prospector, Defender & Analyzer

A Prospector is a company that constantly searches for new opportunities through product innovation or untouched markets. First mover-advantage is a common trait and to be known as an innovator can sometimes be more important than profitability (Miles et al., 1978; Vorhies & Morgan, 2003). These characteristics can partly describe the case study company in our study where innovation is of high importance. *The Defender* is more concerned with stability and wants to secure their share of an already existing market. Working towards becoming more efficient in producing and distributing their products is one of the main tasks. Another responsibility is to maintain an existing customer base and therefore the defenders are more customer-oriented (Miles et al., 1978; Olson, Slater & Hult, 2005). Lastly, the *Analyzer* could be seen as a combination of the Prospector and the Defender (Miles et al., 1978). The Analyzer wants to both tap new markets with innovative products while maintaining low cost production and a secure customer base. They often do this by imitating the successful products of Prospectors. While each of the strategies are hard to maintain the Analyzer could be seen as the most difficult since there is a constant balance to keep between being dynamic and stable at the same time (Miles et al., 1978; Olson, Slater & Hult, 2005).

2.4.2. Structure and Behavior

Three types of variables have been identified that, along with the business strategy, affects the business performance (Olson, Slater & Hult, 2005). The Variables (shown in figure 5) are *Control variables* which signifies external influences such as the turbulence on the market, the stability of used technology and the strategic business unit size. The second variable is that of *Structure* of the marketing organization and the third is called the *Behavior variable* (Olson, Slater & Hult, 2005). The third variable, behavior, refers to the orientation of the marketing organization and the four studied orientations are customer-, competitor-, innovation-, and internal/cost orientation (Olson, Slater & Hult, 2005). As mentioned earlier customer orientation and innovation is the behavior of relevance in this study since those are concepts closely knit to our case study, therefore we will not explicitly describe all of them.

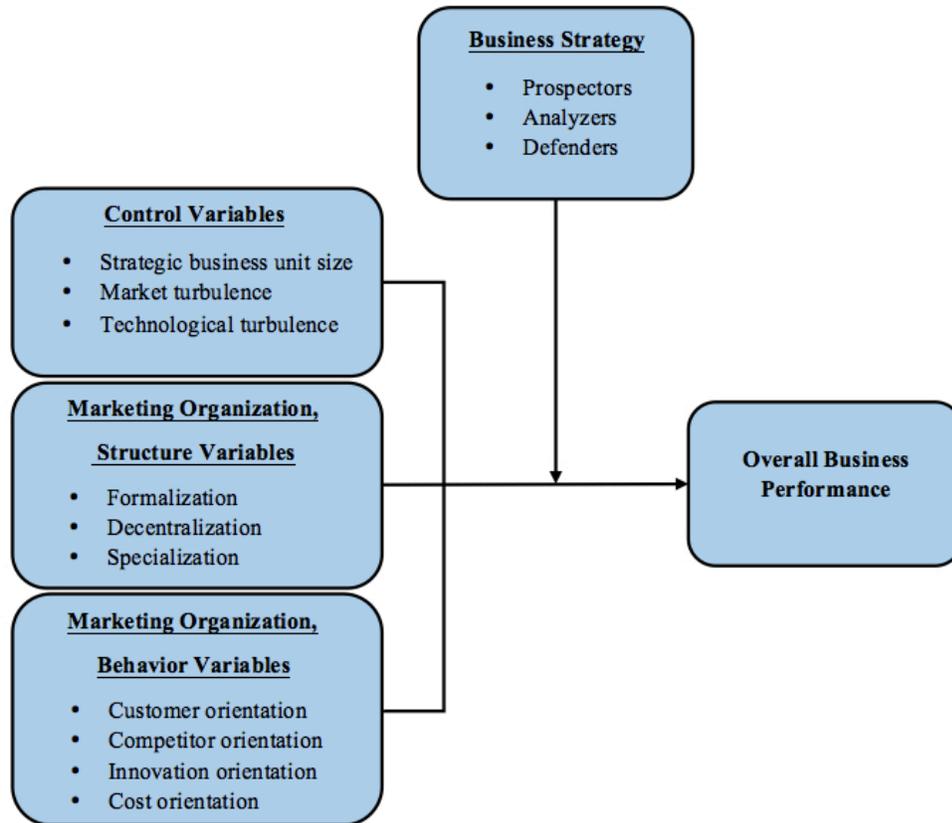


Figure 5. “A Model of Performance Implications of Fit Among Business Strategy, Marketing Organization Structure, and Strategic Behavior” (Based on Olson, Slater & Hult, 2005, p. 50).

To go back to the second variable, structure, here will follow a description of the previously used structures variables, which can define marketing organization, namely *Centralization*, *Formalization* and *Specialization* (Ruekert, Walker & Roering, 1985; Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005). *Centralization* describes to what degree the decision-making of an organization is focused to the higher positions of the hierarchy. *Formalization* is more concerned about the standardization of how marketing tasks are performed. Lastly the *specialization* is in regards of how activities and tasks are allocated inside the organization. Are there a lot of specialists working with specific tasks or does the workforce consist of generalists managing a lot of varied responsibilities (Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005). Engineers are specialists in their area and are important for innovating and creating new products. However, the specialization of workforce has to do with the specific tasks conducted by each employee (Olson, Slater & Hult, 2005). For the marketing activities a workforce of educated marketers is what will be needed to attain high specialization. To what degree each of these structural characteristics are

fulfilled, together with the strategy chosen, will impact the performance of the organization (Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005).

The performance can be measured through *effectiveness*, *efficiency* and *adaptiveness* (Ruekert, Walker & Roering, 1985; Olson, Slater & Hult, 2005). *Effectiveness* is a measure that states how well a company attains their goals. Through previous studies centralization has shown a strong relationship towards effectiveness due to the great control centralized organizations have (Olson, Slater & Hult, 2005). *Efficiency* is another measurement that points out the amount of input needed to produce a certain output (Ruekert, Walker & Roering, 1985). The more output per used input the greater efficiency. Formalization has been proved to help in improving the efficiency. The more formal instructions that are available regarding how to perform activities, the more routinized the tasks become, and with routines efficiency evolves (Olson, Slater & Hult, 2005). *Adaptiveness* is the third measure and it describes how well the company adapts to changes (Ruekert, Walker & Roering, 1985). The changes can be internal or external; either way the ability to change can be critical for the survival of a company. The degree of specialization has a strong relationship with adaptiveness. With a specialized workforce, individual decisions can be made and the company can respond fast to changes in the environment (Olson, Slater & Hult, 2005).

2.5. Theoretical Framework



Figure 6. Theoretical Framework

Through our theoretical study we have formed a framework that will work as a guiding tool. We see these concepts as related to each other (see figure 6) and that it is important to consider all of them when organizing the marketing work in a company. As the two pillars suggest *marketing* and *organization* are the key areas of research when studying the organization of marketing. When considering marketing it is the *marketing concept* that decides in what way a company uses marketing. We see it as important to include this as the point of departure since this is what potentially can improve the way to work around marketing in the whole company. *Structural marketing* as a quite new concept is also included since we want to build on what has been said when it comes to the importance of how the activities and tasks are divided. *Marketing Knowledge* as the last one regarding marketing is seen as the general skills a company inhabits, how they perform marketing, and how it is spread inside the company. The marketing knowledge is also seen as a prerequisite to be able to conduct marketing efficiently. The other pillar,

organization, consists of *Culture*, *Structure* and *Change & Growth*. Regarding the *culture* it was theoretically found to have a large impact on many parts of a company. And we see it as important to take that into consideration since the culture of an organization is not always that easy to change. The culture can be the norms and values and they will influence everything done in a company. The *structure* as the second concept is of relevance mainly because this is something companies can easily change. It can be costly, of course, but it can be done through decisions of restructuring. This leaves us with the last concept, that of *change and growth*, which is essential if any restructuring is going to be made. Theory also suggests that even a successful company needs to constantly adapt to environment and new strategies and therefore we saw it as suitable to include.

3. Methodology

This chapter will describe the methodology used while conducting this study. We will guide the reader by explaining concepts and using descriptions of the actual research process.

3.1. Knowledge

The world and the knowledge about it can be seen as objective or subjective (Saunders, Lewis & Thornhill, 2009). By this we would like to clarify that the objective world will always be there but depending on who views the world it will be perceived differently, and therefore it is also partly subjective. This can also describe our ontological standpoint, since we see things differently depending on what level of the organization we are investigating.

On the one hand, we feel that our research is conducted according to objectivism, with models, matrices and circumstances creating conditions used as a play field for the objects of our case study. On the other hand, we think that our research is more about subjectivism. This because our research already points towards that everything depends on who holds a certain position in the company. What individuals do, and in what way they cooperate with others, seem to play a large part in the execution of marketing activities and the performance of the company. However, we want to point out that even though the research can be seen from different angles, the subjectivist view is the one we feel is more relevant. This mainly because the interesting part is to investigate what individuals can do by working with marketing in a complex matrix. Through the interviews we will therefore try to know what motives the interviewees have and what role their background has in shaping the way they perceive the world.

Our position in regards of epistemology could best be described by critical realism. By seeing knowledge through the lens of critical realism one can say that the world exists independently of what we think or know about it (Sayer, 2000). However, it is important to question existing knowledge since the way it was collected was by individuals interpreting the world around them. In fact, there are no research findings or applications that are one hundred percent certain. “All interpretations and uses of knowledge are inferences” (Van de Ven, 2007, p. 253). Knowledge can therefore be seen as fallible since it can easily be questioned depending on who the

interpreter is (Sayer, 2000). With this in mind, we want to keep a critical approach to everything we collect and analyze through this study, both empirical material and knowledge gathered by previous researchers.

3.2. Case Study

Our research question is that of a “how?” and according to Yin (2009, p. 9), this kind of explanatory question favors the use of case studies. A case study is a research design, which allows the collecting of multiple kinds of empirical material e.g., interviews, documents and observations can be used (Yin, 2009). Since we found it to be important to use more than one type of material we have chosen to perform a case study. A case is often a noun (Stake, 2006) and the study can for example be done on a person, an event, a place or an organization (Bryman & Bell, 2011). This study will be done at the company Alfa Laval and their organization of marketing. This will include different departments, divisions, market units, and sales companies that in some aspect of their work touch upon issues related to marketing. What makes Alfa Laval a suitable company is how they use a matrix structure for the organization of their marketing activities (Internal Document 2).

Through the case study a thorough mapping of the different functions has been done and as a result knowledge regarding the organization and structure has been found. Of great interest is the dividing of responsibilities between the departments and how that might affect the overall performance of the firm. Conducting a case study often goes well together with qualitative research (Bryman & Bell, 2011). By using a case study and in-depth interviews our aim was to find qualitative data helpful for generating an understanding for the general problem of how to organize the marketing work in a matrix structured company. Researchers often question the ability to generalize from a single case. This could be seen as a limitation but what we expected was not to prove any statistical evidence but to generate analytic generalizations through the expansion and generalization of theories (Yin, 2009). With the use of a single case study a deeper understanding can be gained (Easton, 2010). As there has been a limited amount of time set for this study we prioritized to make one thorough case study instead of multiple less in-depth ones.

The research has been formulated by “A ‘what, why and how’ framework for crafting research” (Watson, 1994; Bryman & Bell, 2011). This framework has helped in guiding the research process through continuously asking the questions what, why and how?

The *what* is supposed to be asked to assure that the chosen problem is interesting and intriguing for the researcher. This was done to make sure that the work would be done properly and with the sustained interest of the researchers. The *why* was asked to make the reason clear for why others should have an interest in the subject (Watson, 1994). The *how* was asked as two separate questions. The first is that of a conceptually how. Which models or theories can be used or developed to help answer the research question? How can they be used to guide the researcher? The second how was to answer the practical aspects. How should the techniques and designs be used to apply the theories in practice? How should the empirical material be collected and analyzed? (Watson, 1994).

According to Watson (1994), the questions should be re-asked until the thesis is done and has succeeded in answering the questions. The questions have been asked over and over during this study, which implies that the research design was not set in stone prior to commencing. During the collecting of literature and empirical material the need to go back and ask the questions again have altered the methods that were previously chosen and has finally lead to the execution of the study (Mills, 1971; Watson, 1994).

3.2.1. Introduction to the Case Company

Alfa Laval is a company founded in 1883 by Gustaf de Laval (Alfa Laval, About us, 2015a). The company began in the dairy industry but is today a global company where innovation plays an important roll. The company is well known for being at the front of the industry and continuously invests in research and development to keep growing (Official Document 1). The technologies where Alfa Laval can be seen as global leaders are heat transferring, separation and fluid handling. These technologies are used in multiple industries and therefore the market, which Alfa Laval serves, is heterogeneous (Alfa Laval, About us, 2015b).

In order to maintain and extend its global leading position Alfa Laval invests continuously and consistently. With a turnover of 35.1 billion SEK, about 2.5 percent is reinvested in the company's research- and development (Official Document 2), which is a high level compared to the industry Alfa Laval is active in (Official Document 2). Alfa Laval's strategy to survive the competition is to constantly develop new products as well as refining old ones (Official Document 2). The company has over 1900 patents and launches 35 to 40 new products on an annual basis (Alfa Laval, About Us, 2015c) and they want to remain the top of mind choice for selected application areas (Official Document 2). The employees of Alfa Laval are spread worldwide, with the European majority in Sweden, Denmark and France, the Asian majority in China and India and the American majority in the United States of America (Alfa Laval, About Us, 2015c).

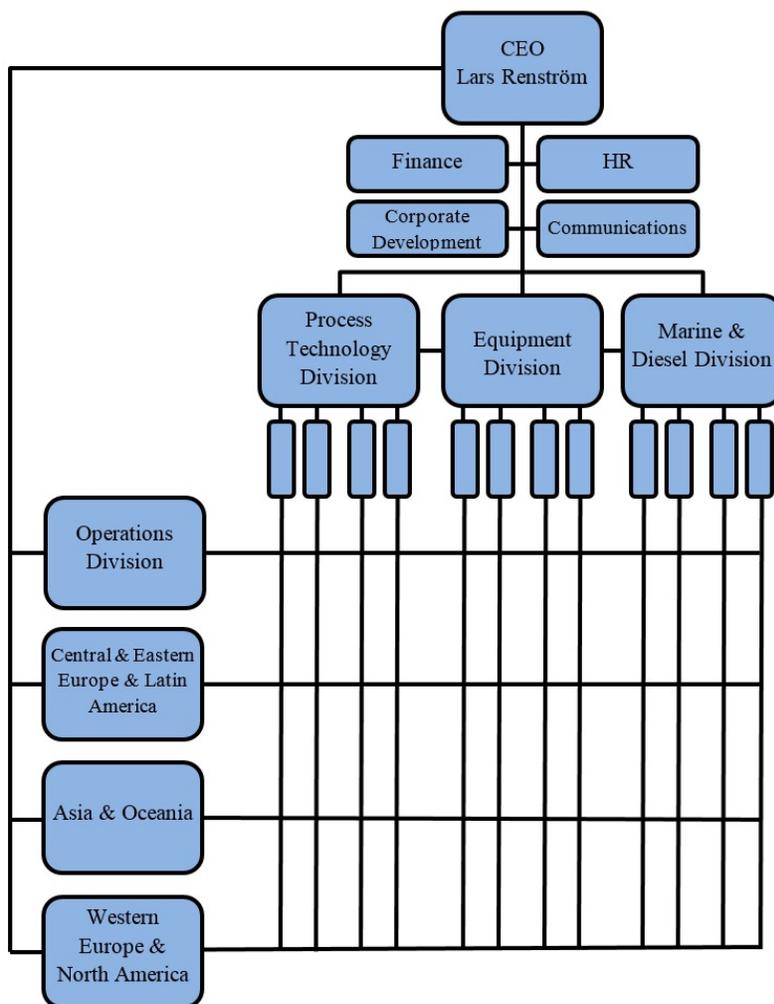


Figure 6. The Alfa Laval Matrix Structure (simplified model).

Alfa Laval uses a matrix to structure the main parts of the organization. The operational work is structured across the matrix and the functions Finance, Human Resources, Communications, and Corporate Development are placed above it (Alfa Laval, About Us, 2015d). The matrix is built on three divisions; *Process Technology*, *Equipment* and *Marine & Diesel* (see figure 6).

Each division consists of four segments divided into the different industries they serve (Official Document 2). The segments are then split into many *market units*. Each market unit is specializing in one category of products and there are over 30 market units in total. The dimensions that are cutting across the divisions are the *sales companies* and the *Operations Division*. The close to 40 sales companies are distributed over the geographical area in which Alfa Laval operates. Each sales company is in charge of selling all of Alfa Laval's products to their geographical market and therefore mirrors the centralized market units locally towards customers. The Operations Division works as the supply chain for the other three main divisions by serving them with production related purchases, manufacturing and distribution services (Official Document 2). The dimension chosen to lead the others is the one of segments, or industries, that Alfa Laval are present in.

3.3. Qualitative Method

As mentioned earlier a qualitative method will be used to gain deeper understanding of the underlying reasons for how the marketing is organized at Alfa Laval. The empirical material has been collected and analyzed until the research question was answered, that is to say, until theoretical saturation was reached (Bryman & Bell, 2011). The reason for choosing a qualitative method was the fact that we wanted to step inside the world of our case study company and try to generate empirical knowledge. As Corbin and Strauss (2008) mentioned the reason for conducting a qualitative study should be to gain a deeper understanding of an unknown world and its participants. The aim is: "to see the world from their perspective and in doing so make discoveries that will contribute to the development of empirical knowledge" (Corbin & Strauss, 2008, p. 21).

When using a qualitative method, one interprets and analyzes words rather than measures quantitative data (Bryman & Bell, 2011; Alvehus, 2013). To interpret a phenomenon with the

objective to help others understand a general issue is what a qualitative study aims to do (Alvehus, 2013). This is because our research aim has been to find out how the organizing of marketing activities in a complex matrix organization can be done in a good way. We have collected and analyzed detailed information on how the people of our case study company, employees and managers of Alfa Laval, work and reason when it comes to marketing. The detailed empirical information has been essential to gain insights and reach a meaningful conclusion.

3.4. Testing of Theory

The testing of theory, also known as *deduction* (Saunders, Lewis & Thornhill, 2009), has been used to initiate the research because we think that our research as a case study of Alfa Laval with the organization of marketing activities has benefitted from already existing theories. There is little written in this research area (Harris & Ogbonna, 2003; Ivens, Pardo & Tunisini, 2009; Lee, Kozlenkova & Palmatier, 2015) and therefore we would like to expand on what is written through an empirical study.

Starting from a deductive approach it has taken on a more iterative shape by shifting between theory and empirical material (Bryman & Bell, 2011). We have been conducting as many interviews as needed for the collecting of empirical information until *theoretical saturation* was reached. Theoretical saturation is a concept often used when applying grounded theory. What it means is that when the researcher reaches the point where no new material is found by asking the same questions, there has been a saturation of empirical data (Corbin & Strauss, 2008). The same concept can also refer to the coding of data through the analysis. Similar to the collecting of data, the analysis can also be presumed to have reached saturation when the review and coding of data does not provide any new insight (Corbin & Strauss, 2008; Bryman & Bell, 2011). By having aimed for theoretical saturation there has been a need to analyze and code the empirical material with the help of theory throughout the process (Corbin & Strauss, 2008). By a deductive approach the research starts through the use of existing theory, collected through the literature study, which have then been compared to a real scenario (Alvesson & Sköldberg, 2008) through the case study. The findings from the case study will help forming a deeper understanding for this general issue.

3.5. Collecting of Empirical Data

Here will follow a description of the different methods of collecting empirical material that we have used. Since we have chosen to conduct a single case study it was important to use multiple sources for the collected data.

3.5.1. In-depth Interviews

When working with qualitative research some of the empirical material is usually collected through interviews (Bryman & Bell, 2011). We have chosen in-depth interviews to be our main source of empirical material. We have found it important to investigate different positions and individuals of our case study company for the ability to draw conclusions about the organization. For this study 25 physical interviews have been made (see table 2) with employees involved in the marketing process. We have had an informant at Alfa Laval who has helped us in the search for appropriate respondents. The informant's role is that of aiding in the contact phase (Yin, 2009). Our informant Robert Barnes, Marketing Planning Manager, has been eager to assist us with our research. "Key informants are often critical to the success of a case study" (Yin, 2009, p. 107), and it is evident that we would not have gained as deep access without Robert Barnes' help. The use of an informant can also be a limitation. As much as it has been helpful it is not without questioning the underlying reason for giving us certain names for interviewing. However, we never saw this as an issue since our informant was very helpful in assisting us with contact information to whomever we requested. By thinking critically we had this possible limitation in mind and because of that conducted a survey determined to fill the potential gaps of empirical information.

Date:	Name of Respondent:	Position of Respondent:
2015-03-03	Xenia Nolev	Central Communication Manager
2015-03-10	Anna Lindström	Air Business Development Manager, PTD
2015-03-10	Torben Himmelstrup	Sales Excellence Developer, HR
2015-03-18	Jonny Hult	Manager, Business Unit Heat Transfer, Marine & Diesel
2015-03-18	Rikard Krook	Market Unit Manager Life Science & Renewable Resources, PFL
2015-03-18	Johan DeCuyper	Market Unit Manager, Comfort, HVAC
2015-03-19	Magnus Englund	Manager, Marketing Processes, Pricing
2015-03-19	Maria Sennevall	Group Launch Manager, Marketing Processes, TTM
2015-03-19	Per Melchert	Business Manager Process Industry, Service - Process Technology
2015-03-20	Alex Syed	Vice President, Corporate Development
2015-03-20	Lotti Norrvide	Manager, Product Management BHE/FHE, PC CHE
2015-03-23	Paolo Dalle Pezze	Portfolio Manager, Hygienic Plate Heat Exchangers, ESE
2015-03-23	Anna Blomborg	Manager Applications Development, Comfort
2015-03-23	Karin Forsberg	Separation Technology Manager
2015-03-23	Tommy Ångbäck	Market Unit Manager, Refrigeration
2015-03-25	Anders Skipper	Group Launch Manager, Marketing Processes, TTM
2015-03-25	Magnus Hoffstein	Manager Business Unit Gas, Market Unit Oil & Gas
2015-03-25	Martin Sjöstrand	Communication Manager, EQD, WENA
2015-03-25	Rickard Johansson	Regional Business Manager PEE, Market Unit Power, Conventional Power
2015-03-27	Berndt Falkenberger	Director, Marketing Processes
2015-03-27	Björn Olsson	Manager, Product Management GPHE, PC CHE
2015-04-10	Casper Andersen	Managing Director, Alfa Laval Nordic
2015-04-10	Caroline Renblad	Project Manager, Marketing & Sales, Marketing Processes
2015-04-13	Michaela Hagermark	Global Portfolio Manager, Portfolio Management, Sanitary Equipment
2015-04-14	Peter Torstensson	Senior Vice President, Communication Group

Table 2. List of Conducted Interviews.

The interviews have been of the *semi-structured* kind, where topics and questions have been decided and ranked in advance. Edits such as the crossing out of one question and the adding of another have been made during the interviews (Saunders, Lewis & Thornhill, 2009). This way of interviewing has been chosen because we did not want to limit the interviewee in his or her thought process. Also, we welcomed the opportunity to view the matter from different angles and the possibility to talk about subjects we may have overlooked. The interview process was supposed to be flexible and we wanted to capture how the interviewee formulated the topics or problems and thereby what he or she considered most important (Bryman & Bell, 2011). We also

wanted to avoid creating biased questions and therefore we have followed the advice to ask the questions in a friendly and open-ended way (Yin, 2009). The reason for why we have chosen to work with semi-structured interviews and not completely unstructured interviews is that the latter tends to be more like a conversation (Bryman & Bell, 2011). We wanted to make sure that certain topics were covered, that our main questions were answered in an adequate way and most of all we wanted to be able to steer the conversation into areas that are of relevance to the study.

The interviews have varied in time. We have tried to keep them around 45 minutes but they have ranged from 35-75 minutes depending on what was brought up during the interview. All of our interviewees agreed to be recorded, which has helped us when analyzing the interviews. What has been especially important with the recordings is that “it allows more thorough examination of what people say” (Bryman & Bell, 2011, p. 481). While 25 interviews were held only 21 were transcribed and analyzed. The reason for this is that theoretical saturation was reached after 21 interviews. We assessed that the four interviews left out brought up the same answers and angles as previous interviews already had given.

3.5.2. Survey

A complementary survey was made (see Appendix B) and sent out to a wide range of employees at Alfa Laval. Surveys are frequently used to gain findings that are possible to generalize (Bryman & Bell, 2011). Although it was not our purpose to statistically generalize our findings, we did the survey in order to get a broader picture of the employees’ general opinions and strengthen our findings from the in-depth interviews. As the survey answers conform with our findings from the interviews, they strengthen our research’s truth value which means that our findings are probable and the consistency which means that our findings are repeatable (Lincoln & Guba, 1985).

The questions in this survey revealed themselves through the in-depth interviews. It has dealt with the same issues as the face-to-face interviews but in a more straightforward way. The survey was sent out to 650 employees and was answered by 263 respondents. Since the majority of our interviews were held with employees based in the central organization in Lund, we wanted to

include respondents from other geographical locations. We had not interviewed enough people working in sales companies and therefore we included many of them in the survey. 182 of the survey respondents worked in sales companies (see Appendix C), which increased our trustworthiness.

3.5.3. Organizational Documents

In addition to the in-depth interviews and the conducted survey we also collected organizational documents. Official documents such as annual reports, external company magazines and information found on the Alfa Laval website was used. In addition some internal documents as surveys previously conducted about the marketing work and internal presentations were given to us by our informant.

Organizational Documents	
Official Document 1	Annual Report 2013
Official Document 2	Annual Report 2014
Official Document 3	External Company Magazine: Here, No. 33
Internal Document 1	Survey: MES Benchmark Report 2014
Internal Document 2	Presentation: Marketing planning at Alfa Laval
Internal Document 3	Presentation: Alfa Laval group presentation

Table 3. Organizational Documents

3.6. Analysis

The analysis has been done through coding the transcribed collected material and sorting it into different themes. This is often called thematic analysis or coding depending on what authors guidelines you are following (Bryman & Bell, 2011, p. 572). As we developed a theoretical framework this has helped us in grouping material that belongs to each concept. According to Yin (2009) the framework is supposed to be developed from existing literature and by revealing gaps or specific subjects of interest help in the sorting of material. This was done through an initial set of headings, such as “structure”, “marketing structure” and “communication” and then we added new sections for each theme found in more than one interview. For a high-quality analysis it is important to go through all of the empirical material (Yin, 2009), which we have done otherwise it would have been difficult to draw conclusions.

After sorting all of our empirical material we could see that some themes were closely connected and should therefore be viewed as belonging together. This can be seen as pattern emerging and as have been said by Corbin and Strauss (2008) the pattern will emerge from the collected material, but it has to be found and acknowledged by the researcher himself. The themes identified were mostly the same as in the theoretical study. While conducting the analysis we have had to go back and collect more theoretical material to make sure that we have enough knowledge of the research areas. This has also been part of the iterative approach we have chosen where it is expected to go back and forth between theoretical and empirical data (Corbin & Strauss, 2008; Bryman & Bell, 2011). One of the sections added retrospectively was *culture*, which was not seen as such an important concept at a first glance of existing literature, but after the interviews and the analysis it became clear that it was an area we needed to gain more knowledge in to further analyze the findings.

We started to analyze the in-depth interviews before conducting the survey and took help from what was found to create the questions. The interview transcripts have figured as the main material being analyzed but internal documents and collected answers from the survey have added complementary insights to the area of interest.

When all material was sorted it became easier to search for patterns and we were able to make a revised framework after conducting the analysis. What we found empirically was then compared to theory from existing literature and conclusions could be drawn.

3.7. Research Process

The process of writing this thesis started in December 2014 and continued throughout the spring semester of 2015. In this section we will shortly go through the steps executed and give a description of what has been done.

We started by contacting our case study company, Alfa Laval. When the initial contact had been established and the research area decided upon we moved on to study methodology. Simultaneously, initial meetings with our informant were held and we got access to internal documents, which helped us in narrowing down our research question.

Existing literature was studied in the areas of *marketing* and *organization* and a first step towards a framework was put together. During the first half of the semester much theory was gathered and it all resulted in the interview guide (found in Appendix A). The first set of respondents were chosen and dates were scheduled for the in-depth interviews. The first round of interviews took place during March and the second round were saved for the first weeks of April.

Simultaneously as the interviews were held the questions for the survey were developed. We realized that we would need insights from a larger set of respondents to strengthen our findings. The survey was developed because of this and it can be linked to our iterative way of working since findings from interviews made us go back and search for more theory and then collect more empirical material in turn.

The survey was distributed on the 24th of April and was held open during 3 weeks. The transcription of interviews was done continuously and the analyzing of material started in mid-April and commenced with the sorting of material into themes. As soon as the sorting was done we analyzed our findings in a critical manner and compared with theory. In the final stage of the research process we drew conclusions based on our analysis that resulted in theoretical contributions and managerial implications.

3.8. Validation Criteria

The criteria for evaluating the results of research within the business field that best applies to our research and case study are certain variations of the criteria *validity*. Validity is related to how unique the findings of the research are and that they actually state what they suppose to state (Saunders, Lewis & Thornhill, 2009; Bryman & Bell, 2011). The validity term that is most relevant in our research is *external validity* which defines to which degree the research results are applicable in other research contexts, that is to say if it is possible to generalize (Saunders, Lewis & Thornhill, 2009; Bryman & Bell, 2011). We believe that since our research is a single case study it will be hard to generalize everything to other organizations, but similarities between Alfa Laval and other companies exist both in structural design, the industries they are in, and their

view on marketing. Therefore we see a possibility for other organizations to find the information gathered through this study useful.

Lincoln and Guba (1985) mention some aspects to the criteria *trustworthiness*, which can be used for evaluating qualitative research. Some aspects to trustworthiness are: *truth value* which concerns how probable the research results are; *applicability* which determines if the research results are applicable in other contexts, and *consistency* which questions if the findings are repeatable. The findings should be able to repeat with similar or identical conditions and subjects. Lastly *neutrality*, which concerns how objective the researchers have been (Lincoln & Guba, 1985).

We consider our study to have truth-value because we have collected empirical data from a wide range of people in different positions. Conclusions drawn from this has helped us to form an accurate reflection of the actual situation for matrix organizations when organizing marketing. Also, as our case study company is interested in the results we present for improvement purposes, it is likely that they have given us truthful answers through interviews and provided us with accurate information.

The conclusions we draw are applicable in other contexts, especially when analyzing complex matrix organizations and the organizing of their marketing work. Our results might be best applied in innovation driven companies since that is a strong characteristic of Alfa Laval. Our results will thereby be *transferrable*.

Relating to the aspect of *consistency*: the results we have presented will most likely be valid at another time, provided that the company in question's strategy, organizational structure and core business is similar to that of our case company.

As researchers, we have been aiming to work with neutral and objective mindsets. First of all, we have had no interest in or anything to gain from one result or another. We have studied the empirical material in an open way and analyzed it with the aid of literature that addresses the concerns we have perceived through the interviews. Although a case study can be seen as giving

a subjective view, we have aimed to be neutral and objective in our research. Referring to all the above, we regard our research as trustworthy.

4. Empirical Findings

In this chapter our empirical findings are presented. More light will be shed over our research question: “How should complex matrix organizations organize their marketing?” through examples from the empirical material gathered at Alfa Laval. The sub-questions have also guided us in the search for answers. We will present information in sections directly addressing different topics concerning our case study.

4.1. The Organizational Structure of Alfa Laval – Matrix

Here will follow a short summary of how our case study company is organized to make the following findings understandable.

As figure 7 shows all of the operational work is structured inside a matrix while functions as HR and finance are left outside of it.

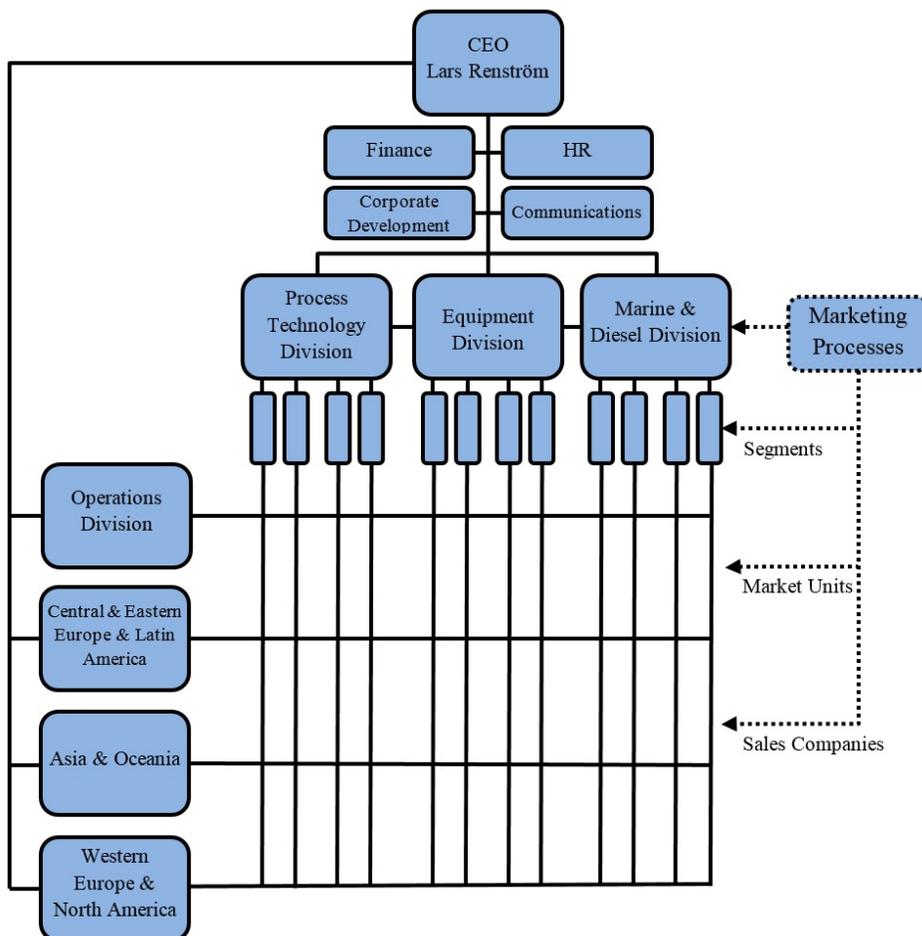


Figure 7. Organizational Chart of Alfa Laval (own interpretation based on findings).

The structure of Alfa Laval that was created 15 years ago is very functional compared to the old structure. Previously everything was done in parallel lines for each product. By centralizing some of the functions Alfa Laval aimed to increase the efficiency level and to avoid that the same work was done in parallel silos. In some aspects this has been achieved but there still remains some characteristics of silos when looking at the different divisions. As will be presented further down in this chapter, the marketing work is divided so that different parts of the matrix have certain responsibilities.

4.1.1. Organizational Changes

15 years ago Alfa Laval decided to restructure the organization. They went from a company organized around products to the matrix they have today which is organized around industries. Previously they had one function for each product category, but today they have chosen to place some departments across the divisions to be able to centrally run those more efficiently.

In the recent years Alfa Laval has started to use distributors to expand their sales channels. This has meant that some education of distributors in how to sell the Alfa Laval products has been necessary. What is new since April 2015 is how the Equipment division in the Nordic Sales Company has moved employees previously employed by Alfa Laval to be employed directly by the distributor they are working with. This is a new way of increasing sales by ensuring that the people working for the distributor are fully capable of selling their products. Since this ties the companies more closely together this is also part of a new strategy: “Now they are not only a distributor, now we rely on each others success. We have that kind of relationship” (Managing Director, Alfa Laval Nordic).

This recent change was made due to the fact that the external distributors were hired with the intention to give Alfa Laval more time to work with other things such as marketing. The desired result never came, as Alfa Laval still had to put a lot of time and energy into helping the distributors with their work.

“When we moved the business out to our distributors we should have liberated more time for ourselves to work with pull marketing ... A lesson learned from our distribution set is that the distributors aren’t as independent as we think they should be” (Manager Applications Development, Comfort).

4.1.2. Growth

During the last 10 years Alfa Laval has acquired about 40 new companies “so we've been quite busy” (Vice President, Corporate Development). Many recent acquisitions have been made in USA, where Alfa Laval wants a stronger position, but also in Asia. The main reason for the acquisitions has been to expand Alfa Laval’s product group.

“So we have a strategy that involves an amount of organic growth supplemented by acquired growth, so what we are doing there is we are looking out into the market and saying: ok, which product could we add to our portfolio to grow the company? ... we acquire the businesses to bring them in, so that our infrastructure has more products to sell” (Vice President, Corporate Development).

Alfa Laval also makes acquisitions in order to be present in certain geographical areas and to approach the market through a different channel.

When looking at the market it is not only Alfa Laval that has grown. During the last 10 years the market of competitors has grown immensely. All of the industries where Alfa Laval is present have grown and the competition is getting fiercer. Smaller, more specialized companies are popping up and they have a larger need for marketing and the attention it brings. This makes it important for all established actors to keep up and not lag behind on the marketing work.

4.1.3. Internal Communication

For the communication done internally between departments and colleagues Alfa Laval has a set of frequently used tools. The general opinion is that face-to-face meetings are highly appreciated. However, there are sometimes monetary and time constraints preventing an actual meeting and then the use of Lync and Webinars are often utilized. Lync is a program for video calls and can be seen as the next best thing to a physical meeting since you can actually see the person you are talking to. A webinar could be described as a seminar but executed virtually, without having all

of the participants in one room. This reduces the amount of traveling since many participants are located in different areas of the world.

When time and resources allow there are physical conferences organized. Depending on the purpose of the meeting they can be done once a year or every second year. Since there are many departments and many regions where Alfa Laval is active, some employees might attend several conferences during a year. The appreciation of the chance to exchange experiences with colleagues in similar positions is strong.

Alfa Laval has their own intranet called “Share”. This is the place where documents are shared and documentation stored. There are possibilities to subscribe to areas of interest, so that when anything new is uploaded a notification is sent out to everyone who has an interest in the field. Newsletters, the company magazine and e-mails also go out to everyone on a regular basis regarding important information.

The personal communication between individuals can be found in the individual networks. Every employee can be seen as having their own network with colleagues in different parts of the organization. These networks complement the line organization in who you ask for help and share ideas with. When it comes to the different Divisions and Segments of Alfa Laval it tends to be quite silo-like and this is where the personal networks play a great role for who you talk to: “Instead of following a process for how to do things, you depend on your personal network. If you don’t have one it will be difficult to get things done” (Project Manager, Marketing & Sales, Marketing Processes). The communication inside the matrix therefore partly depends on the individuals included in every network.

4.1.4. Organizational Culture

Alfa Laval is an old Swedish industrial company. As mentioned the company was founded in the 1880’s and a long heritage prides the company.

Most employees have been with Alfa Laval for many years and know the company and its employees very well. When speaking of the company values, Alfa Laval gives the impression of

being a genuinely pleasant company to work in. When people are satisfied with the social surrounding environment they also tend to stay with the same company for longer.

Another way to describe the culture of Alfa Laval is by the freedom given to the employees. Working in a matrix it is up to each individual to define his or her role in the company. This works mainly because the organization has confidence in its employees. “If you believe in his skills, then you can give him his freedom and that is part of the DNA of Alfa Laval. We hire good people and we give them their freedom” (Market Unit Manager, Comfort, HVAC).

When you look around the company it is clear that engineering is the most common educational background at Alfa Laval. This is something they are well aware of: “If you look around the office landscape you will see mainly engineers” (Manager Business Unit Gas, Market Unit Oil & Gas). The findings from the survey confirm this and it comes as no surprise considering the technologically advanced products that Alfa Laval are producing.

4.1.5. Advantages of Working in the Matrix

There are both advantages and disadvantages to every organizational structure. Studying our case study company it was obvious that they have good reasons for working in a matrix. Advantages have been collected and are presented below.

The flexibility is seen as a great advantage. What was seen as the main reasons was how positions are not set in stone. It is up to each employee to take on responsibilities of interest. It is also seen as *flexible* in regards to who you can speak to and when. “It is inspiring to work in such an environment where I don't have to go to my manager to ask "Can I go and talk to that person?" - it is fine” (Air Business Development Manager, PTD). This is good as it allows for changes and adaptations of projects to be made whenever there is a need for it.

The matrix structure was generally well thought of despite the complexity issues it brings. The reason for this is because it rests upon peoples’ *capacity for taking initiative*. The freedom provides a very dynamic working environment. It was also mentioned more than once how a matrix is good for *gathering information* from many different places.

4.1.6. Disadvantages of Working in the Matrix

One of our questions regarding the structure of Alfa Laval was if it is ideal. The majority of respondents answered no. The answer was often that it is totally *over complex*. When new employees start working at Alfa Laval they tend to think it is very complicated: you need to work at Alfa Laval for a couple of years to be able to understand the structure and how things are done.

Another issue is the *complexity* that comes with working globally with such a large product portfolio. It is not only the portfolio that is large but also the amount of industries that Alfa Laval is active in, which can be seen as an additional reason behind the complexity.

“So our matrix is not that different from any other company. We have the same challenges, probably just a bit more complicated because of the fact that when we talk about the number of products that we have and the number of applications and industries that we cover, and then of course all the countries as well, which many companies deal with but, it gets quite complex”
(Vice President, Corporate Development).

We also noted the *lack of cooperation* between different product groups. Since the segments and industries today are the leading dimension in the matrix the synergies of working with different product groups can get lost. Right now it is very fragmented and there should be possibilities to take advantage of how the work is done in the different segments. It is not only the product groups but also the divisions in large that tend to be like silos. The point of working with a matrix is to engage cross-functional cooperation. According to many of the respondents this is not working as well as they would have wanted. There are currently no established incentives for the divisions to cooperate.

Flexibility was brought up as one of the advantages, but it could also be seen as an issue. The feeling of flexibility was said to come from the fact that employees can define much of the work themselves. With this “flexibility” every department can end up using their own systems and it might feel like they are running a company within a company. Through the structure that exists today, all sales companies and market units work as an own matrix inside the larger one, and many of them have their own processes for how to handle pricing and other responsibilities. What happens when there is a *lack of uniformity* is that the: “portfolio of processes for how to

handle this is growing exponentially, we are burning oil, and it gets inefficient” (Manager in Marketing Processes/Pricing). This was something brought up in several interviews. And also one of the reasons mentioned for the time it takes to implement something or launch a product. There are several managers that have to be contacted and they might need some persuasion to come aboard a new project. There is a lot of coordinating needed to make the complex structure work, which several respondents have brought up as a disadvantage. There are a lot of stakeholders in the matrix that all have to reach a consensus for something to be able to change, which indicates that as soon as something is going to be implemented in the matrix it can be *slow*.

The *unclear responsibilities* were brought up several times during our case study. Through the interviews we found that some responsibilities are left between positions making it unclear who should be the owner of that task. The common notion was that it is because of the matrix and because of the vague descriptions of each department. This can sometimes confuse the employees in how it is actually structured. This refers to both the organizational structure and the information that flows inside it.

“If you are to deliver something, you might have six, seven or even eight different stakeholders. You don’t really know what it is that you need to bring to each of them, and they in turn don’t really know what they will get. ...We have to learn this individually, the ones that have been here for a very long time knows how to manage this quite complex environment” (Manager in Marketing Processes/Pricing)

Advantages of the Alfa Laval Matrix	Disadvantages of the Alfa Laval Matrix
Flexibility	Over Complex
Opportunities to take own initiatives	Lack of cooperation between the divisions
Delegation of responsibilities	Lack of processes and guidelines
Good at gathering external information	Slow implementation of changes
	Unclear responsibilities

Table 4. Advantages & Disadvantages of the Alfa Laval Matrix.

4.2. The Marketing Structure of Alfa Laval

The marketing work at Alfa Laval is organized by splitting it across different departments. Centrally there is the *Communication Group*, which is responsible for the corporate marketing process. The strategic marketing for each product group is mainly done in the *Segments* and the *Market Units* and finally, the operative marketing is handled by the *Sales Companies*.

The Central Communication Group is making sure that all of the external marketing of the company is done in a consistent way. They also have the final say in how the brand of Alfa Laval is positioned and what values they want it to signal to the market. The creation of the marketing material is also one of the central responsibilities and is used as ammunition for the locally placed sales companies. If an opportunity is found by anyone in the central organization it is then passed down to the responsible sales company to act on. It is important that the people working with the communication in the different divisions try to coordinate as much as possible. In the end, all of their initiatives are rolled out in the same sales companies and it has to be easy for the employees working there to take in the different initiatives.

There is also an additional department, located centrally and responsible for marketing, called Marketing Processes. Marketing Processes consists of eight people and their main responsibility is to provide tools for the employees to be able to execute the marketing work themselves. The different tools or processes that this department offers are *Pricing processes*, *Launching processes* and, *Marketing planning processes*.

The segments and the market units have a large part of the responsibility for marketing. The different activities included on their plate are strategic marketing, globally for their markets, the product portfolio, the pricing and, the promotion of products. The reason for putting all of these marketing responsibilities on the market units is the focus and the knowledge they have about their specific market. In addition, every segment has one or two assigned communicators helping the segment with the communication.

The sales companies, who serve the customers with products and services, are working the furthest away from the central organization. The operational responsibilities lie within the sales

companies e.g., to translate the marketing plans into actions or the gathering of customer insights. Before the marketing planning process was started, the responsibility of researching customer needs lay with the sales companies and it was done very ad hoc. To a large degree, it is still the sales companies that bring in this type of information but they are starting to do it based on using the same process.

4.3. Marketing Issues

Through our study several issues in relation to marketing was found. We have sorted them in groups based on the cause of the issues.

4.3.1. Marketing Issues Related to the Matrix Structure

The issue with unclear responsibilities in a matrix affects the marketing work as well. The sales companies mainly focus on the day-to-day work and the actual task of selling. Meanwhile they are still supposed to be collecting customer demands and preferences as a part of the strategic marketing:

“We rely way too much on our sales organization as more or less the only source for collecting market information, considering that it is not their main task, and that they have no training or tools to do it in a professional way” (Director, Marketing Processes).

When operational work has a higher priority than strategic work it is hard to make time for those kinds of tasks. The combination of customers with an urgent problem that has to be handled instantly and the activities required for the long term plans to succeed is hard to juggle. The competences needed for conducting both are very different and the time constraints appear as an issue not yet solved.

“I am experiencing that there are very tight resources out in the sales companies. It feels as if they are putting everything into developing our distributors, meeting with our customers, and answering design questions and technical problems ... They have little time for pull marketing and are very reactive” (Manager Applications Development, Comfort).

Several respondents thought that time needs to be allocated for working with marketing and customer research, and that people need to get better working descriptions with clear priorities. The current working descriptions does not support marketing work and as was said: “Today everyone is trying to get their priorities as being at the top of the list, the situation today is unsustainable” (Communication Manager, EQD, WENA). With everyone trying to convince the same communicators about their projects being the most important, there is simply not time to give everyone the amount of attention they need. An example given was how every segment came up with multiple marketing initiatives that finally end up in the same sales company. If you have 12 segments and each of them comes up with 10 initiatives during one year, then each sales company receives 120 initiatives that they have to act upon. This has become unbearable since there is no sales company who can handle that amount. While this has been decreased to half of the initiatives there is still a need to condense it further to be able to put in the effort needed in every initiative.

Working in a matrix there are many managers on the same hierarchical level and you have to talk to everyone before a decision can be made.

“You have to know a lot of people, and you have to lobby for your priorities since it is not always that easy to get a decision made, there is no one who can give a direct order. Instead you have to attend all of these product forums and different boards to get heard” (Market Unit Manager, Refrigeration).

So what is missing are more direct orders that apply to everyone. If a decision comes from higher up in the hierarchy it would be easier to get everyone onboard and steer in a certain direction.

The issue of the division of marketing work between the market units at Alfa Laval and the sales companies has been reoccurring in the interviews. One way of seeing it is that depending on where you are in the matrix, you see a different need for marketing and it gets handled in different ways. The problem is how to get an overview and make sure that there is a focus on all the needs. This overview can be hard to attain as parts of the matrix are sometimes run as different companies in an autonomous way.

4.3.2. Marketing Issues Related to Changes & Growth

Much of the complexity in the matrix can be traced back to the recent growth, which gives them challenges organizationally. When Alfa Laval acquires companies, those companies have their own departments, but they might also need something centrally from Alfa Laval, and this has to be figured out. Responsibilities are lifted out of the gained companies and you need to make people accept that. Another point brought up in regards to the recent growth was how the products and industries have grown but without any significant growth of employees.

“During the past years we have increased the amount of products and acquired companies. Integration between Alfa Laval and acquired companies takes time and requires resources, but we have not increased the number of people handling all of this to the same extent” (Project Manager, Marketing & Sales, Marketing Processes).

The strategy to use distributors in addition to the self owned sales companies is also part of the change. The idea behind using distributors was partly to release some of the time spent by sales companies and market units to be able to work more on marketing. Through interviews it was detected that overall this has not been the case. What has happened is that the sales companies instead use their time to help the distributors in how to sell the Alfa Laval products and no extra time has been put on marketing.

The growth of the whole product portfolio also becomes time consuming and it is hard for the sales people to have equal knowledge of all product groups. The Managing Director of the Nordic sales company said that having this many products is an asset, but also added:

“This is most clearly a challenge, with all the acquisitions that we have done, that changes to some extent, how much can a salesperson do, how much can you know ... we are at the limit where the salesperson cannot be a product specialist anymore” (Managing Director, Alfa Laval Nordic).

Even though Alfa Laval has acquired many companies, not much resource are put into competitor analysis. Competitor analysis is especially important when it comes to services where Alfa Laval is meeting competition from many small and agile companies.

Another part of growth is to reach new customers:

“We are not as good at breaking out of the box to see how we can find the ones that are not already established customers. Why would they need our products? ... We need to work proactively for a chance of establishing new relationships with customers that don’t already know what they need”

(Communication Manager, EQD, WENA).

A reason for the lack of focus on potential customers was found to be the way in which performance is measured. It is often expected to bring back results every six months and thus a short-term perspective is formed.

4.3.3. Marketing Issues Related to Marketing Knowledge

One of the issues found when conducting this study was how the knowledge of marketing tends to stay with individuals rather than within the company. It was brought to our attention that when a project is done the knowledge stays with the person or the group responsible but it is not shared with others that might benefit from the same information.

“The quality of the output varies when working in this matrix. Some parts are extremely talented while others don’t reach that same level, which makes the average level quite low. Right now there is no common knowledge, instead it is owned by a few, if they quit the knowledge will be lost and we have to go back and invent the wheel again” (Manager, Marketing Processes, Pricing).

What also came up is the fact that the marketing knowledge is *unevenly spread* throughout the company. Some departments are really good at what they are doing while others lack an understanding for what marketing is all about. The resources are also spread depending on the size of the departments. E.g., the smaller sales companies do not have their own Marketing Manager or Communications Manager, instead they have to contact the central organization for help with marketing or solve it in their own way.

The term marketing communication came up at several occasions and it was often confused with what marketing is really about.

”Most people who are in the business realize that we are quite weak on marketing inside the company. We are very sales oriented, very production oriented, and

very technology oriented, but we're not very strong on marketing. We're good at marketing communication but we're not necessarily good at marketing”
(Vice President, Corporate Development).

It was found that the work with marketing communication is appreciated as a strength of Alfa Laval's. When comparing to competitors, Alfa Laval has a known and liked brand and they are good at nurturing it. The function responsible for the communication is centrally localized above the matrix. The market units, that are supposed to take on a great part of the marketing responsibility, generally do not have anyone with deeper marketing knowledge. They have specialists for each of the products that they sell but none for how to market it.

”We have a tendency to promote engineers to positions where they should have marketing knowledge, but they don't and they come into the position and the marketing part of it is really pushed out because it is not in their comfort zone”
(Central Communication Manager).

Multiple respondents told us about the *lack of a marketing mindset*. This was more apparent in the market units and in the sales companies and what it means is that when left alone to figure out a solution for a new product, or for how to launch it, the marketing part tends to be forgotten.

As we brought up in the culture section, there is a heavy load of engineers at Alfa Laval. This can be seen partly as an obstacle blocking the way when trying to move towards a marketing mindset. The same issue was also called a *fear-barrier*. What people fear is to work with marketing in a way they are not comfortable with. Without the proper training and competence it can be hard to take a step outside ones comfort-zone and the result is that the work gets done as it always has been.

“We assume too fast that we know the customer needs and the market. We come from the product- and the engineering side and that is where we excel, we should be stepping out of the tunnel sometimes and see the bigger picture”
(Market Unit Manager, Comfort, HVAC).

During the study we identified that the departments working with distributors in a larger scale tended to be better at marketing. The difference from working directly with the customers is the need to give the distributors material that they can work with. There is also a larger need for pull

marketing, which means that you have to create a customer need and make them aware of the values offered. When working directly with a customer, which is what Alfa Laval has done historically, you see the need of one specific customer and you fill it, then you move on to the next. With the strategy Alfa Laval has now of increasing the sales through distributors this is something worth focusing on.

“We have decided on working more with distributors since we notice how cost-efficient it can be. That is why we have to become better at it”
(Market Unit Manager, Refrigeration).

Some initiatives to fill the gap of marketing knowledge have already been taken. The department called Marketing Processes (see figure 7) is providing the employees with tools to work more easily with marketing and also training in how to use them. Where this has been implemented a lot of changes in the ways of working have been identified. Most of the people that we interviewed appear to see the need for a broader marketing perspective and they are aware of the benefits it might implicate for the organization. Top management is currently aware of the disadvantages with the homogenous workforce, and would like to employ people with other background to increase the diversity:

“I am very eager for us to continue pushing for diversity, which do not only include gender or age but also background, including education. It is important that we get more marketeers, more marketing specialists, who can provide a different view on business than the engineers. Right now, we have engineers who also are marketeers per definition, but there are also those who, for obvious reasons, have less of an idea of what we are talking about. This is where it becomes difficult, because it becomes technology for the sake of technology ...”
(Senior Vice President, Communication Group).

Since Alfa Laval is such a large company it is expected to take time but the awareness is spreading and that can be seen as a first step towards increasing the marketing knowledge of the company.

4.3.4. Marketing Issues Related to Communication and Sharing of Information

Regarding the communication and the sharing of information, one of the issues is the lack of a structured process for what and how to transfer the existing knowledge. When it comes to information regarding competitors Alfa Laval struggles with managing the information. When it is already there they are good at analyzing the data and use it to their own advantage but there is a problem of getting the data into the system. It is not always easy to capture the information worldwide due to the complexity of a matrix organization. What was mentioned is how it is done on an ad hoc basis. When someone stumbles over the information and brings it back to the organization it can be very helpful, but there is a need for a more consistent way of doing it. “We as a company do hold a lot of relevant information, the challenge is to bring and share it with everybody, but no one ever asked about it” (Global Portfolio Manager, Portfolio Management, Sanitary Equipment).

The same sort of issue exists with the market analysis and that is something Alfa Laval has been aware of since it was revealed through a marketing study they took part of (Internal Document 1). The study sort of benchmarked all of the participating companies divided into industries. Through that it was possible to see the average level and also what was estimated as low or high levels of different marketing activities.

Another issue is how the divisions can be seen as *silos* working separately and with no direct cooperation. As mentioned on the issues for working within a matrix much depends on what personal relationships the employees have with colleagues in other divisions or departments. The Service segments, responsible for the services provided for the sold products, were found as the only segments really having a direct contact and communicating with other segments on a daily basis. The lack of communication between the other segments results in less sharing and useful information might get lost. This is not only an issue between the segments. In general there is a lack of horizontal communication. There is more of the vertical communication but that is also, as mentioned, one of the characteristics of silos.

4.3.5. Marketing Issues Related to Culture

Nearly all employees at Alfa Laval are engineers. Apart from the need to understand the technically advanced processes, the large number of engineers is also a tradition at Alfa Laval. When asking about the focus of the company it comes naturally for employees to talk about the products and the innovations that Alfa Laval is famous for. Being a company driven mostly by engineers and focusing on the business-to-business market, this product focus is natural for the company.

“I think we are all very much engineers and sometimes it would be good that someone would have another background that could add a dimension, so that we don’t only think about the product” (Air Business Development Manager, PTD).

The strong culture of engineers makes it hard for new marketing initiatives to break through. Due to the expanding product range of Alfa Laval, marketing becomes more important, but neither the skill nor the tradition is really present. Almost all resources are put into developing products and not much is allocated to the marketing work. These factors often stand in the way when trying to establish marketing work. When you fill a single position with someone with a different view on things, it is hard for that person to change the way things are done. The importance of reaching a critical mass of new people was mentioned by one of the respondents: “You need to take in a sufficient number to be able to keep them united and support each other in the change process (Communication Manager, EQD, WENA). If Alfa Laval simply hires a few people with a marketing background the existing engineer culture will immerse them and there will be no cultural breakthrough. The company is aware of the importance to improve the marketing mindset among the employees, and to get the engineers who are good at marketing to step forward. When the others follow, the company will be ready to employ people with different backgrounds. The culture is very technically driven and this can also be seen as an issue, because the culture of engineers affects what products that are actually developed at Alfa Laval. A risk with that is the prestige they put in committing fully to the product and not always to what need in the market the product is supposed to fill.

Alfa Laval is doing well on the market and acts as one of the market leaders in many industries. But because of this it can sometimes be hard for the company to realize the potential they have in achieving more.

“We are also killed by our own success. Because there is no burning platform, but I guess some of us are seeing that we could be doing so much better if we got this right” (Central Communication Manager).

4.3.6. Marketing Issues Related to the lack of Customer-Centricity

When asking about the orientation of the company it comes naturally for most of the respondents to talk about the products and the innovations that Alfa Laval is famous for. While the employees know that Alfa Laval has a product-focus they also recognize the issues with not being more customer-centric.

“I think quite clearly, that we are bad at being customer-centric. By using the words we use, not the language of our customers and doing what we think the market needs, not what the market has told us”
(Central Communication Manager).

According to the respondents there is *no routine customer research*. Most of the information regarding customers comes from the customer relationship itself. Through the survey we asked about the key drivers of Alfa Laval. What was found was that *cost/price*, *customer needs*, and *innovation* is seen as the key drivers with the strongest being cost/price since almost 43 percent of the respondents had chosen this when asked to pick out two (see Appendix C, question eight). The customer needs was seen as one of the drivers by only 38 percent of the respondents. When asked about what should be the key drivers, *customer needs* won since almost 78 percent of the respondents had chosen this (see Appendix C, question nine). This clearly states the awareness of the need to become more customer-centric.

A position has been added to make sure that the marketing planning process comes together. The organization needs to understand the existing customers and their situation today, but also where they are going in the future. Alfa Laval focuses mostly on the customer needs of today and little on larger industry trends. The department of Marketing Processes is working on rolling out a

process for how to research these needs. This process is not yet widespread throughout Alfa Laval and there is a need for improvement.

The Alfa Laval products are outstanding in terms of performance, innovation and technology, but quite often, insufficient background research of customer needs has led Alfa Laval to launch products that do not target customer needs. Products are sometimes launched because Alfa Laval thinks they are great. The engineers have a tendency to jump to a solution right away, but a solution should not be decided upon too early. The products are sometimes *over qualified*, which may make them too expensive as well. More than what the customer is asking for is delivered, and ideas grow from inside and out rather than from the outside and in. Overall, Alfa Laval has in recent years moved on from selling just products with features to selling customer value. There is also more marketing work and planning than before but it does not come as easy for the engineers to communicate *values instead of features*.

The sales companies work on a quite short term perspective, because selling existing products is what they are measured upon. There is a challenge to get them to apply a long term perception and to spend time on marketing activities as well as the product aspect. It can sometimes be problematic for Alfa Laval to reach out with marketing material to the sales companies and to really make them use it. To prevent this, a project called GPHE Excellence (Gasketed Plate Heat Exchanger Excellence) has been completed, where the sales people have been educated on technical information about the products and features, advantages, benefits and most importantly on the values they offer customers. This has been rolled out in all of the sales companies all over the world during the last two years. The project seeks to increase the salespeople's understanding of the technical aspects - and thereby why Alfa Laval's products are superior to the competitors - and improve the skills of selling these values. The project has resulted in increased confidence among the sales people when selling Alfa Laval products, which implies the need for similar projects for the other products.

The dilemma between product focus and customer-centricity can be summarized through a quote by one of the respondents:

“We don’t have this type of marketing naturally occurring in Alfa Laval. You think of products first and then you think about the market. It’s in the DNA almost. More work should be done in the early stages so that we really understand the market in a much better way. The preparatory work is where we are weak” (Group Launch Manager, Marketing Processes, TTM).

Another reason as to why the marketing work is not prioritized is that the results of it are not measured. Alfa Laval measures exactly how much money they spend on for example research and development, but there is no measurement of how well the market is understood. “If you are in an organization with this much engineer-focus the only way forward is to be able to show a measurable result” (Communication Manager, EQD, WENA).

Alfa Laval should preferably know the customer better than the customers know themselves and try to see things from the customer's point of view. As a market leader, Alfa Laval has a potential advantage as they often work with many customers from the same industry and therefore have the possibility to know the industry better than the customers themselves do.

Some customer research is clearly conducted. Some units are good at it, others less. The Service Department that administrates services on sold products is a good example. They send out a customer satisfaction survey every time a service has been performed, and sometimes also in-depth interviews when there is a special event. Other departments do surveys only when new products are developed, which are around every second year. A general customer survey is also done every second year by Communications. The point is that this is almost sporadically done and there are no general guidelines that all of Alfa Laval follows.

Marketing Issues	
Marketing Issues Related to the Matrix Structure:	Unclear division of marketing responsibilities
	Low priority on marketing tasks
	Lack of marketing resources to tend to all parts of the complex structure
	Time constraints
Marketing Issues Related to Growth:	The training of distributors gives less time for marketing work
	The growing product portfolio takes attention from marketing
	Not enough resources spent on potential customers
Marketing Issues Related to Marketing Knowledge:	Marketing knowledge is unevenly spread
	Confusion regarding the signification of marketing
	Uncomfortable to work with marketing as something unknown
Marketing Issues Related to Communication:	Lack of structured process for transferring existing information
	Silo characteristics hinders horizontal communication
Marketing Issues Related to Culture:	Lack of customer-centricity
	Inconsistent research of customer needs
	Homogeneity of employees hinders marketing initiatives
Marketing Issues Related to the Lack of Customer-Centricity	Innovations grow from the inside and out instead of outside and in
	Need to offer values instead of features
	Need to measure the results

Table 5. Summary of Found Marketing Issues.

5. Analysis & Discussion

This section will further highlight the empirical findings but in comparison to existing theory. We will analyze and discuss the findings sequentially under each topic. Finally, the revised framework will be presented. Our main research question: “*How do complex matrix organizations organize their marketing activities?*” will be addressed in a concrete way throughout this section as literature and empirical findings answering this question will be strung together in analysis.

The aspects relevant for answering our research question will also include the sub-questions:

What enables and hinders effective organizing of marketing activities?

Aspects like organizational structure and culture are included and are compared to how it could or should be organized according to theory.

How can communication within a company aid the organizing of marketing?

Which communication platforms are used and how much the marketing knowledge is shared is discussed. This information is then related to theoretical suggestions for communication and how it can aid marketing work.

How can a customer focus affect the role of marketing?

Increasing competition and a constantly evolving environment makes people working in the industry realize that focus needs to shift towards the customers. We have compared our empirical findings with literature on customer centricity and the marketing concept.

5.1. The Organizational Structure - Matrix

Theory states that a matrix is suitable for companies with a need to split power between technology and customer projects (Davis & Lawrence, 1977). This can be seen in the empirical findings since our case study company is a technology focused organization with customers in many different industries. The multiple dimensions are needed to coordinate the many areas they are active in and to align them towards the same strategic goals.

5.1.1. Organizational Changes & Growth

With the objective to expand the product portfolio, our case study company has been busy acquiring new brands. Multiple brands have been acquired during the last ten years thereby adding to the complexity of the organizational structure. A statement done by scholars is how time-consuming it can be to work inside a matrix (Knight, 1976). This was also found empirically during our study. Multiple respondents mentioned the time needed to coordinate the work with other departments and that it has increased together with the growth of the matrix. Since there are many dimensions working simultaneously it is also many managers to contact and to persuade before a decision can be made. What could increase the fit of the existing structure is the implementation of a more structured process in regards to the cooperation and communication between departments.

For the performance to increase or at least stay at a stable level when a company is growing it is important to adjust the structure continuously (Donaldson & Joffe, 2014). If the strategy changes so should the structure and the success of the company will partly depend on this (Child, 2005). What was found through our empirical study was that the recent growth of the company and the portfolio of products had not led to any structural changes. What happened is that from different parts of the matrix new matrices have been budding up and it all adds to the complexity. A continuous adjustment of the structure would include the already existing parts of the matrix and how to grow or change them in accordance with keeping it as simple as possible. What was done was that they were kept as before but by adding new parts on top of the existing structure.

As the environment and strategies change so does the optimal structure. A structure that was once perfect might suddenly be a misfit. It is recommended to constantly adjust and update a company structure, as the optimal organizational structure always will change along with the environment (Davis & Lawrence, 1977). This also suggests that employees will be accommodated to smaller disruptions. When seeing to the strategic changes done in our empirical example it could be wise to look over the organizational structure and make sure that it is kept as simple as possible.

5.1.2. Communication & Sharing of Information

How the structure affects the way communication is done was mentioned in theory (Simon, 1976; Bisel, Messersmith & Kelley, 2012; Csaszar, 2012). What we found empirically was a lack of processes for communication. Newsletters and official information are often systematically brought to everyone inside the company but more detailed information could be described as sporadic and unevenly spread. It is important to keep in mind that not all information is supposed to be shared with everyone. Only the information needed to get an understanding for the tasks done and coordinate work between individuals or departments should be focused on (Chan et al., 2004). Otherwise it can be hard for employees to make out what information to use and what to leave. Theory suggests that information overload can become the result when a lot of communication and cooperation is required in a company (Davis & Lawrence, 1977). We see our findings complying with previous researches and we see that by implementing clear guidelines and processes for what and when to communicate, much uncertainty would be resolved and efficiency would increase (Mohr & Spekman, 1994).

A common issue when working with a matrix is the confusion that can arise regarding what information to give to whom (Aaker, 2008; Mäkimattila, Saunila & Salminen, 2014; Lee, Kozlenkova & Palmatier, 2015). Through the interviews this was found to be true. It was suggested at several occasions that the organization is really good at gathering information but since there is a lack of a formal system for storing the information, it is not always possible to use it optimally. Much of the data needed to better analyze the market and the customer needs exists inside the company, but because of an insufficient information sharing system, it often stays inside one department. As theory suggests, this structured process is not easy to implement, but when successful it can be used as a competitive advantage (Zhao & Anand, 2013).

Regarding the personal networks, scholars declare that they are the employees' own solution for who to talk to when lacking a structure for information gathering (Hargie, Dickson & Nelson, 2003; Falkheimer & Heide, 2007; Kandlousi et al., 2010). This was also empirically confirmed through our study and it was mentioned by respondents how hard it is to get anything done without the personal relationships.

While theory suggests that the use of a matrix should facilitate communication between departments and perspectives (Ford & Randolph, 1992; Song, Thieme & Xie, 1998) empirically it does not seem to have fully bridged the gap between the divisional silos. A reason for this could be the fact that to some extent there exists a duplication of positions in each division. The communicators responsible for each division work full time with their own fields of responsibility and the information sharing between them is sporadic. Through our interviews the appreciation of face-to-face communication and the chances of comparing experiences with colleagues in the same positions were highly valued. Therefore this could be something to include in a more routine way. To conclude this section it looks as if theory is right and that our empirical example needs to look over the organization to be able to gain all of the advantages of a matrix.

5.1.3. Organizational Culture

Our case study company is more than 130 years old and since there are almost only engineers in the company a strong engineer oriented culture has settled. Also, many employees have been in the company for a long time, which indicates a strong settlement of the existing culture. The culture can also be a product of the organizational structure because the structure dictates the way in which employees work towards their goals (Janicijevic, 2013). Working in a matrix structure, the culture of our case study company encourages employees' own initiatives and internal networking. This is said to be in the actual DNA of the company. As our empirical findings shows, the engineer-oriented culture influences the structure back, through the top management. As theory suggests their frame of reference gets influenced by the organization's values and key assumptions (Janicijevic, 2013).

It is important that organizational changes are made in accordance with a company's existing norms and cultures. The values will then be strengthened through institutionalization when installing a new structure (Janicijevic, 2013). It is also important that employees feel a sense of belonging to the company's strategies and visions in order to perform value-creating activities for the company (Mühlbacher et al., 1987; Thompson & Strickland, 1992; Dobni, 2003). These conceptions need to be taken into consideration when implementing new structures. In the case of

our case study company, this means that the organizational structure needs to continue to encourage new initiatives from employees as well as personal networking. The engineer-orientation and love for products must be preserved as well for the sake of the employees' sense of belonging.

The empirical findings suggest that the engineer dominated culture and the organizational structure seem to be influencing each other back and forth. Respondents have indicated that large changes leading to cultural alterations must be initiated and implemented by top management if they are going to succeed. We also found this theoretically; that the structure influences culture by indicating ways of working while at the same time culture influences structure through the top management's point of reference (Janicijevic, 2013). It is also said that top management has to decide and clarify expectations so that the matrix can respond in an adequate way (Davis & Lawrence, 1977). With this reasoning, the engineer driven culture - where innovation and features are praised - may be a reason as to why a formal and structured way of marketing has never been incorporated in the organizational structure.

5.2. Customer Centricity

Marketing has its roots in models of manufacturing of goods used during the Industrial Revolution (Vargo & Lush, 2004b). Even though much has changed in the industrial world since the Industrial Revolution, the marketing work is still often based on the rules for manufacturing, and it has been suggested that this has to change (Vargo & Lush, 2004b). A company should produce what the customer actually needs rather than simply producing what it wants (Drucker, 1974). As mentioned, our case study company has a strong engineer driven culture that values innovation, features and quality. It is important to remember that to most customers the product is merely a stationary unit, and they may not be too bothered with different features and functions. But some customers might be more interested in things like timely delivery, service and flexibility. However, it was empirically found that a change towards selling values rather than features has begun in the company. This is a step in the right direction according to previous mentioned authors.

Our case study company has a history of being excellent at producing good products that are sometimes even overqualified of doing simple tasks. However, they do not have a history of doing this through customer research. In fact, there is no routine customer research, and the customer insights that are collected are often focused on short-term information. Many products have been launched that do not target customer needs, even though they are excellent in terms of features and quality. The empirical material gives evidence that more products should be stopped before they are launched. The background to this issue is insufficient background- and customer research.

Many companies are also too focused on products that they are already selling and do not give enough attention to what they could be selling (Levitt, 1960a). Our empirical findings suggest that the main focus lies with already existing customers and not so much on potential customers. This means that they might neglect demands from potential markets and thereby miss out on products they could be selling.

5.3. The Marketing Structure

Our case study company could be described as a *prospector*. This was clear quite early into the study. Like theory suggests, the prospector is signified by being driven by innovation and has the goal of taking over new markets and becoming the market leader (Miles et al., 1978; Vorhies & Morgan, 2003). To stay ahead of the competition it will be important to focus more on researching new markets. By focusing more on this it will be easier to keep an already strong brand.

While there are different ways of structuring the marketing work, scholars have appointed *centralization*, *formalization* and *specialization* as three important variables (Ruekert, Walker & Roering, 1985; Vorhies & Morgan, 2003; Olson, Slater & Hult, 2005). While centralization refers to the level of decision making that is centrally located it was empirically shown that much of the decision making was divided across the matrix. The empirical study showed us a lack of formal structuring of marketing activities. This can be explained by the autonomous work of market units and sales companies. When the many departments of a company are left alone to figure out in what way to conduct their marketing work it ends up looking very different. The last of the

three variables is *specialization* and through our study it was proven that the number of educated marketers were low. Engineering was the most common educational background even for people in marketing positions.

To keep analyzing what these characteristics imply regarding theory, it has been said that a high degree of centralization improves the effectiveness of a company (Olson, Slater & Hult, 2005). Since the empirical material pointed towards a company with low centralization it was also researched how effectively they reached their goals. Respondents brought up issues such as slow implementation of new strategies and the struggle with changing the ways things are done, which points towards what theory insists on. Moving to the degree of formalization it can be seen as closely knitted to efficiency (Ruekert, Walker & Roering, 1985; Olson, Slater & Hult, 2005). The low level of formalization implied that the wheel had to be invented over and over again in the organization. This obviously takes time and a routine is hard to obtain when things are done ad hoc. Changing people's behavior can be very difficult. The last variable: *specialization*, has been said to be related to the level of adaptiveness (Olson, Slater & Hult, 2005). The number of specialized people working with marketing was found low and theory suggests that under these circumstances so will the ability to adapt fast to changes be. The empirical findings from this study confirm theory in all of these performance related variables.

5.4. Marketing Knowledge

In the empirical findings it was obvious that everyone does not think of marketing in the same way. A general opinion found was that industrial companies do not have to do the same amount of marketing as companies selling directly to end consumers. Marketing as such was also often defined as promotion or campaigns directed to customers, which in reality is called marketing communication. The theoretical definition we have used for marketing says:

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (American Marketing Association, 2013).

When comparing our empirical findings to the definition made by AMA it is obvious that they are not the same. When marketing is not considered in the correct way it is easy to dismiss it as someone else's responsibility. Not everyone can be in charge of the marketing communication but everyone can take part in the marketing work in some way. Therefore it is important to make sure that marketing is understood and that what it entails is made clear.

It has been mentioned that the learning done in a group is what enables progress (Edmondson, 1999; Rangarajan et al., 2004). What also is known is that this can be a very hard task to manage. Empirically it was found as an issue that knowledge tended to stay with individuals instead of being incorporated into the company. Scholars have suggested that systems have to be built into the organization to aid the spreading of knowledge (Rangarajan et al., 2004). We found that it could be helpful to highlight best practices inside the company and by this make other parts of the company keep up with the most successful departments.

When relating to marketing it was found empirically that few employees have a very good understanding of it and are educated in marketing. The problem is that this was very unevenly spread throughout the company. Previous literature mentions *standardization* as a way to solve the coordination of workforce when the task is complex and hard to understand (Mintzberg, 1979; Eriksson-Zetterquist, Kalling & Styhre, 2008). The standardization of skills would be preferable, because departments in the matrix can be working in different parts of the world and the solution to each problem might not always be the same.

5.5. Revised Framework



Figure 7. Revised Framework

This revised framework demonstrates how we, after conducting this study, see the different parts of our framework as being linked together. Once again we want to clarify that marketing and organization are both research areas of interest when it comes to the question about how to organize marketing work. By going through each concept separately we will explain how they relate to each other by clarifying the arrows. The *marketing concept* was previously considered the point of departure for improving the overall marketing work in a company and reach the benefits marketing can offer. While conducting this research it became clear that culture has a large impact on much of the related concepts. Earlier we had an understanding of the relationship between culture and structure but our awareness of the strong link between other concepts was not that obvious. The marketing concept and culture are closely related since the culture affects

the propensity to embrace a new way of looking at and using marketing. Through the empirical findings it was revealed that the product driven culture was strong and stands in the way of embracing the marketing concept. By looking at the market and potential customers in a different way through the marketing concept, the way change and growth are looked at would need to change as well. Moving to the second concept, *structural marketing*, it was still clear that this concept is related to the organizational structure. This was no surprise since this has been made clear by existing theory. Depending on the structure chosen there are different ways of structuring the marketing work. However, what still was disclosed was the dual possibility of keeping the marketing inside the matrix or placing it above in a separate department. The third of the concepts related to marketing is *marketing knowledge*. Through theory and empirical findings it is suggested that they will have an effect on culture. If a large set of marketing knowledge was to be included in a product-focused company the mindset would change. By a large set we mean that by simply adding a few positions to increase the marketing knowledge the culture would not be affected. Instead it is important to be aware of how much it takes to actually change an existing culture. A common understanding for marketing has to exist and this has to be done by changing the mindset of the organization. As has already been discussed the culture affects in multiple ways. What was seen as confusing was in what direction culture and structure affects each other. In our research, the empirical findings showed that when the structure is weak, culture takes over, which implies that culture has a larger effect on the structure than the other way around. However, if a strong and clearly defined structure had been the example it might have looked differently in regards of which concept affecting the other more. Moving on to the last concept, *change and growth*, this was empirically found to be one of the underlying reasons for the misfitting structure. As theory suggests there has to be constant adjustments of the structure when the company is growing or changes its strategic behavior. Found in our study, the structure had not been adjusted in a long time and this affects how responsibilities are and should be divided.

6. Conclusions

In this last chapter, we will draw conclusions based on our empirical results and the analysis and discussion of our findings based on literature. Here will be presented how marketing in complex matrix organizations should be organized and we will give some relevant suggestions, both managerial and theoretical, for potential improvements.

The objective of this study was to find out how complex matrix organizations should organize their marketing. Through the use of a theoretical framework we increased our understanding of existing literature in the field of marketing organization. Our aim was to make a contribution to existing knowledge in the field of marketing organization, which we have done in the revised framework where our empirical findings are included (seen in figure 7).

6.1. Conclusion to Research Question

Our conclusions will be presented by answering our research question and the following sub-questions.

How should complex matrix organizations organize their marketing?

The complexity of a large global company will be apparent also in the marketing work. For this complexity to be manageable it is important to have a clear division of responsibilities. Our sub-questions will help us answering our research question. The first sub-question is: *what enables and hinders effective organizing of marketing activities?* Through the empirical findings we see that the key to more structured marketing is to define responsibilities and goals clearly and by this also allocate time for the marketing work. By referring to existing literature our study confirms that incorrect levels of centralization, formalization and specialization in comparison to the chosen business strategy will lead companies to an inefficient use of marketing (Ruekert, Walker & Roering, 1985; Olson, Slater & Hult, 2005). Firstly, centralization of marketing in a larger degree would improve the effectiveness. When decisions are made from top management it should overrule the autonomous work done in different parts of the matrix and make the implementation done faster. However, decentralization should be kept in the operational work to keep the flexible advantages of a matrix. Secondly, by increasing the level of formalization

efficiency will improve, this since the use of routines improves the level of efficiency in how tasks are executed. Lastly, if the level of specialization was to rise so will the ability to adapt to both environmental and internal changes (Olson, Slater & Hult, 2005). This could be referred to the level of marketing knowledge. By increasing the knowledge the mindset towards marketing would also spread. For a company with the business strategy of a prospector it is important to keep a high level of specialized workforce. Moreover, marketing work also needs to be budgeted and its results measured. As the empirical evidence showed most effort would be put into tasks for which the results are measured. If the criteria mentioned above are not fulfilled it will work as hindering to all marketing activities.

The second sub-question steering our research was *how can communication within a company aid the organizing of marketing?* The answer is that communication conducted in a structured and systematic way will lead to the sharing of best practices and prevent the wheel from being reinvented in every department. This will streamline the organizing of marketing and make sure that no marketing responsibilities are left between positions. By actively communicating the information gathered by the many tentacles of a matrix, it could become useful for the whole organization. With a formalized way of sharing and storing information, the marketing work such as market research and competitor analysis, can be aided.

For a company with a heritage of being innovation driven and focusing on products and features (the product concept), it can be positive for the overall performance to include a customer focus. A market leader of today might get lost in the competition, which exists worldwide. To thoroughly analyze the market, potential customers and competitors will help an organization to stay frontrunners. To base innovation and production on customer needs implies a move towards working with the marketing concept, where value and customer focus are the leading words (Kotler et al., 2005). Companies with their business built on supplying customers with a diverse set of products and preferably bundles of products and services are ideal for implementing the customer focus (Day, 2006). When implementing it, the whole organization needs to be involved. This does in no way mean that the engineers working with development should stop innovating, but rather that they should focus their innovative skills on developing nothing but the current and future customer needs. As culture and structure influence each other (Janicijevic, 2013), the work

towards implementing a customer-focus may eventually influence the company culture and incorporate a new way of thinking. This will all be concluded by answering the third question: *how can a customer focus affect the role of marketing?* A customer focus will make marketing part of the strategic work in a more formal way. This will as suggested impact the role of marketing by increasing its importance and including the whole organization in the practice of marketing, which will be necessary in an environment of growing competition.

6.2. Theoretical Contributions

The organizational culture has a strong impact on the company's orientation and overall business performance. When we started this study we believed that the matrix structure was the main variable to consider, but throughout our research it became clear that culture is at least as important for the marketing work and its organization. As our new framework suggests, culture influences a lot of the concepts that organization of marketing consists of and this is our first contribution to the already existing knowledge. The established company culture is the most powerful force to overcome if a structural or strategic change is to be implemented, but also the most powerful force to embrace and exploit. It is in the hands of the top management to create and maintain a healthy and productive culture (Davis & Lawrence, 1977). Previous literature talks about the connection between organizational structure and culture, but it has not been made clear in what direction this relationship works (Janicijevic, 2013). Our study shows that, when the organizational structure is unclear, the organizational culture takes over and becomes even stronger than before as the employees do not have anything else to lean upon. To study if the reversed connection is found in clearly structured companies could be of interest for further research.

The second contribution strengthens theory in regards to the need of constantly adjusting the chosen structure (Davis & Lawrence, 1977; Child, 2005; Donaldson & Joffe, 2014). When working with a complex matrix it is essential to understand that a structure that was once optimal may have become a misfit due to external and internal changes.

The third contribution is the reinforcement of existing literature in the area of communication. Communication needs to be systematic to increase the efficiency of the matrix. When organizing

the marketing work communication needs to be continuous and it has to be made clear what and when information is to be shared.

The fourth and last contributing point is that of the importance to include a marketing mindset (marketing concept) in the entire organization. As theory advocates we also see that companies need to walk away from the old way of selling to actually use marketing in the entire organizational process (Drucker, 1974; Vargo & Lush, 2004b). Innovations should be based on customer needs to prevent the creation of superfluous features that do not add customer value. Only producing products based on customer needs should save costs and increase profit.

6.3 Managerial Implications

While a functioning matrix is flexible it continuously has to be maintained through smaller adaptations in order to remain flexible. For managers it will be a continuous responsibility to look after and make structural adjustments as both external and internal changes appears.

What should be taken into account when structuring the marketing work in a matrix is what parts to centralize and what parts to keep decentralized for an efficient division of responsibilities. To use the multiple dimensions of a matrix, marketing should be conducted in all parts of the company. By clearly and consistently defining what is expected and how it should be done, misunderstandings will be prevented and ownership will be taken of the marketing work. By having a centralized marketing department it could work as an internal support function and take on responsibilities requiring marketing expertise, however it would lack the direct contact with the market. It will therefore be important to involve departments working closely to customers for the ability to take advantage of their valuable information.

To reap all of the matrix advantages, a system for communication and the sharing of information needs to exist. For managers this would imply work with implementing this system in all parts of the company. To be of any use the information must be stored and incorporated in the company in a formalized way and be easily accessible for all employees.

To become more marketing focused marketing knowledge within organizations needs to improve. Internal marketing education should be made mandatory to make sure that all employees understand the value of marketing. Internal sales companies or distributors should be educated and given the knowledge and skills that are required for performing their tasks. The people working closest to the customers should also be assigned time to work with marketing. If there is going to be a change in the effort put into marketing they ought to be measured upon their results.

As competition increases, working with future customer needs should become an important part of the strategic work. Resources will be wasted on developing outstanding products if they are not based on current and future customer needs. Product focused companies should keep moving towards selling customer values instead of features.

6.4. Limitations & Further Research

This research was conducted as a single case study. While this can be seen as limiting the findings from being generalizable, it has to be remembered that analytical generalizability was the only intention of this study. This case study has given in-depth findings but it could be interesting to conduct multiple case studies and compare the findings amongst them. For further research we suggest multiple-case studies for the opportunity to include a wider perspective. Since this study was conducted in a global innovation- and product focused company, the most comparable results from future studies would be gained by using companies with similar characteristics. As was mentioned earlier it would be of interest to build on the theory of culture and its relationship to the organizational structure. If research was to be done in an organization with a simpler and distinct structure it would be fascinating to see if the culture matters to the same extent for the organizing of marketing. A final suggestion for future research would be to conduct a similar study quantitatively to be able to draw statistical conclusions for further validation of our framework.

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Appendix

Appendix A - Interview Guide

Personal questions

- Can you describe your position at Alfa Laval?
- *What are your specific tasks?*
- *What does your regular day look like?*
- Can you tell us about your background?
- (education, working experience of relevance to you current position?)
- How do you define marketing?
- How much of your work would you say is related to marketing?
- What do you find more or less difficult?

Matrix Structure & Marketing Organization

- How do you see marketing being organized in your Market Unit/Segment/Division?
- *In Alfa Laval as a whole?*
- How do you experience the reporting process?
- *Do you have people reporting to you?*
- How do the departments communicate today?
- *Is there a formal system?*
- How does the dividing of marketing responsibilities look today?
- *Do you think it is an optimal divide or could it be improved in some way?*
- *How do you make sure that tasks are not performed twice?*
- How do your colleagues view the division of responsibilities?
- Would you like to change your departments' role in some way? How?
- *Increased responsibilities or dividing of tasks differently?*

- In your experience, how does Alfa Laval research customer needs?

→ *Is it adequate?*

→ *Why / why not?*

-Do you have any direct customer contact?

→ *Is there any communication between the departments regarding customers?*

→ *Any specific gathering of customer insights?*

→ *What do you see aiding or hindering communication?*

-Do the divisions cooperate when it comes to marketing issues? How and when?

→ *Do you share expertise and general know-how to help each other?*

→ *Is the cooperation adequate? Why / why not?*

-Do you feel that marketing knowledge is equally distributed between the departments/units/segments?

-Do you have any suggestions regarding improvements of transferring and sharing of marketing knowledge?

-Is there anything you feel that we haven't touched upon that you would like to add?

-In our task of gaining understanding of how Alfa Laval works in marketing we are interviewing people in different areas of Alfa Laval. Is there anyone in the organization you feel we especially ought to speak with?

Appendix B - Survey

Marketing Survey at Alfa Laval

*** 1. In what organization do you work?**

Sales Company

Segment/Market Unit

Product Center/Business Center

Communications

Finance

Operations

Other (please specify)

2. Are you a manager?

Yes

No

*** 3. What educational background do you have?**

Engineering/Mechanical

Engineering/Processes

Engineering/Industrial

Engineering/Other

Business/Finance

Business/Marketing

Business/Organization

Business/Other

Other (please specify)

*** 4. How familiar do you feel with marketing as defined through "all activities related to strategic product development with the customer need in mind and ways of promoting and communicating it to the market"?**

Very Familiar Very Unfamiliar

*** 5. How relevant is marketing in comparison to your daily work?**

Marketing defined as: "all activities related to strategic product development with the customer need in mind and ways of promoting and communicating it to the market"?

Very Relevant Very Irrelevant

Marketing Survey at Alfa Laval

*6. How much time do you spend on these activities?

	Extremely much	Very much	Moderately	A Little	Not at all	Don't know
Resource Allocation for Marketing Activities	<input type="radio"/>					
Researching Customer Needs	<input type="radio"/>					
Sales Support	<input type="radio"/>					
Customer Visits	<input type="radio"/>					
Trouble Shooting Customer Problems	<input type="radio"/>					
Designing Customer Solutions	<input type="radio"/>					
Developing Marketing Strategy	<input type="radio"/>					
Customer Segmentation	<input type="radio"/>					
Competence Development in Marketing	<input type="radio"/>					
Working with and Developing Sales Channels	<input type="radio"/>					
Product Development	<input type="radio"/>					
Pricing	<input type="radio"/>					
Competitor Intelligence	<input type="radio"/>					
Process (uniformity of offering and service delivery)	<input type="radio"/>					
Technical Support	<input type="radio"/>					
Promotion	<input type="radio"/>					
Brand Management	<input type="radio"/>					
Quotations	<input type="radio"/>					

7. How do you believe marketing can be best measured?

Please remember our definition of marketing: "all activities related to strategic product development with the customer need in mind and promoting and communicating it to the market"

Marketing Survey at Alfa Laval

***8. Today, what are the key drivers for Alfa Laval in developing a product, offer or service?**

Please check two boxes

- Price/Cost
- Features
- Brand
- Innovation
- Quality
- Customer Need
- Channel Demands
- Response to Competitor Actions
- Logistics/Supply Chain
- Other (specify)

***9. What should be the key drivers for Alfa Laval in developing a product, offer or service?**

Please check two boxes

- Price/Cost
- Features
- Brand
- Innovation
- Quality
- Customer Need
- Channel Demands
- Response to Competitor Actions
- Logistics/Supply Chain

Other (please specify)

10. In your own words, how could the marketing work and results be improved?

Appendix C – Survey Findings

Q1. In what organization do you work?	
Answer Options	Response Percent
Sales Company	69,2%
Segment/Market Unit	25,1%
Product Center/Business Center	6,5%
Communications	1,5%
Finance	1,1%
Operations	0,0%
Other (please specify)	
answered question	
263	
skipped question	
0	

Q2. Are you a manager?	
Answer Options	Response Percent
Yes	67,4%
No	32,6%
answered question	
261	
skipped question	
2	

Q3. What educational background do you have?	
Answer Options	Response Percent
Engineering/Mechanical	47,1%
Engineering/Processes	18,3%
Engineering/Industrial	8,7%
Engineering/Other	11,4%
Business/Finance	2,7%
Business/Marketing	4,2%
Business/Organization	1,1%
Business/Other	6,5%
Other (please specify)	
answered question	
263	
skipped question	
0	

Q4. How familiar do you feel with marketing as defined through "all activities related to strategic product development with the customer need in mind and ways of promoting and communicating it to the market"?								
Answer Options	Very Familiar				Very Unfamiliar			Rating Average
	52	98	62	30	11	8	2	2,55
answered question								263
skipped question								0

Q5. How relevant is marketing in comparison to your daily work? Marketing defined as: "all activities related to strategic product development with the customer need in mind and ways of promoting and communicating it to the market"?

Answer Options	Very Relevant					Very Irrelevant		Rating Average
	70	80	64	25	14	8	2	2,49
<i>answered question</i>								263
<i>skipped question</i>								0

Q6. How much time do you spend on these activities? (6 activities had to be marked)

Answer Options	Extremely much	Very much	Moderately	A Little	Not at all	Don't know	Response Count
Product Development	8	36	54	78	81	2	259
Designing Customer Solutions	29	88	66	47	31	0	261
Customer Segmentation	14	96	79	44	23	7	263
Developing Marketing Strategy	19	89	79	47	27	1	262
Process (uniformity of offering and service delivery)	15	76	82	59	25	5	262
Working with and Developing Sales Channels	29	58	61	58	55	0	261
Technical Support	36	90	69	37	29	1	262
Resource Allocation for Marketing Activities	6	39	78	79	55	4	261
Sales Support	51	102	60	30	18	0	261
Quotations	44	75	51	48	37	4	259
Customer Visits	50	92	85	29	6	0	262
Pricing	54	125	48	24	11	1	263
Promotion	20	94	90	45	11	0	260
Researching Customer Needs	31	88	87	40	11	1	258
Competitor Intelligence	13	77	109	55	7	0	261
Trouble Shooting Customer Problems	32	74	81	57	19	0	263
Brand Management	3	53	89	65	45	3	258
Competence Development in Marketing	4	44	89	64	59	0	260
<i>answered question</i>							263
<i>skipped question</i>							0

Q7. How do you believe marketing can be best measured? Please remember our definition of marketing: "all activities related to strategic product development with the customer need in mind and promoting and communicating it to the market"

Answer Options	Response Count
	202
<i>answered question</i>	202
<i>skipped question</i>	61

Findings from this question were not included since it did not describe the actual situation of Alfa Laval. This question simply gave suggestions for potential changes.

**Q8. Today, what are the key drivers for Alfa Laval in developing a product, offer or service?
Please check two boxes**

Answer Options	Response Percent	Response Count
Price/Cost	43,0%	113
Features	23,2%	61
Brand	14,8%	39
Innovation	35,0%	92
Quality	25,5%	67
Customer Need	37,6%	99
Channel Demands	1,1%	3
Response to Competitor Actions	12,5%	33
Logistics/Supply Chain	3,8%	10
Other (specify)	3,4%	9
<i>answered question</i>		263
<i>skipped question</i>		0

**Q9. What should be the key drivers for Alfa Laval in developing a product, offer or service?
Please check two boxes**

Answer Options	Response Percent	Response Count
Price/Cost	33,5%	88
Features	11,0%	29
Brand	6,8%	18
Innovation	41,4%	109
Quality	17,9%	47
Customer Need	77,9%	205
Channel Demands	5,3%	14
Response to Competitor Actions	3,4%	9
Logistics/Supply Chain	2,7%	7
Other (specify)		17
<i>answered question</i>		263
<i>skipped question</i>		0

Q10. In your own words, how could the marketing work and results be improved?

Answer Options	Response Count
	196
<i>answered question</i>	196
<i>skipped question</i>	67

Findings from this question were not included since it did not describe the actual situation of Alfa Laval. This question simply gave suggestions for potential changes.

Successful Company, Successful Marketing?

Alfa Laval is a very successful company with profits elevated even more in the last ten years. How does a great company like this organize their marketing work? What we found surprised us...

Lund 16th of May.

When you walk through the sliding doors and into the Alfa Laval headquarter, nothing of the speeding world or fast growing company portfolio hits you: the atmosphere is calm and ordered, and we are met by nice, serene and unruffled people.

We tried to map out Alfa Laval's marketing organization through interviews with a variety of Alfa Laval managers and employees. Alfa Laval has a complex matrix structure and therefore does not have separate departments for every function. What we found was that the marketing work is split across the organization, with segments, market units and sales companies doing different parts of the marketing work, but they have no organized marketing department.

Alfa Laval identifies as a product focused company driven by innovations. While this focus has brought the company great success historically, we find that the company would do well from moving more towards a marketing focus. To work with a marketing mindset means

that all efforts should be put into creating value for customers. This change would be necessary since innovative features are not necessarily the same as customer value. By developing products of top quality and dazzled with features might not always be what the customers are prepared to pay for. To clearly map out customer needs and adjust all production accordingly should save Alfa Laval money as well as help them maintaining their strong position on the market. The increasing competition calls for work with marketing in a structured way, if they are to keep their position as market leaders. The first and most important measure to be taken is to conduct thorough market research including both current and potential customers. This has to be done in a consistent way and it should be made clear to all involved what information to gather.

“It is important that we get more marketeers, more marketing economists, who can provide another view on business than the engineers”

One of the reasons for the low priority in marketing work at Alfa Laval may be due to the existing engineer-culture. There is very little diversity in the company when it comes to educational background. Alfa Laval would benefit from bringing in people with other backgrounds, and in this case especially marketers. The



Peter Torstensson,
Vice President, Communication Group

existing employees also need to change their mindset, for the existing culture to be able to change. The important thing is for Alfa Laval to educate their current employees on the importance of marketing and how to include it in all parts of the work. Peter Torstensson, Senior Vice President, Corporate Communications mentions awareness for this issue and that they have started to prepare the ground for this cultural change to take place in the coming years:

“I am very eager for us to continue pushing for diversity, which do not only include gender or age but also background. It is important that we get more marketeers, more marketing economists, who can provide another view on business than the engineers”

Alfa Laval is as mentioned a matrix-structured company, and matrices need to be updated and adjusted along with company changes in order to stay agile. We found that the most suitable measure to be taken is adjustments of the matrix to overcome some of the complexity built in by the recent growth. Furthermore all marketing activities should be budgeted, and the results measured. In this way, strategic and practical marketing work will get a higher priority. Closer cooperation with the sales companies is also necessary, as they need help and time to work more actively with marketing.

These are changes that we have identified as necessary and beneficial for Alfa Laval if they are to keep up their success. Because, as we leave the headquarters, the wind is blowing on the Alfa Laval flags and outside of Lund is the competitive environment growing

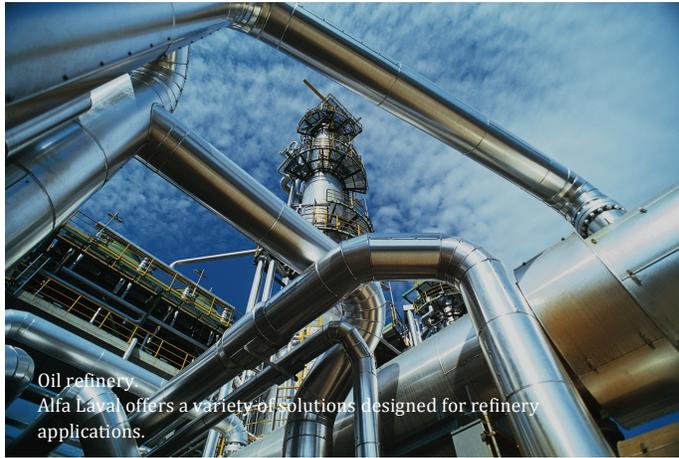
Text:
Emma Alvedahl & Mim Särner.

Photos:
<http://www.alfalaval.com/about-us/pressroom/press-images/pages/default.aspx>

[Accessed 16 May 2015]

Short about Alfa Laval

Net Sales: 35,1 billion SEK
Employees: 18 000
Patents: 1900
Active: Globally



Oil refinery
Alfa Laval offers a variety of solutions designed for refinery applications.



On-site cleaning of industrial fluids