Box Paradox

How Key Account Management Contributes
to Business Model Innovation

Ebba Laurin

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Key Account Management is the way a firm handles its largest and most important customers. Significant resources are dedicated to accomplish both short-term sales objectives and strategic long-term goals. KAM is increasingly strategic, not least because the sales and selling activities are becoming digitalized and automatized. A particularly important dimension of KAM concerns how the firm develops long-term customer relationships. However, the truly strategic part of KAM is about innovation, and this dissertation explains how business model innovation emerges in key customer relationships.

This dissertation presents in-depth case studies in the fields of military training, editorial outsourcing, and large events. It conceptualizes KAM principles and examines the strategic contribution of KAM to business model innovation. The findings show that customer co-created proof of concept projects and processes of trial and error may be used to test emerging business model innovations.

The dissertation introduces the Customer Engagement Model as a result of the research. The model assists in analyzing three KAM processes in which people are central. They are KAM Creating, KAM Disrupting and KAM Anchoring, and they function in relation to customer engagement.

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Life can only be understood backwards, but it must be lived forwards.
Søren Kierkegaard

To Molly and Svante Laurin
and to our friends, good colleagues, good neighbours and family
in loving memory and in honour of my father, Lars Laurin.

Foreword

This volume is the result of a research project carried out at the Department of Marketing and Strategy at the Stockholm School of Economics (SSE).

This volume is submitted as a doctor's thesis at SSE. In keeping with the policies of SSE, the author has been entirely free to conduct and present her research in the manner of her choosing as an expression of her own ideas.

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Advisors, friends, co-workers, colleagues. Roles blend into each other as many individuals became engaged in the process. I am grateful. Lars-Gunnar Mattsson has provided encouragement, knowledge, curiosity and support from the start. Always generous with his time and engagement, Lars-Gunnar has read and re-read my texts over the years. His unabated curiosity and the long-term perspective on research at MAST have been significant sources of inspiration. Tina Bengtsson has been a great friend and support in every possible way. Tina has deep wisdom and a great sense of humour. The combination is outstanding and Tina has enriched the process, my children and me. Riikka Murto and I became close friends over the years when taking courses, discussing research and during lunches and coffee/the breaks. Riikka in her unfailing sense and sensibility and general brilliance has been great support to my kids and myself. I contributed with the habit of having I-pod parties from my time at Ericsson. 15 minutes of dancing to the music of your choice is a genius way of coping with many challenges, including the doctoral research process. Per Åhblom, our dear dance and student colleague joined the "movement" on a regular basis and Riikka is now carrying the practice forward with our new PhD-students.

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that I would have liked. My excuses to you, with hopes that senior researchers afford the support that they gave to me.

Teaching has been a delight. I am grateful for the continuous opportunities to teach, grade, coach, supervise, develop lectures and develop my skills in parallel to the research. My sincere gratitude to Karl Wennberg and Claes- Robert Julander who provided the same chances in the entrepreneurial and retailing context. In addition, Karl and Claes-Robert's support has always been reliable, relevant, significant and deeply appreciated. Björn Axelsson, Per Anderssson together with Christopher Rosenqvist engaged me in several courses held by MAST and I am grateful. I have appreciated learning the practice of teaching in all its details and aspects. Anders Liljenberg has provided continuous encouragement. Anders and Mats Vilgon gave me the opportunity to teach B2B sales to Russian business people in Moscow, our MBA-students of SSE Russia. That was a great experience. Angelika Lindstrand and Filip Wijkström has engaged me in the assignment to coach our MBA-students in Stockholm and I am grateful to all the students regardless of program or context. Through the teaching and coaching role I developed these skill-sets and learned how great our students are and how I may support their development. I am particularly grateful to to Michiel Janssen, Bridget Homen, Yelena Ivanova, Sandra Schmitz Jansen and their fellow students from the first larger engagements in the role of coach and teacher. All of which is a privilege. The honour of representing SSE was extended to me repeatedly by my MAST-colleague Anna Nyberg and by Anna Dozai Ahlqvist and Anna Gyllström of the program office in different forms and ways. Working with the program office has always been a pleasure.

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My professional background from Ericsson steered me to the IT-department early on. I know from experience that Swedish IT-engineers are phenomenal in all aspects of work and life. Their cheerful witty banter, continuous innovation and problem-solving has been dependable. The friendly support by the IT-department with Erik af Sillén, Lars Ledenholm, current and former colleagues has been great and supportive in many ways. Lennart Bogren, now retired, fixed everything that was in need of fixing and he and the service team who work in the reception at SSE, Tina Webb, Elisabeth Sanemo and Benny Kalén, have been a great source of kindness to me along the way. The service staff has been very helpful to me when preparing the lecture halls for teaching. I am very grateful for the kind assistance.

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and its informants shall be unnamed. The engagement of informants in the topics and subject of sales and business model innovation contributed a better analysis and text.

The last section cuts across the formal side of the PhD-process, the informal life at SSE and the private sphere. An array of unfortunate developments had been lining up and co-existing over several years. I was in the midst of collecting empirics when life as I knew it, came to a halt. When that happens in a system, that offers neither safety nor structural stability, each step in the process, depend on your own ability, luck and support. The most important process consisted of support. It came from many people and a vast number of good deeds. Kindness, friendships, and acts of support by colleagues, friends, neighbours and strangers had a combinative effect. The PhD-process and life could advance.

I am deeply grateful to everyone who contributed to a particular process that started with two dear, kind and great fellows, Olle Ericsson and Bastian Ericsson. The process was driven by Helena Netz during 2015 and it cut right across the private and professional spheres. The contributions from several of my professors and colleagues, in addition to people in my network, Jonas Eriksson, Jimmy Rodhelind, Arnold Sjölund, and my highly competent and professional friend, Fredrik Mälström, assisted in the positive development. The process resulted in stability thanks to the collective contributions from many individuals and the drive of Helena Netz.

However, stability was hard-won and soon lost. Since start, the research process has been running in parallel with the pain of losing my father, Lars Laurin, to dementia. Mattias Edlund and his entire crew have made this process easier. I have always talked about my father in my everyday life. I have shared his humor and wisdom. He used to smile at my frustrations growing up and say camly and lovingly, -Do one thing at a time, only one thing, but do it really well. My father died towards the end of the doctoral process, during autumn 2016. Grief disrupted the progress. Again friends, neighbors, colleagues supported me. My uncles, Olle, Sven and Thomas Laurin have cared for my father, my mother and sister. Thomas, Gittan with the family have been a particularly supporting positive force to me. Jacob Laurin has recurrently been both family and friend for decades. Jacob is also a great professional with whom I have discussed B2B sales. I am

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My acknowledgements end with a tribute to my children Molly and Svante and the PhD- process itself. The PhD-studies allowed me to spend time with my kids and live life in the slow lane. This is how I could come back to being proficient in my roles at SSE after the disruptions of 2013. It was by being with my kids. Molly and Svante are wonderful persons, kind, bright and brilliant with a great sense of humor, strong in will, compassion, unlimited abilities and determination. They have always had the most competent, caring and engaged teachers at their kindergarten and the stability of their care has been great. Their work with the kids is outstanding. The same applies to the school where values and camraderie are as important as letters and numbers. I am very grateful and happy for this. Everyday life is been precious.

The kids and I have been playing, laughing, arguing, griefing, learning and developing in everyday life. We have been coming back to the exhibition MegaMind, at Tekniska Museet where we play with and explore technology. I start with a coffee, reading the text that pays tribute to the benefactors of the museum and feel grateful to the great sponsors of Sweden. Some years into the PhD-process, there is consensus amongst the kids and their friends. My waffles are good. My pancakes are acceptable. My father's cooking; caring and presence during my own childhood have all inspired me to prioritize the children. So has their father, Kristian Sundberg. Kristian has been supporting of the PhD-process. I am grateful to Kristian for being a consistently loving dad to both kids. I have been mindful of supporting the love between Kristian and kids. It is genuine and enduring.

Stockholm, January, 2017

Ebba Laurin

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Chapter 1

Introduction

How does key account management contribute to business model innovations?

Key account management (KAM) is the supplier's dedication of special resources towards satisfying strategically selected customers (Prado 1997, Wengler 2007; Zupancic 2008; Homburg, Workman and Jensen 2000, Gosslin and Bauwen 2006). The KAM literature is rich and KAM has been studied for over 3 decades (Ivens & Prado 2016). It is reasonable to expect some answers to the question. However, no studies have been found that treats KAM and business model innovation. Only few studies have been studying KAM empirically in relation to the expected strategic contribution of the KAM function or role. The reasons for this, in both academia and practice may the established rule of focussing on current business rather than long-term strategic development. Existing KAM, established customer relationships of the current business model is "the box". KAM and customer interactions are mainly oriented towards efficient selling of existing business offerings rather than developing new ones. The Box Paradox refers to the difficulty of innovating. How does one innovate "outside the box" whist being in it? What is the innovation and how may it be sold? The Box Paradox also applies to the KAM literature. Traditional topics in the KAM literature has included the KAM organization and management support (Wengler 2007; (Homburg et al 2000, Workman, Homburg, and Jensen, 2003), efficient KAM behaviour (Jones, Dixon, Chonko and Cannon,

2005; Guenzi, and Troilo, 2007), incentive systems (Anderson and Oliver 1987; Oliver and Anderson 1995; Anderson and Onyemah 2006) and efficient internal cooperation (Cespedes 1992; 1996). The customer is an important concept in KAM literature. However, studying the customer relationship is not core. (Ivens and Prado, 2007:2008, Tzempelikos and Gounaris, 2013; Gounaris and Tzempelikos, 2013. Having a relational approach that includes the customer relationship may be considered outside the box of traditional KAM literature. It is however central to this dissertation.

The KAM role and KAM organization are both expected to generate sales and revenue efficiently (Ojasalo 2001). In addition to selling in the short-term, KAM is expected to contribute to long-term customer relationship development (Lambe and Spekman 1997; McDonald, Millman and Rogers 1997, Prado 1997, Zupancic 2008). KAM should simultaneously implement existing business strategy and contribute to a future-oriented strategic developments (Storbacka and Nenonen 2009; Storbacka, Ryals, Davies and Nenonen, 2009; Piercy and Lane 2009). The Box Paradox positions KAM in the midst of conflicting expectations in relation to the customer and internally, in relation to short-term and long-term demands. This thesis suggests that KAM needs to act outside the box in order to contribute to business model innovation and it will to show how this occurred in three case studies. The conditions of the existing business model, existing roles and relationships and ways of working are restricting the ability of KAM to contribute to long- term customer relationship and business strategy. The restrictions become apparent when regarding the rapidly changing context of KAM and the customer relationship.

Technological developments are significantly and rapidly changing the conditions and the craft of selling of existing in new business models. Digitalization and automatization of sales activities and the ensuing efficiency have transformational implications (Sharma 2002; Honeycutt Jr., Thelen, Thelen, and Hodge, 2005). With an increasing number of automatized interactions, the expectance of the interactions and relationships of people in business change. People become central in the creation of value in the short-term interactions and the long- term relationship developments as

creativity, problem-solving and cooperation become parts of selling (Hohenschwert 2013; Wikner 2010; Liljedal 2016).

The relationship with the customer does have not a given role in the KAM research. This matter and several perspectives of KAM have been challenged in different ways. Spencer (2005) provides a systematic review and critique to the traditional view in KAM literature that the customer as an "account" to be "managed" effectively by the supplier company. Tzempelikos and Gounaris, (2013) and Gounaris and Tzempelikos (2013) note the absence of the customer in KAM research and emphasize the lack of empirical KAM studies with a long-term relational approach to strategic developments. This exploratory study of how KAM contributes to business model innovation places the relationship with the customer in the centre of developments. Business model researchers Ostenwalder and Pigneur (2010) do the same. The view of the business model innovation in this study is also in line with the view of Amit and Zott (2012). They state the following on changing the business model:

> "Changes to business model design, however, can be subtle; even when they might not have the potential to disrupt an industry, they can still yield important benefits to the innovator" (p.44).

Their quote point to less than radical changes in interplay that can yield significant benefits without disrupting an industry and suggest that the customer has a key role. As the business model exist in several conceptualizations in literature, the review will clarify and motivate the business model construct used in this study. The literature on KAM, business model, and business model innovation will be discussed in the next chapter.

Now follows three quotes from the case studies. They serve as brief illustrations of the centrality of the customer relationship and the demands on KAM of acting outside the box when advancing the process of business model innovation. The first quote is from the first case of KAM driven business model innovation in the industry of military training equipment. The case is about the transformation from a supplier of physical products and technological systems for soldier training to becoming a service-

providing partner to the customer. The quote points to internal difficulties for KAM in gaining approval and support to engage with the customer and take on financial risk in co-creating a proof-of-concept project with the key customer. The sales and aftersales director at headquarters states:

> "At first we presented a much more ambitious proposal in terms of co-investing in a project to develop a proof of concept solution. We wanted a larger scale solution than the demonstration to proof the value of the training with real training at the customers training sites. To invest in a proof of solution would require significant investments. The answer of general management was repeatedly no. Taking financial risk was not acceptable without a clear business case. We had no clear business case but what we had was a customer who wanted a partner that could solve their problems. No one knew exactly how."

The second case study is about editorial outsourcing in which TT News Agency becomes a full-service provider of the sports section to customer, a major daily newspaper in Sweden. Providing content to papers is core business to a news agency but editorial outsourcing includes owning the organization, processes and equally important- editorial decision-making. A key member of general management and one of the drivers of the process was the administrative manager, Ms. S. She reflects on the processes leading to the business model innovation and the purpose of selling the new business model:

> "It was sales but it is a tricky question. You are a creative partner that helps the customer to realize the value in the business opportunities and you support them in taking a leap of faith. But the purpose is to land a deal so it is not that clear cut".

The third quote is from the last case study, that of Gala Dinners and Events, in which the original intent of the founder and Berns' history plays a role. Berns is a historical venue for gala dinners and events, musical shows and contemporary culture dating back over 150 years. During the case development the company oriented towards the corporate customer and the guests in new ways. The internal relationships and breaking silo behavior and ways of working were processes that had direct implications

for the experience of the customers and guests. Service and sales emerged as connected concepts. The CEO at the time of the case development talks of the diverse operations and underlines:

> "Everyone at Berns is a sales person for Berns and that is a role which cannot be organized into specific functions."

The three quotes testify to tensions or dilemmas in defining the purpose of the customer relationship in terms of both short-term sales and long-term development, the need to take risk in order to engage in joint development with the customer and the distributed nature of the sales responsibility.

1.1.   Key Account Management – Brief Introduction to Research and Context

KAM has been considered one of the most important developments of the marketing organization (Homburg et al; 2000; Brehmer and Rehme, 2009; Woodburn and McDonald 2012; Gounaris and Tzempelikos 2013). KAM was developed as a way of selecting customers for special attention and efforts (Prado 1997, Napolitano 1997) in order to yield short- term profit (Homburg et al 2000, Workman, Homburg, and Jensen, 2003). KAM should engage in developing long-term key customer relationships (Jones, Richards, Halsted and Fu 2009; Guenzi, Prado and Georges 2007; Gosselin and Bauwen, 2006). Jones et al. (2005) highlight the incongruent absence of relationship focus in KAM research, and provide an in-depth study on the relationships involved in team selling as a KAM effort.
Traditional studies have included defining suitable configurations of the KAM organization depending on the type of customer (Homburg, Workman and Jensen 2002, Wengler, Ehret and Saab 2006; Brehmer and Rehme 2009). Efficient KAM coordination and behaviour are important to the KAM role and function (Ivens, Prado, Salle and Cove 2009; Jones, Dixon, Chonko and Cannon, 2005; Guenzi, and Troilo, (2007) and KAM is considered on means of overcoming internal conflicts between marketing and

sales (Kotler, Rackham and Krishnaswamy 2006; Biemans, Brenčič and Malshe, 2010). The presence of a KAM organization and relationship building behaviour as instrumental to both profitability and long-term customer relationship development (Lane and Piercy 2009; Piercy and Lane, 2006; 2003, Tanner 2002).

KAM has become a strategic function, particularly in selling complex solutions (Storbacka and Nenonen 2009; 2011, Lane and Piercy 2009; Williams and Plouffe 2007). Selling complex solutions (Bonney and Williams 2009; Tuli, Kohli, and Bharadwaj 2007) include coordination challenges that may be included in the KAM scope of coordinating internal and external contributions from partners. It demands making business in new ways (Åge 2009). The creation of value in complex solution creation and in the relational processes of selling warrants additional studies of KAM with focus on the customer relationships (Hohenschwert 2013; Blocker, Flint, Myers, and Slater, 2011; Terho et al 2012: Eggert, and Ulaga, 2012; Haas et al, 2012; Wikner 2010).

Short-term expectations of KAM remain oriented towards sales performance. How is strategic development achieved in long-term customer relationship? This question is far from answered in KAM literature. This thesis provides empirically grounded findings of how KAM contributes to business model innovation. The business model innovation operationalizing of strategic contribution as emerging in a customer relationship is consistent with the core principles of KAM. However, it calls for KAM to be studied in dynamic processes rather than as an organizational entity. The research of this dissertation, analogous to the study of Pardo, Henneberg, Mouzas, and Naudè (2006) is based on different assumptions than traditional KAM literature. Similarly, to these researchers my study adheres to the following:

> "…approach adopted is firmly anchored in the value in a dyadic understanding of business-to-business relationships (Wilson, 1978; Håkansson, 1982) where the focus is on the relationship between two interacting parties, in addition to gaining a view on each actor." (p. 1361-1362).

The implication for this study is that the exploration of how KAM contributes to business model innovation requires a view of KAM that includes dynamism that exists on several levels. Dynamism exist inherently in KAM

as coordination of input and in processes spans across internal and external parties, of technology and value propositions that exist to satisfy the customer needs. However, dynamism also exist in the customer relationship and relationship development is intertwined with changes in the business model. Technological shifts with broad and deep effects. Business conditions are described in terms of volatility, uncertainty, complexity and ambiguity or VUCA (Bennett and Lemoine 2014; Fernández-Aráoz 2014). This has implications for the supplier, the customer and the way of working, and doing business in the relationship. In light of a high level of complexity in doing business and complexity of dynamism, the phenomenon of KAM contribution to business model development cannot be studied with a strict confinement to existing KAM organizations and definitions.

The lack or a relational orientation in the literature and the increasingly complex demands on KAM to fulfil both short-term and long-term expectations in value creating processes with the customer lead me to identify tensions in the KAM literature. This will be further discussed in the next chapter. The tensions exist on several levels but exist as three themes:

> 1) KAM Organization vs. Dynamic Forms of Organizing
> 2) KAM Stable Relationship Development vs. Disrupting
> 3) KAM Dynamism and Dispersion of Roles and Relationships

The tensions derive from traditional ways of defining and studying KAM. The tensions become visible when juxtaposing the traditional and normative view of KAM with findings from KAM research that focus on value creation and the key customer relationship. The review of extant knowledge will assist in addressing these tensions by identifying a set of principles that underpin KAM in literature, applicable to all types of KAM studies and to analysing different empirical phenomenon of KAM.

1.2.   Purpose Statement

The purpose of the thesis is to explore how KAM contributes to business model innovation. To fulfil this purpose, a relational approach to KAM

that includes the concepts of increased complexity and dynamism impli-
cates understanding the processes of KAM that transgress current business
model. With a focus on the processes occurring over time resulting in busi-
ness model innovation, KAM should not be limited to the existing KAM
organization, role or function. The next chapter will clarify the understand-
ing of KAM applicable to this study and the operationalization of the busi-
ness model innovation.

1.3.   Gaps and Intended Contributions

The gaps in extant KAM literature derive mainly from lacking a relational
approach to the customer and a dynamic approach to development when
conceptualizing and studying KAM. The first gap regards the customer re-
lationship. The customer relationship is notably absent in KAM literature.
Similarly to Spencer (2005) this study indicate that the customer relation-
ship is more complex that depicted in extant KAM literature. Tzempelikos
and Gounaris (2013) remark upon the absence of a relationship-oriented
long-term approach to KAM. They state: "Interestingly, empirical research
addressing the relational aspects of a KAM program is very slim" (p.180).
The lack of empirical KAM studies with the customer relationship in focus
corresponds to how Jones et al. (2005) suggest the customer and its chang-
ing needs constitute an underlying theme in said relationship. They say the
following:

> "Because meeting the customers' needs is the main focus of a market-oriented
> firm, and customers' needs are constantly changing, it is important that the
> firm constantly learns from customer accounts and keeps pace with their
> changing, escalating demands." (p. 183).

Related to this gap is the lack of regarding KAM and the customer relation-
ship in relation to context that has significant implication to the under-
standing of KAM. Currently, there is a rapid increase in automatization,
digitalization of sales activities, which is a significant force of change
(Sharma, 2002; Honeycutt Jr., Thelen, Thelen, and Hodge, 2005). Artificial
intelligence contribute to and shape the sales interactions whilst the inter-

personal interactions and relationships gain increased value. Value creating in selling performed by people become increasingly important (Bolander, Bonney, and Satornino, 2014; Dixon and Tanner 2012). The assumed role of KAM as strategic has not been understood in the light of sales becoming a dispersed function of the firm ((Hagberg and Kjellberg, 2010; Homburg, Workman and Jensen, 2000). Interactions of a strategic nature are performed by employees with customer contact in different functions (Pappas and Flaherty 2008; Homburg, Wieseke, and Bornemann, 2009). Solution selling is complex but few studies other than Åge 2009 show how. There is a knowledge gap that is concerned with the increased complexity and dynamism of advancing the solution creation process and selling.

The contribution to KAM research to gaps in conceptualizing the customer and the customer relationships is made by The Customer Engagement Model which conceptualizes the customer in three separate but related and required domains. The domains consist of a strategic-, a procurement- and a user domain. All of which are engaged by KAM in multiparty, multilevel long-term development processes when KAM is contributing to business model innovation. The model elucidates the distributed nature of value-creation, selling and engaging in strategic activities by KAM and non-selling functions and roles.

The second gap exist as knowledge is scarce regarding how KAM creates new ways of working when engaging in development over time- be it to strategic contributions in developing long-term customer relationships. The activities and engagements of KAM in processes of value creation and disruptions have not sufficiently empirically explored. The KAM literature lacks empirical studies of the processes surrounding value creation in the long-term customer relationship with strategic contribution (Terho et al., 2012; Haas et al., 2012; Harker and Harker, 1998). The empirically grounded doctoral dissertations of Hohenschwert (2013) and Wikner (2010) on value creation, KAM and customer relationships constitute exceptions. The study will contribute to the nascent but growing empirically grounded insight of how KAM engages in value creating with customers and contributes to strategic developments (Terho et al., 2012, Haas et al., 2012; Corsaro et al 2012; Hohenschwert 2013; Storbacka and Neonen 2009; Storbacka et al., 2009; Guenzi et al., 2007; Ivens and Pardo, 2007; Ryals and

Humphries 2007). The need to regard KAM processes as dynamic with the inclusion of risk-taking an failures is supported and underlined by research on solution creation and selling, (e.g. Åge. 2009; Ulaga and Eggert 2006), value creation (e.g. Wikner 2010) and risk-taking when developing the customer relationship (e.g. Blocker, Cannon, Panagopoulos and Sager, 2012). The contributions to KAM literature in terms of new ways of working and of creating new processes specifically are twofold. Firstly, taking a process perspective of KAM the rich case study descriptions will provide detailed insights of KAM engagement with the customer. Secondly, when analyzing the findings from the three case studies three KAM processes show how KAM contributes to business model innovation. The three processes are KAM Creating, KAM Disrupting and KAM Anchoring.

The third gap derives from lack of understanding in KAM literature as to what constitutes strategic contributions to the customer, the supplier and in the relationship. The operationalization of the business model innovation of this study addresses this gap in particular. Geiger and Guenzi (2009) call for attention to the relationship between the sales function and the firm's strategy. KAM literature often emphasises KAM's strategic contributions and success (Richards and Jones, 2009). Emphasis, rather than clarity, characterizes these claims. Storbacka, Polsa and Sääkjärvi (2011) suggest that:"One interesting research avenue would be to explore the conceptual and managerial ramifications of a solution business model." (p. 48). Maklan, Knox, and Ryals (2008) connect the trends of innovation with customer relationship management, yet they do not explore how these evolve interdependently. Frow et al. (2015) provided a study of co-creation in terms of how the business model design may be improved for value co-creation. No study of the role of KAM and the customer relationship in relation to business model design and value co-creation has been found to date. The study contributes to the understanding of how these KAM processes operate when engaging and developing the customer relationship. The emerging result is the business model innovation.

In relation to business model and business model innovation literature, the study provides empirically grounded insights of the importance and nature of the customer relationship. This study of KAM and business model innovation supports the view of innovation researchers that points to the

significant systemic effect of smaller changes in business model innovation (Amit and Zott 2012; Zott and Amit; 2010; Damanpour 2009). The contribution to business model innovation literature, albeit secondary, consists mainly of two matters. First, the findings show how trial and error, proof of concept projects, small or large may assist in trialling a new business model. The proof of concept project allows for a review of the business model innovation in all dimensions. Customer engagement is important but in addition, the proof of concept assist in evaluating how the dimensions interwork from an internal perspective. Secondly, the contribution is emphasising the importance of the customer, suggesting how to engage the customer in trialling, and testing new ways of doing business. An empirically derived depiction of the general processes of transformation will show Creating, Destructing and Anchoring as three contributing forces.

1.4. Scope and Delimitations

The study provides knowledge on how KAM processes engage the customers' three domains (strategic, - procurement and user domains) in the Customer Engagement Model when contributing to business model innovation. The thesis contributes to a conceptualization of KAM in terms of KAM principles and processes as a means of studying KAM in the absence of a KAM organization or strategy. KAM is studied as dynamic processes in interplay with relationship development that spans across functional, hierarchical and organizational boundaries. The operationalization of KAM and strategy in terms of business model innovation adds empirically derived insight to claims in extant literature to KAM contributing to business strategy.

Delimitations to the study exist. The dissertation conceptualizes KAM in the strategic context of business model innovation but not formulate or evaluate different strategies for KAM involvement in business model innovation. The KAM principles, although theoretically derived are relevant constructs to this study. They may not be adding value to other KAM studies as their role is primarily to confirm the existence of KAM rather than to be contributing with theoretical insights.

The study is focused on the business model innovation in the relationship which is different to studying radical or incremental technical innovations or the impact of innovation in terms of disruptiveness on industry level (e.g. Christensen 1997). The study provides knowledge into how innovation in business model dimensions jointly contribute to business model innovation when occurring in a KAM and customer relationship.

1.5.   Dissertation Structure

Chapter 1 included the introduction to the research topic of KAM, the purpose of the study and the specific gaps in KAM literature, which it addresses. The contributions were discussed.

Chapter 2 contains the review of KAM literature and presents the three tensions that have been identified as inherent in KAM literature. It presents the research questions and the business model literature. The business model dimensions and the innovation process are discussed in this chapter.

Chapter 3 presents the conceptual framework with focus on processes as the primary units of analysis. The research questions are reiterated and related to both tensions in the literature and primary units of analysis, the processes of Creating, Disrupting and Anchoring.

Chapter 4 on research design and methodology describes the research process and the underpinning choices. Engaged Scholarship and Systematic Combining are presented as key concepts. The main method of case studies is described as well as the concepts of triangulation. The validity of findings is discussed.

Chapter 5–7 describe and analyse the three cases in the study. The empirical part starts with the case of Army Training as a Service. The case on Editorial Outsourcing follows and the case of Gala dinners and Event end this part. The conceptual framework is applied in terms of case description and in relation to the within-case analyses.

Chapter 8 presents the cross-case analysis and findings that emerge when juxtaposing the cases. Whilst drawing on the within-case analyses this chapter answers the research questions and discuss KAM principles, the KAM processes and engaging in the customer relationship.

Chapter 9 provides the contributions of this study to KAM literature in relation to the tensions identified in literature. It presents the Customer Engagement Model which conceptualizes the customer in three domains. The chapter discuss how KAM contributes to business model innovation and provides a depiction of the overarching processes of transformation. As business model is included in the purpose statement, this chapter also presents the contributions to business model literature.

Chapter 10 states some limitations of the study and possible future research based on the findings. The chapter and the dissertation ends with managerial implications.

Chapter 2

Literature review
Key Account Management

This chapter discusses and problematizes extant knowledge and key underlying assumptions in key account management (KAM) literature. It presents the traditional and predominantly normative view of KAM that treats the KAM organization, roles and relationships as predictable and stable. In this chapter, I problematize extant KAM literature and the traditional underlying assumptions. I identify three tensions inherent in extant KAM literature. KAM tensions exist in each strand of literature but emerge in particular when juxtaposing traditional KAM literature with KAM studies that focus on complexity, value creation and risk. The fundamental principles of KAM are identified as omnipresent in KAM literature, regardless of the type of KAM study. The research questions end the analysis of KAM literature.

2.1. KAM Research: Origins and Evolution of Extant Knowledge

Homburg, Workman and Jensen (2000) hold key account management (KAM) as one of the most important developments in the marketing organization: "We define key account management (KAM) as the designation of special personnel and/or performance of special activities directed at an organization's most important customers." (p. 463). Zupancic (2008) ac-

counts for the origins of KAM. He cites Pelgram (1972) as the first research-er to mention KAM (p. 324). Whilst the origins of KAM go back to the 1970s, the concept of concentrating special efforts to selected accounts or customers was established in research from the early 1980s', with focus on National Account Management or NAM (Shapiro and Moriarty, 1982; 1984; Weilbaker and Weeks, 1997; Wotruba, 1996). The development of KAM on the supplier side was a response to the consolidation of buying power into buying centers (e.g. Johnston and Bonoma 1981).

Exhibit 2.1   Development of KAM literature
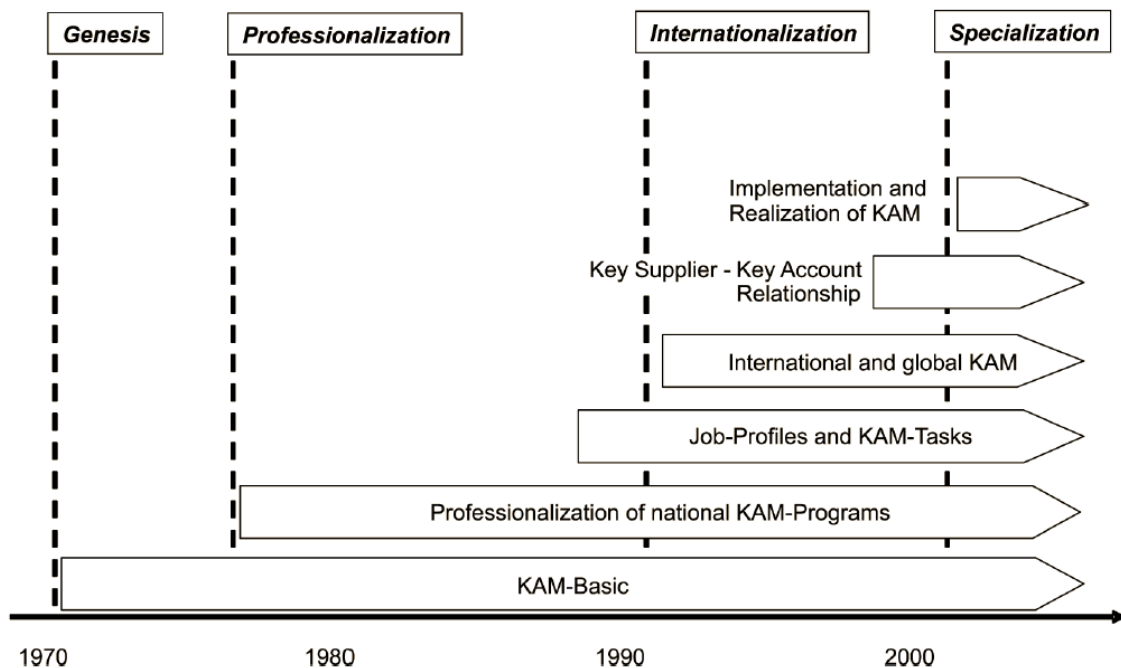
From Zupancic (2008, p.325.)

As shown in the exhibit by Zupancic the interest in the relational part of KAM emerged during the late 1990s (e.g. Lambe and Speakman 1997). Pri-or to this, KAM literature was mainly oriented toward the behaviour and attitudes of the KAM individual and the implementation of KAM program

or KAM organizations. Research on National KAM programs to organize a nationally dispersed sales force (NAM) primarily focused on large customers in the supplier's home market. The evolution of the literature has involved studying major accounts (e.g. Barrett, 1986; Shapiro and Posner, 1976); global account management (GAM) has arisen as a term to denote KAM in multi-national operations of the customers and the need to manage the relationships on different markets (e.g. Montgomery and Yip, 1999). Birkinshaw, Toulan, and Arnold, 2001 studied the increased global selling of multi-national firms (GAM), finding that the increased customer focus sometimes resulted in price pressures as the total volume of the global purchase became more transparent. Strategic account management literature (SAM) underlines the expected strategic role and contribution of KAM (Guesalaga and Johnston, 2010; Capon and Senn, 2010). Whilst denoting important developments in KAM literature, the expanded terminology of "national, international, strategic, and major" contains common denominators. These customers are selected for both special treatment and long-term customer relationship development, which entail an increased complexity in geographical coverage, and both national and international multi-site operations. Similarly to Zupancic (2008) and Homburg, and Workman and Jensen (2000), I employ the term KAM to include strategic account management, global account management, national account management, and major accounts. [1]

Ivens and Prado (2016) review the KAM literature from the perspective of the managerial implications and advise that over three decades of research has yielded. Their extensive literature review of KAM literature study and literature review of Richard and Jones (2009), which builds upon the review of Homburg, Workman, and Jensen 2002), together illustrate the rich variation of KAM studies. The consistent trait is the pursuit of identifying behaviour and organization forms that efficiently yield different beneficial outcomes. Workman, Homburg, and Jensen (2003) define profit as the desired outcome; Jones, Richards, Halstead, and Fu (2009) define the

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[1] In practice the Strategic Account Management Association (SAMA) founded 1964 is a non-profit association that focus on …" establish strategic, key and global account management as a separate profession, career path and proven corporate strategy for growth". http://www.strategicaccounts.org/About/WhatIsSAMA

effective management of the accounts as a desirable outcome. Trust (Morgan and Hunt, 1994) is regarded as a means of achieving the objectives of KAM rather than a quality or process that that shapes the interactions and relationships. KAM research has been focused on three main areas: 1) selecting key customer, 2) KAM organization, and 3) KAM and cross-functional coordination

2.1.1.   Selecting Key Customers

The importance of selecting the right key customer relationships and prescribing how they can be developed over time underpins KAM research (Pardo, 1997; Millman and Wilson 1995; Millman 1996; Pardo, Salle and Spencer 1995). Pareto's principle of 80/20 is cited concerning the significance of few selected customers (e.g. Sheth and Parvatiyar, 2002) to the well-being of the company. According to this principle, approximately 20% of the customers represent 80% of current business and losing these customers would have dire effects. The selection of key customers is thus important to both short-term financial gain and to long-term developments. To select the right key customers has become more important and strategic for both supplier and customer (Gosslin and Bauwen 2006). The developments on the customer side have been significant. Firstly, there has been a concentration of purchasing power into a centralized function. Secondly, purchasing has become a function of strategic importance to the customer company (Nordin and Agndal 2009; Agndal, Axelsson, Lindberg, and Nordin, 2007, van de Walk 2007; Van der Valk, Wynstra, and Axelsson, 2009; Axelsson and Wynstra, 2002). Consequently, the benefits that are expected from investing in KAM include short-term financial objectives and long-term goals. KAM is also expected to contribute to the long-term strategic development of selected customer relationships and to the strategic direction of the company (Ryals 2006; Woodburn 2006).

2.1.2.   KAM Organization

The KAM organization has received attention. It is commonly regarded as an efficient way of caring for selected customers (Wengler, Ehret and Saab 2006; Zupancic 2008; Brehmer and Rehme 2009). With the increased complexity and scope of a supplier's national and international operations, the

design of the KAM organization (including the NAM, GAM, SAM) has merited considerable attention (Kempeners and van der Hart 1999; Homburg et al., 2002; Napolitano 1997; Wengler 2007). The implementation of the organization is referred to as the KAM program whilst the KAM organization is the outcome - the organizational entity, structure, or function (Henneberg et al., 2009). The interest in the KAM organization derives from the increased complexity both geographically and in terms of customer portfolio management in large firms (Zolkiewski, and Turnbull, 2002 offer a comprehensive review and a problematization of extant literature). Wengler (2007) suggests different structures in which KAM may be a matrix organization or a line function with a narrow or wide scope. However, he underlines the need to assess the cost versus benefits of implementing a KAM organization as a matrix organization as cumbersome structures mean high cost and ambiguous benefits to the supplier. Although the complex structures are devised to facilitate the significant need for coordination, the cost of implementing them takes time and resources. The implementation of the structure intended to facilitate coordination may be causing an additional need to coordinate.[2]

The research on KAM taxonomies by Homburg, Workman and Jensen (2002) found that there are categories of KAM based on the activities, the interactions, the resources, and the formal structures. They found that top-management support was consistently found in companies that were profitable. They say:

> "On both the KAM level and the organization level, the no-KAM and the isolated KAM approaches perform the worst. On the organization-level outcomes, cross-functional KAM companies stand out with respect to both performance in the market and adaptiveness. As far as profitability is concerned, top-management KAM companies perform best." (p. 53).

Exhibit 2.2   Wengler's depiction of a KAM matrix organization
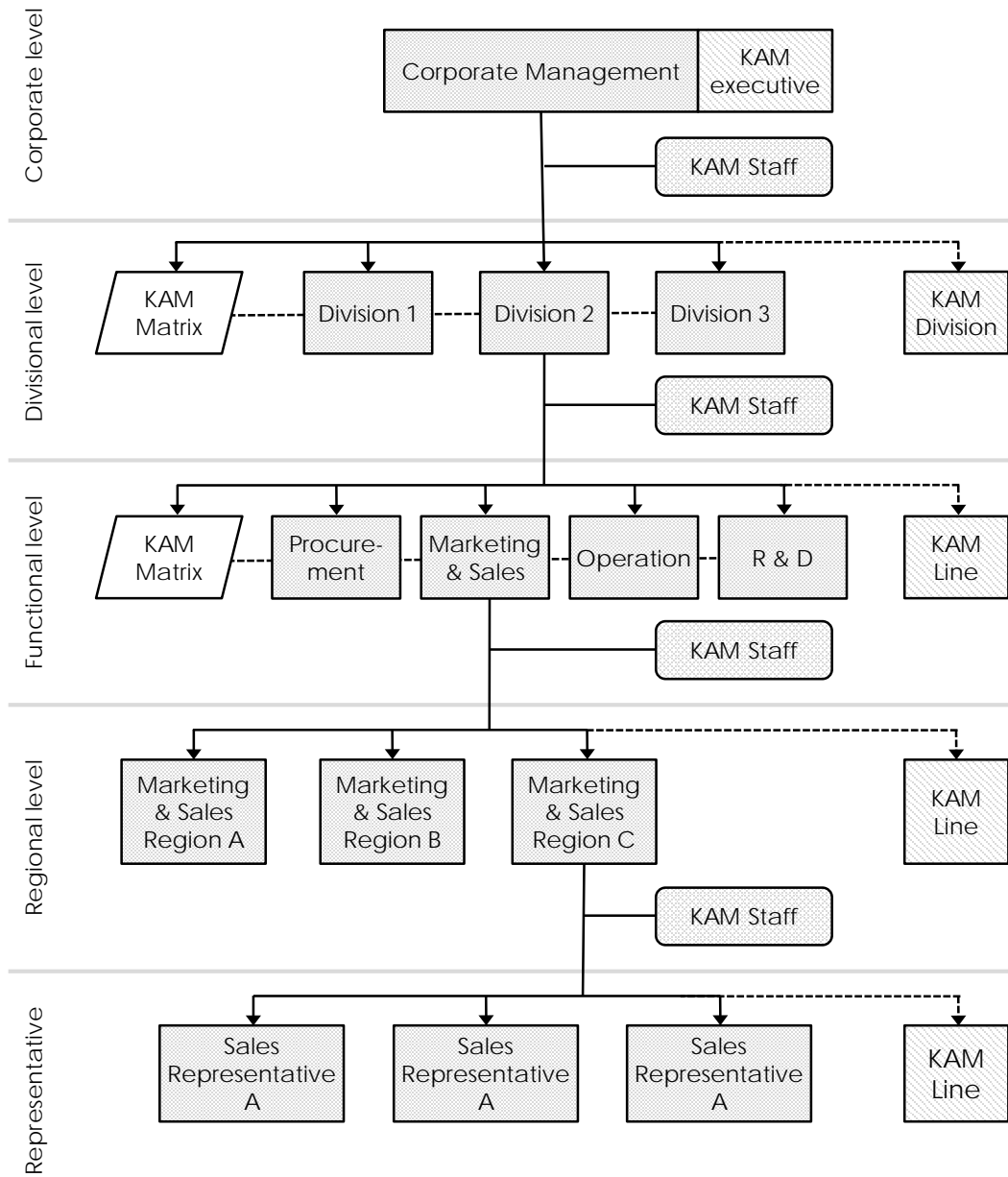
Adapted from Wengler p. 256, 2007

Brehmer and Rehme's (2009) study of KAM organizations includes the underlying drive for implementing it. They studied KAM program implementation as response to a customer need, or as proactively managing the increasingly complex customer relationship. Brehmer and Rehme's (2009) study of KAM programmes shows KAM to be highly complex in two dimensions-geographically and operationally in terms of product lines. They see KAM in the following way when examining the intent that is driving its implementation:

> "Key account management is here defined as the organization that caters for the management and the development of the relationship, in a more or less formal structure…. Consequently, it can be regarded as the industrial firm's policy to assert that the most important customers really are treated with special care, as an organization with the responsibility to do so is assigned to them." (p. 962).

The quote illustrate that the authors do consider alternatives to a formal structure but still finish with conceptualising KAM as an organization.

Researchers Abratt and Kelly (2002) regard KAM as a management philosophy or system that allows for different forms of KAM organizations. They include ad hoc KAM team as a way to organize KAM as an alternative to the fixed organization with defined membership. Hence, in their view it is possible to have temporary KAM teams in order to develop the customer relationship in specific phases, and with specific objectives. Bradford, Challagalla, Hunter and Moncrief (2012) discuss "Fluid accounts" in similar terms in relation to strategic account management. Hence, the principles of key customers, cross-functional representation and coordination remain the same but the organization is temporary and changing in terms of members, scope, objective and duration. Either way, the KAM organization or KAM as a loosely defined way of working (Nätti and Paolo 2012; Bradford et al., 2012) is expected to contribute to value creation both financially and strategically (Storbacka et al 2009; 2011).

2.1.3.   KAM and Cross-Functional Coordination

Be it driven from a KAM organization or an ad hoc KAM team, the selling activities of KAM are characterized by cross-functional coordination. The

cross-functional coordinating role of KAM is breaking with a long-standing tradition in sales, which has been to act in isolation from other functions (Geiger and Guenzi 2009). Coordination between the marketing and sales departments is difficult (Kotler, Rackham and Krishnaswamy 2006; Biemans, Brenčič and Malshe 2010; Dewsnap and Jobber 2009). The differences in "thought worlds" identified by Homburg et al. (2007) between marketing and sales may apply also in relation to sales and other functions. [3] KAM coordinating involves multiple internal functions that go beyond cooperating with the marketing function (Cespedes 1992; 1996) to include R&D, service organizations and several others (Deeter-Schmelz and Ramsey, 1995). Coordinating is a central matter of KAM which distinguishes KAM from sales in B2B (Ivens and Prado, 2016).

Jones, Dixon, Chonko and Cannon (2005) point to the importance of teams as an expression of KAM. Plouffe and Barclay 2007 point to the importance of the coordinating role when stating: "…the salesperson now plays as a pivotal link across an organization's functions in terms of serving customers." (p. 529). Piercy (2010) emphasizes the ability to integrate external contributions. He states that an important part of the role of strategic sales organizations "… will be in integrating functional and partner- organization contributions to the processes of creating and delivering customer value." (Piercy 2010, p. 349). To coordinate external parties' contributions is regarded by Henneberg, Pardo, Mouzas and Naudé (2009) as important to value creation. With internal coordination of marketing resources and other functions, combined with integrating external input, the creation and delivery of value to customers occur in increasingly complex coordination processes involving key relationships (Ivens, Prado, Salle and Cove 2009). In sales literature conflicts with other departments, notably marketing, has been regarded as generating inefficiencies (Homburg and Jensen, 2006; Kotler, Rackham and Krishnaswamy 2006; Biemans, Brenčič and Malshe 2010; Dewsnap and Jobber 2009).

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[3] Similar notions of worlds differing are described by Dougherty, 1992; Dougherty & Heller 1994).

2.1.4.   KAM Role and Behaviour

The ability of the sales person to adapt to the customer has merited considerable attention in the literature strand of adaptive selling (Spiro and Weitz 1990; Sujan; 1986; Sujan, Weitz and Sujan 1988), relationship selling (Jolson 1994; 1997) and consultative selling (Rackham and deVincentis 1999).[4] The underlying assumptions behind this research is that the customer relationship can be managed efficiently by the adaptation of the seller in terms of process and behaviour. The legacy of this research has been the basis of research in regard to KAM manager's behaviours. Efficient KAM behaviour has been studied as determinants of successful customer relationship development (Boles, Barkesdale, and Johnson 1996).

KAM literature points to the role of overall responsible as that of the key account manager (e.g. Sharma, Tzokas, Saren, and Kyziridis, 1999). Richards and Jones, (2009) use the following definition by Sengupta, Krapfel, and Pusateri (2000) "A key account [manager] salesperson is responsible for maintaining and developing direct relationships with a few customer accounts that cut across product and geographic boundaries." (p. 253). However, with the increasingly complex task of coordinating input from internal and external parties the KAM role includes interacting in several relationships. Hence, the implementation of a relational selling strategy may assume idiosyncratic KAM behaviour, particular to the customer relationship. Guenzi, Prado and Georges (2007) performed an exploratory study in which several hypotheses were tested concerning the link between the supplier's perceived relational selling strategy and key account managers' relational behaviours. They found that implementation of a relational selling strategy on the individual KAM level may contain significant discrepancies.

Increasingly, research acknowledges a disconnect in extant literature between studies on the organizational level and of KAM behaviour. Richards and Jones (2009) in their extensive review of literature with the goal to redefine the framework of KAM combine the two main levels of research.

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[4] See Leigh, Pulling, & Corner (2001) for a selection and review of the most important sales articles of the 20th Century.

They state:

> "Organizational-level studies typically examine organizational support mechanisms that are designed to build effective account relationships and measure output at the level of the firm. Personal-level studies generally examine the effects of the KAM's personal characteristics and relationship-building skills and measure success at the KAM level." (p. 306).

Ojasalo (2001) studies trust and customer knowledge in terms of success and claims that: "Successful long-term KAM in a business-to-business context always requires the ability to offer both company- and individual-level benefits to key accounts." (p. 205). Consequently, a study of KAM in this vein should include both the organizational level, the KAM level and the benefits involved. However, the absence of the customer or the customer relationship is accepted in KAM literature.

2.2.   Linear Customer Relationship Development

KAM literature depicts a KAM individual, a key account manager as responsible for the KAM team or KAM organization to coordinate resources efficiently in order to sell to the selected customer and develop the relationship (Madill, Haines, and Riding 2007). The vehicle for doing so is the relationship. The relationship view of KAM (Lambe and Spekman 1997) holds that selected key customer relationships progress. A reference model in this research is the relationship development model by McDonald, Millman and Rogers, 1997. This model depicts the relationship as progressing in stages of increasing closeness and collaboration. The underlying assumption is that the relationship can be managed in a linearly progressing way towards an increased customer closeness.

Exhibit 2.3   Customer relationship development model
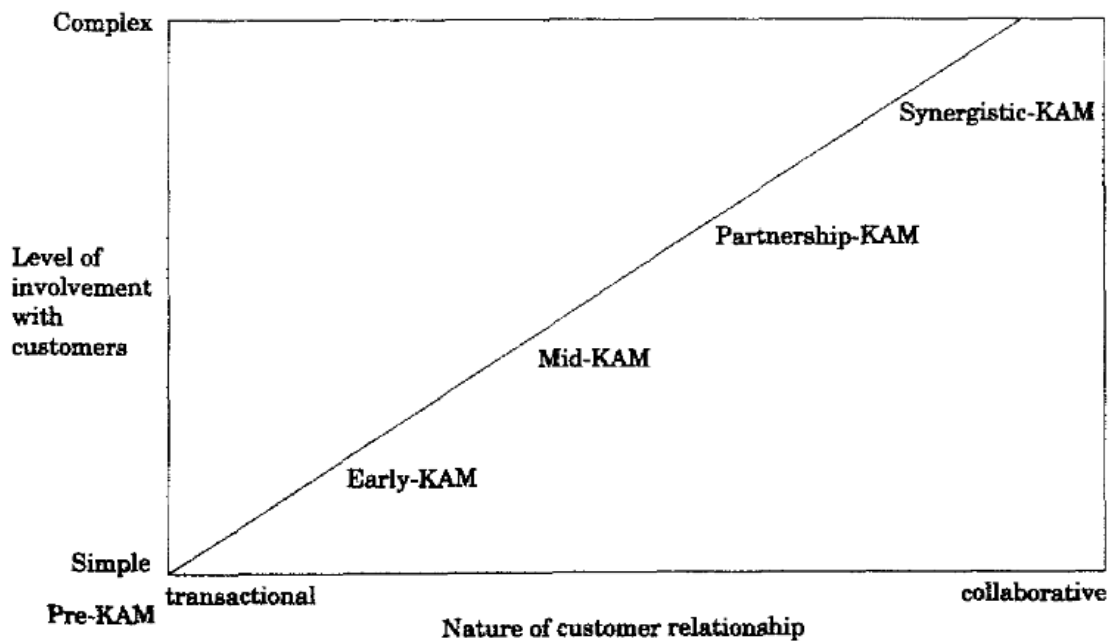
From McDonalds et al., 1997; p. 741

The model provided by McDonald et al. (1997) consists of 5 stages of relationship progression, from transactional to collaborative. The relationship is depicted in stages and as linearly progressing towards the collaborative form, which is seen as highly rewarding for both parties. The notion of uncoupling means a relationship break or disturbance that may be temporary or lasting. The task of KAM is to systematically advance the relationship according to this model and to repair the relationship if disrupted. The model by McDonald et al. (1997 presents the concept of "uncoupling". Hence the model includes the notion of disruptions in the relationship. Friction, conflict and breaks as a part of the relationship progression are uncommon in KAM literature as this is oriented towards success.

2.3.   KAM in Dynamic Relationships

Almost thirty years ago, Dwyer, Schurr, and Oh (1987) noted that, when certain customers change from transactional buying to seeking strategic supplier relationship, the relationship and the organizations are altered on both sides of the dyad. The European-dominated research group called *Industrial Marketing and Purchasing Group* (or *IMP Group*) has had an inherently relational approach to research since the 1970s(Ford, 1980; Axelsson and Easton, 1992; Håkansson and Snehota, 1995; Ford, Gadde, Håkansson, and Snehota, 2003). The approach, called "markets-as-networks", is grounded in a large number of empirical studies of dyadic interactions and the network relationships of firms. Öberg's (2008) dissertation on the role of the customer in merging and acquiring companies adopts the network approach. The study combines in-depth empirical studies and engages in multiple perspectives on the phenomenon with a characteristic relational approach that embraces change. The view is that relationships are dynamic and may have both positive and negative implications for the companies (Anderson, Håkansson, and Johansson, 1984; Anderson and Naurus, 1991). Öberg (p. 39, footnote number 7) succinctly exemplifies the types of studies that are conducted with this approach.

Long-term relationships with customers and suppliers in the network in which a company operates are sources of continuity; however, they may also carry risks and costs. (Axelsson and Easton, 1992; Håkansson and Snehota, 1995). This has enriched marketing research (Reid and Plank, 2000). Andersson (1996) may exemplify studies in marketing by showing how a marketing organization changes. He points to the organization being subject to small changes and transformation in processes of intermittent stages of stability and change. Mattsson has been contributing to the IMP research from start with particular interest in larger systems (e.g. Andersson, Markendahl and Mattsson, 2011). He underlines the significant differences between the relationship marketing approach, from which KAM stems, and the markets-as-networks view of the dyadic relationship between supplier and customer. Whilst the former is largely normative, the focus on the Markets-as-networks approach was to discover the interactions between companies without bias or preconceived notions. Mattsson

(1997) explains: "The existence of relationships was inductively discovered, as was the nature of interaction and the various aspects of interdependence between industrial actors." (p. 450).

KAM research conducted in this approach has examined KAM based on different assumptions. Spencer (2005) when examining KAM relationships is calling the underlying assumptions of KAM into question. In his dissertation, Spencer is challenging the selection of the customer relationship (Key) and the organization (Account). He also questions the notion that the relationship can be strategically managed (Management) and underlines the absence of the customer relationship in KAM research. KAM studies from this research tradition have an inherently relational and dynamic approach (e.g. Ivens and Prado, 2008; Ivens, Prado, Salle and Cove 2009; Ivens and Prado 2007). Edvardsson, Holmlund and Strandvik (2008) combine insights from KAM literature and the IMP-approach in their empirical study of relationships initiated in the service context. KAM studies in this approach are concerned with the interactions, resources and processes that engage the supplier and customer.

Ivens, Prado, Salle and Cova (2009) problematize both efficiency and the financial objectives of KAM when discussing what constitutes "keyness" in the selection and interaction. They state that:

> "…the importance of the potential of **the complementary resources the relationship allows to combine** (with a customer, supplier or partner) not even for the company to reach its competitive advantage but **for its very development**, and to the importance of the specific adjustments the supplier makes (through **the creation of new roles, new offers, new tools, new practices** etc.)" (p. 517 non-original bolding).

Ivens and Prado (2007) put underlying assumptions of the KAM organization and management to the test when comparing 91 key account relationships to 206 non-key or traditional customer relationships. They test KAM in relation to the intended stability of the KAM program. The intent of KAM is to off-set uncertainties (external and internal), and they study the investments into the relationships by the supplier and the dependence of the supplier to the customer. They also include the existence of formal contracts, the reduced cost of coordination and the ability to price at a premi-

um. The results of their study call assumptions associated with KAM into question. Ivens and Prado (2007) problematize notions of stability, long-term customer relationship development in a program and gains deriving from internal coordination.

Gounaris and Tzempelikos (2013) reaffirm KAM's relational focus as serving to create mutually beneficial value in strategic long-term relationships with customers. They conceptualize and test a framework they call Key Account Management Orientation, which consists of attitudes and behaviours as a set of values that drive the supplier's efforts to manage the relationships with its key customer. The study finds that both behaviour and attitude contribute to financial gains as well as develop the relationship. In terms of attitude, customer orientation and inter-functional coordination were important; regarding behaviour, interdepartmental support and ability to customize were conducive in achieving both financial and non-financial benefits.

The review of the KAM literature reveals alternative views of studying KAM. The range is large, spanning across the normative studies, which have developed from the interest in the KAM organization (Homburg et al., 2002; Kempeners and van der Hart, 1999) to KAM studies that problematize underlying assumptions. They study KAM in a dynamic and a relational context. Traditional research regards the KAM organization as instrumental to managing the relationship in models of linear development. This incorporates the relational approach (e.g. Prado, 2006) and looks at KAM in dynamic processes with a focus upon developments on the supplier side and changes in the customer relationship. Ivens and Prado (2016) describe KAM literature in their review of managerial implications and relevance of KAM research in the following manner:

> KAM represents a major organizational effort and requires important resources. Although it has emerged as a managerial concept in the 1960s, scholars have not identified a unique "best practice" for the implementation of KAM. Rather, they have shown that different types of KAM exist and that none of the different KAM types observed systematically leads to optimal performance outcomes. (p. 26).

While concurring with this observation, this dissertation regards the legacies of KAM research as constructive contributions to establishing a field of academic research. The need to contribute to both academic knowledge and the practice of KAM with empirical research derives from inadequate answers in extant research, as described by Ivens and Prado (2016) but also from developments of the context of KAM. The evolution of the business environment the past years has had relevant and significant consequences to KAM. The advent of solution and service selling, value-creation, and customer co-creation has contributed to KAM's increased complexity.

2.4.   KAM and Changing Business

2.4.1.   Increasing Complexity with Solutions and Service

Extant research underlines KAM's coordinating role. KAM is expected to align and integrate internal and external input, as well as manage all relationships involved in order to satisfy the customer. In a product-oriented business, there is a discernible relationship between sales efficiency and sales effectiveness. A standardized communication package on the functionality, features, and roadmap development of the offering supports selling standard products. This implies that there can be replicability in the sales process, which means that conditions for efficiency exist. Motivation, incentive systems, and using key performance indicators are a part of the management system, which are applied to achieve effectiveness and sales growth (for comprehensive reviews, see Reid and Plank, 2000; Williams and Plouffe, 2007).

With the advent of solution and service creation and selling, the level of complexity increases: in terms coordinating input, coordinating interdependent processes of production, service creation, and selling (Wise and Baumgartner, 1999; Sheth and Sharma, 2008; Bonney and Williams, 2009; Tuli, Kohli, and Bharadwaj, 2007). Selling and the coordination of activities and both internal and external processes become more complex (Davies, Ryals and Holt, 2010; Cespedes, 1992; 1996; Plouffe and Barclay, 2007; Piercy, 2010; Baldauf and Craven, 2002). Suppliers must coordinate multiple parties that deliver products in subsystems, which may be developed

and consumed at different locations, at different times, and with varying technologies (Ulaga and Reinhartz, 2011; Tuli et al, 2007; Storbacka, Polsa, and Sääkjärvi, 2011). Solution business also means increased internal and external coordination in a rapidly morphing world with changes in, and outsourcing of, service functions at the customer. These include those of strategic importance (Agndal and Nordin, 2009). In terms of products and services that are partly produced in-house and partly sourced, a solution that contains multiple elements means a large number of parallel processes and activities. Since diverse knowledge and output is often required to provide a customer solution, these changes characteristically demand increased coordination and integration of the contribution of external parties and internal functions. In the light of the increased complexity, Åge in 2009 problematizes the linear sales model (Moncrief and Marshall, 1986; 2005) and presents the theory of Business Manoeuvring in which four sets of activities need to be balanced and coordinated in order to make complex solution business.

The increased complexity of solution selling at the supplier's may motivate a KAM program. As discussed, a KAM program is both costly and time consuming to implement. By the time it has been done, the products, services, and the relationships may have been changed with a pace that outruns that of implementing the KAM organization.

2.4.2. Value Creating

The traditional view of value creation in relation to the customer is an adaptive, consultative approach. Adaptive or consultative selling underline the skills involved in communication of value propositions that are based on in-depth understanding of the customer and adaption to the customer (Rackham and deVincentis 1999; Spiro and Weitz 1990, Sujan 1986; Sujan, Weitz and Sujan 1988; Weitz 1981). Value creation emphasises the shift from regarding the customer in a short-term transactional perspective to treating the customer relationship as strategically important over time (Guenzi, Prado and Georges 2007). Brodie, Hollebeek, Juric, and Ilic (2011) examine theoretical foundations of customer engagement as deriving from relationship marketing theory and the service-dominant logic. Ulaga and Eggert (2006) investigate differentiation through value creation in business-

to-business relationships and identify service support and interpersonal re-lationships as sources of value. Price is the least differentiating factor.

The directing of significant resources to selected customers has come to increasingly include value in the eyes of both parties, not merely the sup-pliers (Vargo and Lusch 2004, 2008, Gröönroos 2006, 2011, for insights see Liljedal's dissertation on co-creation (2016). This signifies a shift in the per-ception of value that does not necessarily alter the nature of the interactions and relationships with the customer. Strandvik, Holmlund and Edvards-son's (2011) hold that key concepts such as solutions and value proposi-tions should be regarded from the customer's perspective rather than the seller (Vargo and Lusch 2004; 2008) but extend the argument with reason-ing regarding value in use, which underpins this study. Strandvik et al., (2011) state the following:

> "Value in use as a notion not only opens up the possibility that different users can experience value from using a specific offering in different ways but em-phasizes the fact that this is very likely. This is not only a question of how the supplier performs, but also rather a question of how the offering fits into and becomes embedded in the customer's activities and tasks and fulfills goals as experienced by the customer." (2011. p. 133).

Terho, Haas, Eggert, and Ulaga (2012) conceptualize value-based selling as result oriented and aligning value-based selling with value co-creation. The study by Haas, Snehota and Corsaro (2012) of value creation at the level of the sales function, places the relationship with the customer in the centre. They integrate dynamism in the interactions in their study by including "managing emergent situations" (p. 99) and consistently point to how value is created in the relationship.

Hohenschwert's (2013) dissertation places the customer in focus in a way that is not traditional to KAM literature. She shows how value is creat-ed in interaction processes that are idiosyncratic to KAM. She examines KAM individuals' interactions with customers, and finds they performs multitude of non-selling activities with the aim of providing service to the customer. Hohenschwert emphasizes how the customer values these activi-ties (2013). Homburg, Wieseke, and Bornemann (2009) support these find-ings in their study of value creation in the interaction of frontline

employees in sales. Wikner (2010) shows how value is created by the supplier's capability of co-creating value with the customer by understanding the purpose and the use of their service in achieving their customers' business goals. Co-creation and co-design are processes by which the supplier may create value in the interaction process (Corsaro and Snehota, 2010), which test how the offering fits, and also assesses how it becomes a part of the activities and processes at the customer.

2.4.3.   Risk-taking and New Forms of Customer Engagement

The relational approach becomes increasingly important in creating value in complex solutions and services (Spekman and Carraway, 2006; Tuli et al., Kohli, and Bharadwaj, 2007). With co-creation, customers are becoming involved in the shaping of both products and services (Wikner 2010). Liljedal's (2013) study of B2B companies and the co-creation of services and products with their customers', addresses benefits and risks of engaging in this process. To co-create and engage with the customer in this manner inherently involves taking risk and acting outside of traditional customer and supplier roles. Blocker et al. (2012) write about co-creation and financial risk-taking as means of developing the customer relationship:

> "… trends indicate that sales teams are expending increasing resources (e.g., technical, marketing, logistical) to articulate and co-design solutions for customers prior to a buying commitment." (p. 19).

This is not the traditional role of KAM. KAM may facilitate the inflow of innovation ideas from customers and act as advocates for them internally (Richards and Jones 2009) but to invest in developments prior to a letter of intent or a purchase order demands new ways of working. Öberg (2010) explores how the customer is engaged in development and innovation. She identifies several roles that the customer may inhabit during the innovation process by focusing on activities performed in the process. A study that identifies which roles KAM takes during an innovation process has not been found to date.

2.5.   Tensions in KAM Literature

Traditional KAM literature focuses upon the KAM program, the implementation of a KAM organization, KAM individual behaviour, and the importance of KAM teams. However, tensions in the literature are evident, with the changes of solution creating and selling, the complex value creation, and the need to take risk to engage in co-creation and developments of proof of concepts prior to purchasing commitments. Tensions from extant literature derive from several sources such as from the legacy of product sales, from notions of KAM as a role and organization; they surface when the literature simultaneously acknowledges KAM's increased complexity without integrating the implications of this complexity in the study of KAM. The literature review offers conflicting notions of the role, functions, processes, organization, and expectations of KAM. Value co-creation demands new forms of engagement and a new way of regarding risk-taking, trialling, and testing both solutions and internal and external relationships.

Tensions in the literature are related to the short-term demands on KAM and the expectations of long-term customer relationship development in ways that contribute to strategy. The literature treats the two concepts of time as separate subjects and regularly fail to demonstrate how the fulfillment of short-term targets contribute to the long-term development of the customer relationship. Rogers (2006) describes how key account managers experienced different demands on their performance: "…the tensions they experienced between the need to think and plan strategically for key account relationships and the short-term pressure for results that their companies placed on them." (p. 219). Sharma and Evanschitzky (2016) show that whilst KAM is conducive to profitability and relationships in the early years after implementation, they become less profitable and beneficial.

The tensions also derive from the paradoxical lack of a relational approach in KAM as the objective of KAM is to develop customer relationship. Studies that combine the individual and organizational KAM with customer engagement is consequently lacking. In addition, the literature that emphasize efficiency and effectiveness in executing sales in the existing business model. It does not incorporate how strategic development occur. Traditional KAM roles does not include the role of KAM as active in value

creating processes and relationships with up-front investments and risk-taking in addition to new demands on coordinating the internal and external contributions. I have identified three tensions in KAM literature and they are concerned with different aspects of KAM and customer relationship development such as dynamism and stability.

2.5.1.   Tension 1. KAM organization vs. Dynamic Forms of Organizing

The KAM organization has been a main area in KAM research. Kempeners and van der Hart (1999, p. 312) suggest that: "Organizational structure is perhaps the most interesting and controversial part of account management." (cited in Homburg et al., 2002, p.38). KAM organizations facilitate customer-specific and expertise-related knowledge transfer (Nätti and Paolo 2006). The organizational form influences how KAM is operating (Rehme, 2001). This tension is deriving from the view that a KAM organization provides the ideal structure from which long-term relationship building and management should be run (Wengler 2007). The KAM organization is often built on current business with sales targets in place to steer behaviour towards increasing existing sales budgets and existing business, be it as a development driven by the customer or by a proactive supplier organization (Brehmer and Rehme 2009; Rehme 2001). The tension is reflected in the study of Gosselin and Bauwen (2006). They state:

> "Applied to account management, the congruency principle means that companies must comprehend the key value creation drivers to create or enhance customer value, before deciding what type of account management organization they need."(p. 283).

The key value creation drivers that they underline are likely to change over time. Storbacka and Neonen (2009) state:

> "Clearly, sales strategies have implications for the sales process and for the interface of sales not just with customers, but also within the organisation." (p. 892).

The dynamic development of the KAM organization in parallel to such developments is unidentified in KAM literature. When faced with considerable external development such technological shifts, an example being the Internet of Things (Andersson and Mattsson 2015), the KAM organization may exhibit a similar inherent rigidity to that of most fixed organizational structures (O'Reilly and Tushman 2013; Tushman and O'Reilly 1996). The KAM organization may reinforce difficulties in developing the customer relationship in a strategic and long-term manner. The KAM organization "boxes in' the relationships and the current ways of working. Corsaro and Snehota's (2010) study on value in business relationships state the following:

> "It appears that the value of relationships is intrinsically changing because the relationship outcomes are generated "in between" the parties rather than by the parties themselves." (p. 994).

Terho, Haas, Eggert and Ulaga (2012) suggest that value-based selling demands new ways of both practicing and defining sales. Concepts of balancing and joining are put forward by these authors rather than sales tactics and persuasion. Combined with the need to coordinate cross-functional and multiparty contributions to satisfy the customers' existing organizations and processes may be limiting rather than facilitating. It appears that in order to fulfil its purpose and contribute strategically to the company, KAM function must act outside established orders, structures and organizations and operate in new ways in relation to both customers and internally. The KAM organization may be ill suited for developing the customer relationship. To avoid organizational rigidity and the high cost of maintaining complex and large matrix organizations (Wengler 2007) ad hoc teams have been considered as an alternative (Bradford et al., 2012; Abratt and Kelly 2002). However, how the ad hoc KAM teams operate in existing business models in parallel with customer relationship development and strategically significant matters is unknown.

2.5.2. Tension 2. KAM Stable Relationship Development vs. Disrupting

KAM is concerned with focusing special efforts on strategic customer relationships in a long-term perspective (Prado 1997). Although Geiger and Guenzi (2009) identified increased customer expectation and market turbulence as the two most influential factors in sales research, the traditional view of is to regard relationship progression as stable (McDonald et al., 1997). A KAM relationship strategy is implemented in order to reap immediate benefits and long-term advantages. The relationship development assumedly progresses in a linear way (Zupancic 2008. Davies and Ryals, 2009). KAM has not focused on how disruptions emerge, how they are handled or what impacts disruptions may have. The origin may be the network environment and with effects on the development of the long-term customer relationship (Möller and Halinen, 1999). Technological shifts such as digitalization affect both supplier and customer. Business conditions are described in terms of volatility, uncertainty, complexity and ambiguity - VUCA (Bennett and Lemoine 2014; Fernández-Aráoz 2014). Reorganizations or turnover of key staff may cause disruptions and conflict in the customer relationship may cause temporary or lasting breaks. Sources of stability and direction are hard found, and conditions are subject to multiple efforts of influence and change (Nenonen, Kjellberg, Pels, et al., 2014; Kjellberg and Helgesson 2006).

The long-term perspective implies that the relationship development will experience changes that may be caused by changes in the environment or by changes in the supplier or customer organizations. KAM literature has been oriented towards success factors (e.g. Ryals, 2012; Woodburn 2006) and has not included how success is sustained over time or how disruptions exist and affect the customer relationship.

The increased importance of value creation in selling (Hohenschwert 2013; Terho, et al., 2012; Haas et al., 2012; Wikner 2010) disrupts several of the assumptions of how KAM relationships progress. When value is co-created in the interaction processes and is an objective in the relationship, some degree of both disruption and risk-taking is inherent in the process. Capon and Senn (2001) find that in order to create unique offers, build trust with strategically important customers, investments have to be made.

As stressed by Blocker et al. (2012) the need for investing, co-creating and taking risk prior to any commitment from the customer is a notable trend. The process of engaging in co-creation and co-financing contains elements of questioning and challenging the customer. Adamson, Dixon and Toman (2012) phrase a dialogue with the customer as "Insight selling" when the objective is to challenge existing notions, create friction and provide valuable information as a way to deepen the customer understanding and the relationship.

2.5.3.   Tension 3. KAM Dynamism and Dispersion of Roles and Relationships

KAM has been applied to denote the organization at the suppliers' (e.g Brehmer and Rehme 2009), the relationships on firm level, conceptualized as accounts (Spencer 2005). KAM operations have focused on the individual KAM and the cross-functional coordination in teams (Storbacka, Polsa and Sääkjärvi 2011). KAM is the implementation of relationship marketing (Davies; Ryals and Holt 2010) the KAM role, the role of the customer and the relationships have traditionally in part been separate research strands. In Gueslaga and Johnston's review of KAM literature from 2010 they list 10 topics that have merited considerable attention. 9 topics treat how KAM is implemented in an organization or program and the KAM role. The remaining topic is the customer relationship. The role of the customer is traditionally not included in KAM studies.

Tzempelikos and Gounaris (2013) specifically call for a relational approach to studying KAM. Although an important area of KAM is the cross-functional, and cross-organizational role of KAM, it is not established what roles KAM take and how KAM roles interact with others. Cheverton (2014) discusses the different roles as defined by Belbins' research on roles in the group when forming a team. With value being created "in-between" as stated by Corsaro and Snehota (2010) the implications for roles and relationships between supplier and customer as well as internally merits attention.

This tension is amplified when juxtaposing the view that the relationship with the customer progressively evolution in a stepwise process (McDonald et al., 1997; Lambe and Spekman, 1997) with new roles emerg-

ing with value creation in KAM relationships that demand risk-taking and investments in both time and money (Blocker et al 2012; Hohenschwert 2013). Hohenschwert (2013) show that KAM is creating value in interaction with the customer by performing non-selling activities. An activity such as preparing a presentation for the customer to be used internally at the customer is an activity that customarily is not directly linked to selling. However, the activity means that the KAM is taking on the role of the customer and is creating value for the customer by performing activities on their behalf in the interaction process. The role of selling is changing with the dispersion of selling activities to other functions. Homburg, Workman, and Jensen (2000) explicitly describe the dispersion of selling roles and responsibilities to a number of other functions than sales. Examples of this are found in customer service and after sales support and the implication is that several functions take on a role of selling.

The tensions that exist in KAM literature derive from the lack of including dynamic developments at the suppliers, the customers, the relationship and the environment. The three tensions identified in KAM literature are amplified in the contexts of solutions, value creation and co-creation with the customers. The tensions derive from legacies of past findings and contribute the widening of gaps in KAM research due to of the quickened pace of changes and VUCA conditions in the empirical world. The tensions in literature suggest that KAM needs to be conceptualized differently. In particular when studying how KAM contributes to business model innovation.

2.6.   KAM Principles in the Literature

How may KAM be conceptualized and studied when there is no formal KAM organization, no linear predictable relationship progression and when sales roles and selling activities are dispersed? How is the key customer treated and engaged?

Parvinen, Aspara, Hietanen, and Kajalo (2011) investigate sales management in blue ocean practices. Dixon and Tanner (2012) similarly notes the significant changes in the selling environment and the nature of selling and call for a new definition of selling. They state that transformation un-

derpin the need for regarding sales in a different manner and they state (2012):

> "The proposed definition of sales is the phenomenon of human-driven interaction between and within individuals/organizations in order to bring about economic exchange within a value-creation context." (p. 9).

The definition is relevant to this study. In addition, KAM needs to be conceptualized as incorporating informal KAM, dynamic interactions and value creation processes as well as the engagements with the customer. The definition of KAM when studying the contribution to business model innovation requires an orientation towards the customer in a relational approach to KAM. McDonald, Millman and Rogers (1997) define KAM as follows:

> "Key accounts are **customers** in a business-to-business market **identified by selling companies** as of **strategic importance**. Key account management (KAM) is an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by **offering them, on a continuing** basis, a product/service package **tailored to their individual needs**. Success depends partly on the strategic importance to the customer of what is being supplied, and the degree of receptivity demonstrated by the customer to a **partnership approach,** as well as the **skills** of the supplier in meeting customer needs. To **coordinate** day-to-day interaction under the umbrella of a **long term relationship**, selling companies typically form **dedicated** teams headed up by a "key account manager". (p. 237, non-original bolding)

The quote underlines the selected customers of strategic importance and describes the nature of interactions as continuous with a partnership approach. The notions of tailoring, coordination and dedication of teams exist as well as the role of leader. The time frame stipulated includes the day-to-day perspective and a long-term view. From the quote I pinpoint the KAM principles that allows for a definition of KAM as exiting without defining the organizational form. The principles function regardless of the relationship model that may frame the interaction processes and the relationships. The KAM principles are grounded in extant KAM literature in the following way:

1) Selecting key customer (Pardo, 1997; Millman and Wilson 1995; Wilson 1993; Woodburn 2006)

2) Organization (Workman et al., 2003; Napolitano, 1997; Kempeners and van der Hart, 1999; Wengler 2007)

3) Coordinating internal and external contributions (Piercy and Lane 2005; Piercy 2010)

4) Dedicating special resources to drive customer satisfaction and developing the relationship long-term (Lambe and Spekman 1997, Homburg et al., 2000).

KAM principles are formulated below. The four principles capture the dynamic processes that engage KAM and the customer in a relational approach that includes short-term actions and long-term development.

1. Selecting strategically important customers
2. Directing significant attention and resources to the customer relationships
3. Organizing internal and external activities and processes to satisfy and develop these customer relationships.
4. Satisfying existing needs and developing long-term customer relationships

The KAM principles enable a dynamic view of KAM. They will serve as guiding principles in this study as they exist irrespective of organizational structure or an established KAM program. The function of the KAM principles is to provide guidance in the absence of a KAM organization or during stages of organizational flux in the exploration of how KAM contributes to business model innovation. The overall term of KAM is used in this dissertation to capture the principles on a general level. KAM will thus be used as an umbrella term that may capture activities and events in line with the KAM principles.

2.7.   Research Questions

The research questions derive from the tensions in KAM literature. The research questions are interconnected but a primary relationship with one of the tensions exist. The business model innovation corresponds to the notion of strategic importance and development in long-term customer relationships.

Exhibit 2.4   Research Questions

NUMBERING OF THE RESEARCH QUESTIONS (RQ)	QUESTION	PRIMARILY DERIVING FROM TENSION
RQ 1	How is KAM organized and structured?	KAM organization vs. Dynamic Forms of Organizing
RQ 2	How are disruptions and risk-taking enabled?	KAM Stable Relationship Development vs. Disrupting
RQ 3	How is the key customer relationship conceptualized?	KAM Dynamism and Dispersion of Roles and Relationships

The study of the business model innovation incorporates the short-term and the long-term developments. This calls for a processes approach when studying how KAM contributes to business model innovation. The second part of the literature review now follows. It will discuss the business model concept and selected innovation literature.

2.8.   Business Model and Innovation Literature

The normative stance of research in the pursuit of finding effective innovation strategies and processes has underpinned the research (for a review see, Wolfe 1994; and e. g. Adams, Bessant and Phelps 2006 on traditional

measurements of innovation) and technological innovations have been considered as the primary object of interest (Knight 1967; Utterback 1971; Downs and Mohr 1976). Teece (2010) point to the primacy to studying technology when innovation is in focus. He states that:

> "Technological innovation is lionized in most advanced societies; that is a natural and desirable reflection of the values of a technologically progressive society." (p. 186).

Innovation research has been influenced by the studies of Christensen and Bower (1996) and Christensen (1997) in the theorizing of how new technology and new companies enter and thwart entire industries whilst large existing firms fall behind. In the seminal research described in "Innovators Dilemma" (1997) Christensen discussed the lack of disruptive innovation as the inability to produce and use game changing technology in large firms. After "Innovators Dilemma" (1997) in which Christensen theorized on disruptive and sustaining innovation the theory has evolved (Markides 2006; Christensen 2006; Sandström 2011; Sandström, Berglund, and Magnusson 2014). For decades, innovation scholars have been studying how disruptive technologies tend to elude large, traditional companies (Christensen 2006).

The evolution of innovation research involves the broadening of the research to other causes than technology. Studies in this vein has discussed disruptive technology and new business models that disrupt institutions, for example in the study of Laurell and Sandström (2016) on the company UBER. The diffusion and uptake of the term disruptive innovation or disruptive technology has run parallel to the development of open innovation (Chesbrough, 2003). In open innovation (see Lichtenthaler 2011 for a review of the literature), the technology is characterized by accessibility and transparency, lack of proprietary ownership and that it is often developed in communities by those willing to share the result openly (Chesbrough, 2003; 2006; 2007). Shifts from closed and proprietary, to open and internet based business models such as e-commerce (Demil and Lecocq, 2010) have indeed disrupted entire industries.

Undoubtedly, technology and innovations have formed the backdrop of major developments that have influenced business and society. In mar-

keting and sales the changes are substantial Digitalization and automation of activities and processes are not only affecting individual tasks or processes, roles and relationships but these developments are redefining selling and marketing. As Storbacka et al (2012) points out. "With the growth of online business-to-business order processing and replenishment, many transactions are now effectively managed by the marketing or IT function." (p.891). The automatization of the selling (Buttle, Ang and Iriana 2006) is levelling the playing field. In parallel and in relief to this development the value creating processes that involves individuals, curiosity and creativity, coordination and complex problem solving become increasingly important to the success of companies.

2.9.   The Business Model

With this legacy in innovation research and society, it is not surprising that technology has been at the core of business model studies. Several interpretations of the business model exist since the business model was originally conceived as the vehicle for creating value based upon technology, which differs (Osterwalder, 2004 offers an in-depth review; Baden-Fuller and Morgan, 2010 provide a succinct overview). The business model has no uniform conceptualization in extant literature (Baden-Fuller and Morgan, 2010, Teece, 2010; Schneider et al., 2014). According to Margetta (2002), the term business model is frequently used without definitions and delimitations, in terms of scope. For a succinct problematization of the business model literature, see Mason and Spring (2011).

Chesbrough and Rosenbloom illustrate the relationship between technology and the business model in the following quote (2002):

> "In some instances, an innovation can successfully employ a business model already familiar to the firm. In other cases, though, such a business model will not fit the circumstances of the technological or market opportunity. In the latter cases, technology managers must expand their perspectives, to find the right business model, or 'the architecture of the revenue', in order to capture value from that technology." (p. 530).

The view is that an innovation employs a business model in order to reap the benefits of the innovation. This view does not portray the innovation in interplay with other parts of the business model. Although the areas of the business model differ to some degree, the business model describes how firms "do business" with a system-level view (Zott, Amit and Massa 2011). The complex value creation in the business model enables technology to be engaged in processes, activities and relationships in alignment.

Chesbrough, in later research (2006) defines the business model components and purpose as follows:

> "(1) To articulate the value proposition, that is, the value created for users by the offering based on the technology.
>
> (2) To identify a market segment, that is, the users to whom the technology is useful and the purpose for which it will be used.
>
> (3) To define a market segment, that is, the users to whom the technology is useful and the purpose for which it will be used.
>
> (4) To specify the revenue generation mechanism(s) for the firm, and estimate the cost structure and target margins of producing the offering, given the value proposition and value chain structure chosen.
>
> (5) To describe the position of the firm within the value network linking suppliers and customers, including identification of potential complimentary firms and competitors.
>
> (6) To formulate the competitive strategy by which the innovating firm will gain and hold advantage over rivals." (p. 66, non-original bolding).

Drawing upon this quote, a review of selected innovation literature now follows. The function of this is to both compare the aforementioned business model definition - in terms of key dimensions - and to define them. It is also to identify alternative ways of regarding the business model. The categories follow a similar structure as the definition above. Number two and three are highly similar in referring to market segments. Instead of discussing market segments, the following section will show how the customer is

conceptualized in innovation literature. The conceptualization of the customer is more pertinent to this study of KAM with a relational approach. Internal matters such as organization, internal coordination and roles and relationships are added in the review for the following reasons. Firstly, internal coordination is a key aspect of KAM. Secondly, sale strategies affect the organization (Storbacka and Neonen, 2009) and the internally oriented administrative and process innovations are established areas in innovation with relevant legacies for the conceptualization of a business model.

2.9.1.   Conceptualization of the Customer

Both users and customers exist as contributors to innovation in literature (Thomke and von Hippel 2002; von Hippel, 1986; von Hippel, and Foster, 1988; Abernathy and Utterback 1978). Whilst von Hippel (1986) discuss the experience of the "lead user" as a source of innovation ideas. Kristensson, Matthing, and Johansson (2008) find that the customers have an important role in the co-creation of new technology-based services. Öberg (2010) discusses the customer as a co-developer of the innovation. She points to several roles that the customer may have during an innovation process. However, the customer's role is not unequivocally positive according to Christensen and Bower (1996). They warn against being concentrated on satisfying current customer demands based on two major risks. The first is that the supplier company is too occupied with existing operations in terms of resources and the second is that it loses the ability to create visions of the future of the business. In Sandström's dissertation (2011) the network relationships before and after the entrance of a disruptive innovation are studied and the customer is in this study regarded as a part of the business model in which a disruptive innovation may thrive or not. In Sandström's study (2011), the history of customer relationships is one explanation to successful and unsuccessful adoption of disruptive technology.

> "While the customers of both firms were demanding the technology, it brought a significantly different value proposition to Hasselblad's customers, at an early point. In other words, in the case of Facet, the technology was initially compatible with the business model, but this was not the case for Hasselblad.

> In the case of Hasselblad, the value proposition related to digital imaging did
> not fit the historical relations with customers." (p. 52).

Schultz and Hatch (2003) and Schultz and Hernes (2013) point to the stra-
tegic development that LEGO could create after a period of crisis by an-
choring its future trajectory in the heritage of the company and its original
idea of encouraging creativity and of children playing well together (play
well is the literal meaning behind the LEGO brand name).

2.9.2.   Internal Structures and Operations

Administrative- and management innovation has been of interest for dec-
ades and they include studies of innovation in organizational structures,
processes, and management systems (e.g. Adams, Tranfield and Denyer
2011). There is a degree of ambiguity as to what is included in which type.
Teece (1980) for example, treats the introduction of the M-form organiza-
tion structure as an administrative innovation while Birkinshaw and Mol
(2008) includes the adoption of a novel organizational structure in the con-
cept of management innovation. They define management innovation as
follows:

> "…invention and implementation of a management practice, process, struc-
> ture, or technique that is new to the state of the art and is intended to further
> organizational goals" (Birkinshaw and Mol 2008, p. 825).

The innovation research related to internal structures and operation point
to relationships and interdependent development of different innovations.
Pisanos' definition of process innovation is inherently inclusive of several
types. He states (1997) that process innovation "focuses on solving com-
plex technical problems, rapid time to market and fast ramp-up" (p.10).
Studies include the degree of internal acceptance (e.g. Damanpour and Go-
palakrishan 2001) and internal innovation implementation (Klein and Sorra
1996). This strand includes studies on the acceptance process of the users
(Walker, Damanpour and Devece 2010).

The notion that technical and internal administrative innovations are
dependent on and complementing each other started decades ago (e.g. with
focus on individual experts as in Daft 1978). Hage and Aiken's study (1969)

of the relationship between routine technologies, social- and organizational structures show how both administrative- and management innovations emerged with mutual implications. Kimberly and Evanisko (1981) study on hospital innovation adoption and evaluates the position and impact of the individual, organizational and contextual factors of the adoption of both technical and administrative innovation.

2.9.3.   External Relationships

Business model innovation may include service innovation and hold significant changes to the process of service, or solution creation and the final solution. Normann and Ramirez's contribution on value creation in value constellations (1993) and importance of the external network relationships is emphasized by Koen, Bertels and Elsum 2011. They hold the new value-creating network to be essential to business model innovation in their typology. Zott and Amit (2010) elaborate on the multiparty contribution to a firm's business model underlining that this involves activities by customer, suppliers and partners. Ahuja (2000) analyses the focal firm's network and its effect on innovation stating that there are benefits of having direct (costly and tight) and indirect (low cost and looser) relationship ties. This study is based on the assumption that the sum of ties - the network - can be managed to provide an optimum mix of external influences that are conducive to innovation. Open innovation is inherently crossing organizational and functional boundaries. Chesbrough, (2012) explains that open innovation "…assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their innovations." (p. 21).

   The markets-as-networks studies of innovation explore the contributions of external and internal parties without the purpose of prescribing models for successful innovation. Hoholm and Olsen (2012) explores contrary and diverging forces that contribute to the emergence of a specific product innovation in the food-industry. Other innovation studies building on the network perspectives include for example examining problems of lacking innovativeness on industry level (Bygballe and Ingemansson 2011) or discussing path-dependence on an industry level and the firm level. Håkansson (1982) suggest that a lack of upheaving change may cause tun-

nel vision hindering the identifying innovation ideas and implementing them. Håkansson (1982) suggest that a lack of upheaving change may cause tunnel vision hindering the identifying innovation ideas and implementing them. Björk and Magnusson (2009) underlines that innovation ideas may come from any type of external relationships including suppliers and partners. The fit of the producer and user-setting may be decisive in the adoption of an innovation but difficult to manage as relationships may have a facilitating or hindering role (Ingemansson and Waluszewski 2009; Nordhoff, Kyriakopoulos, Moorman, Pauwels and Dellaert 2011; Aarikka-Stenroos and Sandberg 2012). An advantage of a disruptive entrant is the relative lack of the negative sides, or dark side of embedded ties (Noordhoff et al 2011) in the legacy of long-standing relationships.

2.9.4.   Technology and Innovation Types

Changes in technology has driven changes in the business model (Chesbrough, 2010). With the heritage of innovation research in the area of technology, the technologically oriented research is both substantial and contradictory (Wolf 1994). Radical innovation is often viewed as potentially destabilizing the network and dramatically changing existing purchase patterns (Aboulnasr, Narasimhan, O'Blair and Chandy, 2008). Ettlie, Bridges and O´Keefe (1984) found that the structural and strategic conditions differed for radical versus incremental innovation. According to their study centralization supports radical process adoption while conditions of complexity, decentralization and formalization "tends to reinforce the structural arrangements for incremental innovation" (p. 694). The study of Dewar and Dutton (1986) contradicts the findings as they found that differences in decision-making, managerial attitude and treatment of external information did not affect the two innovation subtypes. Findings related to the dichotomy of radical vs. incremental are inconclusive, Tornaornatzky, and Klein (1982). Contemporary classifications of innovations offer several nuances including "radical, discontinuous, major, moderate, incremental, continuous or minor innovations, to differentiate new products along the innovativeness spectrum" (Salavou and Avlonitis 2008, p. 97 quoted in Story, Hart and O'Malley 2009).

2.9.5.   The Value Proposition, Offering and Underlying Logic

The demise of product margins has driven the growth of service (Wise and Baumgarter 1999) and the concept of a solution has emerged both in practice and in literature. A physical product is typically delivered and experienced as of a defined point in time. A service may be both created and consumed over time. Ulaga (2011) uses the definition of Shankar, Berry, and Dotzel(2009) "hybrid solutions are products and services combined into innovative offerings" (p. 95). Solutions are evolving over time in dialogue with the customer (Bonney and Williams 2009) and Tuli et al (2007) specifically point to the creation of customer solutions in relational processes of reciprocal adaptability. The inclusion of service alters the processes of creating and delivering a solution to the customer and it changes the customer interactions and experience of it. Both products and service may be co-created with the customer with the impact of increased interactions, relationships and roles in the developments.

Service and solutions places higher demands on customer interaction, communication and co-creation and on internal and external coordination (Storbacka, Polsa and Sääkjärvi 2011). The customer is also important to this strand of research. The service literature treat product orientation, or goods dominant logic versus the service dominant logic (Vargo and Lusch 2004; 2008, Grönroos, 2006; 2011) as two different ways of regarding how value is created and describes the polarized roles in terms of who judges value, the supplier or the customer. When problematizing the shift in value judgement from the prerogative of the supplier to the customer (Vargo and Lusch 2004; 2008;) Strandvik, Holmlund and Edvardsson's (2011) point to the following:

> "Even if they take the position that service is ultimately experienced by the customer, it is still implied that the service offering, solution or value proposition is in focus and the supplier is in control of the co-creation." (p. 133).

The value creation processes with customers may generate value for the parties with shifting roles of control and influence between supplier and customer (e.g. Maklan, Knox and Ryals 2007; Wikner 2010). Service innovation may be driven by technology or by other matters. Service innovation

in B2B acknowledges the inherently active roles of the customer in the process involved. Innovation is considered as a continuous development of the service by both provider and user (Salunke, Weerawardena and McColl-Kennedy 2011). Michal, Brown, Gallan (2008) discuss service logic innovation as an innovation in its own right. They include the internal dimension and external parties to define how different parties come together to create value with the customer and associate the innovation with new partners and connections in new "value constellations". The value according to either supplier or customer may not necessarily reside in functionality, time or quality but rather in the service level, reliability, flexibility and in the process of KAM and customer interactions (Hohenschwert 2013). This implies that where products or goods still exist, they become means to an end in the pursuit of joint creation of shared value.

2.10. Business Model Dimensions

The business model dimensions have been selected with regard to the fit with KAM operations and development. The following business model dimensions have been selected:

- Customer Relationship, Value Propositions and Offering
- Internal structures and operations
- External network relationships
- Technology
- Business logic

The customer relationship, the value propositions, offering and the customer interaction form a dimension in the business model as the customer is in focus. Internal structures and operations include the formal organization of KAM or sales and the coordination of operations within the entire company. KAM coordinating external contributions and relationships constitute one dimension as the focus is on suppliers in the solution be it existing or new. Technology is one dimension and it may production technology, communication technology, proprietary technology in products or technology that is

available to competitors. The underlying logic of how business is done in the customer relationship constitute an innovation. Consequently, business logic is included as a dimension in the study.

The following table offers a comparison between characteristic traits in a product-oriented business model versus a solution or service-oriented business mode in order to put the selected dimensions to the test and to illustrate the application of the dimensions.

Exhibit 2.5   Business Model Dimensions and Different Business Model Orientations

DIMENSION OF THE BUSINESS MODEL	PRODUCT ORIENTED	SOLUTION AND SERVICE ORIENTED
Customer Relationship, Value Propositions and Offering	Transaction based relationship which may be short or long-term with recurring transactions at arm's length. Value of the product is communicated to the customer. A value proposition is crafted by the supplier to fit the needs, interest of the customer. Products, service or both. Price is per unit, margins and volume sales.	Value is co-created based on the idea that the judgement of value resides with both supplier and customer. Value creation in the processes prior, during, and after sales and delivery. Relationship oriented value creation and definition. Products, service or both. Price for a service is value based with dual possibilities of increased margins deriving from cost efficiency and the value dimension.
Internal structures and operations	Functional with efficiency and streamlining, agile and lean operations.	Functional with efficiency and streamlining, agile and lean operations with processes that systematically involve customer interaction and external parties.
External network relationships	Main purpose is to contribute to the product -in production by reduce the cost of making it or enhancing feature and functions. -in sales and marketing by increased sales volume -as the supplier of important but not core parts to the product	Active in defining value with the customer, creating the service, delivering service and developing in coordinated processes of interaction.
Technology	Essential part of business – in the product as features in the following: - the scoping of the product - the production of the products - the industry	Important in the creation and delivery of the service in terms of facilitating value creation and co-creation.
Business Logic	The supplier operates and organizes with the product in focus.	The supplier operates and organizes with the fit between solutions, service and the customer in focus.

Having now established the dimensions of the business model the next part treats how the innovation process may be conceptualized and studied.

2.11. The Traditional Innovation Process

Traditional innovation literature, similarly to traditional KAM literature regard both the customer relationship process and the innovation process as intended and subject to management control. Innovation is predominantly regarded as the outcome of planning and implementation process that occurs in steps (for a review e.g. Wolf 1994). Teece provides an example of business model innovation in this research tradition.

Exhibit 2.6   Business Model Innovation in a Traditional Innovation Process
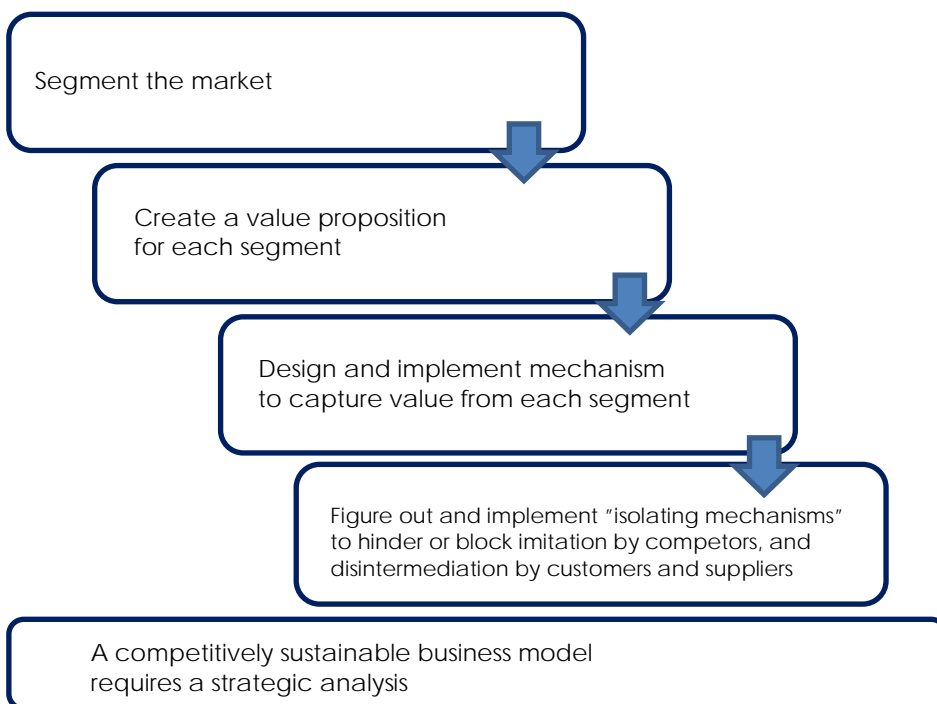
Adapted from Teece 2010, p. 182.

The notion of a "competitively sustainable business model requires a strategic analysis filter" as Teece puts it is indicative of several of how the innovation is conceptualized and studied in a normative tradition. For example,

the notion that the strategic analysis is proceeding a stepwise implementation of a business model that should be sustained over time (paradoxically at times ignoring the rapid changes in the environment, in particular technology which is regularly used to motivate the vast interest in innovation). In this view the innovation process occurs in stages with boundaries between interacting with customers mainly in the idea generation phase and the diffusion stage. This view of a planned progression in steps rely on several assumptions. These assumptions include that planning and executing of business models is the concern of executive management who may control of the process of change and accurately predict the impact of the new business model. Teece (2010) and Wolfe (1994) discuss the ideals of innovation planning with seamless progression from stage to stage being considered as an efficient innovation process.

Exhibit 2.7   Innovation Process Phases and Customer Interaction

Interaction with   Internal coordination   Interaction with
customers   and orientation   customers

Idea generation   Adoption   Implementation   Diffusion

Formal and informal processes of coordination and communication
between internal functions and external parties underpin the process.
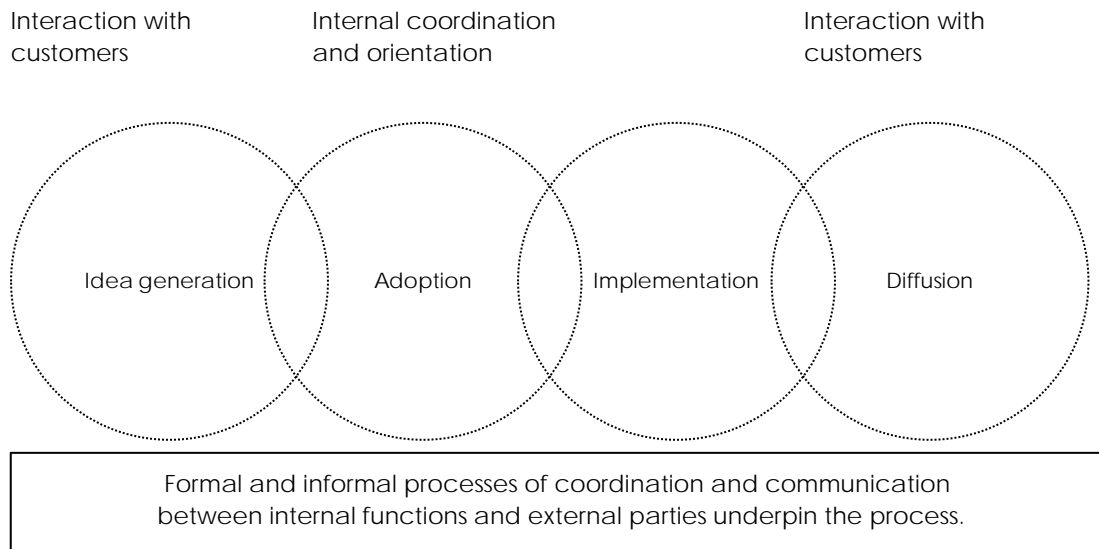
Adapted from Wolfe 1994

Schneider and Spieth (2013) provide a literature review of business model innovation. They propose that the business model innovation literature presents an array of results and take a systematic approach to the discussion of business model innovation prerequisites, the process and effects. Demil and Lecocq (2010)point to a greater complexity in stating that:

> "the BM is considered as a concept or a tool to address change and focus on innovation, either in the organization, or in the BM itself." (2010, p. 228.)

Whilst the norm in innovation research is to regard the process as planned and controlled, the innovation process as well as the innovation itself may be both intended and emergent (Van de Ven 1986; Van de Ven, and Rogers 1988). The difference is described by Agndal (2004) who is drawing on the insights of Mintzberg (1978). Agndal states that "An intended strategy that gets realised may be termed deliberate and a strategy that was never intended but which nonetheless is realised may be termed emergent" (p. 28). Researchers Christensen and Bower (1996) and Christensen (2006) regard disruptions as an inherent part of an innovation process. In addition, change occurs in dynamic development and stages in a transformation. Intermittent states of flux and stability are not mutually exclusive in a change process (Anderssson 1996).

2.12. Emergent Innovation Process

At the other end of the broad continuum of planned and emergent innovation, Teece (2010) exemplifies the former: the actor-network theory (ANT); the studies of innovation process may exemplify the latter. Akrich, Callon, and Latour's (2002) article serves as an example of the substantial innovation research using actor-network theory. Research in this tradition considers uncertainty to be a normal condition. The studies acknowledge the role of mishaps and are reflexive in analyzing the benefits of hindsight when judging both process and result. Latour (1996) also offers insight into how materiality and agency is regarded in ANT.

The integrative view of innovation (Damanpour 1991; Damanpour, and Gopalakrishnan, 2001; Damanpour, Walker, and Avellaneda, 2009) offer a middle ground. The integrative view holds that innovations have ripple ef-

fects. It includes aspects of planning with emerging developments. The integrative view of innovation holds that innovation in one domain may have unintended ripple effects or effects occurring in parallel in several domains in ways that cannot be planned for or entirely controlled (Damanpour 1991). In addition, the understanding of innovation is inherently contextually sensitive. Damanpour (2009) state:

> "According to this view, innovation types are complementary and influence organizations jointly; hence, each type cannot be truly understood without an understanding of its interrelationship with the other type." (p. 1007).

Cui, Hertz, and Su's study (2010) serves as an example. The study of innovation in an international logistics company with a strategy-as-practice approach point to the intra-and extra organizational ripple effects.

2.13. The Minnesota Innovation Research Program

The Minnesota innovation research program (MIRP) included 14 longitudinal studies of innovation projects in a research program that was driven by Van de Ven and colleagues during the 1980s (Van de Ven and Poole, 2000). The program included studies of different types of complex innovations in different contexts and industries ranging from defence to medical equipment. The research framework for the MIRP projects includes ideas, people, transactions, contexts and outcomes, which were areas of analytical interest in the longitudinal studies. The researchers wanted to study innovation processes and outcomes without bias. The findings, which were empirically grounded, were partly contradictory to the traditional view of innovation (Van de Ven et al., 1986). The innovation projects studied in MIRP were based upon formal planning and management. The innovation processes were characterized by disruptive elements: complex coordination of multiple parties, both internally and externally. They "…observed a much messier and complex progression of events over time" (Glick and Huber, 1993: p. 275). They found that disruptions, shocks, and novel elements that partly derail plans, yet put both management support and the

key drivers' motivation to the test since concerted actions were required to further the innovation process. The descriptions and analyses point to an array of disturbances to existing plans and derailing of planned developments. The consistency of disruption, in terms of projects and plans, points to the role of individuals in the shape of understanding and changing business models. When projects derail, people must interact beyond the scope of existing plans to advance and adjust activities beyond the given course of action (Van de Ven and Poole, 2000). The MIRP project and its findings provide this study of KAM with the structure of the innovation phases. In addition, the innovation projects were development occurring in established industries which means that the traditional business model was maintained whilst the innovation emerged. The parallel to KAM is the existence of the traditional business model whilst the business model innovation is emerging.

2.13.1. Phases in the Innovation Process

The phases in the innovation process include initiation, development, and implementation and they are identifying temporal sequences. Important breakages and cycles of recurring events and behaviours supported a non-linear view on the innovation process. The MIRP studies questioned the validity of existing studies which describe innovation as a linear development. Findings from the MIRP studies pointed to both predictable and unpredictable developments and the complex interplay of roles and relationships that were not bound to function. Trial and error was characteristic to the innovation process.

The three main process stages were 1) initiation 2) development 3) implementation progressing over time but with thematic dynamic tensions and conflicts appearing and reappearing in different phases such as resource commitment, shocks and setbacks and management support and fit with institutional environment.

The initiation period has three characteristics. *Gestation* refers to a period when preparations are done. These can be informal through meetings and discussions outside the existing the scope current business or defined business plans. The events are in interplay with other developments that also occur in the environment meaning that the *gestation period* can take

many years. During initiation, key individuals take initiative to create a project and start to argument for resources to execute. Shocks are significant in this phase in that they may act in support of granting resources and mandate to run the project.

Exhibit 2.8   Innovation Phases in the MIRP Studies

INITIATION

- Preparation and connected developments
- Long time period
- Shocks and disruption

DEVELOPMENT

- Developments and set-backs
- Staff turn-over and turbulence in the power structures
- Building relationships with strategic stakeholders

IMPLEMENTATION

- Adoption of the innovation
- Adjustments to fit the local situation
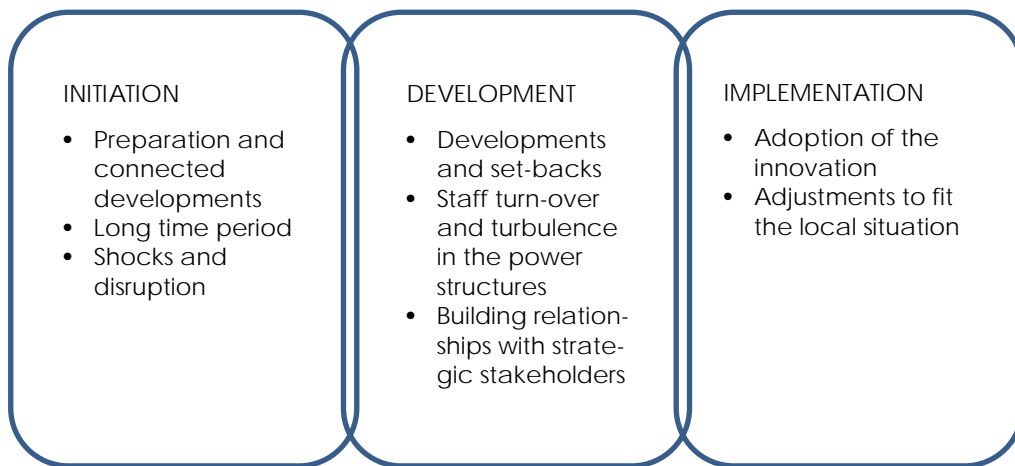
Adapted from Van de Ven and Poole 2000.

The development period is characterized by both significant development and a number of setbacks resulting in a divergence from the plan with regards to the success criteria. In this phase the project staff is diverse and power struggles exist which may both be hindering or developing forces. Top managers become involved as the risks are made visible or become higher. According to the findings the innovation project members start to build external relationships to create a fit in the context where to facilitate the acceptance of the innovation.

Implementation/termination is occurring when adoption activities start. These aim at transferring the innovation to other sites or actors. If developed elsewhere the implementation phase is concerned with integrating the innovation in the intended company. Related to KAM this phase implies

the recurrence of sales based on the business model innovation in the same customer relationship or in another customer relationship.

The dissertation draws on insights from the MIRP framework in regard to the process definitions as a way of analyzing and understanding the developments in the cases. With the identification of tensions in the KAM literature and the notion that KAM principles may guide a process view in addition to the defined business model dimensions and innovation process stages the conceptual framework can be described.

2.13.2. The New Business Model

Weiblen (2015) is suggesting that discovery is an important concept to the process of business model innovation. Weiblen (2015) when defining his interest in business model innovation uses a quote from Markides (2006): "Business-model innovation is the discovery of a fundamentally different business model in an existing business." (p. 20). Combined with interdependent innovations and developments discovery and collective change shed additional light on the statement by Amit and Zott (2012) who orient innovation towards the subtle. They say: "Changes to business model design, however, can be subtle; even when they might not have the potential to disrupt an industry, they can still yield important benefits to the innovator" (p. 44). Albeit subtle change in the design and the difficulty of discerning fundamentally different business model in existing business, the resulting new business model must be identifiable. The differences may not be apparent on a general level but may be so on the level of the business model dimension. The business model innovation to which KAM contributes is defined by the changes occurring in the business model dimensions and in characteristics of the resulting new business model. In a similar line of reasoning to Frattini, Bianchi, Massis, and Sikimic (2014) in their study of early adopters of platform innovation, definition of the business model innovation in this study also involve the ability to rapidly and effectively adjust the configuration of the business model. The ability to scale up or down in scope and size, as well as to rearrange parts of the business model such as the solution composition is important to the replicability and generalizability of the new business model. The scoping involves a similar no-

tion of modularity to the concept of platform innovation. However, the context of replication is in this study of KAM considered in relation to the existing customer relationship or other customer relationships.

Chapter 3

The Conceptual Framework

This chapter draws on the need for a process view deriving from the KAM literature and the business model dimensions and innovation phases that were identified in the previous chapter. The underlying approach to studying KAM is relational and dynamic approach. The chapter starts with discussing the main areas of the conceptual framework in terms of KAM principles and KAM tensions. It suggests that the KAM principles may be directly observed whilst the tensions are studied in terms of dynamic processes. The research questions are related to the tensions and three dynamic processes are identified as the primary units of analysis in the conceptual framework. The chapter presents the business model dimensions and the three innovation phases. It ends with an exhibit illustrating the conceptual framework.

3.1. KAM Principles and Processes as the Primary Units of Analysis

The study of the KAM principles in the cases is motivated by the need to study KAM in a new perspective. Studying KAM dynamically in processes is simultaneously grounded in KAM literature and by the necessity of the approach when studying KAM contribution to business model innovation over time. The KAM principles are:

- Selecting strategically important customers
- Directing significant attention and resources to the customer relationships
- Organizing internal and external activities and processes to satisfy and develop these customer relationships.
- Satisfying existing needs and developing long-term customer relationships

The main focus of the analysis lie in the processes in which the tensions are handled. The KAM principles assist in studying the processes. Particularly when there is no KAM organization or the existing one is changing. In the review of KAM literature I identified three tensions, the implications and handling of which should be studied over time, as processes in relation to business model innovation. The following sections reiterate the tensions in literature and relate these to the process by which KAM contributes to business model innovation.

3.1.1.   Creating as Process Deriving from Tension 1.

KAM organization vs. Dynamic Forms of Organizing

The first tension exist in the contradictions of suggestion and findings in relation to the efficacy of the KAM organization. The tension is deriving from the KAM literature that defines KAM as organized into a structure, a KAM organization from which KAM relationship building and management should be run. As seen in the literature chapter, the KAM organization is regarded as the organizational form by which both short-term sales and long term customer relationship development are managed. The literature on KAM organization fails to acknowledge insights from the innovation research. It states the short-term focus on the existing business model and customer relationship may prevent future-looking developments. Ad hoc teams may be an alternative to a fixed KAM organization (Bradford et al., 2012) but the conditions under which this approach is preferred are unclear.

From this tension, it is suggested that KAM principles guide both supplier and customer in creating new activities and ways of working that are not defined or run from an existing KAM organization and structure. This

calls for studying the processes of creating new ways of working and interacting out with existing structures and how this occurs in relation to existing structures. The process Creating involve creating new roles, relationships, activities and processes that transgress existing ways of working but may be based on or involve them. Organizing is included in the process as the new creation, whatever form it takes, needs to be organized to interwork.

3.1.2. Disrupting as Process Deriving Tension 2.

KAM Stable Relationship Development vs. Disrupting

The KAM literature state, in no uncertain terms, that KAM should be contributing to long-term strategic developments but does no explicate the means or processes involved in doing so. The second tension is concerned with developing strategic customer relationships in a long-term perspective which inherently entails change. KAM literature, does not systematically integrate the disruptions that occur and the consequences of disruption to relationship developments. As identified in the literature review, risk is often discouraged in traditional KAM literature. Risk-taking is however increasingly required to advance the relationship. Deepening and developing the customer over time may involve taking risk and engaging in new ways and roles with the customer. Is taking risk in order to create value in the present or the future permitted? Innovation literature inherently acknowledge that risk-taking and rewards as exist in the innovation process.

From this tension it is suggested that KAM principles guide both supplier and customer in how to take risk and enable and handle disruptions. The tension in relation to long-term relationship developments indicate that KAM needs to engage in co-creation and financial risk-taking prior to a purchase commitment. The second process is Disrupting. This process is characterized by intentional and unintentional disruptions. The events may be internal in origin, unplanned and unexpected as well as disruptions that come from external developments, for example in technology or changes in competition. Risk-taking, as it is not traditionally associated with the KAM role is inherently disrupting in potentially three ways: 1) internally at the suppliers, 2) at the customers, and 3) in the relationship.

3.1.3.   Anchoring as Process Deriving Tension 3.

KAM Dynamism and Dispersion of Roles and Relationships

The relationship with the customer has been problematized as there is a risk of detachment from the supplier organization. The risk is that KAM act too independently as a "lone wolf" Mulki, Jaramillo, and Marshall (2007) and start to act increasingly in favour of the customer with whom they become close. However, the value co-creating in engaged customer relationships may counter such risks as the evaluations of value occurs continuously in the process. The role of KAM in coordinating internal and external contributions is operationally and strategically important (Piercy and Lane 2005; Piercy 2010). The role of engaging with the customer is acknowledged in the literature on value creation and KAM. When sales is a dispersed function in the company, (Homburg et al., 2000) different roles and activities of selling are performed by other functions and individuals. The KAM and the customer relationship may be more complex than extant research depicts in relation to short-term and future value creation. The literature points to multiple interactions by several parties on both sides of the dyad. Hence, the third tension is concerned with the complexity and multitude of interacting roles at the supplier and the customer. In addition it is unclear how value creation in multiple interactions and processes, combined with the distributed nature of selling affect the customer relationship. Consequently, it is not clear which new roles emerge when the relationship changes and develops (Ivens et al., 2009).

From this tension it is suggested that KAM principles guide both supplier and customer in acting in to stabilize and organize emerging developments. The third process is Anchoring. It is concerned with stabilizing states as a part of developments and it operates in two ways. Stages of flux are intermittent with stages of stability. A source of stability in a process is the legacy of the company or the relational history of the supplier and customer. Anchoring in the past, the heritage, the history of the customer relationships serves to provide stability for the future trajectory of strategic development. Anchoring in the present means that existing practices, ways of working, roles and relationships are grounded in current operations, ac-

tivities and roles. Anchoring is in this manner facilitating future developments by the relations to existing practices.

3.1.4.   Three Processes in the Conceptual framework

Three processes of Creating, Disrupting and Anchoring have been defined as the primary units of analysis in this study of how KAM contributes to business model innovation. Creating, Disrupting and Anchoring are separate but related processes. These are reiterated below in relation to the research questions and the tension from which they derive in the exhibit below.

Exhibit 3.1   Research Questions, Tensions and Processes.

RESEARCH QUESTION (RQ) NUMBER	QUESTION	PRIMARILY DERIVING FROM TENSION	PRIMARILY RELATED TO PROCESS
RQ 1	How is KAM organized and structured?	KAM as KAM organization vs. dynamic forms of organizing	Process of Creating
RQ 2	How are disruptions and risk-taking enabled?	KAM Stable Development vs. KAM Stable Development vs. Disrupting	Process of Disrupting
RQ 3	How is the key customer relationship conceptualized?	Stability and Dynamism in Roles and Relationships.	Process of Anchoring

3.1.5.   Business Model Dimensions

The processes drive or influence developments in the business model dimensions. The business model dimensions identified in the literature are deemed relevant without additions or adjustments. They also correspond to areas in which KAM operates and or important topics in extant KAM literature. Although all the business model dimensions are relevant for KAM,

the customer, internal and external co-ordination form the backbones of traditional KAM literature. The business model dimension in the framework are listed below with a reference from KAM literature to illustrate the thematic relevance in KAM literature. A clarification of each dimension is offered in the table below with key characteristics.

- Customer Relationship, Value Propositions and Offering (Guenzi, Prado and Georges 2006)
- Internal Structures and Operations (Spekman and Ryals 2012)
- External Network Relationships (Toulan, Birkinshaw and Arnold 2006)
- Technology (Zoltners, Sinha and Lorimer, 2015)
- Business Logic (Storbacka, Polsa and Sääksjärvi 2011)

In innovation literature there is a conceptual difference between the customer and users. Both are important as customers and users are regarded as an important source of ideas (Bohman, 2010; Thomke and von Hippel 2002; von Hippel, 1986; 1988; Abernathy and Utterback 1978). Both concepts of the user and the customer are included in the customer dimension. The dimensions of technology and the business logic which are underpinning how KAM operates are placed on the same level of interest by being defined as dimensions in the business model. Technology and the dimension of business logic have roles in the business model innovation process. The following exhibit shows the dimensions and their key characteristics.

The dimensions serve in terms of structuring the case process descriptions and in terms of establishing that the business model innovation has in fact generated a new business model.

Exhibit 3.2   The Selected Dimensions of the Business Model

DIMENSIONS OF THE BUSINESS MODEL	KEY CHARACTERISTICS OF THE DIMENSION
Customer relationship value propositions and offering	Nature and characteristics of the customer and of how the customer is engaged in the developments of the relationship View on value, type of offering and relationship to value creation
Internal structures, roles and operations	Organizational functions and structures. Includes both informal and formal ways of working
External network structures, roles and relationships (except customer relationship)	Existing relationships with suppliers and new types of external relationships that can be driven by different needs.
Technology	Can be large structural developments that have implications for the company in adopting new technology Production oriented technology or as a part of the product or service The technology differs from case to case and the main focus is not what it is but rather how it interplays in processes and developments
Business Logic	Product orientation, solution and service orientation.

3.1.6.   The Innovation Phases

Studying the innovation process of emergent business model innovations provide empirically grounded knowledge of a business model. It is preferable to study business models in action rather than as depictions of an ideal way of working on firm level (for a discussion, see e.g. Mason and Spring 2011). To study this in action, and to analyze the complex developments the temporal sequencing in the MIRP studies offer the structure to the study of the innovation phases. However, as this study employs the phases of the innovation process as a means to study KAM the phase definitions are emulated rather than replicated. The first phase of innovation in the MIRP study was termed initiation. This is renamed preparation for two rea-

sons. The first is because the term preparation have stronger connotations of longevity than initiation which is a term that in comparison relate a point in time. Secondly, the term preparation is a semantically suitable fit with the commonly used terms of development and implementation. The three main process stages are:

- Preparation, characterized by seemingly small changes
- Development, characterized by substantial progression and set-backs
- Implementation, characterized by adoption of the existing environment or another

These phases are discernible although overlapping in different ways as developments have both intended and emergent ripple effects and are intertwined with other processes. The three processes of Creating, Disrupting and Anchoring captures the tensions, friction and conflicts occurring in different phases in terms of resource commitment, disruptions, shocks and setbacks.

Combining structural parts of the innovation phases with the dimensions of the business model provides the ability to temporally delimit the developments in the phases and to categorize them in relation to dimension. The processes are studied as depicted below.

The conceptual framework derives from the literature review and has been discussed and validated in terms of definitions and relevance with academics and professionals during the research process. The method and the research design is discussed as follows with clarifications in regard to the research process particularly in relation to the concepts of systematic combining (Dubois and Gadde 2002) and Engaged Scholarship (Van de Ven 2007).

Exhibit 3.3   Conceptual Framework

INNOVATION PHASES/ BUSINESS MODEL DIMENSIONS	PREPARATION PHASE	DEVELOPMENT PHASE	IMPLEMENTATION PHASE
Customer Relationship, Value Propositions and Offering			
Internal structures and operations	Process of Creating		
External network relationships	Process of Disrupting		
Technology	Process of Anchoring		
Business Logic	KAM principles		
KAM principles			

Chapter 4

Research Design and Methodology

This chapter describes choices and execution of research design and process. The chapter starts with a comment on the traditional areas of research interest and method in B2B sales research. The case study method is discussed with a discussion of the concepts of "Engaged Scholarship (Van de Ven 2007) and the abductive approach of "Systematic Combining" (Dubois and Gadde 2002) that underpinned the process. These processes qualities contributed to relevance and rigour in the analyses of rich data. The quality of the study is discussed in terms of outcome with focus on credibility, significance and relevance.

4.1.   Describing the Literature Reviews and Traditional Sales Topics and Method

Two main literature reviews were conducted. The first was done in 2010 and served the purpose of general orientation and knowledge building in the area of B2B sales and selling. Key words were broad on purpose. They included "sales, selling, B2B relationship, customer" and were entered in EBSCO with the limitation of the search to academic articles. In sum 238 articles were identified. The abstracts of these articles were read while about 60-70 articles of particular importance to gaining general knowledge of the field were analyzed. The first literature review included KAM literature but the second review that was conducted in iterations during 2014-2016 spe-

cifically focused on KAM literature. EBSCO was used in the same manner as before. The active search for referenced articles in selected KAM studies was a complement to the list of articles generated by EBSCO. From 2015 onwards Google Scholar was used systematically to identify extant research and access the publications.

4.1.1. Traditional Sales research

The following section serves two objectives. The first is to illustrate which topics recur in sales research, as these constitute the legacy of KAM literature and contribute to elucidating the legacy of the field. The second is to describe the dominant method of quantitative studies in sales. The field of B2B sales research is deemed scientifically mature, and it has been an acknowledged field within marketing for many decades (see Belasco, 1966, Jolson, 1974 for early examples and Reid and Plank, 2000; Bush and Grant, 1994 for reviews of sales studies). Examples of traditional sales topics follow:

- Sales techniques and processes (Jolson 1974; Comer and Drollinger 1999:Moncrief and Marshall 1986; 2005; Dubinsky 1980/81)
- Motivation and role conflicts (Walker, Churchill and Ford 1977; Jelinek and Ahearne 2006)
- Management control systems and incentives, leadership styles and culture have also merited significant attention with quantitative method (Baldauf, Cravens, and Grant, (2002) Cravens, Lassk, Low, Marshall, and Moncrief, 2004; Anderson and Oliver 1987; Oliver and Anderson 1995; Anderson and Onyemah 2006; Deeter-Schmelz et al 2008; MacKenzie, Podsakoff and Rich 2001; Bass 1997; Jackson, Tax and Barnes, 1994; Dubinsky 1999).
- Sales person adaptation and sales performance (Spiro and Weitz 1990, Sujan 1986; Sujan, Weitz and Sujan 1988; Weitz 1981)
- Relationship selling, consultative selling (Jolson 1997; Rackham and Viio and Grönroos 2014)

Traditional sales research is mainly concerned with efficiency. It tends to be positivist, normative and use quantitative methods for testing hypotheses. However, conceptual studies are also frequently employed (see Reid and Plank 2000 for a review). The normative sales research tradition is predominantly concerned with identifying independent – and mediating variables to a dependent variable which is recurrently the level of sales with or without the consideration of efficiency. Hypothesis testing has contributed to cumulative knowledge in specific topics but the use of the survey method has become increasingly difficult. The traditional use of surveys has experienced a decline in response rate and thus in validity. Response rates have declined when using a survey method in marketing (Griffis, Goldsby and Cooper, 2003), particularly so in sales (Carter, Dixon and Moncrief, 2008). Methodological problems have thus surfaced in parallel to the increased understanding of the complexity of B2B sales (Åge, 2009) and the impact of technology on selling (Zoltners et al 2015., Buttle et al., 2006)

Studies have been based on the assumption that the relationship can be predicted and managed with different relationship constructs, yielding negative or positive effects on sales performance. Trust (Morgan and Hunt, 1994) has been studied as an instrument to increase sales performance. The concepts of ethics have entered the sales field with insights linking ethical behaviour to relationship development. Moral, and ethical behaviour is studied in sales leadership (Schwepker and Good, 2010).

4.1.2.   Calls for Qualitative Method and Theorizing

B2B research in the fields of marketing and business relationships regularly use qualitative methods. As shown in the literature chapter, the method of case studies has been regularly employed in KAM literature. Case studies and qualitative methods are used to theorise Eisenhardt and Graebner (2007; Siggelkow, 2002; 2007; Weick, 2007; Silverman, 2013). Case studies have been used to study purchasing and supply (e.g. Dubois and Arujo, 2007; Hertz, 1999: 2001; Axelsson and Baraldi 2013) and marketing (e.g. Beverland and Lindgreen, 2007, see a review of case studies and Beverland and Lindgreen 2010). However, the traditional sales research from which KAM research stems has produced or employed relatively little theory (Williams and Plouffe, 2007). There have been several calls (e.g. Ingram et, al.,

2002; Tanner, 2002) for qualitative methods in sales research linked to the increasingly complex role of sales. There is an increasing need to study sales in relation to context or contextually embedded developments over time.[5] Tanner (2002) specifically points to the need for qualitative methods when studying sales in order to gain in-depth understanding regarding an evolved and strategic sales function.

4.2.   Qualitative Method and Methodological fit

Pratt (2009, p. 856) emphasizes that, "Qualitative research is great for addressing "how"questions-rather than "how many"; for understanding the world from the perspective of those studied (i.e., informants); and for examining and articulating processes.*"*

Van Maanen (1983) posits, "Qualitative investigators tend also to describe the unfolding of social processes rather than the social structures that are often the focus of quantitative researchers."(p. 520). The research of this study involves understanding a phenomenon that is embedded in contexts of multiple actors and social processes for which the use of qualitative methods is well suited (Creswell, 2009; Miles and Huberman, 1994). The suitability of the method in regard to the research question and the empirical phenomenon may also be assessed in terms of contribution to theory.

The concept of methodological fit stated by Edmondson and McManus (2007) considers the maturity and status of extant research and the purpose of the study in concert. They highlight the congruence of using qualitative methodology for exploratory purposes in phases where a research strand is facing significant changes in scope, content and direction. Exploring how key account management contribute to business model innovation over time constitutes such change of direction in research.

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[5] The same call frequently appears in the field of innovation with its strong reliance on quantitative method. Van de Ven & Rogers (1988) point to the fact that *"gathering only one-shot, cross-sectional data"* (p. 635) does not allow in-depth understanding also desired in innovation research.

Exhibit 4.1   Nascent Theory Development, Methodological Fit and Applicability

CATEGORY	CHARACTERISTICS	APPLICABLE TO THIS STUDY
Research questions	Open-ended inquiry about a phenomenon of interest	Primarily generated from the literature review with validating discussions regarding the relevance in the processes of systematic combining and engaged scholarship.
Type of data collected	Qualitative, initially open-ended data that need to be interpreted for meaning	Interviews with complementary sources of data in processes of systematic combining and engaging, questioning discussions with stakeholders.
Illustrative methods for collecting data	Interviews; observations; obtaining documents or other material from field sites relevant to the phenomena of interest	Several sources of data including field observations, rich archival data and company confidential documentation and interviews.
Constructs and measures	Typically new constructs, few formal measures	Introducing new concepts in regard to KAM principles, role and organization.
Goal of data analyses	Pattern identification	Pattern identification and conceptualization of KAM role.
Data analysis methods	Thematic content analysis coding for evidence of constructs	Temporal and thematic with focus on structures, relationships, roles and activities
Theoretical contribution	A suggestive theory, often an invitation for further work on the issue or set of issues opened up by the study	Contributions to extant knowledge of KAM.

Adapted from Edmondson and McManus (2007; p. 1160).

4.3.   A Qualitative Pre-study

The initial query in 2010 was broad. I was inspired by my experiences of highly complex solution- and service business creation at Ericsson. My role

as customization director was created to solve two main problems. 1) the lack of customer dialogue and communication and 2) the lack of a decision-making process by which informed choices could be made in relation to the development and pricing of customized developments. The objective of the role was to align how we operated in the area of multimedia in this regard and to define and implement a coordinated way of working in processes spanning across market units, local and global KAM organizations, central and local R&D, marketing, sourcing and the increasingly important service business. I was also inspired by the outburst of the flustered fellow-student in 2010 who said:

> "Studying sales, how hard can that be? It is just about selling more and more stuff to people who don't want it. It's immoral."

I found that sales and selling are provocative topics and I wanted to capture both sales as a practice and the sentiments it provokes. I wanted my research to be open and unbiased. Hence the initial question was as broad: "How does B2B sales or major donor fundraising functions work with specially selected customers or donor relationships?" The main motivation to include the non-profit organizations was initially to explore similarities and differences in the process of selling, engaging in customer relationships and with major donors.

A qualitative pre-study was conducted during 2010 and it contained 40 interviews in 8 firms and 3 non-profit organizations. Inspired by Glasarian[6] grounded theory of open inquiry used by Åge (2009) to study B2B sales, the pre-study of 2010 was open and devised to learn about different types of B2B relationships that generate income, i.e. sales and major donor fundraising.[7] The range of firms and the wide diversity of pre-study organizations allowed for insights into B2B sales practice and organizations in widely different contexts. Selection criteria for the companies were: established, medium size business with their own explicit desire to be market-

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[6]For a comparison between Glaser & Strauss's grounded theory approach and that of Strauss & Corbin see the following books: Glaser, B. G., & Strauss, A. L. (2009). *The discovery of grounded theory: Strategies for qualitative research.* Transaction publishers and Strauss, A., & Corbin, J. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* . Sage Publications, Inc.

[7] The use of grounded theory in studying sales is discussed by Geiger & Turley (2003).

and customer oriented, selling solutions that were complex in their defini-
tion, production, delivery and evaluation in relationships evolving over
time. Existence of different product areas or strategic business units (no
requirements on size), and existence of KAM principles but not necessarily
translated to de facto organizations in the traditional sense. Practical con-
cerns of accessibility to respondents, and geographical proximity were im-
portant criteria in the pre-study.

The pre-study contributed to my understanding of the complexity of
the areas. I continued to focus on the problems identified in regard to B2B
sales and KAM and abandoned the comparative ambition that involved the
NGOs and major donor fundraising.[8] Instead, I focused on the dilemmas
of KAMs and in relation to KAM that emerged during the discussion dur-
ing the pre-study. One informant in general management started our first
interview by saying how a management team meeting had treated the prob-
lems of efficiency and customer closeness. Individuals in sales talked of the
need for replicability and efficiency in sales operation in contrast to the ad-
aptation to each customer as dilemmas. The tensions caused by short-term
priorities and the expectations of contributing to long-term business devel-
opment appeared and reappeared. The KAMs and sales representatives had
questions: Who to please in terms of fulfilling sales budgets or contributing
to developing a business area? What to prioritize in terms of selling and
non-selling activities when both may be pleasing the customer? What trade-
offs exist between investing in the development of a customer relationship
and short- terms sales?

The pre-study contributed in main part with two large insights. KAM is
far from a uniform role, function or concept. Delivering on short-term
commitments and the need and desire to develop the customer relationship
and business strategy were conflicting roles. In comparing the findings, it
seemed that the largest problems and dilemmas and the largest rewards in
terms of strategic contributions in the form of business model innovation
were found in the most established of the companies. In particular, one of
the cases, that of army training, was identified in the pre-study. Findings
pointed to how KAM was acting in discord with established ways of work-

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[8] Lin Lerpold, gave sage advice during this period. In the vein of "you can't do everything in one the-
sis".

ing, rules and corporate processes in order to further change. They were acting in transformation processes that had been driving together with their customers. Managerial lack of support and the process of gaining this was an important in this case.

4.3.1.   Time, Timing and the Case Studies

The pre-study findings pointed to the business model innovation emerging over time. The first identified case pointed to the merits of studying the phenomenon over time. Process research with a longitudinal perspective allows for the studying of how the new business model emerged over time (Van de Ven and Huber, 1990), and the case study approach allows for the in-depth understanding of context and interdependent developments as grounds for theorizing (for a discussion of ontology in process studies see Demir and Lychnell, 2015). The next two cases emerged during the research process in line with the selection criteria of the cases.

Exhibit 4.2   Time Aspect of the Case studies in Relation to the Research Process

Aspects of KAM in the case companies	Army training	Editorial outsourcing	Gala dinner and event service
Existence of KAM organization	Retrospective.	Emerging	Retrospective and emerging
Existence of KAM Principles	Yes	Yes	Yes

When developments are concurrent and inclusive of several innovation types as is typically the case of integrative innovation or business model innovation, their developments are tied to each other and occur in different phases that may span over several years. The problems with studying developments that stretch over several years stem from practical limitations in time and space but the three cases offered the opportunity to interview while the case developments were ongoing in the later phases. The problems of reliability and access to limited data were partly remedied by the

engagement with multiple informants and seeking out different perspectives (the manager, the engineer, the secretaries, assistants) on the same activity, event, phase, development or process. The data that comes from actively seeking pluralism to enrich the understanding of events, process and the outcome is a source of richness and complexity. In order to get several perspectives on the analyses an engaged scholarship approach was employed. In addition, structured but intermittent oscillations between theory, analysis and personal interactions became core parts of the research process with the concepts of "engaged scholarship" and "systematic combining".

4.4. Engaged Scholarship and Systematic Combining Underpinning the Research Process

4.4.1. Engaged Scholarship

"Engaged scholarship is defined as a participative form of research for obtaining different perspectives of key stakeholders (researcher, users, clients, sponsors and practitioners) in studying complex problems" (Van de Ven 2007, p.9).

Engaged scholarship[9] embraces the dialectics of research which, "…nearly always yields valid insights about situations" (Starbuck, 2006, p. 146). Seeking methods that would drive dialectic discussions and insights contributes to an "evolving logic-in-use" (Kling, 2006, p. 35). The iterative process of engaging with stakeholders and intended audience is applied both in developing the research design and in discussing both description and analysis of the findings.[10] Agreeing is not the objective of the process. The objective is

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[9] Engaged scholarship is also concerned of how the role of the teacher is performed. Whilst beyond the scope of this thesis, I can give one example. An observation day with sports editors of the newspapers in Sweden involved a lecture by the manager of the Swedish football team, Erik Hamrén. With his permission I now use a picture of his on dimension for building excellent performance when I lecture on work-life balance to first year students of Stockholm School of Economics.

[10] The trust of key informants lead to assignments as a consultant. I have been acting as a consultant in parallel to research in ad hoc assignments involving strategy, organizational design and development and as an executive advisor.

the understanding of different perspectives, experiences and opinions as assisting in the process of interpreting the events and the processes. The importance of engaging with practitioners in studying KAM is described by Ivens and Prado (2016). They state the following:

> We encourage fellow academics to not only aim at generating managerial implications through their research, but also to participate in a broad discussion of the issues related to knowledge transfer at the interface between academia and managerial practice. (p. 42).

In addition to emphasizing engaging in debate and dialogue to test and develop the emerging understanding of the finding, engaged scholarship provides structure and tools for conducting qualitative research aiming at answering "how"questions. Such process studies are fundamental for gaining an appreciation of dynamic social life, and developing and testing theories of "how" social entities adapt, change and evolve over time" (Van de Ven 2007, p. 145).

Engaged scholarship in this study were interactions that were both planned, structured and opportunistic. How engaged scholarship is practiced may vary in terms of what types of interactions are held with stakeholders. I applied the advice of Schultz and Hatch (2005) in changing the perspective and role of the researcher. They state:

> "Instead of defining ourselves as researchers who translate our theoretically derived knowledge into practical solutions (e.g. consulting tools, new management practices), we advocate seeing ourselves as tapping into practical knowledge in order to produce better theories". (p. 337).

Thus, different professional meetings with executives have framed discussions of KAM's role in different contexts and interactions. Longer train rides allowed for eaves dropping and identifying suitable people to ask to read a short text or to discuss a piece of the research findings. I benefitted from occasions such as these in discussing different aspects of my research with a multitude of professionals. I conducted 4-5 Engaged scholarship workshops with other doctoral students in order to both discuss and present our research.

Exhibit 4.3   The Engaged Scholarship Diamond Model

Study Context: Research problem, purpose, perspective

Research Design

Develop variance or process model to study theory

Engage methods experts & people providing access & information

Criterion – Truth (Verisimilitude)

Theory Building

Create, elaborate & justify a theory by abduction, deduction & induction

Engage knowledge experts in relevant disciplines & functions

Criterion – Validity

Model

Research Design

Theory Building

Iterate & Fit

Solution

Theory

Problem Solving

Problem Formulation

Problem Solving

Communicate, interpret & negotiate findings with intended audience

Engage intended audience to interpret meanings & uses

Criterion – Impact

Problem Formulation

Situate, ground, diagnose & infer the problem up close and from afar

Engage those who experience & know the problem

Criterion – Relevance

Reality

Van de Ven (2007, p. 10).

Workshops with colleagues in the Value in Sight research group have to ground the relevance in regard to the research community. The senior researcher Lars-Johan Åge skilled in the grounded theory approach has specifically assisted in bridging insights deriving from cases and theory with the aim of aggregating findings to a higher conceptual level. A narrative description (Pentland, 1999) was generated in multiple versions for each case

study.[11] The different doctoral courses allowed for various forms of the cases to be described and analyzed with the aim of understanding the details of each case.

Implications of conducting the research process in this manner were numerous. Some examples follow. Discussing B2B sales with existing sales researchers focused my interest on the tensions between short-term expectations of efficiency and the long-term expectations of relationship development. This led to the inclusion of key informants to include different non-selling roles that were involved in the emerging business model innovation. Engineers, maître d's, assistants of executives and CEOs, marketing managers etc., gave a deepened understanding of different perspective in complex situations. The joining of different perspectives contributed to anchoring the relevance of the study and to the analytical process.

The interactions or insights were not phase limited or linear but concurrent and evolved collectively. However, at times different areas took precedence in the focus and quantity of interactions. When comparing the research process of this study to the Engaged Scholarship Diamond model the discussions around problem formulation occurred mostly in the beginning of the research with regained intensely at the end. Contact with key informants subsided significantly in different phases of the analysis to create distance from personal sentiments and our social dynamics in the pursuit of a rigorous analytical process. Theorizing discussions entered the process at a later stage whilst problem solving has been continuously ongoing. This movement between stakeholders and generated insights was complemented by going between theoretical and empirical elements in order to deepen and refine the research process and the result.

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[11] Doctoral courses such as Introduction to Constructivist Markets by Hans Kjellberg offered the opportunity to write and rewrite the narratives in different manners and to collect feedback on them. Using the cases as examples when teaching masters students in B2B marketing and sales also contributed in this vain.

Examples of applications of the ES framework

PHASE ACCORDING TO ES MODEL	INTERACTION WITH RESEARCHERS/STUDENTS AND IMPLICATION FOR STUDY	INTERACTION WITH PRACTITIONERS	INTERACTION WITH KEY INFORMANTS
Problem formulation – Defining and scoping the problem	-What is sales? Open discussion with master students as a part of lecturing from 2010 onwards. B2B sales and gaps discussed sales researchers. Asking senior researchers what they would study if they had the chance to do another thesis on sales.	Informal and unplanned discussions in parallel to the pre-study concerning how sales is acting and interacting in different organizations. AGA sales representative shows the linear sales process on a laminated card in his wallet. Discussions on the balance of listening to customers, challenging them and guiding them.	An ongoing process of discussion rather than interviewing according to a script. Using active listening techniques to iterate scope of problem. Balancing problem formulation with integrity of the informant.
Research design	Exploration purpose and a research design that is fitting was accompanied by plans for a survey with expert support by a professor in statistics.	Pre-study interviews revealed the level of complexity and that longitudinal, interdependent processes were involved. This led to a process study using case studies.	-Discussing the method in relation to the exploratory purpose of the study.
Problem solving - Understanding the cases	-Discussion one to one on the findings of the case with or without them having read the descriptions. -Using case studies in the B2B marketing course for masters students	-Discussion of e.g. cross-functional cooperation in different companies and industries	-Discussing the case with key informants to validate and challenge my understanding of the case
Theory building	-4 hour workshop with senior researcher to identify and build model. -Describing different processes and levels -2 hour workshop testing the model with teachers in a business school -Describing the emerging model	-Discussing the role of customer, sales, short term and long-terms from various functional perspectives ranging from R&D of products to strategy and portfolio	Feedbacks on texts during theorizing. Discussions on the model

4.4.2. Systematic Combining

Systematic combining is an abductive approach to case research put forward by Dubois and Gadde (2002) in which the research process is iterative. It means combining insights in empirical phenomenon in the cases and gaining additional and complementary theoretical knowledge in an intertwined process. The advantages to theory building are gained in the emerging fit between data collection, analysis, framework and theory achieved by the key process of matching. Matching is going back and forth between framework, theory, cases and the empirical world with friction and tension form parts of the process.

Exhibit 4.4   Systematic Combining
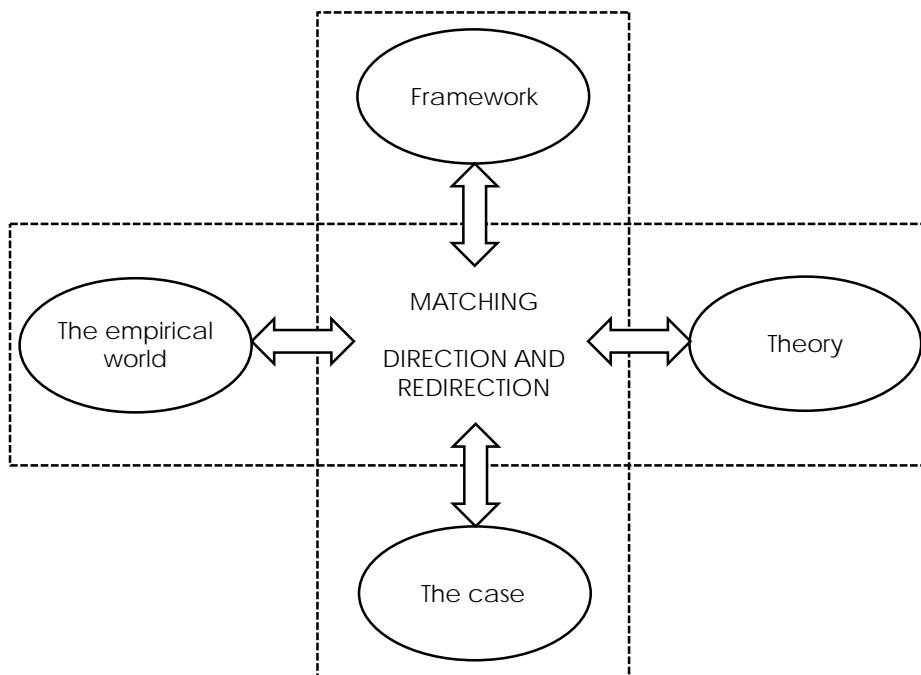
From Dubois and Gadde (2002; p. 555).

> "This approach creates fruitful cross-fertilization where new combinations are developed through a mixture of established theoretical models and new concepts derived from the confrontation with reality." (Dubois and Gadde, 2002. p. 559).

Going between theories, framework, case and the empirical world requires direction if not an actual method defined as a plan with iterations set in time and space. [12] Whilst gaining rigour with the latter, the former allows for "unscheduled insights".

The process in itself is both challenging and rewarding and systematic combining guided both the choice of a monography as it allowed for a deep analysis of rich data in a longitudinal analytical process. To allow for time in this process was important and it contributed to the choice of a monography. The research process also included a literature review of over 200 articles in B2B sales to combine insights from extant literature with findings from the pre-study onwards. The opinion that KAM should contribute to strategic developments resounded in literature and from the interviews of the pre-study and later in the case studies.

Contradictions experienced by KAM and developments of customer relationships were consistent in both literature and practice. Both literature and practitioners, KAM, managers and customers testify to the importance of KAM, to the profitability of the company and to business strategy. In both literature and practice, there was a recurring void regarding answers as to what type of strategic contribution was expected and how it should be achieved. Particularly considering rapid and significant changes of technology and doing business in an environment of VUCA conditions (Bennett and Lemoine 2014; Fernández-Aráoz 2014). I identified variants of a Catch-22. Risk-taking in terms of financial investments or human resources prior to commitment of purchase was not regarded as a KAM activity but as business development. Business development was regularly defined as new customers and new business areas. Existing customer relationships that demanded investments to develop would fall in between. Practitioners

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[12] There is a risk is in finding the process of matching rewarding without it necessarily contributing to furthering the research. It may seem futile at different points in time, particularly without the interactions that the publication of articles yield but even when advances in the research may seem to be lacking in fact insights are in the process of being shaped.

acknowledged that along with the business development that occurs in a key customer relationship, there may be conflicts if the budget that allows investments is allocated to a business development unit with new customers as the sole focus. This was the case with a large multinational producer of transport vehicles in the case study. In the pre-study interviews, only one individual in top management aired the opinion that "cost of sales" may need to be higher for an innovative growth area for a period of time. By gaining a deeper understanding of literature when enquiring about the activities, processes, relationships of KAM and vice versa, the area of KAM and business model innovation emerged. However, only in the latter phases of the research did the tensions of KAM literature and the commonalities of KAM and the business model innovation surface.

4.5.   Case- Study Approach

The complexity of short-term versus long-term demands on operational, strategic and relationship contributions and expectations of KAM in combination with the complex coordination role called for continuing the process approach with the qualitative method of case studies. Case studies allow for answering open-ended research questions such as "how?", "why and why not?", "when?" and "with whom?" (Yin 2003). A case study approach allows for an in depth understanding of a phenomenon and the contexts in which it is embedded (Yin 1989; 2003). Case studies, have "…richness and holism, with strong potential for revealing complexity" (Miles and Huberman, 1994, p. 10) and are particularly useful when aiming for deep and contextually rich data as the base for theorizing (Yin, 2003; Dubois and Gibbert, 2010). The complexity and interdependencies of elements in the context make borders opaque and difficult to distinguish. Furthermore contextual variables that may be embedded in the process may be difficult to draw out by use of other methods (Eisenhardt, 1989). Case studies, while also reliant on other information sources, include interviews that allow indepth understanding of both the phenomenon and unanticipated patterns of events and behaviours related to the phenomenon (Yin, 1981). In this type of research, the researcher does not attempt to "control" contextual variables but rather lets them unfold as a part of the case study. The deep

knowledge deriving from the case studies subsequently supports the ability to theorize (Eisenhardt, 1989). Furthermore, case studies are suitable for creating managerially relevant knowledge (Gibbert, Ruigrok and Wicki, 2008).

4.5.1.   Multiple Case Studies and Selection Criteria

The choice of three cases was based on the merits of contribution in terms of replication, contrasting, elimination of explanations and if the case could assist in extending a theory (Eisenhardt and Graebner, 2007). The three cases were a part of the pre-study from which the process of selection started and the companies differ as one way to increase generalizability of theorizing when conducting case study research (Eisenhardt, 1989; Merriam, 1985). As pointed out by Dubois and Gibbert (2010) the challenge is to be transparent and reduce complexity into descriptions of reality that can be communicated rather than adding cases for the sake of seeking more complexity. The volume, richness and complexity of data deriving from multiple cases studies can hamper the process of achieving quality of the analysis. The process involved removing a case study. It added complexity, yet when studied in depth, it failed to substantially add to the theorizing in this study.

Exhibit 4.5   Case Selection Criteria

COMPANY	ARMY TRAINING	EDITORIAL OUTSOURCING	GALA DINNER and EVENT SERVICE
Key customer relationship	Yes	Yes	Yes
Established long-term existing business model	Yes	Yes	Yes
Business model innovation first appearing in a key customer relationship	Yes	Yes	Yes
Continued sales of the business model innovation in other customer relationships.	Yes	Yes	Yes

Variance of industry	Yes	Yes	Yes
Mid-size companies with the possibility to access numerous key informants	Yes	Yes	Yes
High and complex demands on internal and external coordination	Yes	Yes	Yes

The company should have a long-term, traditional business model, and the business model innovation should be possible to examine ex post. It should also be an innovation experienced by both supplier and customer, meaning that there would be changes to different parts of the business model and how it creates value for both parties. The optimum number of cases is debated in literature, and the concept of saturation was applied both to the selection of cases and to data collection. A key question is whether the number of cases suffice in exploring the new phenomenon of how KAM contributes to business model innovation. The volume of data should not exceed the researcher's ability to grasp what is relevant and important to the actual study at hand. Depth and number becomes a trade-off. The decision to include three cases emerged in the research process in parallel with the deepening understanding of the cases and how they contributed in complementary and contrasting ways for example in terms of structure and form of the KAM principles and organization.

Variation in the industries and their business with the purpose of contrasting and comparing. Eisenhardt and Graebner (2007) state that comparing and contrasting assist in creating *".... more robust theory because the propositions are more deeply grounded in varied empirical evidence."* (p. 27).

The existence of KAM principles was an important criterion in that it denoted a focus on some key customer relationships rather than treating all of them equally. The conceptualization of both KAM principles as described in the previous chapter and of the tensions identified in the literature was a parallel and interrelated process in the vain of systematic combining. A recurring question in literature as well as in the cases revolved around the relative importance of the KAM organization in relation to the business model innovation. However, as the KAM principles also guided how KAM may be conceptualized in the study, the variation in how

the sales and the KAM function were organized were a part of studying the main units of analyses- the processes. The existence of the KAM organization differed between the case companies.

Exhibit 4.6   KAM Organization and Principles in the Case Companies

Aspects of KAM in the case companies	Army training	Editorial outsourcing	Gala dinner & event service
Existence of KAM organization	Developed and established	Developed in one of the companies of the TT Group	Not developed
Existence of KAM Principles	Yes	Yes	Yes

A high level of complexity in operations and relationships internally and externally and the dual demands of efficiency and business development were deemed important in studying how the tensions of KAM were treated and handled. Pragmatic concerns such as access (including barriers of bureaucracy) travel time, location and access to interviews and, opportunities to shadow also guided the selection. Initially one selection criteria also included the ability to interview the customer which could be fulfilled in two of the three cases only. In the case where direct access to the customer was not granted, the informants that had previously been employed by the customer were asked to account for experiences in that role.

4.5.2.   Data collection

Key informants were contacted and added in a process of snowballing in which a key informant recommends the next individual to be interviewed depending on the identification of important areas and perspectives that were emerging during the interviews (Biemer and Lyberg, 2003). The information of business model development and the customer relationship is sensitive in different ways which is why trust is an important part of the entire research process. Respondents included general managers, members

of the management team at the time of developments, key account managers, market area managers, marketing managers, project manager, managers and individuals in operational functions ranging from engineers to maître d's depending on the case and, secretaries in their capacity as long-term employee with a wide and deep knowledge of the company and its history. I interviewed some former managers and staff who had left the case companies as these individuals were highly involved in the case developments. Access to people and sensitive information is a process that involves trust and asking politely[13]. It is based on respect for integrity of the informant and acting in concert with established research ethics and in line with my personal integrity.

Parallel to the pre-study, a semi-structured interview guide was developed as a part of the process to ensure that the main areas of the business model developments were included. As informants were included in the case studies the interview guide evolved into a tentative tool for coding. To capture the social processes and interactions of development processes the interviews included an array of topics. The interviews allowed for additional data to be collected such as company confidential sales reports, target specifications, proposals, contracts, organizational charts, project plans and e-mails that illustrated the atmosphere of different phases and events. In addition public information from industry press and media provided additional information to the first hand data and assisted in placing events in time. Shadowing was a complementary means of data collection in the three cases. Although it allowed for several interactions with numerous people, shadowing was done in the more passive end of the scale as "complete observer" or "participant as observer" (Creswell, 2009, p. 179).

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[13] The qualitative pre-study in which I included sales individuals, entrepreneurs and those working with major donor fundraising in non-profit organizations brought meetings and learnings which I made good use of in my thesis work. Ken Burnett's book was recommended to me by the founding force of fundraising in Sweden, Per Stenbeck, who is currently semi-retired but active in lecturing on the similarities between relationship selling and fundraising. "How do you do it?" I asked in 2010. "By asking politely" Per said and smiled.

Exhibit 4.7   Overview of the Case studies, Time, Data

NAME/ PURPOSE AND DESIGN	ARMY TRAINING AS A SERVICE	EDITORIAL OUTSOURCING	GALA DINNERS & EVENTS
Period of data collection	September 2010– January 2014 Clarifications and ad hoc communications some of which in the engaged scholarship vein 2015–2016.	April 2010– September 2014 Clarifications and ad hoc communications some of which in the engaged scholarship vein 2015–2016.	August 2010– April 2014 Clarifications and ad hoc communications some of which in the engaged scholarship vein 2015–2016.
Research design	Retrospective in re-gard to the emer-gence. Ongoing in terms of sustaining the new business model.	Case study emerging during first phase of interviewing. Partly retrospective, partly ongoing.	Partly in retrospect, interviews mainly on the supplier side.
Empirical scope/setting	Business model inno-vation focusing on value-co creation and risk-taking with the customer.	Business model innova-tion focusing on acqui-sition and integration process.	Business model inno-vation concentrating on internal culture and management innovation.
Units of analysis	Three main processes, KAM principles and the in- depth analysis of how the customer was engaged answer to the research questions. Secondarily and in order to fulfil the purpose of the study: analyzing the definition of the business model dimensions in terms of relevance to how KAM is studied when contributing to business model innovation.		

Around fifty individuals were formal key informants. Some of which were interviewed repeatedly between 1-4 times. The first interviews took 60-70 minutes while the following were kept around 45-50 minutes. The personal interviews took place at different locations at the suppliers and at the cus-tomers. All but two interviews were face to face. Two were conducted as telephone interviews due to the remote location of the informant. Follow-up questions to informants were on email and telephone. All interviews were recorded. Transcripts and translations from Swedish to English was done by me with the majority of the interviews. For this reason it was extra important to have the quotes checked by both informants and native Eng-lish-speaking persons. The analysis of the text was discussed and reviewed

by the informants in different drafts during the research process as the cases were included in course assignments and discussed with other researchers (also bound by confidentiality and the ethical rules of research). The establishment of trust and probing for additional information occurs in the conversation with the result that information, albeit interesting may fall outside the scope of the inquiry. This was a reason for not transcribing each interview literally.

Exhibit 4.8   Cases and Formal Interviews

91 FORMAL INTERVIEWS and THE CASES	INTERVIEWS SUPPLIER COMPANY	INTERVIEWS CUSTOMERS	SHADOWING AND OBSERVATIONS	DOCUMENTS
Army training as a service 31 interviews in total	31	Out of the 31 interviews 3 individuals had recently joined the supplier company from the customers	2 day management team meeting off-site including lunches and dinner	Internal documents such as proposals for tenders, sales plans, agendas for all staff meetings, contract documents, internal process documents. Public documents on the company, the industry, press releases, relevant dissertations.
Full editorial outsourcing 31 interviews in total	26	5	1 day meeting with sports editors of Swedish newspapers on product development and planning for the Olympic games in Sotije with dinner and watching a football match	Internal documents such as organizational charts, process description (for parts of the company), emails to customers regarding seeking their input, contract documents and emails. Public documents on the company, the industry, the customer, from the unions, dissertations
Corporate dinners and events 30 interviews in total	26	3	2 operational co-ordination meetings. 1 Gala dinner and awards event with 400 guests including having dinner with the organizers, the customer representatives.	Internal documents such as balanced score cards, security reports, progress reports, agendas for all staff meetings, weekly plans, run-orders for events, lists of partners. Public documents - articles on the company, special events, press releases.

4.6. Triangulation

I used several sources of information. Jick (1979) largely attributed in terms of combining methods to Denzin (1978) with an elucidating contribution to the understanding of how to apply the concept. Triangulation can mean combining different methods such as a survey which is a classical instrument in the quantitative method with interviews that characterize the qualitative method. Triangulation can also be the term to denote the combination of several data sources (Yin, 1994). Gibbert et al. (2008) regard theory triangulation as the combining of theoretical framework in order to increase construct validity. Construct validity refers to the construction of the study being fit for purpose and the congruence of what the study claims to do and what it actually does. Data triangulation is according to them:

> "Archival data (internal reports, minutes or archives, annual reports, press or other secondary articles)"

> In budgets, targets for different units, process descriptions and email correspondence was received in all of the cases

> Interview data (original interviews carried out by researchers)

> The interviews were carried out by me in order to gain first hand access to the information and due to the sensitive nature of topics

> Participatory observation derived data (participatory observation by researchers)" (p. 1 467).

The formal participation is shown in the table. In addition, I have added numerous encounters with individuals from different functions and hierarchical levels when given the opportunity to engage in relevant, but general discussion of the challenges that existed in the case.

Albeit interpreted differently, combining methods and or sources of data serve the same purpose, which is to increase validity. It addresses primarily construct validity; however in case studies, internal and external constructs of validity are interdependent. As Gibbert et al. (2008) explains:

"Thus, there is a hierarchical relationship of validity types, with construct and internal validity acting as a condition sine qua non for external validity." (p.1468).

Rigour, or the lack of rigour in the process has implications for the generalizability of studies. This is an exploratory study and rigour and relevance are important which is why the interviews have been combined with rich archival data both public and company confidential and with participatory observations. The occasions listed in the table above were the formally planned and executed observations. Over the years, however, in particular with Berns, I have made numerous ad hoc visits as a single guest or in company. The purpose of the visits has often been to combine writing and observing how the staff treats the guests and their colleagues. My visits to TT have been fewer but nonetheless numerous as I was engaged in an advisory role to the CEO. As an exploratory study it is, if not devoid of ambitions of external validity less burdened by such claims. Not only in comparison to studies based on hypothesis testing using quantitative methods but also in comparison case study research in the positivist research tradition (Yin, 1994). As reflected in the method of engaged scholarship, this study is more concerned with relevance in the eyes of practitioners and academics rather than replicability of the study and the generalizability of its findings.

4.7.   Analysis and Coding

The process of data analysis applied the techniques of matching patterns, connecting data to propositions, formulating explanations, time series analysis, modelling and cross-case synthesis as put forward by Yin (2003) and succinctly described by Baxter and Jack (2008). Coding and recoding was done continuously. I have been going back and forth between cases and the literature as described by Dubois and Gadde (2002) and consequently I have been applying different lenses to different units of analysis in a process of trial and error. With hindsight a tendency may be discerned with the analysis starting with a macro perspective, e.g. digitalization in the media industry in the case of TT. The process then advance towards a micro perspective which in this case involved focusing on individual activities such as

type setting. In this manner different paths, some wide and some narrow, were pursued when matching development patterns in different time sequences, delimited by different key event or key processes. In this manner analysis and coding continued in parallel with versions of the conceptual framework and writing and re-writing the case studies.

I received detailed data and rich empirical data provided by the companies in terms of process descriptions, role descriptions, key performance indicators, sales targets, cost levels and deep information about reorganizations in the sales and marketing roles and departments. The access to key executives and key contributors in the cases yielded data that ranged from operational to strategic. One of the largest challenges involving considerable time and energy was the possibility to categorize activities as sales and non-sales activities in a taxonomy. Based on the data this was an option discussed with the professors in my supervisory committee around 2013. Also with the benefit of hindsight, considering the conversion rate of how fast sales and marketing activities have become digitalized and automatized it was a wise decision to abandon the taxonomy as the findings would already be dated by the time of publication of this dissertation. Instead I continued to focus on the KAM relationships and complex processes of creating new ways of working and coordinating. To focus on KAM was thus driven both by a literature review and driven by the high degree of significant findings of business and sales strategy in the data. Categorization of data has evolved from identifying sales activities and non-sales activities to include formal and informal processes.

4.8. Quality

The concepts of validity and reliability refer to the accuracy of devising correct measurements and the consistency of measures for replicability (Denzin 1978; Jick 1979; Yin 1994). The discussion that follows includes the validity concepts and offers a complementary and more relevant perspective on quality in regard to the study at hand. These terms and their definitions are commonly associated with quantitative studies (Bryman and Bell, 2015). Construct validity is concerned with the unbiased selection of the measurement and the absence of bias in the measurement itself. Internal

and external validity refer to whether or not causal relationships are identified correctly and if the result and conclusions of the study can be applied to construct another study and be able to predict the outcome. Matters of quality are perennial in relation to case study research. Beverland and Lindgreen (2010) examine the how authors address issues of quality in the 105 qualitative case studies published in IMM between 1971-2006. Quality dimensions in exploratory research assume different forms than in studies that are constructed for testing hypotheses, models and theories. Validity in case study research has been discussed in depth in the literature review of case studies in 10 leading academic journals from 1995-2000 and in 10 leading journals by Gibbert et al. (2008). These authors highlight:

> "Importantly, the three validity types are not independent of each other. Without a clear theoretical and causal logic (internal validity), and without a careful link between the theoretical conjecture and the empirical observations (construct validity), there can be no external validity in the first place" (2008, p. 1 459).

They found that the higher- ranking journals contained details and accounts on internal and construct validity whilst discussions on external validity were largely lacking.

4.8.1.   Quality Criteria, Definition and Application

How can findings from cases studies have construct validity or be generalizable and offer up a measure of external validity? Valid findings also derive from the how of the research process was conducted and that it is adequately described. In multiple cases studies where events and actions, processes and structures are richly embedded other criteria are more relevant to apply to the pursuit of accuracy, relevance and understanding relationships and dependencies. The study employs the quality criteria defined by Guba and Lincoln (1982) as defined in the explication of the "naturalistic paradigm" largely based on case studies in social science studies. Quality was deriving from the process itself with the objective of getting a balanced view of the events. Deriving the conceptual framework from extant literature in the processes of systematic combining and engaged scholarship

which included the feedback and insights of stakeholders contributes to the rigour of the study.

The following table matches quality criteria. These criteria strive for rigour in the process and reliability in the result. Engaged scholarship and systematic combining assisted continuously in anchoring the relevance of findings in the research process.

Exhibit 4.9   The Quality Criteria, Activities of Engaged Scholarship and Systematic Combining

CRITERIA	DESCRIPTION	APPLICATION AND RELEVANCE IN AND TO THE STUDY	COMMENT (INTERACTION AND FORMAL EVENTS)
Credibility (internal validity)	The results are accurately representing data.	Drawing on multiple perspectives and continuous interaction with key informants.	Key recurring follow-up question focusing on correct understanding of the phenomenon, also after reading literature.
Transferability (external validity)	Extent to which findings can be transferred to other cases and contexts.	The study aims to provide some theoretical generalization.	Findings have been tested in interaction with professionals in different contexts such as an IHM consultant and teacher conference in May 2016.
Dependability (reliability, auditability)	Consistency of explaining.	Tested and discussed continuously with key informants.	Continuous questioning with the fallacy of "post hoc ergo propter hoc" to identify post-rationalization.
Utilization	Relevance of findings and application of them in practice.	Discussions have included two levels-value of the insights of the study and actionable insights from the study.	First level tested with a network of entrepreneurs August, 2016.

Adapted from Guba and Lincoln (1982) and used for example in Storbacka et al (2011).

The concepts of engaged scholarship and systematic combining that were underpinning this research process contributed to both relevance and dependability. Human interactions and interpretations are value laden, and the purpose of the interview is to partake of the perspective and understanding of the key informants. Somewhat paradoxically, there is a propensity to talk about data from qualitative studies rather than showing it (Pratt 2009) that does not derive from a lack of rich data. The case studies aim at addressing this critique by showing rich and detailed case descriptions which should add to both credibility and dependability. The contributions of the dissertation assist in achieving transferability and usability of the study.

4.9.   Ethics and Integrity

Personal ethics and integrity underpin the process which was conducted in confidentiality in regard to sensitive information and details (the judgement of which has been that of the informants, not myself). The principle of non-disclosure was stated at the outset of each interview with a new informant. Designated point persons in the case companies have approved case descriptions including the within-case analyses and the pictures. The thesis in its entirety has been made available continuously. Trust and transparency have been equally important to the process. Denzin and Lincoln (2011) state that when analyzing, the interviewer interprets the data and "…the researcher decides what the case's own story is" (p. 441). This insight brings us back to the importance of ethics and integrity and points to the complexity of balancing the integrity and rigour of the research process itself and all its contributing elements. The method of engaged scholarship is highly rewarding but also highly demanding as it is a balancing act of discussing tentative propositions or findings while not disclosing any information. With a decade in business in high level positions working with both innovation programs, and cost reduction programs, and outsourcing as well as in line management positions at Ericsson, this balancing act was normal to me at the outset of the research process. When drawing multiple stories and elements together in the analysis different sources of integrity were combined. I was guided mainly by personal integrity with confidentiality as the fundamental principal. The discussion with supervisors and fellow col-

leagues were guiding and valuable. In terms of formal guidelines the advice from The Swedish Research Council's expert group on ethics is collected in the text "Good Research Practice". Particularly in relation to the case on army training in which the supplier is entirely anonymous due to the supplier's code of ethics in regard to customers and national security. As a general principle written permissions to distribute any information between any parties was obtained in writing, by mail. The choice to make the other case details and the informants anonymous was not necessary according to most of the informants. I made that choice as a majority but not all informants had agreed in writing to figure with names and titles in the other two cases.

The case of army training as a service now follows. The three case studies are described using the structure of the conceptual framework. The case is first described in the three phases of innovation as defined in the conceptual framework. The development in the business model dimensions is then analyzed in relation to the dynamic processes after each innovation phase. Each case is concluded with a within- case analysis with regards to how KAM contributed to business model innovation. The cross-case analysis and contributions follow after the three case studies.

Chapter 5

Case of Army Training as a Service

The case starts in Africa in 2007. The terrain is training grounds for the pre-deployment of soldiers to Afghanistan. In a series of training rounds organized by the supplier, hundreds of soldiers are being prepared for live training in three different places during the coming 30 days. The different scenarios will prepare them for the warfare in Afghanistan, which has been characterized by unpredictability. The young men and women are being equipped with vests, helmets, and weapons; they move out to their designated vehicles. Rebel attacks, landmines, a single bomb or a wave of armed hostility awaits them. For now, it is only training. On their wrist is a device that senses pulse and hydration level. A good guess would be that adrenaline levels and pulses would be high. Different degrees of dehydration will be a part of the experience in the coming weeks, as will be learning from mistakes in a daily feedback sessions and "after action reviews". This process is supported by a high-tech solution; via radio and laser technology, all products, buildings, jeeps, weapons, and everything that is involved in the exercises of war are equipped with miniaturized technology that transmits and receives information to and from a central node in the system. From the command and control centre, the head of the training selects a scenario to be run by touching a screen or pressing a button on a keyboard. A rebel attack is launched to which the soldiers will have to respond. The first blast has gone off. Training has begun.

5.1.   The Customer

The customer was a reference customer in the industry and the relationship with the supplier spanned over decades.[14] Selling training products to a foreign nation's ministry of defence followed the procurement process defined by long-standing norms, laws, and regulations. They had been acting in their roles for years when entering the process of co-creating solutions and services where both customer and supplier had to engage in new manners. Co-creating and financial risk-taking were important components in the process. The elements of co-creation and the phases of business model innovation were employed in order to sell and deliver army training as a service. This proved to be more challenging than anything before.

In this case, army training as a service means that the supplier takes full responsibility for all products, logistics, and the core processes of training soldiers as an embedded partner in the customer's strategic training site.[15] Pricing is based upon the service provided, which is 7 rounds of multiple training scenarios on three different sites in Africa with a high-tech solution in groups ranging from a pluton to a battle group of 800-1000 soldiers. The process that transformed the roles of key customer and supplier to partners took years of acting in new and different ways. Technology is a vital part of the service; however, technology as applied in the products and service was not the primary motor in these developments. The changing conditions and demands of the customer proved to be the driving factor.

The following case study description corresponds to the three phases of the innovation process: preparing, development, and implementation. An overview of how these phases occur in the case is presented below. An analysis of the events and their development, as guided by the KAM principles and occurring in the business model dimensions, follows each phase description. A summary analysis of each case is provided at the end of each case chapter.

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[14] Anonymity was a condition for the inclusion of the case study the one on Army Training. The supplier, the customer, and the competitor will be used as terms to denote the companies and the organizations involved.

[15] Virtual training, a growth area in the company, was not the focus of this case.

Exhibit 5.1   Overview of the Phases in the Emergence
of Army Training as a Service

PHASE IN THE INNOVATION PROCESS/ ITEMS	PREPARING	DEVELOPMENT	IMPLEMENTATION
Approximate Duration	Mid 1990s–2005	2005–2009	2009–2014
Start	Establishing two to three people in an after-sales support function at the customer's domestic site.	Customer invitation to an industry day where suppliers presented training concepts.	Long-term contract was signed. Contract evolved to include other offerings in the service-based business model.
Key Events and Developments	First-support contract with the initial customer led to establishing support for other customers. Significant growth of after-sales support business. Major opportunity lost to main competitor. The concept of a mobile high-tech training solution was proven in another customer relationship on a smaller scale.	Co-creation of the first service in a process of risk-taking, co-investment and training. 3-day demonstration. Proof of concept training solution won in competition with long-standing rival. In competition with rival, training solution moved to Africa again.	Customer acting for the supplier with lobbying both internally and externally. Prolonging of the initial contract and extension of the contract. Additional training in regard to Improvised Explosive Device (IED) based upon the same business model.

5.2.   The Preparation Phase: Mid 1990s–2005

The supplier company is over 90 years old; its main business is complex and technically-advanced systems for military combat and defence on land, water, and air. The part specialized in training began its operations in the 1960s. This business area has been developing and selling technologically

advanced training products and systems to ministries of defence for all branches of national defence. Whilst the customer has been the same for all business areas in the company, i.e. the ministries of defence, the business area of training has operated somewhat independently to the security and defence part of the company. The supplier company consisted of engineering and civilian competence, although all products were exclusively for military use. The company had a purely civilian and engineering profile of the human competence with separate operations and headquarters in a different city.

Exhibit 5.2   Magazine Rack at the Suppliers

Source: Photo taken by me during visit to the supplier's headquarters

5.2.1.   Technology and Product Orientation

The company was built upon the tradition and the heritage of developing high-quality products that use state-of-the-art technology in all branches of the military. This continues to be its operating legacy. The supplier produced an array of training products: guns, assault rifles, helmets, vests, and hand-held anti-tank weapons. The supplier entered highly formal and structured procurement processes with focus on meeting the specifications and being flexible with the price in order to win the business. The supplier was early in developing the *instrumentation concept*: the equipment, the training environment, and every individual in the training is connected in a system that is monitored on a computer screen. Every detailed event, movement,

and impact is registered in the software with precision laser technology: a spin off from the military technology, which forms part of the control system.

Exhibit 5.3   Preparation Phase and Business Model Dimensions Prior to the Mid-1990s.

DIMENSIONS	CHARACTERISTICS OF THE EXISTING BUSINESS MODEL
Customer Relationship, Value Propositions, and Offering	Long-term relationships with recurring transactions according to existing processes. Product quality, features, price, and technical sophistication were dealmakers.
Internal Structures and Operations	Functionally oriented and clear boundaries between roles and functions in both sales and production.
External Network relationships	Established network of subsystem suppliers. A key competitor.
Technology	Sophisticated proprietary technology.
Business Logic	Product orientation with increased solution capabilities.

Combining laser technology with radio and communication and technology meant building portable radio bases, which allowed for streaming of voice and video. Once communication was added to the concept with the supplier's proprietary technology, the training products that were connected could also work in a system that was manageable in size. This meant that the whole training solution could become mobile.

Exhibit 5.4   System Overview
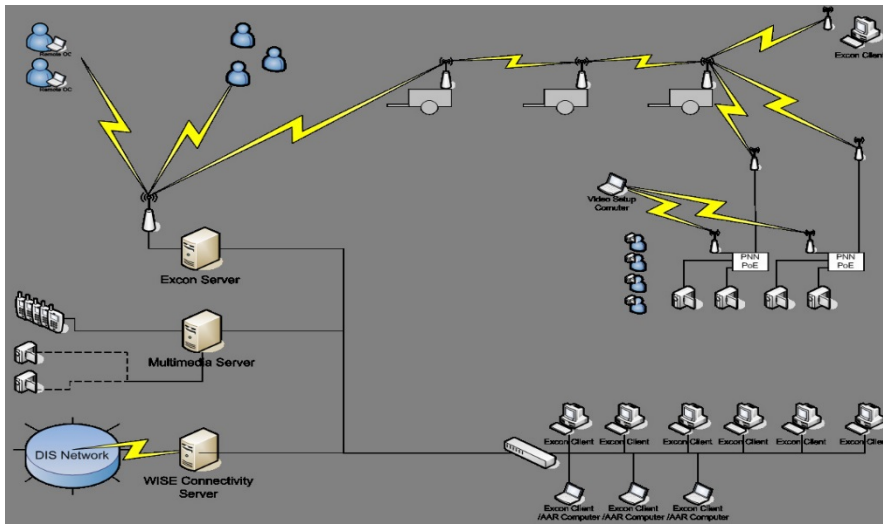
Source: Adapted from a presentation used by the supplier in a customer meeting.

Exhibit 5.5   Instrumentation – Technology in Interplay with Buildings
and Soldiers in the Training System
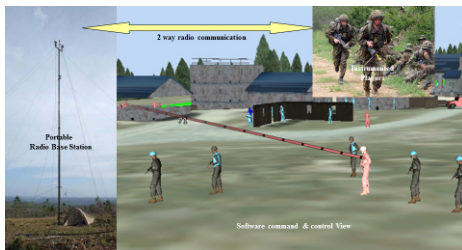
Source: Adapted from a presentation used by the supplier in a customer meeting.

The relationship with the customer was characterized by traditional roles: procurement at the customers and sales at the supplier with invitations to tender that were largely the same regardless of the type of training products. The recurring transactions over a long period of time meant that they had been in the procurement process many times and knew what to expect from each other.

The supplier did not follow up on the use of the products in the customer training other than on a general level. Consequently, they were not knowledgeable about how the products behaved in the wear and tear of training. However, they did receive feedback that the customer wanted on-site technical support of products in order to work effectively in the customer live-training scenarios. This lead to international expansion: the establishment of support operations close to the customer's training operations and the first-support contract with the defined period of three years.

> Our products came in boxes to the customers. They were not very user friendly and we needed to both maintain then and address issues of using the product. But at this time we did not have knowledge of how our products were actually used in military operation.
>
> (Manager responsible in establishing the local operations and
> a key driver in the forthcoming business model innovation process)

5.2.2.   Relationships Emerging With Product-Oriented Problem-Solving

Being on site led to multiple discussions. Technicians, officers in command of the training, and the soldiers discussed faulty products, improvements, and features. Queries were relayed back to different individuals in sales, product development, and portfolio functions. There was no strict standard way of directing queries. This lead to the emergence of multiple relationships between the supplier's on-site technical staff and the product users. Relationships also formed between the customer and employees at headquarters over matters that were product-oriented, yet commercial: for example, add-on sales or upgrades. Subject matters ranged from the purchase of upgrades to technical and product improvements. Suggestions came directly from product users: i.e. the military staff that were conducting and managing the training.

The local support organization with a reference customer grew and provided sustained revenue, which contributed to the supplier establishing support organizations in several other countries. The KAM organization

was set up with one part at headquarters; the local KAM organization became part of local operations in the customer's home nation. This dual organization existed for decades. Both sales organizations were governed by, and steered with, an explicit sales management system with expected and traditional measurements such as net sales and orders booked. Keeping down the cost of sales was also a prioritized target on a corporate level. Efficiently selling solutions and service were the expectations on the KAM teams at both locations.

Parallel to this development during the 1990s was that the technical advancements were concerned with creating solutions through interoperable products in larger systems for training. During this development, the concept of portable radio bases led to a fully mobile training system that was tested with another customer in Europe on a smaller scale. According to the program manager: "This solution was in between fixed and mobile. Predominantly fixed, it could be moved in a system of containers." The mobility of the full solution emerged as a unique feature of the suppliers: the value of which had yet to be proven on a large scale to the customer.

5.2.3.   Shocks During Preparation

The main rival of the supplier won a significant strategic deal in the latter part of the 1990s. This had a major impact on the direction of the supplier. According to a key driver in the KAM organization at headquarters: "We had become arrogant and the customer became displeased." The loss was severe and contributed to harsh financial times and the hampering of the support growth and service operations. Redundancies were disrupting, as were the recruitments of this phase. The company started employing in the early 2000s former military operatives at headquarters and in the growing local organization. They had first-hand experience of both training and warfare. With this, came the knowledge of how the products and systems were used in the practice of training soldiers and, as a result, insights of the shortcomings of the products also appeared. In addition, several had worked at the customer in different parts of the organizations, and had developed relationships with numerous individuals in the procurement part and the military part. As the years passed, the former comrades in arms had risen to high-level positions in the customer organization. These relation-

ships would be systematically identified and carefully managed during the development phase.

Exhibit 5.6   Summary of Business Model Events in the Preparation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions, and Offering	Customer need for support leads to establishing local support operations Relationships between technical staff and commercial people on location and at headquarters were formed with different roles at the customer when they solved technical and product-related problems. KAM organization at headquarters managed the procurement side of the customer. Strategic deal lost to the main competitor.
Internal Structures and Operations	Recruitment of former military staff with experience of war to KAM and sales roles. Redundancies and restructuring followed the years after losing to the main competitor.
External Network Relationships	Suppliers of components to the products.
Technology	The technologies of radio and laser systems and instrumentation concept and control systems running on these technologies were constantly under development.
Business Logic	Product oriented with some key customer influence on the product.

5.3.   The Development Phase: 2005–2009

5.3.1.   A New Type of War

NATO became allied to the United States in the war on terrorism. The customer nation of this case started to deploy troops to Afghanistan in the early 2000s; its participation in the alliance was significant and the number of

soldiers deployed to Afghanistan was considerable. However, with the increase of the number of war casualties - young men who had died in combat and from rebel attacks in Afghanistan - public opinion against the war became increasingly vivid. This war was unpredictable with rebel attacks; these were erratic acts of terrorism and insurgency, characterized by volatility, uncertainty, complexity, and ambiguity (VUCA). The training of the soldiers was publically called into questioning. Although abiding by rigorous processes and education systems of this country with significant experience of war, the soldiers were not specifically or adequately trained for the war of Afghanistan. With increased public and political pressures on the customer at the same time as the operation was scaled up, the number of injuries and deaths increased. In this pressured situation, the customer took new measures to engage their suppliers in a new type of process. Instead of following the normal procedures that includes formally issuing requests for proposals from suppliers, they invited them to a full-day discussion. Suppliers were invited to present solutions to the problem of training on a conceptual level in 2005. With interesting proposals on a conceptual level, two of the suppliers emerged as being the most accurate in understanding the problem. Both technologically advanced proposals were based upon instrumentation and live training. The supplier presented the concept of a fully equipped and logistically supported mobile training system; the competitor presented a similar concept, yet without the emphasis on the mobile character of the solution. Both were invited to demonstrate their concepts at the customer's domestic training site.

5.3.2.   Demonstration of the Concept at the Customer's Domestic Site

The supplier did not have a ready solution to demonstrate the concept, yet was able to later pull one together for the purpose of demonstrating the engineering. With products that were ready to be connected in the instrumentation concept, the effort would not be very significant or costly. The work hours involved for this would not pose a risk to the other projects. However, the cost of the demonstration was debated internally due to the strict financial policies of not taking any financial risks and not engaging in any project that would not carry its own costs. The demonstration was al-

lowed to proceed with the promise to managers that the hardware could be sold to the said customer or to another. According to the demonstration project manager at the customer site: "We all knew that it would not happen. There is no second-hand market for these types of products".

A demonstration and detailed tests of the concepts in practice was conducted for two weeks in the mid-2000s at the customer's domestic site. The customer had selected the urban area of their training site; every detail of the concept was tested. The instrumentation concept of equipping every part in the training with laser sensors and GPS was thoroughly demonstrated. These included soldiers, enemies, civilian population, buildings, vehicles, and terrain.

> The system will both send out information like time, so that every player is on the same time and it allows for two-way communication. Based on your position the system will show in the command and control console if you had trodded on a mine. When a bomb detonates in the system the vest of the soldier will communicate on the impact. The vest will say if it was close enough for the person to be killed or say no only close enough to be injured.
>
> (Program Manager)

The customer had taken in a third party company with expertise in statistics and measuring in a way that allowed for the soldiers' competence level to be baselined prior to the training. This evaluated how they had improved with the training. The experts were brought in accordingly to support the evaluation of the service performance of both competitors. None of the technology was new as such, with the exception of that which equipped buildings to part-take as active units in the training. The time to set up the training was also measured; this included instrumenting buildings, soldiers, guns, and so on. The set-up time was an aspect of mobility that was important. A war zone minute may matter in terms of becoming operational quickly:

> "…to set up systems like this is not plug and play. It requires work and this part was also a part of the competition and demonstration. It all went amazingly well. We got ticks in the boxes on everything - even items that were a bit worrisome for us." (Project manager of demonstration at the customer site)

The customer wanted to continue the unorthodox process of testing and to experience the training solution with real training scenarios; however, a larger process waited. The demonstrating was one step in a purchasing process that was based upon scaling up the service in order to cater the training of entire battle groups. This was to be conducted according to the existing and traditional procurement process. Hence, the next phase of developments started with the customer issuing an invitation to tender for a real training solution, which would provide proof of concept while training real soldiers on a location of the customer's choice. That location was the jungle in the Americas.

5.3.3.   Proof of Concept With Live Training

The opportunity was in line with the strategic direction of the supplier. They had defined service and solutions as a growth area on the strategic level. There were questions on how to do this, as it was not clearly defined; the risk of losing time and money in a venture with the customer was not a part of the plan. Obtaining a full training solution that would train 300 soldiers in the jungle required significant engineering hours and testing. The environment was deemed extremely challenging, with the technical solution being dependent upon portable radio base station and laser. Connectivity and uptime is a must in order for the training to work. The jungle's challenging terrain convinced some engineers that this could not be done. Again, all components of the solution existed; however, developing the concept meant incurring a larger cost. Although the customer had agreed with the competitor to co-finance the development, the management of the supplier company proved difficult to convince. Taking a risk and investing in a venture without any guarantees of a contract was against company policy.

The key drivers from both headquarters and the KAM organization that was locally based faced significant internal resistance from top management and other functions.

> At first we presented a much more ambitious proposal in terms of co-investing in a project to develop a proof of concept solution. We wanted a larger scale solution than the demonstration to proof the value of the training with the customer's soldiers at a site of their choice. The answer was repeatedly no. Taking

financial risk was not acceptable without a clear business case. Which we did not have as the customer wanted a partner that could solve their problems but no one know exactly how.

(Sales and After-sales Director at Headquarters,
and key driver of the process)

The internal process of convincing was challenging. Numerous internal meetings followed. Numbers were calculated and recalculated. In addition to the process of assessing cost and potential benefits, there was a line of argumentation that was based upon personal motivation and conviction. The individuals that had been involved in the short demonstration and who were currently leading the sales functions at both headquarters and in the local KAM organization had first-hand experience of warfare. They were convinced that a dialogue between the service that was under creation and the customer would provide better training, which would save lives. They brought in their colleagues from the local KAM organization that had been heading up both training and battle groups in the army of the customers. They also invoked the main competitor, which was still a contender for the tests and training in the jungle. The pain of losing to the competitor in the 1990s was still fresh in the minds of many at the supplier's. After processes of internally convincing management and key drivers, the project got the green light.

Exhibit 5.7   Timeline of the Development of 2006-2007
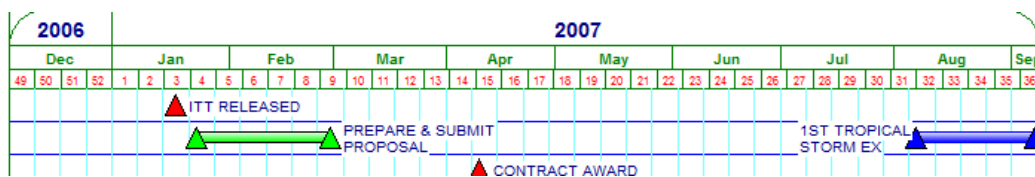
Source: from supplier presentation of the project

The contract was awarded in April 2007. The first round of training was to start onsite in the jungle in August. Time was tight and, with the green light,

came the full support of the entire management team. The project coincid-
ed with vacation time. With the project being unforeseen, no activity, re-
source, hardware or competence was planned for. The project manager of
the jungle project relied upon managerial support to the fullest extent:

> "I basically robbed on-going projects of hardware and competence. I ordered
> people in from their vacations. It was not very nice and I made some enemies
> during this period."

The company had rigorous quality processes and criteria to guarantee both
project quality and product quality. This project was exempt from all but
safety protocols. Exemption from all project documentation had been an
explicate condition from the project manager when he was asked to take on
the project. A fraction of the usual number of documents was produced, all
focusing on technical descriptions of the solution. This ensued with the
acceptance of the quality director of the company who was granting a lot of
leeway to the quality directives and process, in terms non-conformance.
However, the project manager was very diligent with testing. He had to be.
The products that he could access were at times quite old versions due to
the long delivery lead time of from manufacturers. He had to weld and re-
paint old products. This was done with the approval of the project manager
on the customer side. He too was pressed to deliver on their investments
and time plan. Guaranteeing that they would work, the project manager
stress tested the products in the most creative ways in order to mimic the
conditions in the jungle and to ensure robustness. He submerged them in
water and set them on fire.

5.3.4.   Testing The Concept and The Relationship

The purpose of the customer was, again, to test more than the concept at
work; it was to test a new form of partnership in new ways of training sol-
diers and how they would overcome problems, especially with logistics.
Once everything was ready for shipping, a hurricane delayed the shipment
from Europe to Central America of all the high tech equipment, servers
and computers, radio base stations and weaponry, training gear, helmets,
and vests that were needed to train 300 soldiers in the jungle. Set-up time

was reduced to a minimum and depended upon maximum organizing skills with everyone participating regardless of the role they formally had. Following a massive effort, training started as planned.

The mobility aspect had been proven before; what was new to the training in the jungle was the support of the actual planning and training the supplier. In order to fully understand and support the training needs, the supplier had hired former military staff from the customer's army who had both experienced the inadequate training and the real challenges of combat. Along with the military training staff of the customer, trainers that were hired by the supplier planned the coordinating, evaluating, and scoping of the service in real-time. In some cases, they knew each other from having served or trained together. The combination of military trainers that cooperated with engineers on site to support how training scenarios would run had not previously been tried. Those on site shaped the exercises. Based on the on-going evaluations, engineers corrected errors, and coded new ways of working on-site of the command and control system.

Exhibit 5.8   Training session In the Jungle

Source: Adapted from a presentation used by the supplier in a customer meeting

In the midst of training, the customer demanded that the solution be moved to another one of their training sites. Again, the mobility of the solution was put to a test when transported to Africa. Mobility of the solution was part of the concept. However, Africa entailed new terrain, a different climate zone, and significant security problems in the country.

Exhibit 5.9   Mobile Radio Base Stations – Core part of the Technical Solution

Source: Adapted from a presentation used by the supplier in a customer meeting

The customer's intent was to assess the supplier for a long-term contract; it had conditioned the invitation to tender for the main contract. Initially, the customer stated that training in the jungle since a proof of concept was mandatory to be invited to tender on the full-scale and long-term solution. The competitor, not having submitted a proposal for the training in the jungle, should have been excluded from the next step. However, the cus-

tomer changed this condition. Again, the customer invited both the supplier and the competition to tender: this time, for the training in Africa.

5.3.5.   Preparing for the Next Procurement Process

The competitor was invited to both tender and participate in the preparations in Africa in order to gather input for the proposal. The safety issue was a real hindrance to the suppliers. The safety of the supplier's staff was not subject to compromise, and the quality director did not approve the travels to this specific country in Africa. The country in question has gone through periods of political instability and violence in the form of robberies. Murders are a regular occurrence. The risks were too high and the supplier did not have a plan that would secure the safety of its employees. In order to solve the problem, the two project managers at the customer and the supplier devised a plan, and received a commitment from the customer, who was a respected military force in the country. The customer would assist with security measures and include the supplier civilian staff in the emergency evacuation plans.

On a recognizance trip to Africa, the customer, the supplier, and the competitors travelled around the different sites to discuss the training. The supplier sent the right combination of people: those who could discuss how to solve problems, in terms of how and where to place radio masts, and how the training scenarios could be conducted.

> The competitor sent the wrong guys: engineers who could only see problems. They were complaining about the conditions rather than finding a way to overcome them. At one point we are standing outside in the desert, in the heat, all of us talking when the customer points to our jeep and says: "Let's continue our discussion in the car. It's cooler." (Key driver on site in Africa)

The discussions were on everything from details on how to get fuel to the vehicles that transported soldiers and the equipment to what training scenarios would be suitable. During this phase, at the end of 2007, the discussions were based on the full scope of the solution and a long-term contract.

Exhibit 5.10   The Scope and Purpose

- "To conduct 7 Battle Group Training Exercises per year.
- Simulation of weapon effects to cover all direct and indirect injuries including those caused by improvised events.
- Registering all player activities for real-time monitoring and after action review in order to enable the analysis of the training as performed by the soldiers and the training objectives.
- Minimize the manpower employed at the Ministry of Defence for training by providing competent, credible, and cooperative personnel.
- The whole training solution must be able to move to alternative training locations.
- The solution and service included exploiting new ideas, technologies and methods in a collaborative effort between the Ministry of Defence and the supplier."

Source: Adapted from a presentation used by the supplier in a customer meeting

Several processes were simultaneously on-going. The move to Africa and continued training in the proof of concept solution was one of these. The military part of the customer was continuously engaged in improving the training scenarios, improving the type of input for real-type analysis, and the "after action review" in which the solider is given detailed feedback how the training went and why. Individual moves, group action, and failure leading to casualties or death in the scenario: these are all transmitted by every type of conceivable technology- radio, laser, and streamed video. Algorithms calculate each miniscule part of the process, chain of events, and impacts down to individual responses and moves. Without knowing exactly which will be effective learning points until the training is on-going and the result becomes apparent, the technical support requited for the feedback of each training scenario is tailored to each training scenario. The engineers on site assist in extracting the images, data, and information from the system

that supports the scenes to be reviewed. Soldiers see the causes and effects of their behaviour in detail and with voice and video to support the learning from the feedback sessions. The "after action reviews" are an important part of the training.

> The after action review is the jewel in the crone. This is when you get the "aha –experience" and the insight of what you can do better. (Program Manager)

5.3.6.   Engaging with the Customers' Different Domains

Meanwhile, sales directors and those responsible for marketing from both headquarters and the local KAM organization engaged in dialogues in three different, yet related, domains of the customer in order to secure the long-term contract. The political side had to be convinced of the need to put funding into training as a part of the defence spending, and they had to be convinced of the extent to which they were prepared to draw upon public funds to support the budget. The procurement part of the customer's organization was the part, which had actively invited the competitor. Rules and regulations supported the inclusion of competition. The suppliers deemed relationships between some individuals at the procurement office and the competitor particularly strong. The procurement office had to be convinced on formal merits and the supplier engaged in presenting proposals that showed a number of savings. The arguments were essentially that the service from the supplier included training competence, which entailed a reduced headcount employed at the customer organization. The savings would also include the reduction of support and product maintenance, as the supplier guaranteed the service level of all products in the solution.

By engaging with the soldiers and their commanders, the operative part of the customer was business as usual for key individuals at the supplier company, as they were former militaries. Interacting and engaging with the customer with the intent of furthering the process toward closing a deal was a business tactic that also came to the suppliers with key recruits who had a combined experience of the army as well as business. The systematic influencing of the process towards signing a contract was done during this

entire phase by the use of the influence plan. The influence plan maps out every individual that may influence the procurement process and the decision to buy. Usually, the individual who has a signing role of the contract is easy to identify. More importantly, when working with the influence plan, individuals and relationships between people in the political, the procurement, and the military domain of the customer must also be identified. Everyone that was influential in the decision-making process in the three domains of the customer was named.

> It is not about being a sleazy guy in a suit. It is about being structured, driven, methodical and knowledgeable.
>
> (Key driver of the process and the Sales
> and Aftersales Director at Headquarters)

How to access these individuals and what type of dialogue to engage in was under constant review and was followed-up by the key members of the process. Access to the right individuals for meetings and discussions was required for the influence to have effect. With the military experience and some years in business at a competitor or in different functions of the customers, the key individuals had developed relationships and networks that gave them access to the highest-ranking commanders in the military organization. In some cases, they had served together in the military; after a decade or two, the old comrades-in-arms were now in very senior positions in the customer organization.

> I got a phone call from a general. We go way back. He wondered if we had any interesting assignments for his competent assistant who wanted to go down in work time for personal reasons. We hired her as a consultant because she might not know all the generals but she surely knows their assistant. Within a few weeks, she had set up meeting with most of them for us.
>
> (Key driver of the process and the Sales
> and Aftersales Director at Headquarters)

Exhibit 5.11   Drawing up an Influence Plan

Source: Photo taken during an interview at the suppliers. Red means natural
or resisting and green means favourable to the deal.

5.3.7.   Competition Fell Away; Logistics and Competence Problems Arose

Recognizance teams on site were busy inspecting the terrain and discussing how training could be devised. They relayed input to the commercial and market area staff at headquarters, who was in the process of number crunching and drafting the proposal for the larger long-term contract. The fear was the competitor would come in with a proposal that was significantly lower in price. The competitor did not hand in any such proposal. The supplier won the tender. Several parts emerged as increasingly important to the service: the ability to provide the full-scale training solution in scope and number was defined as 5-7 battle group training rounds. In turn, they contained numerous training scenarios in smaller groups, and included different training terrains ranging from the urban setting to the desert, in three different locations. The demands on the entire system were that all training was to be provided as a service including all equipment, and supported by real-time communication systems with a guarantee of 98% up time. In essence, all technology had to work all of the time or penalties would be incurred. The service had to be performed in a way that would satisfy all

three domains of the customer, including lowering the cost of employed trainers. With decades of expertise in product development, there was a new commitment to provide the training capabilities as a part of the service.

> What worried me the most was how to secure the persons that would perform the training in Africa. They would have to be ex-operatives with experience from that very site and we could maybe find them, but not employ them.
>
> (Key driver with market area responsibility)

A partnership with a company that employed former military staff from the customer's army could provide the right people. They were both knowledgeable about the demands of the assignment and accustomed to security risks of being in that particular African country. Another worry was the responsibility for logistics. The scenarios involving any number of soldiers from a pluton to an infantry and training is situated in various terrains from the desert to urban. By experiencing and understanding the nature of war and their actions in a chain of events, the soldiers learn to protect themselves and their peers. During training, the training manager closely monitors the command and control centre, a set of computers: both stationary and handheld that are as robust as they are sophisticated. From this centre, the manager will run the training program with the possibility of adding ad hoc events such as additional attacks, bombs detonating or changing the conditions. All of which must be transported.

The program manager who had been with the company for 25 years and worked in both the customer country and at headquarters, found a solution:

> I had heard that the customer wanted to off-load a number of army jeeps in Africa for cost reasons. I proposed that we could lease them to use in our solution.
>
> Program Manager at the local KAM organization.

The terms of the agreement allowed for full-scale training to be conducted with the customer in Africa during the formal procurement process in 2008. In order to secure the service level and mobility, the supplier started to employ local staff in Africa. A process of embedding began with local recruits for the logistical support organization and the role of the onsite training manager was created. There was a local hotel that could be both equipped and leased to the supplier. This provides basic comfort and a restaurant, but is not luxurious. Although there is a luxury resort relatively close by, the customers prefer to stay in the hotel that is embedded in the training site.

Exhibit 5.12   Summary of Business Model Events in the Development Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions, and Offering	Systematic process of influencing and lobbying in three domains based on their different needs. Shared financial risk-taking in a co-financed proof of concept project. Defining and scoping of the solution as a part of the proof of concept and the process.
Internal Structures and Operations	Top management decisions running counter to the established management system. Risk-taking in the ad hoc project which had no secured resource plan and had a disrupting impact on other projects
External Network Relationships	Consultancy company that specializes in military competence and employs former operatives of the army of the customer. These training consultants are hired to provide support in the training. Lobbyists addressing the customers' leading politicians. Embedding locally in Africa with hiring local staff.
Technology	The technologies of radio-and laser systems and instrumentation concept and control systems running on these technologies were constantly under development.
Business Logic	Increasing service orientation.

5.4.   The Implementation Phase: 2009–2014

5.4.1.   Turing Risk Into Profit

Suppliers' costs incurred included moving the solution to Africa and engineering the adjustment to the products in order for them to work in the African climate and terrain. The business was still generating a loss.

> Had it ended then, a couple of years before signing the contract we would not have been regarded with kindness internally.

> (Key driver at headquarters)

The next phase involved signing the long-term contract. This meant engaging with the formal procurement organization of the customer's. The larger contract had to be won in order for the incurred costs to be turned into a profit. A capture plan - i.e. a plan to win the business - was defined in February 2009 with the target of immediately signing the customer for a three-year contract. While still in a tendering process with the competitor, the supplier was not about to become complacent.

> Naturally some shortcomings have been highlighted; however, it has been viewed as a collective learning process: i.e. the purpose of "name".

> (From the 2009 capture plan: "name" denotes the training service name in the jungle and Africa, which has been removed from the quote).

Negotiations were on-going internally at the customers', as well as between the supplier and the customer. The military representatives of the customer were outspoken supporters of the training concept. The value had been proven to them both in the jungle and in Africa; this part of the customer wanted to scale up and intensify the training as soon as possible. However, there was an internal problem at the Ministry of Defence with financing the purchase. The defence budget did not cover the investments. There were other options that included drawing on public funds as an act motivated by emergency in the war against terrorism. However, this had been done re-

peatedly before. The public was well aware of, and quite opposed to, the practice of using public funds to finance military expenditure for a war that did not have the people's support. The procurement organization wanted to delay the process for several years. The military side acted as ambassadors for the customer; hence, negotiations continued.

The key drivers flew over to meet with the customer as soon as both sides seemed to survive the internal obstacles and main issues in the negotiations. They were instructed in the taxi to strong arm the customer. The supplier held a conference with the press and investors in relation to a quarterly report, and top management wanted to announce the deal. The customer did not respond well:

> They rose from their seats, left the negotiations, and told us to go home. We did not but instead, we tried to get them back to the table taking full responsibility for the problem we had caused.
>
> (Key negotiator)

Again there was a risk of delaying the deal when an in-depth article was published in July 2009 in one of the major daily newspapers in the customer home nation. This was most likely based on a leak from someone within the military organization. The article criticized politicians and the department of defence for deliberately delaying training that could save the lives of young soldiers. The contract was signed shortly after the feature article with particular concern of detailed wording in the contract.

Delimiting the engagement in time was important to the procurement part of the customer:

> We called it "time-limited managed services" If we had said managed services, or service, we would not have won the contract.
>
> (Person responsible for negotiations)

5.4.2.   Success in Terms of Financial and Strategic Value

By 2014, significant profits had been generated from this frame agreement. The initial costs had been long since recovered and the contract was later extended both in time and in scope. However, the strategic value was more significant. From the service concept and the customer relationship, additional types of training were added to include improvised explosives device (IED).

The supplier summarizes the benefits of IED in the following statement:

> "To expand … capability to Battle Group in two stages including equipment and service support
>
> - IEDs account for 70-80% of casualties in Afghanistan
>
> - IEDs are features of the contemporary and future operating environment
>
> - Most armies have effective equipment, tactics and procedures to deal with the IED threat...
>
> - ... Yet most armies seldom sufficiently invest in training and validation to optimise the effects of these capabilities"

Souce: Supplier document with name of the service removed

In 2012 the customer prolonged the contract and the service based business model had been extended to include IED training in the service. The business model innovation had been replicated in other customer relationships as well.

The supplier company reorganized and consolidated business areas. Investments were made into the virtual training technologies in which instrumentation remains a key concept. There have been several other major changes in the portfolio with a growth strategy, which was partly based on acquisitions. The reorganization of the marketing and sales organization

into units with regional responsibility caused major shifts in the structures. Bonuses ceased to exist for all functions and on all levels. Previously, the training part defined the operational processes of this area. However, formal processes that applied to all business areas and units were implemented during this period. A key individual reflects on the ability of the entire KAM organization to be swift and responsive, which was an important part of the process of developing the customer relationship:

> "If we had been steered according to this new corporate business process at the time, we would never have succeeded. The opportunity would have been dead in the waters."

(Key driver)

Exhibit 5.13   Summary of Business Model Events in the Implementation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, value Propositions, and Offering	Procurement officers of the customer acted to delay the deal. Financing was a both a defence budget and a political problem. High-ranking military staff acted on behalf of the supplier and pushed for a contract to be signed as early as possible.
Internal Structures and Operations	Reorganizations in the company also affected sales and marketing. Focus on efficiency and implementation of corporate processes.
External Network Relationships	Intensified relationship with external company, which provided the human competence in training. Continued embedding in the local African society with local hires to the logistical staff.
Technology	Training in virtual reality and concepts of live training were increasingly blended.
Business Logic	Service dominant logic.

5.5.   Within Case Analyses

The within case analysis that follows is focused on the events and devel-
opments in the processes of the following areas: 1) Creating 2) Disrupting
and 3) Anchoring. Examples and illustrations are drawn from the case in
order to specify the developments, in terms of business model dimensions
and the innovation phases.

5.5.1.   Preparation Phase: Mid-1990s–2005

The KAM organization and defined processes existed in the supplier opera-
tions. Customer relationships were long-standing. These were mainly orient-
ed toward procurement processes, which were governed by rules and norms,
and that were orientated towards the functions, price, volume, and time of
products and deliveries. The supplier had defined support and aftersales ser-
vice as a strategic area. However, how to grow this area was not clearly de-
fined. Creating started when the supplier located technical staff on a long-
term contract at the customer's domestic training site to do product mainte-
nance, repairs, and upgrades. Although the activities came from sales, the
relationships that developed between technical personnel facilitated selling.
The developments contributed to an increased service orientation. What
started small grew with a larger organization and long-term support contract.
The supplier used this as a blueprint, and set up other support organizations
to other customer. Relationships were built across functional borders and
roles, which occurred between technical staff and commercial staff at the
customer's site, at the growing local KAM office, and at different functions
at headquarters. The blurring of boundaries between product sales and ser-
vice led to the formal responsibility of the sales director role to be extended
to include after sales service and support. The formalization of a dual role
combining sales with service strategically paved the way for service.

Technology plays a major role in the new service with the concept of
instrumentation and the detailed event analysis that is possible by real-time
analysis of masses of data. The algorithms and programming that go into
the system are possible for competitors and most have some variant of a
technological solution. This was known. Anchoring occurs with product
orientation as a vehicle to build and develop the contact between people on

site, thus, creating and deepening relationships that span different functions, countries, and roles. The concept of embedding service staff in the customer's site began with providing service on the products in relationships that were formed outside of established structures and roles.

Exhibit 5.14   Developments in the Preparation Phase

PROCESSES IN THE PREPARATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions, and Offering	First establishing the support operations in a key customer relationship in order to test the model. Expansion of the support business with local operations.	Disruption in the customer relationship caused by losing a strategic deal to the main competitor. Testing on a smaller scale of being able to move training solutions.	Technical operations and product orientation led to deepening existing relationships.
Internal Structures and Operations	Clear structures and ways of working internally. The business area largely operated with independent processes and decision-making in relation to the large corporation.	Driving the progress also risked established key performance indicators such as cost of sales.	New operations and the support area deepened the relationships with the customer.
External Network Relationships	Expanding the supplier base of sub-products and parts.	Competitors and consultants were on the same development paths, which included instrumentation and sophisticated technology.	New place of location for the supplier but anchored in the technical focus of the main operations.
Technology	The technology was not a main competitive advantage; however, it was key in supporting the developments of concepts of instrumentation and mobility. The radio and laser technology employed could be developed or accessed by competitors.		
Business Logic	The product orientation of the silo-oriented ways of working was the overall framework of the processes. The support business introduced the service logic.		

5.5.2.   Development Phase: 2005–2009

The driving force in this phase was that customers changed needs. This came in the form of effective training, according to the new conditions of war and mobility of the training, which required a different regard on technology and the products. Mobility brought demands of robustness. The service and everything in it was for use in difficult climates and high-end technology working in a system of products, software, control stations, and other add-on products, such as streamed video. This all had to withstand being moved around.

The proof of concept service tested in the jungle was a co-financed project. Winning the opportunity of engaging in a co-financed project demanded a concerted effort. Key individuals in both KAM organizations had to locally and centrally organize different investments and critical events in the process of co-creation and testing the service concept. A team at the supplier, spearheaded by the Sales Director at headquarters, consisted of the market area responsible and top management from the local KAM organization. They acted and coordinated normal channels and roles both internally and externally in order to develop the customer relationship and sales. There were no bonuses tied to the existence of a new business model. In fact, it was quite the opposite. Creating also involved communicating, defending and justifying spending resources without any commitment to buy from the customer. In addition, the time frame for a potential contract was unclear and the estimations of an order value was uncertain. Risk-taking and disruptions were financial and became increasingly substantial. There was a significant increase in required investments between the demonstrations of the concept and the proof of concept training in the jungle. Driven by the strategy to develop the customer relationship and contribute to the direction of the company, the process challenged current management principles and internal ways of working. In this case, the closeness with the in-depth and practical knowledge of the customer provided a consistent line of reasoning in anchoring with regard to management in order to both obtain the finances required and get the projects going.

> In 2007, the service of training soldiers in Africa was up and running, but we did not have a signed frame agreement or a contract for the service. It could easily have ended there because right up until ink hit the paper, several unexpected events happened that derailed the process substantially. We could not be certain of anything. Had it ended then, a couple of years before signing the main contract, we would not have been regarded with kindness internally.
>
> (Key driver at headquarters in the
> creation of army training as a service)

This quote refers to a critical phase that occurred two years prior to signing the main contract. This illustrates how developments required perseverance and patience during a period of providing the service with no defined future.

Several new recruits to senior sales positions and sales management at the supplier had been in active service and had done tours to Iraq and Afghanistan; they also had field experience from other parts of the world and conflicts. They had the experience of training effectively and ineffectively, and came with a large network in all three customer domains. Individuals from the military domain - the user domain - were engaged in different processes of co-creation that preceded the business model innovation in trials and efforts, aimed at developing and testing new products and services. With the training of soldiers, military staff of different ranks and functions was directly involved in defining the training concepts prior to field tests and on site. Personal relationships with individuals at the customer's different functions and hierarchical levels were instrumental in advancing the process. Close ties to the high-ranking military officers were very important, as they acted as internal advocates and drivers on behalf of the supplier. The high-ranking militaries leveraged their positions in relation to the political and procurement domains of the customer, which both quickened the process and finalized the contract.

Risk-taking and anchoring went hand in hand. The supplier continued to run the service with an increasingly large financial risk. However, performing the service whilst defining in detail how the business would be run in a process of co-creation with the customer was important in order to win the larger contract. This service provision during times of business scope or

profitability uncertainty led to an increased embedding in the customer's processes of training.

Exhibit 5.15   Processes in the Development Phase

PROCESSES IN THE DEVELOPMENT PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions, and Offering	Engaging with key customers in three spheres: political, procurement, and military. Individual relationships has an impact in events. The forming of relationships occurred on several levels - individual, functional and organizational. Value creation in different processes. The offering was constantly expanding and new concepts were attempted.	Co-financing and co-creation of a real training service to prove the concept in the jungle. Proof of concept was initially a condition in order to be invited to tender. Risk of failing in service performance. Mobility emerging as a key capability.	The long-term relationship included tinkering and informal relationships since mid-1990s. Motivation was grounded in individual experience and losing to the main competitor in the mid-1990s.
Internal Structures and Operations	The project demanded resources and disrupted on-going projects and the line organizations. Equally, the process of creating of a proof of concept of the service disrupted. Formal structures and processes, such as project governance models and the quality process and criteria, were not included in the proof of concept project.		
External Network Relationships	Supplier hired ex-military staff to conduct the training.	New risks unfolded as the process went on. The move to Africa disrupted the process, the logistics solution, and support.	Recognizance provided relationship anchoring and knowledge of details, such as on-site army vehicles.
Technology	Virtual training grew in parallel to live training, supported by technology that rendered the training effective, in terms of scenarios, mobility, and scale.		
Business Logic	Service orientation in the process and the emerging business model.		

5.5.3.   Implementation Phase: 2009–2014

Creating in relation to the customer show how the customer acted with different platforms in three domains for defining value. In this case, the customer existed as three organizationally distinct structures with distinct characteristics and differences regarding how value was created and judged. The people differed with politicians in the political domain, civil servants in the procurement part, and the user domain, which consisted of soldiers and the officers in the military hierarchy. Politicians had to be convinced that the training was worth the strain on the national defence budget or that it warranted tapping into the national emergency funds. Pathos played a role. Any decision on the engagement in the war in Afghanistan would be weighed against the political currency that it held. Discussions regarding public opinion and media were also relevant since the service had to be acceptable, if not supported, by the politician's constituents and the general public. The key persons had been in the soldier's position and were quite compelling in their argument. They all maintained that it was "the right thing to do".

The administrative domain includes procurement or purchasing, which tended to act according to the same principles regardless of the business model. The concerns are price levels, efficiency, and contractual terms and agreements. The interactions were highly formalized into purchasing processes, which were governed by rules and regulations on different levels: legislatively as well as with regard to company rules of "preferred supplier" systems. In the discussion with the procurement organization, the supplier identified the value propositions for this domain and put forward arguments regarding how to lower total cost by cutting items such as staff employed for training, product maintenance, support, administration. The supplier argued for a reduction in the cost of ownership in a service-based business model. Calculations were the main tool of argumentation; these included savings in administrative costs and maintenance cost. Less was said about the actual benefits of the new concepts of on-site or field training since these would not be of value to the this particular part of the customer.

Exhibit 5.16   Processes in the Implementation Phase

PROCESSES IN THE IMPLEMENTATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions and Offering	The systematic managing of three separate relationships with different customer domains came together with the contract signing.	Risk and disruption in the process when supplier distances itself from the customer and pushes for signing.	Firm anchoring in the customers' need for the new service know-how when co-creating training services.
Internal Structures and Operations	Setting up the local operations in Africa. Coordination with the commercial side of the company, local KAM, and headquarters.	The supplier's internal process of handling investor relations forced a disruption.	The service logic and the IED training were created in the same relationship and business model.
External Network Relationships	Supplier of competence for the training. Suppliers of 3rd party products for inclusion in the service. The competitors' products were sometimes included. Local embedding in Africa increased with more employees and with volunteer work at the orphanage.		
Technology	Technology is constantly developing in concert with the training scenarios.		
Business Logic	Service orientation.		

Realistic training occurs live, and provides similar terrain in different scenarios as that the soldiers will face. That is the underlying principle of the service. Once the relationships in the business model had become established and the first contract was signed, the supplier could now turn toward the efficient introduction of additional service. The IED training concept was added to the on-site service in Africa a year after the long-term contract was signed in 2009. As a new concept, it was now included in a known framework: the business model that had emerged since 2005 in the custom-

er relationship and the supplier. The customer signed a contract to continue the services in the same manner as in 201. The supplier took the business model and implemented it in other customer relationships with content that suited that respective customer's needs.

5.6.   Summing up the Case

The developments leading to a business model innovation started with an invitation from the customer, which was partly driven by the opposition to the war of public opinion. Too many of the inadequately trained soldiers came back home wounded or dead. The customer called on its suppliers to find a solution. The training presented a concept to the long-time supplier of products for military training, such as vests, guns, anti-tank weapons, and high-tech software to control and manage. They had transformed their business model three years later in the same customer relationship. A key customer relationship and key individuals in the sales and marketing organization led the process. This took years. The processes included taking a risk, and going against existing KAM assignments, structures, and orders at the supplier firm.

All KAM principles were guiding factors in the developments. These entailed new roles and relationships between the customer and the supplier; at the end army training, this was a service in a new business model. The service concept in the new business model was a break with the traditional way of regarding products. The change to how the supplier regarded the products in the service business was significant. The products were not constituting standalone business but they were content in a service based business model. The implications of this were far reaching. The price was set on the service, and not on the products that enabled the service. The customer judged, co-created, and evaluated during the process as well as in relation to the result. Although the process shared few similarities with a sales process as described in literature (e.g. Moncrief and Marshall 2005), the intent and the development of these years were still marked and guided by sales and selling. The underlying intent was to sell. This process included risk-taking and disruptions, as means of selling. The result was a new business model innovation.

Exhibit 5.17   Processes in Relation to the Tensions.

TENSION	CREATING	DISRUPTING	ANCHORING
KAM organization vs. Dynamic Forms of Organizing	KAM locally and KAM at head office were not formally equipped to drive strategic development, yet had to negotiate resource commitment along the way whilst being viewed as a disturbance to operations and managerial system of not deviating from product development plans. When solving problems different parties came together both internally and externally in the void of a defined organization and process to drive development.	Disruptions occurred also at the end of the process. Key drivers pushed for signing and created a distance to the needs of the customer. The disruption was overcome. The contract included a temporal disruption as it was termed "Time-limited managed contract", implying that both parties wanted to test the new business model on a full scale before actually accepting the business model innovation.	Since mid-1990s, the long-term customer relationship included tinkering and informal relationships on all levels-individual, functional and hierarchical. This created multiple social bonds between the supplier and different parts of the customer's. Products assisted in anchoring the service business. The specifications contained product lists as a way to anchor the understanding of the service business.
KAM Stable Relationship Development vs. Disrupting	In terms of risk, co-investing and co-creation of the proof of concept service was the most challenging of the processes. Setting up the local operations in Africa.	The move to Africa disrupted the process and the actual solution had to be relocated. In addition, it provided both risk and opportunity for the supplier to prove that the solution be rapidly set up, increased in scale, and moved to different places.	The next service, IED training could build on the same business model, in the same relationship. The development of business and sales with the IED training served to anchor the business model innovation.
KAM Dynamism and Dispersion of Roles and Relationships	Local presence meant new role at both customer and supplier. The customer steps out of the traditional role of as a purchaser. New roles in co-creation with military staff in the proof of concept project.	Customer disrupts normal procurement procedures. Co-creation and co-financing of the proof of concept provides ample internal disruptions. Scalability and movability to, and within, Africa were valuable concepts that were new to the relationships.	Anchoring occurred in the many relationships between engineers, product managers, and support staff concerning fault handling and the products that arose from the establishment of local operations. Suppliers with the military background anchored the customer relationships with the know-how of how training could be performed to be relevant.

Exhibit 5.18   Selected Examples of KAM Principles:

Selecting Strategically Important Customers	The selection of the customer was given at the start. However, selecting how to engage with the customer emerged during the case development.
Directing Significant Attention and Resources to Customer Relationships	The KAM teams and the company invest a significant amount in a proof of concept that was co-financed by the customer. Internal negotiations preceded the investment since they would have an implication on the whole company.
Organizing Internal and External Activities and Processes to Satisfy and Develop These Customer Relationships.	Several functions internally came together out with the defined project management processes or quality processes able to create the service in time. New firms were tested as contributors to the service.
Satisfying Existing Needs and Developing Long-Term Customer relationships.	During the development toward the business model innovation the long-standing contact for service and aftersales on products based on the existing business model continued to operate. The customer's needs were met whilst the relationship was developed long-term.

The customer actively shaped how the supplier became an embedded service partner in multiple engagement processes, which included both risk-taking and co-creation. The supplier has been on site in Africa since 2007, thus, providing for everything that is needed to run the service. This includes all high-tech equipment, logistics, training consultants and, of course, all products involved in the training. They are embedded in the customer's site in Africa. The supplier acts far away from headquarters and yet closer to the customer than ever before.

Chapter 6

Case study of editorial outsourcing

The TT News agency was formed in 1921 as an independent and national news provider in Sweden. With a business model based on a yearly subscription to the news, the TT News agency[16] was the traditional print news provider. The news was at the centre of the relationship with the customer: characterized by distance and passiveness on behalf of both parties that spanned decades. The impact of increasingly efficient production technology led to the continuous disruption of the internal relationship with the customer. This, in turn, led to destruction in the industry, of entire professions, such as graphical design. Sales and marketing came with key acquisitions, which brought risk-taking, trial and error, and customer dialogue to the development of solutions, rather than products.

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[16] The company original name of 1921 "Tidningarnas Telegrambyrå" literally translated was "The telegram company of the papers" and it has remained for decades. The case study covers a part of the company development one of which is the integration of acquired companies and the orientation towards developing and supporting digital products. TT News Agency was launched in 2013 as one part of re-branding the company.

Exhibit 6.1   From the Inside of TT

 Photographer: Vilhelm Stokstad, TT

Outsourcing the production of content in newspapers is the traditional core of the news agency business model. However, editorial outsourcing is significantly different since it includes delegating the full power of editorial decision-making to the supplier. In 2010, the current CEO Mr. TP describe editorial outsourcing as a business model as, "non-existent but desirable". When asked which newspaper would be TT's first customer of editorial outsourcing, he replied: "Svenska Dagbladet. They are good in understanding what we can do." When asked about which part of the news agency would take lead internally, his reply was "TT Spektra."[17]

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[17] With the acquisition of Avisa AB in 1999, the feature, entertainment, and sports parts of the portfolio was added. This became TT Spektra before the rebranding of 2013 when, with the full integration of acquired companies, TT Spektra ceased to exist. To clarify the case developments, TT Spektra will be used in this case study in the period when it existed and where it is relevant.

Editorial outsourcing is about the delegation of editorial power and decision-making in addition to production of a paper or parts of a paper. This is a service-based business model in which the supplier takes on a great deal more than organizing and providing content to the customer; it includes managing all human-and production resources and planning and delivering every detail of the content to a magazine or paper. The solution involving TT News Agency and Svenska Dagbladet, the major daily paper in Sweden, meant that all planning, decision-making, and editing of the sport section of the paper has been done by TT from April 10, 2013 onwards. One sports journalist remained at Svenska Dagbladet after the internal restructuring. The restructuring at the customer's provided the conditions for the editorial outsourcing deal to emerge as co-created by supplier and customer. This process took some months. However, the necessary developments that preceded the deal took years.

The case study description that now follows is structured into the three phases of the innovation process: preparation, development, and implementation. An overview of the case innovation is presented. An analysis of major changes in the business model dimensions follows each phase. The within case analysis draws upon all aspects of the conceptual framework by discussing the developments during the innovation phases, the changes in the business model dimensions, and the processes.

Exhibit 6.2   Overview of Phases in the Emergence of Editorial Outsourcing

PHASE IN THE INNOVATION PROCESS/ EVENTS	PREPARATION	DEVELOPMENT	IMPLEMENTATION
Approximate Duration	1999–2010	2010–2013	Q3 2012 –2014
Events Marking the Start of Each Phase	Growth of free papers and online news (first issue of free paper Metro was in 1995). Acquisition of specialized product companies to strengthen the portfolio in print and on digital platforms.	New CEO and key management individuals and processes from acquired companies. Integration of the acquired companies.	SvD invites to a tender process when the paper is being restructured.
Key Events and Developments	News war of 1999. Crisis leading to customer relationship establishment. Product changes.	Customer relationship development by several processes of which one is product co-creation through trial and error. Automated news updates. Outsourcing deal with free paper. Establishment of sales in TT.	TT enters late and wins the deal based upon the new business model. Traditional business model co-exists with editorial outsourcing and the increase of automated services, integrated solutions, and product innovations based on digital business.

6.1.   The Customer

Svenska Dagbladet began its operations in 1884 and has since been one of the largest printed daily newspaper in Sweden. At the time of this case, the owner of the paper is Schibsted Media Group: a large Norwegian media conglomerate that also owns a number of other papers: such as the evening paper Aftonbladet, which started in 1830. Both papers are located in the

Schibsted building in Stockholm and both papers are a part of the coopera-
tive that owns TT. As for the general print media, digitalizing the news has
had major impact on the revenue of the paper. Svenska Dagbladet has been
able to counter the falling trend and increase the number of papers sold
during the early 2000s; however, they have been consistently running at a
loss over the years with few exceptions. SvD has been innovative in the
pursuit of efficiency. According to Mr. S. who has been running the tech-
nology shifts at SvD, the company was the first in Sweden to go from
broadsheet to tabloid in 2000, and to adopt technology and software that
increases efficiency by being able to handle text, images, graphics, and the
processes of decision-making and editing. However, it would take years
before SvD emerged as a key customer relationship.

6.2.   The Preparation Phase: 1999–2010

TT had a quasi-monopolistic position on the Swedish news market since
start. This state of affairs continued largely uninterrupted for 80 years. The
customers were the large Swedish national newspapers that were based in
the capital Stockholm and the many smaller local newspapers. Acting as an
unchallenged incumbent, there was no pressing need to become customer
oriented. The newspapers had intricate relationships based on competition
and cooperation; the relationship with TT was their dependence on the
agency to provide news. The relationships between newspapers and the
news agency were characterized by transactions at arm's length for decades.
Before these relationships became resources in their own right with real
influence on TT's operations, structure and practices had to experience sig-
nificant disruptions; a crisis would profoundly affect ownership and cus-
tomer relations. Prior to the rise of free newspapers and the internet as a
platform for unprecedented types of free media consumption, TT supplied
texts to newspapers in long-term relationships yet there was a consistent
lack of relationship-building interaction activities. The traditional order was
disrupted in 1995 when the free newspaper Metro began distribution in
Sweden for which TT became a supplier of news. The altered order on the
market triggered a multitude of developments and debates. The definition,
scope and future of journalism are on-going debates.

6.2.1.   Lack of Customer Orientation

TT was not customer oriented; that is to say, the company was not relating to the customer as a concept. Consequently, it was not practically attuned to the customer needs, or in dialogue with, any of its customers. Although some newspaper customers met the criteria of being more financially and strategically important to TT, this had no real or practical implications as no one was assigned to care for the relationship. No sales function or sales role existed. Contracts and subscriptions were formally time-limited, yet the contract terms were often fulfilled and continued long after the expiration dates. The news manager, Ms. P.[18] at TT during the late 1990s, this is how it had been for years and no change was really needed or desired. There was not a lot that was open for discussion once the contract was to be renewed. There was no forum for any dialogue and no point of contact for customers. Consequently, the customer was absent as a concept, organization, function, and individual. They depended upon, and accepted, what the supplier offered and delivered with no say over the products and very few possibilities to negotiate the terms and conditions.

The offering was characterized by a product orientation; the traditional product was news texts. There was a considerable difference between how the supplier and the customers regarded these texts. TT journalists were proud of their long pieces based on considerable research efforts and in-depth analyses. However, the customers were not so positive. The sports manager at TT: Mr. M. was a key individual in the editorial outsourcing deal, working on the customer side in the 1990s for one of the major evening papers. He says:

> "I would get a note with the text from my editor saying: Here is the text from TT; you make it into journalism".

Customers considered the texts to be too long; editing them demanded considerable resources. At this point in time, customers were anonymous. News flowed only one way and the interactions between the supplier and

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[18] Ms. P. has had several roles at TT ranging from project manager for special project, business development responsible, general management roles. She will be referred to as Ms. P.

the customer were conducted annually during the autumn when the con-
tracts were up for renewal. The product delivery to the editors of most
Swedish newspapers was essentially done on a daily basis. Until the crisis of
1999, this way of working remained for decades.

Exhibit 6.3   Preparation Phase and Business Model Dimensions Prior to the
1999 Crisis

DIMENSIONS	CHARACTERISTICS OF THE EXISTING BUSINESS MODEL
Customer Relationship, Value Propositions, and Offering	No relationship developing interactions with the customer Contractual and delivery-oriented relationship in the news wire subscriptions Product orientation
Internal Structures and Operations	Organization was built around the product: the news in text format. Functional orientation and clear boundaries between roles and functions in the production of news No marketing or sales function
External Network Relation-ships	Few suppliers at arm's length
Technology[19]	Proprietary production technology
Business Logic	Product orientation with the texts being the most consistent product

6.2.2.   Shocks During Preparation

During the autumn of 1999 a series of unforeseen and disruptive events
occurred in rapid succession, thus, earning the label "the news war of

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[19] The technical developments of the industry followed the paths of inventions to render both produc-
tion and delivery more efficient. In the 1920s, news was reported to the newspapers by telephone by so-
called "shouters". The telegraph and the teleprinter replaced shouters. During the 1960s, the technological
developments led to distribution via satellites, rendering operations increasingly efficient.

1999" described in the article in the trade publication "Journalisten"[20]. A many as 40% of TTs existing customers and owners cancelled their annual subscriptions. These were, for the most part, smaller local newspapers. Why? The same article in "Journalisten" puts it in no uncertain terms: "For 7 decades, TT was almighty. They were self-righteous, infallible, stuck-up to all who came from the so-called countryside. One news manager recalls this phase in TT's history: "We did not listen to the customers. We were like an old monopolistic government-owned organization". Discontent was also related to the rise of free papers to customers entering the market and the fact that TT sold news to them. TT was criticized for engaging with new types of newspapers that did not appear to meet journalistic standards.[21] Digitalization of the news industry was on the rise.[22] Customers turned to the fledgling and the only competitor on the market for news provision: "Förenade Landsortstidningar" (FL).[23] FL, which can be translated to "United Regional Newspaper Companies",[24] had co-existed with TT since the 1930s; its original role was that of coordinating advertising on behalf of the papers, which remained the same until the early 1990s. FL convinced its members – those who represented both TT and FL customers - to heavily invest in developing FL; its quest was to become a full-fledged news agency with the purpose of competing with TT.[25] However, FL depended upon TT for content. The complex relationships of TT and the customer become apparent in this relationship. In 1994, the news agency decided to stop selling and delivering news to its competitor who depended upon TT for products, news reports and analysis. The decision not to sell to a customer had never before occurred in TT's history. The resolve and rate of investment of FL into becoming a news agency accelerated. But it was in vain. Förenade Landsortstidningar folded the following year. Repercussions

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[20] http://www.journalisten.se/nyheter/berattelsen-om-det-stora-nyhetskriget

[21] TT assumes responsibility of Metro: http://www.svd.se/naringsliv/tva-av-tre-kan-sagas-upp-pa-metro_3600364.svd

[22] Metro outsourced the entire paper to TT in 2014. This development supports the cyclical development of business.

[23] Förenade Landsortstidningar was backed by the right wing parties in a membership organization that united the larger part of Sweden's newspapers regardless of their political direction.

[24] Rydland dissertation, 2013: p 54

[25] TT has a dominant position. The actions of TT are reported and debated in media, in particular the phases of disruption and difficulty: http://wwwc.aftonbladet.se/nyheter/9908/12/tt.html

at TT included restructuring the company and, thus, redundancies. Meanwhile, customers were still fleeing.[26] TT had been severely hurt in the process and was also running the risk of going under.

Sales and marketing did not exit as a practice or a function at TT. Consequently, there was no key account management: no managerial philosophy, organization, structure or roles. There was a collective sense of dissatisfaction that emanated from several sources, ranging from the relationship to the different critiques regarding the products provided. The high level of quality journalism with in-depth news coverage and a reliable supplier were still seen as being consistent. TT had been running at a loss for several years; the significant drop in subscriptions combined with the stark competition and the outspoken displeasure of customers triggered a series of events. There was a decision by the largest media houses in Stockholm - who are also owners of TT - to "save" the company by increasing their corporate control. Key individuals, such as the heads of Bonnier and Schibsted, acted through their newspapers: Dagens Nyheter and Svenska Dagbladet. They also worked together with six local newspapers and Aftonbladet: a large evening paper. These conglomerates assumed ownership of the company, which was restructured. Ensuring integrity has been important for TT's independence as a news agency from the start. With few large owners the construction of ownership included a balance of power and influence so that no single newspaper would become more influential than the others.

6.2.3. Product Orientation Leading to Customer Relationship Building

TT had received the message from the customers that they were clearly dissatisfied. The Acting CEO sent Ms. P. to talk to the editors of the papers in Stockholm and the rest of Sweden. From September 1999 to December 1999, she travelled around Sweden to visit all the local newspapers. Her objective was to win back TT's customers:

> "My role was to listen to the customers and show that TT was coming down
> from our high horses. I originally come from Gothenburg, not Stockholm, and
> that helped me in this process".

Many regarded TT as a Stockholm news agency with no real understanding
of the local paper or their customer's needs. Local newspaper editors lacked
texts with topical relevance to their readers. Editors consistently saw an ill
fit between the articles, news and content of the news wire, and the produc-
tion and publishing processes. Criticism involved matters of text format,
text length, and structure as they were generating cost and inefficiencies at
the papers. Having started as a journalist in the 1970s and advancing to
roles with editorial responsibilities, Ms. P. was deeply familiar with the craft
of making a newspaper and with the people who honed it. Discussions
were down to specific details on text length and format. Shortening and
editing texts at the local paper demanded the work of skilled journalists or
editors, which was considered too costly and, thus, deemed unnecessary.
They wanted texts in formats that could be adjusted to their page design
and more or less ready to print. Customers now had a person to engage
with concerning complaints on the company's choice of subject matters
and the inefficiencies such lengthy texts created.

Ms. P's background influenced how she engaged with customers:

> "I was honest. I was a journalist myself and I could meet them on their
> grounds asking them to talk about problems so we can solve them. We talked
> about practical problems and their solutions and it was important to me and to
> them that I was not selling. "

In the process of meeting customers around the country, she prioritized
seeing journalists, editors and others engaged in the practice of making the
newspapers rather than top or general management: users of the service,
editors, journalists, and managers. She met with the formal buyers to dis-
cuss concerns with the products. An array of even more concerns surfaced.

As a response to the complaints, TT agreed to change the products af-
ter numerous internal discussions. Journalists resisted on two grounds.
With the customer in mind, the journalists would be assigned topics to
write about to a larger extent than ever before. They would also be required

to write shorter texts. TT started the daily production of the top three domestic news stories and the top three foreign news stories in five different lengths. Various formats varied in order to be edited into each newspaper. TT provided a short quote, which consisted of less than 250 characters. Texts and articles are produced in formats of 450, 800, 1200, and 2200 characters, respectively. For the journalists at TT, the change challenged their former prerogative of selecting their own topics and writing long articles. For some, the much shorter formats entailed changes that went against the notion of journalism and in-depth reporting. For customers that rationalized their editing functions and production processes, these changes meant savings. More importantly, this was an end to TTs way of not listening to the customer or engaging with them in creating products and processes.

Meanwhile, TT simultaneously challenged their customers with price negations. In the wake of the crisis, new CEO, Lindsö, who started in 1999, drove a premium price strategy.[27] To implement and persist with a premium price strategy was both externally and internally unexpected; however, it assisted in clarifying TT's role on the market. Her intention was to build morale and TT's brand. The premium price strategy was financially rewarding as a turn-around occurred within a year. The trend at the time was that international customers negotiated shorter cycles of three months or even one month with their news agencies. In Sweden, customers signed for longer contractual periods of two-three years. The upside that was presented for the customer would be the reduced administrative burden of frequently renegotiating and managing the process. The reduction of administration would allow the customer to concentrate on developing the digital offering and business model for the end-customers. In a period that was characterized by upheaval and disruption, the relationship with TT was possibly seen as a platform for stability.

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[27] The criticism that Lindsö received as a leader of TT is an interesting area to explore from many perspectives of which gender and female leadership in a male-oriented industry is one of major interest to me. However, this is beyond the scope of this research.

6.2.4.   Structural Changes and New Emergent
Strategic Customers

Winning back over 30 customers was financially important to TT; listening to the customer and building customer relationships though did not change the business model. However, there were structurally and symbolically important deals to be won. Sweden experienced large structural changes in the newspaper industry by mergers and acquisitions. 80-100 newspapers were now being organized into 10-12 large conglomerates. The digitalization of the news and free media consumption was becoming a fact. The process started around the time of TTs crisis in 1999 with a number of ownership changes leading to the current concentration of multiple titles under Norr-köpings Tidningar, Mittmedia, and Gota Media; this was in addition to the media houses of Bonnier and Schibsted. There were four newly merged groups at the time: Nya Norrland, Gota media, Allehanda media, and the newspapers of Gotland. [28] These consisted of local newspapers that had a very limited reach; however, these were considered highly important despite their low financial value. The target was to sign on two of these, yet not for financial reasons. The order value was largely insignificant but, according to Ms. P., "winning these was to win the new era." Internal developments at the newspapers were associated with cut-downs, lay-offs, mergers of smaller papers, and newspapers going out of business.

6.2.5.   Silo Breaking and Creating Customer Solutions

The industry had been operating in functional silos of images, text, news, and feature stories and entertainment as separate business areas. The customers were also organized into separate purchasing processes and they held contracts with the different firms in TT. Customers consolidated their purchasing and oriented towards strategic sourcing of content that would be efficient in the production processes. The silo orientation with focus on text would not suffice.

Mr. TP., the CEO, drove a growth strategy and acquired specialized media companies during the 2000s to create a media production house that would cater to all parts of a newspaper - not just the news section and all

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[28] Ots (2010) Dagspressens Ekonomi 2010, Tvåtidningsorterna

digital platforms. Diversifying the content portfolio, digitalization and automation were guiding the acquisition choices. By acquiring companies specialized in photo, graphics, video and interactivity, the acquisitions during the 2000s contributed to increasing the digital competence, and broadening the offering of the traditional text-based portfolio. The acquired companies also assisted in expanding the customer base from newspapers to companies and organizations. In addition to integrated packages of text, images, and graphics in both print and digital formats, TT provided services 24/7 such as automated news updates for the customer, ranging from television to companies and schools.

Exhibit 6.4   Company Strategy During the 2000s

Strategy: Growth through acquisitions
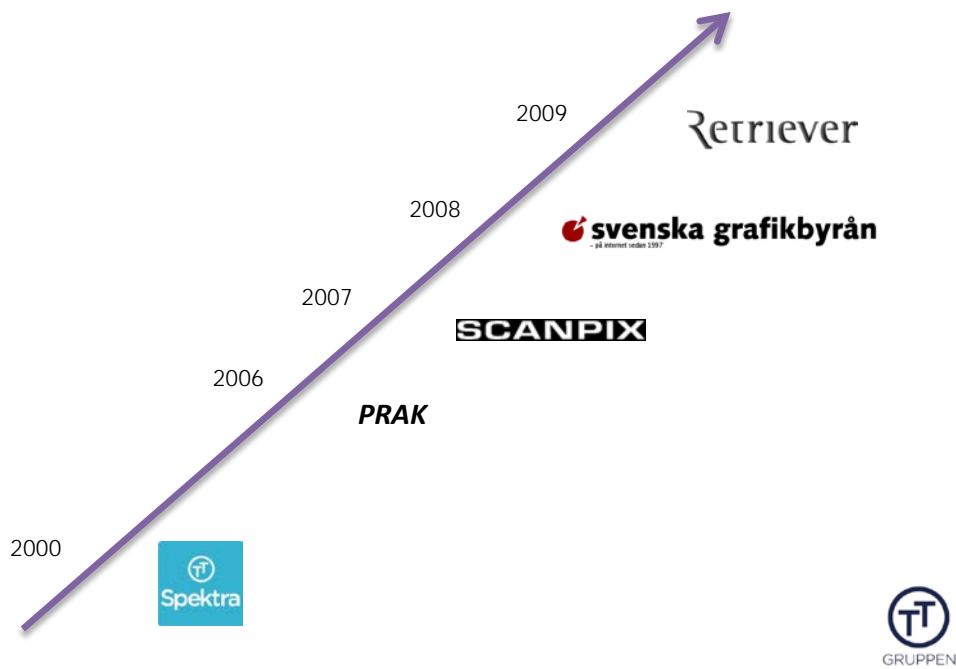
Source: Mr. TP. CEO of TT at a guest lecture at Stockholm School of Economics in 2010.

The acquired companies were legal entities with a separate management team, each led by a CEO. Separate contracts were signed with the same customer regarding the news wire, pictures, and feature material. The organization chart depicts the structure of TT in 2010. Companies acted in silos and the production, distribution, and sales in 2010 were company and brand specific to each enterprise.

The services provided by TT Spektra in 2010 included feature stories, entertainment and supplements in all formats- print, web and mobile screens. The way TT Spektra worked with all formats and product development would later form a core part of the editorial outsourcing deal with Svenska Dagbladet.

Exhibit 6.5   Organization Overview

Source: Mr. TP. CEO of TT at a guest lecture at Stockholm School of Economics in 2010.

6.2.6.   TT Spektra and Customer Orientation

TT Spektra[29] was bought by TT in 1999; key individuals of the acquired company Avisa AB assumed managerial positions. TT Spektra was specialized in feature and entertainment content. The background, culture, and ways of working were very different to the traditional news agency, which had bought it. Ms. S[30], the administrative and editorial manager explains the orientation towards the customer as follows:

> "TT Spektra came from a poor background. We have always been good at seeing problems and challenges from the customer point of view as we have depended on it."

TT Spektra was customer-oriented, innovative, and brought new ways of working with the customers. Two members of TT Spektra's management team, the CEO, Mr. W.[31] and Ms. S. became driving forces in the developments towards editorial outsourcing. They were continuously engaging with customers with the intent of developing new products and selling became more and more channeled to a customer-oriented process and discussion. In terms of outsourcing, the products that came to be progressively outsourced to TT Spektra were TV-listings and TV-supplements, foreign news to local newspapers, feature-entertainment pages, and sports results. Selling was a part of the craft at TT Spektra, and the closeness to the customer was integrated in the way of working. TT Spektra sold, produced, and delivered ready-made pages with feature stories, sports, and entertainment news in a process of trial and error with customers. The company was also early in the development of digital products and in adopting the same technology and application system for publishing and editorial decision-making. TT Spektra had a close dialogue with the customer and particular way of working. Coordinating and drawing on the different competences for page de-

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[29] During the time of turmoil of 1999, Avisa AB devised an important early acquisition to both the extension of the portfolio and a new way of working. Avisa was a small company specialized in feature news and sports, renamed and known as TT Spektra.

[30] Ms. S roles in general management have changed during the case developments.

[31] Mr. W has also changed roles in general management, business development during the case.

sign, text, pictures in creating solutions and readymade pages was characteristic of this part of TT, not of TT as a whole.

Although sales had yet to be established as a function or a role there were indications of nascent KAM with the focus on building relationships and winning business with strategically important conglomerates. An analysis of the events and developments of the preparation phase now follows as well as a description of the development phase. This meant winning back disgruntled customers and establishing a relationship with the customer in praxis.

Exhibit 6.6   Summary of Business Model Events in the Preparation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions, and Offering	Customer dialogues influencing product development altered the products
	The relationship with the customer was established
	KAM principles nascent but undefined in winning back customers and in signing strategically important conglomerates
	Offering based on text, as was previously done
Internal Structures and Operations	Redundancies and restructuring
	Focus on brand and a premium price strategy
	Growth through acquisitions
	Silo operations based on the products of acquired companies
External Network Relationships	Rise of the competitor was driven by structural changes such as the advent of Metro: the first free paper in Sweden
	Establishment of formal supplier and customer roles as spanning several functions and hierarchical levels: from journalists to top management
	Customers becoming owners committed to saving TT
Technology	Digitalization and efficient production technologies were parallel developments partly absorbed through the acquisitions
Business logic	Product-oriented with customer influence on the product

6.3.   Development Phase: 2010–2013

When the new CEO, Mr. E., who was recruited externally, took the reins in 2011, the acquisitions had been made. Mr. E. could focus on integration. The process involved the different company cultures, ways of working and the bundling of products. The process included defining integrated solutions of text, pictures, and video that would work both in print and on digital platforms. Convinced of the need to become efficient, he embraced new ways of interacting with the customer based upon digitalization and solutions. He stated: " One thing is sure. If we cannot generate new revenue by combining picture, text, graphics and video, then something is wrong." (Quoted from the 2012 Annual Report: page 6). Mr. E's managerial experience included developing and restructuring business for the Bonnier media group and Canal digital. When reflecting on the start of his tenure at TT, he says that this was not the way in which he usually acted when taking on management roles. Rather than acting to influence and define strategy and structure, he started by having individual talks with all employees. They were over 350 at the time: he spent hours in conversations with them about TTs history, operations, problems, and its successes from September 2011-February 2012. What became apparent was that many shared his impression: individuals who had been with TT for a number of years, working in different parts of the company, in different functional roles, and from different hierarchical levels. "Rather soon I understood that others were also surprised of how silo-based they worked." he said. The need for integration of companies, identities, practices, and people was clear to the majority of those on the management team. The way in which to go about it, what to focus upon, and the pace of doing it was discussed. The solution strategy was anchored in TT's management team, and consisted of the heads of the acquired companies. However, this was not without friction.

Silos characterized the industry. Product orientation was the dominant logic regardless of the company or product. Scanpix had recently merged with Pressens Bild, the long-time photo agency of the family-owned conglomerate, Bonnier. Scanpix was deemed sales-oriented with a marketing and brand manager and a sales organization. However, with the explosion of free photos and online user-generated content of images, Scanpix's focus

was split between selling and defending. A key concern for the Scanpix CEO at the time was to manage their customer relationships separate from TT and try to keep up the product margins. The company's strategy was to maintain margins by a subscription-based business model, which was motivated by the high quality of products. With the purpose of sustaining product margins, Scanpix management wanted to have separate contracts for their product, be it a subscription-based revenue model or and based upon single purchases. In the words of the Scanpix sales director: "We need to keep up the prices. Keep value in the products." The characteristic product-oriented judgement of value persisted with the supplier's perceived prerogative to both define the product and its worth. Scanpix's sales director in 2010 talked about how the company included sales, and was geared toward pleasing the customer in its daily operations, quickly finding the right image or footage, and rapidly delivering products. KAMs had meetings with customers to mainly discuss the products, rather than advance the process toward selling.

6.3.1.   Physical Integration, Restructuring, and Establishing Sales at TT

Both physical and organizational boundaries were addressed in the integration process. The consolidation of operations at TT headquarters meant a move for Scanpix to headquarters in an open-landscape office. The CEO at the time comments on the changes around the time of Scanpix's physical move:

> "I don't know to what degree they will cross-fertilize each other. We are building an environment that can generate creativity and result. For example, we have placed photographers and picture editors physically close to entertainment because they have an interest in working together." He adds: "A smarter way of working will emerge."

Exhibit 6.7   The Open Landscape of TT

Photographer: Claudio Bresciani, TT

The purpose was to break with traditional boundaries between the compa-
nies and the practices by physically placing together those who worked
closely or actually shared responsibility for the same task. [32] Benefits of
proximity were also paralleled with the destruction of functional boundaries
that marks this period in TTs development. Traditionally, journalists and
photographers were two different functions and roles. With pressures on
cost and efficiency and the development of digital photos, by the time 2012
came around, journalists were taking photos from different situations and
events that were not covered by the photo agency. The photographer
would sometimes write the text that was associated with the picture. This
was an apparent cost-efficient change; however, adapting a professional

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[32] Two magazines were produced to commemorate TT's 90 years. The integration merited considerable
attention. Nya TT-Gruppen organisationen, så här möter TT gruppen framtiden 2012

identity and changing practice by journalists was a substantial alteration that bordered on being disruptive.

6.3.2. KAM Organization Development

With the Scanpix move to headquarters came a KAM organization, in a physical sense. The co-location of the sales team in the heart of the open landscape and in the midst of production was quite deliberate. The marketing director on group level, Ms. H.[33] also came from Scanpix. She talks about colliding worlds when the practice of sales was to move in with the practice of producing news:

> "Before Scanpix moved here, people were fearful that sales would be physically too close to production and editing. They could not imagine writing an article and meeting the customer in the same location or having the sales person overhearing something that may be sensitive."

Resistance came from several sources. Journalists and other staff were uncomfortable with having the sales staff in the same office space. Selling is considered far removed from the craft of making a paper; with sales, customers would also enter the office. When talking about the physical move and integration of TT operations in the same building in the centre of Stockholm, Mr. E., the CEO said:

> "Sales has a general and historical background of perceived incompatibility with the journalistic assignment. There is fear, but it is a misconception that customers can have a direct influence of the journalistic assignment of TT."

The responsibilities of the Scanpix KAM organization now located at headquarters was extended to include the larger part of TT's portfolio. They were to sell solutions. A sales director. Mr. E.M. was hired at TT in 2012; his assignment included building up and managing the KAM team of TT, which consisted of 7-8 key account managers; most came from Scanpix. Mr. E.M. came with 15 years' experience of working with advertising sales and as a media buyer. The first year was oriented towards organizing the

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[33] Ms. H took on the role of deputy CEO in 2014.

function towards selling solutions beyond images, photos, and video. With the aim to strengthen selling capabilities, he hired some individuals with a sales profile to complement the product-oriented competence that came from Scanpix.

A challenge that was identified from the start was to understand the value of a solution and to learn how it can be greater than the components, and to avoid inefficiencies and pitfalls of a continued silo orientation. One way of doing so was to regard problems from the customer's point of view. The newspapers were in a difficult and challenging situation of eroding revenue from the ad side without any readily available or obvious solutions. A few months into his job, this sales director, Mr. E.M. said:

> "At TT, you care for the customer, but to talk of their revenue streams and how they can get money in through ad buys or in other ways, is new"

The management team were well aware of this. Selling new products would have to include suggestions as to how the customer could increase existing revenue streams or finding entirely new and different ones. Ms. P was driving business development in relation to the newspapers and Mr. W. and TT Spektra had their ongoing process of product development. However, selling new digitally-based products that assisted the newspapers in gaining revenue proved to be difficult to the existing KAM organization. The KAM organization was assigned to sell solutions but held back by the traditional product orientation of selling photos. The legacy of product orientation proved to be difficult to break; the KAMs remained oriented towards Scanpix portfolio of products, which they knew well. The product was their way of understanding the customer and, with this confined focus, the customer orientation remained limited. Nevertheless, the sales organization, which had initially met resistance, was established both functionally and physically at TT during this period.

6.3.3.   Marketing and Branding with Combinative Effects

Ms. H., the newly appointed marketing manager of the TT group was responsible for the company's rebranding project; this, with particular focus on integrating the acquired companies: TT Spektra, Scanpix, Svenska Grafik-

byrån, and TT's traditional newswire. The underlying drive was to bring TT closer to the customer and increase internal efficiency. In order to do this, TT had to stop acting in silos and start selling solutions. The marketing manager, Ms. H. devised a rebranding program that took into account the fact that establishing sales and disrupting internal barriers were parallel processes. When starting the project in November 2012, she said: "My current assignment is different from the one I had at Scanpix, as it involves the full integration of TT, but the two processes bear strong similarities." The process she defined involved numerous workshops with employees and different ways of taking in the customer's opinion into account regarding TT's values and brand. With a clear understanding of the challenges of the process and the conflicts, the changes would entail that she had a sense that the blend of progression and friction would result in a larger cohesion at TT. The task would become even more challenging. During the spring of 2013, the company went through a period of conflict, which divided employees in the critique or the support of a wall size photograph of the female musical artist, Nicki Minaj. The photo was eye catching and, to some employees, it transgressed boundaries of gender and respect. These employees spoke of "a disturbing work environment"[34]. Others perceived it as art. These discussions provoked the CEO to call an all-employee meeting to discuss the strong feelings and opinions. The act of disagreeing in an open discussion and in the open landscape marked a change in culture. The dialogue shifted from silos to open debate.

The marketing manager continued to systematically discuss the brand and the underlying intention of unifying TT internally and externally. Having managed a similar project at Scanpix, she knew how to proceed in order to engage people. Marketing and branding had a unifying role and purpose at Scanpix during its merger with Pressens Bild. She reflects:

> "I used the brand platform as a change catalyst to get two very different cultures closer together and get them working effectively with each other."

The process continued by involving a large number of individuals in cross-functional and cross-company workshops, and discussing the brand develop-

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[34] http://www.dagensmedia.se/medier/dagspress/tt-i-stormote-om-brostvaggen-6106763

ment with its customers. The marketing manager notes that support and critique marks the process; she engaged in numerous discussions - both internally and externally - with individuals challenging the integration and the new brand. TT News Agency became the new brand; it was launched in August 2013, and the individual company band names ceased to exist.[35]

Exhibit 6.8   The New Logo of TT News Agency.

Source: TT News Agency

The silo-oriented organizational structure of 2010 was no more; the group was named TT News Agency and the logo was new. However, the less visible, but significant result lie in the process of creating dialogues in which employees could understand, support, and challenge the move, integration, and rebranding. The friction and open debate from the workshops drove this change and sustained it. The process had driven the cross-functional meetings that led to increased cooperation between functions: both formally and informally.

6.3.4.   Production and Distribution Technology Facilitating Silo Breaking

The need to develop interoperable and converging technologies has run parallel to developing integrated packages that can be efficiently received,

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[35] 2013 TT Group with the brand name of TT News Agency replaced Scanpix, Tidningarnas Telegrambyrå, TT Spektra, and Svenska Grafikbyrån.

edited, and formatted by the customer. With the silo orientation of products, companies meant that both production technology and delivery processes differed between the suppliers. TT's wire service had a proprietary solution; Scanpix and others were locked into contracts with their respective software and application providers. Scale could be achieved in the respective silo, yet not synergies or bundling. TT's customers complained about problems with having to use different tools for handling text, pictures, and lay-out. They wanted an integrated system for editing and publishing. Being efficient and effective in news production and delivery across printed and digital channels puts interrelated demands upon content and process in order for the content to be readily accessible and workable for the editing staff at the newspapers. TT Spektra was using Newspilot the same technical platform for editorial processes and decision-making as Svenska Dagbladet and several of the traditional customers.

6.3.5.   Co-creation with Customers in Processes of Risk, Trial, and Error

The transformation that occurred in the TT organization was driven by TT Spektra'a way of working. TT Spektra was used to coordinating out with a traditional silo operating system in phases of risk-taking and uncertainty of future rewards. As was done prior to the new organization, they now were internally drawing upon various functions in order to obtain the competence required for a prototyping project. The customer and TT Spektra could both co-invest to developing a mock-up or the actual product. The result was bought by the investing lead customers, and then offered to others. Sometimes the supplier alone would take the cost and the risk. According to a senior business developer: "The projects are in line with the overall strategy, but tend to emerge when time and customer interest are appropriate." Scale and synergy are practical concerns of the future of the tested products. Sometimes the new development sticks and become a part of the portfolio, and with the spread, it becomes practice in the customer relationship and on the market. If this is not the case, then the specific trial may be shelved and soon appears in a slightly different form: such as an in-depth article on a famous athlete. This has been presented to customers on differ-

ent occasions.[36] This seems to be a shared opinion: that sometimes the project fails, but both parties learn and an overall robustness exists in handling risks that were unsuccessful internally and in the relationship with the customers. Failing may cause friction but not disruptions to the relationship; both parties enter with open eyes.[37]

6.3.6.   Exploring New Business: Automation and Outsourcing

The development of the digital portfolio was continuously on-going with new customers and old. One example was the investments in automated news updates, which rendered a previously manually produced service inexpensive for both supplier and customer. Automated news updates operated over different digital platforms. This was one of the products that could be readily offered to new customers as a complement to their internal websites and television: such as companies, organizations, schools, and public institutions. Both automation and outsourcing lead to efficiencies and potential staff reductions; therefore, these discussions may be sensitive issues. Ms. P reflects: "You need to be extremely discrete because the moment people hear about outsourcing, they realize that they may lose their jobs"

She had discussed the outsourcing concept with the major customers and newspaper groups. She worked closely with both customers and TT Spektra to find ways and opportunities: " all good sellers must advise the customer." This process of advising led to TT's first major outsourcing deal albeit without the editorial decision-making part. A free paper in the town of Uppsala contacted TT for at newswire subscription and other services. Discussions started around mid-2000 based upon TT's traditional business model of supplying news to the customer's journalists and editors. This manager challenged the strategy and presented an alternative based upon TT producing the content of the paper. With the input from several others, she could present a budget for the customer's operational costs. TT Spektra

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[36] One instance was the Sport Editors meeting at TT in October 2014. TT gathers the sports editors of Swedish newspaper to discuss plans and priorities, new ideas and receive feedback on past performance. The meeting is held regularly on an annual basis.

[37] The first customer to use the Newspilot system was Svenska Dagbladet in 2006 after which several other newspapers followed.

was the internal organizing and producing party. The editor of the paper could easily compare his previous budget based upon outsourcing; he trusted its viability and TT's ability to deliver. The result was TT's journalists produced the content, yet not all of the editorial decision-making. TT continued as the producing party until the paper was bought by Uppsala's major daily. The outsourcing deal with the free paper was largely uncontrover-uncontroversial. The deal involved a free paper and no redundancies as the agreement was made prior to the establishment of the organization. This did not involve delegating editorial decision-making and power to the supplier. In this relatively safe environment, it was a test bed for negotiations, production processes and technical solutions. This experience was a significant: the deal was made based on the customer's perception of value and service, and prepared TT to take on a larger operational and decision-making responsibility.

Exhibit 6.9   Summary of Business Model Events in the Development Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions and Offering	Customer dialogues with a sales intent including advising and challenging.
	KAM principles and a KAM organization being established in practice around a particular product rather than customer relationship development.
	Solutions and bundling of products meaning that individual products are not priced separately, yet are on a solution level.
Internal Structures and Operations	Solution and integration focus of new CEO. Physical move and integration of acquired companies.
	Unity driven by marketing manager in terms of organizational, functional, and brand integration.
	Trial and error in the TT Spektra way of working continues with customer co-created prototypes and cross-functional coordination.
	Marketing, branding, and selling become acknowledged functions.
External Network Relationships	Free paper provided the test bed for a solution outsourcing deal.
Technology	Contracts with production and technology providers were locking companies in TT into existing silos.
	TT Spektra adopts a flexible cross-functional and solution-oriented editorial system from Newspilot and is used by several traditional paper customers.
Business Logic	Product oriented with development to solutions. Emerging service logic since both parties shape the outsourcing process in a process of co-creation.

6.4. Implementation Phase: Q3 2012–2014

The previous phases had led to the customer becoming a counterpart with which TT hoped to cultivate a long-term relationship. Developments had included building TT's digitally-oriented portfolio, breaking operational silos and, through a branding and integration project, establishing marketing and sales as functions. The trial and error process by which TT Spektra was used to co-create prototypes and develop new pages or digital products was combined with the outsourcing opportunity that arose from a relationship with traditional newspapers. The internal conditions and ways of working, although not formally outspoken, were ripe to engage in selling the service of editorial outsourcing.

Full control and ownership of resources, processes, and result characterizes the long-standing traditions in the newspaper industry. Control of resources has been regarded as the effective way of ensuring journalistic quality, satisfied readers, and brand control. Svenska Dagbladet's financial strain led to the major restructuring of the entire organization, as well as the decision to outsource the sports pages. Necessity was the driving force in the discussions of which in-house competence was required and what could be outsourced without risking the overall quality and brand of the paper. During the latter half of 2012, the editor-in-chief and the management team had deemed necessary a series of organizational changes and rationalizations. Svenska Dagbladet was to move from broadsheet to tabloid and the organization and its operation would have to be streamlined and cut. Major cuts in cost were required. How to achieve this was subject of an internal discussion at SvD.

6.4.1. Sport and Svenska Dagbladet

Both readers and competitors held SvD's sports journalists and experts in high regard. Covering diverse sports events and having the knowledge of many sports was a strong point. SvD's journalists did just that. They covered a wide range of sports beyond Sweden's major: being football, ice hockey, and horse-racing. The tradition holds that news- not sports- constituted the core part of a newspaper. However, sport has always been an important part of the newspaper brand for Svenska Dagbladet. Since 1925,

the paper has given the nationally renowned award "Bragdguldet" to prominent Swedish athletes, ranging from swimmers to skiers, golfers and others. The strong connection between the award and the brand of the paper was a risk that was discussed in internal discussions. The award was the initiative of the Svenska Dagbladet and was administered by the paper from the start; a jury selects the winner.

In 2012, the section employed a little more than 10 full-time employees. The editorial manager had recently been the sports manager; he was a driving force for the outsourcing. The manager accepted, supported, and drove the change with an aim to secure quality in the change process and results. This was often done despite his own sentiments about the issues and the personal relationships he had in the sport journalism community. Seeing the end of the sports production at SvD raised a lot of feelings. However, the strategy made sense in terms of cost savings. The driving executives were torn between the outsourcing process and their own opinions of how they wanted sports to be produced in the future. One of the drivers involved in the process reflects during an interview in one of SvD's conference rooms: "I had to separate personal sentiments from my professional assignment, which was quite hard at times". Mr. L., The one remaining expert and sport journalist at SvD was also ambivalent about applying for the job during a turbulent period when it was clear his colleagues would leave: "I made it clear to everyone that I had applied and gotten the job. In many ways, it was a dream job with great freedom to write about a number of different sporting events." The one remaining sport journalist at SvD was frequently questioned with regard to how SvD could continue with the award after the sports section had been outsourced to TT. He and others who were getting the same question referred to the fact that an independent jury managed the award of which SvD is only one of the several members.

6.4.2. Competing in SvD′s Procurement Process

The procurement process began during autumn 2012 as soon as SvD had defined the larger restructuring elements and decided which parts of the paper would be outsourced: the sports and feature sections. In previous years, SvD and TT top management discussed several times that TT would

be interested in and able to take over the sports section. However, when the management at SvD made this kind of decision, invitations to tender were extended to several companies ranging from start-ups to established content providers. But not to TT. A person at the customers who had worked closely with TT Spektra contacted Mr W. to inform him that the procurement process had started and that TT needed to get involved fast. Four key individuals were involved in the discussions between TT and SvD. TT Spektra' CEO Mr. W and the manager Ms. S and they were involved in several detailed discussions in regard of the scope and how operations would run in practice. At the customers the editorial manager of SvD and the IT-manager were driving the discussions with several potential suppliers.

SvD included several competitors in the discussions based upon formal criteria regarding quality, price, scope, reliability, and innovativeness. The selection of five tenders included companies that were specialized in print or digital, or provided content over a multitude of platforms such as TT. Time was scarce since decisions had to be aligned with the newspaper's budget process. The driver of the process remembers that service, reliability, speed, and delivery precision were important when choosing the proper supplier. A sporting event can end at 9.55 PM with the article deadline only 5 minutes later. The immediacy of digital news had affected print deadlines over the years. Prior to the competition from professional and private digital sources of sport news, a journalist would have time to watch the event, write about it, and then submit the text. Writing the bulk of the text proactively had become a norm for sport journalists in print media. Still, SvD critiqued TT early in the process regarding its lack of long articles after Champions League matches, which usually run late in the evening in Sweden. TT agreed and committed to remedy this should they get the contract.

Two competing companies remained in the procurement process because they could provide the type of service quality and level required in both print and digital media. The two competitors were TT and Aftonbladet Sport: a section of Aftonbladet. TT had a long-standing relationship of providing news to Aftonbladet. However, Aftonbladet Sport had been providing all sports results to SvD for over a year. Innovation was also important to SvD. A small company was deemed journalistically inno-

vative with its ideas on content development; however, it was too small to guarantee reliability. Aftonbladet has been regarded as innovative in its digital product development whilst developing its printed newspaper into specialized magazines focusing on sport, interior decorating, and so on. According to the customer, the outsourcing of sport reporting to Aftonbladet Sport was working well. With the same corporate owner and continuous operations, the strategic and operational relationship was established in addition to a physical one, as both SvD and Aftonbladet are located in the same building in Stockholm. There would have been some brand issues to be solved since Aftonbladet Sport and SvD's sport reporting have a different focus and purpose. These problems, however, were deemed manageable.

6.4.3.   Similar yet Significantly Different Proposals

Both TT and Aftonbladet had proven that they were reliable suppliers in their existing relationships with Svenska Dagbladet. Making a newspaper relies upon getting the details right; the dialogue with both suppliers was concerned with details such as times, space and lay-out, as well as pinpointing which journalist would write and analyse the sporting events. When SvD asked for details and wanted to know exactly how problems would be solved TT answered. The detailed and operations-oriented problem-solving discussions occurred face to face and on email; they contributed to the perception of TT being both professional and customer-oriented. SvD deemed that Aftonbladet Sport had the practical ability, yet lacked interest in jointly solving problems. They appeared to have little or no customer orientation and lacked an interest in identifying what SvD needed or wanted. To the customer, Aftonbladet Sport seemed more interested in using a business opportunity to fix the internal problems regarding headcount, competence, and efficiency. Aftonbladet Sport and TT sent similar proposals and had similar prices. However, the interactions with the customer were significantly different. TT answered queries and engaged in a dialogue with SvD. TT stressed the importance of partnership and transparency. Mr. W. suggested the following in a mail to the customer, stressing the company would be open and transparent with cost structure of the deal: "..if you can help us in rendering the work efficient during the process of the assign-

ment, you shall earn as much on this as we do…" (mail to SvD: October 26, 2012).

It was a process of negotiation, of giving and taking. SvD wanted to keep the sports editor and a key sports journalist in-house: physically and organizationally. TT, on the other hand, suggested that both be located in TT's sports section and become employed by TT. They found a middle way in the creation of a new internal role at TT. TT hired an editor for SvD. Mr. N was a TT employee with a professional background in sports journalism on the customer side with experience working for the largest newspaper in Sweden. SvD kept one sport journalist. The sport editor for SvD at TT and the journalist at SvD had key roles in the creation of the process as it was undefined. TT's sports editor for SvD recalls the beginning:

> "I knew from DN about print deadlines: the first is at 7 PM, the next print deadline is at 10 PM. We would have the challenge of providing content for the first deadline and have relevant content for the next one, and for the day after. I knew how to do sports with scarce resources, so the challenge was that there was no blueprint or model of how it should be done in this situation. It was up to me to form this and I talked a lot with the journalist, Mr. L., who would be providing articles and we agreed on topics and pragmatic ways of dealing with lack of content."

Mr. L. as the one remaining sports journalist at SvD says organizing the work had been easy from the start. He explains his sentiments at the start of the collaboration:

> "I was happy to hear that Mr. N. who would be the sports editor. We knew each other before as we had been covering the same sports events in the past."

From the start, the two individuals found practical solutions to divide topics and articles that were based upon their previous experience in sports journalism. TT had found a solution. The creation of a new role at TT to work exclusively as editorial manager for SvD Sport was as pragmatic as it was controversial. TT had a representative from the customer physically in the work place; this was entirely new. The role was committed to providing sports

pages that were in line with the quality and reputation of a specific newspaper and its sports reporting. In the process of establishing a new way of working with the customer, Mr. N has also been engaged in the process of establishing the new role at TT and has explained how the role is dedicated to a newspaper but does not entail favour that are withheld from other customers. The restructuring of SvD was a public affair that provoked reactions by many actors in the Swedish media. The largest competitor publically ridiculed SvD in campaigns to recruit readers. SvD was closing its sports section, which was considered an important event not only to those interested in sports; it was also interesting for those who debated the quality and the future of journalism.

6.4.4.   Facilitating the Role of Production Technology

In 2006, Svenska Dagbladet was first in Sweden to implement Newspilot from Infomaker: a new technical system for editorial production, distribution, and publishing. Additional tasks, such as real time updates, storage, transmission of text and pictures also became part of the journalist's role. The first major change in technology at SvD was the implementation of the tool Impress. With Impress came both redundancies and new ways of working internally. There were reactions. The driver of the Newspilot implementation Mr. S. says: "Impress was a change driven by cost-saving requirements and work moved from the sub-editors to the reporters who had to set their text and do pages themselves. People were going to be made redundant and my job was also at risk. Many blamed Impress for the situation. I did not; I thought it was a good tool."

Impress was an internal affair; however, Newspilot was not. Newspilot enables access to different work tasks by different user roles the system enables efficiency across both functions and organization, with a blend of the production and decision-making of internal and external parties.

6.4.5.   TT's Customer Becomes a Supplier of Sports Articles

After the contract between SvD and TT was ironed out in December 2012, a concern was the limitations of articles written by well-known sports journalists. Only one remained at SvD. The question to who would provide both in-depth analysis and provide SvD with uniqueness in the reporting had no obvious answers. The sport journalists at TT are experienced and

competent; there is critical mass in the number of journalists to provide different individual voices. But their role is to provide standard sports news to a range of customers rather than featuring as specialized sport journalists in relation to one particular newspaper. At TT Mr. W. was concurrently renegotiating a contract with Viasat, the TV-provider for whom TT produces the TV-supplement. Viasat employs a number of sports journalists and previous elite sports individuals. To partner with Viasat Sport in order to get articles and analyses of events from their employees would fill the gaps for SvD in several ways. This idea was well received by all parties. The discussions concerned limitations to the visibility of the Viasat logotype. A key issue was to ensuring that sporting events were recommended without bias by Viasats employees. They were to highlight interesting sports events regardless of which TV-network or channel they were on. The negotiations were driven and facilitated by Mr. W. at TT.

The printed product specified in the first contract was four to six pages long depending the weekday. The sports section had fewer pages due to the same cost saving reasons that underpinned the entire deal but in addition, the digital strategy was included in the scope.

The editorial outsourcing business model can be seen as an attempt to save the printed newspaper and as an additional distinct step towards it demise. Discussions concerning the editorial outsourcing of other parts of SvD started before TT's launch of SvD sports. Developments that followed included TT taking over SvD's production of the sports results from Aftonbladet Sport. TT and SvD has expanded the scope of the editorial outsourcing deal to include cross-words, puzzles, and a section on motor cars that TT. In addition, the business model has been implemented in other customer relationships. The free newspaper that played a role in 1999, Metro announced in May 2014 that the printed version of its newspaper was being outsourced in its entirety to TT. Taking over the full content of a paper was a decisive step for TT in establishing the service-based business model. [38]

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[38] http://www.dn.se/ekonomi/tt-tar-over-metro-i-sverige/

Exhibit 6.10   Svenska Dagbladet's Sportspages Produced by TT

Photographer: Jessica Gow, TT

Exhibit 6.11   Summary of Business Model Events in the Implementation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions and Offering	Entering the process by personal contacts at the customers.
	Value creation occurred in the process of interaction and negociation that was shaping the scope and the operations of the solution. The customer oriented, responsiveness and transparency of the key drivers at the suppliers was important to the customer.
	Supplier adopted the strategic perspective of the customers and accommodated with a solution that was in line with the intended reductions in the customer organization.
	Delivering journalistic reporting that was in line with the customer's brand.
	Operational values derived from TT's reliability and accuracy.
	Customer orientating and will to understand, address and solve problems with the customer was deemed key in the choice of partner.
Internal structures and operations	Scaling up the scope but in essence in line with TT Spektra's way of working.
	New role of customer dedicated sports editor at TT.
	Establishing way of working which means that the SvD sports editor does not get any extra material or benefits from TT. Suggestions that come from him is applied to the benefit of all customers in a transparent manner.
External Network Relationships	Competitor and owner Aftonbladet assisted in defining TT as customer oriented in the relationship with SvD.
	The relationship with Viasat as a TT customer was complemented with a supplier role in relation to TT in the production of sports articles.
Technology	Newspilot facilitated the deal. Technology had a facilitating role by enabling decision-making, production and delivery in a shared system.
Business logic	Service orientation in the co-creation of the deal and the underpinning logic of the business.
	Continued growth of the business model of editorial outsourcing of Metro to TT.

6.5.   Within Case Analysis

The within case analysis that follows is focused the events and developments in the processes of 1) Creating 2) Disrupting and, 3) Anchoring. Examples and illustrations are drawn from the case in order to specify the developments in terms of business model dimensions and the innovation phases.

6.5.1.   Preparation Phase, 1999–2010

Metro and the advent of free papers both in print and digitally had significant impact on how competition was defined. However, they also assisted in defining the concept of the customer by disrupting an order which in which the traditional customer was largely invisible. The crisis caused by the news war of 1999 triggered processes of interaction and dialogue with customers. Disrupting ensued with the breaking of arm's length customer relationships. The customer became a customer in the sense of existing in a relationship that has inherent value and generate business. Creating was indeed nascent as selecting key customers and directing special efforts towards the development of the customer relationship did not exist prior to the crisis of 1999.

Creating was directed at winning back discontented customers and in doing that the relationship with the customers as key or not key emerged in parallel with the structural changes on the customer side. Signing new strategically important conglomerates was a part of this process which continued to be based on and oriented towards the product. As Ms. P. came from the practice of making papers she could genuinely understand the details of their criticism and combined with an authentic commitment in addressing them this resulted in changes to existing ways of working internally at TT. The customer relationship began in its reciprocal form when two events occurred in the process of risk-taking. The first concerns pushing the customers to sign for longer time periods, 2-3 years in the aftermath of the crisis and during a period where the trend was the opposite. The longer contractual periods would serve to provide financial stability but also a relationship time frame allowing for customer relationship development over time. The other event in the process of disrupting and risk-taking is internally oriented and concerned with the customer influencing the shape and

definition of the product with TT changing their text formats. The change
of text formats were disrupting to existing notions of what a TT journalist
was meant to do whilst adhering to the principle of customer orientation in
a key relationship.

Anchoring existed on several levels. The choice of key customers to save
TT is a development where reciprocity in the relationship took very concre-
ate forms. The longer contract period was also contributing to anchoring the
existing relationships with customers over time.

Exhibit 6.12   Developments in the Preparation Phase

PROCESSES IN THE PREPARATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions and Offering	Signing strategically important emerging customer conglomerate. Travelling to customers to create relationshps, engage the customers and win them back. Redefining the products and the contract terms.	Pushing for longer contract periods was disrupting in relation to a trend in the industry of short-term contracts. The influence of the customer on the product shape and form was disrupting to existing notions of the products and the supplier prerogative of defining the products.	Engaging in customer dialogues with operational problem solving as the bases of the customer relationship. Allowing customers to influence the product.
Internal Structures and Operations	Creating and disrupting are intertwined in the role of journalist challenged by altering the product, redefining the mandate of journalists. Unintegrated companies mean that of organizing span across the formal KAM function of Scanpix to traditional newspapers of which some are key customers but not managed from a function.		Allowing customers to influence the product and its production.

External Network Relationships	External companies are acquired but acting in silos.	Free papers disrupting the order. Customers leaving TT.	Existing TT customers coming together to save TT which anchored the value of TT to their customers.
Technology	Digitalization and increasingly efficient production technologies ran as background processes to all three processes		
Business Logic	The product orientation of the existing ways of working, relationships and the business model provided a framework for the processes.		

6.5.2.   Development Phase, 2010–2013

Creating with the key customers such as SvD was occurring on two levels. TT Spektra had co-created product development, trial and error as a way of working and this continued during this period which and increased scope beyond their traditional products. During this phase TT Spektra developed closer internal relationships with internal content providers to their solutions. The customer and service orientation derived from the practical process of engaging with customers and from an "underdog" position in the news world as the content of TT Spektra was regarded as add-on to the news. The innovation projects that were co-created with customer were based on traditional products with the expansion of scope including new products, new digital formats and platforms. To organize the customers in order for one or several to engage in the process was a key aspect of Creating and organizing. The opportunity to try the outsourcing deal was a dialogue that was initiated by the free paper of Uppsala "Uppsalatidningen" and Ms. P. and it was made possible by TT Spektra's way of working.

Risk-taking and disrupting came as an inherent way of working with TT Spektra. Resources were drawn from other parts of TT in an informal and formal manner depending on the project. This process was physically supported by the move to headquarters in the integration project. It included establishing marketing, sales and branding as functions and activities present in the organization. The branding project that was driven by the marketing manager Ms. H., who was promoted to deputy CEO in 2014 and has acted to disrupt the silo orientation and increase interactions across functions and product areas in new ways, informal and formal. To unify TT was

disrupting but the result was that functions within TT orientated towards each other and their common customer in parallel processes that was driven from the marketing and branding project from an organizational and structural perspective. The conflict regarding the Nicki Minaj photograph was perhaps complicating the process but it might also have served to orient TT towards the customers after a period of internal upheaval.

A major source of disrupting derived from the process of integration of acquired companies and with different orientations. Traditional silos were disrupted with the co-location of functions as well as sales in TTs headquarters. The presence of sales was initially regarded as disruptive to journalists and photographers. The product orientation of the KAM team of Scanpix continued and made the implementation of customer oriented solution creation difficult. The KAM organization also struggled covering the full digital and printed scope of the portfolio and the creation of relationships with new customers such as companies and public institutions. However, the product orientation also provided means of anchoring as the shared definitions of products continued to relevant in several traditional customer relationships. Although KAM and solution sales had difficulties in the process of establishing the function and delivering solution sales the establishment of the function played an important part in conceptualizing the customer relationship internally. Marketing, branding and sales became accepted as both important functions and as instrumental to how customer orientation and customer relationships were developed.

Exhibit 6.13   Processes in the Development Phase

PROCESSES IN THE DEVELOPMENT PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions and Offering	Coordinating customer relationships across different companies in TT with a product view persisted.	Co-creation and risk-taking in the product development in TT Spektra's process of trial and error.	Solutions were provided by TT Spektra prior to and during this phase in a co-creating mode. The persistence of value defined by the product provided consistency in the relationships.
Internal Structures and Operations	Establishment of a co-located KAM organization at TT. Sales director role was established. Marketing director role was established – one reason being to support KAM and sales. Internal cooperation in new forms.	The product development by trial and error meant rallying cross-functional resources on an ad hoc basis. Unplanned development of products and solutions in a process that is partly decided by the customer create customer driven disruptions to internal production plans.	Functional boundaries still in operation between areas but with boundary spanning activities. The physical move facilitated cohesion and unity and assisted in anchoring cross-functional ways of working with the physical proximity. The branding project assisted in anchoring both cohesion and unity.
External network relationships	Increased cooperation with international news agencies with increased contact and ability to benchmark with the digital developments. TT Spektra was closely monitoring the advent of editorial outsourcing in Australia.		
Technology	The shared system of Newspilot between TT Spektra and the customers created value in this phase by providing common technology for co-creation. It facilitated the process of risk-taking.		
Business Logic	Bundling products into solutions combined with co-creation and testing the outsourcing contributed to a service orientation.		

6.5.3.   Implementation Phase, Q3 2012–14

In the implementation phase, creating, including organizing was triggered by a distinct customer SvD's need to outsource the sport section. To satisfy this need, creating in the development phase was internally oriented as well as involving a new process of engaging the customer. SvD started with traditional steps in a procurement process. They issued proposal requests to selected firms. The procurement process had already started when personal relationships at SvD acted to get TT involved. TT entered when time was of essence. With requirement on a solution being specified on general terms, the way the process was co-shaped by both supplier and customer was important to the outcome. The way that TT Spektra was used to working with the customer and internally meant that they were ready to engage in this process. The integration of TT and the unity formed during the branding project the company was ready to engage in a cross-functional solution and service project in 2012.

Interactions were creating value for the customer during the procurement process as customer orientation emerged as a key quality. The procurement processes was characterized by a few key individuals on both sides of the dyad taking on several roles and engaging in a wide variety of practical problem solving ranging from technical problem-solving to negotiating scope and price. TTs representatives were used to assuming different roles and engaging in managerial, selling, editorial responsibilities as well as coordinating around the customer current needs. The driver of the changes at SvD had a discussion partner in Mr. W. from TT Spektra with regards to solving practical problems and the process was that of organizing and creating both in terms of customer attentiveness but also in terms of organizing internal resources and structures to support the new business model. TT became a partner when restructuring an important part of the brand of the paper –the sport section.

Disrupting was mainly in taking risk which was a part of their normal way of working when developing future looking solutions with the customer. Disrupting occurred internally at TT when the new role of a SvD dedicated sports editor was created at TT, and co-located with the existing sports team of TT. The sports editor that was dedicated to one single customer was breaking with several traditions and norms at TT and in the in-

dustry. That Mr. N is co-located with the sports team of TT provoked reactions as it was the first time that a representative of the customer's interests shared premises with TT. That the one remaining sports expert and journalist at SvD was not located at TT was an openly communicated point of compromise on behalf of TT.

Anchoring existed in the shared interest of the product in terms of the sports pages as it derived from a product and subject matter orientation and with TT showing how they would act to maintain the quality and the brand of SvD sports. TT addressed every specific query with a solution or a response that was constructive such as the lack of long articles after Champions league games. Anchoring is also visible in the price as these have been continuously discussed over the years. Price discussions were a part of the negotiations and scoping. How they were conducted were different. Early on Mr. W. called for a transparent approach that would benefit both parties. Acknowledging that lowered cost was a driving force behind the outsourcing deal he proposed that both supplier and customer would benefit from cooperating with the intention of finding cost efficient solutions.

Anchoring occurred contractually. TT formulated the proposal to be contingent on SvD being a customer for the traditional parts of TT including the news service, pictures, archival material etc. The conditioning of the editorial outsourcing business model to existing contracts was pragmatic in order to both strengthen existing business model and facilitated the new one. Devised to facilitate and ensure the ease of content provision and organization of the production of the sports pages it ensured continued business for TTs different business areas.

Exhibit 6.14   Processes in the Implementation Phase

PROCESSES IN THE IMPLEMENTATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions and Offering	Co-creation and co-scoping during the procurement process. Joint problem-solving. Definitions of value emerged in the process which in itself created value as the parameter of customer closeness emerged as key. Service offering with price based on the service not the articles or pictures.	Risks were in relation to other newspaper customers, also key and concerned with impartiality. Risk in taking in Viasat into the traditional world of journalism.	The key individuals in management positions at TT who were driving the process provided cohesiveness rather than disruption. Value was deriving from the customer's strategy, process of procurement. The editorial outsourcing deal served to anchor TTs offering as its implementation was contingent on the customer buying TTs products.
Internal structures and operations	In this phase the new role at TT of SvD dedicated sports editor at TTs premises is at the nexus of the processes. The role is anchored in the functional history of making papers but the creating it for a customer in the supplier organization was disrupting.		
External network relationships	Viasat was TT's customer that became a supplier.	The community of newspaper and sports editors debated publically on the demise of sports and SvD respectively.	The inclusion of Viasat anchored relationships with both key customers.
Technology	Operational issues solved with the customer and there were some significant ones although the parties had the same system.		
Business Logic	Service, shared risk and co-creating and defining value in the process and in the result were underpinning the business model.		

6.6. Summing Up the Case

The case developments started with crisis and shock which brought conceptualization of the customer on an overall level, customer orientation and led to TT starting to interact with selected customers. The fact that the customers were also the owners of TT but still handled at arm's length point to how conditions for customer relationship may be exist but don't it not guided by KAM principles. The case points to how the absent customer was conceptualized in the preparation phase due to the crisis. Customers fleeing was the shock that was required in order for a mutual silence between TT and their customers to be broken. The case illustrates the important function of the traditional products- the texts in the developments of the integrated packages and consequently solutions. TT's strategic developments in the digital and integrated offering ran parallel to supporting the traditional customer in the traditional business model. The silo orientation had to be destroyed on one level, brand and identity. One important to do this was in the tinkering of TT Spektra and their customers. The developments in the process of trial and error constituted tools to anchor the product innovations in existing customer relationships years before the KAM organization was introduced at TT as a function.

Exhibit 6.15   The Processes in relation to the Tensions.

TENSION	CREATING	DISRUPTING	ANCHORING
KAM organization vs. Dynamic Forms of Organizing	New roles and relationships emerged when introducing the KAM organization of Scanpix to TT and co-locating the team with operations. Creation of the role of customer dedicated sports editor was a pragmatic solution.	To win the newly formed conglomerates in the early 2000s meant taking risk in two ways. Firstly it was not how TT had actively engaged with customers before. Secondly, it was important to win these deal. The reorganization and move to Headquarters was both disrupting but to have sales and marketing were initially regarded as disturbing.	When SvD invited TT the speed and accuracy of TTs response was anchored in TT Spektra's way of working in coordinating internal cross-functional contributions and in the experience that TT as a company gained from the early outsourcing deals.
KAM Stable Relationship Development vs. Disrupting	The defined ways of working between SvD and TT in terms of planning and production were facilitated by the use of same technology.	Accommodating customers wishes of different text formats and the development of multitasking as journalists take photos and vice versa at times.	Quality in the product knowledge, craft knowledge were platforms from which risks and disruptions could be handled.
KAM Dynamism and Dispersion of Roles and Relationships	The arm's length approach with sparse interaction with customer meant that creating and organizing first entailed conceptualizing the customer in relations to TT. The customer of SvD had the role of subscribing to the newswire and was at times include in the trialing and testing of product development of TT Spektra. Roles were shifting when Viasat was brought into the sport pages by TT.	The massive shock and negative customer reactions of 1999 were disrupting but ran parallel to the customer being created as role at TT. Driving for a unity in marketing and branding was perceived as a disruption in the company which acted in silos, in line with many decades of tradition. TT Spektra's way of working with product development integrated risk and handling disruptions as a way of working.	Anchoring in this case includes the products, the texts, the news and craft of doing papers. The product served as platform for relationship development in the face of a common threat. Free news from other sources 24/7. The key individuals in management positions at TT who were driving the process all decades of experience of the craft of paper making.

The case is complex in terms of the KAM principles.

Exhibit 6.16   Selected Examples of KAM Principles:

Selecting of strategically important customer	Anonymity characterized the customer initially. The principle evolved with a product platform as the basis rather than the customer relationship.
Directing significant attention and resources to the customer relationships	TT Spektra's way of working was guided by this principle from the start. Co-creation with customers was a part of their process.
Organizing internal and external activities and processes to satisfy and develop these customer relationships.	TT had been organizing with respect to the products in line with the traditions of the industry but the integration process came during the development phase.
Satisfying existing needs and developing the customer relationships long-term	TT and their customer operate in VUCA conditions. The short term needs are fulfilled but the development of the relationship in the long-term depends on the future of the industry, the future of journalism.

The case of editorial outsourcing show increasing engagement of the supplier and the customer in times of crisis. Disruptions and tough financial times that have contributed to a deeper engagement in the customer's needs. Although defined a key customer when SvD started their procurement process, TT was not invited suggesting that a loos knit relational fabric. Although the outsourcing may represent to some a distancing in the relationship the multitude of roles and relationships that interact in this business model point to different roles and relationships in the new business model. An excerpt will serve as an illustration;

> "It's the 12the of December and we are located deep down in the concrete building of Madison Square Garden, the home of New York Rangers in the middle of Manhattan. The atmosphere in the Ranger's changing rooms is tense. To-photographers and reporters are homing in on some of the players just in after the match. In the far end of the room Henrik Lundqvist changes, fast and rushed."[39]

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[39] Translated from the article http://www.svd.se/sport/lundqvist-forsoker-hitta-guldformen_8841948.svd

The excerpt is from an article that features an interview with the goalkeeper of the Swedish national hockey team done after a Ranger's game in New York City. It appears to be a run of the mill sports article in SvD and what the readers of SvD sport expect. The organizing behind it was significantly different. It was written by a business journalist working in New York City wrote the article for TT News Agency. Not a sports journalist traveling from Sweden. SvD's sport editor at the paper did not commission it, Mr. N at TT did. This sports article along with all sport reporting in SvD from the 10th of April 2013 has been planned, organized, produced, edited and delivered by TT News Agency and their sports journalists and partners. The process led to the finalization of a contract in December 2012 with the first sport section provided by TT in April, 2013. Ms. S. reflects:

> "It was sales but it is a tricky question. You are a creative partner that helps the customer to realize the value in the business opportunities and you support them in taking a leap of faith. But the purpose is to land a deal so it is not that clear cut".

It was the outcome of multiple developments and new ways of organizing roles, tasks, interfaces and processes of interaction between human and material interactions in order for the supplier to assume total responsibility for production, editorial decision-making, page design and delivery.

Chapter 7

Case study of Gala Dinners
& Events as a Service

The third and last case study begins with an anecdote. In the early 2000s, a group of young executives enters the Berns restaurant. [40] The décor and the way in which it is run has not changed since the time of its original restaurateur: the acclaimed British designer, Sir Terence Conran. [41] The reservation is for the 12-15 people who are organizing the network of entrepreneurs and venture capitalists called *First Tuesday*. The party was shown to several smaller tables when the head of the group politely asked if the tables could be joined so they could sit together. The diligent employee replies: "No, that is not possible. Terence would not allow it." The person who asked leans in toward the waitress, winks, and asks: "Is Terence here tonight? The reply came hesitantly and slowly… "No." In collusion with the staff, the tables are moved; everyone sits together, and enjoys the meal.

The brief event serves to illustrate the lack of customer orientation that existed at Berns for decades. Being attuned to contemporary design and food trends, an appreciation of the role of the guest and the relationship with the customer was lacking. Service was lacking. The Conran-concept failed for many reasons. The concept was labour intense and costly, and the lack of customer and service orientation probably contributed to this.

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[40] Anecdote from former colleague in the network organization *First Tuesday*, which set up large events to enable entrepreneurs to meet venture capital companies and business allies.

[41] http://www.theguardian.com/lifeandstyle/house-and-homes-blog/2011/nov/15/terence-conran-brief-history-design-legend

Going back to the origins of Berns, serving guests and creating a place for interesting meetings between people might have been the underlying core value of Mr. Berns who stared the café in 1863. A man with Swedish-German origins, wanted to create a cultural and culinary place for the international community. The building and operations of Berns has expanded since early days.

Exhibit 7.1   The Façade of Berns

Photographer: Tomas Oneborg from TT

Whilst the building has remained consistent with Berns' history, its view of guests and customers have differed from period to period. Cultural trends, high-end restaurants, the music scene, and art exhibitions have been the heart of operations in the ornate building from la Belle Époque in the centre of Stockholm.

Exhibit 7.2   Entertainment by Hasse and Tage at Berns

Photographer: TT

Years of developments spanning the event industry as well as internal changes at Berns moved the restaurant toward catering to both private guests and company customers. By doing so, they could break with a long-standing tradition of being in the red.

Under new management in 2010, Berns began generating a profit during a period of significant development in the industry. The business area of Meetings & Events was a significant contributor to the financial result. The business area of events emphasizes co-dependence of developing closeness to guests and customers that spans internal functions and external relationships. The internal changes and alterations in the business environment, in parallel to internal developments in processes, lead to establishing the sales function and defining customer relationships. The overview of the case and the phases follows:

Exhibit 7.3   Overview of the Phases in the Emergence of Gala Dinners
& Events as a Service

PHASE IN THE INNOVATION PROCESS/ ITEMS	PREPARATION	DEVELOPMENT	IMPLEMENTATION
Approximate Duration	2001–2006	2007–2010	2010–2014
Start	Major renovation of Berns during the 1980s–90s	New management with focus upon Berns acting as a whole, internally and externally, with a brand identity.	Meetings and Events are profitable and Berns is making a profit as a whole
Key Events and Developments	Establishment of Asian restaurant Boutique hotel that brings overnight guests to Berns Recurring crisis and shifts in ownership	Silo breaking and establishment of sales as a function Support of suppliers. Customer relationship development according to outspoken KAM	Business areas run in concert with the large events, which depend upon cross-functional contributions Different parts operating efficiently with overall an understanding of trade-offs

Similarly to the previous case studies, I present Berns in three phases. The case contains an additional level of complexity in that its business areas are operating differently with some parts being business-to-consumer: such as the nightclub, and the restaurant can be both B2C and B2B. The event area can also operate in both ways but the B2B relationships are dominant. Whilst the case study does not describe and analyze these differences, the concepts of guest and customer are central to the developments. The within-case analysis ends the case study in the same manner as in the previous cases: by combining the analysis of the processes, the business model innovation phases, and the developments of the business model dimensions in each phase.

7.1.   The Customer

Creative Meetings is an event company with offices in Stockholm and in Malmö that started with event production in 1999. The company's development has included moving from arranging events to taking on full production responsibility. According to the Mr. A., Deputy CEO at Creative Meetings.

> "Everything that you do during an event, where you are, how you are seated, what you eat, who(m) you meet, how the program is shaped and the type of technology that is used- everything should contribute to achieving the customers' objectives with the event."

He continues:[42] "Berns has been one of our favorite venues from the start. It is beautiful and historical and. if right for the purpose of the event, the place is great. Often guests sense that coming to Berns is an event in itself." Event companies become involved earlier in the event planning phase in a concept-consulting capacity in order to advise and plan the content strategy and structure of the event, in addition to the traditional elements: location and refreshments. Creative Meetings and the event industry have evolved to taking on a larger role in the creating and the planning of an event.

7.2.   The Preparation Phase: 2001–2006

7.2.1.   The Building at the Centre of Attention

The customers have come to Berns for its grand interior and the experience of coming to a location that bears a long history in entertainment, culture, and music. Generations of Swedes have a relationship with the building and Berns rather than a specific cuisine, music trend or service level. In terms of product concepts, the building has been a core product and a main aspect of all developments. Berns' physical location has been a vehicle of consistency

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[42] Mr. A, deputy CEO, the head of Events of Creative Meetings was during the period of the case developments also the project manager for certain customers and in charge of internal competence development of the firm.

and, with Stockholm being spared of the wars and the bombing during the 20th century of most European cities, Berns' original building stands. The interior is ornate with large halls in red velvet and golden crystal chandeliers.

Exhibit 7.4   The Original Great Hall with its High Ceiling and Chandeliers

Source: Stockholmskällan

The operations in the main building ns have more or less always depended upon close coordination and a maximum sharing of resources in a limited space. [43] Be it in the 19th, 20th or 21st century, everything is quite literally either visibly or invisibly next door. What are not visible are the hidden stairs and hallways that connect the main halls with the kitchen on the same floor, as well as the venues upstairs and downstairs. Each floor and several rooms are still connected in paths that are unknown to those who are not deeply familiar with Berns. The building with its possibilities and limitations has also been the part of the offering, which has merited considerable attention. Not

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[43] Bistro Berns is the French style restaurant located in a separate building opposite the main building in Berzeli Park. The need for coordination with operations in the main building is limited, as resources are generally not shared.

only in terms of investments: in terms of care as well. Major renovations were undertaken during the 1980s, which lasted until the 1990s. The façade was significantly renovated: both restored and significantly altered with the construction of the glass entrance from the Berzeli Park.

The restorations brought the two larger original halls back to mint condition. Historical rooms have continuously been renovated: such as the "The Red Room", which is associated with the author, August Strindberg and is the setting of his most famous novels. In this room was where he used to meet other intellectuals during the late 19th century, similar to how Dorothy Parker met with other intellectuals at the Algonquins Round Table in New York City in the early 20th century. Both the Algonquin and Berns share the fact that the history of the venues still holds contemporary value to the customers.

Exhibit 7.5   The Preparation Phase and Business Model Dimensions
Prior To and During Renovations

DIMENSIONS	CHARACTERISTICS OF THE EXISTING BUSINESS MODEL
Customer Relationship, Value Propositions, and Offering	The relationship with the guest occurred during the consumption of the product. In terms of dining, the guest had a sustained relationship to the building, rather than the brand or any particular concept Guests consumed products and were served rather than serviced. Relationships with Berns emerged informally with guests
Internal Structures and Operations	Functional orientation and organization of different business areas such as the following: restaurant, events, and entertainment Lack of functional coordinating and unclear processes within and between operations and business areas Passive order intake No marketing or sales function
External Network Relationships	Suppliers of production goods needed in food and entertainment
Technology	Production technologies of the operations-kitchen, bars, dining area, and so on were very run down, as was the entire building Fax, telephone, and book remain at Berns
Business Logic	Product orientation with the building being the most consistent product

Exhibit 7.6   The Red Room

Source: Berns.

Exhibit 7.7   The Light Yard

Source: Berns.

Several new spaces were created: such as The Light Yard, which serves as one of several venues in which to host meetings and smaller events.

The eclectic mix of interior design styles exists since the company has experienced numerous reinventions of its direction and strategy; it also reflects the building's history. "Chambers" is an auditorium in the traditional style of Berns, located in the basement of the building, where lectures and award ceremonies are held.

Exhibit 7.8   The smaller Golden Hall of Berns

Photographer: Tomas Oneborg, TT

Whilst the different product developments of the restaurant, the bars, and the boutique hotel have focused on market trends, the mix of individuals, guests, and customers characterizes Berns' Meetings & Events. Different

generations come together here: those who representing tradition and those who embody contemporary developments. These are established businesses and start-up companies. An event in 2005 may serve to illustrate. At an awards ceremony for "Leader of the year" in The Chambers Room, Swedish professionals met Jack Welsh (the former chairman of General Electric) for a candid discussion on management. What was noteworthy was that participants were a mix between internet entrepreneurs and high-level executives in traditional Swedish companies. How to handle demanding board of directors was the engaging topic of an unformal discussion. The result of renovations is a balance between historical venues and modern spaces. The dynamic relationship between heritage and innovation is a red thread throughout the case, which runs through all aspects of the business model transformation. Preserving the long-standing tradition of meetings and dining was combined with the ambition to be innovative in the creation of new rooms. The renovation turned a part of the building into a boutique hotel, which put new demands upon coordination and cross-functional operations with existing operations.

7.2.2.   The Customer and the Traditional Guest

Ms. YB., the CEO spearheaded the company's turn-around, says this about Berns' long-standing heritage: "Before looking the future, you must consider a company's history. Every company has one - even young companies - and from that history, there are treasures to be safely kept and carried into the future". Her emphasis upon the founder's intentions in creating a relationship between the guests and Berns' location and venues is central to this case.

Guests have been coming back after renovations, bankruptcies and expansions, always expecting a high standard in dining and entertainment. Serving them has always been core business. The way that the service was provided has differed substantially. Lacking coordination contributed to low service levels and customer dissatisfaction. Friction and glitches in service led to hot dishes being served cold or guests waiting too long to place an order or to be brought their check. Generations of Swedes have given great reviews of the delicious food and brilliant entertainment, which speaks fondly of Berns; however, the customers also complained for dec-

ades of Berns' erratic quality in its service – saying, at times, that it was out-right poor.[44] Recurring guests continuously returned to Berns, as they had personal memories from going to such an ornate building in the centre of Stockholm. Berns' attraction did not mean that its relationship with the guest was a resilient and stable process. The contact between Berns and the customer was still characterized by passive order taking and no sales func-tion, regardless of whether it was a hotel booking or a large event.

7.2.3.   Bankruptcy, New Operations, and Business Areas

Numerous concepts have been tested and abandoned with regard to food and drinks, and entertainment; however, the hotel was now seeing a new type of guest: one with different expectations and who was staying longer than simply to enjoy a meal or a show. The opening of the hotel was a change that contributed to the guest's awareness of the establishment and its differences, depending upon which part of Berns they visited. Further-more, the addition of new operations revealed clashes. Business areas such as the restaurant, the event, and the nightclub were running in isolation from each other. Some guests said the sources of their displeasure came from a lack in coordination between the functions within one operation; with the new areas, new sources of dissatisfaction arose. Restaurant guests were either pleased or displeased by Berns' service, while the company real-ized that the experience of the hotel guest was also shaped by the operation at different times of the different parts of the company. The hotel guest coming down for breakfast expects a clean venue. A successful event of a popcorn party for a company during an entire evening will inevitably gener-ate a greater cleaning need than a mingle with drinks only. With very little coordination between the business areas, the extra cleaning that was re-quired was overlooked, as business areas planned and executed activities that were only associated with their respective operations. The lack of co-ordination was accentuated by Berns' physical proximity; the hotel, restau-rants, bars, and nightclub are co-located within the same building.

The newly refurbished Berns allowed for a permanent nightclub to be in the basement. Once again, this meant the advent of another new type of

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[44] Testimonials to this effect come from interviewing Berns' long-standing staff about their customer relationships.

guest: a younger clientele. This time, the guest was drawn to Berns by virtue of his or her attraction to the experience, rather than being taken in by Berns' legacy or the building. Operations at Berns were literally divided by day and night, Ms. N explains. The practice of running a nightclub at Berns is so different to that of organizing the hotel breakfast; therefore, the staff competence differs to a significant extent. In terms of coordinating, it proved difficult for one set of staff to imagine how the actions in one area could have negative ramifications on another or on the customer experience.

The cost of renovation led to the first financial crisis in the preparation phase. Berns was saved from bankruptcy when Grand Hotel Holdings bought Berns and the China Teatern: the scene for staged performances and shows that was a part of Berns in 1997.[45] Grand Hotel Holdings were made up of owners and managers of Stockholm's Grand Hotel, and had proven capable of running a profitable business in times of downturn. Peter Wallenberg Jr. as an influential individual with strong motivation and took care of the place by investing in the restaurant, according to the Terrance Conran concept. This was a costly affair both in designing and running.

During this external period, the growth of online meetings started. With Sweden being prominent producers and early adopters of technology - especially mobile and digital technology - the effect on physical meetings and events was yet to be known. The fear was that people would systematically prefer this cost-efficient way of conducting business, thus, meeting in person would cease altogether. Without an internal sales function, the active customer characterized the bookings of any service or product at Berns; it was passive order intake at the receiving end.

At this stage in the preparation phase, the restaurant concepts and the physical building was meriting attention. The customers, however, seemed like absent concepts. For decades, the guest had been largely anonymous with little or no influence upon the products and service. Their experience of the service would generate satisfaction or dissatisfaction, and they would choose to return or not to return based upon how they experienced the

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[45] http://ir.investorab.se/afw/files/press/investor/investor-press-1997-10-13-120000-sv.pdf

food and the personal service. A senior staff member at Berns remembers that this differed greatly between the individuals of the service staff. Berns did not engage in organized marketing, customer-relationship building or sales. The contact with the corporate customer was conducted in a similar vein, yet with increasing demands upon coordination and planning since the demands from the customers on the service level were consistently increasing in parallel with Berns' operations becoming more and more complex. Previously, the customer of large events at Berns was mainly the marketing department of larger companies or the CEO of small-to-medium size enterprises. Since the 1990s, event companies have assumed an increasingly larger role and have acted to professionalize the design and operations involved in creating an event.

7.2.4.   New Owners… New Start

In 2005, Grand Hotel Holdings sold Berns to London & Regional: a large international real estate firm.[46] Berns had been losing money for a number of years; for example, Berns had a turnover of 150 million SEK in 2006 and were, thus, making a loss of 40 million SEK. Ms. SB., The new CEO in 2007 talks of Berns' recent history: a business transaction driven by sentiment, as the two brothers behind L&R found Berns to be enchanting and were taken in by the building, its location, and its historical venues. Not being in the restaurant or entertainment business, London & Regional hired two experienced Swedish professionals who were well known in the industry: both at having established and run a number of restaurants and entertainment venues. They were initially hired to establish Berns' working structure and management with the short-term goal of increasing the volume of orders. The strategy was to maximize each operation in isolation from the others; their focus was the restaurant.

7.2.5.   The Guest in Focus When Establishing and Organizing the Asian Restaurant

These two temporary managers who hired Ms. SB to the position of CED wanted a new concept for the restaurant. Berns has recurrently been associ-

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[46] http://www.affarsvarlden.se/hem/nyheter/article2568386.ece

ated with serving on white linen a mixture of Swedish cuisine, blended with mainly Europe dishes. They wanted change and employed a new head restaurant to change the concept of restaurant and run it. Mr. L[47] recalls a shaping factor in the creation of the Asian restaurant: "One of the managers had been to an Asian grill in Florida before I came, and he was excited by the food and the family-style dining concept where everybody shares a number of dishes." Mr. L came in 2006 with a long-standing experience in different kitchen operational roles. His task was to implement the new concept of Asian food. The two interim managers knew they wanted Asian food as the innovative concept for the restaurant, but not how to conceptualize or implement it. Neither did Mr. L. who recounts his thoughts at the time: "I have full control in the kitchen. I don't have to look, but can sense without checking that the meat is not done correctly. I don't have that sensibility as a restaurant manager". Knowing that his experience in the kitchen would serve to solve problems in this area, he focused upon other aspects that he knew would contribute to the guests' experience: the ambiance. He recalls the very beginning of his employment: "When I started I went up on the balcony overlooking the restaurant, with its white table cloths, and saw a few scared customers: afraid to speak or laugh. It was like an empty church. Initially, we thought that it was the extreme height of the ceiling that was the problem. This was not at all the issue. It was the estranged distant feeling created in the room."

With the aim of the menu contributing to significantly improving the ambiance, he assembled a menu consisting of a concoction of dishes from widely different places in Asia. The dining style of ordering a selection of dishes and sharing "family-style" was intended to relax the atmosphere. With the hope of capturing the ambiance of familiarity and the mix of personal and business meetings in a simultaneously relaxed and high-end setting, he presented a mock menu of Asian dishes to the managers. Details mattered. His wife, who was talented in calligraphy, had handwritten the text. The managers liked both menu and the way it was presented in black

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[47] Mr. L. was hired on the merits of his experience as head of kitchen and has had several different roles during the developments. They have ranged from kitchen manager, head of restaurant to deputy CEO. Mr L rather than the titles will be used in the case.

on white. The handwriting of that menu was made into a font used for all menus in the restaurant.

The Asian family-style concept in this great historical room with red velvet décor and enormous chandeliers presented a shock to employees and customers alike. Around 30 people worked in the restaurant. To a large part of the staff and to colleagues in the business, the whole concept and its implementation were doomed to fail. Internally, the resistance was outspoken. Ms. N[48] who worked in the restaurant at the time, but who has been with Berns for many years in different roles and different parts of the company, was a key individual in this case. She has influenced and supported significant developments and innovations in her many roles over a number of years. She supported the new concept and assisted in getting people on the service staff behind it as well. Whilst the two managers were largely absent from the process of addressing the internal and external critique, Mr. L also had outspoken support in the head chef. There were a handful of people who could convince the staff to buy into the new concept. Or, at least agree to try it. He recollects: "The day we opened, before the first dish went out, the air was so thick with nervous anticipation that you could cut it with a knife." Many customers in the beginning turned at the door and walked away. They had entered the restaurant expecting a traditional steak and French fries or traditional Swedish meatballs. As soon as they saw the Asian menu, they promptly left the building.

Mr. L. recalls: "We made some big mistakes in the beginning but, from the first day there was a different, more familiar ambiance in the room. "We also made a point of not being perfect. Serving the dishes as they became ready does not sound odd today but in combination with all the rest, at the time, we were considered quite mad." Service exists in interplay with the customer and, ultimately, it is they who decide to come or not. The food, the familiar setting, and the deliberate imperfection in this golden hall with its high ceiling were intended to empower and relax the guests by "giving them the upper hand". Defining guests as customers and actively giving them a role was as new to Berns as was the Asian food. Word of mouth spread and the Asian restaurant was soon making a profit with recurring

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[48] Ms. N was important in the establishment of the restaurant but have several other key roles in the case developments.

guests that were coming back for several reasons. Convincing Berns inter-
nally was a challenge. The implementation of the Asian restaurant naturally
affected the event area, since they principally serve what the restaurant of-
fers. He remembers: "It was a hard journey to convince the event side that,
from now on, we served Asian food. But Ms. N, kudos to her, she dared to
just do it, no cowering in front of customer, but standing up straight. Just a
year after no one wanted to go back."

Exhibit 7.9   Söderqvist Family Dinner at Berns Asiatiska

Source: The Söderqvist family

In 2016, the Asian restaurant, Berns Asiatiska is appreciated for both at-
mosphere and the cuisine.

7.2.6.   The Need for Function, Time and Space Coordination

The internal debates in the restaurant concerned the cuisine. How to improve the service and learn from mistakes meant the very concept of the physical meetings and events was being challenged. Online meetings and video conferencing was on the rise, and the tradition of the physical meeting place and events were called into question. This also contributed to regarding the customer experience in the event area. A large event could engage several venues at Berns: the Great Hall, 9 conference rooms, and 5 open spaces on different floors with guests moving across the whole of Berns during an event. There were many new processes and operations with the new business areas and operations that had to be coordinated in a limited space - with few margins. All business areas could be involved in staffing an event, thus, were affected in some way. The need to balance the requirements of their own business operations with those of the events d created tensions between the areas, as well as the guests. If details were not coordinated across all functions and business areas, the guests at a large event could experience a multitude of glitches in any function, process or operation. These could range from an untidy lavatory to cold food due to delays caused in the wardrobe area. Ushering event guests from one area to another may not be regarded as core to the event. With the increased sources of clashes, this part demanded detailed logistical planning. Without which clashed in the kitchen, delays and more than one processes which depended on critical timing could be affected. Due to poor coordination, different obstacles to customer satisfaction were being addressed in internal fora, the Thursday meeting being one of them.

This summary also serves as a baseline for the next phase of the innovation process: that of the development phase. Without a clear identity or brand, the establishment was plagued by a lack in coordination between the different operations. During the mid-2000s, this caused both dissatisfaction amongst Berns' guests and friction within its different business areas.

Exhibit 7.10   Summary of Business Model Events in the Preparation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer relationship, value propositions and offering	Guests experience is at the centre of the establishment of the Asian restaurant.
	Personal relationships were formed by guests with the building over time, over generations but manifested in transactions in service situations that were varied in concept and performance.
	Offering started to be defined as a combination of ambiance created in the venue, the dining and the service.
Internal structures and operations	Establishment of new business areas.
	Different business areas running as silos but clashes become more apparent.
External network relationships	Rise of event companies.
	Growing number of external service providers and increased coordination need.
Technology	Growth of online meetings and social media.
Business Logic	Product oriented with focus on the building.
	Major renovations of the building facade and internally.
	Reconfiguration of the building. Smaller conference rooms made into the hotel, the light yard was built.

7.3.   The Development Phase, 2007–2010

7.3.1.   The Customer Relationship as a Vehicle of Consistency and Development

The relationship with Creative Meetings existed in part informally and in part supported by a strategic intention to develop the relationship rather than an outspoken strategy or organizational support. This event company, like several others have developed into a full service event company over the past decade. As such they plan, coordinate, consult and advice in addition to organizing and the content and running the actual event. The organize speeches to music and provide detailed planning and coordination of the agenda. Their assignments consist of devising a concept, a theme at times to a dinner or a conference lasting for several days to frame and emphasize the reason for the event. Their corporate customer is the CEO or

the marketing director who assign the event company with developing both concept and running its implementation. Events range from an awards dinner with speeches and fine dining or kick-off to an event with hundreds of consultants on an off-site conference over two days including heli-skiing during a two-hour break. Mr. A. at Creative Meetings explains:

> "We coach and support the companies to define a purpose and goal with the meeting or event by asking smart questions. It is only when we are clear on the purpose and what the customer thinks that the participants should feel, know and do after the event that we can start planning matters such as location and content. We then answer the question if Berns is the right place for this event or should it be at the airport of Arlanda in a hangar? Often people tend to do the opposite. Book the place and then they are locked into a configuration that might not serve the purpose of the event as well."

Creative Meetings started negotiations during the early 2000s with preferred suppliers in order to define a standard package with a fixed price that included location, dinner, and some add-ons: such as wardrobe and other services. The fact the company could offer the package to its customers without consulting Berns was more important than the actual package itself. This has changed somewhat during the years. The Deputy CEO of Creative Meetings says:

> "This way, we can offer a product numerous times and the more we offer it, the more business we get. It is about being speedy in our sales process." The prices have stayed favorable and, in return, Creative continues to guarantee a certain number of guests per event. He adds: "The contract has been modified during the years. It is about giving and taking".

In this way, Berns is facilitating things for Creative Meetings by reducing time and effort in its sales process toward its customer. Berns is supporting Creative Meetings by allowing the event company to showcase its variety and creativity. The detailed planning is done when the customer has agreed to place the event at Berns, and the ad hoc recalculations and renegotiations occur as a normal part of the preparation process. This level of trust is gained from the detailed knowledge Creative Meetings has about Berns regarding its venues as well as its processes.

Creative Meetings and Berns have had an on-going relationship for over a decade now regardless of ownership, management or culture. Creative Meetings has had a long-standing tradition of holding Friday morning breakfast meetings at Berns with its employees. The events have been carried out by a multitude of employees over the years; however, only a handful of individuals have built the relationship with Berns: some of whom have left and whilst some remain. Berns has consistently tried to provide the same project manager to their recurring key customers but this has not always been possible. The event project managers have shifted during the years that Creative Meetings has been working with Berns. The many roles of Ms. N has been concentrated on two main ones the past years. She is the operations manager for the whole of Berns and the key project manager for Creative Meetings. Mr. A at Creative Meetings who has personally worked with Berns and Ms. N. for several years recalls:

> "Ms. N. was away for a period or two and we had different project managers but when she came back we all decided that she would return to us. She knows us and how we want things done, what a Creative project is like we come with a structure and suppliers don't have to put so many hours in as if they were working with an inexperienced customer or a party committee with internally different opinions."

He continues with saying: "…we are a difficult customer because we are very very detailed oriented."

In the opinion of Ms. N the meticulous care for details is a strength in the relationship:

> " …whereas a difficult customer may not provide information in time, about the number of guests or the menu of choice resulting in delays in placing orders at our suppliers or difficulties in making plans for the kitchen and service. This would never happen with Creative."

Ms. N comments from her experience of customers:

> "Creative is so easy to work with. They know us so well. About our needs and deadlines for deciding on menus, number of guests, what type of technology they want. I rarely have to ask for information, it just comes automatically."

7.3.2. New Management Breaking with Existing Silo Orientation of Previous Management

During the development phase in parts of Berns customers and guests are clearly defined. However, Berns operates internally in silos. A customer and founder of a global network of entrepreneurs recalls his experience of poor service and reflects on its causes:

> "Service staff could be cranky, and Berns was not working as an entity to solve problems and provide service. It was apparent that they were separate operations. This is the hotel…this is the restaurant…this is the theatre… with all working in silos whilst it is so important that everyone works as a part of the team, and that the entire house work as one. It is important to solve everything behind the scene. Customers are not always nice, but the challenge for a high-end establishment is to handle that: just solve the problem and be elegant up front in the relationship to the customer and the guests."

2006-2007 new management came to Berns. They were professionals with extensive background in hotel management, events, restaurants hotels and high end design products. They shared the same opinion: that customer satisfaction or financial turnaround is not possible without internal cohesiveness and cooperation. Ms. H., started as the Head of Meetings & Events. Her own a personal connection to Berns was strong and she had been wishing to work at Berns for a long time. Ms. H's family goes back a couple of generations in Berns' history: her grandmother's brother was the entertainment director at the China Teatern in the 1940s. He contributed to shaping the entertainment at Berns in numerous ways and was the one who invited the first black singer, Josephine Baker, to appear on the Swedish music scene.

Ms. H. started in 2006 when the project managers in charge of the events had come to operate with some distance from the event sales of and event planning and execution. She recalls: "Offers were sold that could not be delivered and the customers were less satisfied". She was surprised by the lack of customer orientation at Berns which she saw in the light of the silo operations at Berns. She reflects upon this period:

> "It was the pronounced instructions by the two managers at the time that we should only care for our own area or function and not interact or help others in the company. I had been in service my whole career, but I had never heard that before. We could handle neither staff nor customers. We sabotaged customers' experience; they did not come back."

Ms. H., he began driving unity and cooperation as major issues that spanned across Berns with the outspoken attitude that:

> "All guests are the most important guests. It may only be two people meeting, but they are discussing a merger between their companies. It could be the most important business meeting in their lives."

Both problem areas of lacking unity and lacking direction were addressed when she actively encouraged service staff to cooperate and to consider its contribution as a part of the customer experience.

Berns' CEO, Ms. SB., came in 2007 and was central to the developments across the establishment's operations. She had been the head of Stockholm's Grand Hotel when the holding company owned Berns; from the competing hotel and restaurant, she had followed the developments with interest. Ms. SB., was well aware of Berns' financial problems. Similarly, to Berns' Head of Events, the CEO thought the relationship to the customer was pivotal; however, she had an additional perspective in that it should be reciprocal. Her priority was to turn the company around. Whilst knowing that Berns was in poor financial health, the nature of the problems became apparent when she started the job. The lack of coordination between the different business areas was striking. She recalls that, when she asked for an organizational chart and an operational overview of Berns, no one could give her an overall picture of the company: not in terms of organization or operations:

> "I was handed four printed A4s with seemingly disconnected information. I cut and cello taped it into an organizational chart. There were 8 business areas operating in silos and with little or no communication, coordination or cooperation."

The disconnected silo orientation was consistent over all business areas including the area of conferences and events.

Exhibit 7.11   Excerpts from the Print-Outs of 2007

```
                Restaurant                          Chef            Bistro Berns
                 Manager                           L Rössler          Manager
                 F Norberg                                          H Lundqvist
       Ass. Restaurant                             Kitchen Staff    Head Waiters
          Manager
           Vacant
                                                                      Waiters
    Head Waiters          Bar Manager
                            M Koller

  Waiters    Runners       Bartenders

                          Runners &
                          Barbacks
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                           Hotel
                          Manager
                         J Olausson

        Head                           House-keeping
     Receptionist                      D Kammerlander
     A L'Estrade
                                        Entrepreneur
                                          Jennixa

  Day         Night        Concierge      Bellboys
Receptionist Receptionist
```

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                        ┌─────────────────┐
                        │  Conference &   │
                        │  Event Manager  │
                        │   S Högdal      │
                        └─────────────────┘
        ┌──────────────────┐
        │ Ass. Conference & │
        │  Event Manager    │
        │   S Raikar        │
        └──────────────────┘
```

| Conference Proj. Manager China E Kilman | Conference Proj. Manager U-C Norberg C Ehn | Conference Head Waiter M Berg | Sr Head Waiter A Österberg | Event Proj. Manager J-E Sandström A Björndahl D Smith | Proj. Manager Inhouse Events J Brännström |

| Conference Concierge Ä Kling | | | Head Waiter J Melin J Bergman | | |

| | | Waiters | Extra Staff | | |

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                        ┌─────────────────┐
                        │  Night Club     │
                        │   Manager       │
                        │   S Sinha       │
                        └─────────────────┘
        ┌──────────────────┐
        │ Assistant Night   │
        │ Club Manager      │
        │  P Claeson        │
        └──────────────────┘
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| Sr. Bartender | Waiters | Runners | Cashiers |

| Bartenders | | | |

Source: Berns (adapted to fit the dissertation format)

Exhibit 7.12   Sales and Marketing organization, fall of 2007

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                        ┌──────────┐
                        │   CEO    │
                        └──────────┘
           ┌──────────────────┴───────────────────────────────────────┐
    ┌──────────────┐                                          ┌──────────────┐
    │Entertainment │                                          │   Market     │
    │  Manager     │                                          │     1        │
    │     1        │                                          └──────────────┘
    └──────────────┘
     ┌──────┴────────┐          ┌───────────────┬────────────────┬──────────────┬──────────────┐
┌─────────┐ ┌────────────┐ ┌─────────────┐ ┌─────────────┐ ┌──────────┐ ┌─────────────┐
│Techology│ │ Concert &  │ │Special Events│ │  - PR       │ │ Sales &  │ │ Reservation │
│         │ │   Music    │ │Fashion Days  │ │  - Website   │ │ Revenue  │ │   Table     │
│         │ │Coordinator │ │ Seminars     │ │  - Packaging │ │    2     │ │    4½       │
│         │ │     1      │ │    1         │ │     1        │ │          │ │             │
└─────────┘ └────────────┘ └─────────────┘ └─────────────┘ └──────────┘ └─────────────┘
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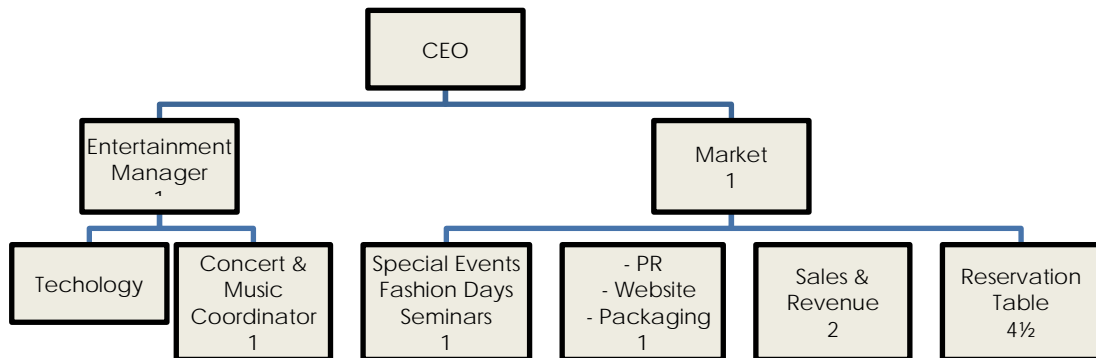
Source Berns (adapted to fit the dissertation format)

The CEO, Ms. SB's impression was that engaging in service and the customer relationship, as well as caring for details and the customer experience, occurred in some parts of Berns. However, it did not in other areas. In addition, the attitudes differed within the areas since staff had been recruited from high profile restaurants in Stockholm and they had very different views on service, the guest, and its role. The staff came with different corporate culture backgrounds regarding how they treated the guests, the products, and cost awareness. She noted that this continued when working in one of the operations at Berns. The brand was unclear in the eyes of the customer and to Berns own staff; acting in silos was more than a source of inefficiency and customer dissatisfaction. This was also a source of risk. In a security report commissioned in 2007 that was performed by an independent consultancy, threats and risk analysis to the company brand were laid out, as well as operations and people's and the building's safety. The report listed Berns staff as the major threat to Berns - in thefts and misconduct - and pointed to the staff as existing hinders in service provision. The lack of overall responsibility for safety and operations during weekends was identified as a risk. Ms. H, the Head of Meetings & Events discussed the matter with the management team that implemented a role which she had experienced in a previous workplace: that of the Night Manager. The Night Manager is a role of overall responsibility for all activities in the

building: from Friday to Sunday. This person had an overall responsible for whatever problem or disturbance arises: ranging from safety issues, failing technology, customer complaints, clashes in timetables. This was a new concept and a new practice. The role of operations manager emerged with the responsibility for a new coordinating forum. The Thursday operations meeting was set up to bring together all of Berns' operations, and to provide a forum for coordinating and identifying which areas needed to be coordinated in detail. Every operation was represented and the two consecutive weeks were briefly discussed day by day. This role was created as a type of safety net to pick up on clashes and gaps, as well as a meeting where major areas for improvement were identified.

Exhibit 7.13   The Security Report

CLASSIFICATION

STRICTLY CONFIDENTIAL

Date
Mars 28, 2007

Source: Berns

According to the report, the lack of organizing activities and processes between the different parts of Berns generated an "organized chaos"[49] that could easily lead to sever problems. Unifying the staff was a priority, as they were a significant risk, yet held the potential of being the source of a multitude of rewards. With the Asian restaurant in operation and the events side being handled by both managers, the CEO was able to address problems of lacking unity and unclear branding, thus, creating a sales function. The financial crisis of the 2000s had started as well. Owners, London & Regional,

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[49] The 2007 Security Consultancy Report

who had previously supported Berns with covering operational expenses to keep the company afloat, were now stopping all payments. A business area was sold off in the separate building: The China Teatern. "We were obliged by contract to fill the seats or pay a fee, and we could not afford to be spread thinly". The CEO recollects drawing upon all sources to strengthen the financial situation: "I called customers who were long overdue with their payments. Some were very impolite." Calling in accounts receivable provided a cash inflow and the suppliers of Berns also contributed to solving the financial problems. When hearing about Berns' strained financial situation, several key food and beverage suppliers, who were long-standing suppliers of Berns, were helpful and willing to both allow a delay payments from Berns and renegotiate the terms and conditions.

7.3.3.   Conflict when Restructuring

Personal service was and continues to be instrumental to the experience of the guest in all of Berns' operations. In 2007, Berns had around 170 full-time employees with a large pool of extras being hired ad hoc via temp agencies. In total, over 300 part-time employees worked at Berns. Around 30 executives were made redundant with reduction as a target; however, the shifting of cost of external temp companies to own employees was important. Changing and reducing the cost structure were necessary measures. The CEO implemented the staff reduction program at the same time as taking back functions in-house that had previously been outsourced. Cleaning was one such function. This was an important factor in avoiding customer dissatisfaction. This strategy proved highly provocative to some. This gave rise to a major conflict with "a unionized fighting organization". [50] Thus, demonstrations outside the building ensued; there were personal threats to the CEO, as well as street violence. For years, this conflict were disrupting plans and services and customer relationships due to blockades being organized. Many employees at Berns found the conflict unreasonable and unfair, difficult to understand since Berns made it a point to be

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[50] This became grounds for a conflict between SAC-Syndicalisterna "a unionized fighting organization" and Berns with ensuing blockades of Berns and an estimated income loss of 3.5 MSEK, as well as the need to hire personal protection for the CEO during a period in 2010. http://www.lag-avtal.se/tidningen/article3036083.ece

transparent regarding employee conditions and terms, and abide by Swedish labour laws.

In parallel, Ms. SB had the task of turning Berns around. Ms. SB started to address some of the larger issues in the spring of 2007; however, the complexity and depth of the problems were compounding. She recalls a dream that she had during this period:

> "I dreamt that I was a surgeon, working with a patient on the operating table. As I was stitching up one wound, another would open up, blood pouring out. When attending to that wound, another would appear, and another, and another…."

With a lot of extras, temps, lack of routines and clear management, employees did not feel loyal to the company. During this period, work began to unify the Berns' staff and create a new brand. Ms. SB. the CEO launched a values, marketing, and branding programme. Ms. SB. wanted the Berns brand to reflect the original intent of being culturally on the forefront to an international and Swedish customer base. The internal objective was that everyone working for Berns - as full-time employees or as extra staff - should have knowledge about the portfolio, the operations and the building and feel as though they had a personal relationship with Berns. On a company level, the implementation of a balanced scorecard system reflected the key areas of customers, staff, financial control, processes, and development. Customers were consulted and employees suggested terms: words to signify Berns externally and internally. During the course of several workshops, over one hundred words became three selected terms: *Courage, Passion, and Consideration.* These values should perfuse all that Berns employees do with regard to the customer, partner companies, and fellow employees. After defining the work, values continued to be a standing issue of the quarterly all-staff meetings. The CEO wanted the values to reflect how Berns treats risk in line with its original ambition of being at the forefront of cultural developments. She said: "We are allowed to fail - not just once, but several times - when developing our business…" Product development is ongoing and testing new concepts are expected to always yield learning, but not always success.

Exhibit 7.14   Contemporary Art at Berns
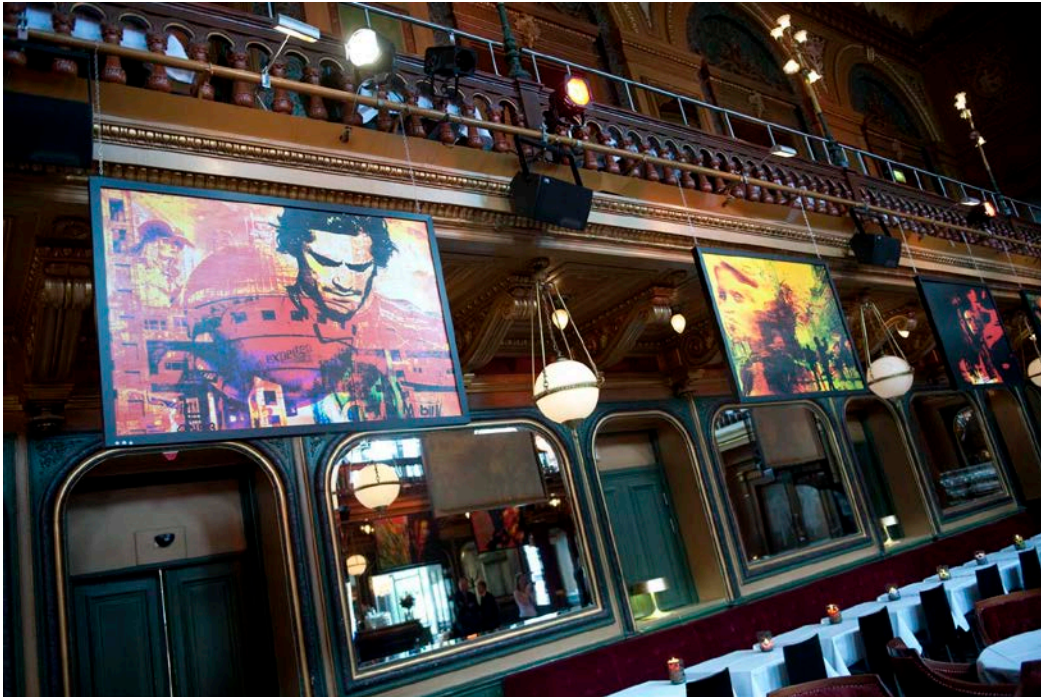
Photographer: Bertil Ericson, TT

7.3.4.   Berns Sales Function and the Selection of Key Customers

The CEO hired a new sales manager. The position had been vacant for 9 months. The new recruit, the sales manager, Ms. F.,[51] came from complex background of sales, service, and events with an assignment to introduce selling and establish the sales function covering the entire Berns portfolio. When she started in 2006, the manager for Meetings & Events, Ms. H. has started to select customers with which Berns could develop long-term relationships. Creative Meetings met all the criteria, as they provided a significant volume of event business and were already engaged in a reciprocal relationship with Berns. With Ms. F and the management team they discussed what constituted a desirable customer and how some customers were not attractive and contacts with them were actively discontinued. The choice was partially based upon an intuitive appreciation of the customer

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[51] Ms. F came to have several different roles at Berns during the case development. She was in charge the celebrations of Berns turning 150 years.

being profitable or not. However, it was not exclusively based upon profit or even strategic value. Selecting customers was guided by which customer were enjoyable and engaging to work with. Customer that Berns could learn from and who had a feel and an understand Berns operations, the potential of the venues and some of its venues' limitations. The CEO relays her view about sales and of choosing not to go for a specific sales opportunity:

> "Being a sales person is like being a doctor, you have to ask questions, put a diagnosis, when you have this you prescribe a medicine. Sometimes you can't deliver a remedy; sometimes you have to point to another doctor."

The active abandonment of some customers continued with the CEO and the sales manager in 2007 and 2008. They initially prioritized customers who were perhaps not profitable, but with whom they could develop profitable events and a long-term relationship in the future.

When starting to shape the function of sales at Berns, the manager took the team for a two-day conference: "…It was the first time in five to six years these individuals sat together and worked out what we should do, how to do it, and how to organize for that." The staff in the sales function agreed to only take in profitable business and set the criteria for that. Project managers and employees discussed how to align processes of order taking and sales with the overall priorities of efficient operations, a clear brand, sales, and customer satisfaction. However, according to Ms. F., the manager, introducing the sales concept and selling took time. She recalls those who engaged with the customers first were called "bookers". Their task was to book the events on the phone. They preferred to be called bookers for a long time, thus, avoiding any title with the word sales in it. Selling at Berns included a multiple selling activities, ranging from answering queries on email, meeting customers and discussing terms, planning an event, and selling additional products prior to the event. She says:

> "I introduced key performance indicators and followed up on each individual performance levels in terms of number of customer contacts and calls. This was new to many and they felt uncomfortable with having sales targets. However, as I could show the relationship between their changed behavior and the improvements in selling, they became more positive to this way of working."

The sales manager continues to say that sales efficiency and effectiveness were also to work-life balance matters and customer relationship building. In 2008, Ms. F. was responsible for the marketing and sales department that consisted of approximately 10 full-time employments working with PR, social media, print, sales, order reception or bookers, project managers of events, and a revenue manager for the hotel. She says: "The sales person must feel well (in order) for the selling to be effective because is about building trust and interacting. If you have worked 70 hours (and) go home crying from exhaustion, you can't instill this trust." The sales manager brought a former colleague into work with sales at Berns in 2008. Ms. W was an experienced sales person who had sold various different products and services to a number of B2B customers and clients. Starting as a junior sales person, she learned about knocking on doors and the craft of closing deals. She regards sales as "Relationships that build business." She is very clear on how to engage in that relationship.

> "If I were to talk about how great we are, I will soon lose the interest of the person opposite me. Sales are about listening: to 90%. I have to get them to talk about anything related to their company, their person or their needs."

The sales organization has changed from including and excluding the project managers. In 2008, the central booking function was removed in order to reduce the number of contacts that a customer should have when contacting Berns. In addition to different sales roles, the project managers play an important selling role in understanding the customer's needs and finding solutions to any potential conflicts of interest and problems. The event business has limited flexibility in terms of menus. The menus have to be aligned with the plans of the kitchen. The kitchen is operating from morning to night with hotel breakfast, lunch, an afternoon dessert buffet, and dinner in Berns Asian restaurant and this is why the menus cannot differ greatly. The more the event dinners deviate from the standard menus of Berns the more strain on the kitchen venue and competence. The risk is in relation to the quality and customer satisfaction. Nevertheless, Berns has to be sensitive to the customer needs. The customer with a strained budget for a dinner event could have the lunch menu instead, which is in agree-

ment with Berns' service level. If the purpose is for people to meet and mingle, a three-course dinner may not be required if one is happy with drinks and canapés. Project managers typically conduct this type of discussions with the customers.

The responsibility of project managers includes add-on sales, which is everything on top of the contractual value. One project manager explains:

> "If you hear from the start that the event is large and complex, I need to build trust from the start. I need to get them into the building, and when they are here and experience the rooms and we sit and discuss the menu, building trust and understanding is easier."

Ms. H, the Event manager at Berns notes: "Additional service, food, and drinks are normally in the range of 20% yet can be as much as 30-40% compared to order value." She emphasizes how project managers are the primary point of contact for the customer during the entire process of planning and during the event. Project managers act as both the sales person and the organizer of venues and menus. They are present during the event and follow-up with the customer after the event to hear if they were pleased.

Ms. N., the operations manager, who worked in the restaurants and supported the controversial establishing of Berns' Asian restaurant is also the project manager for Creative Meetings. She emphasizes that sales individuals at Berns must understand internal processes, possibilities, and limitations. Selling is intimately connected to consumption and the immediate gratification and customer experience. She points to how knowledge and coordination around the detailed demands of a customer benefits both the sales team and the customer. A corporate customer, a CEO or the marketing manager, may spontaneously say during a main course that they will pay for an additional glass of wine for their guests. In this situation Berns would happily accommodate but can't for the lack of planning. One additional glass for several hundred guests mean over a hundred bottles. She says:

> "Had we known that this was an option, we would have stocked an additional 100 bottles. As it may be we may only have ordered an extra 20, which in this situation will not suffice or create value for the guests."

The reciprocal relationship with Creative Meetings was visible in terms of sales and the project manager role. "Sometimes we sell them and sometimes they sell us," says Ms. N. "At times a customer has booked Berns and then we involve Creative, if they need support with content. Sometimes Creative directs the customer straight to us to arrange the event. In any shape or form, if Creative enters the picture, I know that everything will work." She adds: "They are welcome to take customers and show Berns' venues without the need for us to be there with them because they know Berns and us so well." Creative Meetings know the insides of the Berns building as well as the employees. They bring customers over to view the venues without even needing the Berns staff there. When Creative wants to show the venues to their customer, they email their project manager at Berns to say they will; yet there is usually no need for her to join that meeting. She trusts that they will showcase Berns as well as she would, and are able to answer questions with both appealing and accurate answers that take into account the venue's possibilities and limitations, service or logistics.

The purpose of the sales organization in the beginning was to focus upon developing the existing customer relationships and define the KAM role. Changes in responsibilities have included focusing sales efforts regarding the organization for new customers. The business area of Events & Meetings was responsible for developing existing customer relationships. Ms. V., took on the role of temporary head of Sales & Marketing for a while. It was during a time when the different roles and relationships between different forms were tested in relation to developing existing customer relationships and establishing new ones. Ms. V identified tensions with a division of responsibilities between the business areas and the Sales & Marketing function. During her tenure, when the sales roles were oriented toward developing new customer relationships, she comments upon this division of responsibilities and the many roles of selling at Berns:

"Sales occur in all situations where you meet the customer, especially in the restaurant. And I should be able to influence the service staff, but sales seems to be defined as a marketing campaign or confined to a customer meeting."

7.3.5. Technology and Marketing

Advanced IT to support efficiency in the bookings of events and hotel enabled a financial follow-up in a more systematic manner than before. Several suppliers supported the branding and marketing efforts, such as the PR firm and a digital agency. The CEO adopted social media, such as Facebook and Twitter. She also had a newsletter to her personal network. With many digitally savvy members of the service staff, they discussed the limits and the type of information that staff can and cannot post on social media. In these discussions, it was agreed that an employee could basically mention whatever they wanted regarding how they experienced work at Berns, yet they could never post anything about the guests or the customers. Technology is also about production and the Berns building provides a core part of the production technology, with both possibilities and limitations. The combination of new and old technology were combined in the major renovations before the celebration of Berns turning 150 years old. The old building was refurbished and equipped with high end technology in terms of light, sound for its 150th anniversary which put both splendor and capacity to a test during days of celebrations, including a formal dinner with Swedish royalty and celebrities.

Exhibit 7.15   Summary of Business Model Events in the Development Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions, and Offering	Guest being conceptualized as a customer: customer relationships emerge and are defined in relation to companies, organizations, and event companies Key customer relationships identified both for development and distancing The company Creative Meetings is defined as a key customer
Internal Structures and Operations	Breaking with silo operations New recruits in key management positions with a personal history or interest in Berns Internal coordination roles and different coordination meetings Establishment of sales as a concept and a function with acknowledgement of sales, also being the responsibility of other functions
External Network Relationships	Opposing party in the labour conflict PR firm, security consultants Owners cease financial support Suppliers support Berns by delaying payments
Technology	Major renovations, expansion of the hotel Social media, web, and online booking
Business Logic	Growing customer and service orientation

7.4.   The Implementation Phase, 2010–2014

7.4.1.   A Unified and Profitable Berns

2010 was the beginning of the implementation phase at Berns, and the company started to make a profit. The business area of Meetings & Events significantly contributed to this result, which was sustained in the coming years. This turnaround came with a turnover of 210 million Swedish Crowns (MSEK) and a profit of 8 MSEK. Divesting the China Teatern had changed the cost structure; the investments in the Terrace and renovations

during 2008 had delayed profits. L&R sold the Berns building to Balder in 2011: a real estate company; it sold the operations to Sturplansgruppen: a Stockholm-based conglomerate of restaurants and entertainment brands. Berns' CEO stayed on for the next phase, which was the establishment a high-end restaurant and hotel in a different location in the city. Creating the restaurant and hotel from scratch marked a first in Berns history. With the project of Nosh 'n Chow running over budget, the CEO did another round of negotiations with suppliers and banks. Again, suppliers that were willing to support Berns with favourable payment conditions marked this process.

Exhibit 7.16   Berns' Result: 2006-2010

YEAR	2006	2007	2008	2009	2010
TURNOVER MSEK	150	180	210	200	210
RESULT MSEK	- 40	- 38	- 70	- 5	8

Source: Berns

Changes to the organization in 2011 meant that event project managers were placed in the business area of Meetings & Events. Their responsibilities included developing existing key customer relationships. The sales organization was to focus on new customers solely. With a number of coordinating meeting to secure a flow in each of the areas as well as between them there are roles which have an overall perspective. The event maître d' discusses the helicopter view that come with the event area as it often draw on operations involving the whole of Berns:

> "Because we use the resources of the other business areas, we often spot the gaps. Glasses, for example. As much as 1000 glasses may be broken during a week and we are those who see (this) because our events will require as many (glasses) during an evening."

A lean operations project was conducted to drive both operational efficiency and creativity. Ms. V, the temporary Sales and Marketing Manager of 2012 would later become the new CEO. She remembers:

> "What is most important is that we are seeing the whole of Berns from the customer's perspective and we are not there yet. We have measured customer satisfaction in the different parts of Berns and results indicate that customers are not disturbed by other operations, but I don't trust the result. I sense that they are."

Although glitches and friction did exist, the demands of coordinated activities had developed from not being included on the agenda to having the customer experience at the centre of attention. Internally, the perspectives were converging. Regardless of their different roles, many shared the same opinion. Ms. H., the Event manager points to a balancing act:

> "We can't be ridged or we will lose the customer, but it is also about losing other customers of Berns. We can't agree to sell a dinner that will end too late if there are other guests for night events that would be affected."

When regarding the sales and the business area, she says: "…we have limitations and frames, and it is within these that we can maximize sales". There are apparent clashes with two events, which may both require the great hall at the same time. The question may stand between bringing profit into Meetings & Events or that of Berns Live: with a performance. She continues: "If Bob Dylan has one performance in Sweden and the choice is between him on stage or a multi-million (kronor) event, I go for Dylan of course." Mr. L, the Deputy CEO puts it this way: "There are limitations and considerations to take into account. No one single area of Berns can run at 100%".

7.4.2.   Deepening Relationships

A significant source of that profit comes from Meetings & Events. Profitable events are only possible when there is efficient coordination of internal operations and when the different conceptualizations of the guests and the customers are clearly visible and are at the centre of attention. Whilst management pushed for these developments, the relationship between Creative

Meetings and Berns continued to evolve and deepen. The frequency of events contributed, as did joint problem-solving and service delivery to a very demanding customer. A German-based major international company brought their global sales force to Stockholm. Creative Meetings and Berns had to come together over the smallest details in order to secure this very demanding customer.

The customer was very clear with precise demands; each minute was defined in the program. The company was tough negotiators and, according to the contract, there would be penalties for Creative Meetings to pay should they fail to deliver to expected levels in any of the parts of the program: one of which was the exclusive nine-course dinner. Ms. N recalls: "We were on the same side facing a difficult customer who came to taste the dinner three times, and had an opinion on everything from the courses and the china." Mr. A the project manager at Creative Meetings for event talks of it and the relationship with Berns: "We have a lot of trust, but we are all people so we double and triple checked in this case and, if we relax and Berns relaxes, our customer may suffer in terms of lower service." The main persons involved at Berns and at Creative Meetings speak of this event as a common challenge in which they jointly shared the stress, problem-solving, and the delight of succeeding. The project manager for Creative Meetings says: "We were tested together and the normal events after that have felt easy to do with Creative Meetings because we often talk of and compare (them) to this experience." This customer was particularly hard to please; however, over the years, Berns and the customer have solved an array of problems during different events – that brings their known and unknown problems and challenges. This makes the relationship stronger.

The guest and the customer are at the centre of the service-based business model. An event in 2014 ends this case study and the empirical part of the dissertation. This is an event with Berns' key customer Creative Meetings and the annual awards dinner for its customer Great Place to Work. This example serves to illustrate the outcome of many interrelated changes in the business model innovation. In particular, it illustrates how the guest and the customer became central to Berns' operations and organisation. The benefits of this development are that Berns and the customer can share the view on customers and events.

7.4.3.   Great Place to Work Awards Dinner 2014

Berns ornate facade in the centre of Stockholm is lit up. Over 400 dinner guests are about to enter through the glass doors facing Berzeli Park. Dinner guests are senior and junior professionals, executives representing a range of small and large, local and international companies, and some have travelled from afar and paid a cover charge to attend this event. Expectations are high on the food, the wine, the service, and the ambiance.

Exhibit 7.17   Berns Evening Time

Source: Berns

Berns ornate facade in the centre of Stockholm is lit up. Over 400 dinner guests are about to enter through the glass doors facing Berzeli Park. Dinner guests are senior and junior professionals, executives representing a range of small and large, local and international companies, and some have travelled from afar and paid a cover charge to attend this event. Expectations are high on the food, the wine, the service, and the ambiance.

The service sold by Berns is an evening that will include a full service gala dinner, and a technical solution that provides light, sound and screen to support the different performances. Guests will eat a 3-course dinner in the Great Hall and Great place to Work will hand out awards to 50 companies during the evening, for their corporate culture programmes and their workplace. The evening will be run and managed by mainly two parties: Berns and Creative Meetings. Logistics and the ability to move from one

area to another can facilitate service or disrupt it. Berns has long narrow winding paths that are hidden from the customers when going from the Great Hall to all other functional areas: such as the kitchen, the basement where drinks are served, to storage rooms and wardrobe areas. Similar to an anthill, people are running up and down hidden staircases and hallways that invisibly connects the venues. Bartenders and servers are rustling quietly up and down the hallways preparing and serving drinks. Creative Meetings knows and the Berns staff knows the corridors well, and the staff move in this myriad of hidden hallways to cater to the guests.

Tonight the Great Hall is furnished with long tables that are set with white linen, burning candles, and impeccable flower arrangements. On each of the 38 tables there are whistles, party hats and paper garlands. There is a sea of guests seated around the tables, and plate after plate of appetizing dishes is being carried from the kitchen and served. Within minutes, over 400 glasses are filled, a plate is set in front of each guest, and the spotlights are on the moderator who welcomes everybody by announcing that the festivities may begin. Behind the kitchen doors, the service staff is lined up to start serving the first course.

7.4.3.1. The Preparations and Coordination of the Event

Few of tonight's guests may be aware of the range of preparations involved. With regard to selling, planning, and preparing the flow of the activities up-on which the success of the event depends, all of Berns' cross-functional processes of coordination and cooperation have been involved to different degrees prior to the event. On-site preparations were initiated at 10:00 am with deliveries to Berns. The afternoon was filled with hours of activity and preparation, dry runs of appearances and final adjustments of the modera-tor's contribution and the CEO's speech. The run order in excel that speci-fies each activity covers page after page, and includes those that occur prior and during the event both: behind the scenes and on the stage. The logisti-cal challenge of ushering 400 guests from different mingling areas on two floors into the Great Hall is discussed in detail. Different types of technol-ogy have been tested: sound, light, computer networks and the perfor-mances to include the band, the hosts' speeches, the moderator, and the CEO of Great Place to Work. There are a number of hand-overs in the

service preparation and delivery that can go wrong: such as when waiters and waitresses are lined up in the small corridor of the adjacent kitchen area waiting to serve the first dish. Every minute counts. Punctuality is important. No service is allowed during appearances, which puts additional pressure on the service timing - and the customer requires that the programme ends at 22.30.

During the evening, there is constant coordinating between the responsible person from Creative Meetings, the customer representatives, and with key individuals from Berns: the maître d' and the project manager, in order to stay on track with content and timing. Within a few minutes of the guests being seated, the service staff has identified who has food allergies or dietary restrictions, where they are seated, and ensures that even if there are a few surprises in terms of dinner preferences, the kitchen will be able to cater to all guests. Waiters and waitresses report this to the maître d' who will check that the kitchen has prepared the correct number of lactose and gluten-free dishes. If there is any event that might impact on the minute-by-minute run order, the maître d' judges the need to take corrective action. If so, he needs to talk to each person in the service without disturbing the service flow or being noticed by any guests.

The band Patrik Kolare & His Funky friends is the last appearance at the event Great Place to Work 2014, performing their third and final set on stage. Just before the first set, the band consisting of around 8 persons was rehearsing in the Light Yard. It sounds very professional. They are on key and to the beat. During a break, the lead singer and I chat and he tells me that this 5-minute rehearsal was the first time he has even sung with this band and it was the first time the band played a song that he had written. Of course it is about reading notes and having a feel for the music; it is also about practices and processes having a relationship between each other that is larger than the individuals involved. What is important is knowing one's role and purpose in concert with others. When service is high it is like music. It flows in harmony with different elements appearing and enriching the experience. Like music good service is hard to single out separate items from the total experience. The details of it are difficult to discern while the effect is uniformly pleasing.

7.4.3.2. Satisfied Guests and a Satisfied Customer

The program part of Great Place to Work 2014 is over at 22.32, after which the bars are kept open and a DJ starts playing. Whilst guests are dancing and mingling around midnight, the customer Creative Meetings and its customer Great Place to Work discuss and evaluate the event, the food, the service, and the problem solving that occurred during the evening. The customer is satisfied and, Creative Meetings sends a request at 00:20 to book the Great hall for next year's awards dinner as well. The booking is confirmed less than 8 hours after that by the Berns-appointed project manager for the event and its key contact for Creative Meetings. By 9:00 am, Berns can add a profitable event to their 2014 numbers and pencil in projections for 2015: based upon a de facto booking by a recurring customer. The successful event ends like this. None of this could have been possible in 2006.

At a glance, Great Place to Work 2014 has the appearance of a gala dinner, which could have been held at Berns for decades. There are guests, food, drinks, and entertainment. Logistical challenges are always the same. Products and service are demanded and being evaluated whilst being prepared and consumed. However, multiple differences are relevant and significant. The event is a part of a long-term relationship with Creative Meetings that goes back more than a decade. Creative Meetings and Berns have gone through phases of learning and disruptive events, which has brought periods of distance and increased closeness. The event is a success, in terms of guest and customer satisfaction, and is profitable for both parties: both of which rely upon the detailed coordination between functions and roles that spans both internally and externally. The event relied upon an in-depth understanding of both guest experience and the customer that Berns and Creative Meetings has co-created during the years prior to implementing sales or the KAM concept at Berns.

Exhibit 7.18   Summary of Business Model Events in the Implementation Phase

BUSINESS MODEL DIMENSION	EVENTS AND DEVELOPMENT
Customer Relationship, Value Propositions, and Offering	The customer and guest experience is at the centre of organizing and coordinating Creative Meetings is a key customer in all areas: finance, strategic development, and relationship development Value emerging as defined by the customer Continuous product developments at Berns with a large investment in establishing an entire building with a restaurant and hotel: Nosh n' Chow.
Internal Structures and Operations	The development and testing of different scopes and roles of sales and selling continues Different functions and parties, working towards a cohesive Berns, make decisions that benefit the whole of the company: to the short-term cost of the business area Creative Meetings handles the sales activities on behalf of Berns
External Network Relationships	Old and new suppliers of food, beverages, and technology Continuously growing with new suppliers of sound, light technology, and entertainment concepts
Technology	Online meetings established as a norm in parallel to physical meetings
Business Logic	Service orientation

7.5.   Within Case Analyses

7.5.1.   Preparation Phase: 2001–2006

In this phase, anchoring relates to the physical building of Berns; it was, in itself, a product in which management invested heavily to both restore and develop. The product value inherent in the building and physical framework that it yields has long since been vital to Berns' operations. Investments in the building and the absence of the defined relationship with guests or the corpo-

rate customers both mark this period. The guests were recurring for many reasons; however, the relationships were opaque and undefined. The financial crisis and shifts in ownership were shocks from which processes with the guest and the customer in focus could originate. Timing was right for this type of development. Structural changes in the environment, the threat of new technology replacing physical meetings, and the rise of the event company meant that customers and guests were regarded in a new way.

With financial crisis and bankruptcies, risk-taking and disruption have been a part of Berns' business legacy for many years. Berns was saved and restored several times by the engagement of individuals who have felt a special something for the place. However, risk-taking occurred at Berns when Mr. L., placed the ambiance and the full experience of the guest at the forefront when establishing the Asian restaurant. When Berns launched this Asian-style family restaurant in the smaller of the golden halls in March 2006, it both broke with the past and was in line with the heritage of the company in several ways. Berns had roots in the Asian culture as their Chinese Theatre 52 employed Chinese jugglers for their shows. They were discontented with the Swedish cuisine and started the first Chinese restaurant in Sweden in 1944.

In a process of creating and organizing, Mr. L. implemented a new concept for the Asian restaurant over 50 years later. Designing the restaurant and the menu was done with the customer's total experience in the centre. Kitchen staff was still kitchen staff, waiters and waitresses alike; sommeliers recommended the wines, and customers were customers. Internally, the operations were run in a manner that actively created obstacles for event performance and service levels. Risk-taking and disruption emerges as a process when the customer's experience is elevated to a position where it is allowed to shape the restaurant.

Whilst Mr. L. was new to Berns, Ms. N., who had performed most, if not all, of Berns' activities for over a decade-and-a-half gave important support of the new concept for the restaurant. She had the experience of working in many functions, and was a part of the company's long-standing developments. The way she provided support was practical, based upon knowledge that contributed to anchoring. She acted from experience,

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52 Chinese Theatern is in a separate connected building that was a part of Berns until 2009 when it was sold.

knowing how and where cross-functional processes created problems with clashes and as a result of a lack of coordination. She was also involved in the relationship with Creative Meetings, which was established and developed during this period.

Exhibit 7.19   Processes in the Preparation Phase

PROCESSES IN THE PREPARATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions, and Offering	Conceptualization of the guest: the customer in the establishment of Berns' Asian restaurant On-going events were successful, yet sold, planned, and performed by virtue of good informal *personal* relationships internally and with the customer.	Renovations leading to a physically changed Berns and with the creation of the hotel Focusing upon customer experience and ambiance in the establishment of Berns' Asian restaurant New business areas meant new guest and customer requirements.	Historical connection to both avant-garde concepts and Asian connection with China Teatern Guests have always come to Berns; the concept became anchored by the intermediary professional event company that needed to care for both clients and guests of an event
Internal Structures and Operations	Overcoming resistance to the Asian restaurant Multiple service cultures at Berns	Perceptions of value in relation to the existing services and the building were disrupted by an increasing need to coordinate.	Establishment and development of its relationship with Creative Meetings
External Network Relationships	Stability and support found in the long-term suppliers of meat, fish, produce		
Technology	Digitalization with online meetings was a threat to the value of the physical meeting Major restructuring of the building involved reconfiguration of product offering and production technology		
Business Logic	The product orientation of the silo-oriented ways of working and the absence of customer orientation were the processes' overall framework		

7.5.2.   Development Phase: 2007–2010

The guest had been given an active role when shaping the Asian restaurant during the preparation phase. The development phase led to the customer emerging as a defined concept. During this process, both guest and customer on the event side influenced Berns on all levels: strategic, operational, and practical. Initially, mutual frustration and a lack of understanding describe several customer relationships in 2006. The customer initiated customer contact centrally or directly with different parts of Berns in order to check availability and price with regard to the restaurant or the hotel. The run order was similar - even for complex events. Passive order intake did not involve discussions with the customer to identify needs, scope of the event, define content or in terms of price negotiations. Transactions characterized the interactions with the customer. The shift in the dynamics with the growth of the event companies and increased relationship building with Creative Meetings assisted in orientating Berns toward key customers and service orientation in Creating.

Creating also includes avoiding disturbances for the guests. Every meeting and event, small or large, requires coordination between different business areas, operations, and service processes. Every activity includes a multitude of coordinating efforts and processes that may work together or be on colliding paths. The timing of a sound check as preparation for an evening show in the Great Hall can be rather loud and must not interfere with the planning and on-going meetings in the smaller rooms. This was a discussion topic during a Thursday operations' meeting in 2010; as the organizing and coordination increased during the following years, this type of problem appeared less and less. There was a growing realization that the customer experience was only as strong as the weakest link in the chain that spanned across functions: ranging from an effective and tidy wardrobe to gourmet dining.

Creating ran parallel to disrupting silos, functional coordination, and unity. The need to coordinate internal operations and functions - especially for events - became a key factor that would drive or destroy customer satisfaction. A handful of new individuals in management positions at Berns combined with service staff that had worked there for decades created a Berns that worked as a whole, whilst being efficient with regard to operations. Regardless

of the duration of their tenures, they shared a deep knowledge of the details of the practice of running service establishments and they had an active interest in satisfying the customers. Creating involved how the customers and the guests of a corporate event became increasingly characterized by complex and interdependent roles. The individual guest in many cases can be potential buyers and influencers in their respective company, in relation to future events: such as kick-offs or Christmas dinners (e.g. Great Place to Work 2014.) The experiences of Berns are also conveyed in the private sphere with individuals are advising friends and family whether or not to come.

Creative Meetings was a customer relationship that provided business and stability over years of changing management, different owners, and conceptual directions in the restaurant and live performances at Berns. During this period, the relationship was defined as a being key in relation to both the business area and the sales function. Anchoring in the relationship was done on several levels. They drove the contractual part that facilitated efficient tendering processes with the customers of Creative meetings. Both parties were constantly contributing to improving service performance with key individuals being practically involved in all matters ranging from contractual negotiations prior to the events, coordination of activities during the event, and feedback and follow-up afterwards.

Creating was placed in this phase in the context of roles and selling. To some, it became clear that they were, indeed, selling years before sales became an established function and an acknowledged responsibility. During this phase, scoping the sales and KAM organization in different ways contributed to integrating the new function into an old and existing structure. Reorganizing the function was a form of organizing and tinkering with organizational scope and responsibility. The process may have been frustrating at times; however it probably contributed to the process of establishing sales and selling at Berns.

A continuous source of dialogue with sales in creating and organizing was the process of identifying which customer with whom to continue working - and not which business area. Risk-taking and disruption occurred when deciding not to engage with some customers. Risk-taking and disrupting also involved decisions to priorities the Berns brand and accept trade-offs between different business areas. Whilst the tradition had been to act

in silos, the active prioritization of Berns on a company level was as new to Berns as marketing, sales, and branding. These were all established during this phase and contributed to Berns revisiting its original purpose. When Berns went back to its idea of serving guests and providing a meeting place for Stockholm's culturally inclined international clientele, the process of anchoring went back 150 years.

Exhibit 7.20   Processes in the Development Phase

PROCESSES IN THE PREPARATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Proposition, and Offering	Defining key customers and developing the relationships, including Creative Meetings Value creation in the cross-functional interaction process with customers The standardized package and contract with Creative Meetings emerges at the request of Creative Meetings.	Abandoning customer relationships Selecting and developing key customer relationships Trial and error and of disruptions in the service development process. Offering constantly expanding and new concepts were often tried when suggested by the customer.	Historical connection to both avant-garde concepts and Asian connection with China Teatern Guests have always come to Berns; however the concept of the guest became anchored with a separation of roles between the customer and the guests. The customer, intermediary professional event company assisted in anchoring service and the original intent of satisfying the guests.
Internal Structures and Operations	New managers and new ways of working regarding Berns as a whole and from the customers' perspective Sales were developed as a function and a practice	Disrupting silo operations with forum for coordinating and dealing with clashes and friction	New areas of hotel and nightclub were performed in the same space with increasing friction between areas operating in silos.
External Network Relationships	Numerous and complex in the many supplier relationships, agents, and web firms Stability and support found in the traditional food and drink suppliers to Berns		
Technology	Constantly developing with sources of efficiency and opportunities deriving from online booking and social media marketing		
Business Logic	Product orientation with nascent service-dominant logic in the key relationship with Creative meetings		

7.5.3.   Implementation Phase: 2010–2014

All contributions to an event must be coordinated in the preparations and during the event with those running the coat check, the bars, the service staff, the kitchen; all performances must be coordinated with drinks that are being poured and dinner being served. These will all be of consequence to Berns and its customers they are not performed above the expectations of potentially hundreds of guests at an event. If the guest is not content with the drinks and the food, then the negative feedback will fall upon Berns rather than the event company or their customer.

In terms of customers and service content, Creating was still highly complex since Berns has significantly different operations and business areas with very different day and evening services. Berns' overall customer experience took precedence over internal differences of opinion. In the situation where Berns had a choice in deciding what opportunity to choose, the Creating involved considering both the guests that would be affected and the customers involved. Creating included activities to both solve internal issues and contribute to developing the long-term customer relationships. Gala dinners and events were consistently co-created with the customer in internally coordinated processes.

Creating also includes Berns internal changes in sales organization, roles, and relationships with other selling roles such as responsible project managers. Trialing and testing the organizational form and scope was aimed at customer closeness. This caused internal friction and discussions. In hindsight, the disruptions that these changes caused assisted in maintaining a dynamic relationship between process development and a fixed organization. Being measured on the performance of a product area creates tensions when sales are based upon solutions, such as events rather than products. The problem was exacerbated when there was little unity internally in the Berns brand. However, this was resolved with growing insight that all parts of Berns complement each other.

Risk-taking and disruption was related to value. Previously, the building had a pivotal role in the definition of value. The building was still important; however, orienting value to the processes of engaging with the customer prior to the event and to the processes of service delivery in the entire company means that Berns is moving away from a known platform

of value. Instead, the processes and details in them become important. The service delivery includes a number of handovers between functions, roles, and responsibilities. If handovers go wrong, then the customers directly experience this. The impact of failing handovers may be as great as a poorly performed service. The customer satisfaction of an event and its profitability directly relates to performance and efficient utilization of internal functions, such as the kitchen and bars, and external resources: including the relationship between the customer and the end-customer. Neither of these is managed or owned by the business area.

In particular, the said German client was demanding but the nine-course dinner provided Berns and Creative Meetings with a shared challenge. The relationship with Creative Meetings was deep and based upon shared knowledge of both companies' limitations and strengths that had been accumulated over a decade through a number of events. This meant that Creative would promote Berns, showcase Berns, and plan an event at Berns with little or no need of Berns' direct involvement. Creative Meetings was used to being on the same side and solving problems; however, this partnership became even more important when faced with a very demanding and detailed-oriented customer. The dinner provided opportunities for anchoring that contributed to additional strength in the relationship.

Exhibit 7.21   Processes in the Implementation Phase

PROCESSES IN THE IMPLEMENTATION PHASE BUSINESS MODEL DIMENSION	CREATING	DISRUPTING	ANCHORING
Customer Relationship, Value Propositions, and Offering	Guest and customer exist on a strategic level, in the sales roles as well as on an operational level

Key customer relationship is based upon knowledge, respect, and experience | Value arises in interplay with internal coordination and customer orientation. | Key individuals anchor the value of the products with customer-oriented service.

Anchoring innovation with heritage and tradition by focusing on guests and customers. |

Internal Structures and Operations	Division of labour and specialization continues to be sources of efficiency; with the customer orientation, this also contributes to value creation
	On-going tinkering with sales activities being distributed in formal and informal roles means that the three processes contribute to focusing upon the customer relationships, as this becomes the consistent factor
External Network Relationships	Testing new suppliers is inherent in all concept developments of Berns Often handled by the event company
	Long-term suppliers continue to be a source of stability to Berns
Technology	Online meetings existing in parallel to physical meetings and is not an immediate threat to Berns' gala dinners & events
	Technology is evolving and adding to the customer experience: not only in efficiency; in the marketing and sales of Berns as well
Business Logic	Service orientation

7.6.   Summing up the Case

The case points to the many similarities between the existing business models and the business model innovation. To emphasize this point, only one word differs between "the *product* of gala dinners & events" and the "*service* of gala dinners and events". This key word that came to life after years of developing when the customer and the guest emerged as being involved in relationships with Berns. The case is complex in its conceptualization of the customer; anchoring occurs between the brand, the physical place, and the guests through different phases and directions of the establishment. In the words of the Event Maître d': "Nowadays "we" are acting as a "we". We share a picture and, together, we are Berns. Not the Asian restaurant, or the bar, or any other part. So, now we can work together really well." This shows that a fixed definition of who sells and how organizationally fixed roles and entities are perhaps not desirable when the company needs significant and transforming changes.

The case shows how the entrance of a new type of actor - the event company - contributed to defining and conceptualizing both guest and customer at Berns. This case points to how the roles of customer and guest were areas in which Berns could create and develop relationships: both

separately and jointly. This points to developments that took Berns back to
the original intention of its founder, which was to include the experience of
the guest and customer relationship, with fine food and drinking, and ser-
vice in Berns' historical and contemporary venues and building. The case
demonstrates the importance of internal cohesion, cooperation, and coor-
dination, and how developments regarding the customer conceptualization
runs parallel to tinkering with organizational forms regarding sales.

Operating in a product-oriented business model means a number of
seemingly less than radical changes have altered what is occurring prior,
during, and after an event at Berns, as well as in the company's relationship
with customers and guests. These changes have all had the impact of ren-
dering Berns' different business areas more efficient and customer oriented
in their respective operations.
The level of coordination demanded for an event was also developed in
each respective area, supported by the drive for a unified Berns and effi-
ciency. Had such mutually shared benefits arisen if the missing link had not
been to focus upon the guest and the customer? This cannot be ruled out;
however, it is unlikely. This case points to the fact that although there are
changes in the business model's dimensions, they do not create long-term
value for either Berns or the customer when their experience is not the fo-
cus. The case also points to the need for efficiency and cross-functional
cooperation in order to avoid dissatisfaction and lower costs. However, in
order for the event business to be profitable in long-term relationships with
key customers, that which is being coordinated should derive from the ex-
perience of the guests and customers.

According to Ms. SB.: "Everyone at Berns is a sales person for Berns
and that is a role which cannot be organized into specific functions." The
case indicates that placing the guest and the customer at the forefront con-
tributes to business model innovation in many ways and in several process-
es that place key customer relationship developments and selling in nexus
of different improvements. The case also shows the importance of individ-
uals in key roles that perform the important task of connecting and aligning
separate developments to the benefit of both the customer and the supplier
company.

Exhibit 7.22   The Processes in Relation to the Tensions

TENSION	CREATING	DISRUPTING	ANCHORING
KAM organization vs. Dynamic Forms of Organizing	The development of different organizational structures has been on-going from 2007. The changes have served to increase the coordination of selling, project management, and the sales activities with Berns' other operations.	To take back functions to Berns was seen as being disruptive and caused the same in the prolonged conflict	The testing and trailing with new concepts are anchored in Berns' history and the possibilities and limitations that the building allows
KAM Stable Relationship Development vs. Disrupting	Mixing modern design with the original décor Moving away from the building and toward service preparation processes	Agreeing to a standardized package and contract with Creative Meetings emerges at the company's request. Initially, with no apparent upsides for Berns	One of Berns' way of working is the risks that come with blending and balancing history with innovation
KAM Dynamism and Dispersion of Roles and Relationships	When establishing the Asian restaurant, the guest assumed the shape of the customer in the sense of placing the whole experience in the centre. New roles: such as the Night Manager began assuming responsibility for all of the operations Silos were broken in coordination and discussing the customer experience became a coordinated effort	Berns has taken risks from the start in the choice of being on a cultural front line Breaking of silos was highly disruptive with the acknowledgements that value arises in interaction processes that span across business areas Disengaging and distancing in relation to some customers was disrupting to the relationships involved. The choices assisted focusing time and effort to developing the long-term relationships of customers that had reciprocal respect and appreciation.	The existing supplier relationship of produce and other food stuff continuously offered support Testing and trailing new ways of performing and event is often done with Creative Meetings

Exhibit 7.23   Selected Examples of KAM Principles

Selecting a strategically important customers	The active de-selection of some customers whilst other key customer relationships were developed.
Directing significant attention and resources to the customer relationships.	Paradoxically. Creative Meetings hold a particular role amongst key customers in the efficient ways of working with the standard package. The significant "resource" in this case is trust.
Organizing internal and external activities and processes to satisfy and develop these customer relationships.	The different coordinating meetings contribute as does the work with the brand and the attitude that Berns sometimes has to sub-optimize in one business area in order to promote the performance of the whole of Berns.
Satisfying existing needs and developing the long-term customer relationships.	The cycle of satisfaction is complex and involves sales, project managers, and an array of service staff. When an event is successful, it contributes to the long-term development of the customer relationship as well as to guest satisfaction.

Chapter 8

Cross-Case Analyses

The following chapter will draw on the within-case analyses in a cross-case analysis. The chapter starts with revisiting the purpose and the research questions and the structure of the chapter is built on the answers to the research question. The order is as follows: 1) the relational approach of the KAM principles, 2) the three KAM processes, KAM Creating, KAM Disrupting, KAM Anchoring, and 3) the Customer Engagement Model that conceptualize the three domains of the customer. The KAM principles and the KAM processes operated in the developments in the business model dimensions, in the three innovation phases and in the three domains of the customer. The latter sections of this chapter addresses how KAM processes occurred in the business model dimensions. This part discuss developments in the dimensions and how they were interconnected in the business model innovation.

8.1. Revisiting the Purpose and Research Questions

The purpose of the study was to explore how KAM contributes to business model innovation. The research questions are iterated below. I will start the cross-case analysis with a discussion of the KAM principles. The KAM principles that derive from literature assist in conceptualizing KAM theo-

retically in the absence of a KAM organization or function and they pro-
vided guidance in the study of the empirical cases.

Exhibit 8.1   The Research Questions

NUMBERING OF THE RESEARCH QUESTIONS (RQ)	QUESTION	PRIMARILY DERIVING FROM TENSION
RQ 1	How is KAM organized and structured?	KAM organization vs. Dynamic Forms of Organizing
RQ 2	How are disruptions and risk-taking enabled?	KAM Stable Relationship Development vs. Disrupting
RQ 3	How is the key customer relationship conceptualized?	KAM Dynamism and Dispersion of Roles and Relationships

8.2.   Part one – The KAM Principles (RQ 1)

Answering the research questions starts with a discussion of the KAM
principles. They are analyzed as they derive from the theoretical under-
standing of KAM and offer an alternative way of identifying the presence
of KAM in the absence of a KAM organization. As discussed by Wengler,
Ehret and Saab, (2006), suppliers may work according to the principle of
selecting strategically important customers without using the term KAM.
Applying the KAM principles to the looser forms of organizing KAM such
as in the "fluid accounts "(Bradford et al., 2012) provides one part of the
answer to how KAM is organized and structured. A review of how the
KAM principles operated in the cases now follows. The KAM principles
were defined as follows:

1. Selecting strategically important customers
2. Directing significant attention and resources to the customer relationships
3. Organizing internal and external activities and processes to satisfy and develop these customer relationships.
4. Satisfying existing needs and developing long-term customer relationships

8.2.1.   KAM Principle 1 of Selecting Strategically Important Customers

The purpose of selecting strategically important customers is to develop the relationship (Homburg el al., 2002; Abratt and Kelly 2002). Three findings emerge from the analysis of the KAM principle of selecting customers. Firstly it was consistently expressed practice, in the interaction processes with the customers regardless of the presence of a KAM organization or strategy for key customer selection and relationship development. Secondly, selecting the key customer meant engaging in several processes such as procurement processes, co-creation and on different levels and they disengaged or deselected other relationships. The third main finding is that the application of the KAM principle of selecting was reciprocal. The two parties chose to work for their mutual benefit. The research supports Spencer's (2005) insights of strategically important supplier relationships in KAM and reciprocity and contributes to these insights with the concept of deselection of customer relationships.

   In the case of army training, the key customer and the supplier had a long-standing relationship. It went back decades and arguably, the customer knowledge and the relationship would be facilitating of strategic changes. Yet the supplier lost a very important strategic deal to their main rival in the preparation phase of the innovation. The first event to trigger the development towards a service based business model occurred when the customer invited a selection of key suppliers to a full day of concept presentations. This corresponded to the preparation phases in the cases involving TT and Berns.

At TT the customer was a nascent concept and emerging. TT started to work according to the principle of selecting strategically important customers in the wake of a major conflict with customers. Structural changes contributed. The KAM principle was timely and suitable as actors in the newspaper-and media industry were consolidating and forming new strategically significant conglomerates. However, it would still take years before a sales role or a KAM role was defined. Orienting the whole company towards the customer occurred in steps of accepting and integrating sales and the concept of the customer as an active role in relation to TT. TT had a progression of first defining the customer which could evolve into a key customer in roles and processes that were both formal and informal. The development of KAM role and organization was relatively unconnected to the development of the new business model. Meanwhile, in the same company but in a different part and with a different legacy, TT Spektra was working with selecting key customers to test and try new products and concepts. TT Spektra was tinkering and testing on a continuous process with key customers. In the case of army training the co-created proof of concept that was developed with the customer was a major undertaking in terms of resources and risk. Both process, however, combined the key customer in testing and developing new concepts, products, solutions and ways of working. Berns had been working with selecting and developing special customer relationships on the event side for a long time. These customers continued to book and have events at Berns during all the different phases that Berns experienced such as being near bankruptcies, restructuring, renovations and reorganization under new management. Berns was actively deselecting customers although the customers were meeting the formal criteria of a key customer. The choice of deselecting was mainly based on lack of trust, abundance in coordination activities in dialogues that were not deemed constructive, or as contributing to the event in the short term or customer relationship development in the long term. The management team decided which customer relationships to develop, and key customer where chosen, not only on and what type of profitable business that could be created in these customer relationships, but also on how the interaction and coordination processes involved. In all three cases, the customer was reciprocal in their selection of the key supplier. The individuals in the cus-

tomer relationship were a source of stability rather than KAM role. The KAM role had to be transgressed in order to advance the development or it was under formation in the cases.

8.2.2.   KAM Principle 2 and 3 in Interaction

KAM principle 2: Directing significant attention and resources to the customer relationships

KAM principle 3: Organizing internal and external activities and processes to satisfy and develop these customer relationships.

KAM principles 2 and 3 exist in interaction as the role of coordination of KAM involves coordinating activities and contributions from internal and external parties (Cespedes, 1992; Cravens, 1995; Hillebrand and Biemans 2003, Biemans et al 2010). Coordination processes become increasingly complex with the inclusion of services and the creation of solutions (Ulaga and Reinhartz 2011; Bonney and Williams, 2009; Tuli et al 2007; Åge 2009). The two KAM principles interact in processes of organizing, coordinating, creating new roles and activities. The main finding is that the KAM principles guide how to evolve and innovate in the business model dimensions and test the new business model on a smaller scale. The testing included working with new external companies. An example from the cases was the consultancy that provided military training competence. To integrate and rely on this new partner was an innovative element in service based business model. All aspects of the service, the fit and the relationships involved could be tested in the proof of concept project that was explicitly devised to satisfy the customer. The evaluation occurred continuously as the customer was co-creating the solution.

Hohenschwert's (2013) study of KAM interactions shows the creation of value in the KAM and customer interaction process in which the KAM performs a multitude of non-selling. This study complements her findings as it points to interaction processes of non-selling roles that contribute to both sales and value creation. In terms of organizing KAM internally, TT and Berns were testing several forms and roles for sales and KAM. TT placed the solution of products and services in focal point, but Berns' tinkering with organizational forms placed customer need and practices in the

centre. In the training case, the KAM organization acted outside defined processes of coordination but in consistency with the commitments of co-creation with customer. Findings of this study in relation to KAM principles 2 and 3 are mainly that coordination and complexity contributes to relationship evolution (Lambe and Spekman 1997). The findings point to how the relationship develops from infrequent interaction to collaboration in several parallel processes of increased interaction and collaboration. In addition, the findings support the study by Nätti and Paolo (2012) when pointing to the importance of creating knowledge-sharing mechanisms in building a KAM system. However, the findings of my research suggest that the knowledge-sharing mechanisms already exist and that KAM principles assist in engaging individuals in knowledge sharing and coordination.

8.2.3.   KAM Principle 4

KAM principle: Satisfying existing needs and developing long-term customer relationships

The fourth principle of satisfying existing needs and developing the customer relationship over time is the underlying motivation of building KAM programmes (Brehmer and Rehme, 2009; Zupancic 2008; Nätti and Paolo, 2012). The temporal complexity underpins multiple expectations on KAM to contribute to short term gains and to long-term strategic development of customer relationships and to the strategic direction of the company (Tanner, 2002). A study of Ryals and Rogers (2006) discusses how "several key account managers commented on the tensions they experienced between the need to think and plan strategically for key account relationships and the short-term pressure for results that their companies placed on them" (p. 219). Similarly, to their study the events in the empirical cases of my study show that the KAM principle of short-term and long-term development was causing friction. When the customer perspective entered the dialogue in a process of co-creation or engagement this changed the dynamics both internally and in the relationship. With the customer being a part of the process in which both parties wanted satisfaction in the short-term and the long-term, the dialogue enabled discussing risks, rewards, trade-offs and led to joint decision-making.

There are two major commonalities of the case developments that point to how the dilemma was handled. Firstly is a readiness for action to engage in joint problem-solving in regard to short-term needs. Key events occurred because they triggered action, the action would typically produce a solution to a short term problem or deliver value in the short run. Effective execution relied on a multitude of parties grasping a problem quickly with an aptitude to solving it swiftly. Secondly, the ability to use actions and events as stepping stones for a strategic discussion with the customer regarding a joint future. The case development illustrate how short-term activities contribute to long- term customer developments when both large projects and seemingly small adjustments are in the strategic and valued direction of both organizations.

The three cases also have three significant traits in common with regards to the business model innovation. The scope could be scaled up or down to suit the customer need for flexible solutions. The business model innovation could be replicated with other key customer relationships with minor adjustments. The business model innovation also allowed for the general implementation of services and solutions in the portfolio of the suppliers. The replicability, scalability and generalizability of the business model innovation were important characteristics that allowed for the short-term recuperation of investments and cost. The investments incurred in the business model innovations during the process involving risk-taking could be generalized. The business model innovations were implemented in other existing KAM customer relationships with short-term cost recovery (rather than in the long-run, as proposed by Gupta and Lehmann, 2005, cited by Tzempelikos and Gounaris, 2013). The concepts allowed for both short-term efficiencies and effective customer relationship development. For the supplier of army training, the proof of concept investments were recovered with the first formal contract and multiple times after that as the solution was broadened in scope and contract value. For TT the readiness to become the outsourcing partner to additional parts of the same newspaper as well as taking on new outsourcing business were achieved in the same vein. For Berns both profitability and customer satisfaction are matters concerned with scaling concepts and events up and down.

8.3.   Part two – Three KAM Processes (RQ 1 & 2)

The three KAM processes of KAM Creating, KAM Disrupting and KAM Anchoring provide the answers to research questions 1 and 2. The three KAM processes will be described next.

Exhibit 8.2   Existing Business model, KAM Processes and the Business Model Innovation.
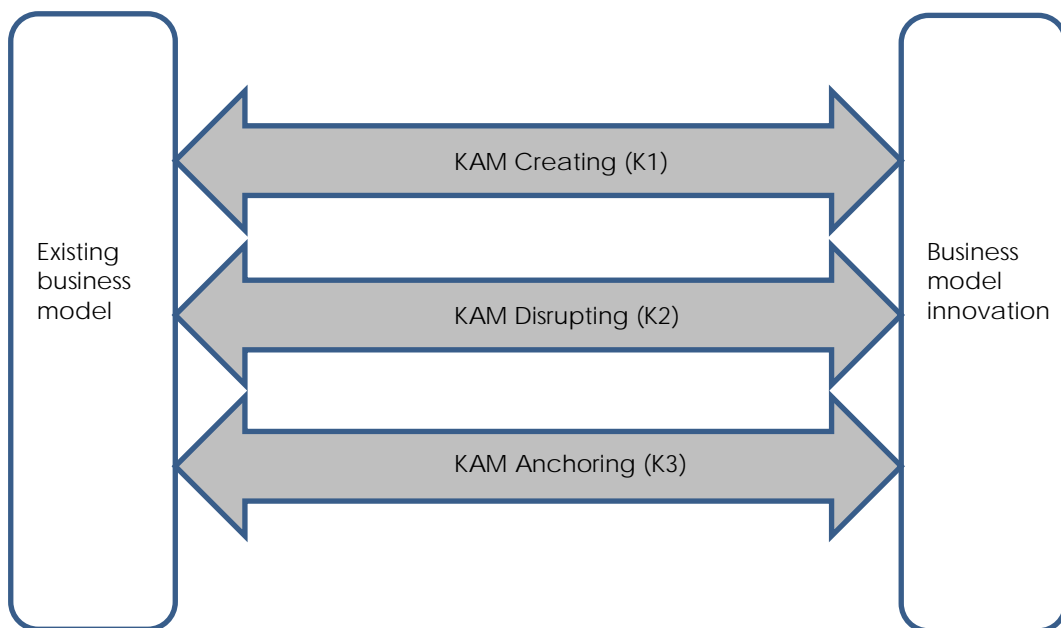
In the picture above the emphasis is on the contributions to the business model innovation. They are depicted as straight, bi-directional arrows as the innovations emerged from the existing business model dimensions, and the two business models co-existed as a result of the innovation. The KAM processes will be discussed both separately and in relation to each other as they interplay.

8.3.1.   Process of KAM Creating (RQ 1)

KAM Creating is a process that responds to the research question of how KAM is organized and structured when contributing to business model in-

novation. Coordination of cross-functional coordination and operations is an important part of KAM (Dewsnap and Jobber, 2000; 2002; Guenzi and Troilo, 2007). Extant research point to existing conflicts and problems of coordination of marketing and sales efforts (Kotler, Rackham and Krishnaswamy 2006; Biemans, Brenčič and Malshe 2010; Dewsnap and Jobber 2009) and how they inhabit different "thought worlds" (Homburg and Jensen 2007). In line with Tuli et al (2007), Storbacka et al's (2009; 2011) the findings of this study emphasize how coordination needs run deeper and wider than across sales and marketing and include the entire company. The process KAM Creating is concerned with new ways of working, new roles and relationships and the non-formalized pattern of activities that serves to solve customers' problems and develop customer relationships. Findings point to the importance of dynamic process of KAM Creating. This process involves creating value in coordinating and creating new practices, roles and relationships outside the boundaries of an existing KAM organization. Individuals and functions, including sales or KAM but not limited to sales or KAM, may be engaging in entirely new activities or combining existing activities, in known processes and relationship in new ways. New activities and ways of organizing them emerge in ways that imply going against outspoken norms or rules in order to develop strategic customer relationship.

8.3.1.1. Trial and error in KAM Creating

Zupancic (2008) discusses that, "Without a systematic approach key account management (KAM) becomes a process of trial and error that may miss some necessary elements, creates additional costs and offers no opportunity for corporate learning." (p. 323). However when conceptualizing trial and error as a part of the process of KAM Creating, the findings from the study point to how processes of trial and error provide necessary opportunities for learning in terms of:

1. key customer needs, both present and future
2. the willingness and ability to co-develop, or co-create solutions on behalf of key customers

3. the suitable internal configuration of KAM efforts in terms of roles, organization and management

When the supplier of army training was establishing local presence in the customer's domestic training site, the process of KAM Creating emerged. New roles and new relationships were formed with the customer. Initially created as a non-selling role, the main objective was to organize the customer need of product maintenance and service. However, the technical role of after sales service became a selling role. That the relationships between technicians and training staff at the customers would be facilitating sales was not planned, but emerged as a part of the relationship. With the customer and sales interacting in new roles in the domestic training site, other functions were affected at the suppliers. New communication and interaction patters were formed internally.

In the case of editorial outsourcing, KAM Creating operated on two levels. One process was the interaction process between the customer and TT Spektra in terms of proactive product development, tinkering and co-creation. They co-created and tested new products and ideas with the customer but on a smaller scale. In the procurement phase of the case of editorial outsourcing discussions were strategically important and urgent as the customer needed to meet internal strategic deadlines for budget decisions and redundancies. The other level of KAM Creating occurred internally at TT with the process of engaging the customer which ran parallel to both the creation of the KAM organization and to the development of the digital portfolio. KAM Creating existed within the actions and change programme of marketing and the company brand.

In the case of gala dinners and events, KAM Creating was more complex with the dual concepts of guests and customers. Both the corporate customers and the guests are emerging as key concepts. Customers and guests had significant influence on defining the service level and in event- and service creation during the case developments. To organize details of the service and its coordination with other operations at Berns to the benefit of the customer experience includes preparations and the event performance. This was not new to Berns. There was however a significant difference with KAM Creating spanning over different functions and busi-

ness areas. The process led to cross-functional cooperation and coordination of profitable events in profitable customer relationships.

Bitner, Ostrom and Morgan (2008) argue that "Services are fluid, dynamic, and frequently co-produced in real time by customers, employees, and technology, often with few static physical properties."(p. 67). Whilst this may be the case in many service companies, in the case of Berns, the physical locations literally frame the services in ways that provide both opportunities and hindrances to service, guest and customer satisfaction.[53] The B2B customer, the event company, Creative Meetings and Berns are in a continuous process of trial and error in a physical space. The customer recurrently suggest different ways of working with light and sound based on their experiences in other locations. They work together with Berns technical and commercial staff to apply different new concepts in ways that fit the restrictions of the venues and make the most of them.

8.3.2.   Processes of KAM Disrupting and KAM Anchoring (RQ 2)

The research question is:
How are disruptions and risk-taking enabled?

KAM Disrupting

The two processes of KAM Disrupting and KAM Anchoring both provide answers to how disruptions and risk-taking are enabled. The process of KAM Disrupting is not related to disrupting markets with disruptive or radical innovation. It concerned with disruptions driven by KAM principles of developing the customer relationship. As a process it is noticeable. As a condition, it is not. For example, when SvD did not contact TT News Agency in the first round of invitations to tender. This may be interpreted as a condition of disruption of the relationship. A personal contact at the customer's called TT to tell them of the ongoing process and opportunity. In this case, the personal relationship was stronger than the disruption.

The process of KAM Disrupting includes risk-taking when actions and developments occur outside or, or in opposition to existing ways of work-

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[53] Although not included in the industry genre in the study by Bitner et al 2008:68) the following applies to all cases in this study. "What all of these services have in common is an interface with an actual customer whether through technology or interpersonal interactions."

ing. KAM Disrupting is enabled and occurs when there are breaks, disturbances and disruptions to existing ways of working and in existing roles and relationships. KAM Disrupting may be regarded as an overt breaking of rules and norms or as a reasonable action or step to take in order to further developments. The disruption occurs in relation to a set of conditions, a state. During the processes of co-creating new products KAM Disrupting and the shared risk-taking was contributing to short- term outcome and long-term developments in different ways. KAM Disrupting involves new activities of co-creation, joint risk-taking or risk-taking at the suppliers. The findings are in line the increased need to co-create and invest prior to buying agreements or formal purchasing processes (Blocker et al., 2012).

In the army training case, the competitor won a strategic deal prior to the period when the case description starts. The loss was experienced as a disruption in the relationship with the customer. The main consequence was a greater resolve and dedication to win back the customer with the new, service based concept. The strategic developments started the co-financed and co-created proof of concept project. The significant investment needed in developing the proof of concept project which had to be advocated with considerable determination by the drivers internally, with their own management teams and on board level. Investing without a solid business case and without showing how or when to break-even went against existing norms. It disrupted the roles between supplier and customer and the principle of not engaging in financial risk-taking.

Innovation researchers Richtnér, (2004); Richtnér, Åhlström, and Goffin, (2014) show that the absence of tinkering, sometimes called skunkworks (Kreiner and Schultz, 1993), can come with a high price as these unplanned processes yield innovation that contributes to long-term survival and growth. The process of KAM disruption and risk-taking ran parallel to KAM Creating in the innovation process. KAM Disrupting was a familiar process at TT as TT Spektra had habituated TT in working with a co-creation process of trial and error, risk-taking and with securing resources outside existing resource and project plans. When scaling up the scope with editorial outsourcing, this was relatively easy to advocate for and implement internally in cross-functional processes of cooperation. The cases exhibit both systematic processes of trial and error, as in the case of editorial out-

sourcing and also in terms of the large investment in the small- scale training solution prior to contract signing. The analysis show that co-financing and sharing risk engage the customer in a deeper way than when providing inspiration or innovation ideas (von Hippel, 1986). The third process exists in the dynamics of stability and upheaval. The process of KAM Anchoring stabilizes the disruption and contributes to the progression of developments.

KAM Anchoring

KAM Anchoring is the process in which developments, decisions and new activities, directions, relationships etc. are related to the history, heritage of both company and relationships. It operates in the cases in two ways. The future trajectory, which is the valued strategic direction of the relationship, is related to the history and heritage of the companies and their common background. KAM Anchoring in this manner bears similarities with the notion of heritage in the Lego-study by Schultz and Hatch (2003). They studied how the legacy of the company provided momentum and a strategic future- looking direction by anchoring the strategy in the company's original purpose. They found that when LEGO went back to the original idea of creating toys with which children would "play well", the management team could draw on the original intentions for inspiration. It means that relevant shared history is conducive to solve problems; it is not about storytelling but the process is oriented towards action based on historically relevant knowledge. Stories within KAM Anchoring are purposeful. They ground future development of key customer relationship in the company's history as well as in the current ways of working. KAM Anchoring also operates on a second and different level that is related to existing practices. When new ideas and products provide a reasonable fit with the current ways of working, the future- looking developments have a robustness that enable how they persist through KAM Disrupting. KAM Anchoring in this sense occurs when actions and developments in the customer relationship are in line with existing practices.

KAM Anchoring also refers to how bonds between different individuals, functions and organizations are formed based on past shared experiences. An example of this was the highly demanding international customer

of Creative Meetings. The high demands on service from the customer brought Berns and Creative meetings together as allies. The story is shared and has a meaning for both supplier and customer (Gilliam, and Flaherty, 2015).

The KAM Anchoring in the cases also exists in relation to partners and suppliers of the company. Strategic external partners similar to Spencer's notion of key suppliers (2005) supported developments in different ways. Berns suppliers provided concrete support when Berns experienced financially difficult times. They granted Berns discounts and allowed for delayed payments. Negotiations were characterized by a mutual intent and aim of solving Berns' problems.

KAM Anchoring as a process towards the new service based business model was somewhat counterintuitively based in the shared product orientation. The process harboured a paradox in relation to products and services. In the three cases, the deep and shared knowledge of the products facilitated the move towards solution and service orientation in customer relationships at TT. KAM Anchoring meant grounding developments in existing practices and internal roles even as new ones were created. This was the case with the customer dedicated sports editor employed by TT and located in their premises. The products involved in army training, outsourcing of editorial content, gala dinners and events were still valued resources in the new business model, but the purpose of them was to provide a service. In addition to forming building blocks in the solution and service, the products were used in KAM Anchoring as a shared frame of reference when taking risks or acting in new ways. In similar terms, product sales was regarded as a means to develop the customer relationship, not just as an outcome of the customer relationship.

8.4.   KAM Processes in Interplay

The three KAM processes were operating in concert with recurring patterns. The role of a customer- specific sports editor employed by TT involved KAM Creating. KAM Creating contributed to defining and shaping the role as well as to bringing a pragmatic solution for both parties. KAM Disrupting occurred. The role and the location were perceived as contro-

versial to TT employees and other customers. KAM Anchoring was shaping of the role and the interactions as the sports editors' knowledge of the craft of making paper and of sport anchored the new role. His professional relationships in the sports community and the title were stabilizing the innovation process. KAM Disrupting and KAM Anchoring were closely knit in balancing heritage, practices and innovation. KAM Creating also operated close to the other KAM processes as larger creations caused disruptions and required anchoring in an existing role, process, and relationship in order for developments to continue. In projects of co-creation with the customer the process of KAM Creating involved finding solutions and new ways of working. KAM Disrupting was both a process and a result. In absence of KAM Anchoring the creating and the disrupting may result in large losses of investments or unnecessary and lasting upheaval. The processes interact with some notion of equilibrium.

Exhibit 8.3   KAM Processes in Interplay
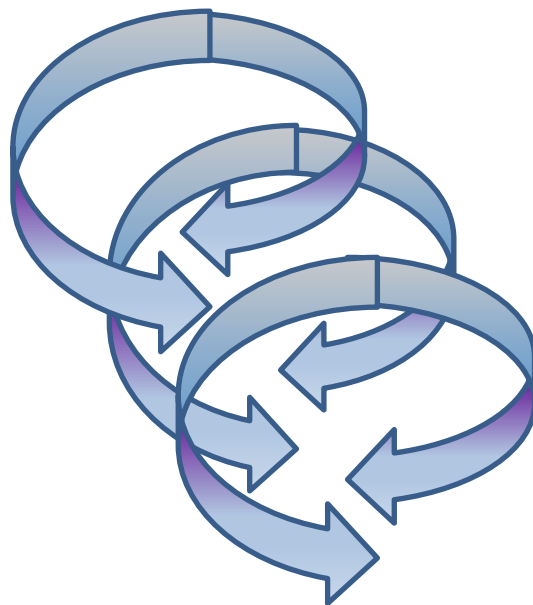
The analyses of KAM principles and KAM processes find that value creating interaction processes increase internally within the organizations and in relation to customers. The KAM processes involved a number of relation-

ships between functions and individuals that collectively engaged the customer in a new way. The reasons were many, such as: developing the operations, processes of co-creation and product development and personal networks. The analyses of the cases suggest that problem- solving based on a dialogue between customers and suppliers around a solution that is both feasible and forward looking engage the customer in new ways. The customer exist in three separate but connected domains that are engaged in different but interrelated processes.

8.5.   The Customer Engagement model (RQ 3)

The Customer Engagement Model provides answers to the research question:
How is the key customer relationship conceptualized?

The KAM processes operated in the relationship between the customer and the supplier and the nature of that relationship changed and expanded in all three cases. Ojasalo's (2001) showed the need to include both the organization level and the individual KAM level for an effective KAM program. The developments of the cases add to this insight in showing how interactions increased. Multiple interactions and relationships between individuals at the customer's and the supplier's included problem-solving in relation to existing ways of working, creating new activities and news ways for cooperating both internally and externally. Individuals formed relationships that spanned across functional-, hierarchical -and organizational boundaries. Multiple processes of value creation emerged over time and the customer was engaged in three domains by many activities and individuals.

The customer engagement model conceptualizes the customer in three domains. The domains are 1) the strategic domain, 2) the procurement domain and 3) the user domain. The domains include different internal processes, activities and objectives of the customer and engaging with all three, was necessary both in developing and selling the new business model. Without the support of all three domains, the business model innovation could have been created, but not sold.

Exhibit 8.4   Three Domains of the Customer in the Customer
Engagement Model.
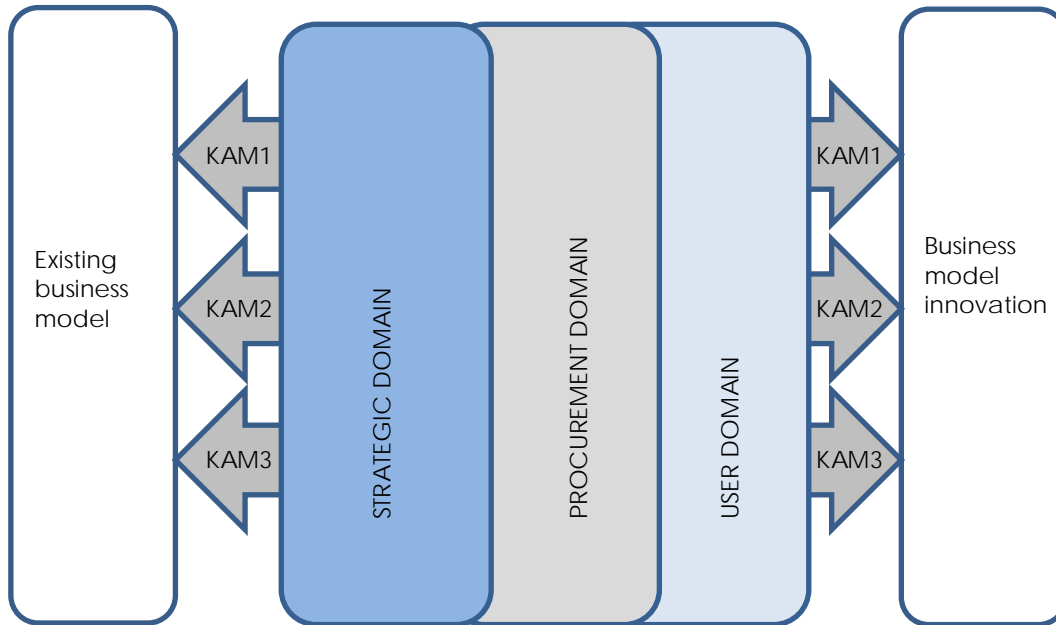
Weick and Roberts (1993) describe collective minds as a pattern of heedful
interactions and relationships in a social system. A similar pattern of collec-
tivism exist in the domains. Boundaries are not functional or organizational
but the domains are characterized by the shared frames of reference and
the ability to act in these domains and coordinate between them. Werr,
Blomberg and Löwstedt (2009) point to how companies in their study be-
have in relation to their customers. They state that, *"These organizations put
strong efforts into "talking the language of the customer" or "understanding the customers
better than they do themselves", thus replacing the boundary within the relationship with
one around the relationship.* (p.452). This study extends their argument and
posits that the boundaries exist around the three customer domains. The
study suggest how interactions and processes in different customer domains
were driven by the KAM processes and by individuals assuming different
roles in order to interact with several individuals in the customer domains.

Exhibit 8.5   Characteristics of Three Customer Domains

NAME/ CUSTOMER ASPECTS	CUSTOMER VALUE IN INTERACTION	VALUE PROPOSITION	OFTEN REPRESENTED BY:
Strategic domain	Actions and interactions show how the supplier will support the long-term strategy of the customer.	Showing present and future strategic value.	Top management, board level.
Procurement domain	Actions and interactions that support act within relevant rules, structures, standard processes such as the procurement process.	Cost savings. Reduced administration. Efficient processes. Strategic purchases.	Procurement function or role.
User domain	Actions and interactions that engage the user in co-creating products and service by a continuous process and/or project.	Contributing value to the user by making their experience or operations more efficient and effective.	Those who directly experience and judge of value of the service provision as a process and how effectively it meets its objectives.

The domains often have a functional or organizational home base but individuals also assumed different roles when engaging in different activities with the customer. Value is achieved differently in the three domains. In the strategic domain, value means that developments should support both present and future strategy for both customer and supplier. This is a different notion from the value of reduced operational cost or purchase cost which is associated with the procurement domain. Value in the user domain is driven by the extent to which products and services fit the operational functions and objectives of the customer.

The clearest separation in term of organizational boundaries and a domain is offered in the army training case in which the three domains were three separate organizations. The political and strategic interactions and lobbying were conducted at the highest level of national politics in the strategic domain. The procurement process engaged the procurement officers who were predominantly concerned with adherence to the procurement process and cost. The discussions in this domain and process meant that

the argument of cost reduction was a significant way of presenting value. The reductions of maintenance cost as well as lower administration costs were presented in numbers. As the number were added up, presented and made transparent, the supplier could argue convincingly for a new way of doing business as they could meet the demands of this customer domain. During the case developments, the user side, the military part of the customer was engaged in the co-creation of training. This occurred in relation to the proof of concept project and continued as the supplier became embedded in the training site of the customer. Technicians and military training staff were working together in the proof of concept and they jointly shaped the service. The decision-makers in the military hierarchy were invited to experience the training on site. As they took part of the training concept in reality high ranking officers became convinced of the benefits of the service. While the user side of the customer is largely ignored in KAM research, this domain with the highest ranking military officers advocating for the service enabled the sale of the new business.

In the case of TT, the boundaries were more diffuse, but similarly, three parts of the customer Svenska Dagbladet had to be satisfied. Representatives of the strategic domain, editorial and general management of the paper had to value the solution as being in line with their strategy. The strategic concerns regarded both the customer, SvD and the readers. Restructuring was the backdrop of the decision and the outsourcing had to mean real cost savings. TT also had to continue to produce quality sports pages as sports was an important part of the brand. The relationship between TT and SvD was a decisive factor when TT won the deal. The developments in the case of gala dinners and events were engaging the customer in three domains but on two levels. Satisfying both the corporate customer and the guests of the different areas of Berns was based on a growing insight, driven by new management, that guest and customer satisfaction was achieved with internal cooperation and a united corporate culture. The strategic domain engaged event companies, corporate management and the marketing function. The objectives of the events were recurrently strategic to the customer and Berns would have to show how the planned event could support these intentions. In the procurement phase Berns engages the customer in the procurement domain from two roles: the KAM and the project manag-

er. Both have a selling responsibility and both have the mandate to negoti-
ate price and expand the scope of the event with additional services. The
guests of any service at Berns had to be experiencing good service during
their visit in order to want to come back. With the many roles and relation-
ships that exist when looking at the event company, the marketing depart-
ments and the guests, the likelihood of a disgruntled guest coming back to
Berns is high. Consequently, there are several opportunities to turn disgrun-
tled guests into satisfied guests and potential customers as the guest may be
representing the strategic or purchase domains.

8.5.1.   The Strategic Domain of the Customer

The strategic domain of top management in the customer organization is
important to the supplier (Workman. et al 2003; Salojärvi, Sainio and
Tarkiainen, 2010; Tzempelikos 2015). However, according to Pappas and
Flaherty, (2008) the area of service or operational staff with customer con-
tact and their contribution to strategic matters is unexplored. In their study
they showed that a high level of trust between the supervisor and the em-
ployee with customer contact led to a higher willingness to engage with the
customer in strategic matters. The findings of this study support the im-
portance of top management involvement and it shows how interactions in
the strategic domain were forming between individuals from different func-
tions and hierarchical levels. To engage with the customer in the strategic
domain has several implications. The supplier needs to understand the cur-
rent strategic challenges and the long-term future direction of the customer.
This dimension involves more than creating a solution that is in line with
present and future needs. It means doing so with the intention of support-
ing the current and future value definition and value creation of each do-
main. TT needed to support the reduction of budget with short-term
actions and with changes to SvD that were still in line with the brand. The
particular value of sports to SvDs readers and the particular brand aspects
associated with the annual sports award was a strategic concern that TT
addressed based on their appreciation of the SvD sport page reader and
their customers. The future need was implicit but no less important. It con-
cerned flexibility of the outsourcing partner to be able to adjust the scale
and content and buffer future risk, financially or in other areas.

8.5.2.   The Procurement Domain of the Customer

This domain has similarities to a procurement function in the customer organization. The domain includes the procurement process but has a broader scope. The value created with and for the customer may derive from adhering to the procurement process norms, regulations, structures and ways of working. In the case of soldier training the procurement part of the customer was governed by strict rules, regulation and laws in addition to being concerned with cost reduction rather than value creation in the user experience. The argumentation derived from their perspective and consisted of calculations that showed items of reduced cost in maintenance and support of products as well as the reduction of administrative costs when the supplier was providing the service. To support and adhere in the procurement domain of Creative Meetings, a number of efficient mechanisms existed. Predefined packages and prices enable the customer to offer events at Berns without checking with Berns beforehand. Berns trusted Creative Meetings to show the venues without them and without a lot of planning involved. They notified Berns when they intended to come and if there was an apparent clash, such as an ongoing event, they solved the problem but otherwise Creative Meetings could come with their customers at will. This defined but informal arrangement and the standard packages in terms of event content of the frame agreement enabled Berns to support the efficient processes of Creative Meetings in relation to their customers. Creative Meetings time and effort could be directed towards value creation processes with their customers rather than in negotiations with Berns. Price is a fundamental element of the procurement domain and consequently, price will be a part of the engagement regardless or offer in the business model being a product, a solution or a service. While it may be tempting to regard service as a way to orientate away from price discussions, this domain points to how price will be a consistent subject of negotiations.

8.5.3.   The user Domain of the Customer

Engaging with users at the customers to co-design or co-create is an unexplored area in KAM research (Hohenschwert 2013; Wikner 2010; Liljedal 2016; Frow et al 2015). Although KAM literature often refers to the importance of cross-functional internal coordination, few studies explore the

internal coordination and new product development (e.g. Judson, Gordon, Ridnour and Weilbaker, 2009). Salojärvi, Sainio and Tarkiainen (2010) study the utilization of knowledge in KAM and customer relationship. The conceptualization of the user domain draws on their emphasis on acting rather than knowing. The process of KAM Anchoring is particularly important in this domain as it unites people and process that share the deep knowledge of how to do current business. The paradoxical anchoring in the production orientation exists in this domain as a shared platform that may act in favour of significant developments towards business model innovation. Engaging with this domain means in depth understanding of the details of the use of products and services for example in processes of trial and error in product and service development.

The ability to engage in the process of co-creation was important in the cases. This experience is shaped by discussions about details that are not specified in any product description: this type of joint learning derives from direct experiences and may be about intangible matters. This was the case of defining ambiance as a key service factor in the case of establishing the Asian restaurant. In the case of army training as a service, the user domain was a decisive influence on the decision to sign the deal, acting as a strong and decisive advocate for the supplier towards politicians and the procurement organization.

At TT the ability to understand value from the user domain led to TT adapting their products and texts and producing them in several formats in order to work efficiently in the customers' editorial processes. Adapting to the customer need in this domain was a significant step in the orientation towards the customer. TT Spektra had worked consistently with trial and error thus accumulating knowledge and feel for how the customer acted and operated in interplay with competence, technology, individuals and interactions. They had a continuous process of combining existing ways of working with slightly disruptive methods and processes to provide non-core products that could work efficiently in terms of processes and as components and parts of the newspapers portfolio. In order for developments to lead to a signed contract all three domains had to support the new business model. Conversely any of the three domains could prevent the business from being made.

Öberg (2010) takes an activity focus when exploring the role of the customer in innovation processes and discusses how these may differ in relation to the different stages in the innovation process. The findings from the cases show evolving developments that consisted of multiple roles and relationships that increased and persisted. Whilst concurring on the caveat of Öberg (2010) in regard to both the cost and benefits of involving the customer, the case studies show that engaging with the user domain of the customer holds potentially significant rewards. In the three cases, this domain was important to the ability to both develop and sell the new business model.

8.5.4.   Relational Nets in the Customer Domains

The KAM processes led to engaging the customer's three domains. The KAM processes operated differently during separate or overlapping times, places and processes with consistent development in the forming of relationships with the customer. Individuals were important. The experience of being in the army, deployed to warzones with both examples of inadequate and adequate training came to the supplier with the hiring of new managers. Their experience and personal relationships with individuals in the procurement domain and the user domain provided knowledge and access to key individuals at the customer organizations. The importance of individuals was also in the number of relationships formed by people at the suppliers and customers in the three domains. This is in line with Homburg et al's (2000) discussion of the dispersion of sales activities. To add to this discussion, the findings explain how overall developments may continue despite significant disruptions or problems in one domain. The findings support Schatzki's (2005) view of the individuals and relationships as embedded in social structures of companies and markets. Engaging with the customer in three domains meant that when disruptions occurred in one domain the other two were not necessarily affected. People continued to engage in activities in one domain even when a disruption occurred in another. TT was the least relational in terms of customer conceptualization. However, on a personal level, the relationships in the media industry are strong. Previous discussions on outsourcing by managers at TT with the customer and the many joint product development projects contributed to the relationship

while the formalized roles and ties with the customers' three domains were still under development. TT Spektra became engaged in the procurement process by a personal contact at the customers who had relationship with the key people at TT. A timely telephone call assisted in TT entering the process. The cases show how satisfying short –term needs can contribute to the long-term relationship. The strength of the relationships is shaped by the shared challenges. The particularly demanding customer of Creative Meeting challenged the relationship in a constructive way as they were on the same side in pleasing a difficult customer.

8.5.5.   Key Individual as Drivers of Processes and Enabling Relational Nets

The key drivers that spearheaded the developments were few. They depended on a multitude of relationships being formed in line with the development. The main drivers, the individuals were recurrently a part of sales or general management in the supplier companies and they were characterized by in-depth professional experience of the craft and developments of both supplier and the customer. They held senior positions and they were curious as well as creative. They were combining pragmatism with risk-taking and paradoxically had visions that were possible to implement. The consistency of the managerially senior roles contributes to the importance of top management support and involvement to KAM (Flaherty, and Pappas, 2000; Abratt and Kelly, 2002; Homburg et al 2002; Prado 1997; Ojasalo 2001; Zupancic 2008). The individual's experience and profile is important in combination with an executive role and personal traits. Bower (2007) emphasizes the importance of key recruits being simultaneously insiders with knowledge and experience from the industry but coming from outside with different perspectives and views of the company. The cases all included recruitments of "inside-out leaders" as described by Bower (2007) and with them came knowledge of the practices but a new perspective on the company and the way business could be done. Doz and Kosonen (2010) explain it as follows,: "Their career has flourished at a sufficient distance from the centre of the company for them to gain a thoughtful perspective on its workings, while at the same time knowing them well enough to be realistic and effective in changing them." (p. 374). Their personal relation-

ships and backgrounds facilitated the interactions in the three domains of the customer. Being a part of general management at TT key individuals had room to manoeuvre and make decisions that affected the organization. They were driven by values and intrinsic motivation rather than rewards and were prone to take calculated risks. None had variable pay connected to the sales performance of the new solution but were instead driven by intrinsic rather than extrinsic motivation (Miao et al 2007).

The key drivers engaged with decision-making individuals at the customer organization. The challenge was recurrently posed by internal hindrances and barriers. Speakman and Ryals (2012) puts the challenge in terms of "the inside selling job" with regards to conflict management and the formal and informal rules and norms that impede the progressions towards customer relationship development. Key informants concur on the challenges of internal discussions in the management team and in the organization being greater than the challenges posed in the customer relationship as a consistent trait of the process. Plouffe and Barclay (2006) discuss the matter in less conflictual terms but stress the difficulties in "navigating" internally and how this ability affects sales performance. Ulaga and Reinartz (2011) present the capabilities needed by sales people as networking capabilities in their research on selling complex solutions consisting of both products and services. "They also need to reach deep into their own organization and develop the skills required to consult and coordinate with other employees. Therefore, hybrid offering salespeople require networking capabilities, both internal and external." (Ulaga and Reinartz, p. 13, 2011).

In summary of the analyses in regard to KAM; the KAM processes when operating in the three domains of the customer will be creating, disrupting, and anchoring the development in a manner that is mutually beneficial to both parties. Co-creation in proof of concepts where the entire business model is tested required an engagement between the customer and the supplier. Due to the complexity and high levels of uncertainty combined with the need to be both coordinated and speedy calls for authenticity in the process in regard to problems, solutions and consequences. Consequently, it hurts both parties if they behave unethically and opportunistically in projects were risks are shared and success depends on cooperation.

The existence of the domains calls for constructive discussions, conflicts at times and decisions that can integrate and balance the fact that value is created differently. Individuals are important as key drivers in this process of negotiating internally and externally across three value domains. The number of relationships formed with the customer contributes with the ability to endure disruption in one domain whilst progressing in another. There was a mutual and reciprocal concern in creating business that was viable to both parties. Although the business model innovation was first realized and sold to the customer with whom it was co-created, the result was a business model rather than a customization or customer unique development. The new business model was rapidly tested and implemented in other key customer relationships. The trials and tests of products and services were test beds for both concepts and the relationships involved and this formed a part of how the business model innovations emerged.

Exhibit 8.6   Summing Up the Answers to the Research Questions.

NUMBERING OF THE RESEARCH QUESTIONS (RQ)	QUESTION	ANSWERS
RQ 1	How is KAM organized and structured?	• Part 1- KAM principles 1-4. • Part 2 –Process of KAM Creating
RQ 2	How are disruptions and risk-taking enabled?	• KAM Disrupting • KAM Anchoring
RQ 3	How is the key customer relationship conceptualized?	• Customer Engagement Model

The cross-case analyses have answered the research questions in the table above. However, as the purpose of the study is to explore how KAM contributes to business model innovation, the next section discusses the findings in relation to business model dimensions and the process.

8.6.   KAM processes Contributing to Business Model Innovation

The following section analyses how KAM processes contributed to business model innovation by interacting with the developments in the business model dimensions. Incremental and less than radical changes characterize the developments in the business model dimensions in the cases. However, collectively these changes contributed to innovation in all dimensions. The most important of which occurred in the customer relationship.

The baseline for the changes was the existing business model at the preparation phase. They were similar in the three cases and corresponding to existing definitions of product- oriented business (Wise and Baumgartner 1999; Ulaga and Eggert 2006). Consequently, the offer was based on products that were seen as the main, if not sole vehicle of value, in the relationship with the customer. Pricing was based on product units with the possibility of reductions based on large volume or the price was based on a long-term subscription. Internal structures were functionally organized and oriented towards development, production and delivery of the products. Main suppliers to the focal companies consisted of stable and long-standing relationships. Technology, although different in nature and ranging in terms of development was characterized by two aspects in the existing business model. Devised to develop or enhance the functions of the product, the technology was mainly proprietary. The cases whilst similar in many ways in their product orientation differed mainly in how the customer was conceptualized. Sales and or marketing had very different starting points in the three cases. The processes involved in the transformation from being a product supplier to a service- and- solution provider demanded new ways of working in terms of marketing and sales. To place the customer in the centre was an essential difference.

8.6.1.   Customer Relationship, Value Propositions and Offering

The KAM processes operate in all business dimensions. It is within these dimensions that relationships in the Customer Engagement Model emerge. Developments in this vein are not how business model literature typically

describes the customer. Similarly, to the KAM literature, the customer is rather a relationship that should be managed to yield beneficial returns. This study places the continuous interaction with the customer and the KAM processes in which co-creation is important at the centre of attention. Makkonen and Johnston (2014) state:

> "Suppliers viewing the adoption process as a temporary episode should seek a co-operative role and look upon it as a window of opportunity through which to become part of the customer's wider business model comprising the actions, needs and structures that enable it to realize its mission and produce value." (p. 329).

Whilst these authors regard engaging as an opportunity that presents itself later in the process, the findings from this research emphasize early involvement and customer interaction in the KAM processes as contributing to business model innovation. Initially, albeit with differing definitions of the customer relationships, the suppliers acted on the KAM principles. However, there was an absence of interaction, which left the customer without an active role. In the case of editorial outsourcing, the customer was not a defined relationship at the time of preparation whilst KAM and key customers existed at the supplier in the army training case. However, in this case the interactions with the customer were oriented towards the procurement process.

At Berns, the roles of the guest and the customer were joined into one at the beginning of the case developments. Service towards this one role was concentrated to the time of its production and consumption rather than as planning for coordinated service delivery and engaging in interactions that contributed to long- term relationships. KAM Creating and KAM Disrupting contributed to the role separation between guests at the event and the corporate customer. The separation of the roles of guest and customer assisted in developing the long-term relationship with the latter. Designing the Asian restaurant entailed regarding the place and the ambiance from the customers point of view and KAM Anchoring in two senses. Firstly, in giving the customer the active role of evaluating the service that was the original intention of Mr. Berns.

8.6.2.   Internal Structures and Operations

Laforge et al. (2009) state that, "Sales organization strategy changes need to be aligned with the firm's transformational efforts." (p. 200). The same authors continue: "Central to the relationship process is fostering strong internal collaboration that extends beyond functional boundaries." (p. 204). KAM creating addresses the "aligning need" pinpointed by Laforge et al and the tension related to roles and relationships is handled in KAM Disruption and risk-taking as going across or even against functional boundaries. KAM Creating and KAM Disrupting are also working towards defining, performing and combining activities that are planned and foreseen with ad hoc events that must be handled to ensure coordination of internal functions. The complexity is high when considering that at different phases the three domains of the customer may be involved in the coordination efforts. The coordinating and aligning requires a flexibility that may not be provided by the formal KAM organization and function. The cases show how KAM Anchoring is operating internally in gaining knowledge, input and cooperation and when multiple avenues present themselves as options the decision is taken in the interaction, or negotiation process with the customer. KAM Anchoring is acting in mutually beneficial ways when the supplier and customer can agree on what is a suitable next step both in the short-and long term when both are equally invested in the process.

8.6.3.   External Network Relationships

Koen, Bertels and Elsum (2011) hold the new value creating network to be essential to business model innovation in their typology. New relationships were formed during the case developments. At the same time the traditional suppliers to the focal companies in the case studies continued to have important roles in the new business model. KAM Creating operated to include a company that provided the needed military competence for devising and executing training. KAM Disrupting entailed that the supplier of army training had to depend on an external party for a core part of the service to the customer. Disrupting for a supplier that was accustomed to providing and being in full control of core components. Taking a full responsibility for training services could at times lead to souring products

from competitors and modifying them to work in the service. The long-standing rival thus took on an additional role in becoming a sub-system supplier. A similar development exists in the case of editorial outsourcing when Viasat, an existing customer of TT, became a supplier in the out-sourcing of sports. KAM Creating occurs as the key driver in the case suggests this solution that involves new roles. From TTs perspective KAM Anchoring occurs in the two customer relationships but the process in play is also KAM Disrupting. Viasat as a commercial company and customer to TT takes on a journalistic assignment in the role of content provider to the solution.

8.6.4. Technology

Technology, albeit highly developed and sophisticated was not the dealmaker in developing or selling in the new business model. The functions and service made possible by technology were valued but in neither case was technology unique to the supplier. Competitors had access to largely the same systems. The unique and inimitable aspect of technology was in terms of how it was employed in the key customer relationship and interacted in relation to the business model dimensions. The value of technology in the cases lie in its use both during the development processes and in the new business model. A value to the customer was that the supplier took full responsibility for solving any technical problems that would disturb the service level. The relief of not having to be occupied by technical problems may be overlooked in a customer relationship. In the case of army training and editorial outsourcing the supplier quantified this value in terms of reduced costs. This was an important tool for communicating with the procurement domain at the customer organization. In the case of editorial outsourcing the KAM Creating was intimately tied to the larger technology driven developments of digitalization. However, in the case the tinkering type of product development and the discussions of outsourcing were driven by a shared interest in finding new ways and roles. The use of the same technical system as the customer facilitated the outsourcing. Not only was the system known to all parties involved which of course would facilitated the actual outsourcing but it had an instrumental role in the procurement process. It was never a problematic area or subject to discussions

or negotiations for which there would have been no time. The customer wanted to have the deal ready by a few months after TT had entered the discussions. KAM Disruption interacted with technology both in terms of making tasks and activities previously performed by people obsolete; however, KAM Anchoring was simultaneously stabilizing roles and relationships in traditional practices or activities and develop new roles and ways of working with technology in KAM Creating.

8.6.5.   Business Logic

KAM Anchoring explains how the product orientation of both supplier and customer contributed to the developments towards a logic based on service and to business model innovations. The shared interest in the products at times softened the effects of KAM disruption and sometimes amplified them. Service orientation emerged in the three cases during the process of business model innovation and the outcome was consequently a service based business model as opposed to the product oriented business model. In the case of army training the support function paved the way for a service orientation with KAM creating on site at the customer's domestic training place. The case of gala dinners and events show how KAM Creating was guided by a change in business logic on the premises from being silo- and product focused to purposeful and managerially driven coordination of business areas to the benefit of the brand and the overall sales result of Berns. Developments in the business model dimensions were interconnected on two levels. The KAM principles were working on a fundamental level. They were placing the customer in the centre of developments. KAM processes operated to drive the development forward, resolve obstacles and seek opportunities to the benefit of both supplier and customer.

8.6.6.   The Business Model Innovation Process

Shocks, set-backs and changing success criteria are a part of the MIRP innovation process (Van de Ven and Poole, 2007). Several important pillars of the MIRP innovation process fit the descriptions of emerging business model innovation in the cases. The innovation projects of MIRP were planned in scope, resources and time, and the research design was to study several of them longitudinally. The business model innovation processes of

the cases were emerging. However, the three phases of preparation, development and implementation were identified in the cases. In addition, several characteristics of the findings from the MIRP studies were identified in the cases. For example, in the case of editorial outsourcing, set-backs came in the form of resistance to integration during the preparation phase. During preparation a blend of intentional and unintended activities, occurred in order for the development phase to start. There was over- skepticism towards different key events of the innovation, such as the integration and co-location of all functions, particularly of the sales function at headquarters. An additional characteristic of this period which is similar between the MIRP studies and the cases of this study is the fluid participation of people and active involvement of top management. However, in the MIRP studies are mainly considering relationship building and influencing the social network in relation to internal adoption and the diffusion and uptake of the innovation. In this study the multiple relationships between the supplier and the customer's three domains were forming both process and outcome. Guided by the insights of the MIRP studies of innovation projects, this study concurs with the long preparation phase that proceeds more discernible events of innovation. The findings support the notion of fit of the user setting and the view that innovation is embedded (or anchored) in its relationships and context (Håkansson and Waluszewski 2007; Waluszewski, 2011).

To sum up the cross-case analysis, the three research questions have been answered in addition to addressing developments in the business model dimensions. Seemingly, small but important activities and larger events pave the way for larger developments and contribute to a collective force of innovation. KAM processes influence and connect the developments in the business model dimensions. KAM processes simultaneously engage the customer in the three dimensions when contributing to business model innovation.

Chapter 9

Contributions

The cross-case analyses answered the research questions. This chapter will focus on the theoretical contributions. They are primarily to KAM literature with a discussion regarding business model innovation. The contributions to KAM literature are first discussed in general terms in relation to the gaps identified in the introduction. The following sections discuss the contributions in terms of elucidating the tensions that were identified in KAM literature. The contribution to the conceptualization of the customer relationship is to both KAM and business model literature. The contribution to knowledge of business model innovation and the transformation process ends this chapter.

9.1.1. Overview of the Contributions to KAM Research.

The study contributes to three major areas in the KAM research. The first is in relation to the lack of empirical studies of KAM and Tzempelikos and Gounaris (2013), Gounaris and Tzempelikos (2013) call for a relationship oriented approach to KAM. In particular, the contributions of this study pertain to the part of KAM literature that regard the supplier and customer relationship as complex and in which value creation activities and processes exist (Terho et al., 2012, Haas et al., 2012; Corsaro et al 2012; Hohenschwert, 2013). The Customer Engagement Model is a contribution is the role of the customer and the three domains of the customer. It offers a significantly richer conceptualization to the traditional notion of the "account" that is challenged by Spencer (2005).

The second major area of contribution is to the literature is in the three processes of KAM Creating, KAM Disrupting and KAM Anchoring. They elucidate the changing nature of KAM and processes that include selling as increasingly strategically important to both supplier and customer (Ingram, LaForge, and Leigh, 2002; Ingram, LaForge, Locander, MacKenzie, and Podsakoff; 2005; Dixon and Tanner, 2012; Ahearne, Lam, Mathieu, and Bolander, 2010). Similarly to Sharma and Evanschitzky (2016) this study is based on a problematization of temporal and development perspective on KAM. The process approach to defining and studying KAM allows KAM to be studied in dynamic developments over time. The contribution is both in the rich descriptions of the cases and in the analyses of the processes. The contributions are in regard to insights of the increased complexity of KAM in creating and selling solutions and the need for new roles and relationships(Storbacka and Neonen 2009; Storbacka et al., 2009; Guenzi et al., 2007; Ivens and Pardo, 2007; Ryals and Humphries, 2007). This study show how a multitude of activities, events and development contributed to changing the business model and changing the customer relationship.

The third contribution is to the increased understanding of what constitutes strategic developments that may be driven by KAM in relation to both customer and supplier. This study combines and develops the knowledge regarding how KAM is changing and what strategic developments may be, by showing how KAM contribute to business model innovation. The operationalization of strategic contribution in terms of business model was suggested by Storbacka et al., (2011). Maklan et al., (2008) studied innovation and customer relationship management and Frow et al. (2015) explored how the business model design may be improved for value co-creation. Although related, this study seems to be the first to examine how KAM contributes to business model innovation.

9.1.2. Engaged Customer Relationships

Spencer (2005) hold the view of the customer in terms of an account as problematic. Davies, Ryals, and Holt, 2010) discuss the roles and the per-

ceptions of sales in relationship management. Gosselin and Bauwen (2006) stress action and value co-creation in terms of new roles for the customer.

Gosselin and Bauwen (2006) state that:

"Customers as active idea generators, assisting in developing prototypes, testing early launches, conjuring existing products, evaluating the commerciality of innovations, etc. indeed outlines that the customer has different roles in various phases."(p. 993).

The role of the customer in co-creation has merited attention (Liljedal, 2016; Wikner, 2010). Drawing on Öberg (2010) the customer engages in different roles in the innovation process and contributes to the process. Brodie, Hollebeek, Juric, and Ilic (2011) examine theoretical foundations of customer engagement as deriving from relationship marketing theory and the service-dominant logic.

This study contributes with the Customer Engagement Model in which the customer is engaged in three different domains. In small and medium size companies the same individuals may represent different domains in different processes and relational contexts. The domains are topical, not functional and each one constitutes different concepts of value creation. The contribution of the three domains as separate assist in the ability to interact effectively with roles, individuals and representatives from different domains in the different process of value creation. There is no hierarchical relationship between the domains. The user domain may be represented in the top management of the supplier such as in the case of editorial outsourcing or army training. Conversely, top management may be able to engage in discussions on value deriving from the user domain such as how technology will interact in new processes or ways of working. The engagement in the procurement domain exist in the two distinct manners identified by Pemer, Werr and Bianchi (2014) in regard to the purchase of professional services. The formalized process and the frequency of purchase. However, finding suggest that the frequency need not be in terms of purchasing but in a dialogue regarding existing and future business. In each domain there are different roles that may be formal or informal, ad hoc or lasting, and each domain assumes separate but interrelated processes of in-

teraction. The findings from the study suggest that engaging with the customer contributed to a relational net that spanned across the three domains. Numerous relationships were formed between individuals at the supplier and the customers over the years from doing business as usual and from changes in strategy and operations. Individuals were coming together in value creating activities and problem-solving roles in addition to existing roles and relationships.

Exhibit 9.1   The Customer Engagement Model
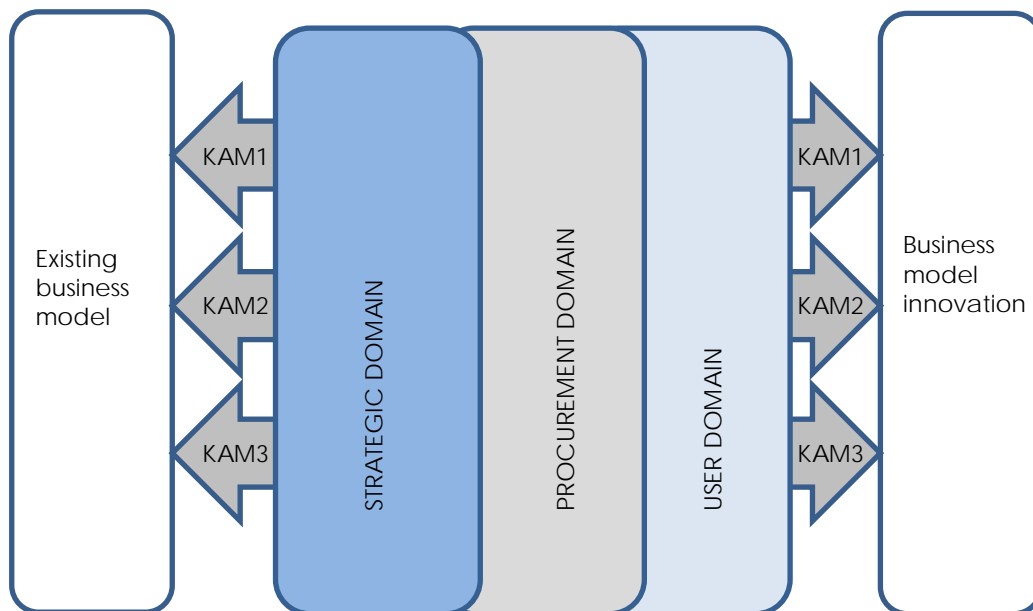
The model describes how KAM contributes to business model innovation. It shows how the three KAM processes of KAM Creating, KAM Disrupting and KAM Anchoring (K1, K2, K3) engage the three different domains of the customer. It illustrates the need for the collective impact of engagement of both processes and domains in order for the business model innovation to emerge. Without for example KAM Creating the innovation would be absent. Without KAM Disrupting it is likely that the supplier and the customer would revert to the old way of working and without KAM Anchoring the new way of working and the innovation the implementation

would not ensue. Similarly, all customer domains must be engaged for the business model innovation to be both realized and sold. Although the study is focused on business model innovation the KAM processes are also relating to the existing business model. The changes occur in the business model dimensions affect both the existing and the new business model. The model is dynamic as different KAM processes operate with different intensity in relation to the domains. The customer domains are also dynamic as they are engaged in different processes, at times coordinated and sometimes temporally separated.

With the increase of personal relationships this suggests that the customer relationship may be simultaneously stable and disrupted as the relationship consists of a large number of individuals. If ties are disrupted or broken the remaining number of relationships contribute to resilience and the ability to continue in the KAM processes. The findings also point to the reciprocal relationship between the supplier and the customer that is emerging in three domains driven by KAM processes. The KAM process of anchoring and the Customer Engagement Model lends support to Sandström's (2011) discussion of innovation fitting the "…historical relations with customers." (Sandström 2011, p. 52). The implications of this are that studying KAM relationships may benefit from combining activities with roles and map relationships that exist between the individuals at the supplier and the customer organizations.

9.1.3.   KAM organization vs. dynamic forms of organizing

The study contributes by presenting KAM principles as a vehicle for studying KAM in the absence of a KAM organization. The study contributes to the understanding of KAM as a dynamic phenomenon that exists in three KAM processes. The first contribution from this study is consequently to orient the conceptualization of KAM towards activities and processes rather than towards a fixed KAM organization.[54] The KAM processes operate with strong interdependence and complementarity in ways that spanned functional boundaries and operated in the customer's three domains. The

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[54] The importance of dynamism has been discussed in marketing for decades (e.g. Anchol, 1991; Day 1994) but to a lesser extent in KAM literature.

findings complement Corsaro and Snehota's (2010) study on value in business relationships. They write:

> "It appears that the value of relationships is intrinsically changing because the relationship outcomes are generated "in between" the parties rather than by the parties themselves." (p. 994).

A consistent finding in this vein was that in order to develop the customer relationship, KAM included multiple developments in between functions and roles that transgressed and altered organizational boundaries and ways of working. These developments were driven by the KAM processes. While these events are difficult to define they appear to emerge as activities and projects that contributed to a value direction which may be more or less defined in the business strategy.

The cost of implementing a KAM program and managing the KAM organization may be excessive in relation to benefits in coordination and control (Wengler 2007; Wengler, Ehret and Saab 2006). The findings of this study contribute to studies that suggest that KAM may effectively consist of fluid teams with ad hoc membership. The role of the ad hoc KAM teams is to both satisfy and develop the strategic customer relationship (Bradford et al.,2012; Abratt and Kelly 2002). However, it is noteworthy that the KAM processes were more forceful in the case of army training as a service in which the KAM organization was defined, established and strictly governed by norms and rules. In the case of army training the KAM processes met greater formal hindrances, and developments included greater disruptions during the innovation process. In this case, the strategic and financial rewards were significant and had a greater impact than in the two other cases. When KAM is contributing to business model innovation the established organization may provide an indication of which rules need to be broken and which innovative activities and projects should be pursued. The rule breaking or norm disrupting is easier to envision if there are norms to disrupt and rules to break. This suggest that existing norms and expectations of the KAM organization may have an unexpected role to play in the amplification of the processes and the effects they have. Terho, Haas, Eggert and Ulaga (2012) suggest that value-based selling demands

new ways of both practicing and defining sales where concepts of balancing and joining rather than tactics and persuasion are put forward. The findings of the study are in line with Storbacka and Neonen's (2009) statement: "Clearly, sales strategies have implications for the sales process and for the interface of sales not just with customers, but also within the organisation." (p. 892). This study supports and contributes to the notions of balancing, joining and ripple effects in organization and relationships. This suggests that KAM may be studied as an organization and in terms of processes with a particular interest in the implications and repercussions of changes. The main implication is that KAM should be studied with regard to dynamism in the interplay of organization and developments occurring in processes. Consequently, as the KAM organization and KAM processes exist in interplay, the main implication is that both organization and processes should be studied conjointly when studying KAM. Dynamism may be studied in different ways and the findings from this study support that changing ways of working and interacting influence the KAM organization. The implications of this lie in the merits of studying the KAM organization in different dynamic contexts, for example during a reorganization processes or the implementation of a new marketing organization. The study of KAM organization may benefit from a reorientation of studying the short-term objectives, benefits and costs to include how the KAM organization enable other long-term strategic development. Traditional sales measurements are not adequate when measuring contributions to strategy or long-term customer development that involves changing business models. How to measure such contributions remains to be understood both in theory and practice.

9.1.4.   KAM Stable Relationship Development vs. Disrupting

This study contributes to a nascent but important strand of KAM literature that is oriented towards value co-creation and risk-taking in joint projects that exist in non-linear relationship developments. It becomes increasingly difficult to argue for the linear relationship development models with co-creation projects, investments and risk-taking occurring prior to any commitment to buy (Blocker et al., 2012). Risk-taking and co-creation with customers in developing proof of concepts enables disruptions and allows for

different forms of value to emerge in different relationships (Frow et al., 2015; Hohenschwert, 2013; Blocker et al., 2012; Terho, et al., 2012; Haas et al., 2012; Wikner, 2010). Complexity and the ensuing inability to predict and plan the developments are insights that derive from this part of the literature. Åge (2009) describes selling as complex and shows how combined social processes are manoeuvred to build business. The solution creation with offerings consisting of services and products (Ulaga, 2011; Tuli et al., 2007; Bonney and Williams, 2009) increases the level of complexity and the number of relationships between all parties involved. The inability to control processes and events when engaging with several suppliers and customer representatives in complex solution creation is more obvious than in the product oriented business model when a supplier has core functions in-house.

Disruptions also exist internally, with marketing and sales responsibilities being distributed across different functions and companies (Hagberg and Kjellberg, 2010; Homburg et al, 2000). Hohenschwert (2013) studied the importance of non-sales activities performed by KAM. She found that a number of non-selling activities contributed to value creation in the interactions of KAM with the customer. The dispersed nature of KAM in terms of the distribution of traditional KAM selling activities to other individuals and functions has two implications. Firstly, it is unclear what constitutes selling activities and secondly it is unclear which functions or individuals perform them. The findings of my study point to how KAM processes are at the centre of risk-taking in operations projects and value-creation in long-term relationships. The role of disruptions varies from assisting in or hindering development. The contributions point to the sources of disruptions being from events in the business environment and from internal and external relationships, including the customer relationship. The findings point to how KAM Disrupting may consist of a multitude of events that are planned or emergent and that involve multiple functions, roles and relationships. The implication of this is to include risk-taking and disruption in studies of KAM activities. But how? Studying KAM processes of value creation with the customer with processes of disrupting and risk-taking that span over organizational boundaries is an option presented by this study.

9.1.5.   KAM Dynamism and Dispersion of Roles and Relationships

The study is contributing to knowledge of KAM with a relational approach (Tzempelikos and Gounaris; 2013, Guenzi, Prado and Georges 2006) in 1) long-term developments, 2) multiple relationships and 3) the relationship as stabilizing and anchoring. Regarding KAM as dynamic processes of risk-taking and disruptions points to a need to understand what may stabilize and provide direction to the developments. This study found that KAM Anchoring is a stabilizing process that operates in two ways in the customer relationship. KAM Anchoring grounds future direction in the legacy of the company, the relational history with the customer and ground new ways of working in existing practices. The implications of these findings are that KAM includes untraditional roles and perform activities of disruptions and risk-taking and that the customer relationship may be one way to anchor and stabilize developments. The boundary spanning role of sales is problematized by Lyonski and Johnson (1983) who point to the risk of alienation from the supplier company or the risk of creating alliances with the customer in ways that are unfavourable to the supplier. The multitude of relationships with the customer in this study and the co-creation between supplier and customer contributes to Sharma (2006) consideration of the importance of social bonds in relation to risks of switching the supplier. In terms of role and relationship developments, a parenthesis in Ivens et al., 2009 take on a significance in relation to the KAM processes. They point to …"(.. the creation of new roles, new offers, new tools, new practices etc.)" (p. 517 non-original bolding). The findings are supported by Homburg, Wieseke, and Bornemann (2009) in their study of value creation in the interaction of frontline employees in sales. The role of the frontline employee was an important developments in the cases with the main implication being the definition and redefinitions of the scope of changing roles. This implies two things. Firstly, roles and relationships, not only activities are reconfigured and distributed. Secondly, the role switching is dynamic and can be functional or hierarchical. This study provides emphasis to the call of Geiger and Guenzi (2009) for studies involving increased cross-functional relationships and extends it by showing how relationships cross hierarchical – and organizational boundaries.

The findings of Hohenschwert (2013) are mirrored in my study as the customer assumes selling roles and performs selling activities on behalf of the supplier as a part of their relationship practices. I.e. there is no contractual obligation for the customer to perform these selling activities. With findings that point to changing roles, risk-taking and disruption, the study contributes to the importance of top management involvement in KAM (Tanner, 2002; Homburg et al., 2002; Prado, 1997) in order to anchor the developments. The argument is extended to include the engagement of top management in the three KAM processes and the interaction with multiple roles and relationships. Storbacka et al. (2009) state: "In essence, the salesperson would need the power to drive the activities in other functional areas and thus play a fundamental role in organization-wide strategy" (p 891-2.). The finding of my dissertation both support and contradicts this. Rather than assigning power to sales people the implications of analysis suggest that this may occur in interplay with the empowerment of other functions in both selling and forming relationships with the customer. KAM is not one role but a multitude of roles that may be defined by activities and processes. This implies that a taxonomy is called for in order to understand KAM activities, risk-taking and disruption both internally and in relation to the customer. Dixon and Tanner 2012 advice against yet another taxonomy in sale. However, the findings of this dissertation point to a need for a review on activity level. The large-scale automatization of sales activities and the relationship to value creation driven by people merits attention. Further inquiries into the disrupting and stabilizing activities of KAM would benefit from an activity oriented study that includes the roles of selling and KAM. This is discussed in the section regarding suggestions for future research based on this study.

9.1.6.   Business Model Innovation

The contributions to literature on business model and business model innovation are four. The first contribution support and develop Ostenwalder and Pigneur (2010) and their suggestion that changes to the business model should start with considering the customer. This study emphasize the complex and important role that the customer engagement played in the developments. The contribution is additionally to regard the customer's three

domains as their individual and collective importance to business model changes merits analysis. The business model change should thus be analyzed in relation to the three domains and assessed in terms of how they are influenced and how they are supporting or hindering the change. The second contribution to business model innovation literature is the development of the view by Amit and Zott (2012) when saying:

> "Changes to business model design, however, can be subtle; even when they might not have the potential to disrupt an industry, they can still yield important benefits to the innovator" (p.44).

The second contribution is a reaffirmation of the substantial gains that may derive from subtle changes. The contributions from the study point to the collective force of changes in the KAM processes affecting the business model innovation that emerged from the combinative he effects of multiple, less than radical changes. The study show a business model transformation which suggest even greater impact than the view of Amit and Zott (2012). The most important contribution in relation to the quote is that benefits include innovators in plural. Both supplier and customer companies reaped benefits from the business model innovation. As KAM processes spanned across both organization, involved disrupting both and sharing risk it follows suit that both parties benefitted while compromising in different phases. If both companies had not been reciprocal in the support and risk-taking and concerned about creating mutually beneficial business, the business mode innovation process would have derailed.

The third contribution is supporting the MIRP studies (Van de Ven and Poole 2007) of emergent and planned innovation occurring in phases with ripple effects (Damanpour 1991; 2009) The KAM processes suggest how. The Customer Engagement Model showed the KAM processes and the customer domains in relation to existing business model and the business model innovation. In the model below, the focus is on the KAM processes and the effect on the new business model. The KAM processes are drawn in a circular manner, primarily to show the dynamic interplay between them and the developments in the business model dimensions.

Exhibit 9.2   KAM Contribution to Business Model Innovation
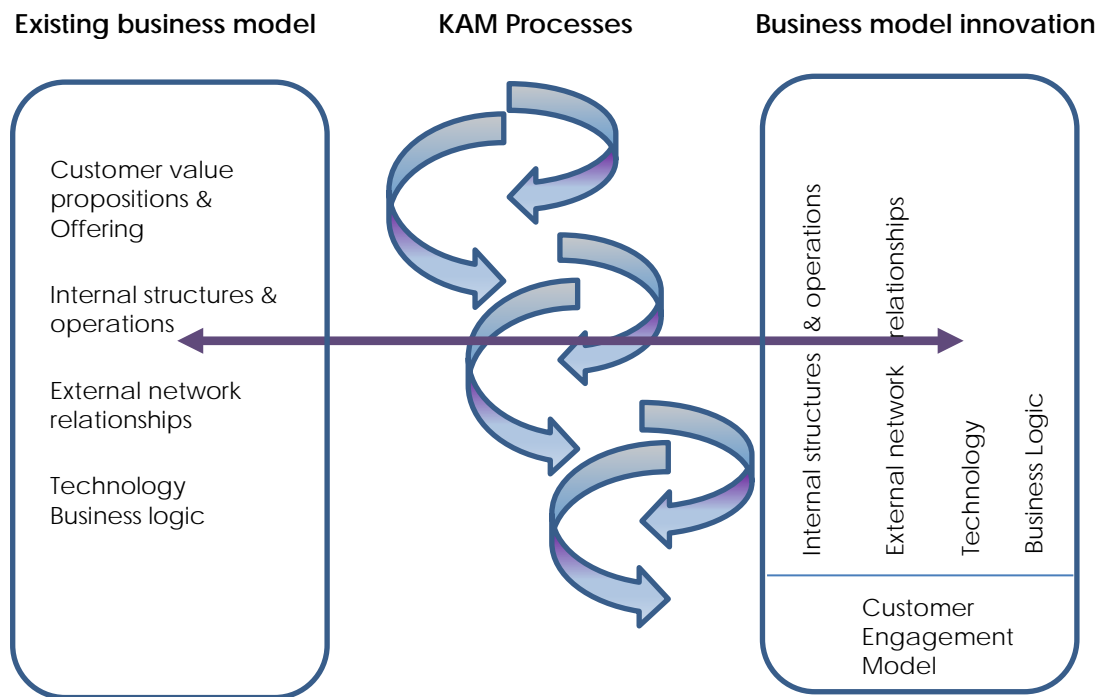
When regarding the existing business model in the model below, the business model dimensions are listed horizontally. The business model innovation has the Customer Engagement Model as the anchoring base for the other business model dimensions. A contribution to both KAM and business model literature is to emphasize the relationships and the importance of engaging the three domains of the customer.

9.1.7.   Transformation Process

Fourthly and lastly, the final contribution is a depiction of the overall transformation process. The business model innovation contributed to a transformation of the companies in becoming service oriented rather than product oriented. Three complementary forces are depicted. The concept of balancing stability and change is recurrent in research (e.g. Kjellberg, Azimont and Reid, 2015). Likewise, different roles (e.g. Mattsson and Tidström 2015) exist in interplay. This study depict the transformation processes of Creating, Destructing and Anchoring. Creating involves innova-

tion and new ways of doing business. Schumpter's notion of creative destruction resounds in the depiction of the three forces (1936). On this level disrupting is reinforced by the magnitude of disruptions and Destructing is the overarching process in the transformation. Existing practices are not just disrupted, they cease to exist and new ones are created. However, destruction does not proceed creation as the processes of Creating, Destructing and Anchoring operate in concert. Anchoring is the stabilizing force. Without Anchoring, Creating and Destructing operate unharnessed and not necessarily in a future oriented manner.

Exhibit 9.3   Transformation by Complementary forces (TFC)
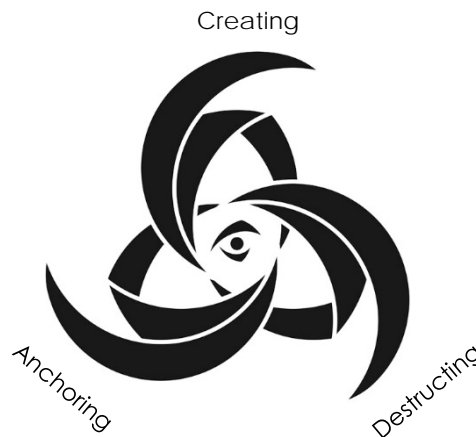
Design by Ulf Collovin

The symbol [55] depicts the three forces in relation to each other. As spokes in a wheel, they support forward motion. The depiction shows a perfect equilibrium, but this is not required. The forces must be relatively equal in order for a movement to be possible. Motion is possible without symmetry. When there is momentum in the movement, advancing is still possible. Under certain conditions, a wheel moving forward will appear to be still or

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[55] The Celtic symbol inspired the symbol. It has been used differently for hundreds of years to symbolize complementary and/or contrary forces or processes.

moving backwards. This optic illusion, temporal aliasing, is also called the wagon wheel effect. Similarly, during any process of change including the process of business model innovation everything may seem to be standing still or even regressing. Activities or risks, investments in time, money and effort that may be included in the KAM processes can appear wasteful. The three cases all had profitable business model innovations but all three processes generated cost and uncertainty in terms of future revenue at one or several phases in the business model innovation process. When activities demand resources and risks with uncertain returns are taken in processes of co-creation and change, the managerial responses may be to stop all developments. A response on a larger scale is to reorganize or press hard on alignment to standard processes with the purpose of reducing cost and risk. Developments are interrupted to avoid waste. However, similarly to a body in motion, a spinning wheel, it is the stopping and the restarting that demands significant amounts of energy. In the attempt to reduce wasted energy and resources, the result may be increased waste. The implications may be the developments in a valued strategic direction are arrested for both supplier and customer.

The box paradox reappears. In a general conundrum and a simple metaphor. The existing business model is a box. The query is concerned with how you innovate outside the box whilst being in it. This dissertation suggest that you do so by engaging in complementary, at times, contradictory KAM processes where multiple relationship with the customer in three domains have developing and stabilizing influence. The findings show how innovation is effectively emerging in the collective processes and the combinative effects of numerous value creating activities. Supplier and customer share both risk and rewards along the way in processes that include failures, small successes and substantial ones. The business model innovation emerges in a strategic and valued direction that contribute to a mutually beneficial future for both supplier and customer. Alas, the box paradox is resolved, albeit temporarily.

Chapter 10

Limitations, Future Research
and Managerial Implications

This chapter describes the limitations of the study from several perspectives. The limitations of any exploratory study apply to the research of this dissertation. Consequently, specific suggestions for future research based on the findings and contributions of this dissertation are discussed. The managerial implications end this chapter.

10.1. Limitations and Future Research

Guesalaga and Johnston (2010) called for more representation from the customer side in KAM research and this study met this call. The limitations of the study are several. The study proposes that KAM principles and KAM processes enable business model innovation in the Customer Engagement Model. The exploratory purpose of the study is not normative but investigative and as such the study contributes to both limitations and suggestions for future research. The first conceptual orientation towards the customer of this dissertation was to lift the importance of the customer and the customer relationship with the KAM principles. The main function of the KAM principles was to provide guidance as to how KAM could be conceptualized in the study. To build on the notion of KAM existing as a set of principles merits further inquiries. There are confinements inherent in the KAM organization that may orient the supplier away from develop-

ing customer relationship. Hence, the conceptualization of the KAM principles requires further studying in order to be deemed valid in the future. The three KAM processes, KAM Creating, KAM Disrupting, KAM Anchoring, were identified but detailed descriptions are lacking and deserve further research efforts. A description in order to identify the three processes and their relationship would be a constructive next step for two reasons. First, it would draw on extant studies of value creating processes including this study. Second, it would provide new opportunities of engaging with practitioners who are in the midst of developments, perhaps engaged in different and unconnected ways of developing a business model innovation. The rich case studies contained details regarding creating new ways of working, roles and relationships of KAM and the customer to coordinate existing products and new service. The activities of KAM in the context of strategic development with particular interest in the creating, disrupting and stabilizing activities of KAM are not systematically mapped. Further inquiries and activity oriented study that includes the distributed roles of selling and boundary spanning role KAM would assist in answering what KAM acts and performs.

Future research is needed to develop the knowledge in regard to different conceptualizations of KAM and the customer with particular reference to value creation and co-creation in customer relationships (Frow et al., 2015; Hohenschwert 2013; Terho, Haas, Eggert, and Ulaga, 2012; Haas, Snehota and Corsaro, 2012; Wikner 2010; Ulaga and Eggert 2005). Studying the KAM and the Customer Engagement Model entailed the study of value co-creation. However, as CEM is derived from the context of the business model innovation the relevance of the model must be tested.

The Customer Engagement Model requires additional development in order to be tested in different development contexts and industries. To continue to study KAM in large corporations with a dynamic and relational approach that the model entails would enrich understanding of the customer relationship in KAM literature. The dark side of customer relationships that Öberg (2008) discuss in her empirically grounded dissertation on mergers and acquisitions merits further exploration in the KAM context.

Limitations of the study apply to the selection and use of empirical data. The companies were medium-sized companies based in Sweden with

international operations. To study how KAM and The Customer Engagement Model in High Growth Firms (Wennberg 2013) and entrepreurial selling in a range of countries and industries would be an interesting avenue for future research.

KAM roles and relationships both internal and external are highly complex and demanding and when adding the relational approach the field is rather unexplored despite decades of KAM research. In line with the contribution of studying KAM both in terms of an organization and in terms of processes, future studies in this vein would provide additional knowledge of how short-term objectives, benefits and costs are balanced with long-term strategic development. The findings of this study combined with a study on the boundaries of formal responsibilities of sales and business development in relation to existing organizational design would provide additional knowledge in several ways. It would shed new light on both KAM processes and organizational design.

A specific and interesting challenge is to understand how to measure the contributions to strategic development in relation to financial investments and risks involved. If sales and selling are functions in transformation (Dixon and Tanner 2012) with real impact on strategy, what implications arise for general and sales management and the KAM organization? KAM management merits renewed interest in light of increased complexity and dynamism. The matters of leadership, KAM incentive systems and motivation in relation to strategic contributions needs additional exploration.

Consequently, as the KAM organization and KAM processes exist in interplay, the main implication is that both organization and processes should be studied conjointly when studying KAM. The merits of studying the KAM organization in different dynamic contexts is underlined. For example adding a process view in preparation of, during a reorganization processes or during the implementation of a new marketing organization seems both reasonable and relevant. However, the KAM organization merits further investigation in relation to concurrent and alternative ways of organizing. The interest in studying the organization as a distinct form is not confined to KAM but to the ability to manage the two business models with is a large and deep research area. However, the development and man-

aging of multiple business models and the role that KAM and the customer have is largely unexplored. This may constitute and avenue of future research in the ambidexterity literature. Building on the dissertation, there is possibly a contribution to be made to the ambidexterity literature is lacking empirical studies of how to address the simultaneity of two business models in one organization (Markides and Charitou 2004; O'Reilly and Tushman, 2008). In particular to contextual ambidexterity (Gibson and Birkenshaw, 2004) which is concerned with the alignment and adaptability of parallel developments on the level of the business unit. Contextual ambidexterity is a theoretical lens through which the empirical data of this study would gain additional findings.

The external network was important in the cases. Arujo, Dubois, Gadde (2003) study the interfirm relationships as a form of coordination alternative to markets and hierarchies and this study supports this view. The development in the three cases contained co-creation, risk-taking and joint development in relation to external parties, existing and new. The role of KAM in develop proof of concepts to test a new business model rather than a technical solution merits attention. Further research is needed. Especially with the speed by which new actors enter the market and the way they are disrupting existing business models. Include new partner in the business model by testing them on a smaller scale in a proof of concept in which the customer relationship and engagement provides a relational framework and stability is a suggestion for further research that may benefit both KAM and business model innovation literature. In sum, the cases were limited to successful business model innovations. Studying KAM when contributing to failing ventures would provide additional insights to KAM Creating, KAM Disrupting, KAM Anchoring, and how they interwork in the Customer Engagement Model.

In summary of suggesting new research avenues, I concur with Bolander, Bonney, and Satornino, (2014) on the need for further academic inquiries of how sales and KAM are taught in business schools.

10.2. Managerial Implications and Innovative KAM

The pace of technological change is contributing to VUCA conditions (Bennett and Lemoine 2014; Fernández-Aráoz 2014). Currently digitalization, automation and artificial intelligence are changing existing ways of doing business. New advancements and new technologies are to come. Paradoxically, it is the fact that technology is changing rapidly with massive impact on rendering manual tasks automatic and efficient that assist in placing how people do business in the center of attention. Rapid technological should surprise nobody by now. Changing behavior is an ongoing process and there is value in understanding how technology, customer behavior and relationship are engaged by the people who make business.

Key account management (KAM) is the dedication of special resources towards satisfying strategically selected customers. But what purpose should KAM have in your company? Related to the analysis is the review of existing KAM principles and the key customer relationships.

Has the existing organization and internal structures and processes outlived their due dates? If the expectations oscillate towards the future and contributions to business model innovation, the first evaluation is in relation to the current KAM organization, its role and purpose and to evaluate if and how the KAM principles apply. The second process is to evaluate how the customer is engaged presently and select a key customer with who a proof of concept may be jointly defined and executed by engagement in the three domains. The choice of KAM organization is next. An option is the ad hoc KAM team to accelerate the rate of transformation and if so, is top management represented with the mandate to act outside given ways of working. However, it is as important that in operations and support are engaging with the customer as the bonds that are created with the user domain may prove high important when creating and selling the business model innovation.

Exhibit 10.1   Comparison of KAM Principles in Traditional KAM
and Innovative KAM

KAM Principles	Traditional KAM	Innovative KAM
Selecting strategically important customers	Based on efficiency measures and short-term sales objectives	Include active de-selection of key customers Selection is based on strategic value creation and the ability to work consistently in the Customer Engagement Model
Directing significant attention and resources to the customer relationships	Prioritization in directing and combining resources to exploit current business models.	Joint risk-taking and co-creation of proof of concept projects that test the entire business model
Organizing internal and external activities and processes to satisfy and develop these customer relationships.	KAM organization and cross-functional standard processes in which the innovation should fit.	Exploring and implementing new ways of working in relation to proof of concept projects and the innovation process.
Satisfying existing needs and developing long-term customer relationships	Customer satisfaction is pivotal. Evaluations and KPIs are on performance	Customer Engagement is pivotal. evaluation of mutual short-term benefits and long-term strategic development

The findings point to customer engagement as a way to test, not only new technology but new relationships and new ways of working. It is highly likely that the dynamic KAM processes already exist in the companies and the customer relationship. But it is not always understood by those involved how the processes operate and which significant impact different, less than radical contributions have collectively. To provide such understanding and relate this to the vision of the company is a challenging management task. Accelerated learning may occur by combining and leveraging existing strengths in customer relationship, legacy and know-how in processes of risk-taking and co-creation of relevant proof of concepts with the customers. It is mainly in regard to the risks involved that top management needs to support co-creation and proof of concept testing of business

models in customer relationship. Rewards will be uncertain and support, action and cooperation is needed from individuals who understand that seemingly unrelated investments will yield major future benefits.

The purpose of the proof of concept is to test the business model dimensions -technology, relationship, customer interactions, external contributions and new demands on coordinating. The process may equally result in deselecting customers that are unsuitable for this type of relationship development. This is an important side of KAM. To not engage in a relationship means that resources, time, energy and good will can be directed towards a relationship that is rewarding in the short-term and more promising in the long-term.

Managers must devise a dual strategy of leading and motivating different types of sales functions or non-sales functions that perform selling, in addition to KAM. A regular overhaul of existing incentive systems is needed. Incentive systems need to be different to the extrinsically oriented motivation and reward systems when KAM is contributing to strategy. Intrinsic motivation will be increasingly important as the process of development is long-term and involves risk. New metrics are needed to asses this part of KAM that link the contributions to strategy rather than purely sales oriented key performance indications. More importantly, a relevant dialogue about the role and rewards may be as important as the structure and level of incentives. Hiring of relevant outsiders is important and it is not purely about industry but also about national culture, gender, age and professional background. When hiring is not possible, consultants are. When assigning a task to an external firm engage in taking in their external opinions and possibly diverging perspectives.

The need for negotiating is omnipresent. The importance of personal interactions and relationships in creating and innovating the business model will be in continuous processes of negotiation. My last recommendation places the relationship with the customer in focus again. When engaging with people you appreciate and work well with, this process is faster, more effective and -not to be scorned at –simply more fun. To be able to laugh in good company is important as, failing and learning will be a part of the process. Choose a customer with whom you share an authentic reciprocal desire to contribute to the success of the other. Select the customer with

whom you see a bright future and with whom you can envision dealing with disruptions, frictions, risk-taking that is inherent in the process of business model innovation. Most importantly, do it. Engage by action and interaction to listen, learn, led and develop.

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Appendix 1

Semi-structured interview guide which evolved to be able to probe deeper into the areas of interest during the pre-study of 2010.

I often started each interview with asking them "for the record" as I was recording our interviews their name and the role at the company. Describing their roles would involve me asking them to describe:
What they do both generally and in detail.
Who they normally interact with and why
Which processes they adhere to or choose not to adhere to
What they define as problems or hinders in reaching short term goals
What they define as problems or hinders in reaching long-term goals

I always asked for a company history and some information about the heritage for general information but also in order to assess the role of sales or the role of key customers in the developments.

In addition I was interested in hearing about their sales culture and company orientation in regard to both innovations and the customer relationships.

An area of interest was also coordination of internal and external activities and contributions in formal processes and informal processes. How they were described differed significantly from value creating processes or an annoying distractions from selling.

I also asked about cross-functional or cross-organizational learning and replication of success cases.

Several levels of analysis were included in the discussions and no method was off the table. During the pre-study phase I oscillated between continuing the more classical sales research with for example hypothesis testing of the effectiveness of sales targets and the digging into the relationships with the customers. The long-term nature of the doctoral process was contributing to a continued interest in longitudinal developments of KAM and business model innovation.

The interviews continued with bringing the two areas together in the interviews when asking if and how sales contribute to innovation? How? Informal or formally in established processes? How is innovation regarded in the sales force?

Inspired by Öberg (2010) I asked explicitly about the customer. Is the customer brought into the innovations? By whom, how, when, why and with what result?

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