

**Lund University**

School of Economics and Management

Department of Business Administration

Master's Corporate Entrepreneurship and Innovation

Internship and degree project (Master's thesis 15 ECTS)

Spring 2016



**THE IMPACT OF CONTEXTUAL CONDITIONS ON THE RESOURCE  
ACQUISITION STRATEGIES OF CORPORATE VENTURES: A COMPARISON OF  
INTERNAL VERSUS EXTERNAL CORPORATE VENTURES**

Authors: Freya Nickl & Fiona Sheils

Supervisor: Joakim Winborg

## **Abstract**

**Title:** The impact of contextual conditions on the resource acquisition strategies of corporate ventures: a comparison of internal versus external corporate ventures

**Date of the seminar:** 24/25-05-2016

**Course:** Master's Corporate Entrepreneurship and Innovation Internship and degree project (Master's thesis 15 ECTS)

**Authors:** Freya Nickl & Fiona Sheils

**Supervisor:** Joakim Winborg

**Keywords:** Corporate venturing, internal corporate ventures, external corporate ventures, resource acquisition strategies, contextual conditions, salience of resources

**Research question:** How do the contextual conditions differentiating internal and external corporate ventures influence their resource acquisition strategies?

**Methodology:** The analysis of the study is based on four cases consisting of two internal corporate ventures and two external corporate ventures. Data was gathered through in-depth qualitative interviews with the corporate entrepreneur managing the venture.

**Theoretical perspectives:** the thesis is built on the following theories: Corporate venturing (Sharma & Chrisman, 1999; Keil, 2002; Miles and Covin, 2002), resource acquisition strategies of corporate and independent ventures (Starr and MacMillan, 1990; Lopes, Cunha, & Da Palma, 2009), contextual conditions of corporate and independent ventures (Greene, Brush & Hart, 1999; Sykes, 1986; Burgers et al., 2009).

**Conclusions:** This research focused on current gaps in corporate venturing literature, namely the influence of the contextual conditions differentiating internal and external corporate venture on their resource acquisition strategies. The findings demonstrate that contextual conditions do indeed impact the choice of resource acquisition strategies. Furthermore, the degree of relatedness to the parent company in terms of resource dependency and base business affiliation has a substantial impact. Internal and external corporate ventures are both likely to apply the network positioning strategy but it is predominant in internal corporate ventures due to their characteristics of resource dependence, base business relatedness, and cultural fit. External corporate ventures that are far removed from these characteristics are more likely to employ the engaging capability dimension of the idea selling strategy. Lastly, the findings support Lopes, Cunha and Da Palma's (2009) two-way framework by illustrating the relationship between the network positioning and legitimacy dimensions.

## **Acknowledgments**

We are most grateful to our thesis supervisor, Joakim Winborg, for his crucial and unfaltering guidance, encouragement and support. This thesis would not have been possible without his wealth of knowledge and assistance in navigating the vast waters of entrepreneurship literature, or his invaluable counsel with regard to the development of the research. We would like to extend our gratitude to Anna Brattström, for reading our drafts and providing much-valued insights and recommendations.

We would also like to thank Tomas de Souza and Karin Lilliedahl, our mentors at HD Sydsvenskan, for their guidance and support during our time interning in the company, for their help initiating contact with all of the interviewees in this study and for taking part themselves. Finally, we acknowledge with gratitude the assistance of all of the venture managers who took part in the research, allowed us to interview them and provided interesting insights into the world of corporate venturing.

## Table of Contents

<b>1. Introduction</b>	<b>1</b>
1.1 Background	1
1.2 Problem Discussion	2
1.3 Purpose	3
<b>2. Theoretical frame of reference</b>	<b>5</b>
2.1 Corporate Venturing	5
2.2 Resource Acquisition Strategies	7
2.2.1 Resource Saliency in Corporate Venturing	7
2.2.2 Resource Acquisition Strategies	10
2.2.3 The dynamic Nature of Corporate Ventures	15
2.3 Contextual Differences between internal and external Corporate Ventures	16
<b>3. Methodology</b>	<b>20</b>
3.1 Overall research design and process	20
3.1.1 Research approach	20
3.1.2 Research Strategy	21
3.1.3 Research Process	22
3.1.4 Case description	22
3.2 Data Collection	24
3.2.1 Methods of data collection	24
3.2.2 Generalisation	26
3.2.3 Interview Preparation	27
3.3 Method for Data Analysis	28
3.3.1 Process of Analysis	28
3.3.2 Validity, Replication and Reliability	29
<b>4. Presentation of Results</b>	<b>30</b>
4.1 Internal Corporate Venture 1: Alpha	30
4.1.1 Background	30
4.1.2 Venture development	30
4.2 Internal Corporate Venture 2: Beta	33
4.2.1 Background	33
4.2.2 Venture development	34
4.3 External Corporate Venture 1: Gamma	36
4.3.1 Background	36
4.3.2 Venture development	36
4.4 External Corporate Venture 2: Delta	39
4.4.1 Background	39
4.4.2 Venture Development	39
4.5 Key findings	42
<b>5. Analysis and Discussion</b>	<b>44</b>
5.1 Resource Acquisition Strategies	44
5.1.1 Internal Corporate Venture 1: Alpha	44
5.1.2 Internal Corporate Venture 2: Beta	46

5.1.3 External Corporate Venture 1: Gamma	47
5.1.4 External Corporate Venture 2: Delta	48
<i>5.2 Contextual Factors</i>	<i>51</i>
5.2.1 Internal Corporate Venture 1: Alpha	51
5.2.2 Internal Corporate Venture 2: Beta	53
5.2.3 External Corporate Venture 1: Gamma	54
5.2.4 External corporate venture 2: Delta	56
<i>5.3 Discussion</i>	<i>58</i>
5.3.1 Internal corporate venture 1: Alpha	58
5.3.2 Internal corporate venture 2: Beta	59
5.3.3 External corporate venture 1: Gamma	59
5.3.4 External corporate venture 2: Delta	60
<i>5.4 Discussion of results</i>	<i>61</i>
5.4.1. Comparison of homogeneous ventures	61
5.4.2 Overall Discussion	63
<b>6. Conclusion, Limitations and Implications</b>	<b>68</b>
<i>6.1 Conclusion</i>	<i>68</i>
<i>6.2 Limitations and recommendations for future research</i>	<i>69</i>
<i>6.3 Managerial implications</i>	<i>69</i>

## List of Tables

Table 1	Information about cases.....	p.25
Table 2	Summary of salient resources, acquisition sources and modes.....	p.42
Table 3	Quotes demonstrating the contextual conditions.....	p.43
Table 4	Summary of resource acquisition strategies for all ventures.....	p.50
Table 5	Resource acquisition strategies.....	p.64
Table 6	Contextual conditions.....	p.64

## List of Figures

Figure 1	The two-way framework.....	p.14
Figure 2	Case selection funnel.....	p.26
Figure 3	Impact of context on resource acquisition strategy.....	p.66

# 1. Introduction

## 1.1 Background

“Companies cannot be static – they must continually adjust, adapt, and redefine themselves” (Kuratko, Morris & Covin, 2011, p.3). Within the past decade, dramatic changes have taken place in the external environment of companies; increasingly fragmented markets, stricter environmental regulations, digitalization and real-time communication are only a few examples that lead to changes in the landscape of entire industries. As a result, companies face new managerial challenges and have to expand their conventional management practices with new paradigms (Kuratko, Morris & Covin, 2011, p.4). The organisational integration of entrepreneurship can serve as such a “unifying framework for successful management practice in the twenty-first century” (ibid). Entrepreneurship can be defined as “the process of creating value by bringing together a unique combination of resources to exploit an opportunity” (Stevenson & Jarillo-Mossi, 1986, p.27). The manifestation of entrepreneurship within a corporation can take two different forms, strategic entrepreneurship or corporate venturing (Kuratko, Morris & Covin, 2011, p.85), the latter is the focus of the present research. Corporate venturing serves companies as a “means of revitalizing their operations, building new capabilities, and achieving strategic renewal (Narayanan, Yang & Zahra, p.1, 2009) and is therefore of great interest to both researchers and managers.

In relation to the impact corporate venturing has on the parent organization’s business success, it is important to understand critical dynamics and influential factors between both parties – the corporate venture and the parent organisation (Burgelman; 1988; Starr & MacMillan, 1990). A deciding factor of that relationship is the exchange of resources (Shrader & Simon, 1997), and more specifically how these are acquired by the venture (Starr & MacMillan, 1990). However, this field remains insufficiently developed, partly because corporate ventures are treated too homogenous in research. Corporate venturing occurs in many different forms, classed as either internal corporate venturing processes or external corporate venturing processes (Miles & Covin, 2002). It is therefore important to understand how the locus of the corporate venture influences the resource acquisition (Starr & MacMillan, 1990) in order for managers to choose the correct form of corporate

venturing. Consequently, this thesis aims to contribute to the field of corporate venturing and add to the literature on resource acquisition processes for corporate ventures by adding a new dimension: contextualization.

## 1.2 Problem Discussion

While corporate venturing emerged as a theme in literature several decades ago, there are few studies examining the state of corporate venturing as it is today (Kuratko, Covin & Garrett, 2009). Moreover, much of what has been written about corporate venturing is contradictory (Souitaris, Zebinati & Liu, 2012) and is often based on archival data, it would therefore benefit from more case-based studies documenting corporate venturing practices (Dushnitsky & Lenox, 2006). Previous studies have identified different strategies for resource acquisition in ventures from the perspective of the corporate entrepreneur and independent entrepreneur (Starr & MacMillan, 1990; Lopes, Jenssen & Jorgensen, 2004, Lopes, Cunha & Da Palma, 2009) and the importance of the context of the corporate venture to the method of resource acquisition has been emphasized (Starr & MacMillan, 1990); however, none have differentiated between internal and external corporate ventures in this regard. The salience of this research is further emphasized by Shrader and Simon's (1997) assertion that venture origin is a source of resource difference and that studies treating different types of ventures as homogeneous may well be masking important relationships between resources. Research is thus necessary that does not treat internal corporate ventures and external corporate ventures as homogeneous but rather compares them within a study to unmask potentially important relationships among resource acquisition strategies. Moreover, the contextual conditions which define a corporate venture's operating environment have been identified (Sykes, 1986; Burgelman, 1983) however this area of corporate venturing literature has mainly focused on differences between corporate ventures and independent start-ups rather than the subsets of corporate venturing (Greene, Brush and Hart, 1999) and Souitaris, Zebinati and Liu (2012) emphasize the lack of research concerning the organisational structure of corporate venturing programs. An exploration of the differences between internal and external corporate ventures

has been carried out in the literature (Sharma & Chrisman, 1999; Keil, 2002; Miles & Covin, 2002) however further information on the resource acquisition processes employed in each of these two subtypes of corporate venturing will allow us to identify and outline important contextual differences between the environments in which they operate, and the impact these differences have on their resource acquisition opportunities, leading to insightful implications from a managerial viewpoint. With the above literature as a foundation on which to build, and the identified theoretical gaps in mind, the research question developed for this study is:

*How do the contextual conditions differentiating internal and external corporate ventures influence their resource acquisition strategies?*

This research question is formulated in such a way to effectively guide our study of corporate ventures, contribute to the existing literature and enhance our understanding of resource acquisition strategies in internal corporate ventures versus external corporate ventures.

## 1.2 Purpose

By comparing two polar modes of corporate venturing this thesis aims to shed light on how the context of a corporate venture impacts the resource acquisition strategies. As internal and external corporate ventures differ strikingly in terms of operational context, their comparison and subsequent analysis of resource acquisition strategies will highlight the impact of this factor. The operational context of a corporate venture is the sum of the ties and dependencies to the parent company. A few examples are the mode of financing, imposed milestones, strategic coherence, and market and technology congruence (Sykes, 1986; Greene, Brush & Hart, 1999).

By mapping and analysing the actions taken by corporate entrepreneurs to gather resources, and investigating the different contextual environments in which these corporate entrepreneurs operate, this thesis aims to provide an answer to *how* and *why* context matters. The analysis of resource acquisition strategies is based on Lopes, Cunha and Da Palma's (2009) research, the framework they developed consists of two approaches which entrepreneurs use to gather resources for their venture. The framework was developed within the general field of entrepreneurship;

however, after an intensive literature review, the two-way framework was chosen. The framework incorporates past research on resource acquisition strategy including studies done within corporate venturing. For instance, the first study of resource acquisition strategies in the field of corporate venturing was conducted by Starr and MacMillan in 1990, and several of their dimensions are reflected in the framework. The idea selling approach of the framework describes the strategic behaviour of an individual who convinces others to engage in the venture and therefore support the business (ibid). The second strategy, network building, uses the attraction of the network position of the entrepreneur and therefore contributes to the venture's legitimacy in a more indirect manner (ibid). In order to analyse the resource acquisition strategies identified in terms of the venture's operational context, this thesis applies a combination of Brush, Greene and Hart's (1999) contextual factors of time, success hurdles and boundaries, and Sykes' (1986) structural and procedural breakdown of the components defining a corporate venture to define each venture's context.

## 2. Theoretical frame of reference

In the following chapter, the thesis will present different concepts related to the overall theme of corporate venturing. After that, the thesis will elaborate on the role of resources for corporate ventures and shed light on several strategies for resource acquisition. The chapter continues with an overview of contextual conditions influencing the choice of strategy by the corporate venture. A brief explanation of the role corporate entrepreneurs play in corporate venturing is included to justify the choice of interviewees for the study.

### 2.1 Corporate Venturing

Corporate entrepreneurship can be seen as “the sum of a company’s innovation, strategic renewal and corporate venturing” (Zahra, 1995, p. 227). The need for these entrepreneurial developments can be summed up in one sentence: “Firms which are more adaptable, aggressive, and innovative are better positioned not only to adjust to a dynamic, threatening, and complex external environment, but to create change in that environment” (Kuratko, Covin & Garrett, 2009, p. 459). Although prior corporate venturing theory does differ with regards to the specifics defining a corporate venture, it is generally described as a component of corporate entrepreneurship emphasizing the creation of new businesses within or outside of the organisation (Sharma & Chrisman, 1999; Kuratko, Covin & Garrett, 2009) and involves the creation of new competencies and capabilities underlying new products and services (Zahra et al., 1999). Narayanan, Yang and Zahra (2009) further elaborate that it is a group of activities building upon a firm’s innovations in new markets or introducing new products, or the activities leading to significant changes in a company’s business, strategy or competitive profile, resulting in the renewal of operations.

Research concerning corporate venturing is mostly found within the larger body of literature on corporate entrepreneurship (Narayanan, Yang & Zahra, 2009) and many aspects of it are still underdeveloped (ibid). As corporate venturing involves the firm creating an entirely new business, to define a corporate venture it is first necessary to determine what constitutes a new business for a corporation. Kuratko,

Morris and Covin (2011) distinguish a new business through its market and product focus: a new business is a new product in a new industry, a new product in the current industry with a market extension, and extension of a current product which develops a new market for the company or a current product which creates an entirely new market. We carry these market and product criteria forward to distinguish corporate venturing activity from strategic entrepreneurship.

Over the last few decades a substantial amount of literature has emerged on the subject of corporate venturing and the benefits it brings to an organisation. According to Narayanan, Yang and Zahra (2009), companies use corporate venturing as a strategy for revitalizing operations, building new capabilities, achieving strategic renewal and creating value for shareholders. Learning and increased innovation are key benefits from corporate venturing for corporations (Keil, 2002) and it has been shown to improve firm performance, fuel strategic renewal and generate organic growth and innovation (Burgers, 2009). Despite these beneficial outcomes, difficulties in successfully managing venturing activities have also been identified, and a large disadvantage is the high risk of failure associated with corporate ventures, generally related to how they are managed, organized, rewarded and judged (ibid). These factors depend upon the form of corporate venturing. Miles and Covin (2002) define four classes of corporate venturing, based on the focus on entrepreneurship and the presence of investment intermediation. This resulted in the following four categories: direct-internal venturing, direct-external venturing, indirect-internal venturing and indirect-external venturing. External corporate venturing refers to the process by which large firms learn how to create and develop ventures together with external partners through venture capital investments, alliances and acquisitions (Keil, 2002). An external corporate venture is a semi-autonomous or autonomous organizational entity residing outside the existing organizational domain (Sharma & Chrisman, 1999) while an internal corporate venture refers is an organizational entity that resides within the existing organizational domain (ibid). Miles and Covin's (2002) direct and indirect criteria relate respectively to investments made directly in the venture by the parent company and indirectly through the financial intermediary of a venture capital fund. This thesis focuses on direct forms of corporate venturing, namely direct-internal and direct-external venturing. As internal corporate ventures belong inside the corporation, they share long-term strategies

and goals and are therefore “able to leverage the parent’s resources” (Gassman & Becker, 2006, p.22). Burgelman (1983) studied the process of internal corporate venturing and presented a grounded process model of the interlocking key activities of managers, constituting the strategic process by which these ventures take shape. His research provided an understanding of the interactions between strategy, structure, and managerial activities and skills in the context of internal corporate venturing. According to Burgelman’s (1983, pp. 223) findings, successful internal corporate ventures depend upon “the availability of autonomous entrepreneurial activity on the part of operational level participants, on the ability of middle-level managers to conceptualize the strategic implications of these initiatives in more general system terms, and on the capacity of top management to allow viable entrepreneurial initiatives to change the corporate strategy”.

## 2.2 Resource Acquisition Strategies

### 2.2.1 Resource Saliency in Corporate Venturing

Resource acquisition strategies dictate what resources a corporate venture will hold and are therefore a key element to understanding a corporate venture’s success. A useful tool to analyse how a firm develops new resources in the context of corporate venturing, and to demonstrate the saliency of resources for a venture, is the resource based view. It provides the most comprehensive theoretical framework in which corporate entrepreneurs may be interpreted - unlike an organisation, the corporate entrepreneur does not own and control resources, but must decide what combinations of resources to acquire (Jenssen & Jorgensen, 2004). Without the visionary leadership and persistence demonstrated by this individual, little would be accomplished; Schon (1963) argues that the emergence of champions is required when it comes to innovations in established companies. “Given the underground resistance to change (...), the new idea either finds a champion or dies” (Schon, 1963, p.84). Greene, Brush and Hart (1999) demonstrate that the analysis of resources, both existing and emergent, is crucial to the venture creation process within firms. From this resource perspective, the role of the corporate venture

champion in the startup process “assumes a greater importance” (Greene, Brush & Hart, 1999, p.2). Additionally, Burgelman discusses the resource-based methodology within corporate venturing; describing the managers of corporate ventures as “scarce resources of [the] corporation” (1988, p.595)”. Greene, Brush and Hart’s (1999) analysis compares corporate venture managers with independent entrepreneurs to find out how contextual differences of the ventures affect the resource acquisition process. “We position the corporate venture champion as a corporate resource fulfilling a unique role in the larger organization's evolution by carrying out a process that is quite similar to that of the independent entrepreneur despite different contextual conditions” (Greene, Brush & Hart, 1999, p.4). Due to the significant role the corporate entrepreneur plays in the venture, the present study interviews the corporate entrepreneur responsible for championing each venture discussed. Their individual perspective, while important in terms of entrepreneurship theory, is not analysed as the main focus of this study is the influence of the contextual conditions and the corporate entrepreneur’s scope of knowledge serves as a vessel for analysing these conditions.

According to the resource based view, competitive advantage can be gained and sustained if a firm is in control of certain resources. These resources must meet five criteria: inimitability, durability, appropriability, substitutability and competitive superiority (Collis & Montgomery, 1995). Within this view, companies consist of tangible and intangible assets and capabilities. *Tangible assets* are physical resources the company possesses, such as facilities, equipment and capital, while the term *intangible assets* encompasses resources that have no physical presence yet still belong to the company. Examples include knowledge, brand reputation and trademarks. By the resource based view definition, no two companies are the same, as they possess different sets of experiences, assets, skills or culture and a company will succeed if it has the best and most appropriate stocks of resources for its business and strategy (Collis & Montgomery, 1995). The resource based perspective highlights the need for a fit between the external market context in which a company operates and its internal capabilities (Jones, Wahba & Van der Heijden, 2007).

Keil (2004, p. 800) states that “most resources and capabilities need to be developed over time and cannot be acquired in a ready form on some resource market”. Keil

(2004) further argues that the early literature within the resource based view focuses solely on identifying the specific resources for creating sustainable competitive advantage, ignoring the essential question of how these resources are acquired and developed over time. This question has since been explored in the general field of entrepreneurship but remains underdeveloped in corporate venturing (see section 3.2.2).

The resource based view is often applied to new ventures in order to gain a deeper understanding of their start-up and development. Lichtenstein and Brush (2001) explore the salience of resource bundles in rapidly growing new ventures and how this salience changes over time. This research generated a much more complete view of the resource acquisition process by identifying which resources are deemed most important by the entrepreneurs to acquire throughout the development of the venture, and how these resources are organized during periods of high instability. The salience of a resource is characterized by its magnitude of exchange and its criticality in the organisation process, where the magnitude is high if there is only a single supply source for the resource, and the criticality is high if the product or service can not be completed in its absence (Lichtenstein & Brush, 2011). The results of Lichtenstein and Brush's (2011) study showed significant variations in which resources were considered most salient to the entrepreneurs over time and the hypothesis was put forward that this variation could be attributed to the level of change the venture had just undergone. After periods of high turbulence, the focus was found to be on intangible resources and issues, such as extending the venture's knowledge base, planning, dealing with new identity or cultural tension. In contrast, after periods of normal, incremental change, the entrepreneurs were demonstrably focused on tangible resources. If the resources deemed salient by the entrepreneur vary over time alongside the venture's development, it is fair to assume that the resource acquisition strategies will also vary or be adapted to match the changing resource needs.

## 2.2.2 Resource Acquisition Strategies

This section reviews resource acquisition strategies in corporate venturing and general entrepreneurship.

### *2.2.2.1 A review of resource acquisition strategies*

Resource acquisition strategies for new ventures have been discussed within the entrepreneurship literature for over two decades. One of the first published studies was Birley (1986); her research suggests that the main way for acquiring resources is the entrepreneur's informal network - mostly consisting of family, friends and colleagues. According to an intensive literature research, Starr and MacMillan's explorative paper in 1990 was the first study which specifically focuses on corporate ventures and how resource acquisition strategies in that context differ from independent ventures. Starr and MacMillan (1990) analyse social contracting strategies for acquiring resources of independent and corporate entrepreneurs. Their research identifies two main areas where social contracting can be very helpful which are in co-opting legitimacy and obtaining underutilized resources (p.79). Here, legitimacy is defined as the "institutional support of powerful external factors" (Starr & MacMillan, 1990, p.83). A new venture typically faces a credibility issue and has to somehow build that impression of legitimacy, trustworthiness and viability; the process of creating a distribution and customer network from scratch can be time-consuming and therefore expensive (Starr & MacMillan, 1990). Starr and MacMillan (1990) suggest that applying social contracting concepts like trust and friendship help both the corporate and independent entrepreneur to gather critical resources at lower than market price which benefits their ventures in return. As corporate ventures take twice as long to achieve profitability than independent ventures, Starr and MacMillan (1990) thought it was valuable to study both corporate and independent entrepreneurs by looking at how they go along in securing resources; more specifically if they apply social transaction methods over economic exchange. The researchers suspected that this relates to how entrepreneurs go about acquiring resources and the cost of these resources (Starr & MacMillan, 1990). One of their main propositions is that venture managers will acquire the needed resources in a spectrum ranging from strictly administrative at one extreme to strictly social transaction oriented at the other extreme. A venture manager who follows social

contracting strategies is more likely to share information with others, giving and receiving favours or solving problems for others (ibid). Additionally, an entrepreneur following the social contracting strategy will also spend more time on “building, nurturing, and maintaining internal and external networks” (Starr & MacMillan, 1990, p. 88). In contrast, a more administrative venture manager spends more time on detailed budgeting, places higher importance on specific resource planning and also is more prone to employing official channels to gain corporate assets (ibid). Starr and MacMillan (1990) discuss different social contracting strategies which were first mentioned by Kanter (1988) and Burgelman and Sayles (1986): borrowing, begging, scavenging and amplification. These four strategies enable the entrepreneur to acquire the needed resources at much lower cost. The borrowing approach is used to temporarily secure assets and resources under the mutual agreement that they will be returned eventually; the begging approach refers to the goodwill of the resource holder where the venture manager does not have to return the resources (Starr & MacMillan, 1990). The scavenging method refers to extracting value from resources that resource holders do not intend to use; applying the amplification method means that the entrepreneur levers more value out of a resource than what is perceived by the resource holder (Starr & MacMillan, 1990). These proposed strategies can serve as an orientation for the thesis, however, Starr and MacMillan do not claim that they “have identified the full array of characteristics and mechanisms of co-opting underutilized goods” (p.85).

Resource acquisition strategies have furthermore been classed into three categories which are rational strategies, participation process and bootlegging (Jenssen & Jorgensen, 2004). Rational strategies rely on a solid business plan, negotiation and bargaining methods, presentation of vision, financial analysis and payback estimates; these approaches closely relate to Starr and MacMillan’s administrative end of the resource acquisition spectrum. In contrast, Jenssen and Jorgensen’s (2004) participation process emphasizes communication and collaboration; bootlegging strategies focus on less administrative approaches and incorporate a dimension of secrecy. Those strategies show strong ties to Starr and MacMillan’s (1990) social contracting strategies. In general, literature suggests that corporate entrepreneurs tend to use more administrative resource acquisition strategies and face more challenges when using resource cooptation and social contracting

strategies compared to independent entrepreneurs. One theory illustrates that the corporate context pressures the corporate entrepreneur to make an organized, certain and very rational impression rather than showing emotional and exploratory behaviour (Dougherty, 1987). This contextual pressure leads to rather administrative resource allocation strategies which can lead to higher expenses in return. However, it remains unknown if that only accounts for internal corporate ventures. External corporate ventures do not share a working environment with the parent company and might therefore apply different resource acquisition strategies than their internal counterparts. Literature suggests that “levels of accountability, likelihood of detection, and penalties for breaking the rules are greater for corporate entrepreneurs (Starr & MacMillan, 1990, p.89)”; however, after an intensive literature research, there was no distinction found between internal and external corporate ventures. Another proposition is that corporate entrepreneurs may be hindered by rigidities and policies of the firm which control the usage of corporate resources; for instance, corporate entrepreneurs may feel obligated to use human resources that might not be entirely appropriate (Starr & MacMillan, 1990). Generally, there is big evidence that the context of a venture influences the resource acquisition strategy of a venture manager; in other words, research managers of internal corporate ventures acquire resources in a different manner than those of external corporate ventures (Starr & MacMillan, 1990, Greene, Brush & Hart, 1999; Noda & Bower, 1996). After an intensive literature research on studies published after Star and MacMillan’s (1990) study, there was no academic article found focusing on the resource acquisition strategies specifically of corporate ventures. Additionally, studies which focus on differences between internal and external corporate ventures do not address the resource acquisition strategies of the ventures. To conclude, within the research area of corporate venturing where the present study aims to contribute in, there were no apparent studies focusing on resource acquisition strategies. Nonetheless resource acquisition strategies are broadly discussed for entrepreneurship and the independent entrepreneur in the last decades (Aldrich & Zimmer, 1986; Johannisson, 1987; Jarillo, 1988; Vanacker, 2010; Martens, Jennings & Jennings, 2007; Lounsbury & Glynn, 2001; Lopes, Cunha & Da Palma, 2009). Hence, the present research aims to apply concepts and theories of the research area of entrepreneurship to corporate venturing to close the articulated gap within corporate venturing.

### 2.2.2.2 *The two-route framework*

Successful entrepreneurship is possible due to the founder's unique awareness of opportunities, ability to acquire the necessary resources to exploit an opportunity, and the ability to recombine homogeneous inputs into heterogeneous outputs (Alvarez & Busenitz, 2001). The important role of resource attraction for developing new ventures requires corporate or independent entrepreneurs to become highly competent in acquiring and managing resources (Lopes, Cunha & Da Palma, 2009). The analysis of resource acquisition strategies of the present research is based on Lopes', Cunha's and Da Palma's (2009) study. Their framework represents the first theoretical synthesis on strategies used by entrepreneurs to acquire resources. The study helps to understand "what entrepreneurs actually do to set up new ventures and enterprises" (Lopes, Cunha & Da Palma, 2009, p.324). It is based on qualitative interviews from a sample of case studies (Lopes, Cunha & Da Palma, 2009) - a very similar methodology to the present thesis. Therefore, another convincing argument to use Lopes', Cunha's and Da Palma's (2009) study as a building block for this one is their choice of methodology, following Eisenhardt (1989); the researchers derived their codes to be comprehensible and generalizable. From their first codes, which are very broad, they derive theoretical categories, which can be backed up with literature in resource acquisition strategies. Their *engaging capability* dimension implies attaching personal meaning to a venture, showing others how to participate and therefore engaging stakeholders and resource holders. Showing self-confidence and communicating the venture's vision are also examples for their *engaging capability* dimension. This dimension shows a link to social contracting strategies discussed by Starr and MacMillan (1990); this *engaging capability* is a less formal strategy to acquire resources. Lopes', Cunha's and Da Palma's (2009) second dimension *persuasion* is characterized by using formal business plans to show the coherence of the business idea, communicating the venture's objectives in relation to current market trends to the resource holder or creating positive expectations. The *persuasion* dimension relates to the administrative acquisition strategy; it illustrates a more formal way of securing resources (Starr & MacMillan, 1990). The *persuasion* dimension also refers to Jenssen and Jorgensen's (2004) definition of rational strategies; the venture manager presents a solid business plan, applies negotiation and bargaining methods, presents a defined vision and tries to convince the necessary parties with financial analyses and payback estimates. Literature

suggests that the corporate entrepreneur may feel more pressured to make a rational and planned impression to the management board (Dougherty, 1987), rather than showing more emotional and passionate behavior as is the case within the *engaging capability* dimension. The *network positioning* dimension concerns leveraging the quantity and quality of people with whom resources are exchanged, intensifying ties with resource holders and steadily developing new ties and connections. The role of networks for entrepreneurs has been discussed very broadly in entrepreneurship for a long time (Birley, 1986); Starr and MacMillan (1990) were the first to discuss the topic within corporate venturing. Their social contracting concept -referring to trust and friendship- relates to the *network positioning* dimension; applying social contracting help both the corporate and independent entrepreneur to acquire critical resources lower than the market price which benefits their businesses (Starr & MacMillan, 1990). The fourth dimension, *legitimacy*, relates to establishing authentic relationships, alliances and partnerships with higher status firms; the *legitimacy* dimension concerns the attempt of the corporate entrepreneur to increase the reliability through external validation.

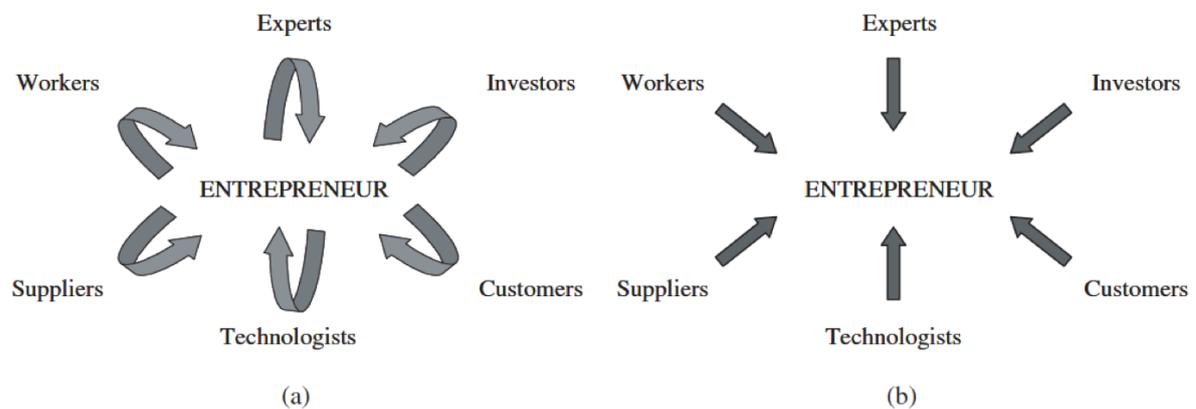


Figure 1 The two-way framework

After developing the four dimensions (*engaging capability*, *persuasion*, *network positioning* and *legitimacy*) Lopes, Cunha and Da Palma (2009) merge them into a two-way framework. They combine the dimensions *engaging capability* and *persuasion* into the *idea selling* strategy. If an entrepreneur applies the *idea selling* approach, he convinces others to engage in the venture and support their business; an important factor can be seen in the active behavior of the individual in acquiring resources (ibid). The second strategy, *network building*, is a combination of the

*network positioning* and *legitimacy* dimensions; this approach uses the attractive pull of the entrepreneur's network and therefore contributes to the venture's legitimacy (ibid). Generally, the differentiating factor can be seen in the more passive behavior of the entrepreneur in acquiring the resources when applying the *network building* strategy.

### 2.2.3 The dynamic Nature of Corporate Ventures

The research of Lopes, Cunha and Da Palma (2009) develops a two route framework for resource acquisition strategies that distinguishes the two routes for analytical reasons. In their qualitative research, they match strategies applied by entrepreneurs to develop a framework, the research paper does not consider changes of strategies throughout the venturing process; for instance, the qualitative study does not differentiate between early and mature phases of start-ups. However, they state that future research can contribute by demonstrating the "extent to which these different resource-gathering behaviours tend to occur sequentially over time" (Lopes, Cunha & Da Palma, 2009, p.345). As broadly discussed in the section before, this thesis applies theories and literature from general entrepreneurship to further contribute to yet unaddressed subjects in the field of corporate venturing. In regards to that, Sorrentino and Williams (1995) argue that despite theories have their origin in general entrepreneurship and are therefore meant to research independent ventures, they still can be applied to corporate venturing as many conditions are relevant to both environments. Defining entrepreneurship can demonstrate the relatedness of the research fields and the value it can bring to corporate venturing; entrepreneurship is "the process of creating value by bringing together a unique combination of resources to exploit an opportunity" (Stevenson & Jarillo-Mossi, 1986, p.27). Building on that definition, entrepreneurship can be broken down into several elements, two of those being crucial to the present research. Firstly, the definition stresses the process character of entrepreneurial endeavours which consist of different and ongoing phases. Secondly, the definition stresses the importance of acquiring and combining resources in a unique way to exploit an opportunity (Kuratko, Morris & Covin, 2011, p.9). Firstly, the connection of corporate venturing and resources is discussed in the chapter on resource salience; secondly, the thesis aims to consider the ongoing character of corporate venturing within the empirical data collection. By asking the interviewees to draw and explain the corporate

venturing process from the initial start to where it is now, the thesis is able to shed light on all strategies applied over time. Further details on how the empirical data collection was carried out is given in the third chapter.

## 2.3 Contextual Differences between internal and external Corporate Ventures

As evidenced, resources are key to new venture survival. However, which resources are relevant to a new venture is very much dependent on the contextual conditions within which it functions (Greene, Brush & Hart, 1999). Noda and Bower (1996) demonstrated the importance of resources in different corporate contexts, emphasising how they function as an internal selection environment, generating a varied resource allocation pattern and shaping different evolutionary dynamics among multiple competing businesses. The results of their study indicated that changes in a firm's strategic commitment to new ventures were a result of iterations of resource allocation.

Within entrepreneurship literature three specific contextual conditions impacting the resource base of a venture have been identified; these are time, success hurdles and boundaries (Greene, Brush & Hart, 1999). Despite their development to compare independent new ventures to corporate ventures, we argue that these conditions are relevant to research strictly relating to corporate ventures as well, as strategic management theory and entrepreneurship theory should be considered in analysing corporate venturing activity (Sorrentino & Williams, 1995).

According to Starr and MacMillan (1990), corporate ventures take twice as long to reach profitability as independent start-ups, most likely due to the insulation provided by the parent company. This raises an interesting question within the world of corporate venturing, namely do internal corporate ventures take longer to become profitable than external corporate ventures and is this as a result of their contextual placement inside rather than outside the parent company. The 'time' parameter is moreover important in corporate venturing as it encompasses the schedules, deadlines and other monitoring measures imposed by corporate managers, adding

constraints and decreasing the flexibility of ventures (Greene, Brush & Hart, 1999). There are significant variations in the imposition of these constraints, and therefore the contextual influence on the resource base, depending on whether the corporate venture is internal or external, and if it is also receiving funding from elsewhere.

Success hurdles imposed on a corporate venture are either related to objective economic performance or strategic fit. Objective economic performance refers to financial performance criteria set by the parent company regardless of the individual nature of the venture while strategic fit refers to the level of connection to the parent company in terms of direction, goals and mission (ibid).

The third contextual difference which Greene, Brush and Hart (1999) outline is that of boundaries. The bureaucratic structures and systems of the parent company dictate the norms, policies and values for the internal corporate venture, not to mention the physical location. While these may protect the venture from externalities, they may also limit the identification of opportunities and resources. As an external corporate venture is by definition outside of the bureaucratic structures and systems of the parent company, it is similar to an independent venture in that it operates in a context with greater exposure to externalities but greater opportunity to identify opportunities and resources.

The most extensive review of contextual factors defining an internal corporate venture and an external corporate venture can be found in Sykes' (1986) work. According to this, a corporate venture can be defined in terms of its intrinsic and extrinsic factors. While the intrinsic factors are inherent to the venture itself, and relate to the product and management, they nonetheless have contextual implications. The level of product-relatedness to the parent company will generally be much higher for an internal corporate venture than for an external one. The selection of a venture manager tends to also differ, as in order to make an investment, the venture capitalist – here the parent company – will look for proven business acumen in the venture founder or management team for an external corporate venture whereas they often start internal corporate ventures with less experienced personnel (ibid).

According to Sykes (1986), the relationship between the investment sponsor and the venture determines the extrinsic factors - which directly relate to the environment.

Therefore, these are our main focus in contextualizing the environmental differences between internal and external corporate ventures. These factors are either structural or procedural. Structural factors are technology, market, organization and people, and determine the degree of congruence with the parent company. In an internal corporate venture a large congruence in terms of market and technology from the parent company's base business increases the risk of failure due to a lack of functional support and appropriate business experience. This risk is less present in an external corporate venture, which operates with much more autonomy. Organisational and indeed cultural differences relate to the background of the venture employees and the degree of venture independence. If the venture employees are hired from outside of the parent company there may be differences in values, goals and attitudes, which will affect the venture's relationship with the parent company. This is most likely in the case of ventures that differ considerably from the base business of the parent company, as new skills are required. Tensions between new business units and the established organization create a need for competencies in the area of setting and communicating an organizational vision for the venture (Crockett, McGee & Payne, 2013). Moreover, an independent organisational environment allows venture level decision-making leading to a shorter and less expensive product development time frame than in a normal corporate organisation where bureaucracy slows the entrepreneurial process and sterilizes innovation (Sykes, 1986). Burgers et al. (2009) argue that structural differentiation from the parent company has a positive effect on corporate venturing, due to the creation of boundaries that prevent the managerial cognitions and potential inertia of the parent company from seeping into the venture. Furthermore, this structural differentiation provides the venture with a sense of freedom and ownership of their activities, resulting in an increase in creativity and the ability to adapt to different demands (Burgers et al., 2009).

The second extrinsic category is procedural. This can be divided into three factors, control (autonomy in decision making), incentive compensation and financing. Sykes (1986) postulates that the control factor critically affects the success of ventures and sums up the struggle to determine appropriate corporate reviews and decision making processes with the following line "it's bad for a corporate sponsor to impose too much control in a venture's creative, early stages and bad to exert too little

control in a venture's growth stages." (Sykes, 1986, p278). For external corporate ventures the Board of Directors approves general strategy and objectives, however the venture's management operates relatively autonomously. Sykes (1986) further argues that this point is an important contextual difference between external and internal corporate ventures, as internal ventures must generally go through multiple review levels. He links the extent of these reviews to the venture's resource dependency on the parent company, stating that "As the venture grows and needs larger financial or functional resources from the parent, the reviews extend wider and higher" (Sykes, 1986, p278) and brings up the issue of resource competition within the company. While external corporate ventures offer managers equity or ownership, there are control, legal and tax issues that make the same offering impossible for their internal counterparts. On the other hand, managers in an internal corporate venture benefit from job security in the case of a failed venture. Lastly, the mode of financing tends to differ greatly between our two subsets of corporate venturing: external ventures are usually financed through a lump sum, granted in order to reach a certain milestone, while internal ventures are financed through a cyclical budget, reviewed at prescribed intervals – and tend to be allowed more financial leeway in the case of missed goals (Sykes, 1986).

These contextual differences in time, success hurdles and boundaries (Greene, Brush & Hart, 1999), as well as the extrinsic and intrinsic factors (Sykes, 1986) have implications regarding the methods of resource acquisition for a venture, and are of academic interest because the acquisition and deployment of resources is central to the process of new venture creation (Greene, Brush & Hart, 1999). [FS1] As this thesis will focus on the resource acquisition strategies of internal and external corporate ventures, the contextual environment in which each of these strategies is deployed is significant to their analysis.

## 3. Methodology

The following chapter outlines the methodology employed in this study. This includes the choice of research design and process of in light of both the research question and the desired contribution to the field of corporate venturing, a description of the cases and their selection process, data collection methods, an explanation of the data analysis methods applied and in a final note a discussion of validity, replication and reliability criteria and challenges.

### 3.1 Overall research design and process

Within the following subchapter, the approach, strategy and process of the research will be discussed. Additionally, a description of the studied cases is provided.

#### 3.1.1 Research approach

Choosing an appropriate research approach is of great importance for empirical studies; it has to reflect the purpose of the research to achieve insightful results in the end. Therefore, we stress once more that this thesis aims to find out *how* and *why* contextual conditions influence the resource acquisition strategy applied by corporate ventures.

To examine which resource acquisition strategy is applied by ventures and how contextualization influences this acquisition behaviour respectively, the thesis will take an epistemological viewpoint by understanding the social world through the interviewee's perspective (Bryman & Bell, 2011). Hence, qualitative study design is chosen; in-depth interviews will "show how events and patterns unfold over time" (Bryman & Bell, 2011, p.404) and reveal the corporate entrepreneur's individual perception of this process (Bryman & Bell, 2011). Furthermore, qualitative research methods are favourable over quantitative research methods as this study attempts to contribute to our understanding of corporate venturing resource acquisition processes through an examination of its interpretation by the participants (Bryman & Bell, 2011).

The approach taken can be regarded as iterative between both inductive and deductive methods. Data is gathered and analysed specific to the research question to further contribute to existing research of corporate venturing indicating an inductive approach (Bryman & Bell, 2011). This approach is complemented by deductive elements as the researchers apply existing theories of corporate venturing, more specifically resource acquisition strategies and contextual conditions of corporate ventures, “as a background to qualitative investigations” (Bryman & Bell, 2011, p.13). Consequently, the research approach entails both deductive and inductive elements.

### 3.1.2 Research Strategy

In this thesis, the chosen method is a comparative multiple case-study design, using identical methods to study four contrasting cases - this design will allow us to compare and contrast the findings derived from each case (Bryman & Bell, 2011, p.63). Case studies can be used to provide description, test theory or generate theory (Eisenhardt, 1989). In this thesis, the case study approach tests the resource acquisition strategies of corporate ventures as set forth by Starr and MacMillan (1990) and the contextual differences elicited by Sykes (1986) and Greene, Brush and Hart (1997), as well as generating theory regarding these two concepts

To study internal and external corporate ventures in a cohesive manner, a single organisation was chosen - the parent company of all the corporate ventures studied. Selecting a single organisation was regarded as valuable to make the chosen corporate ventures as similar as possible and therefore ensure that the key-differentiating factor was the external or internal locus of the venture. By choosing contrasting cases the thesis aims to increase the understanding of contextualization by differentiating between the internal and external corporate ventures. In that regard, Eisenhardt (1989) recommends choosing cases that fill theoretical categories and provide examples of polar types, given that the number of cases that can be studied is limited.

### 3.1.3 Research Process

Starting a research project involves thinking about the research area (Bryman & Bell, 2011). To narrow down the area, personal interest and initial semi-structured interviews were evaluated (ibid). After the decision was made to contribute to the research area of corporate venturing, a systematic and thorough literature examination was performed (ibid), a crucial step in finding unknown questions and areas to contribute. Several potential research questions were developed and then discussed and evaluated in regards to feasibility of scope, alignment with the organisation and accessibility of data (ibid). In a final step, a relevant research question was chosen which fit the above criteria.

### 3.1.4 Case description

The parent company studied was HD Sydsvenskan, located in Malmö, Sweden. HD Sydsvenskan is southern Sweden's leading media house and provides news and services to the region. It is also a subsidiary of the Bonnier media group. This company provides an interesting platform from which to study the corporate venturing process, and in particular the differences between internal and external corporate ventures, for two reasons. Firstly, because it has invested in multiple external digital ventures in order to gain strategic returns, and has launched internal ventures for new ideas on digital platforms that diverge away from its main news competencies. Electronic media is an important disruptive innovation in the newspaper-publishing industry (Crockett, McGee & Payne, 2013) and internet businesses differ from traditional businesses, particularly in the management competencies necessary for new Internet ventures in a firm (ibid). As indicated in the first chapter, within the past decade dramatic changes have happened in the marketplace; digitalization and real-time communication have had a dramatic impact on the media industry. New ways of communicating with customers require HD Sydsvenskan to change their way of working and even leads to a new paradigm. Journalism in a traditional sense is no longer relevant; the distance between writers and readers is closing in as the internet leads to co-creation; communication is faster

and happens all the time. The creation of new digital products, especially to attract younger audiences, leads to new challenges and the need to acquire new competencies. In addition to that, the company has been facing changes internally; in 2015 HD and Sydsvenskan merged together leading to a new company structure and cultural change. Studying corporate ventures in such a changing environment - internally and externally - can lead to new insights and new connections between variables and theories. The four venture cases affiliated with HD Sydsvenskan were selected to fit the gaps revealed by our in depth literature review, and they were identified through informal meetings with members of the organisation and exploratory interviews. By identifying gaps within the literature and the data available within the organisation we were able to create and define a specific research topic that could be studied within the context of the organisation and these cases at our disposal.

The external ventures studied requested anonymity in this thesis so for the sake of consistency and in order to respect their wishes the names of all four ventures have been changed to the first four letters of the greek alphabet: alpha, beta, gamma and delta. An internal corporate venture is defined as an organizational entity that resides within the existing organizational domain (Sharma & Chrisman, 1999). This description fits our chosen internal ventures, Beta and Alpha. Beta is a home design app launched in 2015 and is seen within the company as an internal start-up. Alpha is a business-news website launched in 2014. These two ventures resemble each other closely in the way they were launched and the amount of control they were given by the parent company – it owns 100% of both ventures. On the other hand, an external corporate venture is a semi-autonomous or autonomous organizational entity residing outside the existing organizational domain (Sharma & Chrisman, 1999). As above, this description fits the external ventures we chose; Gamma and Delta. Gamma is a men's fashion blog, which started publishing content in 2002, however only registered as a company when HD Sydsvenskan invested it in in 2004. It was 50% owned by the parent company and 50% owned by the venture creators. Similarly, Delta is 50% owned by the parent company and 50% by its creators, and is a website for buying and selling homes in Sweden.

## 3.2 Data Collection

This subchapter is divided in three parts; firstly, the method of data collection will be explained. Secondly, the thesis will elaborate on the generalisation of the study. Lastly, crucial interview preparation steps are discussed.

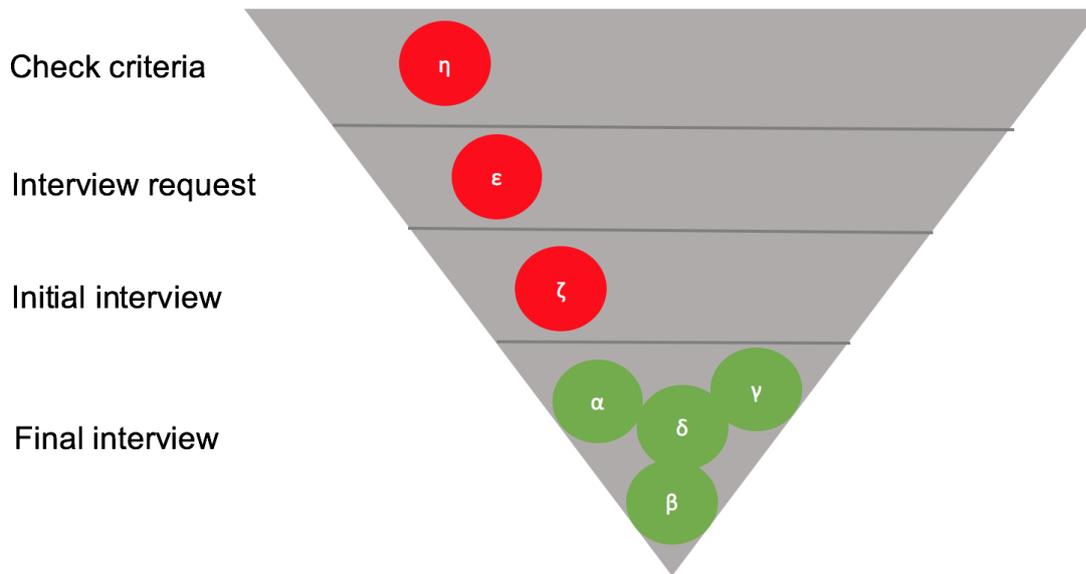
### 3.2.1 Methods of data collection

The researchers conducted semi-structured interviews as they can serve as a beneficial combination of structure and flexibility (Bryman & Bell, 2011). An interview guide was developed beforehand to ensure that the important questions were covered (Bryman & Bell); interview guides also increase the comparability between interviews which is valuable when analysing the data afterwards (Eisenhardt, 1989). In this case, the researchers started the semi-structured interview with a blank piece of paper and asked the corporate entrepreneurs to sketch the venture process from the start to the current state of the venture, allowing them to map changes and build a full picture of the corporate venture (Bryman & Bell, 2011). This approach was chosen as it leads the corporate entrepreneur to reflect upon the venture process, helping the researchers to gather as much data as possible. Due to the constraints of the thesis timeframe, a longitudinal study approach can only be achieved through retrospective interviews. For each of the four selected cases we chose to interview the corporate entrepreneur involved in the venture since its creation, as they had the most insight into the venture's development, organisational ties and resource acquisition processes. Depending on the case, this interviewee either held the role of venture manager, CEO or was a co-founder (see table 1). For the internal ventures, access to the managers was easy as they were working on the same floor as the researchers. The managers of the external ventures proved more difficult to interview however the network of contacts the researchers developed within the parent company were used to facilitate introductions.

<b>Nature of corporate venture</b>	<b>Name of corporate venture</b>	<b>Interviewee</b>	<b>Position</b>
<b>Internal</b>	Alpha	Corporate entrepreneur 1	Venture manager
	Beta	Corporate entrepreneur 2	Venture manager
<b>External</b>	Gamma	Corporate entrepreneur 3	Co-founder, Editor in chief
	Delta	Corporate entrepreneur 4	CEO

*Table 1 Information about cases*

In the beginning of the selection process, seven ventures were evaluated. One venture was disregarded because it did not meet all of the discussed criteria and another venture met the criteria but was not willing to participate in this study due to time constraints. A third venture was disregarded after an initial interview was conducted due to a lack of relevant information. An overview of this selection process is illustrated in the funnel below (figure 2).



*Figure 2 Case selection funnel*

### 3.2.2 Generalisation

The generalisation issue of qualitative studies is repeatedly criticised (Bryman & Bell, 2011); however, Eisenhardt (1989) argues that generalizability can be increased through tying findings together with existing theories. Hence, the theories put forward in chapter two, namely contextual conditions (Sykes, 1986; Greene, Brush & Hart, 1999) and resource acquisition strategies (Starr & MacMillan, 1990; Lopes, Cunha & Da Palma, 2009), enhance the generalisation of the study. Additionally, we argue that the purpose of this thesis is not to create generalizable theories such as in quantitative large-scale studies but to unmask novel relationships and insights, which justified the choice of a small yet in depth study.

### 3.2.3 Interview Preparation

Before the researchers entered the field and carried out the interviews, several preparation guidelines (Bryman & Bell, 2011) were considered. A pre-test was performed to make sure the questions were written in an understandable way; the feedback received from the pre-test was then used to improve the interview procedure. As suggested, the interview guide starts with questions about personal information such as name and profession (Bryman & Bell, 2011). Followed by sketching the venturing process as described in the previous subchapter, the guide was distributed in three subsets namely crucial resources, resource acquisition strategies and contextual conditions. The qualitative interviews were conducted with two investigators. Both investigators took part in each interview, with one active participant and one observer in each case, and conducted the data analysis together. There are two advantages to this multiple investigator approach; it enhances the creative potential of the study and the presence of converging or conflicting perceptions increases the reliability of the results (Eisenhardt, 1989). During the semi-structured interviews, the guide served as an orientation to ensure all important aspects are covered (Bryman & Bell, 2011). Each interview was audio-recorded, as this is the recommended practice whenever feasible (Bryman & Bell, 2011, p.479), and allows the interviewers to pay more attention to the interviewee as their focus is not split by note taking. Furthermore, it removes any uncertainty from the findings. All interviewees readily agreed to the recording and it was conducted in a quiet meeting room to avoid any disturbance in the audio file or interruptions to the interview (Bryman & Bell, 2011, p.474). Prior to the interview the researchers conducted a speech recording test to check the acoustics of the room and the quality of the audio recording (ibid). The interviews ranged from 45 minutes to 1 hour and 18 minutes. This variation in interview time does not have any impact on the significance of the results (Bryman & Bell, 2011, p.483). Data from the interviews was then transcribed from the audio-recordings by both interviewers using the MAXQDA transcription software. The analysis method for this data is outlined in the next section.

### 3.3 Method for Data Analysis

The researchers performed a within case analysis and a cross case analysis which are outlined in the following subchapter. In the end of the methodology chapter, the criteria validity, replication and reliability are discussed.

#### 3.3.1 Process of Analysis

After having conducted and transcribed the semi-structured interviews, the next step was to perform a within-case analysis (Eisenhardt, 1989). There are “probably as many approaches as researchers” (Eisenhardt, 1989, p.540); therefore, we chose a strategy which was best suited to answer the research question. The coding process by theme allowed us to unmask unique patterns in each case (Eisenhardt, 1989) and to increase the familiarity with each case respectively. The interview data was broken down into component parts, which were given names such as *crucial resources*; a method known as coding (Bryman & Bell, 2011). The codes used were then divided into three subsets of data; descriptions of contextual conditions, actions taken to acquire resources and justifications of crucial resources. By using the theories of resource acquisition strategies and contextual factors put forward in chapter two, a clearer and more structured picture for each venture started to emerge. At this point, the research approach becomes evident changing between deductive and inductive elements - depending on the stage of analysis. Each venture was precisely analysed and discussed by both researchers to add a second perspective; the resource acquisition strategies applied and the contextualisation of the venture were identified. As a result, first relationships between the variables emerged revealing potential theories on how the context influences the applied strategies in each case.

Once a satisfactory within-case analysis had been completed for each venture, a cross-case analysis was conducted to avoid information-processing biases by looking at data in many different ways (Eisenhardt, 1989). A cross-case analysis is performed because people are naturally poor information processors; something that can lead to premature and false conclusions (Eisenhardt, 1989). The potential relationships emerged through the within-case analysis were used to search for cross-case patterns. In a first step, we searched for similar and common patterns of

the two internal corporate ventures and then did the same for the external corporate ventures. In a second step, we compared the data between the groups looking for differences and similarities. Hence, the data was treated “as potential indicators of concepts that are constantly compared” (Bryman & Bell, 2011, p. 578). The presentation of these results is outlined in the next chapter.

### 3.3.2 Validity, Replication and Reliability

Reliability, replication and validity are the main concepts for assessing the quality of business research (Bryman & Bell, 2011). Validity indicates the integrity of conclusions from data (Bryman & Bell, 2011). To ensure validity in our research, we will apply more than one data source to our qualitative study (ibid). By using more than one viewpoint to “locate an object’s exact point” (ibid), we can increase the integrity of our findings. In our case, existing theories in the field of corporate venturing are applied that discussed the social phenomena before. For a study to be replicable by other researchers the procedures of the original research must be well documented (Bryman & Bell, 2011). This chapter serves to ensure the replicability of the research by describing the methods used, the interviewees and how access was achieved, the interview guide and transcriptions of each interview are presented in the appendix to further allow replication. A study checks off the reliability criteria if the results are repeatable, and the measures devised for concepts are consistent (ibid). While it is more generally considered as a quantitative research issue, it has been discussed in qualitative research and from an external viewpoint the main concern is changes in social settings or circumstances affecting the ability to repeat the study in the same way (Bryman & Bell, 2011). As our study takes a retrospective approach, changes in social settings or circumstances should have limited effect on the repeatability of the study, as the venture manager’s viewpoints should change very little with respect to past events. In order to assure internal reliability all of the results and their analysis has been conducted by both researchers and only points on which the two observer’s perspectives converge are included.

## 4. Presentation of Results

This chapter will illustrate the findings of the research including the important steps taken in the four corporate ventures studied. The ventures are presented one after another starting with the internal corporate ventures and for each case the interviewee is referred to as *corporate entrepreneur 1, 2, 3 and 4* respectively. Grammar errors within the quotes were purposely left unchanged to reflect the original meaning of the interviewee.

### 4.1 Internal Corporate Venture 1: Alpha

#### 4.1.1 Background

The first internal corporate venture studied was Alpha. Alpha fits into the definition of an internal corporate venture as it was launched in 2014 from within the company, and in line with Sharma and Chrisman's (1999) definition is an organisational entity residing within the existing organisational domain. Furthermore it was launched in order to create business for the parent company in a new market using internal means (Narayanan, 2009). This new business *is* business – Alpha is a news website covering business and entrepreneurship in the Skåne region, a move away from the parent company's main sites, which cover general news, while remaining within the media industry. The interviewee *Corporate Entrepreneur 1* was involved in the venture since its conception and took over as venture manager six months after the website launched.

#### 4.1.2 Venture development

The ideation of the venture dates back to 2013 when the parent company produced a paper Business supplement, distributed alongside the main paper. The core capabilities for starting the venture were already present "There was already cooperation in B2B journalism" however it wasn't until a merger occurred with another media house that year that the opportunity to create the venture appeared, a direct result of organisational restructuring. The director of innovation and an editor spearheaded it and ran workshops in the summer of 2014 with the company's employees in order to determine the characteristics of the venture's product: target

market, business plan, content and more. Although upper management had approved the creation of this internal venture, a key challenge at this point was funding “how were we going to build the site? Because we didn’t really have any money to do anything” which was not provided with the approval – in line with Narayanan’s (2009) definition, this venture was dependent on internal means.

The venture’s team grew to incorporate three members of editorial staff in October 2014, however one left immediately after the launch of the website in November 2014. It was developed using wordpress, which was already in use in the company. The next focus was establishing the product on the market: “getting people to understand what [Alpha] was”, however a lack of personnel on the business side made this a challenge “we didn’t really have anyone that was focusing on the business side of how to grow traffic or how to make the site grow better” and led to *Corporate Entrepreneur 1* taking over management of the venture in the summer of 2015, “focusing on basically trying to get the ads sales going, trying to get more and more people to visit the site and read the site, and know about the brand and so on”. At this point the people visiting the site were mostly redirected there from the parent company’s news sites “in the beginning we were very heavily dependent on traffic coming from the main sites”.

The turbulence in the editorial staff continued with the remaining team suddenly leaving in spring 2016 “I didn’t at all see that coming, that was a surprise to me” and since then they have not been replaced “we’ve had sort of interim solutions”.

Despite this setback the venture has grown and traffic from the parent company only accounts for about a third of the weekly visits today. Big events in the news cause high traffic peaks however the venture manager’s main goal is to keep traffic steady and predictable, as this will facilitate the prediction of advertisement delivery and how much advertising inventory they can sell.

The venture is dependent on the parent company for their sales staff and this has a strong impact on the point above. The goal in 2015 was to reach 2.2 million SEK in advertisement revenue but the team fell short at just 700,000 SEK instead. According to *Corporate Entrepreneur 1* this is due to a combination of a lack of data about the readership and failure on the part of the sales representative assigned to the venture: “maybe not the best person for this specific role”. The 2.2 million SEK

goal has been reset for 2016 and a new sales representative who inspires more confidence is working with Alpha. Failure to reach the revenue goal once again would not be too problematic for the parent company, as long as there is proof of a positive trend.

The resource priority throughout the entire process has been personnel. As *Corporate Entrepreneur 1* says “We [...] don’t have money, we can’t invest in a fancy website or a cool app or technology [...] we don’t have a marketing budget, we just do what we can”; “My focus is getting the people involved in the project to do great stuff”.

The venture receives a lot of its resources internally, such as sales and marketing. A brand awareness campaign was run using the parent company’s marketing channels, however it employed a photographer who was sourced externally. The reason for this was twofold: a lack of sufficient photographers within the parent company to have one at their disposal and a lack of the necessary competences “since it’s a campaign and not editorial content sometimes it’s easier to use an external photographer that’s more used to doing that sort of photography”. A similar issue occurred on the technology side of things “Our in house developers are super busy with the new big website project” leading to the use of an externally sourced web developer. Though external, both were recommended through the venture manager’s network of contacts within the parent company.

For the internal resources, acquisition is more informal “in a big company like this you need some diplomacy skills and you need to know who to ask and in what way”. The venture is physically located in the same building as the parent company so resources can be acquired by simply walking over to someone and asking for help “if we were a venture outside of the company (it) would be much more difficult”. The venture manager used his personal network but also convincing data “there are some key numbers that are very powerful internally”.

The structural ties to the parent company created by the internal nature of the venture provide a challenge for resource acquisition and prioritization “what can be frustrating is that you don’t really control what resources you have and don’t have”. There is a strong split in power between the business development (run by the venture management) and the editorial staff (appointed by the Editorial department

in the parent company) causing an “Unnecessary internal bureaucratic problem” and further limiting the venture manager’s control. There are also advantages to this structural tie, the venture makes use of the parent company’s brand “we use that credibility that HD Sydsvenskan has” by incorporating the name into one version of their logo.

The strategic goals for the venture are to diversify the business, for example incorporating an event business to create increased revenue (ad sales alone are proving unsatisfactory) and independent brand awareness. This would require a strong network with the industry leaders in the region: “because we are a small market very close to our readers we have a potential of doing that”, but the news service would remain at the core of the venture. These strategic goals are “definitely a part of the overall strategy for HD Sydsvenskan”.

## 4.2 Internal Corporate Venture 2: Beta

### 4.2.1 Background

The second internal corporate venture analyzed was Beta. Beta is a mobile app that aims to connect and inspire people in the Skåne region who share an interest in interior design. The idea for the venture derived from an existing supplement circulating as part of the weekly newspaper for a number of years. The interviewee (*corporate entrepreneur 2*) realized there was a strong interior design trend in the region and saw the potential in creating a business by reusing the photos featured in the supplement “I had thoughts about how to use it much more because when you have read your supplements, you throw it away and the articles are gone, and the articles are so much more interesting than that, it’s a trend with the home design and so I had thoughts about it could live much longer”. *Corporate entrepreneur 2* had over 25 years of experience in journalism, mainly in the politics sector. Beta is the first venture managed by the interviewee; who started the venture with no prior knowledge of business development.

#### 4.2.2 Venture development

After the initial ideation and opportunity identification occurred, the parent company organized a workshop for their employees to discuss new ideas with the potential to become corporate ventures. Beta was discussed as a project within the workshop; the pictures from the existing supplement were seen as a possible way to create a platform for an audience interested in interior design. “It’s start-up so you have to do a lot of brainstorming and it is important, it is very important and the workshop was a perfect place to go, it was fantastic, I think you could meet a lot of people in the house who say the same about the workshop and [Beta] [...] a lot of input, from everywhere of the organisation”. From the very beginning Beta was a highly integrated venture and received global approval within the parent company.

After the workshop, management chose to proceed with the idea. The decision to develop it as an app rather than a website was made by the Bonnier organization as their strategy at the time was to focus on mobile platforms. This choice was critical as it affected the technological resources at the venture’s disposal and also indicated a lack of control over key development decisions.

*Corporate entrepreneur 1* met the head of innovation of the parent company through the workshop and this staff member proved a crucial resource, assisting the former journalist with knowledge on how to build a business out of the idea. The head of innovation also introduced *corporate entrepreneur 2* to another venture manager, *corporate entrepreneur 1*, who had already started a similar digital product. *Corporate entrepreneur 1* had worked in business development for several years and helped to develop a business plan for Beta “I began to work more and I left the newspaper and started the project and that moment I needed [*corporate entrepreneur 1*] a lot because we had to make a business plan, yes it was important”. The development of the app began shortly after that (in May 2015) using technology resources from within the parent company and it was launched in November 2015. After successful development of the app the focus turned from technology to content; the empty platform needed to be filled with information, which would attract users and grow the venture.

At the time of writing, *corporate entrepreneur 2* remains the only permanent member of staff in the venture and the creation of the content alone takes many working

hours. Therefore, *corporate entrepreneur 2* demands a team to grow the venture: “I would like to have a person like [name of social media expert] to work with the traffic and an own business developer, I could do marketing by myself and being the ambassador for [Beta] that I think we need and doing events, so I need two persons”. In addition to the lack of staff, *corporate entrepreneur 2* sees a challenge in the internal environment of HD Sydsvenskan whose processes and culture conflict with the needs of a start-up: “I think we take too long, often I have to wait weeks for a decision and that’s not good because start-ups should work very very fast, but others think we do it fast enough”. These levels of bureaucracy limit the acquisition of resources.

Currently the focus of the venture is on growing its user base and one major challenge the app is facing is the paying customer and user interaction – how to extract revenue from the venture. So far there are no paying customers advertising on the app; *corporate entrepreneur 2* says “that will take some time before we do that”, which means the venture continues to be wholly dependent on the parent company for funding, as it has no revenue to reinvest into the venture. When the advertising through the app does begin it will be done using sales staff from within the parent company.

Clearly the user base still has to grow in order to become more attractive to advertisers. However, there is a crucial success hurdle to achieving this goal: a lack of adequate competences in the parent company and a lack of funding to seek these resources externally. The organization does not have enough employees with sound knowledge of social media, digital products and more specifically the intangible knowledge of how to increase a user base, therefore *corporate entrepreneur 2* must figure this out for the venture by trial and error.

*Corporate entrepreneur 2* believes that furniture companies, real estate agencies and other affiliated businesses are potential paying customers to capitalize on once a significant user base has been grown. The next immediate step will be to achieve profitability and a first attempt is being made through the organization of partnership events this summer in Malmö, which will also serve to attract more users and customers: “it’s a large public event and then we work with a quite big furniture shop [...] so that will be an evening event with competitions and I think it will be like that for

the rest of the year actually and it's a beginning to go into the business with [Beta] to begin to earn money".

## 4.3 External Corporate Venture 1: Gamma

### 4.3.1 Background

External corporate venturing is the "creation of semi-autonomous or autonomous organizational entities that reside outside the existing organizational domain" (Sharma & Chrisman, 1999, pp. 19-20) through venture capital investments, alliances or acquisitions (Keil, 2002). The first external corporate venture studied was a men's fashion blog, here referred to as Gamma, which was acquired by the parent company and functioned in a semi-autonomous manner outside of the organisation.

The idea behind Gamma began when the two of the co-founders (*Corporate Entrepreneur 3* and a friend) argued over a pair of pants; they couldn't agree on whether they were stylish or not. They searched for a media source to resolve their debate and quickly saw a gap on the Swedish market for a modern men's fashion magazine. Joined by a third co-founder, they launched a blog to fill this gap in 2004.

### 4.3.2 Venture development

This idea was not originally a business concept "we didn't think of it as something that we could make money from". As the blog format was relatively new in Sweden, the network of bloggers was small and interacted a lot with each other. This allowed Gamma to grow a large audience quickly and organically "that was a way to build traffic, as everyone was linking to us, we got the audience".

Two of the founders had worked for HD Sydsvenskan previously and this connection brought the blog to the company's attention; the CEO saw the potential in the idea and offered to invest in it. The three founders registered the company, of which they owned 50% and the parent company, HD Sydsvenskan, owned the other 50%. The involvement of the parent company was crucial to the venture's success "we didn't have any revenue and we couldn't really see what the next step would be" until that

point they were entirely dependent on their own capabilities “the business worked the first years because we worked for free. We were the resources really”.

The investment permitted them to hire a sales manager, acquired by the parent company, and they also appointed an internal staff member as CEO of the venture. *Corporate Entrepreneur 3* retained the position of Editor in Chief and there was an equal balance of power between him and the CEO. The editorial work remained under the founders control as the parent company lacked the resources to do it themselves from a knowledge perspective, and were reluctant from a financial one “they didn’t have the editorial staff to do what we did and also they would have to pay them and we were free”. In the next stage the Editor in Chief focused on expanding the editorial team, by advertising on the blog: “we found them among our readers”; “it was really easy to find good people to work with”. As with the founders, these editors produced content for free.

The physical location was separate from the parent company. The three founders worked in their office for a different venture and their editors were strewn across the country while the CEO was in the parent company’s offices.

Despite the parent company appointed CEO the level of control over the venture was loose “it felt like we owned, we ran the process and got to do what we wanted to do” and they didn’t feel that their structural ties made them a part of the parent company “the CEO of Sydsvenskan was chairman of the board so it was integrated but not really”.

With the editorial staff growing the parent company focused on finding ways to bring in advertising revenue, however this led to a new competency-based challenge: “it was hard since Sydsvenskan is regional and we wanted national or international brands”, pointing to differences in strategy. On the other hand the venture provided a strategic benefit for the parent company as it described its own goals as “forming company in a new media world and trying to find new business models”. A second advertising challenge came from the media agencies, who act as a middleman between brands looking to promote or advertise themselves and media channels. They were used to working with more established media forms and refused to partner with the blog “they didn’t really get the blog format at that time”. Attempts to contact the media agencies were made through the parent company’s channels and

directly “we also did some direct response marketing with sending out bowties to important persons at the media agencies”

Even without the media agencies their growth in traffic and presence continued “eventually we started to gain traction also among the brands and the PR agencies and they started to contact us for collaborations” leading to the creation of the advertising model “companies started contacting us to write about them, and we would get back to them saying maybe you should advertise, so we got some campaigns doing that”.

A reasonable financial budget based on traffic was agreed upon by the parent company and the corporate venture, “we needed to deliver but it wasn’t hard”. As far as external resources go, technology was important throughout the growth of the venture but the founders sought it outside of the parent company “we installed our own blog platform and bought the domain, and found an open source advertising solution”.

In 2008 *Corporate Entrepreneur 3* started to look into expanding the venture’s business “we were talking about forming our own brand on basic wear and skin products” when a different media house approached the venture and offered to buy them out. That same year this new media house purchased Gamma in its entirety. This had not been the original objective for the venture “it wasn’t clear to us from the beginning that the long term plan would be to sell again” however their ties to the parent company made the sale a lucrative deal for the venture founders “that was probably the reason we ended up with quite a good deal when we sold it together”.

## 4.4 External Corporate Venture 2: Delta

### 4.4.1 Background

The fourth venture investigated is Delta, a website where people can buy and sell homes. The venture was founded in 2006 and the interviewee, *corporate entrepreneur 4*, is one of the co-founders. *Corporate entrepreneur 4* previously founded another successful venture, which served as a source of inspiration for Delta. The first venture was also a website, matching up craftsmen and people in need of a craftsman. The insights gained into the world of renovating from the first venture spiked the founders interest in this market, as he realized the main reason people renovated their home was to sell it and he already had the necessary web business development experience.

### 4.4.2 Venture Development

The venture started out with 4-6 full time employees and the first salient resource was technology: creating the code for Delta's website was essential to get the venture off the ground and this was done by the founding team. While developing the website the team realized that the idea wasn't working out as well as they had expected, due to the presence of a large, well known and very popular competitor. The team had been aware of the competitor before launching but still proceeded with the venture, as they had assumed that by making their website a smoother and more engaging user experience in comparison to the competition they would be able to gain considerable markets share – much like Apple's introduction of the iPhone: "But that didn't work, it's so much harder to change behavior". The team realized that just making the product a little bit better was not enough to create success. The next step was to find a new edge to differentiate themselves from the strong competition in the market and create a competitive advantage "We understood that we have to find something unique". This step was successful and in 2011 the venture took off followed by a series of reiterations "It's a complex unique selling point, so we needed to get input and adjust the product", at which point the venture team expanded to include two new team members.

With the website developed and the customer base growing, the venture team's focus turned to financing – a necessary resource for continued growth which proved very challenging: “For two years we just talked to venture capitalists, that is really not easy”; ““In Sweden venture capital is not that available, there are more entrepreneurs than venture capital, there is a competition”. After these two years Delta came into contact with the parent company, the venture manager approached HD Sydsvenskan and pitched the idea: “I speak through keynote, it's actually the best way [...] it's about telling a story, convincing someone to invest” and successfully secured the investment. Despite the parent company purchasing 40% of Delta, it still retained a large amount of independence due to the parent company's recognition of the different skillset and capabilities necessary for such a venture, namely the different personality types; administrators versus entrepreneurs: “We are very independent, they told us that they tried to do it themselves but they failed because it's a different kinds of people, at Sydsvenskan there are many administrators”. Nonetheless the venture does need to gain approval “I have to convince their board, I also respect them” and answers to the venture management, which sets goals and milestones “We set our goals and every month I do my report and then we have board meetings to discuss them”. This relationship works well for the venture as they gain knowledge from the experienced board of venture management in return. Additionally, through the owner structure and relationship, Delta is able to capitalize on some of the parent company's resources - advertise in the newspaper and use the parent company's marketing channels and broad reach to further increase their brand awareness in the region.

In terms of strategic alignment the venture and the parent company are not so in sync: “Not so much, but we benefit each other” and there are visible differences in values and polices: “we are evaluating and changing on a daily basis, we don't document everything, so we are really different to Sydsvenskan, a lot faster and everything”.

As stated, the venture was allocated a large amount of independence from the parent company due to the very specific personnel needed for such an endeavor. Throughout its growth the main resource priority for the venture continued to be people: “It's mostly the people, when we started I thought all you need is technical development but it is so important to have sales and advertising and all those

different functions”. Rather than advertise vacancies as new personnel needs emerged, *corporate entrepreneur 4* sought appropriate employees within his existing network: “we need that competence, so I thought who do I know”. This is due to the challenge of finding the right people and the risk of working with uncertainty in the already turbulent environment of a start-up “it is so important and the hardest part to find the right people”. In order to poach these employees from his network of contacts *corporate entrepreneur 4* relies on his personality and ability to sell the venture: “my personality is very important, to be the leader but also it is about the idea and the vision”. This strategy for bringing new employees on board is the same as selling the idea to potential investors, “they have to believe in me, in my person, I have to be able to explain and pitch in a short time, present myself to convince them that I am able to carry it out, to achieve the vision”, however it is not always sufficient to get all the right people on board: “right now we are 25 people and half of them are consultants because we are not able to find our own permanent staff”, this is also due to a lack of appropriately skilled persons in their hiring pool.

The approach to resource acquisition in this case was very pro-active. Today, the parent company owns about 90% of the venture and *corporate entrepreneur 4* has ambitious goals for the venture’s future: “We want to be the first website if you are going to sell or buy”.

## 4.5 Key findings

Tables 2 and 3 summarize the key findings from the results in order to move into the next chapter, analysis and discussion, with a clear idea of what resources were salient in each venture, what steps were taken to acquire them, and what sort of ties to the parent company aided or abetted the development of each one.

	Salient resources	Sources	Modes of acquisition
Alpha	Finance, sales, personnel, brand	External and internal	Relationship with internal employees, partnerships
Beta	Finance, personnel, technology, marketing, brand		Relationship with internal employees, partnerships, rational arguments
Gamma	Finance, personnel, branding, sales		Partnerships, external and internal network
Delta	Technology, finance, personnel, sales, brand		Industry network, active search, compelling sales pitch

*Table 2 Summary of salient resources, acquisition sources and modes*

Venture	Summary of context
Alpha	“In a company like this what can be frustrating is that you don’t really control what resources you have and don’t have”; “Externally it helps that we are a part of HD Sydsvenskan”; “I don’t always feel that I’m in control”
Beta	“We have a lot of legitimacy because Sydsvenskan stands behind the product”; “often I have to wait weeks for a decision”
Gamma	“Sydsvenskan bought half of the company”; “Jenny became CEO of that company”; “the CEO of Sydsvenskan was chairman of the board so it was integrated but not really”
Delta	“We are very independent”; “we are really different to Sydsvenskan”; “we are together, find our way to grow”

*Table 3 Quotes demonstrating the contextual conditions*

## 5. Analysis and Discussion

The following chapter represents the analysis and discussion of findings. The resource acquisition strategies and the contextual conditions are identified and backed up with the literature presented in chapter two; this is followed by a discussion of potential relationships between these variables. In a final part the analysis tests potential relationships identified and presents remaining insights in the data.

### 5.1 Resource Acquisition Strategies

This subchapter presents which resource acquisition strategies are utilized in each of the four ventures and to what extent, in order to grow the ventures and capture the necessary resources for them to succeed, as elaborated by the resource based view perspective.

#### 5.1.1 Internal Corporate Venture 1: Alpha

*Corporate Entrepreneur 1* made use of legitimacy seeking strategies in order to grow the trust of the target audience and strengthen the brand perception of the venture's product: "One example of that is the award we're giving out [...] we reveal the winner at an event", this event is run by another company and through this partnership the venture lends itself a more established and legitimate status, and raises its profile.

Seeking legitimacy alone is not enough to acquire all the resources necessary for a corporate venture to succeed. Internal corporate venture 1 also shows evidence of network positioning, a form of social contracting (Starr and MacMillan, 1990), whereby the venture manager intensifies existing ties and develops new ones to grow the resource base (Lopes, Cunha & Da Palma, 2009). Positioned within the structure of the parent company, *corporate entrepreneur 1* uses his relationship with colleagues to skip the bureaucratic process of requesting resources "it's just very much about getting to know people and having your own personal network within the company". *Corporate entrepreneur 1* emphasizes the important role the internal

network of contacts plays in acquiring resources inside the parent company as well as externally. A web developer and photographer were both sourced from the external environment using existing relationships – and that facilitates the resource acquisition process: “In both cases it’s relationships that have been established for a long time so that’s very easy”

The existing network of contacts is also used to acquire intangible resources, such as brand reputation, and in line with the theory surrounding the network positioning strategy (Lopes, Cunha & Da Palma, 2009); it is also used to develop new ties. As before, this is both an internal “I also use [head of innovation] and [business developer], those two have very big networks” and external process “There are definitely external parties that have become ambassadors for [Alpha] [...] people who themselves have very big networks”.

This points back to the legitimacy dimension above and the two strategies seem to converge for *corporate entrepreneur 1*, wherein he uses his network to create partnerships with important figures that legitimize the venture, such as ambassadors. Legitimacy seeking and network positioning combined make up the network building strategy from Lopes, Cunha & Da Palma’s (2009) framework outlined at the start of this chapter. These quotes and anecdotes from the venture’s story are evidence that the network building strategy is strongly utilized in Alpha.

The other main strategy is idea selling. It is a combination of engaging capability and persuasion and is used to convince others to engage in the venture and invest in its business (Lopes, Cunha & Da Palma, 2009). Persuasion is an administrative acquisition strategy used to demonstrate the coherence of a business idea, using solid tools such as business plans, financial analysis or payback estimates (Jenssen & Jorgensen, 2004). It is the use of rational arguments, backed up by data and is clearly present in Alpha – *corporate entrepreneur 1* says: “I have so many arguments on why this is a very, very good project for our company and as we move along and get more and more data to back it up with as well”

The venture manager uses data from traffic to the website, information about the readers and ad revenue to demonstrate the idea to internal resource holders: “There are some key numbers that are very powerful internally for convincing people”. This

persuasion dimension of idea selling has a strong presence within internal corporate venture 1.

To sum up, internal corporate venture 1 employs both the network building and the idea selling approach to resource acquisition. The network positioning strategy is present to a greater extent within this venture, with partnerships created and ambassadors appointed to increase legitimacy, and the associated network leveraged as a tool for gaining informal access to internal resources and facilitating the acquisition of external ones. Idea selling is employed to a lesser extent, with persuasion elements present in the use of hard data as a convincing argument.

### 5.1.2 Internal Corporate Venture 2: Beta

*Corporate entrepreneur 2* places a high importance on the quality of the venture's network and building good relationships with contacts that are important to the venture's success. This refers to both internal and external resource holders; for instance, *corporate entrepreneur 2* prefers to talk to people in person when discussing important issues for the venture; "I talk a lot to them because I worked on the newspaper so it's quite easy for me". Building, maintaining and broadening a professional network with resource holders is a strategic process that the venture consciously and purposely applies (Lopes, Cunha & Da Palma, 2009). That behavior is evident in Beta; *corporate entrepreneur 2* reaches out to influencers who can use their network; talking to "people which are in a good networking position [...] could spread the message and be ambassadors".

As an entrepreneur in an internal environment, *corporate entrepreneur 2* expresses the importance of networking with other staff to get resources, for instance design expertise. Referring back to Starr and MacMillan (1990), it can be said that the venture applies social contracting strategies to acquire critical resources lower than the market price. For instance, *corporate entrepreneur 2* articulates the importance of socializing with colleagues in the workplace to acquire resources; "I work with my contacts and make new contacts"; "I had to get people's knowledge all the time, every day, design and campaign".

Social concepts like trust and friendship are strong indicators of applying social contracting (Starr & MacMillan, 1990) and network building (Lopes, Cunha & Da Palma, 2009) strategies which were verbalized by *corporate entrepreneur 2*, referring to colleagues such as “I remember problems they have and I could help them as well, if I get something from you, you get something from me”.

The data revealed a big focus on resource acquisition strategies concerning networking and rather informal bootstrapping strategies, however limited evidence of other strategies was found. *Corporate entrepreneur 2* does express the importance of engaging others in the venture and believing in the vision’s engaging capability. Comparing the evidence for all strategies, it becomes apparent that internal corporate venture 2 predominantly applied the network building strategy.

### 5.1.3 External Corporate Venture 1: Gamma

As with the internal corporate ventures, the data retrieved for Gamma was coded and analysed in order to see an emerging pattern of resource acquisition strategies and deduct which ones were most salient to the venture. The network building approach is evident in the steps taken to increase the perceived legitimacy of the venture. Partnerships were established with well-known brands, which increased the reliability of the venture through external validation (Lopes, Cunha & Da Palma, 2009); “companies found out and started to send us products”; “We started to gain traction also among the brands and the PR agencies and they started to contact us for collaborations”. Interestingly, this legitimacy dimension seems to be passive with the influential bodies reaching out to the venture to establish the partnerships – this reflects the theory, as Lopes, Cunha and Da Palma (2009) differentiate this strategy through the passive behaviour of the entrepreneur.

External validation of the venture was also achieved from Gamma’s readership, the founders discovered that the products they tested and reviewed sold out in stores. The audience base for the venture played a key part in developing their legitimacy, “people were really interested in what we thought”, strengthening the venture’s bargaining position for resource acquisition. The relationship they built with their audience allowed them to create the brand cooperation necessary to build their advertising model and the legitimacy to gain access to industry events. While this is the legitimacy dimension of resource acquisition, the role of the audience

relationship also merges it with network positioning strategies; these were crucial to the venture. Gamma was purchased by the parent company because two of the founders had previously worked there and developed a strong network in the company. The parent company's investment gave them the resources to become a registered company and was acquired through their industry network, matching Lopes, Cunha and Da Palma's (2009) network positioning dimension. Once again this was a passive action, with the parent company approaching the venture founders. In a more active manner, new staff members were acquired by reaching out to their audience, further capitalizing on their network position to acquire much needed resources.

This clearly demonstrates the use of legitimacy and network positioning steps to acquire resources, the sum of which is the network building strategy. As we have seen, this strategy is characterized by the passive behaviour of the corporate entrepreneur and it was useful in acquiring the most critical resources for the venture: funding and personnel. The use of more rational and logical arguments for convincing resource holders was discussed with *corporate entrepreneur 3*, and this was found to be very much against the venture's strategy "No, not at all. Which is probably why I don't like business plans now", administrative tools for acquisition were ignored in favour of the network related strategies above. To conclude, external corporate venture 1 prioritized network-building strategies for resource acquisition and avoided formal, administrative or rational argument strategies.

#### 5.1.4 External Corporate Venture 2: Delta

Comparing external corporate venture 4's qualitative data with the discussed literature, the applied strategic approach to acquiring crucial resources becomes evident. As indicated in the theoretical frame of reference, Lopes, Cunha and Da Palma (2009) combine the dimensions *engaging capability* and *persuasion* into the idea selling strategy. Within the idea selling strategy, a strong emphasis is placed on the active behavior of the team members of the venture in acquiring resources – in selling their viewpoint to resource holders. *Corporate entrepreneur 4* repeatedly clarifies the active role of the team; "It is more of a selling thing, like go and talk to

people, get them to understand our product”. Particularly when scaling up their business, *corporate entrepreneur 4* makes their active behavior apparent; “We started to talk to investors, so for two years we just talked to venture capitalists, that is really not easy, two years, in the end of this period we found Sydsvenskan”. This clearly relates to *engaging capability*, a dimension of the idea selling strategy. On an individual level, *corporate entrepreneur 4* expresses the importance of self-confidence and the ability to demonstrate personal strength; “my personality is very important, to be the leader but also it is about the idea and the vision and the ability to present that”. Additionally, *corporate entrepreneur 4* indicated that the venture team approached Sydsvenskan what illustrates their active behavior of resource acquisition. For *corporate entrepreneur 4*, the most crucial resources and most difficult to acquire are human resources and venture capital. These two critical resources were acquired in a similar way: through dominant and active idea selling strategies, indicating passionate and confident tactics “I understand that I am selling myself, they have to believe in me”.

While the venture’s strategies can be certainly classified within the idea selling approach, the second dimension within the strategy *persuasion* is far less applied than the *engaging capability* dimension. For the venture, storytelling and the ability to attach investors or potential employees emotionally is prioritized. Backing up the business ideas with numbers and external certifications is less effective in the venture’s viewpoint; “It can be charts but it’s more about telling a story [...] people are taking emotional decisions, they are justified with rational arguments, convincing people is only emotional”.

Evidence of the network positioning strategy is also present; “it’s always about people you meet, contacts from school, work”, especially for acquiring personnel. *Corporate entrepreneur 4* uses his network to make sure the new staff fit into the organisational culture.

Comparing the strategies clearly showcases the dominance of the idea selling strategy; however, this strategy is applied within the network of the venture. The case of external corporate venture 2 illustrates that the idea selling approach can be complemented by the network building strategy, which is an interesting connection because the two-way framework of Lopes, Cunha and Da Palma (2009) treats the

two strategies as opposing rather than simultaneously applied approaches. The following table (table 4) summaries the resource acquisition strategies employed by each venture for the most salient resources. Blue squares indicate the resource was sourced externally, yellow indicates it was sourced internally and green indicates both sources were used.

	Alpha	Beta	Gamma	Delta
Branding	legitimacy	legitimacy	legitimacy	N/A
technology	Network positioning	Network positioning	N/A	Engaging capability & network positioning
finance	Persuasion	N/A	Network positioning	Engaging capability
personnel	Network positioning	Network positioning	Network positioning	Engaging capability & network positioning
miscellaneous	Network positioning & persuasion	Engaging capability	legitimacy	N/A

*Table 4. Summary of resource acquisition strategies for all ventures*

## 5.2 Contextual Factors

This sub-chapter explores the contextual relationship each venture holds with the parent company.

### 5.2.1 Internal Corporate Venture 1: Alpha

One of the key differences between internal and external corporate ventures is the context in which they operate – they are either inside or outside the existing organisational structure of the parent company (Keil, 2002; Sykes, 1986). For internal corporate venture 1 the level of control exerted by the parent company over the venture was very high, this caused frustrations for *corporate entrepreneur 1* and limited the resources at the venture's disposal "you don't really control what resources you have and don't have". Though internal corporate ventures generally have less control than external ones, they are also seen as having access to a greater range of resources due to their position inside the organisation. Despite this view in the literature, the practical situation shows that the strict control makes it impossible for the venture to acquire the personnel it needs to accomplish its goals; currently it is facing "unnecessary internal bureaucratic problems". Burgers et al. (2009) argue for structural differentiation as it prevents the managerial cognitions and potential inertia of the parent company from seeping into the venture, and the frustrations and experiences in internal corporate venture 1 support this argument. This issue of control is further reflected in the financial governance of the venture. *Corporate entrepreneur 1* does not have full insight into the budget and is subject to other prioritizations from the management board; the allocated budget could be removed at any point. This is reflective of internal corporate ventures in general, which tend to be financed through a cyclical budget reviewed at prescribed intervals (Sykes, 1986; Burgelman & Välikangas, 2005), but are also given more leeway in terms of missed financial goals. *Corporate entrepreneur 1* indicated that missed goals for the venture would need to be justified, but wouldn't be cause for venture termination.

The venture does have independence from the parent company when it comes to norms and values. *Corporate entrepreneur 1* believes that the values of the venture should be based on something “bigger than writing news and generating revenue”, unlike the parent company. The levels of organisational and cultural differences affect the strength of the relationship with the parent company (Sykes, 1986); in the case of internal corporate venture 1 the organisational differences are negligible and the personnel involved in Alpha all come from within the parent company, minimizing differences in culture, however the highlighted difference in values reflect potential discrepancies.

The level of product relatedness is very high, as internal corporate venture 1 was developed from an existing product within the parent company. This translates into strategic convergence, “I think that [Alpha] is definitely a part of the overall strategy for Sydsvenskan”. This allows internal corporate venture 1 to benefit from some ready-to-use resources and competencies from within the parent company, for example the website was created using Wordpress, “which we were already using in house”. The target market for Alpha is an extension of the parent company’s current market. Technology, target market, organization and people make up the structural factors that define the context of a corporate venture and determine the degree of congruence with the parent company (Sykes, 1986). The similarities between the markets and technology assure functional support and appropriate business experience for the venture (ibid).

The parent company imposes success measures on internal corporate venture 1 in the form of traffic goals and sets yearly revenue goals, which are actually lower than the revenue goals set by the venture manager. It is surprising that these two measures are the only criteria imposed on internal corporate venture 1, as Greene, Brush and Hart (1999) argue that the schedules, deadlines and other monitoring measures imposed by corporate managers add constraints and decrease the flexibility of corporate ventures.

## 5.2.2 Internal Corporate Venture 2: Beta

Beta has a high level of product-relatedness to the parent organisation, as is often the case for internal corporate ventures (Sykes, 1986). When deciding where to locate the venture, a high relatedness to the core business is a strong indicator to manage the venture inside the parent organisation (ibid). The management board, not the venture manager, decided the format of the venture's product demonstrating a lack of control over key venture decisions. This illustrates Greene, Brush and Hart's (1999) discussion regarding flexibility in strategic directions, especially in the starting phase.

Another challenge imposed by the tight connection to the parent organisation is the issue of internal resources that are leveraged to save costs. While this is generally a benefit as it leads to acquiring otherwise inaccessible resources, it also leads to the acquisition of inappropriate resources, which may damage the venture. This was the case for the venture's design, provided in-house "it was because they were already doing business with people in the building but they are not so good at design". Digital products require new competencies, the absence of which can lead to major problems for an internal corporate venture. This indicates a lack of congruence between Beta and the parent company in terms of technology, however their target markets are aligned. Differing strategic objectives between the internal corporate venture and the parent company might also cause some difficulties; Greene, Brush and Hart (1999) discuss such issues in regards to success hurdles between ventures and the corporate parent. Internal corporate venture 2 has difficulties using the parent company's advertising channels, which would be very useful to increase the venture's brand awareness. The internal staff do not see the strategic alignment, leading to difficulties: "It was a problem to get into the news websites [...] they are not used to work to work with that content". The internal staff's reluctance indicates an inertia problem (Kuratko, Morris & Covin, 2011). Sharing a working environment with the parent company can have a negative effect on corporate venturing; through the creation of structural differentiation, such as physically locating ventures outside the parent organisation, potential inertia of the parent company can be blocked (Burgers et al., 2009). The shared environment can also be an advantage as the

resources of the parent company can be more easily leveraged, aiding the venture; “I think [Beta] will stay inside the company, a lot of practical things you can do if you do it internally”. However, sharing a working environment with the corporate parent can lead to longer and more bureaucratic decision-making processes and slows down the entrepreneurial process (Sykes, 1986). This is a source of frustration in internal corporate venture 2: “I think we take too long, often I have to wait weeks for a decision and that’s not good because start-ups should work very very fast”.

Limitations of resource disposal can be identified referring to Greene, Brush and Hart’s contextual factor *boundaries*. Beta was not assigned a formal budget or milestones and no explicit business plan exists. The venture is severely lacking in human resources and requires employees for business development and social media. The venture manager has to use informal tactics and compete with other internal staff over the time of internal employees who have the needed expertise; “they are very popular in the organisation because we don’t have enough knowledge about social media, I have to argue all the time because I need her”. Another example is the technology development; due to the lack of formal budget the venture cannot allocate funds to this task without going through the venture management board.

### 5.2.3 External Corporate Venture 1: Gamma

Until its sale to another media house in 2008, Gamma was 50% owned by the parent company. The corporate venture was dependent on this investment to grow; “we didn’t have any revenue and we couldn’t really see what the next step would be”. The CEO of the venture was appointed from the parent company’s existing staff and two of the three venture founders had previously worked for the parent company; as such issues of cultural and organisational differences between the parent company and the external corporate venture are negligible (Sykes, 1986). The parent company’s top management controlled the venture: “the CEO of Sydsvenskan was chairman of the board so it was integrated but not really”, however it operated outside of the organisation.

The 'power' was split equally between the appointed CEO and *corporate entrepreneur 3*, who was editor in chief. The venture team felt a sense of ownership and control over the direction and management of external corporate venture 1 at the time: "it felt like we owned, we ran the process and got to do what we wanted to do". Retrospectively, *corporate entrepreneur 3* acknowledged that this probably wasn't the case because the CEO of the parent company was a "hard-core businessman"; this is due to the external nature of Gamma - structural differentiation provided the venture with a sense of freedom and ownership of their activities, resulting in an increase in creativity and the ability to adapt to different demands (Burgers et al., 2009). The independent organisational environment of Gamma allowed venture level decision-making, speeding up processes and avoiding the risk of the parent company's bureaucracy slowing or sterilizing innovation (Sykes, 1986).

The strongest tie was the business development of the venture, which the parent company took responsibility for: "we were responsible for the editorial part and they were to solve the rest". As a result the venture acquired most non-editorial related resources through the parent company. For instance, the parent company's marketing channels were used to contact media agencies and secure advertising. The only exception was technology, which was independent from the parent company's media technology. This difference in venture and parent company technology is congruent with general theory on external corporate ventures (Sykes, 1986).

Success hurdles imposed on a corporate venture are either related to objective economic performance or strategic fit (Greene, Brush & Hart, 1999). Objective economic performance is the financial performance criteria set by the parent company (ibid). External corporate venture 1 had a budget that was agreed upon by the parent company and the venture together and was easy to deliver on. Strategic fit is the level of connection to the parent company in terms of direction, goals and mission (ibid). In this case, the strategic fit was low - though the venture was closely linked to the parent company's base business, their strategic objectives were not at all aligned with the parent company. The mission and values of the venture were set before the parent company's involvement; "we put up a few rules for ourselves [...] we saw that as something important" and the parent company had no input in external corporate venture 1's physical location. As neither the values nor the

physical location of the venture were dictated by the parent company, external corporate venture 1 operated in a context with a risky exposure to externalities but also the ability to identify resources and opportunities that would otherwise have been inaccessible (Greene, Brush & Hart, 1999).

#### 5.2.4 External corporate venture 2: Delta

The partnership of Sydsvenskan and Delta started in 2013 when the news company purchased 49% of the shares. Greene, Brush and Hart (1999) formulate the time dimension as one influencing contextual factor; wherein financial objectives and milestones are set by the parent company. Generally, external corporate ventures have less resource and time commitments than their internal counterparts. In return, that allows external corporate ventures to be more flexible regarding strategic direction and goals. *Corporate entrepreneur 4* summarizes: “we set our goals and every month I do my report and then we have board meetings to discuss them”. The parent company does set milestones and goals but does not put high pressure on the venture. The control balance lies on the venture’s side; one “can’t just take the entrepreneurs away in an early phase, Sydsvenskan would be lost without entrepreneurs”. Greene, Brush and Hart (1999) discuss boundaries for contextualization purposes, referring to bureaucratic processes and structures of the parent company that dictate the values and policies for corporate ventures, hindering the development of their own. Those rigid structures do not affect Delta, the venture enjoys a lot of flexibility; “we are very independent from Sydsvenskan”.

This may be due to the selection process of the parent company when it comes to investments. Management boards look for proven business acumen when selecting an external corporate venture to invest in while for an internal corporate venture this business experience decreases in importance (Sykes, 1986). This could explain why Delta experiences such flexibility and freedom; the venture manager’s track record was a strong argument to let the venture operate almost independently.

If external corporate ventures hire their own personnel it will lead to different values, goal and attitudes compared to those of the parent company (Sykes, 1986). External

personnel are especially important if the base business differs considerably from the parent organisation (ibid). This was the case for delta and was mainly due to different types of personalities, “we are very independent, they told us that they tried to do it themselves but they failed because it’s a different kinds of people.” The venture saw the people factor as the most crucial resource, seeking personalities that embrace the challenges of starting a venture; “we really needed people who wanted to found the company [...] everything is stressful and uncertain”. This leads to distinctive cultural differences between the external corporate venture and the corporate parent, including the pace at which the businesses operates and the level of bureaucracy: “we are really different to Sydsvenskan, a lot faster and everything”. Besides appointing financial resources, the management board of the parent organisation also serves as a source of consultancy; the different personalities lead to a broader and more diverse exchange of ideas, benefiting the external corporate venture; “we have a good balance, the board gives me different perspectives, that is always good”.

## 5.3 Discussion

The last two sub-chapters have analyzed the resource acquisition strategies employed by each corporate venture and explored the contextual factors defining their relationship with the parent company. As the main focus of this thesis is resource acquisition strategies in the internal versus external corporate venturing context, the next step is to analyze the interplay between these two facets of the corporate venture.

### 5.3.1 Internal corporate venture 1: Alpha

Alpha used approaches from both the network building and the idea selling approach, however network building was significantly prioritized within the venture, in particular the network positioning dimension. It is physically located within the parent organisation and has two imposed success measures. It has very little independence from the parent company and is wholly engrained in the organisation, having grown from an old company product, with the new idea formulated in the company, and staffed by the company's employees. We conclude that it is these elements combined that created a state of limited independence and cause Alpha to prioritize a network building approach to resource acquisition. This seems logical as the high level of control exerted by the parent company makes it difficult to acquire resources easily, forcing time-consuming levels of review onto the manager. This networking approach allows the venture to 'bootleg' resources through less conventional channels from the necessary departments within the parent company (Jenssen & Jorgensen, 2004).

It is worth noting that *corporate entrepreneur 1* also utilized formal resource acquisition strategies, defending the venture through rational logics and financial tools. This implies that the limitations in terms of independence and control required the venture to turn towards administrative resource acquisition strategies. As these strategies are less used than the network building ones, but are utilized to defend the venture to the board of management which allocates funding, we postulate that the use of more formal arguments is necessary for financial resources.

### 5.3.2 Internal corporate venture 2: Beta

As analyzed in the resource acquisition strategy section, internal corporate venture 2 predominantly uses the network building strategy. The data also revealed rather informal approaches to acquiring resources, similar to social contracting (Starr & MacMillan, 1990). Analyzing the context of Beta revealed that the venture does not control critical strategic decisions and resources; *corporate entrepreneur 2* is not able to hire new staff when needed and is not in charge of a formal budget. The venture cannot decide to spend more financial resources on marketing and development without going through the venture management structure. There are no official milestones set, which increases the flexibility as well as the uncertainty of the internal corporate venture. Corporate ventures are often subject to change if the parent company is affected by turbulences in the external environment (Burgelman and Välikangas, 2005). We conclude that the prioritization of network building resource acquisition strategies is due to the lack of control over a formal set of resources in internal corporate ventures.

### 5.3.3 External corporate venture 1: Gamma

There exist multiple dimensions that could explain why external corporate venture 1 prioritized the network building approach to resource acquisition. This thesis focuses on the connection the choice of strategy has with the contextual factors that define the venture. The current case presents us with an external corporate venture which is close to the parent company's base business, shares some resources and a similar culture, but is structurally differentiated and has a sense of control over its own development.

The venture's disregard for idea selling through administrative strategies is nearly as strong as the use of network building. Combining all of the above points, we posit that external corporate ventures that share resources with the parent company do not need to use formal resource acquisition strategies and are likely to employ a network building approach to resource acquisition. Based on this one case we cannot say for certain if the nature of the venture is having an influence on the choice of resource acquisition strategies, however a cross-case analysis will allow us

to compare these results with those of the other three ventures studied and either corroborate or disprove them.

#### 5.3.4 External corporate venture 2: Delta

Having analyzed and identified resource acquisition strategies of the external corporate venture and the context in which it operates, it is now the aim of the discussion to identify how the dimensions influence each other. Taking into account the uncertainty the venture faced, especially in the initial founding stage before the parent company invested in it, it can be assumed that this lead to a more active, dominant and even aggressive approach to acquiring resources. In other words, external corporate ventures that experienced a high degree of uncertainty in their starting phase of are likely to apply active resource acquisition strategies such as idea selling. Furthermore, this venture is highly differentiated from the parent company in terms of bas business, cultural and strategic fit, market and technology and was therefore very independent. This implies that idea selling strategies for resource acquisition are employed as a result of high venture independence.

## 5.4 Discussion of results

This section presents an analysis between the four cases and focuses on how the context in which the corporate venture operates influences the strategies for resource acquisition. By capturing novel findings and theories that may exist in the data, it aims to propose answers to *how* and *why* contextual conditions influence the resource acquisition strategies of corporate ventures. It is structured in two subsets; firstly, both internal corporate ventures are compared to determine potential links between their contexts and strategies. Subsequently, the thesis follows the same structure for the external corporate ventures. In a second step, differences and similarities between the external and internal corporate ventures are identified.

### 5.4.1. Comparison of homogeneous ventures

The internal corporate ventures Alpha and Beta were analysed as individual subsets in sections 5.1 - 5.3; the following section explains potential similarities and differences occurring between them. Both ventures showed a correlation between limited independence or lack of control and the use of network building resource acquisition strategies. The limited independence that characterizes internal corporate venture 1 includes a lack of control of a formal set of resources, for example the venture manager is not in charge of the venture budget. As a result, we conclude that there is a high likelihood of network building resource acquisition strategies being predominant in internal corporate ventures where the level of independence from the parent company is very low and the venture managers lack control over formal resources.

Furthermore, the analysis of internal corporate venture 1 showed that administrative resource acquisition strategies, such as persuasion, were used to acquire resources from the venture's management, however internal corporate venture 2 showed no sign of this strategy. This discrepancy may be explained by the difference in maturity between the two ventures; internal corporate venture 1 launched two years ago and has gained the necessary figures regarding traffic and revenue to prove positive trends formally, while internal corporate venture 2 was launched less than one year

ago and is missing the data needed to make use of those strategies with the venture management. As there is no evidence to support the use of administrative strategies in internal corporate venture 2, it will be disregarded. Further data would be needed to research whether the maturity of an internal corporate venture influences the use of more administrative resource acquisition strategies such as persuasion.

External corporate ventures Gamma and Delta show certain differences and similarities. In both cases we see the strength of the network building approach to resource acquisition in external corporate ventures, suggesting that this is the predominant method for this type of venture. While applying the network building strategy Delta prioritizes the idea-selling approach. The absence of the idea-selling strategy in Gamma could be related to differences in their contexts, despite both being external ventures. Two differences appear most pertinent: firstly, the level of managerial experience in the venture team. *Corporate entrepreneur 3* had no managerial experience at the time external corporate venture 1 was founded, while *corporate entrepreneur 4* had already managed a successful venture in a related business field by the time external corporate venture 2 was founded. This is an important aspect for the parent company when deciding what ventures to invest in (Sykes, 1986) and as a result of the team's inexperience, the parent company took over the business development aspect of external corporate venture 1, negating the need for the idea selling approach to resource acquisition.

A second point is the origin of the relationship with the parent company. External corporate venture 1 was approached by the parent company, while external corporate venture 2 approached the parent company themselves, employing the idea selling approach to secure the investment. This active resource acquisition approach which external corporate venture 2 applies can be further explained by the uncertainty the venture faced in the founding phase. While the team working with Gamma did not depend financially on the success of the business, the team at Delta quit their jobs and relied entirely on the outcome of the venture and faced more uncertainty, which may lead to a more active and determined approach. This implies that external corporate ventures that experienced a high degree of uncertainty in the starting phase of the venture are likely to apply active resource acquisition strategies such as idea selling.

Furthermore, Gamma was strongly related to the parent company's base business and therefore was able to share resources with them. In this case, the parent company took charge of the business development side of the venture; through those strong ties, less negotiating was necessary to win resources. This might explain why they didn't need to use the idea selling approach and other formal strategies and suggests that on a general level, external corporate ventures that share resources with the parent company do not need to use formal resource acquisition strategies.

Delta has less base business relation to the parent company and has more control over its resource than Gamma, and applies different resource acquisition strategies. We conclude that less base business relation and increased venture control influences the choice of idea selling resource acquisition strategies.

#### 5.4.2 Overall Discussion

After showcasing the links internal corporate ventures and external corporate ventures share within their context and how they contradict each other, the analysis will outline how this compares between the two groups. The following abstract discusses the key outcomes of the research.

Table 5 illustrates which resource acquisition strategies were applied by each corporate venture; the category minor was added between yes and no to make the analysis more precise. A strategy was labelled minor if there was evidence that an approach was used or complemented with another strategy. Table 6 sums up the contextual conditions of the corporate ventures.

	Network Positioning	Legitimacy	Persuasion	Engaging Capability
Alpha	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	No
Beta	<b>Yes</b>	<b>Minor</b>	No	<b>Minor</b>
Gamma	<b>Yes</b>	<b>Yes</b>	No	No
Delta	<b>Minor</b>	No	No	<b>Yes</b>

*Table 5 Resource acquisition strategies*

	Resource dependence	Share physical location	Relatedness to base business	Perceived cultural fit	Perceived strategic fit	Perceived control
Alpha	<b>Yes</b>	<b>Yes</b>	<b>High</b>	<b>High</b>	<b>High</b>	No
Beta	<b>Yes</b>	<b>Yes</b>	<b>High</b>	<b>Intermediate</b>	<b>High</b>	No
Gamma	<b>Yes</b>	No	<b>High</b>	<b>High</b>	Low	<b>Yes</b>
Delta	No	No	Low	Low	Low	<b>Yes</b>

*Table 6 Contextual conditions*

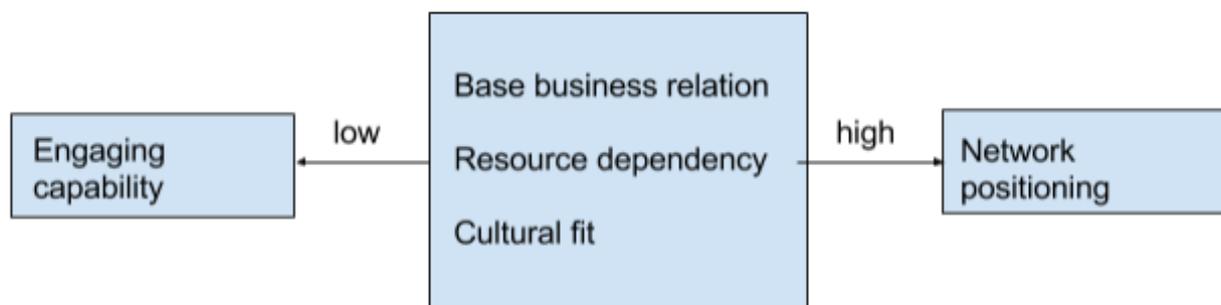
	Managerial experience	Financing	Imposed milestones
Alpha	<b>Yes</b>	<b>Cyclical</b>	<b>Yes</b>
Beta	No	<b>Cyclical</b>	No
Gamma	No	Lump sum	<b>Yes</b>
Delta	<b>Yes</b>	Lump sum	<b>Yes</b>

*Table 6 continued*

#### *5.4.2.1 Impact of contextual conditions on resource acquisition strategies*

An interesting result is that the network building strategy is the only one that all four ventures employed, though admittedly to different extents. External corporate venture 2 uses the network approach to complement the idea selling strategy, which is identified much more clearly in that venture. An initial conclusion is that corporate ventures as a whole are likely to apply the network positioning strategy. The results do still raise a question - why is network positioning emphasised more strongly in the two internal corporate ventures and external corporate venture 1? A potential answer is presented in table 6, which showcases extensive similarities between these three ventures despite their different positions in the organisational structure. These are the resource dependency on the parent company, the high level of relatedness to the base business and the perceived cultural fit. It's worth noting that these are all factors which generally define an internal corporate venture (Sykes, 1986; Greene, Brush & Hart, 1999; Burgers, 2009). Therefore we conclude that the network positioning strategy is predominant in internal corporate ventures, due to their characteristics of resource dependence, base business relatedness, and cultural fit. The issue of how levels of control affect the use of this strategy cannot be determined from the information present.

An inverse relationship is seen in the engaging capability dimension. While external corporate venture 2 weighs this type of strategy most heavily, it is missing from internal corporate venture 1 and external corporate venture 1, and only minorly present in internal corporate venture 2. Once again we relate this to the distinction in resource dependency, base business relation and cultural fit in the first three ventures versus external corporate venture 2. This verifies our previous assumption that an external corporate venture with low base business relation and low resource dependency will apply different resource acquisition strategies, and we find these to be mainly idea selling strategies, such as engaging capability (table 5). The above points clearly demonstrate that the contextual conditions in which a corporate venture operates, and more specifically the overall degree of relatedness to the parent company, does indeed impact the choice of resource acquisition strategies.



*Figure 3 Impact of context on resource acquisition strategy*

#### *5.4.2.2 Scope of strategies employed*

Table 5 lists the four principal resource acquisition strategies and highlights which ones each venture employed. This visual representation shows that the two internal corporate ventures employ three of the four resource acquisition strategies while the two external corporate ventures only employ two of them. This implies that ventures inside the organisational structure of the parent company employ a larger array of resource acquisition strategies than those outside of the organisational structure. In our study specifically, the contextual factors differentiating the internal corporate ventures from the external corporate ventures are the physical location (inside the company for the internal ventures), the perceived strategic fit (high for the internal

ventures), the perceived control (low for the internal ventures) and the mode of financing (cyclical budget for the internal ventures). We conclude two things: first, that by being located inside the parent company's building, which leads to easy informal access to the parent company's resources, and having a high strategic fit, which means these resources are likely to be salient, the venture can apply a larger scope of resource acquisition strategies. Secondly, a lack of perceived control leads to the use of more strategies as it requires the venture team to become more creative in their methods. This is an interesting conclusion as Burgers (2009) argues that structural differentiation of a venture results in an increase in creativity and the ability to adapt to different demands, whereas here this is a result of the structural integration of the venture.

#### *5.4.2.3 Proof of the network building strategy*

Table 5 shows that internal corporate venture 1 and 2, and external corporate venture 1 all employ both the network positioning strategy and the legitimacy strategy while external corporate venture 2 employs the network positioning strategy in a minor way and does not employ the legitimacy strategy at all. The cross-case analysis therefore shows a 75% correlation between using the network positioning strategy and the legitimacy strategy, a correlation which supports Lopes, Cunha and Da Palma's two-way framework, which merges both these dimensions into the network building strategy.

## 6. Conclusion, Limitations and Implications

The final chapter of the thesis is divided in three parts; firstly, a short summary of the outcome is presented, emphasizing the key findings of the research. Secondly, the limitations are outlined and followed up with recommendations for future research, and thirdly, the managerial implications of the findings are discussed.

### 6.1 Conclusion

This research focuses on current gaps in corporate venturing literature, namely the influence of the contextual conditions differentiating internal and external corporate venture on their resource acquisition strategies. The defining characteristics identified by Sykes (1986), Burgers (2009) and Greene, Brush and Hart (1999) served to identify the contextual conditions and the two-route framework for resource acquisition developed by Lopes, Cunha and Da Palma (2009) served as a foundation for identifying what strategies were employed. Data was collected from two internal corporate ventures and two external corporate ventures through qualitative, in-depth interviews with the corporate entrepreneurs responsible for managing each venture. This process allowed us to develop theory regarding these subjects. The previous chapter has successfully demonstrated that the contextual conditions defining a corporate venture do indeed impact the choice of resource acquisition strategies, and furthermore that the degree of relatedness to the parent company in terms of resource dependency and base business affiliation have a substantial impact. The results and analysis indicate that corporate ventures as a whole are likely to apply the network positioning strategy but that it is predominant in internal corporate ventures, due to their characteristics of resource dependence, base business relatedness, and cultural fit, while external corporate ventures which are far removed from these characteristics are more likely to employ the engaging capability dimension of the idea selling strategy.

Furthermore, the analysis demonstrates that ventures inside the organisational structure of the parent company employ a larger array of resource acquisition strategies than those outside of the organisational structure. We posit that a lack of perceived control leads to the use of more strategies as it requires the venture team

to become more creative in their methods. Lastly, our analysis supports Lopes, Cunha and Da Palma's (2009) two-way framework and illustrates the relationship between the network positioning and legitimacy dimensions.

## 6.2 Limitations and recommendations for future research

Throughout the course of this research several limitations have presented themselves leading to the development of some suggestions for future research building on the topic. The selection of cases presents limitations; internal corporate venture 1 only consists of one permanent employee which may have altered the analysis to a more individual level rather than a venture-specific perspective, as was intended. Exploring contextual dimensions such as cultural fit is less accurate with only one employee. Moreover, external corporate venture 1 shares significant similarities with both of the internal corporate ventures, limiting the strength of the conclusions regarding external corporate ventures. This highlights the need for further research exploring the factors defining external and internal corporate venturing and how corporate venturing differs in practice from theory.

## 6.3 Managerial implications

The literature regarding corporate venturing remains divided with respect to which form is more valuable; internal or external (Kuratko, Covin & Garrett, 2009; Crockett, McGee & Payne, 2013). While we are unable to add to this by providing any recommendations as to which method of venturing should be pursued by corporations, there are nonetheless some managerial implications deriving from this research. By demonstrating how and why the context of the venture influences the resource acquisition strategies we provide additional information for managers deciding upon a method of venturing, depending on their purpose. For corporate ventures closely tied to the base business of the corporation, issues of resource control should be monitored closely as it can increase the sense of ownership over the venture and informal access routes to resources should be facilitated. Challenges of internal resistance remain a strong hurdle for internal corporate ventures and the present findings emphasise the need for adequate communication of the venture's importance within the organisation. The characteristics of the venture are not solely the product of whether or not the venture is launched externally or internally to the organisation but is also decided by a host of other

factors. The possible nuances in ties demonstrated by external corporate venture 1 should be considered when launching new corporate ventures.

## References

- Aldrich, H. & Zimmer, C. (1986). Entrepreneurship through social networks, *The Art and Science of Entrepreneurship*, Ballinger.
- Alvarez, S. and Barney, J. (2001). How entrepreneurial firms can benefit from alliances with larger partners, *Academy of Management Executive*, vol. 15, no.1, pp.139–148.
- Alvarez, S. & Busenitz, L. (2001). The Entrepreneurship of Resource Based Theory, *Journal of Management*, vol. 27, no. 6, pp. 755-77.
- Barney, B. (1991). Firm resources and sustained competitive advantage, *Journal of Management*, vol.17, no.1, pp. 99–120.
- Baron, A. (2002). OB and entrepreneurship: The reciprocal benefits of closer conceptual links, in L. L. Cummings and B.M. Staw (eds.), *Research in Organizational Behavior*, Vol. 24, pp. 225–269.
- Birley, S. (1986). The role of networks in the entrepreneurial process. *Journal of business venturing*, 1(1), 107-117.
- Bryman, A., & Bell, E., (2011). *Business Research Methods*, Oxford University Press.
- Burgelman, R. (1988). Strategy Making as a Social Learning Process: The Case of Internal Corporate Venturing, *Stanford Graduate School Of Business*, pp. 74-85.
- Burgelman, R. & Välikangas, L. (2005). Internal Corporate Venturing Cycles: A Nagging Strategic Leadership Challenge, *Working Papers (Faculty) -- Stanford Graduate School Of Business*, pp. 1-38.
- Burgelman, R. (1983). A Process Model of Internal Corporate Venturing in the Diversified Major Firm, *Administrative Science Quarterly*, vol. 28, no. 2, pp. 223-244.
- Burgelman, R. A. (1986). Inside Corporate Innovation: Strategy, Structure and Managerial Skills. *Management*, 18(2), 179-185.
- Burgers, H., Jansen, J., Van den Bosch, A., & Volberda, W. (2009). Structural differentiation and corporate venturing: The moderating role of formal and informal integration mechanisms, *Journal of Business Venturing*, vol. 24, no. 3, pp. 206-220.
- Collis, D. & Montgomery, C. A. (1995). Competing on Resources: Strategy in the 1990s, *Harvard Business Review*, vol. 73, pp.118-128.
- Crockett, D. R., McGee, J. E., Payne, G. T. (2013). Employing New Business Divisions to Exploit Disruptive Innovations: The Interplay between Characteristics of the Corporation and Those of the Venture Management Team, *Journal of Product Innovation Management*, vol. 30, no. 5, pp. 856-879.
- Crook, R., Ketchen, D., Combs, J., & Todd, S. (2008). Strategic Resources and Performance: A Meta Analysis, *Strategic Management Journal*, vol. 29, pp. 1141 - 1154.
- Dougherty, D. 'New product development: Managing the merger of technological possibilities and market potentials.' Work-in-Progress, The Wharton School, University of Pennsylvania, 1987.

- Dushnitsky, G., Lenox, M. J. (2006). When does corporate venture capital investment create firm value?, *Journal of Business Venturing*, vol. 21, pp. 753–772.
- Eisenhardt, K. (1989). Building Theories from Case Study Research, *The Academy of Management Review*, vol. 14, no. 4, pp. 532.
- Gassmann, O. & Becker, B. (2006). Towards a resource-based view of corporate incubators, *International Journal of Innovation Management*, vol. 10, no. 1, pp. 19-45.
- Greene, G., Brush, C., & Hart, M. (1999). The corporate venture champion: A resource-based approach to role and process, *Entrepreneurship: Theory and Practice*, vol. 23, no.3, pp. 103-103.
- Hamel, G., & Prahalad, K. (1990). The core competence of the corporation. *Harvard Business Review*, vol.68, no.3, pp. 79–91.
- Jarillo, J. C. (1988). On strategic networks. *Strategic management journal*, 9(1), 31-41.
- Jenssen, J., & Havnes, P. (2002). Public intervention in the entrepreneurial process. A study based on three Norwegian cases, *International Journal of Entrepreneurial Behaviour and Research*, vol. 8, pp. 173–188.
- Jenssen, J., & Jorgensen, G. (2004). How do Corporate Champions Promote Innovations? *International Journal of Innovation Management*, vol. 8, no. 1, pp. 63-86.
- Johannisson, B. (1987). Beyond process and structure: social exchange networks. *International Studies of Management & Organization*, 17(1), 3-23.
- Jones, S., Wahba, K., Van der Heijden, B. (2007). *How to Write your MBA Thesis*, Oxford: Meyer & Meyer (ltd).
- Kanter, R. M. (1988). When a thousand flowers bloom: structural, collective and social conditions for innovation in organization. *Research In Organizational Behavior*, 10169.
- Keil, T. (2002). *External corporate venturing: Strategic renewal in rapidly changing industries*. Praeger Pub Text.
- Keil, T. (2004). Building External Corporate Venturing Capability, *Journal of Management Studies*, vol. 41, no. 5, pp. 799 - 825.
- Kellermanns, F., Walter, J., Crook, R., Kemmerer, B., & Narayanan, V. (2016). The Resource-Based View in Entrepreneurship: A Content-Analytical Comparison of Researchers' and Entrepreneurs' Views, *Journal of Small Business Management*, vol. 54, no. 1, pp. 26-48.
- Kuratko, D. F., Covin, J. G., Garrett, R. P. (2009) Corporate Venturing: Insights from Actual Performance, *Business Horizons*, vol. 52, no. 5, pp 459-467.
- Kuratko, D. F., Morris, H. M. & Covin, J. G. (2011). *Corporate Entrepreneurship & Innovation*, South-Western: Cengage Learning.
- Leten, B., & Van Dyck, W. (2012). Corporate venturing: Strategies and success factors, *Review of Business and Economic Literature*, vol. 57, no. 4, pp. 243-257.

- Lichtenstein, M., & Brush, C., (2001). How do "Resource Bundles" Develop and Change in New Ventures? A Dynamic Model and Longitudinal Exploration, *Entrepreneurship Theory and Practice*, vol. 25, no. 3, pp. 37-58.
- Lopes, P., Cunha, M., & Da Palma, J. (2009). Case studies on what entrepreneurs actually do to attract resources: A two-route framework, *Journal of Enterprising Culture*, vol. 17, no. 3, pp. 323-349.
- Lounsbury, M., & Glynn, M. A. (2001). Cultural entrepreneurship: Stories, legitimacy, and the acquisition of resources. *Strategic management journal*, 22(6-7), 545-564.
- Lockett, A. & Thompson, S. (2004). Edith Penrose's Contributions to the Resource-based View: An Alternative Perspective, *Journal of Management Studies*, vol. 41, no. 1, pp. 193-203.
- Martens, M. L., Jennings, J. E., & Jennings, P. D. (2007). Do the stories they tell get them the money they need? The role of entrepreneurial narratives in resource acquisition. *Academy of Management Journal*, 50(5), 1107-1132.
- Miles, M. P., & Covin, J. G. (2002). Exploring the Practice of Corporate Venturing: Some Common Forms and Their Organizational Implications, *Entrepreneurship: Theory & Practice*, vol. 26, no. 3, pp. 21-40.
- Narayanan, V., Yang, Y. & Zahra, S. (2009). Corporate venturing and value creation: A review and proposed framework, *Research Policy*, vol.38, no.1, pp. 76-85.
- Noda, T., & Bower, L. (1996). Strategy making as iterated processes of resource allocation, *Strategic Management Journal*, vol.17, no.1, pp.159-192.
- Penrose, E. (1959). *The Theory of the Growth of the Firm*, Great Britain: Oxford University Press.
- Schon, D. (1963). Champions for radical new innovations, *Harvard Business Review*, vol. 41, pp. 77-86.
- Shane, S., Locke, A. & Collins, J. (2003). Entrepreneurial motivation, *Human Resource Management Review*, vol. 13, pp. 257-279.
- Sharma, P., & Chrisman, J. J. (1999). Toward a Reconciliation of the Definitional Issues in the Field of Corporate Entrepreneurship. *Entrepreneurship: Theory & Practice*, vol. 23, no. 3, pp. 11-27.
- Shrader, R., & Simon, M. (1997). Corporate versus Independent New Ventures: Resource, Strategy, and Performance Differences, *Journal of Business Venturing*, vol. 12, pp. 47-66.
- Sorrentino, M., & Williams, M. L. (1995). Relatedness and corporate venturing: does it really matter? *Journal of Business Venturing*, vol. 10, pp. 59-73.
- Souitaris, V., Zerbinati, S., Iiu, G. (2012). Which iron cage? Endo and exo isomorphism in corporate venture capital programs, *Academy of management journal*, vol. 55, no.2, pp. 477-505.
- Starr, A., & MacMillan, C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal*, vol. 11, no. 4, pp. 79-92.

Stevenson, H. & Jarillo-Mossi, C. (1986). Preserving Entrepreneurship as Companies Grow, *Journal of Business Strategy*, vol. 7, no.1, pp. 10-23.

Sykes, H. B. (1986). The Anatomy of a Corporate Venturing Program: Factors Influencing Success, *Journal of Business Venturing*, vol. 1, pp. 257-293.

Vanacker, T. (2010, August). Partner reputation and its effect on resource acquisition in entrepreneurial companies. In *Academy of Management Proceedings* (Vol. 2010, No. 1, pp. 1-6). Academy of Management.

Zahra, A. (1995). Corporate entrepreneurship and financial performance: the case of management Leveraged buyouts, *Journal of Business Venturing*, vol.10, no.3, pp.225–247.

Zimmer, C. (1986). Entrepreneurship through social networks. The art and science of entrepreneurship. Ballinger, Cambridge, MA, 3-23.

## Appendix

### Appendix A: Interview guide

This appendix presents the interview guide used for all four final interviews. The sections in *italic* were for the benefit of the interviewers, generally points to keep in mind when asking the questions, to ensure a wealth of information was secured for each topic.

#### Concept 1: Personal History

- **Background**
  - Can you tell us about your professional background?
  - Were you affiliated with HD Sydsvenskan before starting the venture?
  - Is this the first venture you have championed/managed?

#### Concept 2: The creation of a new corporate venture

*Present interviewee with a blank sheet of paper. Ask them to sketch the venture creation process, including all stages and actions taken at each one.*

- **Sub-theme: active search**
  - Can you explain where the idea for the venture came from? What was the ideation process like?  
*(Did they actively search for opportunities? When did the idea come about?)*
  
- **Sub-theme: opportunity identified**
  - Can you describe how you identified the opportunity and how you capitalised on it?  
*(When did they decide to pursue the opportunity? Why did they decide to pursue the opportunity? What motivated them to pursue the opportunity?)*
  
- **Sub-theme: Initial statistics**
  - What did the venture look like when it first launched?
  - What were your goals at the start?
  - Where did you see the venture in five years?  
*(Eg, employees, physical location, financial capital, resources, product/service development.)*

a

### **Concept 3: Salience of resources**

- What resources do you think are generally crucial for starting a new venture? And more specifically for yours?

*Return to paper with venture creation map. Ask interviewee to place the critical resources at each identified stage. Ask them to justify why each was critical at this point - what were the influential factors?*

- Looking at your venture process, did the importance of resources change over time?
- What did you learn about prioritizing resources?  
*(Eg. When budgeting, what took precedence? Points to be identified: importance of different resources during different venturing phases, importance of financial, tangible knowledge, intangible knowledge and branding)*

### **Concept 4: Acquisition strategies ( stages)**

- What sources do your resources come from?  
*(Identify dependencies on the parent company and on the external environment.)*
- How did you acquire resources? Can you talk us through the processes from start to finish?
- Can you tell us about any difficulties or challenges you encountered when acquiring resources?
- In hindsight, what did you learn about acquiring resources?

- **Sub-concept: Engaging Capability**

- What are the different ways you convinced resource holders to be a part of your venture?

*(How did they engage stakeholders in the venturing process? How do they define and communicate the venture's mission? Overcome difficulties or potential burdens throughout the venturing process?)*

- **Sub-concept: Persuasion**

- How did you convince resource holders of the legitimacy of your idea?

*(How developed was the business plan? Did they use any additional resources (eg. flowcharts, budgets) to back up the idea? Did they relate the venture's activity to issues valued by resource holders? Was there the expectation of a positive outcome?)*

- **Sub-concept: Network Positioning**

- Tell me about the role your network of contacts played in acquiring resources. *(How crucial was it? Was a network within the parent company used?)*

- Did you take action to strengthen your networking position? *(What did you do to strengthen the relationship to high quality contacts? How important was a broad network for you? Did you actively try to build new relationships?)*

- **Sub-concept: Legitimacy**

- Can you talk us through any steps you took to increase the legitimacy of your venture?
- How did this help you to acquire resources?

*(Did they manage to establish alliances and partnerships with larger or higher status firms at this stage? Did they make use of certifications from external and socially relevant institutions to acquire resources at this stage?)*

## **Concept 5: Contextual impact**

- Can you describe the environment your venture operates in?
- Is there anything you would change about the context in which you created your venture?

*(Would you prefer a stronger tie to the parent company? Would you prefer more freedom?)*

- **Sub-concept: Time**
  - How is your venture monitored?
  - Are there any monitoring measures or imposed milestones?

*(How did they set this timeline? What were the influential factors? How does this limit the opportunities or resources at their disposal? How does it enhance them?)*

- **Sub-concept: Success Hurdles**
  - What are the strategic objectives for your venture?
  - How are they aligned with the parent company?
  - What are your financial performance criteria?

*(How did you define these objectives? What were the influential factors? How closely linked are these to those of HD Sydsvenskan? How have your strategic objectives changed since the venture was first created? How have your financial performance criteria changed since the venture was first created?)*

- **Sub-concept: Boundaries**
  - How did you establish your venture's norms, policies and values?

*(How does the structure of HD Sydsvenskan affect these? How did they chose the location for your venture? How does this limit the opportunities or resources at your disposal? How does it enhance them?)*

## **Appendix B: Interview Transcriptions**

### **Interview with corporate entrepreneur, internal venture 1, Alpha**

**Date: 04.04.16**

F: So the first thing we're going to ask you about is your personal background. Can you tell us about your professional background and what you did before your current position?

P: Well I, my background is I'm a journalist, I haven't really worked very long as a journalist but I studied journalism in Gothenburg and then I got a job at a computer magazine at IDG in Stockholm. Eh, so I worked as a news editor and I was also responsible for the website, for the editorial part of the website, but I gradually started to getting more and more involved in ah, developing the site. Not only editorially but from a development perspective and ways of getting more traffic to the site and so on. Ehh, and eh, from that I also started getting more and more interested in the business side of the media. Media, television industries. So I got several different roles at my time at IDG, I was at IDG for 8 years and I worked in different roles, mostly concerning product development and business development. I worked for the last three years, my title was head of mobile, which meant that I was responsible for developing mobile sites and apps for IDG, at the time IDG had twenty different brands, publications on the Swedish market. So I was responsible for the product development and business development side of the mobile part. But also worked a lot with online strategies, and the digital business of the company as a whole. And then I moved here for mostly family reasons, I-I moved to this part of Sweden where I grew up, so I was fortunate to get this position here at Sydsvenskan, which was just before the merger between Sydsvenskan and HD. So and my role when I started here about two and a half years ago was also business developer but I was formally a part of the IT department and I didn't really have any good, I didn't have much help from the organisation, the organisation wasn't at all rigged for doing what I was supposed to be doing so I didn't get much done at all. Ehh, but the, after the merger with Sydsvenskan and HD we started this innovation department and I got much more clear mandates of what I'm supposed to do and how to do it and got the resources to be able to start getting things done. So, umm, and then as a business developer I manage different projects and about a year ago I got the responsibility for managing 8till5 our business website, so that's the project that I give the most attention to at the moment.

F: And is this the first project you've been managing in this position? That you've been completely in charge of?

P: Ah well I've been managing – you mean here at HD Sydsvenskan?

F: Yeah.

P: Well I've been managing several other projects as well, but 8till5 is the most, ehh, as a product it's the most mature project, so there are several people working with it and it's eh, beginning to be an established product on the market, so it's the most, the project that has come the farthest but I've also, I've managed other projects that are small and another project that I've been working on for a pretty long time now is about digital job ads, ehh, which is also about personalising the website that using job ads as a pilot for doing that. So it's basically about looking at individual user behaviour and targeting content based on your interests so that you get exposed for the content that is most relevant to you. And when we have it up and running and working hopefully sometime, with the job ads, then we can use the same technology and competency on other projects.

F: What stage was 8till5 at when you got involved?

P: It was, emm, the news production was up and running pretty successfully.

F: On the website or another format?

P: The website was launched. The website was launched in the end of 2014.

F: So you were already working on it then?

P: I was a little bit involved when the project was started.

F: Okay.

P: But I wasn't managing the project at the time. When I got involved the website had been up for about six months. Well when I started managing it.

F: Okay, because a lot of our questions concern the ideation process at the beginning of the project, so just checking you were involved then.

P: Oh well I was, I was involved but I wasn't, it was Tomas de Souza was leading the project at the time. And also Tomas Fossberg from the editorial.

F: In that case the first thing we're going to ask you to do is if on this piece of paper you can sketch the venture creation process the way you saw it. So from the very beginning when the idea came about to where it is now, if you can see different stages that were important.

P: Sure I can try. Not quite sure what you expect me to draw.

F: It's pretty much up to you; there are no expectations really. Just think about the process from where it began, do you see any main stages?

P: Yeah, okay.

F: What the process looks like in your head.

P: Well, okay. Ehh, so, ehh I'm just trying to figure out how to draw it.

F: You can absolutely take your time, as much time as you need.

P: So we had, we're back in like 2013. We had two different companies, HD and Sydsvenskan and this is where the idea started, we had two separate companies but they were already cooperating in some products for instance we had the in the paper the business section in that, it's like a separate supplement on Saturdays that originates from Sydsvenskan, produced by Sydsvenskan, but at some point, in 2013, we started distributing to HD to increase our market and they got our content for free. So there was already cooperation in B2B journalism. We've also had, we've been cooperating with ad sales and with paper distribution, the company that distributes the paper in the morning was owned by both these companies and other companies as well. So this is where the idea was started, maybe there's a market for a joint venture, for a website about the business in the region. But it didn't really happen very much here. And then there was the whole merger with the companies. After the whole organisational aspects with the new organisation of people had to be let go on and so on, then we started working on it very, very intently. Then it was run by Tomas and Tomas, Tomas de souza led it from a business perspective and Tomas --- led it from an editorial perspective. Then we started to get to work and we had workshops, and we had discussions about what would the target audience be, what kind of editorial content, what does the business model look like, and all of that, how were we going to build the site because we didn't really have any money to do anything. In order to, just in the summer of the – clarify this is the summer of 2014 – where everything started to become very intense. And then in like, ehh, October/November of 2014 that's when we actually got the editorial staff on board to work. Then we had three people on the editorial side, but one left for maternity leave right after the site was launched, so we had two editors and tomas. And then we had the website, so the website was developed, we used word press which we were already using in house and we just used a template that was available to buy and just did some adjustments. And then we launched in the end of November of that year, December 2014. We launched the site and then in 2015 the spring of 2015 was like eh, when we set the editorial work and the editorial process and started to establish the site on the market and getting people to understand what 8till5 was. But we didn't really have anyone that was focusing on the business side of how to grow traffic or how to make the site grow better. So

that's where I came in on the summer of 2015 and after that we've been focusing on basically trying to get the ads sales going, trying to get more and more people to visit the site and read the site, and know about the brand and so on. There's been some turbulence as well, where the original editorial team has left the company so, for various personal reasons decided to leave very shortly after one and other. So suddenly there was no one doing the site, we've had sort of interim solutions.

F: That was in spring last year?

P: Yeah since spring, this year. One person got a job at Ikea, I'm very happy for her. Suddenly one day it turns out that Fredrik also had quit. He went to another media company within the Bonnier media group – I didn't at all see that coming, that was a surprise to me. I found out, I was just going home on Thursday, and I wasn't here at all on Friday and I went on vacation for two weeks. I was in Vietnam and I had no idea what was going on. I spent some time sending emails from my hotel room and from my phone. So to sum it up, we had launch here, and then some growth in traffic from sort of here

(Writing)

And then we had like emm, staff turbulence.

F: That's a good way of putting it.

P: Yeah, and the people who came in and worked with the site in the Spring, they've done a very, very good job. They didn't have it easy but they did a very good job. So like 2015, and 2016, yeah something like that. And moving forward we're doing events, we're focusing on the ad revenue side – that's like moving forward. So! We have a very nice illustration!

F: That's exactly what we wanted! So, if we move on a little bit, so you kind of covered where the idea of the venture came from, and how you identified the opportunity. So we're going to

look at the initial statistics. What would you say the venture looked like when it was first launched, compared to today?

P: Well when it was first launched, obviously we had no traffic and no revenue. (laughs) and we had, ehh, we pretty quickly got a decent amount of traffic to this, decent enough to sort of keep us positive and believing that this is a good thing that we're doing...but we were in the beginning, we were, if we looked like on different metrics in the beginning we were very heavily dependent on traffic coming from the main sites - Sydsvenskan.se and hd.se. Today on a normal day traffic from those sources is about one third of our traffic. We... when we have a traffic week with high traffic that's usually because the traffic from the main sites increase, so the last two weeks we actually set traffic records.

F: Congratulations!

P: Thank you! The week before last we had the best traffic ever with 111000 visits during that week. We have a weekly goal of 7000 so that was actually very, that was the first time we came above 100000 in a week, and then last week we had over 90000 which was the second best week ever. So that's great.

F: Was there anything special happening?

P: When we set traffic records that's usually because there's something in the news, big events, and whats been going on the last few weeks is Findus, a local company in the food industry.

F: Is there a scandal?

P: Well they were, the factory here in northern Skane has been shut down. Which is very sad for all 500 employees that have to go, but they were actually bought by an internet

channel- they're british or german, some big foreign company bought Findus just a few months ago, just this fall. So they bought Findus and now they shut it down, so people are very upset about that and we've done a number of stories about it. The week where we had the traffic record the most read story was about the prime minister who was upset and that was actually the singular most read article at 8till5. So there are usually big news in the world that are driving these record weeks so my concern from a business perspective isn't to get these very high peaks in traffic, it's mostly about having, not dropping so much, so we had pretty much all of 2015 the traffic has been going like this (hand gesture) we've had some breaking news and traffic goes up and the next week it's down in the basement again. I want it more predictable, it's hard to predict ad delivery and how much ad inventory we can sell going forward when the traffic varies so much from week to week.

F: What were the initial goals at the start of 8till5?

P: They were something like, we had an initial goal for 2015 of 2.2 million in ad revenue, we reached 700000, so that wasn't at all near the goal. The new goal for 2016 is again 2.2 million

.

F: Do you think you'll make it?

P: It depends on if we get the sale staff going, because the main reason we haven't been near that goal is because, well in the beginning because it was a new product and we didn't have much data about who the readers are to present to advertisers. But now it's different it's more about where we focus and put our efforts. We had a sales rep last year who was a great person but not maybe the best person for this specific role. Now we're getting started with a new sales rep who I feel much more confident in. That said, it's already May and we have about half a million booked so far.

F: Not bad.

P: It's not a disaster if we don't reach 2.2 million; the important thing is that we see a positive trend. So that we see that, we can show it to ourselves and management team that the product is going in the right direction.

F: Thinking back to when the website was launched in 2014, where did you see 8till5 in five years?

P: Early on I saw it as I still do, that moving forward 8till5 the news reporting part of the project is like the core of it, but it has the potential to be so much more. So the next part that we plan to add to the project is an event business where is a huge potential in revenue and in brand awareness and so on, and that was from my perspective definitely what I saw in the beginning because what we can do here it's a relatively small market, so what we can do is we can really get to know our readers, we can have a very close relationship to our readers and that's a very good foundation for businesses like events. We plan to do a big event called Leader of the Year where we give out awards to the best leaders in different industries. But also like very intimate, exclusive events like a round table discussion with CEOs. Things like that. We have to have a very good knowledge about the decision makers here in the industries in skane, and because we are a small market very close to our readers we have a potential of doing that. But also because we are a small market ad sales alone won't go all the way for us, and even though we can charge way more for the ads on 8till5 than we do on our other websites and we have to have multiple revenue streams to be able to grow this business the way I see that we can. So the events that's like one part, I imagine that in five years we will have online services that are not at all editorial, but services that help the local businesses to do better, in somehow maybe we have a service that can connect investors with entrepreneurs somehow. Maybe a service where clever people can share their knowledge to other people that doesn't involved a journalist writing a story. I mean there are a lot of possibilities; I think that the news service will still be in the core of it because that's our expertise and that we see that our readers very much appreciate so we will keep doing that and maybe add one or two more reporters to the team eh, but definitely add other services at all.

F: Returning to your sketch, could you tell us which resources were crucial during the venturing process? We already touched upon some. Could you write in at each stage which

resource you thought was essential? And then we can see how it changed over time.

P: So, basically, during the whole period the thing that is absolutely by far most important, so I'll just write this very...is the personnel. We basically don't have money, we can't invest in a fancy website or a cool app or technology like that. We don't have a marketing budget, we just do what we can, I do tiny facebook campaigns and try to promote our newsletters.

F: Do you use any marketing channels from Sydsvenskan?

P: I do, I'll write it here. It, they, internal marketing resources – we done a brand awareness campaign with local celebrities or established names from the region that has, took nice photos of them in black and white and we had a quote from them in pink which is the brand colour from the logo. So we had a quote from them saying why they appreciate the site. So that was something we run those ads in our paper and on our websites and I'm going to do another period of that in, shortly I think also to use that material more. And that was done with internal resources except for the photographer who was freelance and well,.

F: Why did you use a freelance photographer?

P: We have so few and they are very busy. Also its sometimes it's easier too, since it's a campaign and not editorial content sometimes it's easier to use an external photographer that's more used to doing that sort of photography and plus it's one that we work with a lot and we know he's very, very good.

Well, and then we have like the sales team, some really haven't delivered so far but we're hoping for it...like I said we don't have any marketing budget, or development budget. We do a little bit, but that's not where my focus is. My focus is getting the people involved in the project to do great stuff – and they have been doing that.

F: From this process, what did you learn about prioritising resources?

P: Well, it's a ...hmm.

F: Look at it this way: if you went back to the start, is there anything you would change?

P: Well, in a company like this (HD Sydsvenskan) what can be frustrating is that you don't really control what resources you have and don't have. So, um, if I could go back and change something...yeah it's not really something that is in my hands, but I would like to have handled it better when our editors left, first of all with better staff management, they maybe wouldn't have left in the first place and the way we are now replacing them with temporary solutions who don't really know how long they'll be working with the product. It's difficult to get them too involved, and strategic planning and what should we do in the fall when they don't know if they'll still be working on the project.

The way that we are organised the editorial team report to the editorial management whereas even though I am responsible for the whole of the project, I report to the commercial side of the company. So I don't really have much say in how these people are managed, even though I can work with them and give them the tools they need, working together to make this a great site, I don't have any mandate in choosing who will be working on it and what their terms are. That's right now the biggest problem we have. Unnecessary internal bureaucratic problem.

F: Could you list the main sources your different resources come from? If they're from within Sydsvenskan or external?

P: We use free lance photographers from time to time. I currently have a freelance developer doing some work on the site. Our in house developers are super busy with the new big website project. Yeah, so I'm using a guy called Simon to do some work. That's mostly it for outside resources.

F: How would you say you acquire resources? If you think of, you need something, like a photographer. How do you get them?

P: Well in the case of the photographer, the person who did the campaign, she's been working for 8till5 since the start. In the beginning we had a fixed contract so she spent 10-15 hours a week working for us. We don't have that arrangement any more but we still use her from time to time. Easy choice, we knew she was great. And she first came on board because she worked with the business supplement in the paper, so she's used to that sort of photo journalism.

The developer...that's a former colleague of one of our developers, someone we know. In both cases it's relationships that have been established for a long time so that's very easy, in those cases, it's more difficult for one, like, ehh, a year and a half ago I needed design work for another project and I didn't really have any internal resources and I didn't really know anyone suitable for the job so what I did is I just asked around and I contacted a bunch of free launch designers and I chose one of them who I got a good impression of.

F: Internal ones – how do you acquire those?

P: That's a very interesting question because sometimes you have a clear mandate of these people should be working with this because it's been decided high up but, usually in a big company like this you need some diplomacy skills and you need to know who to ask and in what way and you have to be prepared that sometimes it just doesn't go at all as you planned. Usually for me, things usually turn out fine in the end but like at the moment I'm very frustrated about the situation with the editorial team because it's an obstacle that just stops me from being able to plan long term. But I mean it's formally you just talk to my boss, or that person's boss, and see if they are available to participate in the project but it all depends on the person. Some people have a very strong personal mandate, like we have our event manager; she does all sorts of practical work with events. When I need her help I just go to her because she can prioritise her own work and if she doesn't have time she'll just say so, I don't have to go to her boss – not even sure who her boss is. And sometimes it's better to go to a person directly because the supervisor is maybe not the most helpful person and then you can just...it's just very much about getting to know people and having your own personal network within the company.

F: Can you elaborate on difficulties or challenges you encountered acquiring resources?

P: Well the most obvious example is the editorial team. From their perspective 8till5 is a tiny, tiny project that just involves two people. And they're completely shifting focus to online production for the whole editorial team. They have lots of very, very big issues they have to deal with from a staff planning perspective and 8till5 is very small in that. From their perspective it's right not to prioritise my project. But I see it's big potential and that's why we should invest in it today, and focus on it today.

F: And how do you try and convince people of that?

P: I can just try to convince them. In that case its not about- I tried to do that and I have my arguments. But in that specific case, it's not about convincing it's just how it is and I just have to accept that this is something I cannot change this exactly how I want, exactly at this moment so I just have to focus my energy somewhere else. Otherwise, in other cases, just try to be convincing.

F: Sounds good. Did you learn anything about acquiring resources from this experience?

P: Well, what I try to do...hmm, just trying to figure out how to put it. What I've learnt generally in the last years is to focus my energy where I can, on things that I can change and not focus on, see which things I can change or not. When it comes to very, like to the structures within the organisation which it comes down to this structure balance between the editorial staff and the business side of the company and since I represent the business side there are decisions that I cannot make because it belongs to the editorial side and that's how it has always been and I don't always sometimes I agree that that's the best practice but sometimes I don't but I can't really, it doesn't really matter what I think. So in a project like 8till5 there are a million things I could do within the project, we mentioned the event business, visiting clients, ad sales, marketing, working on the newsletters, work on the

existing editorial staff to make sure they have everything they need...there are so many things that I can do, so I try to do that instead. I don't know if that answers your question?

F: It does, absolutely. So can you think of different ways you can convince resource holders to be part of the venture? Thinking of stakeholders that are important to 8till5, also how did you communicate the mission and get people engaged in it?

P: That's actually pretty easy I would say because it's just about, it's not different from communicating externally when I meet with companies and try to explain what 8till5 is and why they should visit the site or advertise on the site I have so many arguments on why this is a very very good project for our company and as we move along and get more and more data to back it up with as well. We can look at how the traffic is increasing, how who the readers are and what titles they have and so on. What kind of ad revenue per page view we can get from this site if we want to get the ad sales going.

F: So like you just mentioned, data and statistics – do you actively use those numbers to convince people?

P: Yeah, absolutely. There are some key numbers that are very powerful internally for convincing people why it's a good business idea. One is that the months where we actually had good ad sales where we were nearly fully booked in terms of ad inventory we see that we can get almost 50 – (half a kronor) per page view in ad revenue from a single page, whereas the same page view on Sydsvenskan or HD is only a quarter of that. Four times as much revenue per page view from a page that contains only 3 ad placements, whereas the main use sites contain 6 or 7.

F: That's a convincing argument.

P: Yeah, so that kind of data is very important. Different things convince people, it's basic rhetoric, you have to have the logical argument, the emotional argument, the ethos, pathos and largos. All three aspects to convince people.

F: So you tailor your strategy to the person?

P: Yeah, as much as I can.

F: Great. Our next question is about the general network of contacts. Could you tell us about the role yours played in growing 8till5 or in acquiring resources?

P: Well, that's a good question. Typically that's very important and since I only lived here for two and a half years my network is limited compared to what I have in Stockholm, if we're talking external?

F: Both, external and internal.

P: So that network is growing but there are definitely external parties that have become ambassadors for 8till5, like the people in the campaign I mentioned. People who themselves have very big networks and themselves promote 8till5 either just by sharing our articles or being a part of that campaign and so on. That has been very helpful. We also have different hubs, in the start up industry, ideon, minc, medicon village, think, mindpark...so we try to pinpoint those hubs and get to know the people who facilitate them and the seminar that was yesterday here in the lunchroom was arranged by media evolution.

F: So from what I understand you actively strengthen your network right?

P: Absolutely, and I only lived here two and a half years so my network is growing but not as big as I want it to be; but I also use tomas de souza and Fredrika haglund, those two have very big networks. I don't know how he does it but he always knows people, also Pontus the sales rep is very connected.

F: How important would you say internal networks within Sydsvenskan are?

P: Very, very important, yeah. Fredrika and Tomas are the most important people to have around me. They, aside from being very clever people with good ideas, just to discuss if I have an idea or a problem I can go to them and just sort of, sometimes you just have to get something off your chest and other times they're very good people to just help me move along. And I also need, it's very difficult as a manager of a project like this to just do everything on your own so you need a network of people to help you get things done. So when we do external events, when we're a part of other company's events representing 8till5 I often use our event manager to help me organise all the practical details there are often 100 small things that have to be done and she knows everything and gets it done.

F: Could you talk us through any steps you took to increase the legitimacy of 8till5?

P: As seen from...?

F: From outside or from inside.

P: Externally it's just....we...

F: We sort of talked about it already.

P: Yeah, that's the marketing that we do and the journalism that we do. And one aspect is that we take pride in writing positive articles about the companies and sometimes I get the feeling that we do that a little bit too much, I've heard that people suspect that those articles are bought.

F: That's an issue.

P: Yeah, so we have to balance that so it doesn't feel, so the editorial independence isn't questioned.

F: But from a business side, is there anything you did to convince people of the viability of the venture, of the business idea itself? And if you think doing that helped you to acquire resources.

P: Hmm, let me think. I can't really think of any good examples of that. Externally it helps that we are a part of HD Sydsvenskan, we use in the logo them in one version of the logo it says HD Sydsvenskan. So that's one thing, we use that credibility that HD Sydsvenskan has. But internally...yeah...

F: For example, I think you mentioned before that you have partnerships? Or events with companies that are trusted, does that help the status or the awareness of the venture?

P: One example of that is the award we're giving out. We did two last year, we're doing another now in a month's time, which is the start up company of the year from Skane, which we do, we reveal the winner at an event. It's run by IDG, my former employer. F: They do that event in Malmo on May 17<sup>th</sup>, 18<sup>th</sup> and we're part of that as a sponsor and the reasons that require that is because they attract a very good audience that's interesting for 8till5 so that's about brand awareness and about also the handing out the award is about showing that we care about the start up community here and we are invested in the future of the tech industry here and that we're on the same side as the companies, entrepreneurs and so on. Is that a good example?

F: Yeah! We've got a couple of questions about the context in which 8till5 operates, if you could start by explaining that a little bit.

P: You mean inside the company?

F: Yeah, the ties and the strength of the ties it does have.

P: Well, eh, ...

F: For example physical location, which we know here is in the building.

P: What we have in 8till5 is, we have basically 4 or 5, maybe 6 people working for the project depending on how you count. We are not all of us sitting together, I wish that we were, I hope that we maybe can get that working but now the editorial staff are on floor 4 and I'm on 5 and the sales rep is on the other side of the stairs. Me, as a project manager, I'm also part of the business development team where I work closely with Tomas, Karin, Fredrika where we try to help each other. So, ehh, but what I can do from inside the company is like if we're doing an ad campaign I can go to the ad production guys and ask for their help and sometimes they do just amazing help and sometimes they don't have time. But at least I can just go to them and get the work done and I don't have to worry about the cost for that, I can sort of misuse that service. A lot of people take advantage of the ad production team and use that way more than they should. I can go to our sales manager and talk to him about how we can increase sales and so on. All of these people are accessible to be really easily, I walk over and ask 'can you book this campaign in the paper and so on' I imagine that if we were a venture outside of the company that all of these things would be much more difficult. That's the positive side.

The negative side is that I don't always feel that I'm in control. I have a responsibility to deliver results but I can't control all of the aspects that are crucial to me to be able to deliver those results. I don't have full insight into the budget, to take one example. I know sort of what kind of costs we have so sort of what kind of revenue we need to cover the costs but I don't know in detail. I'm always subject to other prioritization from management board so I mean it's, hypothetically sometime Tomas or the CEO could just come and say, 'Sorry, right

now we can't really do 8till5 anymore'. That can happen...and it should happen. That's part of the, being, we're trying to do with these new projects is to, we have to be able to...

F:...leverage the resources of HD Sydsvenskan?

P: Yeah, and be able to kill projects we don't believe in any more. That's normal. But...yeah. It's sometimes very frustrating because I have to sort of, handle these different bureaucraties and politics internally, this decision is being made over here and this one over here, navigate through that. Sometimes I think it would be easier if I just ran this as a start up company. But I also think I wouldn't sleep very well in the night if I was just totally responsible for putting food on everyone's tables.

F: So how is 8till5 monitored? Are there any imposed milestones?

P: Yeah, well the milestones that we have...well what I monitor is traffic and various aspects of that. Traffic per day and per week. Right not it's per week, as it can vary so much from day to day. I look at the traffic sources, how dependent are we on the main news sites, on social media, I put a lot of effort in promoting the news interests. They are growing but we don't get that much traffic from them. And of course I monitor the revenue.

F: Is there anything management says, do they set anything for you?

P: The revenue goal for 2016, the formal budget we have is 700,000 but the goal we aim for is within the project, is 2.2 mil.

F: What happens if you don't reach it?

P: I would have to explain why we don't. And the traffic goal is not set by the management, that's set by me and that's looking at 2.2 mil in ad revenue, what sort of traffic do we need to reach that, I calculate it backwards. Right now the editorial staff is working towards 70,000 visits per week which is actually too low but is within reach for them. As soon as we have a stable traffic around that level then I will bring it up to 100,000 because that's the level that we need to be at. So pretty soon I think that we will raise the bar.

F: Sounds good. How would you describe the strategic objectives of 8till5?

P: Its to have, to reach a level where we have a decent profit margin so that we can increase the business from being just the news website, and start all these different services. That's what I'm aiming for, that we have the news website at the centre, and then we have the events and online services, some of which are financed by our subscription revenue so we have that stream as well. From a business perspective I want to reach a point where we have a good profit margin and we reach that through different kinds of revenue streams. Banner ad sales, premium content, event business etc.

F: Would you say this is aligned with HD Sydsvenskan's vision or objectives?

P: I think that 8till5 is definitely a part of the overall strategy for Sydsvenskan. Definitely. 8till5 is something that is exactly what we need to do for the company as a whole. Not be so dependent on banner ad sales, on the, just the news websites but creating a number of different services with a number of different revenue streams, that's what they need to do.

F: How did you establish 8till5's norms, policies and values? Do you have anything to say about that?

P: Well....it's a very good question. When it comes to values that is something I have been meaning to work with the staff for some time, because I think the work we need to do needs to be based on some shared values that are bigger than writing news and generating

revenue. That's not something, I have my ideas on what that should be, but it's not for me to decide it's for the whole team to come up with together. And because the editorial staff, the situation is what I talked about...I have to wait. My ideas for values for the product is that we believe at 8till5 that a strong society needs strong businesses, that's what gets people work and what finances our welfare system and all of the things we want to have in a society. Strong businesses that can grow and help people and generate tax revenue and so on. That's one part. The other part is that in order for businesses to be strong we believe that they should embrace different cultures and be gender equal. Those are the fundamental values that I want us to be able to if we agree on values like that, then we can use that in our journalism in a great way – we can write stories and do campaigns and things like that, to sort of promote these values and actually try to make a difference in...it sounds a little bit pretentious, but I really strongly believe that we can help. Like, one example we have a lot of people coming here from Syria, Iraq, Afghanistan, and the biggest challenge Europe faces right now is how we can use these people as a resource so all these people can help our countries evolve, and the cities and the companies, and I really believe we can do something locally here to help that. The individual companies, people and society as a whole.

F: That's brilliant!

P: I think we can do a lot there, but I need to have a lot of other people on board.

F: We hope you manage to get that! That's all the questions we have for you, this was really informative and thanks so much for taking the time to sit down with us.

## **Interview with corporate entrepreneur 2, internal venture 2, Beta**

**Date: 04.04.16**

F: So we will first ask you about your professional background, so can just start and tell us about you tell us about it?

K: I've been working as a journalist for more than 25 years and I'm eehm mainly at Sydsvenskan and I have done a lot of things ehhm from politics to features ehm and the last seven or ten years I had an I worked at the news desk for the half of my time worked with other journalists and made things go round at the office (laughs) and then I worked with the features ehm supplements for about ten years so

F: like the Hemma supplements?

K: yes with interviews and reportages

F: Great and is this the first venture you have venture you have managed?

K: Yes definitely, I saw everything from the technical part and the app, when I started to work as a journalist we worked with type machines

F: So you going to give you a paper and ask you to draw the venture creation process, take your time

K: that takes some time

F: That's ok

K: So in the start was the supplement Hemma and then ehhm we have all the articles about home and home design and that was not so I had thoughts about how to use it much more because when you have read your supplements you through it away and the articles are gone and the articles are so much more interesting than that, it's a trend with the home design and so I had thoughts about it could live much longer so ehhm how will I draw that ehhm so from the newspaper and then we began to think what to do ehm to make it a long life so and what to do and then we had

F: so who do you mean with we?

K: me and Tomas because I didn't work with the innovation department at this time, so this is one or two, that is more than two years ago

F: so what were the main stages between then and where we are now?

K: Then we had the workshop, and there we had a lot of thoughts and it came out an idea about the photos and the supposed value of it in Hima so we had an idea about the photos and then we have ehhm desktop ideas or something else and then the order from Stockholm was to go in the mobile, iPhone and android development with our apps

F: So it was a Bonnier management decision?

K: Yes, it was a direction rather than a decision, the building of the application started a year ago so here we have Hima and then we ehhm

F: When was the the app first published?

K: In the end of October, November and what should I say then and then we had a plan for the business but in the first place we had to fill Hima with something so it has to be something in the product, it was an empty product and ehhm but it was quite fast I think and then we are are where we are now I think or what do you think?

F: That makes sense

K: so there is a lot of marketing now

F: you can just write marketing if you want

K: and now those days I work a lot with marketing, we are going to do two events before the summer, quite big ones with the city of Malmö about garden, I think it is called a big garden event, it's an event where you can go around and look at gardens

F: like garden design products? Like flower beds?

K: it's a large public event and then we work with a quite big furniture shop so we have a shop, the one if you walk to the central station, so they have shops at many places here in Sweden, so that will be an evening event with competitions and I think it will be like that for the rest of the year actually and it's a beginning to go into ehhm the business with Hima to begin to earn money

F: Are you putting in advertisers yet or is the money coming from the events?

K: Both, the advertisers have to pay for the campaign

F: Right

K: So now it's only campaigns we earn money with, no advertisers at the app yet, I think that will take some time before we do that, it's about traditional advertising, it's a lot of discussions, it's more than a surface in the app

F: yes a lot of thought has to go into that

F: what sort of goals did you have at the start of the project?

K: I am a journalist so I am from the other side (laughs) so I thought about the followers and what they are going to like and the usage of the app, yes it has to be a soft product and we have Instagram and facebook and a lot of competition and Tomas saw the business in Hima in some way so after a short time I even focused on that but my goal was to get followers and the soft app, yes absolutely

F: and at that point where did you see Hima being in five years if you thought about it?

K: I thought about a community, Hima is not just an application, it's a community with a news site and the paper and the supplement and the events, it has to do with events in Skane, attractive to customers, I would like to see it in that way and we can earn money on the events, and the application will grow but maybe not so fast as I thought first

F: did you have any thoughts about moving Hima outside the company?

K: I don't know but Sydsvenskan had to develop new products and become something else than only a newspaper, I think Hima will stay inside the company, a lot of practical things you can do if you do it internally, it is the decision of the employer, so that's far away

F: So if we return to the map you just drew, we would like to indicate the critical resources you needed or felt were necessary at each of the stages, so could you walk us through the process again

K: Oh that's good, so first I need people to believe in my idea so that was Tomas and ehh and the head of news office so (laughs and draws Tomas on the paper), so because I needed the time to work with this ehh it wasn't easy because I had my job to do with the news production

F: a lot of other responsibilities

K: and ok you said people?

F: any resources, it could be people, financial, knowledge

K: So I needed articles and pictures so I had to pick it up and ehhm yes, the idea was to use old articles and photos from one or two years ago and it was perfect to use for one more time and then I needed a lot of thinking, it's at startup so you have to do a lot of brainstorming (laughs) and it is important, it is very important and the workshop was a perfect place to go, it was fantastic, I think you could meet a lot of people in the house who say the same about the workshop and Hima, huge workshop, a lot of input, from everywhere of the organisation

F: that's definitely a resource

K: yes, if you do something like that extremely well, you can really use it, the problem with that sort of work is that you let it go and the ideas disappear and I think it was quite expensive for the company to do that and after that I began to work more and I left the newspaper and started the project and that moment I needed Pontus a lot because we had to make a business plan, yes it was important

F: So the knowledge of Pontus was very valuable in doing the business plan?

K: Yes, he is a business developer and I'm not and I needed a group, Tomas, Frederike and Pontus, to do some more brainstorming and then I needed Johannes, so he is a technical developer, he didn't do the code for the app but he coordinated the development with an external company, I needed people that really believed in the project, and that was a hard thing also but it was hard to convince people, they said that this is a news paper and no place of home design, they didn't understand it, but we have to earn money with new things so it was hard work because I am a journalist but I think my position at the news development was quite good so they were impressed that I did this new thing

F: it is really impressive

K. Because before that I worked with hard politics and news, it's a big change, I needed people that believe in it and they really did and do

F: towards the agency you used for the app development, do you chose them because they already done work for Sydsvenskan before?

K: No, it was a choice I did, I also talked to other agencies, I also had the chance to chose other agencies, it was because they were already doing business with people in the building so I had employees who already worked with that agency and they recommended them, but they are not so good at design so I had an external design freelancer, a girl that did the design for the app, she also worked with Lunchguiden

F: How did you chose her?

K: On recommendations, that is important, she took the fight with the boys of the agency, so it was a good match, so technical part, coordination and design, we don't have a person in the house who works with technical design, quite important for digital products, we have some people from the newspaper we use but I really think we shouldn't do that, the applications look like newspapers then

F: Was that political to say that you don't want to use internal employees for the design?

K: yes, so anyway so people like Tomas trusted me so it was easy for me, it ended good, we work very tight together and I have very good colleagues

F: So what was important after the design and development?

K: It was about the marketing, to convince the newspaper to advertise Hima in our own products, the newspaper, I mean the paper paper (laughs), that was not a problem, but it was a problem to get into the news sites

F: Why was that?

K: Because it was another feature, it is about the content in the articles, I don't want to get old and bitter but they are young men on the news site and I am an old lady (laughs), I think it's about the content, they are not used to work to work with that content

F: Are we talking about advertising Hima on the news sites?

K: We put the articles on the news site, on the daily news on the site

F: They didn't want to do it?

K: It was hard but we need to do that because the advertisers want to be at a good spot and they want to be in the same area like those articles, if you have a furniture shop you want to see your adds at the same place as the articles, I have Charlotte to help me with that, we are changing the system right now in a few days

F: Is there anything in particular you are doing to convince the people to show Hima articles on the news website?

K: It's hard work, I talk a lot to them because I worked on the newspaper so it's quite easy for me to take the stairs down and explain that we had to put it down

F: Did it help that you worked with them in the past?

K: Yes, definitely, maybe Hima is really another product, maybe in the long-term it doesn't matter whether it is on the news site but the customers want that right now

F: so you already indicated that there are challenges in acquiring resources, more specifically, can you tell us about challenges and difficulties you encountered to acquire resources?

K: it's not so far away because it's about Charlotte and Sandra, they are very popular in the organisation because we don't have enough knowledge about social media so Charlotte is going between the newspaper and me and a lot of other products so I have to argue all the time because I need her and her time with me it gets smaller and smaller and smaller ehm

and I could maybe do something do work of her myself but I don't have the time to do everything, I talked to Tomas about that I need a team

F: How many people do you think you need?

K: I would like to have a person like Charlotte to work with the traffic and a own business developer, I could do marketing by myself and being the ambassador for Hima that I think we need and doing events so I need two persons, could you say that to Tomas? (everyone laughs), we could take over the world and I need a person to do it, and I need a person who works with the content

F: What about financials? For instance, you need extra people, is one of the issues money?

K: I haven't had any problem with that, Tomas took that decision with Pontus, the CEO, so when I started I knew that I didn't have to argue about the money, I have some argues with Tomas because I want to further develop the app, but it will be easier with the new structure

F: What are the main obstacles to get the new people?

K: The company is saving money all the time, there are a lot of need in the news paper, that's not a small problem because we have to believe in our startups and we have to give them some resources because a startup that never get any resources like money or people, it will die, you have to believe

F: How did you go along in convincing people that Hima is a legitimate business?

K: Because there is a business in it because of the advertisers in the supplement and the product Hittahem so we already have a business there in one way so there is money and possibilities in the market

F: How did you communicate your vision?

K: Once again, I'm not a business developer, I focus on interest and content

F: Did you back that up with any figures and data?

K: Absolutely, one argument was that the material is already in the house, it was quite silly if you didn't use these articles and pictures and everything you already have and that's a thought that people like very much

F: Our next question is about context, like contacts you already knew in the company and if it played a role. Did that play a role?

K: In the beginning it played a role, I met Tomas when I talked about Hima. Hima didn't have its name, so I didn't know Tomas or Pontus and I had met Frederike but we didn't work together. The people around me at the newspaper, they let me do this, they gave me the time but it wasn't contact, it was my employer or my co-workers.

F: But do you think the relationship with them helped you? Like that they gave you the chance?

K: No it was about the situation, and of course they believed in my way to handle things, do projects and get people work for me, I think I had a great believe in my project and myself

F: So the relationship was very trustworthy?

K: Yes, and that helped me to get approval and I think you have to be strong, you often feel alone and you have to get further every day, I have to do something today and it has to move the project forward

F: So did you try to build new relationships? Did you at some point think I need to talk to someone with a specific expertise and try to reach out to them?

K: Absolutely, I work with my contacts and make new contacts, and get them to understand what I am doing and who I am and would like to let them know that it is easy to work with me, I had to get people's knowledge all the time, every day, design and campaign

F: Is there anything in particular to make those relationships stronger?

K: It's about my person, I think when I get to know someone, I talk with that person about other things and I remember problems they have and I could help them as well, I noticed that people that I talk to, that they later come and ask me what they didn't do before and it's a very good way, it's a natural way, if I get something from you, you get something from me

F: Did you take any steps to increase the legitimacy of Hima? To increase the trustworthiness of the idea?

K: That'd a hard question, yes I talk to people which are in a good networking position, a lot of contact in blogs and Instagram that have a lot of followers, people that could spread the message and be ambassadors, I think both me and my colleagues do that in different ways, we have a lot of legitimacy because Sydsvenskan stands behind the product, my argument is that this the new product of HDSydsvenskan for home design, everyone knows it here

F: Did that especially help you in the first stage? Did that help you to acquire resources?

K: Absolutely, so we talked a lot about in what way we should mention Sydsvenskan, so on Instagram, so in the beginning I wrote in the app that Sydsvenskan is part of that like download Hima, our new home design app, our new business on home design

F: So you used the tie?

K: Yes, that's important and on the other hand Hima should be a product on its own but it would be nearly impossible to increase the legitimacy from nothing

F: That actually brings us to the next section about context, so our first question would be to describe the environment Hima operates within Sydsvenskan? so in terms of time, is there any way Hima is monitored like time to launch?

K: I think we take too long, often I have to wait weeks for a decision and that's not good because startups should work very very fast, but others think we do it fast enough

F: Are there any milestones imposed?

K: Yes, but I think it's getting harder to decide about this because I have an idea about 3000 signed up users, we take it in a soft way, we want to start the real business next week

F: Noone is saying do this or it's over?

K: No, we have three years for a startup so and I think we will start the business earlier than our plan was so and then we will see if the business is good

F: What are the strategic objectives of Hima?

K: Hima would like to be the meeting point in Skane for people who are interesting in interior design, gardening and shopping in that area so it will be a meeting point, there is a social flow, you could maybe do some more private business in that, people haven't done that but they could sell things and ask for things, so shops should be in Hima as well, so it's a meeting point like the newspaper and you have new information about things and you will also do your business in Hima, and that's a vision which also makes sense for Sydsvenskan and the whole company

F: So do you think that vision aligns with Sydsvenskan?

K: Yes, absolutely and that depends on my way to think and how I work in the house, we always have that idea that we should be a meeting point for the people

F: Then our last questions is how did you establish your norms, values and policies of Himas?

K: That's hard, so interesting questions, so I think the biggest value is inspiration, a place to get inspired, absolutely, maybe Hima could take Sydsvenskans values and put something more into it like inspire people

F: Thank you very much, that was our last question, thank you for taking the time

## **Interview with corporate entrepreneur 3, external venture 1, Gamma**

**Date: 07.04.16**

F: So, let's start! First of all we would like to ask you to sketch the venturing process of Manolo on a blank piece of paper, starting from how you got the idea to where it is now? Or when you left it.

T: Let me think...we've actually told the story several times so I should manage this. At the time it was 2003, no 2004. I was travelling with an old friend of mine, who is today CEO of toka boka. We were on a trip together as friends and the story goes that I had these smart trousers on, long trousers but you could make them three quarter length.

F: Snazzy.

T: Yes, very nice trousers, very practical. And he didn't like them. He told me that they were awful and I disagreed and we started talking about who was right and who was wrong, and we ended up disagreeing but talking about who knows these things, what is really right and what is wrong? There should be some kind of sources for us to use. There the idea came up, that this is something perhaps we could do. So we came back to Sweden and we started looking for medias who did this, for the Swedish market. And what we found was just old types of men's magazines, with mainly women on the front with not much clothing on, and a few pages of fashion tips and tricks. And that was it. Not much. And also at that time, the blog as a format had really started to gain traction and, but a lot on the personal level, personal blogs. So we talked about this in combination, can we start a blog on male fashion? And it was really more coming from an interest and curiosity than as a venture, we didn't think of it as something that we could make money from, so I'm not sure how to sketch that start (laughs).

F: You could call it a trip...

T: Call it pants. But the main idea was coming from a need that we saw ourselves. And at that time it was quite easy to just start with something and there were several international sources that we could use.

F: Like what?

T: Well...GQ, as one example.

F: So you mean sources of inspiration?

T: Yes, exactly. We also experienced that later on, that they way to know what kind of fashion this autumn will bring, for example, is really just to look at pictures at GQ and then you're the expert. So it was really an easy way in. It's really hard to draw this, I don't see it as a drawing I more see it as something physical that I experienced, but you have the recording so we'll see where we end up.

And since the blog format was really new, and we're one of the first that did something of a theme based blog, we got a lot of attention in the blog sphere in Sweden. And there were few enough that people who blogged knew each other. There were gatherings of blogging people and stuff and we went to those, and that meant that we quite soon got a lot of attention from them, and that was a way to build traffic, as everyone was linking to us, we got the audience. So it didn't take long actually, just a couple of months before we were quite big in Swedish measurements – that would be around 10,000 weekly visitors perhaps. And we, from the beginning we put up a few rules for ourselves. To be able to build something we wanted to write something new every day, as a promise for people to come back because we saw that as something important. If we just do something now and then, we'll get lost in all the other blogs out there. It's king of easy to copy what we do, so we need to build the platform really quick.

So starting in December 2004, and just trying to find a way to work with this during the spring. We had a rolling responsibility that we didn't have to write every day, it just went around on us two to start with and then we found a third guy. So we did that for a year, a bit over a year, and then Sydsvenskan showed interest and that was because both of the other guys had worked here before and the CEO saw that this is interesting, this is the new type of media that would fit our type. So Sydsvenskan bought half of the company – we formed one because we didn't have one before and then Sydsvenskan bought half of that.

F: So you only founded it when they were interested? That was the trigger for founding the company?

T: Yes. We worked with this, and we had some advertising revenue from google ads but we hadn't really put up shop. And also we had other companies on the side at that time, so we could use that for book keeping and we had bad experiences on different kinds of companies, in Sweden you can form a lot of different kinds and there's really just one which is good for you, when you have shares in the company. All the others make you personally responsible and we didn't want that even if we were friends we saw the risk of not being friends one day. So we got the help from them to form the company and they bought half, which means they put money into the company and we could hire a person to sell ads for us and that increased the revenue and Jenny became CEO of that company.

F: Was she part of it before that or did you bring her in to be CEO?

T: No we got in touch with her after, she worked at Sydsvenskan with business development. So she was CEO, I was the editing chief and the CEO of Sydsvenskan was chairman of the board so it was integrated but not really. And we had one sales person that worked solely for us then. We did that for a couple of years, we hired new editors; we found them among our readers. We said we need help, we need to be more, and they were really interested in what we do and they knew more about fashion than we did so it was really easy to find good people to work with. So during those years we had a staff that was spread out over all of Sweden, we never met all of us. Me and Bjorn and Fredrik who were the co-founders, we met from time to time but we never got to meet the others just had a running

schedule on google calendar and emailed a lot and found our ways through new tools to collaborate and also this on going planning that at least one article a day.

And eventually we started to gain traction also among the brands and the PR agencies and they started to contact us for collaborations and could you please write about this and that, and that was how we started to build a business around it, we saw the potential for them to be able to show up what they wanted to and that's how we found the advertising model as well.

We continued working with this - I was studying at the time and Bjorn and Fredrik were running their own agency on the side – and it took more and more time, the work with Manolo. So eventually we sat evenings every day of the week and tried to find new stuff to write about. It was really – you could work all day and come home at 7 pm and have to write an article, we had at that time about 20,000 readers per week so we wanted to do it good. We found a few ways, we had our inspiration sources and we had something called 'Ask Manolo' which means people could send in any question they wanted and we could write an article from it, so we found out what the audience was interested in and about what was going on. We also had this tool on the side where we logged every search that people did and that was a very good way to find 'ok, we have 10 people searching for this, what is that?' and we could find out.

F: Clever!

T: So we didn't know much about fashion, I still don't but we had a good time working with it and we learned how to find the answers. And eventually we also found that people were really interested in what we thought because we had become 'experts' even if we didn't believe that we were, so we could start writing articles about what we thought about things, and that was much easier than fact based articles.

We continued to grow, it was really hard to get the business going, it was a good thing that we had stuff on the side. Sydsvenskan worked quite a lot with finding ways to bring in the advertising revenue, but it was hard since both Sydsvenskan is regional and we wanted a national or international brands and a lot of those brands bought media through media agencies, who didn't really get what we did, so it was sort of a catch-22 where we need to get in contact with those brands and they didn't know about us because the media agencies, they didn't know what to make of us.

F: What do you mean by media agencies?

T: It's when you, as a company, you give that agency the task to find what channels you should invest in. Like 'We have this campaign, where should we go, and why?' they are experts in finding the target group in different channels. Most big companies use this today. And their business model is really just to find the space and buy it and then they get a cut.

Yeah, we had some revenue coming from advertising and we had a lot of ideas on how to build like the next level, we were talking about forming our own brand on basic wear and skin products which was really, there wasn't much to choose from at that time. About that time we were contacted by Edmont, which is another media company in Sweden and Denmark and they have a lot of brands. They had our big competitor, King, a printed magazine, fashion for men who launched a couple of months after we launched. They were the old form of fashion magazine. So eventually they bought us in 2008, I think.

F: Did they buy out the entire company?

T: Yes. And along with that deal came that we, they could work with us for a year on product development and such but they didn't. They never called. They probably thought that they could solve it themselves. So the product today is almost the exact same thing as when we left it. It's new editors, it's around the same amount of readers as it was then. It hasn't grown but it hasn't shrunk either, so it's quite impressive that you could hold on to exactly the same product for such a long time I think. Both from if you're looking at it, it was an idea that held for that many years but also that you could have a product like that and not develop anything over 12 years.

F: Perfect. So you've covered some of our next questions, which is great. What were your goals at the very beginning, did you set any?

T: I think we had launched a few ideas before that were targeted at media companies in Sweden, for instance we built first a solution for Sudoku's in Sweden. So I think this was our attempt to find a business of our own in that landscape that we started to get to know, but of course, I think that we did it mainly for fun. I don't think we even had the idea that we could make money from it when we started. We just wanted to explore the blog format, but that is how I remembered it but at the same time I remember that when we decided that we wanted to do something we actually chose between the fashion blog or a blog about poker, because it was also coming very strongly at that time. So that tells me that we had to have some kind of commercial thinking in that decision. Although we would probably have made much more money from the poker blog.

F: So, when you think about the process, what resources do you generally think were important at each stage and how did that evolve?

T: I think what we brought to the table really when we started to discuss with Sydsvenskan was the editorial part. We had the format going, and the business worked the first years because we worked for free. We were the resources really, that we produced one article a day that actually had potential. So the combination interest and basic funding that made it possible for us to do this and I don't think we saw it as I get money from CSN so I can write fashion articles.

F: From CSN? But there was no funding in the venture?

T: No, that was for being a student. Sydsvenskan put money into the venture when they bought half but that was for hiring this sales staff.

F: How did you find the sales person?

T: Sydsvenskan hired her. So that was really, when we joined them for the forming of a company we were responsible for the editorial part and they were to solve the rest. So we

were interested in the advertising formats and how they solved that but they were responsible for...

F: So did you already have a business model at that point?

T: If advertising is a business model then yes...but it is a really passive way of choosing a business model. But as I said we had a lot of thinking on what could be the real business behind this because we had built up the trust within this community.

F: Were there any other resources you can think of once you started working at Sydsvenskan?

T: With the blog coming as a new format there were also technologies that hadn't been available before. So we installed our own blog platform and bought the domain, and found an open source advertising solution. So technology was of course a resource that we needed, but we solved that ourselves as well. What Sydsvenskan did also was to include money for marketing, so we did some marketing in the first year. We did a campaign that we did online, I'm trying to remember, I think it was really – we didn't have money for models so we modelled ourselves.

F: (laughs) I think we need to see this!

T: (laughs) I think I have it somewhere. We were walking a runway with jeans attached together...it was really strange, but it was quite a nice campaign.

F: And did you use any of Sydsvenskan's marketing channels?

T: I would say we did, because they had contact with the media agencies, and they had, we also did some direct response marketing with sending out bowties to important persons at the media agencies so they did all that.

F: So you talked about challenges with the media agencies before. Did that solve the problem?

T: No, we were still too small for them to see us as a media and they didn't really get the blog format at that time.

F: Did they eventually?

T: Yeah, today blogs are one of the main channels to invest in.

F: So even though it wasn't successful, can you talk us through anything you did to convince the media agencies that you were an important channel?

T: Well we did that with the bowties, and we also found out that we, we wrote a lot about different kinds of products because that was fun. When we had built a big enough reader base the companies found out and started to send us products so we did a lot of 'testing' of products and every time we wrote about something that we liked, we kind of experienced that when we went out, like shopping, or something in town and in the stores we saw that those products that we wrote about there weren't many left. We started to talk to the shopkeepers and we found a really strong connection there, which was totally new to us, we didn't know that we could have that effect.

F: Interesting.

T: So we started to use that as argumentation towards these media agencies as well, but we actually, I think we had a lot better results when we talked directly to the companies than when we tried to teach the media agencies what we were about.

So the companies started contacting us to write about them, and we would get back to them saying maybe you should advertise, so we got some campaigns doing that. The first big campaign we got was Ikea, for their new wardrobe concept. And then we had a case that we could start talking about.

F: And throughout the process did you learn anything about prioritising resources?

T: That's a really good question. I don't think we thought anything about prioritisation, we just worked all week around and when we had time. There were several times when we posted the article five minutes before midnight just to deliver before the day was over. So we had our time and we could control that and we knew what we had decided and what had to be done so we were never late.

F: Sort of similar question – what did you learn about acquiring resources?

T: What we acquired was really, we weren't that active in the process of finding the right sales person, Jenny was. But we acquired new writers and tried to find ways to not have to write every day ourselves. And that ended up being a really easy process, we posted something on the blog and said we're looking for new editors.

F: Did you pay them?

T: No (laughs), we had a good flow of free products so they were happy with that. What we learnt from Manolo which is I think the key ingredient for our agency that we built after that and I think it was the same for them. Actually one of the guys who worked for us is working in Sydsvenskan now, as a culture editor. Another is working for Eton which is a big shirt

brand with their marketing, and that competence he grew from Manolo. So more people than us saw that the blog was something interesting so it was quite easy.

F: Did Sydsvenskan approach you to purchase half of it?

T: They approached us. I remember we had a nice dinner at a nice restaurant. Most expensive dinner I had had at that point so it was quite easy to convince us to form this company, we didn't have any other people that talked to us about that and it was kind of interesting to see what could come out of that.

It's easy to say now that it was a good idea but we didn't really know that then. We saw that we got a bigger and bigger audience and that meant something of course.

F: So you basically used your traffic as proof?

T: Yeah.

F: No other tools? Business Plan?

T: No, not at all. Which is probably why I don't like business plans now. Also this way to build a company, you need some kind of funding from the beginning, not everyone will work for free. But there are so many estimations involved, one main rule is if you build an audience you can do something, that is related. And it has to be a big enough audience. But there weren't that many solutions for monetisation at that time.

F: Can you tell us about your network of contacts you had at that time and how it helped you?

T: I think the only reason we discussed this with Sydsvenskan in the beginning is that the other two founders had worked here and knew people here and they left because they didn't really get to work with ideas. So when they came back and said we have these ideas, what do you think about it, it was easy for Sydsvenskan and it wasn't much money for them to buy half the company.

F: How did you decide what half the company was worth?

T: Good question! I'm not sure...the deal ended up being more of a funding than paying for something, so we got money into the company so that we could hire the sales woman. So it wasn't really a discussion I would say.

F: And while you were working on it did you take any action to strengthen your network?

T: That just happened, actually. Because we had one thing that we talked about a few years later actually. So the first years we were contacting all these companies during Stockholm fashion week and it was really hard for us to get in but just two years after that we were front row, it was the audience again. It was since we reported traffic it was easy for people to see how we grew and how many were using our channels and since the blog format was new people working in marketing were probably quite interested in seeing where this ends up. So we were one of the few who worked on an example of how this would be.

F: Emm, can you describe the environment Manolo operated in? The working environment, with regards to ties to Sydsvenskan once they had purchased half? For example, physical location.

T: We covered the length of Sweden, I was in – studying, and Bjorn and Fredrik were down here studying.

And as I said I was studying so I had my small apartment and Bjorn and Fredrik had an office.

F: But the office was created for something else?

T: Yes, for their agency. So we had a break in Lund, they had burglars in the office and they stole all of our shaving machines we had as product theft! Very strange, and they left the computers.

F: How did that change when Sydsvenskan bought the company?

T: We continued to work like that until I moved to Malmo to work on this more, and at the same time we founded a new agency and got a new office.

F: Would you change anything about the relationship you formed when they purchased the company?

T: I think knowing what I know today I would be much more active in the business part of that venture, I would focus much more on that not writing articles. So it wasn't, I think in a normal case when you looking at a potential partner you kind of weigh things against each other and see what your options are but at that point we have just started building this and we didn't have any revenue and we couldn't really see what the next step would be, which meant that being part of the Sydsvenskan company sounded like a great idea and they said they needed to own half for tax reasons. Looking at it now, that was probably the reason we ended up with quite a good deal when we sold it together, since they owned that much they were also interested in finding a new partner when we were getting ready to sell.

F: Were there any negotiations over the terms when you sold half?

T: As I remember, we wanted to hold on to the editorial part and had a discussion about that, but it was not a big issue as they saw they didn't have the editorial staff to do what we did and also they would have to pay them and we were free.

F: How did you choose positions of power? Who the CEO was?

T: Yeah so they got the CEO, it was Jenny, and we got the editor in chief and in a company like this it's sort of equal power wise.

F: And were there any monitoring measures or imposed milestones?

T: We had a budget which was mainly Sydsvenskan's demands on themselves. So we agreed on a budget and the budget was based on traffic so yeah we needed to deliver but it wasn't hard to deliver, it was quite easy to grow it.

R: And what were the strategic objectives of Manolo?

T: Emm. Giving young men a source for fashion advice.

F: And how would you say this is aligned with Sydsvenskan's objectives?

T: Not at all (laughs). But if you twist that I would say forming company in a new media world and trying to find new business models, sort of.

F: So no financial performance criteria?

T: Not really. They put money in the company that made it possible for us to hire someone and then we needed to bring in enough money to cover the expenses the first year.

F: Coming back to the strategic objectives, do you think they changed at all through the course of the venture?

T: I think it wasn't clear to us from the beginning that the long term plan would be to sell again. As I remembered it, we started discussing it when we started to be bored because it was too much writing, and there was too much we wanted to do instead with our time. The process actually, looking back at it, it feels a lot like we introduced the way forward, probably wasn't like that because the CEO at the time was a really hard core business man, absolutely, but it felt like we owned, we ran the process and got to do what we wanted to do.

F: And how did you establish the venture's norms, policies and values? Hard question.

T: I think the easy answer is that we were two best friends who did this, that part wasn't tricky at all and it made it very fun for us and we did more trips together and those were working trips but...

F: Do you think your merger with Sydsvenskan changed any of these?

T: That was probably when we started discussing the business side of it for real. And when you bring money into a project of course it changes. One discussion we had for example, since we, we were three co-founders and we should, we were about to share half of the company which meant that we couldn't split it even so someone had to have a little little bit

more, like very very small share. And when you start to discuss those things it wasn't a big deal but you have to make business decisions that could affect something. Ehm, so I think it wasn't Sydsvenskan coming in but the effect of them coming in and us more talking about the business parts probably changed us, at least to some extent.

F: And do you think starting to develop the business side might have limited the opportunities or resources at your disposal?

T: Yeah I think that was the main reason we wanted to sell eventually. We experienced that the business part of it was much more interesting than writing those damn articles all week around and we wanted to do more of that, and also at the same time the agency that we started together started working out well so it wasn't that much fun anymore.

F: Alright, that's all our questions. Thank you very much!

## **Interview with corporate entrepreneur 4, external venture 2, Delta**

**Date: 06.05.16**

F: So could you tell us where you were professionally before you started Hitahem?

M: Yes, before that, like 1997 quite early in the internet age, I started a company. I developed like coded, so I studied system engineering. I really wanted to understand the possibilities, so before that I worked in a internet company for eight years like before I started my own company, there I worked in business development, that's where I'm good at. We did dating, but dating between craftsmen and people who need craftsmen, so me and a friend, we started this company, soon we were four people and we really had some success with that. So we asked us where all these situations start like renovating, it is actually when you buy or sell a house, so we understood that doing the matching services but between the house owner like real estate agent and the person. So we learned from the last venture, so that's how all started.

F: Can you please sketch your venture on that piece of paper, like indicating your important stages you went through in your venturing process like from where you started to where you are now.

M: So for me it's a timeline where we got the idea and tested it, so it must me like that, so here it started from my experience from the web, the idea of matching services, of matching buyers and sellers, once again that's experience, and then we started to develop like codeing, we were between four to six people, so the idea we had was a bit naïve, there is a big competitor in Sweden, it is very hard to get in there, we thought well if we just do an iphone, we just thought make it easier, nicer, smoother, but that didn't work, it's so much harder to change behaviour, change the search behaviour that is so tough, so we understood that we have to find something unique, like we must find a unique selling point, and then we found that one, from that point, it is more of a selling thing, like go and talk to people, get them to understand our product, it's a complex unique selling point, so we needed to get input and adjust the product, so we understood that we had something, we gained traffic and users, that's where we understood that this is a way we can run, it was a good moment, this was actually 2013, we still were only six to eight persons, not that much, so that's where we started to find more money to scale up, that's where we took the next step where we started to talk to investors, so for two years we just talked to venture capitalists, that is really not easy, two years, in the end of this period we found Sydsvenskan,

we understood that we can do this together, so that's the way. It is a business relationship where we could advertise our product so we bundled it together and sold it to brokers, they understood that this interesting in 2013, late 2013 they invested, at that time they owned 49%, so from that time we are together, find our way to grow, today they own about 90%, that is more less it.

F: What were your goals when you first started Hittahem?

M: It is to change the world, if you are an entrepreneur, to find another and better way, I think that is the driver, to change the world

F: Could you tell us which resources were important at each stage?

M: It's mostly the people, when we started I thought all you need is technical development but it is so important to have sales and advertising and all those different functions, you can earn money with a website but soon it takes so much more, it takes advertising to drive traffic and sales, a sales person was one of the first persons joined, so that person I knew before from my first venture, so I thought ok we need that competence, so I thought who do I know

F: So you used your network?

M: Yes, definitely it is so important and the hardest part to find the right people, the problem in Sweden is if you didn't hire the right person, you can't get rid of them easily, it should be more flexible, that would be better for all, I would hire more people and stop working with them if it's not right, so that's a challenge today, but if you find them, just get on the bus and decide where you are driving, that is why people start businesses with friends, at least you know their flaws as well but you can relate with that, you can accept that

F: How do you convince the people to get on the bus?

M: That's up to me, my personality is very important, to be the leader but also it is about the idea and the vision and the ability to present that is a short time, the ability to present that very well

F: Is talking to investors any different?

M: No, that is very similar, I understand that I am sellinf myself, they have to believe in my, in my person, I have to be able to explain and pitch in a short time, present myself to convince them that I am able to carry it out, to achieve the vision

F: So we talked about staff and finance, are there any other resources you can think of which were really important?

M: We really needed people who wanted to found the company, we were not able to pay them, not everyone is doing it, everything is stressful and uncertain, in Sweden venture capital is not that available, there are more entrepreneurs than venture capital, there is a competition, also tax rules could be so much easier, too much bureaucracy, I had a really good job and to just take the risk is very hard, like not knowing when your next income will get in, I think, I think that's why more guys are doing it

F: Are there any other challenges you encountered with acquiring resources?

M: It is really hard to find good people, like educated and experienced persons, it is really hard, right now we are 25 people and half of them are consultants because we are not able to find our own permanent staff

F: Can you tell us about the role your network played in acquiring resources?

M: It's always about people you meet, contacts from school, work, hmm,

F: What ABOUT Sydsvenskan?

M: So we approached them

F: So did you use

M: I speak through keynote, it's actually the best way, so I do my own business models, so it can be charts, it's about telling a story, convincing someone to invest

F: Do you think storytelling is more important than showing numbers?

M: I think it is, people are taking emotional decisions, they are justified with rational arguments, convincing people is only emotional, maybe it's personality

F: How much dependent or independent are you from Sydsvenskan?

M: We are very independent, they told us that they tried to do it themselves but they failed because it's a different kinds of people, at Sydsvenskan there are many administrators, so after the idea is carried out you need them to take care of it, so there is a big difference, so I have to convince their board, I also respect them

F: would you change anything from the relationship?

M: I think we have a good balance, the board gives me different perspectives, that is always good, good feedback to get better if you are willing to listen, so different people more perspectives

F: How is your venture monitored?

M: Yeh so we have our KPI's and we set our goals and every month I do my report and then we have board meetings to discuss them, you can't just take the entrepreneurs away in an early phase, Sydsvenskan would be lost without entrepreneurs, so much complexity

F: So what are the strategic objectives of your venture?

M: my personal goal would be to get half of the hem.net visitors, but strategic goal, we want to be the first website if you are going to sell or buy

F: How are your strategic objectives aligned with Sydsvenskan?

M: Not so much, but we benefit each other, but we are our own company, so we will find what is good for us at first hand

F: How did you establish your venture's norms, policies and values?

M: We don't really have that, we are entrepreneurs, we have to test things, we are evaluating and changing on a daily basis, we don't document everything, so we are really different to Sydsvenskan, a lot faster and everything

F: ok thanks you very much, that was the last question.