

What resources does EuroDesign Pvt. Ltd need to gain sustainable competitive advantage, and will these resources change as the firm grows?

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This Master's Thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusions that are drawn.

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Chapter I - Introduction:

1.1 The research

Many companies, big or small want to gain competitive advantage and even sustainable competitive advantage in order to maximize its profits. Small companies usually struggle to survive and do often not have the time to look at what resources the firm needs in order to gain sustainable competitive advantage. Without really identifying this, the company will still struggle to survive and the chances of growth will also be reduced. What are the factors that make the company grow in the right direction, and what makes the company able to execute its strategies and plans? When you have the right resources that give you a sustainable competitive advantage, will these resources change as the firm grows?

In this thesis I will look at a startup company called EuroDesign. I will look at the challenges the company will face when it goes from a start-up company to a growth company.

My research question: What resources does EuroDesign Pvt. Ltd need to gain sustainable competitive advantage, and will these resources change as the firm grows?

This is important because the company will face many new challenges when it develops from a startup company to a growth company. In order to face these challenges EuroDesign will need the right resources to handle that situation.

I could have looked at it as a traditional entrepreneurial case, but as I stated in the first part of the problem definition EuroDesign wanted to identify what resources that are the most important for them. The second question is also very relevant. Will the resources change as the firm grows or are they different in different ways of growth?

In order to solve these issues, I have used theories that draw on the resource based perspective of the firm. I will look at what attributes a firm needs in order to have a sustainable competitive advantage.

After that I will describe what resources the firm need for in different stages of growth.

In addition to this I will identify what kind of resources that EuroDesign need in different scenarios of growth.

The research focusing on competitive advantage has been going on for decades and is mainly divided into two main directions. The first direction is to look at the external environment and try to position the company in a way that gives the company competitive advantages. Michael Porter is clearly one of the pioneers and most well known researches in this perspective.

The other perspective focuses on the firm's internal resources and what resources the firm needs in order to gain competitive advantages. There are been an enormous amount of research on this perspective of competitive advantage the last decades as well.

The objectives of this study are divided into two:

- 1) To identify what resources EuroDesign needs in order to gain sustainable competitive advantages
- 2) To figure out if the resources changes as the firm grows.

The resource-based perspective focuses on sustainability, but this is often very abstract on what happens with the resources over time. The resources leading to a competitive advantage may change over time and I want to identify how the need for different resources change as a firm grows.

In order to figure out what resources I need in order to create or gains sustainable competitive advantages I will look at both the firms potential tangible and intangible resources.

I will look at these resources in a VRIN-framework developed by Barney (1991) in order to identify which resources are the most important and which will give the largest sustainable competitive advantages.

In terms of growth, this can be looked at in different perspectives. In one perspective you can look at growth in different stages of the firm's life cycle. Here you can look at the company from the start and as it develops. Some theories look at this perspective and focuses on how the resources are used as the company develops, but they have not focused that much on what concrete resources the company needs in the specific phases.

One other perspective is to look at different ways or scenarios of growth. The scenarios of growth that I will look at are internal growth, strategic alliances and mergers and acquisitions. I want to see if the different ways of growth requires different sets of resources.

The outcome of this thesis is to know what kind of resources that are needed in order to make EuroDesign a competitive growth company.

I want to get several perspectives on what resources EuroDesign need in order to be competitive growth company. Therefore I will interview a very heterogenic group of people. I will interview customers, people that work with growth companies, potential customers and entrepreneurs that have made growth companies in the same industry.

1.2 The Company

Euro Design is the new and upcoming manufacturer and exporter of high quality accessories and garments. With a factory in New Delhi, India, and directors from Norway, Euro Design is the safe choice of an Indian supplier. EuroDesign are working with customers in Norway, Denmark, Germany and Canada. The company started its operations in August 2010.

The owners of the company are from Norway and the sales are done from Norway. The production on the other hand is in India. In India EuroDesign employees approximately 20 people that work with the production and three people have the administrative responsibility.

As a start-up company, EuroDesign have seen different resources that differentiate them to their competitors. Their main advantage is their closeness to their customers and relations to its customers, and a management with a western mindset. This makes it easier for the customers to deal with us compared with some of our competitors.

The company had negative net income in the company's first 8th months. And the firm's goal is to break even in 2011. The main reasons for the negative income are mainly because bad management in the production unit and that has resulted in inadequate deliveries. Here the product quality has been too bad or the products have not been delivered at the right time.

Chapter II - Theory

The theory chapter is mainly based on the resource based perspective, and the most written elements in that perspective.

As a part of the resource based perspective, I will look at different factors that gives a company sustainable competitive advantage.

Firstly I have looked at the fundamental theories on what competitive and sustainable competitive advantage is. I have also defined what resources are, and divided the company's resources into two groups: Tangible and intangible resources.

I have also tried to identify some of the resources that we are going to look at in more detail.

These theories are presented in order to give a theoretical background to figure out what resources EuroDesign needs in order to create sustainable competitive advantage.

In terms of growth, I have looked at that topic in two different perspectives. The first is growth in stages of the firm's life cycle. After that I have looked at different growth scenarios or ways of growth: Internal growth, Mergers & acquisitions and strategic alliances.

2.1 Competitive advantage:

There are several ways of looking at a firm's competitive advantage. You can look at the external perspective of the firm. Where you look at how the firm can gain a competitive advantage in a relationship with your other competitors (Porter, 1985). This perspective looks at the companies in the context with its competitors and the industry as a whole.

If you look at the internal perspective of the firm competitive advantage, you focus on the firm resources and capabilities of the firm. Major influences here has been Penrose (1959), Peteraf (1993), Barney (1991), Dierickx & Cool(1989), Rumelt (1991), Foss (1998).

Here you analyze the resources the firm have or need to gain in order to get a competitive advantage.

The conditions needed in order to create sustainable competitive advantage are described by Peteraf (Peteraf, 1993) and consists of these four criteria:

Heterogeneity

Is one of the basic assumptions and says that a firm's resources and capabilities are heterogeneous across firms (Barney, 1991). Some firms have other resources and capabilities than others and will therefore have a competitive advantage.

Ex post limits to competition

In order for a firm to gain rents over time and therefore sustainable competitive, the condition of heterogeneity must also be durable. This can only happen when there are ex post limits to competition (Peteraf, 1993).

This means that there must be forces that limit the competitors to get the rents a firm gets from its heterogeneity. The two main factors limiting ex post competition are imperfect imitable and imperfect substitute (Peteraf, 1993).

If other firms have products or resources that can substitute yours, your firm's rents will be reduced. This is a part of the framework from Porters (1985) five forces.

Imperfect imitability refers to the attributes that are difficult for competitors to imitate. Even though the competing firms possess the same resources, they might not be used as efficient as your firm does (Barney, Dierickx&Cool, via Peteraf, 1993).

Causal ambiguity refers to the different causes of efficiency among firms (Lipmann&Rumelt, via Peteraf, 1993). This makes it harder for the imitating firm to figure out what to imitate because it is difficult to figure out exactly what they need to imitate in order to have the same efficiency.

Imperfect mobility

There are different views on imperfect mobility. One definition of this is that resources are perfectly immobile if they cannot be traded (Dierickx and Cool, 1989). Peteraf also refers to Williamson that argues that some resources are imperfectly mobile. These resources are tradable, but to more valuable for within the firm that currently employs them than they would be in another firm.

Ex ante limits to competition

To have competitive advantage, a firm also needs ex ante limits to competition as well. Here Peteraf (1993) states that the when the firm establishes a superior resource position, there should be limited competition to gain that resource position.

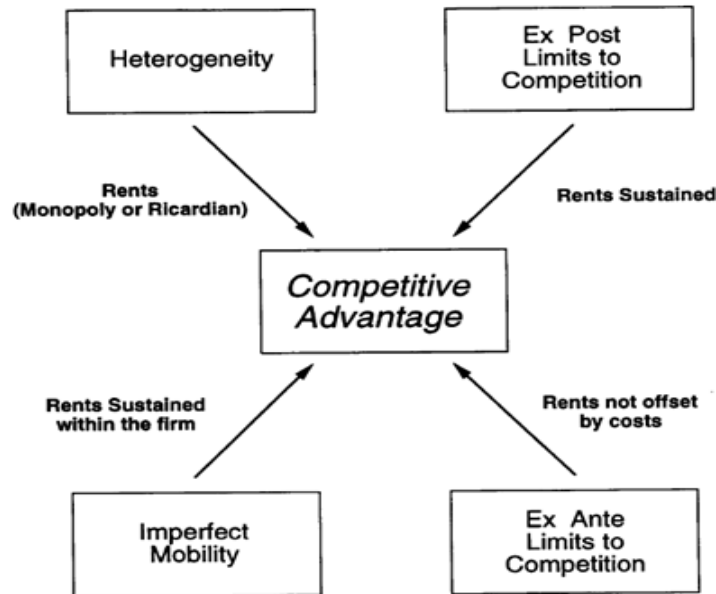


Figure 3. The cornerstones of competitive advantage

Figure 1, The cornerstones of competitive advantage (Peteraf, 1993)

2.2 The resource based view

The resource based view on strategies focuses mostly on the company’s internal resources and capabilities. This perspective looks at what type of internal resources and capabilities that is critical for sustained competitive advantage.

The firms resources is as all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm that enables it to conceive and implement strategies that improves its efficiency and effectiveness (Barney, 1991).

These resources can be divided into tangible resources and intangible resources (Peng, 2009; Hall, 1992; Collins, via Galbreath, 2005).

2.2.1 Tangible resources

The tangible resources include all the physical resources a firm has.

Financial resources (Peng, 2009, p.65):

Can be seen as the firm's ability to generate internal funds and the firm's ability to raise external capital and critical resources that are important in order to create sustainable advantage.

Physical resources (Peng, 2009, p.65):

Is the number of plants, offices and equipment the firm control.

In addition to this, the access to raw materials and our distribution channels are important.

2.2.2 Intangible resources

Some researchers like Fornell (2000) estimate that 80 % of the market value of an organization are intangible resources. Intangible resources can be divided into two groups: People dependent and people independent resources (Fernandez, 2000)

The people dependent resources are human capital and need the human resources bearing those attributes to be there in order to be used. While the people independent resources can remain as a part of the firms resources even though people leave or come to the firm. The people independent resources can be divided into three categories: Organizational capital, technological capital and relational capital (Fernandez, 2000).

I have left out the technological capital from the theory part as it outside the capital since the industry EuroDesign is very little technological capital intensive.

Table 1
Typology of intangible resources

Intangible resources	Category	Components	Appropriation mechanisms
People dependent	Human capital	Generic knowledge Specific knowledge	Contracts
People independent	Organisational capital	Norms and guidelines Databases Organisational routines Corporate culture Co-operation agreements	Causal ambiguity Agreement stability
	Technological capital	Patents Trade secrets Industrial models and drawings Copyrights	Imperfect mobility
	Relational capital	Reputation Brands Commercial name Shop sign Loyalty, long-term relationships Distribution channels	First-mover advantages

Figure 2, Typology of intangible resources (Fernandez, 2000)

2.2.3 Human Capital

Firm specific human capital is a resource that is fundamental to knowledge creation through learning by doing and is not readily expropriated by rival firms (Hitt et al, in Nile W. Hatch, Jeffrey H. Dyer, 2004).

It can also be defined as the pool of human capital under the firm’s control in a direct employment relationship (Wright, McMahan, McWilliams, 1993)

When you are going to analyze human resources in a resource-based view you have several aspects. You can focus on the skills of human beings in organizations (Flamholtz&Lacey, via Wright, McMahan, McWilliams, 1993) and classify organizations based on its competencies (McKelvey via Wright, McMahan, McWilliams, 1993). McKelvey define competencies as knowledge, skills and abilities of the people in the organization.

Or you can look at employee behavior as the relationship between firm strategy and firm performance (Jackson, Schuler & Rivero, via Wright, McMahan, McWilliams, 1993). I will do the same as Wright, McMahan and McWilliams (1993) and recognize that both aspects are relevant for the implementation of firm strategy and its performance.

2.2.4 Organizational capital

The organizational capital contributes order, stability and quality to the firm (Brooking, via Fernandez, 2000). This capital is not static, but something that is dynamic and change as time goes by and as the firm develops. The core of organizational capital is norms and guidelines, organizational culture and its strategic alliances (Fernandez, 2000).

The guidelines and norms are formed by the way the company does its business.

Norms and values are seen as the glue that holds together communities in which resilient trust is extant (Leana, 1999).

This constitutes the firms administrative procedures form part of its organizational knowledge. Some of the procedures and norms are written down and is a formal part of the organizational capital, while most of it is implicit (Fernandez, 2000).

The formal part, such as IT-systems and databases, can be an important source of information that can give a competitive advantage. You can use information system in order to coordinate and share the firm's knowledge. By doing this you can improve the firms competitiveness (Wiig, 2003).

Cohen (1994) describe organizational routine is that they appear prominently and persistently in description of organizational action. Cohen(1994) also says that routines arise in repetitive situations where the recurring cost of careful deliberation can become a heavy burden; they store organizational experience in a form that allow the organization to rapidly transfer that experience to new situations.

An organizational routine defines a regular, predictable pattern of activity, consisting of a sequence of coordinated actions which are put in practice when the organization faces a specific problem or stimulus. Companies develop routines to improve efficiency and facilitate co-ordination in a context characterized by uncertainty and the decision-takers rationality (Nelson&Winter, via Fernandez,

2000).

Corporate culture is also an important element in the organizational capital of a firm. Corporate culture includes anecdotes, expectations, rituals, work norms, rules, precedents and values repeatedly observed, accepted and shared by the members of the firm (Schein, via Fernandez, 2000).

Once a group has learned to hold common assumptions, the resulting automatic patterns of perceiving, thinking, feeling and behaving provide meaning, stability and comfort; the anxiety that results from the inability to understand or predict events happening around the group is reduced by the shared learning. The strength and tenacity of culture derive, in part, from this anxiety-reduced function (Schein, via Fernandez, 2000).

A certain element (principle, norm, value) is integrated in the culture when it is repeatedly revealed as a valid solution to a particular problem (Fiol via Fernandez, 2000)

Culture performs various functions depending on the stage at which the firm is in. In the initial stage culture tends to be a positive force of growth, which needs to be developed and articulated. In the stages of maturity and decline, current culture may be a dysfunctional element which must be totally or partially modified (Fernandez, 2000).

2.2.5 Relational capital

Reputation

It represents the knowledge and emotions towards the firm, its products and its employees.

Reputation can be a major competitive advantage through differentiation. A good reputation usually takes a long time to build up and can be used as leverage when the firm gets it (Hall, 1992).

When studying the effect of reputation on the decision to joint venture (Dollinger, 1997), findings indicate that reputation is (1) a multidimensional construct, (2) the personal information-processing characteristics of the decision-maker mediate the reputation effect and may suppress the reputation information, (3) subjects may compensate weaker elements of reputation for stronger ones when making decisions, (4) product and management reputation are the most important factors, and (5) reputation is a factor affecting the decision regardless of whether the proposed target is a supplier or a competitor.

Brand

Brand is defined in many ways. Lisa Wood (2009) describes some of the different definitions and the implications with those. Some of the definitions mentioned are that a brand is: "... the aggregation of all accumulated attitudes and behavior patterns in the extended minds of consumers, distribution channels and influence agents, which will enhance future profit and long term cash flow." (Srivastava&Shocker, via Wood, 2000). A more broad definition on brand equity is "the set of associations and behavior on the part of a brands customer, channel members and parent corporation that permits the brand to earn greater volume or greater margins that it could without the brand (Leuthesser via Wood, 2000).

Network

Are the personal relationships which transcend the requirements of organizational structure, commercial relationships etc. (Hastings, Midel and Young, via Hall, 1992). The networks can be internal and external. Good networks can be essential if the changing environment is going to be monitored effectively.

Networks consist of content, governance and social structure (Hoang, Antoncic, 2003).

Network content includes the relationships with other persons and organizations. These relationships can give access to capital but also intangible resources. In addition to this, the relationships can give access to information and advice (Hoang, Antoncic, 2003).

Network governance can be defined by the reliance on implicit and open-ended contracts that are supported by social mechanisms, such as power and influence (Brass via Hoang, Antoncic, 2003). Trust between the partners is seen as critical for the network (Larson via Hoang, Antoncic, 2003). Trust affects the richness of exchange relations, especially with respect to the exchange of information (Saxenian via Hoang, Antoncic, 2003)

The network structure is defined as the pattern of direct and indirect ties between actors (Hoang, Antoncic, 2003). The network structure can be measured by the size of the network or the position in the network. These measurements can give an indication of how a company can access resources.

You can also look at other patterns of network as well, like how the structure can give access to a diversity of resources.

2.3 Framework for creating sustainable competitive advantage

Jay Barney (1991) has developed a framework that looks at how firm resources can create a sustainable competitive advantage.

VRIN framework

The VRIN framework (Barney, 1991) is a theoretical framework that works on the assumption that firm resources may be heterogeneous and immobile. In order for a firm to have sustainable competitive advantage the resources must have four attributes: (a) it must be valuable, (b) it must be rare, (c) it must be imperfectly imitable, (d) non substitutable.

Valuable (Barney, 1991)

In order to gain a sustainable competitive advantage the firm resources must be valuable. Resources are only valuable when they enable a firm to conceive or implement strategies that improve its efficiency and effectiveness. The resources must exploit opportunities or neutralize threats.

Rare (Barney, 1991)

The resources possessed by firms with sustainable competitive advantages that other competitive firms does not have. As Barney (1991) describes it, a firm enjoys a competitive advantage when it is implementing a value-creating strategy not simultaneously implemented by large numbers of other firms. The resources that can be rare is described earlier, but managerial talent seems to be crucial for implementation of almost all strategies (Hambrick, via Barney 1991).

Imitability (Barney, 1991)

The two previous points, that the resources need to be valuable and rare is the fundament in order to create competitive advantage. But in order to create a sustainable competitive advantage the firm's resources must also be imperfectly imitable. In order to be that, the firms need to be the following, or be a combination of (Lipmann&Rumelt; Barney, via Barney 1991):

(a) the ability of a firm to obtain a resource is dependent upon unique historical conditions. This means that some resources depend upon their place in time and space. But these resource that not

are space-and time-dependent

(b) The link between the resources possessed by a firm and a firms sustained competitive advantage is causally ambiguous. Causal ambiguity exists when there is a link between the resources a firm has, and when a firms sustained competitive advantage is not understood, or is understood, only very imperfectly. This will make it difficult for other firms to imitate these resources, since they do not really know what to imitate.

or (c) the resource generating a firms advantage is socially complex (Dierickx & Cool, 1989):. Some resources can be very hard to imitate, since they are a part of a social complex context or phenomena. There can be several sources of social complexity. Barney mentions interpersonal relationships, reputation among supplier and customers as examples of this.

Non substitutable (Barney, 1991)

In addition to the notion that strategic resources need to be valuable, rare and perfectly imitable the resources need to be difficult to imitate. That means that it does not help if some resources are valuable, rare and difficult to imitate, if you can use other resources to execute the same strategies. This can happen in two ways. Firstly, since the competing company struggles with your competitive resources, they might find similar resources in order to compensate for your valuable and rare resources they are not able to imitate.

Secondly, very different resources can be strategic substitutes. One example is if one is able to implement their strategies because they work very informally, a competing firm can be able to execute the same strategies in very formal processes (Zucker, via Barney 1991).

2.4 Company in growth

In this thesis I will define the company as a startup company, until the company reaches break - even. This means that I will define this company as a startup company while it is in “the valley of death”. When the company have reached break even, I will use the definition growth company.

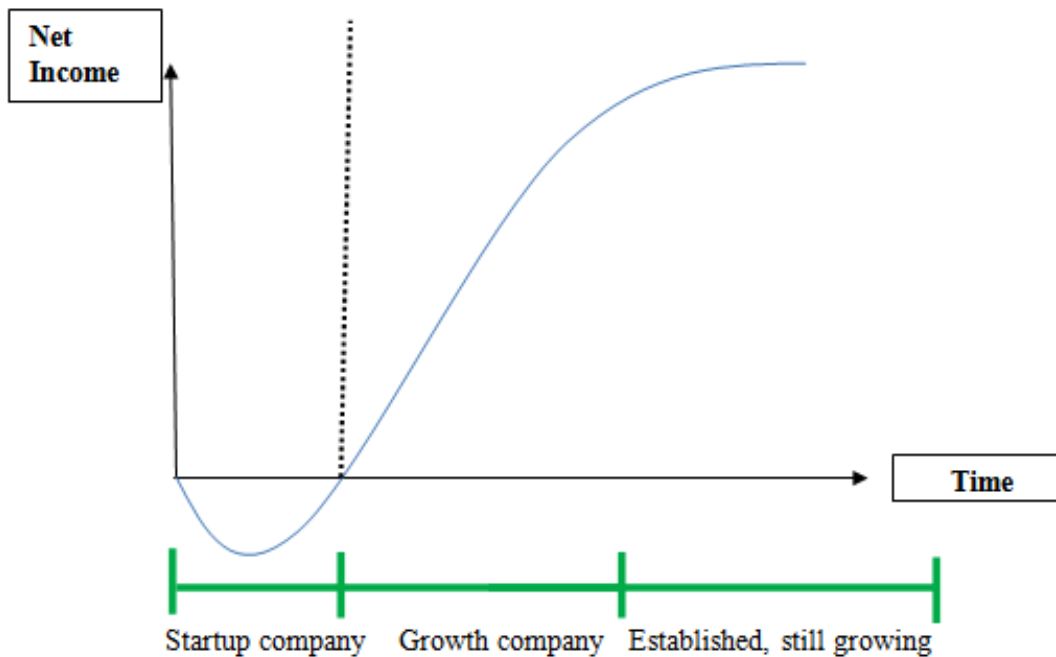


Figure 3. Growth phases. Figure by author

2.4.1 Growth phases and processes in a firm

The theory of the growth firm (Penrose, 1959) is by many seen as the basis for resource based view of the firm. The theory of growth of firms focuses mainly on existing firms and not necessarily on the early growth of a firm.

Penrose (1959) describes three classes of explanation of why there may be a limit to the growth of firms. These are managerial ability, products or factor markets, and uncertainty and risk. The managerial ability is internally focused, while products or factor markets are externally focused and uncertainty and risk is a hybrid of internal and external factors.

When you look at the direction of growth or expansions you also have internal and external factors that are critical.

The external factors can be growing demand of particular products, change in technology that makes your products more attractive, and more. The obstacles can be tough competition, patent rights that makes it difficult for a firm to enter the market, substitutes and high exit costs (Porter, 1985).

In terms of the internal factors that determine growth direction it can be managerial capacity,

technical skills and skills within planning and execution of strategies (Penrose, 1959). Internal factors that might affect the growth of a company will be the unused pool of unused productive services, resources and special knowledge which will always be found within any firm (Penrose, 1959).

There are several problems that must be solved in order to form a firm and generate revenue. This can be described in several phases in a start up growth (Garnsey, 1998). The figure shows the path of sustained growth achieved by a successful firm and alternative paths. This general figure shows three common possibilities in a firm's growth: Early failure, an early growth plateau when the resource generation is received and growth reversal following early expansion.

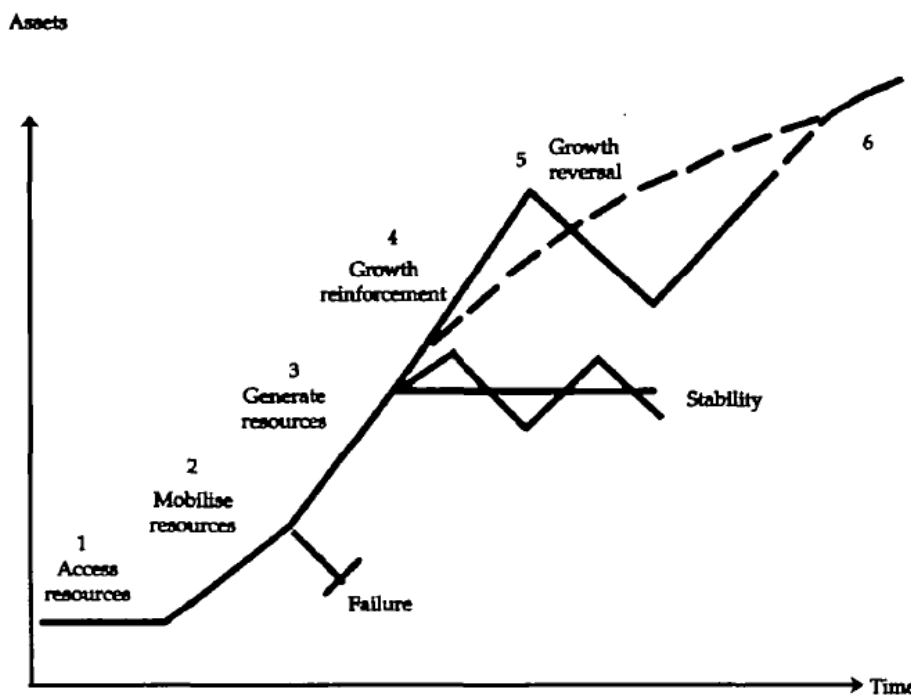


FIGURE 1. Growth paths, illustrating steady growth, early failure, stability with oscillation and a phase of growth reversal.

Figure 4. Growth paths (Garnsey, 1998)

Access resources

As a firm is established, the founder or the founding team has identified one or several opportunities in the market. It is now necessary to figure out what to do and deploy the resources needed in order to do as planned. In this phase the founders and the founding team shape the firm's internal conditions and the firm's assets and inputs. In this phase the initial choices may shape future opportunities and lock out alternatives. (Churchill via Garnsey, 1998).

The resources available for a start up firm are often very limited, since the entrepreneur often have limited expertise and resources available (Okaey via Garnsey, 1998).

Here, contacts or a network might be crucial in order for an entrepreneur to succeed. Networks might give the start-up firms additional resources that can be curtail for success.

Resource mobilization

When a company have accessed the resources needed, it is important to utilize and mobilize these resources. The firm needs to identify what and how to use the resources in its possession, and also how to gain other resources that are needed in the future (Garnsey, 1998). In addition to this, it is important to identify the resources that create revenue and the resources that don't. There are also interactions between identifying which resources that are needed, and implement the resources that are identified. It might be a gap between what is planned and what is actually needed. When these kinds of gaps occur it is important to find new ways to obtain the right resources.

Resource generation

When you have the sufficient resources, and they are mobilized and deployed, the firm have the opportunity to build on experience. This gives the firm to be more self-sustaining and also gives the firm the opportunity to develop knowledge and competence. Instead of every operation to be built from scratch, the firm will have been through a learning process. This will give the firm the opportunity to make decisions and choices based on previous experiences (March&Simon, via Garnsey, 1998). This will reduce the time and usage of the resource, and the firms resources can use more time on other tasks.

These tasks are often focused on improving the relationships between customers and suppliers, and focuses on making the firm more efficient and more stable. In this stage it can also be incentives to create strategic alliances upstream or downstream (Garnsey, 1998).

When a firm moves from the first conditions as access of resources and mobilization, the firm will

experience several new problems and challenges. The problems that have been recurring can be handled with experience, and the problem solving can be implemented in routine procedures.

In this stage growth is limited by the rate of which new members can be brought in and the pace of which the firm gains experience and learn to solve problems together even more efficiently (Simon, via Garnsey, 1998).

Growth reinforcement

If a firm have reached the previous phases, and are still eager to grow they will have to reinforce the growth. Successful growth and further investments are mutually reinforcing. The organization will need to be more efficient, and this is easier now, since the organizational learning process has been going on for a while, and has more resources available to focus on growth (Garnsey, 1998).

This underused capacity incentivizes what Penrose (1959) call ‘economies of growth’. In order to still give the staff opportunities and challenges the growth option will become even more attractive. In addition to the internal pressures for growth, previously obtained key relationships will have an important part in promoting growth (Garnsey, 1998).

Growth reversal

When a firm grows in a high pace or grows a lot, decision-making problems arise and the need for delegation becomes stronger (Barnsey, 1998). The internal and external complexity of the organization can limit growth and lead to growth reversal (Senge, via Garnsey, 1998). Here the organization must become more professional and work systematically to keep track of their resources and market position.

Growth reversal often results from leadership and human resources difficulties (Kotter&Sathe via Garnsey, 1998).

2.4.2Growth scenarios

Internal growth:

Internal growth/direct entry can be defined as when a firm, whether newborn or already existing, begins selling on an ongoing basis in an existing market from which it was previously absent (Yip, 1982). There are several ways for a firm to increase its internal growth.

It is difficult to find an absolute definition on diversification. This term can be very abstract since the meaning of diversification is very subjective. Some firm diversify in totally different industries, while other expands their product line within their own market or niche.

But we can say that firm diversifies its productive activities whenever, without entirely abandoning its old line of products, it embarks on the production of new products, including intermediate products, which are sufficiently different from the other products it produces to imply some significant difference in the firms production or distribution program (Penrose, 1959).

A firm will be diversified when they increase the number of variety of final products, increases in vertical integration and increases the number of “basic areas” of production from which a firm operates.

When a firm looks at diversification that involves a departure from the firms existing areas it can happen in several ways (Peng, 2009):

- Product-related diversification. Entries into new product markets and/or business activities that are related to a firms existing markets and/or activities.
- Product unrelated-diversification. Entries into industries that have no obvious product-related connections to the firm’s current lines of business.

Strategic Alliances:

Strategic alliances can be defined as any voluntarily initiated cooperative agreement between firms that involves exchange, sharing or co-development, and it can include contributions by partners of capital, technology or firm-specific assets (Peng, 2009).

There are several incentives to establish a strategic alliance. One way to look at the incentives is to look at the strategic opportunities and the social opportunities for a firm (Eisenhardt & Schoonhoven, 1996).

In the strategic incentives for corporation lies in the opportunity to gain a higher pay-off in a corporation with another partner, compared to what the firm could do by itself (Eisenhardt & Schoonhoven, 1996).

In strategic alliances, the involved firms might be able to access new kinds of resources, both financial and other resources that they might not have been able to access by themselves (Hamel et al., Pisano&Teece, via Eisenhardt & Schoonhoven, 1996) . The resources firms acquire through

- The cost of going into a merger or an acquisition
- Will the firm be willing to pay for this?

In terms of acquisition strategies there are several strategies. Some focus on the products that the other firm have, and some focus on the other firms' position in a given market.

You can also look at the resources based criteria for acquisition strategies (Salter and Weinhold, via Wernerfelt, 1984):

- Related supplementary (Get more of the resources that you already have)
- Related complementary (Get more resources which combine effectively with those you already have).

Acquisition entry occurs when an existing competitor in an existing market is acquired by a firm not previously competing in that market. The acquirer should have the intention to use the acquired business as a base for expansion, and not merely hold it as a portfolio investment (Yip, 1982).

The basis for an acquisition is that if there are firms that are willing to part with their assets, including good-will, at a price equal to or less than their value to potential buyers (Penrose, 1959).

A merger on the other hand is the combination of assets, operations and management of two firms to establish a new legal entity (Peng, 2009).

There are several categories of M&A (Peng, 2009, p. 331):

Horizontal M&A. This involves M&A with competing firms in the same industry.

Vertical M&A is the mergers and acquisitions that are upstream or downstream.

Conglomerate M&A are the M&A's that are product unrelated.

2.5 Conceptual frameworks:

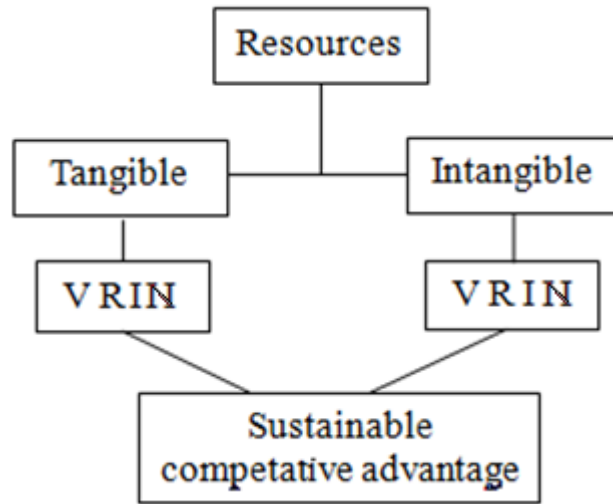


Figure 6. Conceptual framework 1. Figure by author.

Based on tangible and intangible resources and the VRIN framework

The first conceptual frameworks looks at how the different sets of resources create sustainable competitive advantages through the VRIN framework. Here you can try to identify what tangible resources that is Valuable, Rare, Imitable and Non-Substitutable and then identify the intangible resources that are Valuable, Rare, Imitable and Non-Substitutable. When this is done you will in theory gain or have sustainable competitive advantage.

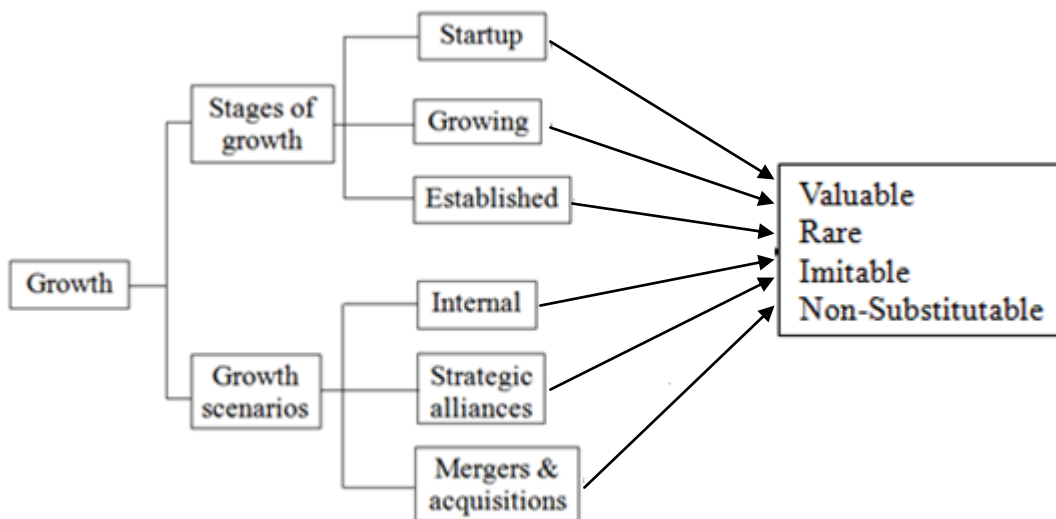


Figure 7. Conceptual framework 2. Figure by author. Two perspectives of growth

Here growth has been looked at in two perspectives. The perspectives are stages of growth and the ways or scenarios of growth. I want to figure out if the sets of resources will change in different stages of growth and what kinds of resources that are needed in different scenarios of growth.

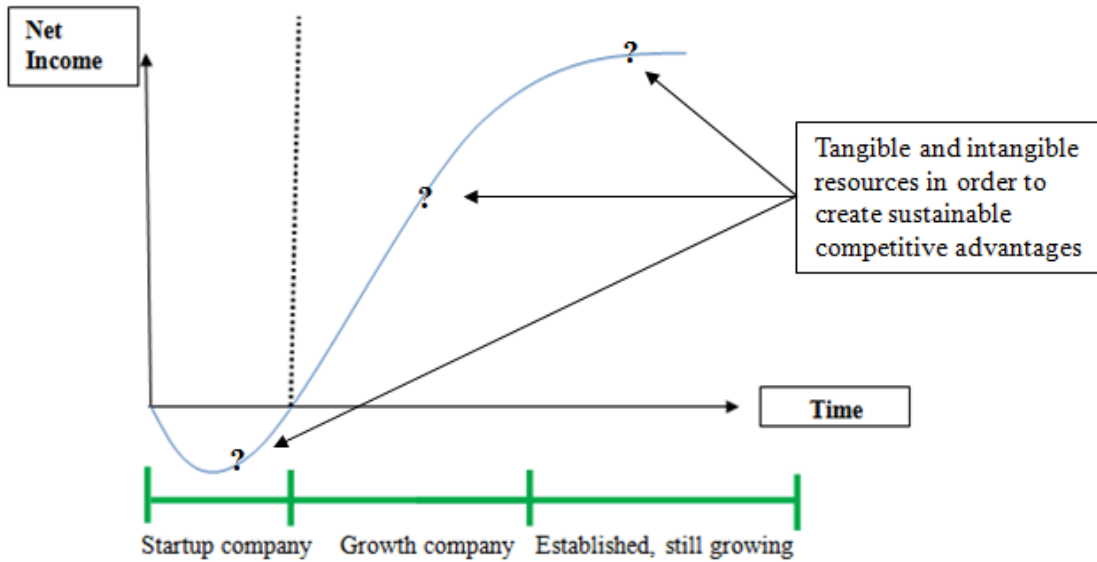


Figure 8. Conceptual framework 3. Figure by author.
Based on model drawn earlier in the theory chapter

In terms of the different stages of growth I want to see what challenges and resources that are needed in order for EuroDesign to grow. Here I want to know what resources the company needs in the different stages of growth and if that will change as the firm grows.

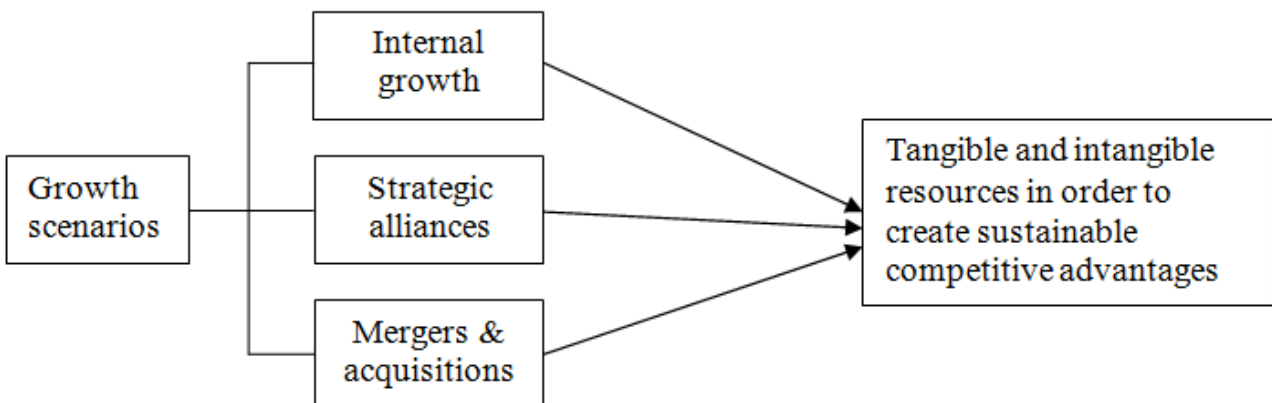


Figure 9. Conceptual framework 4. Figure by author.

There are three main ways or scenarios of growth. Do these need different kinds of resources or are the many similar resources needed in order to be successful in the different ways of growth.

Chapter III – Methods

3.1 Problem definition:

My research question: Which resources does EuroDesign Pvt. Ltd need to gain sustainable competitive advantage as the firm grows, and will these resources change as the firm grows?

The depended variable is the variable that is supposed to be predicted or explained, while the independent variable is assumed to explain/predict the depended variable (Zikmund, 2003)

As you can see, the research question can be divided into two parts. In the first part I am looking at the resources creating sustainable competitive advantage. Here the dependent variable is sustainable competitive advantage and the independent variables are resources. In the other part of the research question, I want to know if the resources will change if the firm grows. In this part of the research question the dependent variable I the resources, and the independent variables are the growth of the firm.

3.2 Choice of methods

I want to get as many details as possible in order to get in to the bottom of the research question. Since EuroDesign have a limited amount of experience with growth, this research will be exploratory. Here we will be able to figure out which resources that will give EuroDesign a sustainable competitive advantage. I will also investigate if the resources will change as the firm grows. In terms of growth, I am looking at this in two perspectives: As the firm grows, in different stages of growth, and different scenarios of growth. Here I can focus on many variables, but have a small number of units that will be investigated.

As mentioned, there are a lot of theories on what resources that are needed in order to create sustainable competitive advantage, but the theory are very abstract on the question about if resources are changing as the firm grows.

I will mainly focus on experience interviews. This is an exploratory research technique in which individuals that is knowledgeable about the particular research problem that is being researched (Zikmund, 2003).

Therefore the main focus will be on people with different experiences from growth firms in the same industry.

A qualitative research method is very open towards the data that are going to be gathered. The data will be systemized and categorized afterwards.

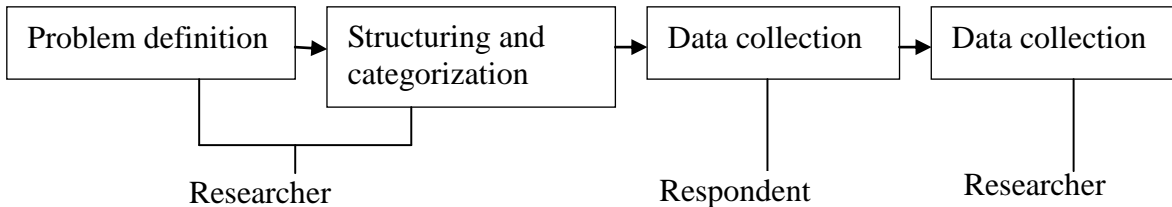


Figure 10. Stages of qualitative analysis (Jacobsen, 2005, p. 128)

Qualitative methods focuses on details, richness in information and are not determined on beforehand on what's going to be looked at (Jacobsen, 2005).

I will primary conduct individual interviews. This is because it will be very difficult get my interview objects into a group interview, since the people that I want to interview are very busy.

The individual interview works best under following assumptions (Jacobsen, 2005):

- Few respondents
- When we are interested in the opinion of each of the respondents
- When we are interested in how each individual reflects and interpret meanings about a special phenomenon.

Two of my interviews were phone-interviews, since the interview objects were in India and in Germany at that time. The rest of the interviews were conducted face to face.

4.3 Sampling

For me it has been important to have in mind that the research is a piece of the topic and variables, context, time and people when I have chosen my sample population (Jacobsen, 2005)

Jacobsen (2005) also divide the people that answers an interview in two categories, respondents and informants. Respondents are people that have experiences from the same phenomenon that is going

to be investigated. While Informants are people that have lots of knowledge about the phenomenon that is going to be investigated.

My ideal group of people to interview would be:

Of respondents I would focus on two groups. The first group is entrepreneurs that have established growth companies in the same industry. The other group respondents are customers we have today and potential customers. Some of these customers have experience with establishing their own factories and establishing strategic alliances.

In terms of the informants I want to interview, I want to find persons that have experience with assisting growth companies in India.

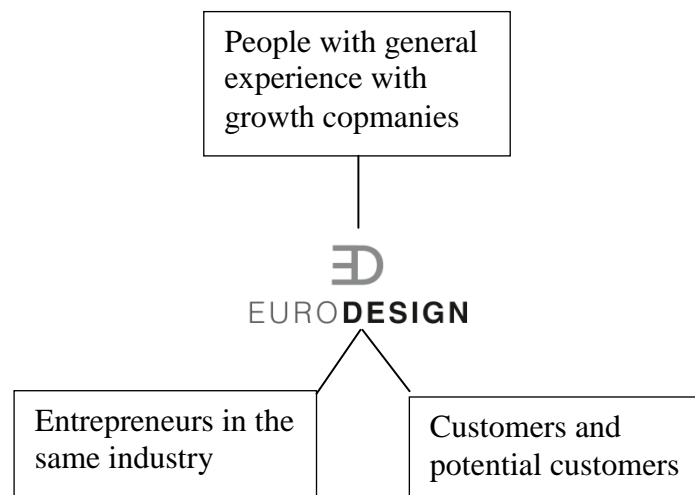


Figure 11. Ideal sampling group. By the author.

The persons that were interviewed are:

Jan Egil Flo – Co-Founder of Moods of Norway

Moods of Norway is one of Norways leading fashion brands. Moods of Norway have doubled their revenue each year since the start in 2003, and has currently a revenue of about million 300 NOK.

Jan Egil has been the one that have had the responsibility to develop the company and worked with the economics and the process “behind the scenes”, while the other founders have been fronting the company and brand.

Sverre Helno – CEO, Voice. Voice is Norway’s second largest retail chain within the fashion

industry. Voice owns Boys of Europe, VIC, Match and the brand Jean Paul.

Sverre has worked for large retail chains and concepts and have been working for Voice since 2006 and have good managerial experiences from large established companies which are working with profitable growth.

Rajeev Koul – Innovation Norway’s India office.

Innovation Norway’s office in India work with advising and helping Norwegian companies that is established or are going to establish in India. Rajeev is from India, has good competence on how to do business in India, and have good insights on the differences between Norwegian and Indian culture.

Bernd Gemmer – V.fraas.

V. Fraas is EuroDesigns largest customer and have sales offices in several European countries in addition to US and Canada. Bernd Gemmer is Executive Vice President at V. Fraas.

Bernd has been working at V.Fraas the last 13 years, and have are traveling frequently to China and India to visit factories that produce their products. Fraas has also established their own production line in China, and have now over 300 employees in China.

Lars Schyman – Worked with purchasing for Hennes, and have also been director for Hennes Denmark in the 60’s. The next 40 years Lars worked for a wholesaler that has bought their products from Asia and especially in India. He has hands-on experience with the concrete challenges we have and will have as we grow.

The reason why the interview objects have been described in the sampling section is to better understand the background for each respondent. In the analysis the categories will be divided into themes and subthemes, and I have clearly identified what the different persons had to say about the different topics.

3.4 Data analysis

Since this is a qualitative analysis I have focused on making the interviews as explorative as possible. It is important for me not to ask leading questions, but at the same time get different angles and thoughts on several topics.

Before I started the interviews I gave the interview objects my background for the interview and what my master thesis was about. This was to give them some kind of framework and set the mode for the interview. I also asked the interview objects if it was all right to record the interviews. The interview objects all concurred to this. One of the reasons is that they don't have any reasons to hide their experiences with this topic and that they are very confident in their work.

I have tried to conduct the interviews in a manner that was based on some literature concerning interviewing when conducting qualitative methods (Seidman, 2005, Jacobsen 2005)

Since the interview objects had a very heterogeneous background, it was important to start the interviews very general in order to get a feeling of what experiences the interview objects have had. Then I tried to tie their experiences with the concrete questions I had based on the theory described in the theory chapter.

The interviews were formed very much by who the interview objects were and what kinds of experiences they had. If one person had hands-on experience with for example M&A I would also ask more about his experience with M&A rather than talk about topics he had not yet experienced.

When I interviewed the respondents that are still working in the industry, I used a technique called temporal orientation (Langley, 2008). Here I focus on the past, present and the future.

First I focused on why they have come as far as they have come, and what they have done in order to grow as they have. After that I have tried to identify what their challenges are further, and what thoughts they have about that matter. Lastly I have also asked about their thoughts on the future, what they do in order to reach their goals and which resources they need in order to reach them.

Analyzing qualitative data happens in three steps (Jacobsen, 2005). The first step is describing, the second is to systemize and categorize and the third step is to combine.

Two of the interviews were conducted in Norwegian, two in English and the last interview was conducted with a Swede, so I talked in Norwegian, while he responded in Swedish. The four first interviews were transcribed in the language used during the interview, but I translated the interview with the Swede as I was transcribing it. In the analysis all the citations will be translated into English by me. In the analysis I have taken out quotes from the respondents directly from the transcribed work. This is to give the reader an impression on the way the respondents responded

and answered the questions.

In terms of the systematization and categorization I will use the qualitative data analysis software NVivo to systematize the data. I will divide the categories into themes and with subthemes. Here I will use the citations from the interviews, you as a reader will see what the different interview objects responded on the different themes.

3.5 Reliability and validity

Qualitative research methods are in its nature more reliable than quantitative research, since the data consists of a larger richness and you are able in a larger degree to investigate unclear questions or answers if that are necessary (Jacobsen, 2005). On the other side quantitative research methods have a larger scope of respondents and will its nature be more valid than a qualitative research.

Reliability

Reliability is broadly defined at the degree to which measures are free from error and therefore yield consistent results (Zikmund, 2003). That means in which the degree we will get the same results if we do this research again.

There are several factors in the different stages of the research process that might affect the reliability of the research (Jacobsen, 2005).

The way that the interviews are being conducted can affect the results of the interview. The interviewer can lead the interview objects into giving some answers that the interviewer wants, by asking some specific questions or the ways the questions are asked. The environment and the relationship between the interviewer and the interview object is also other factors that might affect the reliability of the research.

After the interviews, the way the analysis has been conducted might also affect the reliability.

Chapter IV – Findings and discussion

As I interviewed the different respondents and informants there were some differences in resources needed in order to create sustainable competitive advantage and some similarities.

Firstly I have identified what all the interview objects agreed on being the most important resource in order to create sustainable competitive advantage.

After that I have looked at which resources a start-up company like EuroDesign needs as they are starting up, what they need as they grow and when the company will be more established.

Since growth can be happen in several ways, I have looked at the different resources needed in the different scenarios of growth.

4.1 Resources EuroDesign need in order to create sustainable competitive advantage

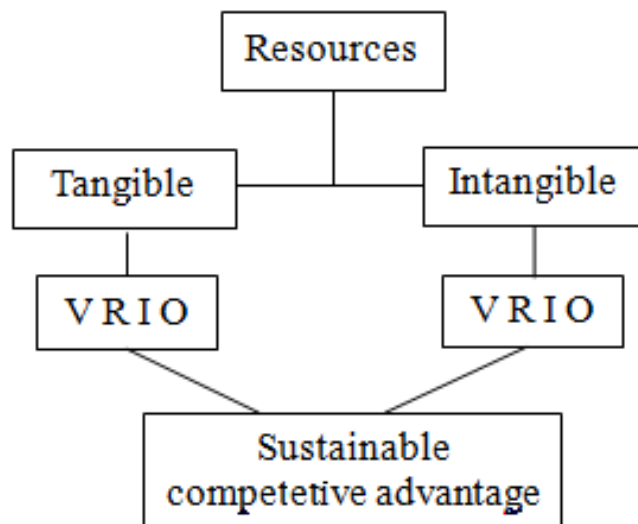


Figure 12. Relationship between resources and sustainable competitive advantage. By the author

In general all the resources described in the literature chapter were mentioned in the interviews in some form and confirms that all resources are depending on each other to give a company competitive or sustainable competitive advantages. That also backs up the elements in the resource based theory that covers the tangible and intangible resources.

The interviews covered that some resources might be more relevant in the different stages of a firms growth and in different growth scenarios. This will be covered in the next chapter.

4.1.1 Tangible and Intangible resources

As mentioned in the theory chapter, many researchers consider the intangible resources as more important than the tangible resources in order for a company to gain sustainable competitive advantage.

The interviews showed that that might be the case, especially in the different stages of a company's growth. All of the interview objects mentioned human resources and capital as the most important resources for growth. These interviews clearly indicated that even though intangible resources can increase the sustainability of the competitive advantage, you need the tangible resources as well. As for the findings, a company will have a hard time to create and develop good intangible resources without good tangible resources, and especially financial capital as a fundament.

Tangible resources

The tangible resources that where described in the theory chapter, was capital and physical resources. The respondents and the informant were very focused on capital and good financing as the most important tangible factor for growth. Capital was also crucial if the company wanted to grow.

Capital	
In Production	
Jan Flo, Moods of Norway	We are a year ahead of schedule. The process...we have finished drawing the summer 2012 collection, and have submitted it already. So you use the resources and do not get paid before a year has passed. In this respect capital is important. If you do not have capital, you can forget everything else. What you think will cost 100 000, will cost 300 000. So if you have the budget of 1 million, you must make sure that you have 3 million. Budgets are a numbers game. So what you think will be expensive, will be 3 times more

<p>Lars Schyman</p> <p>Bernd Gemmer, V.fraas</p>	<p>expensive. There is no doubt.... You simply need the capital. You cannot borrow it. You need to get it.</p> <p>Initially, you should manage the fabric costs, produce and deliver before you get paid. You can require prepayment... that might work or get the orders partly financed. But then you are much more dependent. Whether it is bank financing. The production costs and salaries needs to be paid. Although the salary is low. And the delivery is still long way. It is normal that you purchase of materials and the delivery as there is a few months in between.</p> <p>In the business we are in, you can easily do turnover. Because accessories is easy to produce. Unfortunately it is not easy to do money with these products. If you do not have a very perfect system of getting them out to the market. If you see that, the products you sell for three Euros, you have a real profit margin are 15 %”.</p>
<p>Financing</p>	
<p>Jan Flo, Moods of Norway</p> <p>Rajeev Koul, Innovation Norway</p> <p>Bernd Gemmer, V.fraas</p>	<p>You need to either fix an investor or arrange it yourself. You do not get it from the state, or you cannot get it from a bank. It only gets stricter and stricter. There are nearly impossible to borrow from bank.</p> <p>Capital is easy, you know banks are here, dollars, whether you get it from X bank or Y bank, it’s the same”</p> <p>One thing is definitely is financing. First invest into sales people and sales admin. Then you get the customer you are easily talking about a time difference of one to two years before you get a profit out of that.</p>
<p>As a way to grow</p>	
<p>Jan Flo, Moods of Norway</p> <p>Lars Schyman</p>	<p>You must have the capital to grow. It is incredibly important when you build the brand to have money to grow. There are a lot of people make mistakes. It is obvious that it requires money to grow.</p> <p>I think the most important thing when you expand is the capital, because it</p>

<p>Rajeev Koul, Innovation Norway</p>	<p>costs a lot to expand. It costs a lot to make a line. The cost to add a new line is big, and by the time you get back the money for a delivery, you need to invest a lot.</p> <p>If you have strong growth aspirations, you definitely need more resources. You need more capital, you need more people. So that always, that is what you need to have. Strong growth ambitions. You should always be planning ahead. As to how you could get those resources, in terms of people and capital.</p>
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Capital was mentioned as the most important tangible resource by all of the interview objects. In terms of capital, three interesting subjects were identified. The cost of operating the business, financing, and that capital is a source of growth.

The margins in this industry are very low and there are several months from the sales lead comes in and until the customers receive the goods. In a primitive industry such as textile production is, there is also lots of risk involved in the production. There are lots of elements that can go wrong in the production process and that will ruin the delivery. It can be everything from bad growing condition for cotton or other fabrics, where you will not be able to access cotton on the open market. It can be mistakes by the suppliers weaving the fabrics and to the coloring of the fabrics and delays in the customs.

One other natural part of the fashion/garment industry is the importance of time. If a delivery is delayed by a couple of weeks it will hit the retail stores a couple of weeks later than planned, and then it will be “out of fashion” and will not be sold to the customers.

A consequence for the supplier when it is not able to hold its delivery date, they have to give rebates or pay for the shipment as a compensation for the failed order.

This is very costly and the supplier must be able to have some money in case of wrong or delayed deliveries.

Therefore it's essential to have good ways of financing the production and have a good liquidity as basis for running this type of company.

In terms of financing, there were some very different opinions on how to get the financing. While Jan Egil as an entrepreneur indicated that it was very hard to access capital, Rajeev, the advisor from Innovation Norway had an impression that it was easy to gain capital. One reason can be there are a large gap between the persons feeling about gaining capital is that Jan Egil have experienced how difficult it is to access capital, while Rajeev that is not an entrepreneur have not felt how hard it is to gain capital. Rajeev primary works with large and capital intensive projects and startups and therefore more used to work with industries that have the financial strength to start up new projects or companies. Another reason can also be that it is easier to access the capital needed in India compared to Norway. The last decades the Indian economy has grown at a very high pace and the middle class and the upper class are also becoming very large. There may be a large amount of private investors that look for ventures they want to invest in.

As for growth, capital is also essential. With internal growth you need capital in order to enter new markets or in order to get a larger sales force. Also here growth will cost more since you will have larger orders and the lead times are the same. More capital will then be bound to the goods in production. There will also be a need to invest more in human resources. The need for quality control also increases with the larger orders and the company must then also invest in that. The firm must also invest in a larger sales force and sales administration. This will also be discussed in more detail in the chapter covering internal growth.

Physical resources	
Bernd Gemmer, V. Fraas	<p>The owner wants to sell the business. What we have experienced in very many of the companies that were on sales that you did not get much from the money you were investing. Because what they wanted to sell were things we were not interested in. They wanted to sell their stocks their machines, their furniture's their buildings. This is the things we are not interested in. We are interested in the customer relationships, the sales people. This is what we would invest in. But this is hardly what they sell.</p> <p>So you can say that the physical resources are something you can buy anywhere?</p>

Lars Schyman	<p>Yes, the physical resources in abundance. What you are interested in are the social skills, the sales skills, the knowledge they have with the product, the relationship with the customers, all of these things are very important. But these mostly you cannot buy. That's right.</p> <p>If you have a textile company, then it is basic, basic, basic. It is fabrics, sewing machines and people that can sew. When you grow, you have one production line that you expand to two production lines.</p>
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The physical resources are a part of the basis of production process. As a supplier you need a factory location, sewing machines, ironing equipment, fabrics, threads etc. These resources are by the interview objects seen as obvious in order to start production. These resources are also not rare and very easy to imitate.

As an Asian supplier in the clothing industry these physical resources does not give any sustainable competitive advantages.

As already described, the capital is the most important tangible resource. EuroDesign need a large amount of capital, firstly to invest in the factory and the equipment, then on the personnel and also on goods that are going to be produced. It is therefore essential for EuroDesign to have enough liquidity to be able to handle the orders they get from its customers. The physical resources like buildings and machines are necessities in order to produce garments, but do not create any competitive or sustainable competitive advantage.

4.1.2 Intangible resources

Are the resources that are not physical or is not able to be formalized. Here the intangible resources are divided in the three categories described in the theory section: Human capital, organizational and relational capital.

All of the interview objects used lot of the focus on the intangible resources. Here the human resources got the most attention and was by all the interview objects described as the most important resource in order to gain sustainable competitive advantage. Other resources like reputation, brand, network, relational resources and culture was also described as important for companies in the fashion industry to succeed.

Human Resources	
Skills needed	
Management	
Lars Schyman	<p>Production must be able to work. You need to have competent people who can, who can see the chain from the start, from fabric to the shipment. Not only to see a little bit. There are some who can see how it flows and how long it takes. You must be able to calculate how long it takes. Otherwise, you fall directly to the trap where the customers demand a delivery date and you just say yes. Without being able to know that there is substance behind it.</p> <p>When we talk about garment production, it must be a management that is fostered in the textile. There are so many examples of textile enterprises in which the management team do not understand the garment industry. That does not understand the chain etc. There are many examples where it goes completely wrong. That because it is more inside that it should provide a return, a quick return.</p>
Rajeev Koul, Innovation Norway	<p>The management should know what they are in the market for. What they want to give to the market. What they want to sell or what the service they want to provide. That should be very clear. This is sort of fundamental for any business; they should know what they are doing. But the second thing is, who is the end customers, who is the market, what is the market. So that is where they have to understand their market and to the right kind of research.</p>
Sales	
Lars Schyman	<p>Good salespeople. That is number 1. Without skilled salespeople you can close down the entire business. We had salespeople who were both designers and sellers. They created their own collections and sold their own collections. Super skilled sellers that will earn a lot of money.</p>
Bernd Gemmer, V.fraas	<p>The first thing we had to invest in was simply to expand the number of people working on sales and sales admin, because that is equally important</p>

	<p>department into make that growth possible. I was looking at very good salespeople who already brought their customer relations for example. So I invested in that. These people simply brought me their own customers. They didn't need to be merged in the company. They simply do what they do best. They simply sell. My obligation is to make sure that what they sell is something I can supply.</p>
General	<p>You must have a mix of people as well. Someone that knows everything about marketing, everything about design, everything about the production. So you must be able to run a company. There are expenses and revenues. There are many calculators that have calculated wrong, as in many companies. So the mix of people, marketing area. No matter what you do, marketing is essential.</p>

In terms of the human capital needed, three types of human resources were identified as important. You need human resources that can sell your product, the managerial ability to be able to produce the products and some administration.

For EuroDesign the most critical resources are the managerial resources that have the responsibility for the production. Since we have closeness to the customers and at the moment have enough orders pending we need to be sure to deliver the right quality at the right time.

Some of the explanation is the lack of owner's knowledge of the production process that makes it critical to have managers that are able to deliver what the customer needs.

As the company is located in India, it is crucial to have people that know the culture and the way of doing business there. It is also essential that the management knows the value chain very well in the garment production industry and knows how the process is from the production of the fabric until the scares are packed and sent to the customer. The management also needs to be able to coordinate and communicate how the process is going. The last crucial skill that is needed for the management is also to be able to implement good quality control systems so if things go wrong, it will be identified as quick as possible and that they will be able to fix the problems without delaying the delivery.

In terms of the sales staff it is important to get people who know the industry and have relationships within this niche of sales accessories.

The administrative personnel were not brought up as much as the other two types of human resources. It seems that most of the interview object sees the administration as an obvious part of the organization when it's needed.

The rest of the production process requires low competence and skills. The people that does the practical work in production, like sewing, cutting, ironing and packing are easy to get hold on.

Organizational capital	
Administrative and human resources	
Jan Flo, Moods of Norway	As you get more employees ,you need to put that stuff in a system. We feel that we have good control on that part. We just hired a new CEO now, from an international company that has the experience on that it, which have the competence to build this structure.
Sverre Helno, Voice	We work with a very detailed plan of organization and very detailed skills and competence profile in each role. If you are a designer here, I can go in and look at our ideal competence profile. So once a year we have an employee discussion. Here we also discuss how the employees can develop in order to to reach the goal to be as close to the ideal competence profile... Then we reported it back to HR, that HR training programs.
Lars Schyman	If you have good sales force that can sell, and you have suppliers that can deliver, then you have goods that you can send the customers the bill to. The rest is a lot of management and it is logistics. Do you have a good logistics function where you know that the goods reaches the customer, That's the most important. If it goes wrong, you company is still responsible. Lot of things can happen; it can be poor transportation, improper transportation, poor handling of documents and improper handling of documents.
Bernd Gemmer, V.fraas	The first thing we had to invest in was simply to expand the number of people working on sales and sales admin, because that is equally important department into make that growth possible....After that we had it invest in

	<p>quality control because we saw that as we grew we had more quality issues. We simply invest in more people doing quality control for the company.</p>
IT systems	
Sverre Helno, Voice	<p>Step one, fix the core. Establish IT systems, get the organization, and get the competence. Establish efficient logistics, getting things to work, data records, and product records.</p>
Lars Schyman	<p>The major Chinese factories did not have the IT systems, but that worked out great. But they have a lot of people does the work manually. They have only sent out the invoices have been written by hand, or with old machines that have been sent out. It is clear, as labor costs gets larger and larger so it will be more valuable with IT systems. In India, for example. Delhi where everyone will work with high tech, so there are fewer workers and price increases. When you need a system that runs from the fabric supplier and in, where you add on the price for each step in the process a bit as well all the way and finally it creates the invoice out.</p>
Corporate Culture	
Sverre Helno, Voice	<p>That when you've got this and fixed the core. Then you must decide on the concept. Who is our customer? What shall we offer the customer and the control question, can we get best at it?</p> <p>... As reported back to HR, then makes HR training programs and training programs in relation to what we have identified. Actually, we are working quite systematically with it.</p>
Rajeev Koul, Innovation Norway	<p>Because, you know, the value of the company will be decided on the owners or the founder of the company. And you know you have to transfer the value to people. The people you select should be a person that really believes in those values and then you can expect them to move the company in the way that you move. But there is a mistake in that, if you don't select the right kind of people, then inevitably the things will not run smoothly.</p>

It was difficult to grasp the effect of good organizational capital for the organization, since this is an intangible resource, and it is hard to measure the effect of its value. But the respondents indicated that this is something that is important to focus on, especially when the firm reaches a certain size.

Good organizational structures can also compensate for some of the managerial needs that a firm has. In order to implement these structures, there is a need for more administrative and organizational people. The reason why this is not that important in the production process, as in many other industries is that most of the other suppliers in Asia use very primitive formal structures. Most of the large factories do not use high end IT systems and the order handling is done manually. On the other hand, good IT systems and organizational systems can be more important in the time to come in order to make the production process more effective, since the labor prices in India is increasing.

A clear vision of the company where the employees share the same values and know what is required in order to deliver an expected outcome is also important to gain competitive advantage. If EuroDesign is extremely clear on what is required and how we work in our company it will be easier to create a working culture that is rare and hard to imitate.

Focusing on the organizational structures, if it is to make a good back-end IT system and working on the corporate culture can make the organizational structures a good supportive function for the other intangible resources.

Relational capital	
Brand/reputation	
Factors strengthening/building brand or reputation	
Lars Schyman	You must deliver so well that people say, those we know these people. They have delivered and well. Then it spreads internally in another way. But you can never expand the company if you do not have a good name. The only

	<p>way you can expand on, is that you can sell. You cannot expand production if you cannot sell the goods.</p> <p>See that you stand out as a supplier and you deliver the product, design, price. When you sell .. delivery accuracy, records. You can sell to the buyer to Cubus, your delicate scarf. So it goes good. Then it's not delivered on time, then they become mad. There can perhaps go over. This time. Next time, scarves can be just fine, but it's still delivered at the wrong date. Then someone in the system will say that this does not work.</p>
<p>Bernd Gemmer, V.fraas</p>	<p>I think in the beginning at a new company, you always have to prove as selves. Both on the customer side, so the customers will start to use a new supplier. It takes time and it's a risk to use a new supplier. You have to prove to that you are worth the new investment. But you also have to prove yourselves at the supplier side. For the suppliers are not rally keen to involve itself with new customers because it is a risk.</p>
<p>Jan Flo, Moods of Norway</p>	<p>Yes, but we have delivered. When a factory sees that you double the volume for each collection or each order, they see that you are going the right way.</p>
<p>Rajeev Koul, Innovation Norway</p>	<p>I just thinking that reputation or, or previous incidents, the factor of trust. You know, all of the things I would say go under the values you offer. These are components of that. You know, when you are interacting with them, you will an amount of trust. The trust in terms of your knowledge about the market, or the commercial dealings. So you increase your reputation and your partners think that your will deliver. That's very important. I would keep it as a part of your entire value package.</p>
<p>Sverre Helno, Voice</p>	<p>As long as I'm happy so I'm going again. But if I'm not happy so I'm not coming back or it may take a long time. The most important area is actually on the supplier side. Suppliers manufacturers, suppliers of brands.. It is the most important relationships that must stay in.</p>

	<p>If you will open a factory in India that produce clothes. And say what you will be the best on ...you must find a niche, and that is what you are going to be best. When you know that, then you have found your customer ... Then you have to somehow make sure that you are best at it. That will provides a good relationship ... what are you best at? By communicating that then I know what I can give and what people can expect. On that I can build relationships.</p>
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In terms of the use of the word brand and reputation, the interview objects used the words a bit over each other. That is the reason why I have merged these two resources into one category.

In order to strengthen your brand or reputation the most important aspect is to deliver what you have promised. Since EuroDesign in the moment is a production company and will focus mainly on the B2B market, the branding aspect will not be as important as it would be if they were trying to reach the consumer market.

The interviews highlighted that a company needs to deliver in order to improve its reputation. In this context EuroDesign needs to deliver in terms of the goods they send. In addition to delivering the right quality they also need to deliver the goods in the right time.

In the beginning, EuroDesign must also prove itself for its supplier, and in order to do that they must be able have the liquidity to pay its supplier, and it is also good to have larger order for each time, which shows that you are growing. That will make them prioritize you even more in the time to come.

Effects of brand/reputation	
Jan Flo, Moods of Norway	<p>You have to balance it. All the time. We have had 1000 requests for cooperation with different types, but we have held back. We could have grown much faster. Within clothing. If you build a brand of clothes .. especially in Norway, you must have the right distribution of clothing. We did not have any network in the clothing industry, except that we had some contacts via the parents of Simen and</p>

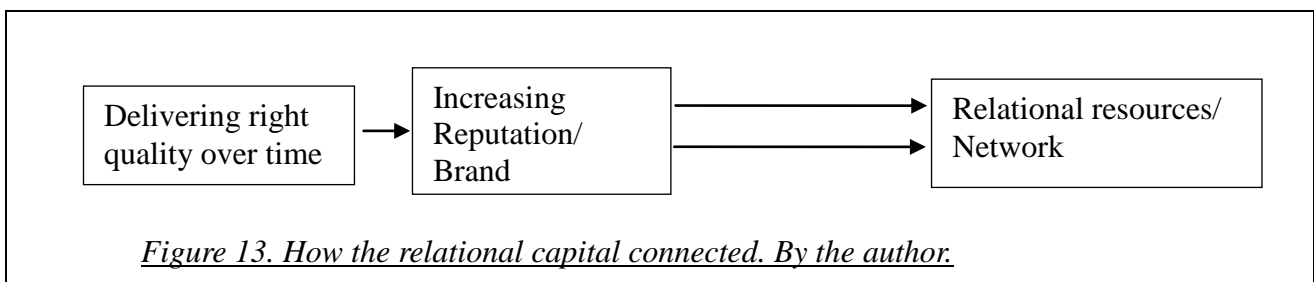
<p>Bernd Gemmer, V.fraas</p> <p>Rajeev Koul, Innovation Norway</p>	<p>Peder had some contact with regard to production and stuff like that. So we managed to get started with a sample collection and enter the market. When you're small and a start-up people don't want to have something to do with you.</p> <p>Is where we invest much more in the moment. Is to maximize the products that you do with a customer. If you already have a good customer relationship and you follow all of their systems. Many of the big customers have very complicated internal systems and to make a sale happen. For you as a supplier it is a lot easier to add new products into existing customer, than get a new customer.</p> <p>Network is very important. You are meeting people at the same forum, meeting designers, artists...there is always possibility that something new can come out of that meeting. Something that even you have not even thought about.</p> <p>Network is always important to that, and it's always good to be you know, interacting.</p>
<p>Lars Schyman</p>	<p>Suppliers can be found always. Because they always call you. They get your number from is named by Chamber of Commerce, etc., and says that it has worked for 40 years and delivered and we are the best. Sometimes find suppliers when you are traveling. Sometimes when you have local people are good, that can find suppliers for you. We had a lady who went around to find skilled suppliers. We could not do it, since we do not know the language, but she could find them.</p>
<p>Lars Schyman</p>	<p>Yes, it is the same as when to find people. If person X does not know who the company is. Everyone knows who H&M is and, everyone wants to work there. So it is important to create a name for the company.</p>

The relationship between the customers and the suppliers are very important for a company like EuroDesign. A good relationship with the customers will give the supplier some more tolerance in case we as a supplier do a mistake. As a company delivers over time the relationship will also become stronger. In order to have good relationships, the personal contact and chemistry will have something to say, but if the firm does not deliver the right quality and on the right time it can

quickly be ruined.

As your reputation strengthens and you get a stronger brand this will primarily give you a competitive advantage in terms of getting more customers or better suppliers to work with you. In order to please your suppliers, you need to be able to pay in time and over time. This has been mentioned in the capital as mentioned in the tangible resources section.

As a relatively young company it is important to be able to pay our suppliers in order to establish a good relationship with our suppliers, or else they will not prioritize us. If we show that we grows as a company and starts to send in larger orders, they will prioritize us as a customer and will focus on delivering right quality to the right time.



It seems like a good reputation/brand will increase the chances to gain new customers and potential partners. In order to strengthen your reputation or brand you have to deliver right product at the right time.

4.1.3 Relationship between tangible and intangible resources, creating sustainable competitive advantage

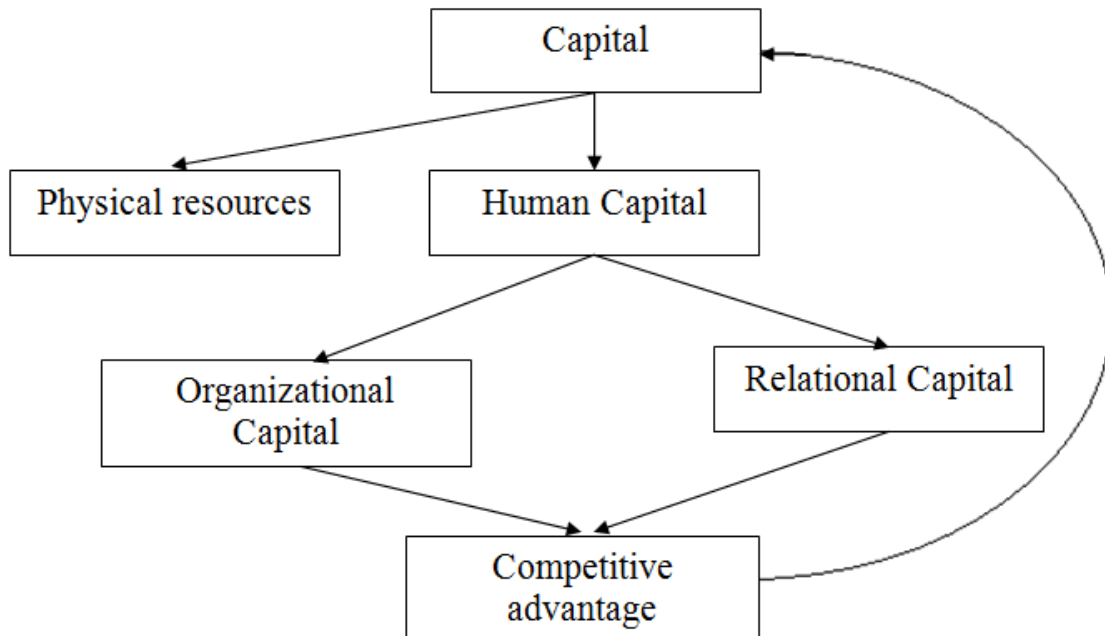


Figure 14. Relationship between tangible and intangible resources, leading to competitive advantage. Made by author

My research indicates that the tangible resources does not it in selves create sustainable competitive advantage. The physical resources are a necessity in order to produce garments and financial capital can be used to invest in the intangible resources that can lead to sustainable competitive advantage. Financial capital is extremely important in this industry, since there are long lead times and a lot of risk involved.

The most important human resources are the managerial, sales and administrative resources. These resources are the once that can develop the organizational and relational capital of the firm. Which again can a larger income and that also can attract more human capital.

4.2 Resources needed as a firm grows

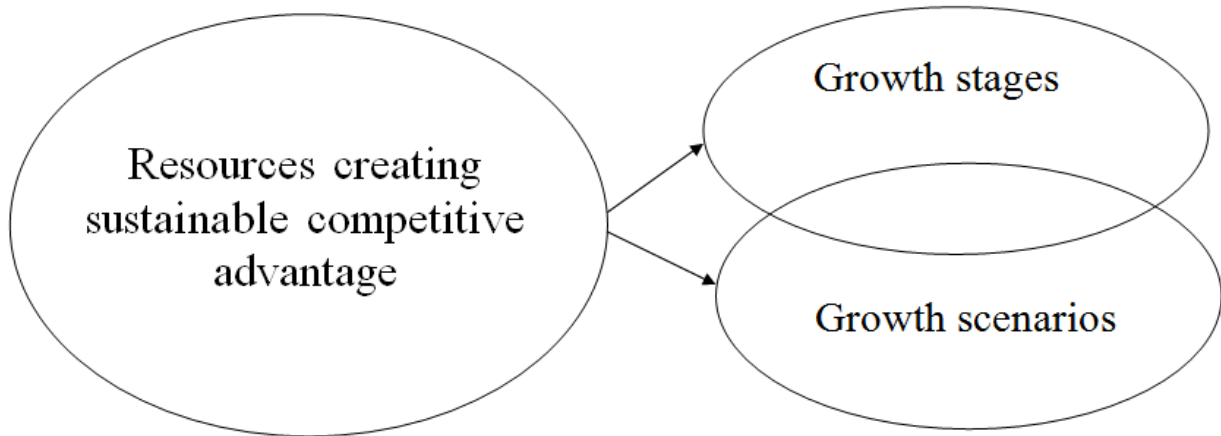


Figure 15. Different resources in perspectives of growth. By the author.

I have already looked at the resources creating sustainable competitive advantage. Now I want to look if this change as the firm grows. I have divided growth into two parts. First I looked at growth as different stages if the firm’s life cycle, then I has looked what resources and challenges that are related to different scenarios of growth. It is natural that the different perspectives of growth use the same sets of the resources as shown in the model above.

4.2.1 Resources needed in different stages of growth

One element that I wanted to investigate was if the composition of resources required would change as the company grows. It seems like some resources are important at all stages in a company’s growth, but some resources seems to be more important as the company grows and when the company is more established and still wants to expand their growth.

4.2.1.1 Resources needed in the startup

Resources in the startup	
Tangible resources	

Capital	
Jan Egil, Moods of Norway	You must have the financials in order. What we got from Innovation Norway, was no more than the bar bill at our first exhibition in Copenhagen. You cannot live on public funding or something like that. Cannot base your business on it. Then you don't need to think about it. Then you can just give a damn. Then its game over from day one What you think does cost 100 000, costs 300 000. If you have a budget on 1 million, then you must make sure that you have 3 million, it costs money. It is 3 times as expensive as you think. There is no doubt... You simply need that money. You cannot borrow it from the bank. You need to fix it.
Lars Schyman	Most importantly, in the start is capital...I think it's important to have money. So that we can manage the first year's deliveries without, getting paid. Something suddelntly happens and that you can manage procurement and supply. Capital must be the most important. You need enough money to be able to pay shipment by air. For example, in India. It happens too often that you have to send late deliveries by air plane. And it costs. Then you need to have muscles to send this. Although there are killing our business. If there is something wrong at this stage, you will lose the customer.
Physical resources	
Lars Schyman	If you have a textile company, it is just basic basic basic. It's fabric, sewing machines and personnel to do the sewing. When you want to grow, you have one line that produces, and then you add two lines that produce and three lines to produce.
Intangible resources	
Human capital	
Managerial competence	
Rajeev Koul, Innovation Norway	The management should know what they are in the market for. What they want to give to the market. What they want to sell or what the service they

<p>Lars Schyman</p>	<p>want to provide. That should be very clear. This is sort of fundamental for any business; they should know what they are doing. But the second thing is, to who is the end customers, who is their market, what is their market. So that is where they have to understand their market and to the right kind of research.</p> <p>The Production must be work. You need to have competent people who can, who can see the chain from the chain, from fabric to the shipment. Not only to see a little bit. There are some who can see how it flows and how long it takes. You must be able to calculate how long it takes.</p>
<p>Sales</p>	
<p>Lars Schyman</p> <p>Bernd Gemmer, V.fraas</p>	<p>This is the most important. Of course you need to sell. It is a precondition. But if you can sell, you need capital.</p> <p>I was looking at very good sales people that already brought their customer relations for example. So I invested in that. These people simply bring me their own customers. They don't need to be merged in the company. They simply do what they do best. They simply sell. My obligation is to make sure that what they sell is something I can supply.</p>
<p>Organizational capital</p>	
<p>Jan Egil, Moods of N.</p> <p>Rajeev Koul, Innovation Norway</p>	<p>This is where many of the Norwegian fashion companies fail. Firstly, there is just one person who is behind it. That does all of the design, logistics, company visits, well, customer visits the entire factory visits. That is simply impossible. You have no chance to do it. It is most certain one of our successes factors; we three persons when we started. That we were three persons that could divide the tasks from the start.</p> <p>To know what your value proposition is and how the end customers are. Then the critical thing how to be to bridge the gap between, eh these two. How you reach the customer that is the most critical thing. My personal feeling is that clarity is the most important thing. Resources are important, but I have seen companies that have strong financial resources, but they have been sort of moving in the dark, and in the end they have not been that successful. Whereas</p>

<p>Sverre Helno, Voice</p> <p>Lars Schyman</p>	<p>companies that have been very clear to what they want, even they have less resources they have been much more successful.</p> <p>Step one, fix the core. Establish IT systems, get the organization, and get the competence. Establish efficient logistics, getting things to work, data records, and product records. If that works, then you can develop a conceptualization.</p> <p>The structure is basically the production. In this case, it's production. When you start it's only production. Billing and everything like that you can do manually. There are not a need for structure. The fabric must be inserted, the cutting must be done, it must be packed. The administrative it only gets done, which not structured in the starting phase.</p>
<p>Relational Capital</p>	
<p>Bernd Gemmer, V.fraas</p> <p>Lars Schyman</p> <p>Rajeev Koul, Innovation Norway</p>	<p>I think in the beginning at a new company, you always have to prove as selves. Both on the customer side, so the customers will start to use a new supplier. It takes time and it's a risk to use a new supplier. You have to prove to that you are worth the new investment. But you also have to prove yourselves at the supplier side. For the suppliers are not rally keen to involve itself with new customers because it is a risk.</p> <p>Suppliers can be always be found. Because they always call you. They get your number from is named by Chamber of Commerce, etc., and says that it has worked for 40 years and delivered and we are the best. Sometimes find suppliers when you are traveling. Sometimes when you have local people are good, that can find suppliers for you. We had a lady who went around to find skilled suppliers. We could not do it, since we do not know the language, but she could find them..</p> <p>Fundamental thing is a value proposition. The value proposition should be an interest to the alliance partners. That's fundamental. Without that the relationship will not be sustainable. If your product does not add any value to them. Even if you have good relationship to that partner, it will not last, be</p>

	sustainable. So, in order to make it sustainable you should you know, present to them a good value proposition.
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It is very evident that in the beginning, EuroDesign will need physical resources in order to start the production. This includes the factory, machines and other equipment in order to do production of garments.

Jan Egil states that as a founder, it is very difficult to make budgets and calculate the costs in the beginning, since everything is very loosely structured and very uncertain. In the beginning, EuroDesign needs the capital to get the first orders going, and enough to cope with the financial consequences if some orders go wrong.

The reasons why some focused on financial capital as the most important aspect is that there are usually a long time between an order is placed and until it's delivered/paid for. In this gap of time (between 30 days-6 months) there will be large amounts of capital that are required to be paid to different suppliers. The salaries must also be paid before you get money in. In addition to that, there is always a risk that you will not be able to send the shipment in time, and then you have to pay for the shipment by airplane. This and other costs connected to bas delivery are also important to have in mind in order to have enough liquidity when things are not going as smoothly as planned. Some of the respondents focused most on the human capital as the main critical factor to gain competitive advantage and to grow.

As for the human resources, the management and the sales resources are the most important. In order to generate income, you need people that are able to sell, and that have some form for relationship with customers or potential customers.

When the orders come in, it is also essential with good management to make sure that the production will go as planned and that the delivery will keep the quality as promised and at the time that has been agreed upon.

In terms of the organizational resources there where a several different opinions on what EuroDesign should focus on. As an entrepreneur, Jan Egil focused on the value of having a team with clear responsibility, and that the members of the team could focus on what they could do best.

Rajeev which have seen lots of companies from the side-line focused on creating good values and a good corporate culture where people act and makes decisions that are in line with the corporate values.

While Sverre H. from Voice focused on IT, systems and the back end part, Lars felt that IT systems where more important in a later stage. Some of the reasons that there are differences in opinion here, is that Sverre H. has worked for large and established companies, and that that is one of the first things they have in place before they start a new project or product line. Lars on the other hand has worked hands-on with these factories in Asia and experiences that those factories rarely used IT systems. The most important thing for him in this stage was that you made sure that the production went smoothly.

In order to gain relations and to strengthen the few relations have, you have to deliver what you promise. It is as important to be able to communicate who you are and what you do with you customers as to your own personnel. This value proposition must be very clear.

The two most critical resources in the startup phase for a supplier in the garment industry is definitely human and financial capital.

4.2.1.2 Resources needed as the firm grows

As the firm grows	
Tangible resources	
Capital/ Physical resources	
Lars Schyman	Money, machines. Money and machines is most important. Of course you need to be able to sell. It is a precondition. But if you can sell. Then you need money, to manage growth and new lines. And employ some fairly good people. There must be some people who really are the customer's receiver.
Jan Flo, Moods of Norway	We grew very fast. Unnaturally fast, yet we the economy to it. You must have the capital to grow. It is incredibly important when you build the brand to have money to grow. There are a lot of people make mistakes here. It is obvious that it requires money to grow.
Bernd Gemmer, V.fraas	One thing is definitely is financing. If you take the way we take that. First invest into sales people and sales admin. Then you get the customer you are easily talking about a time difference of one to two years before you get a profit out of that. Which means that the company ownership must be prepared to really invest over that, without not immediately get a profit out of that?
Intangible resources	
Human Capital	
Sales + admin	
Bernd Gemmer, V.fraas	Sales and sales admin, because that is equally important department into make that growth possible. Everything else comes afterwards. After that we had it invest in quality control because we saw that as we grew we

Lars Schyman	<p>had more quality issues. We simply invest in more people doing quality control for the company. Then we have other areas as purchasing, people buying the products they had to be increased. It was simply more time consuming to control our suppliers. But the main aspect was clearly that if you wanted to grow, you need to grow your sales force.</p> <p>Good sellers. Without skilled salespeople you can close down the entire business. We had salespeople who were both designers and sellers. They created their own collections and sold them. Super skilled merchants will earn so much money. Actually, to earn most of the money in the company.</p>
Access human capital	
<p>Bernd Gemmer, V.fraas</p> <p>Lars Schyman</p> <p>Jan Flo, Moods of Norway</p>	<p>The other area is definitely simply the market for employees. As I said, accessories are a niche market. If you are working in the textile area there are many other companies which are interesting and might be tempting for potential employees to rather go to that area instead of concentrating/limiting themselves to that small part of textile accessories. Sometimes it is simply difficult to find proper staff to that expansion.</p> <p>You can sales people in competing companies. Which are dissatisfied with his position and want to move on. Alternative you can find them at the buyers. In terms of those who are purchasers and want to be on the other side. Which have thoughts and ideas on how things can be done and that want to earn more money. I guess the those two things. You can not advertise such positions. You need to... Steal them from others. Competitors or buyers.</p> <p>We have picked people we know, people who have worked in the industry. If we knew someone who can do shoes, we would take him to us. If there were some other that is good at shirt, or the kind of design we would take him or her to us. At first we did that.</p>

Organizational Capital	
<p>Jan Flo, Moods of Norway</p> <p>Lars Schyman</p> <p>Rajeev Koul, Innovation Norway</p>	<p>As you get more employees you have to put that in a system.</p> <p>The major Chinese factories did not have the IT systems, but that worked out great. But they have a lot of people does the work manually. They have only sent out the invoices have been written by hand, or with old machines that have been sent out. It is clear, as labor costs gets larger and larger so it will be more valuable with IT systems. In India, for example. Delhi where everyone will work with high tech, so there are fewer workers and price increases.</p> <p>When you are a startup you will be able to monitor the quality and so on. But once you grow, start growing, your orders your books start expanding. Then you will not be able to do that work, that quality inspection yourselves. Then you hire people. And if there is differences in quality value for that employee, for him you will be very particular to the thread you will be using for your fabrics or garments, quality of the thread the straightness of the tread or whatever of the quality of the product. Your employee, you know starts make compromises on that. And as the company expands, those things start to get larger and you start to get complaints of your quality from the customers. And then they communicate with your other customers and says that you are not providing the right quality products and suddelntly the market knows that and you lose your brand proposition.</p>
Relational Capital	
Bran/reputation	
<p>Sverre Helno, Voice</p>	<p>So the first area of expertise we strengthened was the things that were related to back-end, fixed the core phase. Then it was to fix the conceptual part. Now we focus more and more design piece.</p>

<p>Jan Flo, Moods of Norway</p> <p>Lars Schyman</p> <p>Rajeev Koul, Innovation Norway</p>	<p>Thus, it is easier to double from 50 million to 100 million than it was to double from 5 to 10. When you are more come known, people is calling to sell your products. When you sell for 5 millions, you had to call them yourselves and find distribution.</p> <p>Yes, it is the same as when to find people. If person X does not know who the company is. Everyone knows who H&M is and, everyone wants to work there. So it is important to create a name for the company.</p> <p>You know, when you are interacting with them, you will an amount of trust. The trust in terms of your knowledge about the market, or the commercial dealings.</p> <p>So you increase your reputation and your partners think that your will deliver. That's very important. I would keep it as a part of your entire value package.</p>
<p>Network/relationship</p>	
<p>Jan Flo, Moods of Norway</p> <p>Sverre Helno, Voice</p>	<p>We did not have any network in the clothing industry, except that we had some contacts via the parents of Simen and Peder that had some contact regard to production and stuff like that. So we managed to get started with a sample collection and enter the market. When you're small and start-up people do not want to have something to do with you. Now we have come in the situation where everyone wants for us. We can pick and choose between those the people selling our cloths. It was not like that when we started in 2004-2005. People were not in a cue to sell our products. So, yes. Network is very important.</p> <p>You need to find out what you should best at ... Then you need to make sure that you are going to be best in that. That makes sure that, when I come to you, that I get what I expect. On that I can build relationships.</p>

At this point there will be enough systems and a distribution process in the company that make sure

that the production will go as planned, and that the ability to deliver what is ordered.

There is still a need for financial and human capital in as mentioned in the startup phase. When the orders increase there are a need to expand the production lines and equipment.

In addition to this the company will need other types of resources as it grows.

In the terms of the human capital, the sales force needs to be increased the most, and the requirement of administrative personnel increases as well as people with managerial skills. The respondents expressed that the need for organizational structures increases as the firm grows. In order to strengthen the organizational structures there must be hired more people with organizational and administrative experience and competence. As the orders are larger the transactions increase the need for quality control and order handling increases.

A challenge that is described by most of the respondents is how to get new employees. It seems to be difficult to find the people with the right expertise and experience to the jobs.

The main sources to gain new employees are through network and informal connections. In order to attract people to work for you, they must trust you as a company and you need values they can identify themselves with. It is therefore important to focus on build your reputation towards the people and firms EuroDesign interacts with, and also work on establish EuroDesign as a brand or a name that potential employees wants to be a part of.

In terms of organizational capital, it seems to be more important in this phase to formalize more of the work and the processes that are taking place in the organization. It is also more important to implement good quality control systems and routines in all steps of the production process, to make sure that everything runs smoothly. In this stage a good order handling and Customer Relationship Management system could also be important to have in place. It is important that the organizational capital is a good support in order to handle an even larger growth.

Most of the respondents say that in this phase that it is important to be even clearer on what you do and for whom. When a firm can communicate this good, there will be easier for potential customers and partners to build a relationship upon that. Then the customer or partner knows what to expect and when they can be satisfied or disappointed.

4.2.1.3 Resources needed when the firm is established

Established	
Intangible resources	
Human Capital	
Access Human capital	
Bernd Gemmer, V.fraas	The other area is definitely simply the market for employees. As I said, accessories are a niche market. If you are working in the textile area there are many other companies which are interesting and might be tempting for potential employees to rather go to that area instead of concentrating/limiting themselves to that small part of textile accessories. Sometimes it is simply difficult to find proper staff to that expansion.
Jan Flo, Moods of Norway	Now we go on the open market. The first ten were friends, were friends we knew in and out. But now it's clear now there is something else entirely. Now is the recruitment agencies.
Sverre Helno, Voice	When we employ a team who will work with us, who will work on items. Then we have advertised some positions and say that we need a controller, a designer and an assistant who will be involved in thick up a children's collection. And so we are working systematically in all areas.
Organizational Capital	
Jan Flo, Moods of Norway	As you get more employees then you have to put stuff in a system. So that we feel we have good control of it.
Sverre Helno, Voice	Say you have Jean Paul here, you have a set of growth ideas. And then we have idea 1,2,3 and 4. Determines what we choose. Number 1 is size. The second is easy versus difficult. The third, will we earn money fast? Or will it take a long time? In terms of size we give 3 points, if medium 2 points and if

	<p>it is small so it gets one point. The same thing we do with the other aspects. Let's say that the market is big, easy and you get money fast, 9 points. And then there will be an area we focus on. When we have identified it, we run a test. Uses existing resources, break some time with them and say they'll make a small collection. When we have done that and have been successful with it. And we are working systematically like this in all areas.</p> <p>We work with a very detailed plan of organization and very detailed skill profiles in each role. If you are a designer here, I can go in and look at our ideal competency profile. So once a year we have an employee talk and a development talk. Here we go through the competency profile. We map you up against the position you have. You should have an ambition to do develop as close to the ideal profile as possible. Then we work with activities on the employment level to develop you. In addition we want to know where they want in three years. Then we can look at the profiles next time and see if you have developed. Actually, quite systematically work with it. And we're very, very, very strict that the requirements are set, they follow us.</p>
Relational capital	
Brand/Reputation	
Sverre Helno, Voice	Then you must create a conceptualization. When we started the new match concept that we called Hof. We also changed the Jean Paul concept, pretty much. You need to find the core in the brands, and to find new attractive concepts.
Jan Flo, Moods of Norway	Branding is important. You must have a mix of people as well. That knows all about marketing, everything about design, and everything of the production. Whatever you are engaged in marketing is essential.
Network/relationship	
Jan Egil, moods	We expanded to the U.S. to strengthen our brand. If we make success in the United States, the European distributors want us. This is much easier than to

<p>Sverre Helno, Voice</p>	<p>expand first in Scandinavia and beyond. Networks are clearly more important now.</p> <p>It is extremely important to have a network in concerning customers. The best I can achieve with a customer relationship is that they were happy the last time they were there. In the old days people were loyal. Now you choose again. In that sense I do not think the customer is loyal, but the customer can select you again many times. But it's not a loyalty mindset. As long as I'm happy so I'm going to you again. But if I'm not happy, than I'm not coming back or it may take a long time. The main area is actually on the supplier side. Manufacturers, suppliers of brands and suppliers of locations. It is the most important relationships that focus on.</p>
<p>Rajeev Koul, Innovation Norway</p>	<p>You know, when you are interacting with them, you will an amount of trust. The trust in terms of your knowledge about the market, or the commercial dealings.</p> <p>So you increase your reputation and your partners think that your will deliver. That's very important. I would keep it as a part of your entire value package.</p>
<p>Bernd Gemmer, V.fraas</p>	<p>Is where we invest much more in the moment. Is to maximize the products that you do with a customer. If you already have a good customer relationship and you follow all of their systems. Many of the big customers have very complicated internal systems and to make a sale happen. For you as a supplier it is a lot easier to add new products into existing customer, than get a new customer.</p>

Capital is still a resource for growth, but the respondents have not focused as much on the tangible resources in this part of the firms' life cycle.

In terms of the human resources, it is still important for the firm to have the right kinds of people, with right competence and skills. But if we look at Moods of Norway and Voice they have hire people from the open market. In the startup and growth phase, Moods of Norway used friends or people they knew, but now they use recruitment agency. When Voice has found out what kind of

people they need, they also hire people from the open market. This job is a lot easier when they have a strong brand name, as they have in Norway.

The focus on building a brand and the firm’s reputation is still one of the main challenges and will be the factor that you can position yourselves most from your competitors.

It is also to build on the relationships that you have. It is easier for EuroDesign to expand their product range and lines to their existing customers, rather to try to sell that to new customers.

One thing that is very clear from the interview from Sverre Helno from Voice is that they work very systematically in all aspects of the organization. It seems like Voice have that as one of the key elements in their organization, to work systematically in all of their processes.

4.2.1.4 Resources needed in different stages of growth

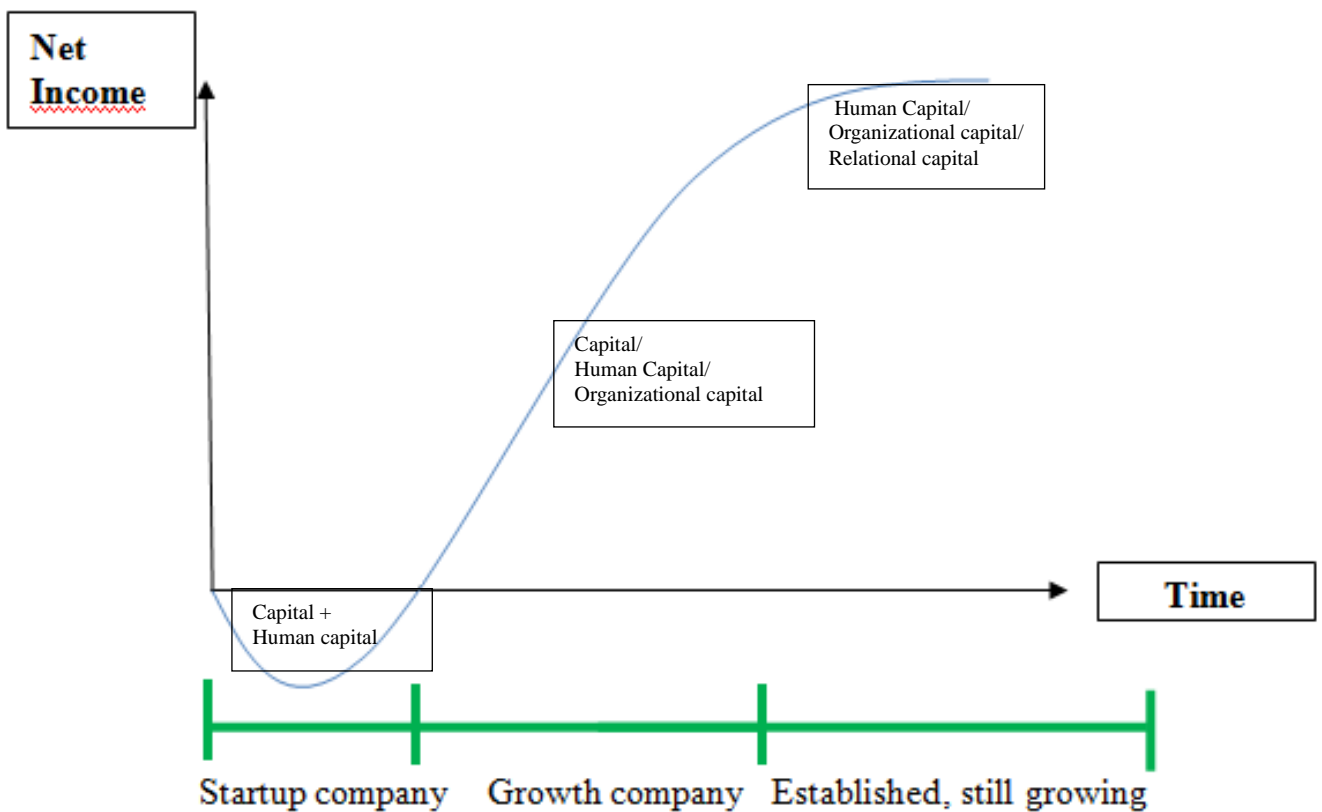


Figure 16. By author. Resources needed in different stages of growth

To sum up the question whether or not EuroDesign’s resources change as the company grows, there are strong indications of that. It seems like the most crucial resources in the start is the financial capital, a good management that can handle the production and salespeople that sell the goods. As the firm grows, there is a higher need of systemization of what is being done, a clear corporate culture, in addition to a larger sales force and a larger administration. When the firm is more established, there are larger needs to improve and strengthen the brand, reputation and the relationships/network that the firm have.

4.2.2 Resources in different scenarios of growth

4.2.2.1 Internal growth

Internal growth	
Tangible resources	
Capital	
Investments	
Lars Schyman	If you have a textile company, then it is basic, basic, basic. It is fabrics, sewing machines and people that can sew. When you grow, you have one production line that you expand to two production lines.
Bernd Gemmer, V.fraas	The production costs and salaries needs to be paid. Although the salary is low. And the delivery is still long way. It is normal that you purchase of materials and the delivery as there is a few months in between.
	First invest into sales people and sales admin. Then you get the customer you are easily talking about a time difference of one to two years before you get a profit out of that. Which means that the company ownership must be prepared to really invest in that, without not immediately get a profit out of that.
Intangible resources	

Human Capital	
Managerial competence	
Rajeev Koul, Innovation Norway	As the owner, or as CEO or the general manager of the company. You have to direct responsibility. So, it depends on the people. To whom you interest those staff, how they make how the company goes. So you have to be very critical on how, about selecting the people, on what kind of people you are going to hire.
Lars Schyman	It must be. The management must be fostered in the textile. There are so many examples of textile enterprises in which the management team do not understand the industry. Who do not understand the chain. There are many examples where it goes completely wrong. That because the focus is on a quick return. It happens so much in the garment production that does not happen in other production industries. Because the garment production is so basic. It happens so much that is unexpected all the time.
Sales & admin	
Lars Schyman	Great salespeople. It is number 1. Without skilled salespeople you can close down the entire business. We had salespeople who were both design and sellers. They created their own collections them. Super skilled salespeople that will earn much money. Actually, to earn the most money for the company.
Bernd Gemmer, V.fraas	I was looking at very good sales people that already brought their customer relations for example. So I invested in that. These people simply bring me their own customers. They don't need to be merged in the company. They simply do what they do best. They simply sell. My obligation is to make sure that what they sell is something I can supply. These two areas, M&A and internal growth are two completely different areas.

Organizational capital	
Corporate culture	
Rajeev Koul, Innovation Norway	<p>Value proposition is of course critical; it's the soul of the company. But when you want to grow that soul, what are important is the people.</p> <p>When you grow, you are entering into more transactions. And then an individual cannot handle too many transactions. You have to direct your responsibilities to other people.</p> <p>If there is differences in quality value for that employee, for him you will be very particular to the thread you will be using for your fabrics or garments, quality of the thread the straightness of the tread or whatever of the quality of the product. Your employee, you know starts make compromises on that. And as the company expands, those things start to get larger and you start to get complaints of your quality from the customers. And then they communicate with your other customers and says that you are not providing the right quality products and suddelntly the market knows that and you lose your brand proposition.</p>
Relational capital	
Bernd Gemmer, V.fraas	<p>Is where we invest much more in the moment. Is to maximize the products that you do with a customer. If you already have a good customer relationship and you follow all of their systems. Many of the big customers have very complicated internal systems and to make a sale happen. For you as a supplier it is a lot easier to add new products into existing customer, than get a new customer.</p>

If you want to grow internally you have two choices: You can sell more to existing customers or find new customers. If you want to sell more to existing customers, you need to have strong relationships, and they need to trust that you can deliver as promised. This is the most cost efficient way of internal growth. Getting new customers is time consuming and costs a lot more to gain, compared to using existing customers.

In order to grow internally you must invest in several things. The main investment is in the sales force. These sales people need to be great sellers, but it also a big advantage to target sales people that have a network and a good relationship to potential customers. A consequence of internal growth is that you will need to have an organization that is more robust and can handle the new amount of orders coming in. This includes a much stronger management that makes sure that the production is adequate and that the product is delivered on time.

This also requires a larger administration that makes sure that the systems and the communication in the organization works good as the company grows. In this stage it is also very important that the company's value proposition is well defined in order to make it easier to communicate what kind a firm it is to its stakeholders.

4.2.2.2 Resources needed in Mergers & Acquisitions

M&A	
Tangible resources	
Capital	If you are doing a merger or acquisition. That is more difficult. Of course you need the capital to acquire or merge with the company.
Intangible resources	
Human Capital	
Managerial competence	
Bernd Gemmer, V.fraas	If you work with M&A the most important the human resources. Your obligation is to have as quickly as possible to have synergies. Having two companies working together.. And only one of the three acquisitions has been successful and the others have failed...Well, many reasons The main reason was that they did not invest enough human resources to make the merger successful. They thought that simply by buying a company that that would be enough.
Lars Schyman	But it takes a while to have good staff who can take over the running of

	<p>what you have purchased. It is not just so that you expand the company, but also expands into a new company. And putting someone who is skilled in one company o another, it can also be completely wrong. It is difficult.</p>
Organizational capital	
Bernd Gemmer, V.fraas	<p>Lot of coordination and that requires that you have people that can communicate, and on the other hand you need a lot of organizational people that can facilitate. Because it is not easy to merge two companies.</p>
Lars Schyman	<p>Norway and Sweden is one thing, but India where there are big differences, it can be very difficult. If you do not use your own staff so you need to find someone you can trust. Because you never know what happens. You do not know if the numbers are right, you know nothing. You can always be fooled in some way.</p>
Rajeev Koul, Innovation Norway	<p>You have to value the machinery, value the customers that the particular target have, you have to value the reputation and if it is a good deal, it is a quick way to grow.</p> <p>But what we recommend in India is that people are not always very straight forward here... Information about smaller companies will not always be available. So when you are getting into acquisitions we recommend that companies go for complete control. By complete control that means, that you have at least 76 % of the target company.</p> <p>So that you have complete control in all kinds of decision making. The only thing is that you give your partner 26 % in profits. You will get complete control, and you will then show that it is no hidden agendas. You need to be really thorough and look at the books of the company. For example, they might claim that they have a property, but the property may have a big dispute, and then that asset will have not any value. But, when they will be selling to you.</p>

When we look at M&A as a growth scenario, there are a couple of resources that are essential. Of course the capital needed in order to acquire or merge with another company must be present.

The most important resource identified is the human capital, and especially the managerial competence. M&A is a very complex and difficult way of growth. It requires that people uses the same system, that they are able to share the same values and that they pull in the same direction in order for the firm to grow. The firm must be aware of the amount of work needed in order to have a good or successful M&A.

Lars Schyman also points out the risk of using M&A as a way of growth in India compared to doing that in Scandinavia. There are large cultural differences between the countries and there are very different perceptions of loyalty and honesty on what a firm is worth.

Rajeev also points out the difficulties with M&As in India. He states that there are possibility to do good mergers or acquisitions, but it is very difficult to navigate and find the good deals. One of the reasons are cultural, which relates to what Lars also said. There is a large risk that you can be fooled by the selling part. It is crucial to do good diligence and check out every aspect of the firm before the merger or acquisition.

4.2.2.3 Resources needed in strategic alliances

Strategic alliances	
Intangible resources	
Human capital	
Rajeev Koul, Innovation Norway	You know, of course again the people are important. For strategic alliances you need to have good people to people relationship. You need to have good relationship with potential alliance partners. But, do that you should know who can be your potential strategic partner, alliance partner. The knowledge of your strategic partner, alliance partner is critical. It could end up, you know interacting with the wrong kinds of alliance partner and you know even if you have good relationship with them but it's of no use.
Organizational capital	

need to have good knowledge on how the other alliance partners do their work and you need to be able to trust them, and vice versa.

The value proposition is also here seen as important. In order to make a sustainable and competitive strategic alliance, it is a need for a clear value platform and the parts of the alliance need to know what to expect and what to get from each other. This requires very good communications between the partners. When this is in place, you have a good foundation for a sustainable and good strategic alliance that has the possibility to develop and grow.

4.2.2.4 Resources needed in different scenarios of growth

There are several strong indications that there are different resources needed in the different growth scenarios.

Growth scenario	Resources needed
Internal growth	Internal growth requires more focus on internal competence and internal resources. Increasing the sales force was the first step, while building an organization that can handle the increase in sales is the second step. It includes a larger management that can handle the increased production, and an administration that can handle the organizational challenges that occur when the organization grows internally.
Mergers & acquisitions	M&A as a way of growth requires a very good management and an administration that is able to solve the challenges that occurs when two companies become one. This is very demanding and the company needs to invest a lot in this. It is also essential for the firm to have local knowledge or hire people with local knowledge and competence in order to evaluate the value of the firm that is going to be merged or acquired.
Strategic alliances	In terms of strategic alliance, there is more focus on the relational resources of the company. There must be value proposition that both of the companies can accept if they are going to work together. There are also very important that you have a management that is able to communicate very well with each other.

Chapter V - Conclusion and ending remarks

5.1 Conclusion

In order for EuroDesign Pvt. Ltd to gain sustainable competitive advantage they need to primarily focus on two sets of resources: Capital and human resources. My research has indicated that you must develop your resources in order to create sustainable competitive advantage. Investing in capital and human resources will give the opportunity to develop organizational and relational capital, which will strengthen the firms' competitive advantage.

In terms of the tangible resources capital is the most important resource, but you also need production facility and production equipment in order to deliver the products you are selling. There is need for a lot of capital in order to do those investments. In addition, most of the capital is bounded to the goods in the production. Since EuroDesign is operating in a very primitive industry, there is always a risk that some part of the production goes wrong, and EuroDesign must also have enough capital to cover the consequences that are related to an inadequately delivered order. That can be giving rebates, pay for shipment by air etc.

In terms of the intangible resources I have grouped those in to three categories: Human capital, organizational capital and relational capital.

The most intangible resource for EuroDesign is the human capital. Under this category lies the managerial skills and competence that are crucial to handle orders and to make sure that EuroDesign is able to deliver the products they sell. In addition to that EuroDesign needs people who excel at selling fashion products and sellers with connections to customers and potential customers. These are the factors that give EuroDesign a competitive advantage. People with organizational and administrative competence will build the structures and the organizational competence that will support the sales and administrative personnel to optimize and do their work more productively.

When I have looked at how the firm is growing I have looked at this in two perspectives: I have looked at the firm in different stages of growth and I have also looked at the different scenarios of growth. When I have looked at the different stages of growth I have focused on the firm in the startup process, as the firm is growing and when it is more established.

The research has indicated that there is need for different resources in the different stages of a firm's growth. In the startup, the most important resources is financial capital and human capital. In terms of the human capital, it is the sales capability and the managerial competence that are the most essential. In this phase you need to be able to sell your products, and you need to be able to deliver the products. As the owners of the company are Norwegian and based in Norway, it is even more critical to have a good management in India, since there are big cultural differences with doing business in India compared to Norway.

As the firm grows there is a need to have good organizational capital. The firm will be involved in more and larger transactions and you need an organization that is able to handle this growth. In addition to that, you need a larger sales force. These factors demands lots of financial capital, in order to handle the large amount of orders, and to be able to find the right people.

It is therefore essential for a firm in this stage to work on its reputation and brand in order to make potential customers, partners and employees to trust your company. This is mainly done by delivering what you promise over time. You need to deliver the right quality at the right time over time. And you must also be very clear on what your value propositions are towards your customers, suppliers and employees. This is in order for them to know what to expect from you.

When the firm is even more established the firm's reputation and brand is the most important in order for a firm to continue its growth. The corporate culture should also be very clear and the systematic way of working should also be a natural part of the organizational capital.

The different scenarios of growth that I looked at were internal growth, Mergers & acquisitions and strategic alliances.

In terms of the internal growth, the most important resources to invest in was the sales force and on the relational capital. The firm can focus on selling more to existing customers or to find new customers. If the firm wants to sell more to existing customer, they need to have good relationships with the customer. In order to get new customers your salespeople can try to establish relationships with potential customers, or you can find salespeople that already have these relationships with new customers.

The most critical resources for M&A are the managerial competence and organizational competence of the people that have the responsibility to make the merger or acquisition as successful as possible. In addition there are several indications that point on that M&A is very difficult in India,

and you need to be very diligence and careful when you do a M&A in India.

The strategic alliances on the other hand need very good relational capital and you need very good communicative skills between the organizations if the relationship is going to be sustainable.

5.2 Ending remarks

This has been a very demanding and challenging journey. The last months have required a lot of me as a person and I have been very frustrated at times. In this period I have strengthened my skills in terms of working systematically and analytically.

This thesis needed to mature over time in order to grow in the direction it did. There have been lots of discussions and thoughts about how to build the problem definition and how to approach it.

I have got lots of good feedback from my supervisor Joyce Falkenberg when I got lost or when I was frustrated. Thank you very much Joyce for your reflective and valuable contributions in this process.

At the same time as I have worked with the thesis, there have been lots of action with EuroDesign in India. I have been visiting the factory two times while I have been working with the thesis. It has been very inspiring to get close to the case that I have been working on, and see that some of the challenges EuroDesign experience now more likely can be solved with the resources defined in the thesis.

I want to thank my co-workers Sunita and Karina that have done most of the work with EuroDesign while I have been working with the thesis. My brother Rohin have also pushed me to focus when things have been slow. I also want to send thanks to the respondents of the interviews. All of the interview objects are very busy and have an enormous competence in their respective fields. To meet these people and really dig dip into their experiences and knowledge has been some of the most motivating experiences connected to this thesis.

5.3 Critical review

This research has some weaknesses in terms of the research design. Since it is a qualitative research design, I have focused on few interview objects and on many variables. This gave me the

opportunity to find some potential relationships that can be investigated by other researchers. Since the objective for this thesis was to figure out what the important resource was for a specific company it seemed reasonable to talk with respondents that could share their knowledge in order to have a good indication on what was important for us. The largest weakness is that the sampling group was small, and if other people had been interviewed the answers could be different. On the other hand, most of the findings in this thesis seems relatively reasonable, and most of it can also be supported by theory. I also want to point out that this thesis is very context dependent. The resources that were seen as crucial and important in this case might not be as important in other cases or other industries.

5.4 Suggestions to further research

As mentioned in the critical review my research showed some relationships that could be researched more thorough in the future. The relationships where related to sustainability over time.

Firstly I saw some indications on how tangible and intangible resources gave competitive advantage, and that has some sort of dynamic. When you gain competitive advantage, you will earn money, which again can be invested in more tangible or intangible resources to maintain the competitive advantage.

The second relationship that I discovered was that by delivering the right product at the right time, you will increase your reputation or brand over time. This again will lead to better relationship with your stakeholders and it can also increase your network.

The third relationship I found data on was that there where clear indications on the need for certain resources to change as the firm grows. Here I found out that there where a larger need for some resources when the firm was at startup, when it was growing and when it was more established. It also seemed like the different scenarios of growth required different sets of resources.

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Appendix 1- Interview guide

My interview guide will be very short and general. This is because I want to focus on the interview objects own experiences. It is important for me to make them do most of the talking and ask open ended questions.

The some of the interview objects have very different backgrounds and I want to explore what they find import in different scenarios of growth.

Firstly I will focus on their experiences with growth and what resources they needed in different growth scenarios. I also want to know what context they were in and what that means to the resources needed.

I will after that, focus more directly on the different scenarios of growth. And here, I will ask them about each kind of growth, their experience with this and what resources they have needed in the different growth scenarios.

Appendix 2

Interview with Bernd Gemmer:

My professional background from the fashion industry was that I have worked at three different companies. I worked for a company doing swimwear and underwear.

Ok

Where the production was in Germany, which tried to outsource the production to Eastern Europe and then to Asia. And that company did definitely not succeed, because the customers they had were not willing to change production place. They were used to have a very flexible and quick production in Germany. The main customers were mail-order companies. And the average 4-6 weeks time for production and suddenly they were faced with much longer delivery time. For Eastern Europe, the main limiting factor was that we did not find a partner that could give us enough capacity. So that the limiting factor was the capacity. This company did not succeed in changing the production structure and I left them at some stage. And then I moved to a company in Munich. It is probably one of the top five wholesalers in gloves worldwide. They do all kind of gloves, dress gloves, sports gloves or whatever. They are specialized in gloves and it's a very old company. And they had roughly 80 % of the production was outsourced. 20 % of the production was by their own company and the company was again based in Eastern Europe. The limiting factor for that company was raw materials. Because the leather market is very difficult when it comes to the right quality levels. There were no limiting factors for the sport gloves since they are made of synthetics. So you have huge production capacity in Asia for all of the sports gloves. And they were done in Asia. That was very successful. Basically this was an experience where you can see that a company can do very much without having their own production capacity. They have a good set up for the suppliers and organized a good set up for them. Then I went to Fraas.

How long have you been there?

It's almost 13 years.

How is your focus on growth, since you came to Fraas? How have you been working to grow as a company and how do you focus your resources on that.

The main focus has been in one hand to enlarge the total scope of the company. When I started it was very focused on very few markets. Many other markets have been neglected. So the main growth over the last ten years has been mainly by increasing turnover in other markets, European markets or Asian markets. Where the sales have not been very high, that was the main growth area.

And the other growth and this has just been the last two years where we have been doing that. Is to expand the product scope. Fraas have traditionally been very focused on winter scarves, and these winter scarves 70-80 % of these scarves have been woolen scarves, so we simply try to expand the scope of the products that we offer, so we started to do knitted scarves and printed scarves. All of these in order to have a broader offer to our customers.

What is your company's main competitive advantage?

I would say that the main advantage is that they only do accessories. Most of the competitors we have do not only do accessories but also other products. So our customers are always impressed by the depth of our range that we do. If you take the acrylic wool for example, the customers can choose from a range for about 120 options. This is definitely, simply the professionalism that we put behind what this small product base that we call textile accessories. For much of our customers it's a tiny little area compared to their overall business. There are not more of our customers that have more than 5 % of our product in their total turnover. For them it is always an add-on and they find this very interesting that it is a company that does that small niche area. I think that's the competitive advantage.

Yes, totally.

Ehm, what kind of resources have you been mainly been focusing on as you have been growing? As you mentioned, you have been growing internally with different markets and different products. But how have you as an organization been working in order to meet this new demand and this new way of doing business?

The main area where we where needed to grow are... If you want to expand your customer base every new customer requires three to five times the effort you have to put into an existing customer. If you put that existing burden to you sales force they will not succeed because they will neglect the existing customers, or they will not put enough effort into the customers. The first thing we had to invest in was simply to expand the number of people working on sales and sales admin, because that is equally important department into make that growth possible. Everything else comes afterwards. After that we had it invest in quality control because we saw that as we grew we had more quality issues. We simply invest in more people doing quality control for the company. Then we have other areas as purchasing, people buying the products they had to be increased. It was simply more time consuming to control our suppliers. It's not that you simply place an order to the supplier then you rely on that they deliver. No you really need people to control the timelines and the quality. But the main aspect was clearly that if you wanted to grow, you need to grow your sales

force.

When you worked. If you look at other kinds of resources. When you are working on growth. Was there large investments financially as well or did you try to grow organically? So you could increase the sales force.

No, I think that it is a very good idea to grow by acquisitions. So if you look at Yammers and laufken which is the company based in Düsseldorf, which I think you have been in touch with from time to time. This company has simply been bought by V.fraas 15 years ago. That was a clear expansion to an area that we have been very weak before. That was the boutique and department store area.

Yes.

And additionally it was an expansion for a new area that we did not have any expertise from before. It was lightweight and printed product. This I think you can more easily grow through acquisition. The only drawback is that most of the majority of all companies to work on our particular industry. Family owned companies having very few professional structure, the owners and family itself are running the company. You cannot buy the owner. The owner wants to sell the business. What we have experienced in very many of the companies that were on sales that you did not get much from the money you were investing. Because what they wanted to sell were things we were not interested in. They wanted to sell their stocks their machines, their furniture's their buildings. This is the things we are not interested in. We are interested in the customer relationships, the sales people. This is what we would invest in. But this is hardly what they sell.

So you can say that the physical resources are something you can buy anywhere?

Yes, the physical resources in abundance. What you are interested in are the social skills, the sales skills, the knowledge they have with the product, the relationship with the customers, all of these things are very important. But these mostly you cannot buy. That's right.

How would you say that the need for different kinds of resources. As you said now, some of the things you cannot buy, Ehm. Is it like that reputation or network important in the start or will that be more important as you grow as well?

I think that is coming with the growth. I think in the beginning at a new company, you always have to prove as selves. Both on the customer side, so the customers will start to use a new supplier. It takes time and it's a risk to use a new supplier. You have to prove to that you are worth the new investment. But you also have to prove yourselves at the supplier side. For the suppliers are not really keen to involve itself with new customers because it is a risk, Ehm, and I think that simply that

if you have a steady and growing company than the reputation and the link between you and your customers will grow. That is not something you just can get from scratch.

You have been working a lot in Asia with suppliers and so on. What do you think is the most important for your suppliers for your suppliers to be a good supplier for you?

I think that the most important is to understand that our market or customers. Because often Asian suppliers have customers in different parts of the world. Different parts of the world have very different needs. It is always easier to work with suppliers that for some reason they have decided to concentrate on one market. Let's say the European market. That they work with so many European customers as possible. But all of the European customers have almost the same expectancy towards quality toward, timing of delivery. I found that this is very difficult to work with suppliers dealing with Arab countries US and Europe at the same time. Arab market that's a big market, the European market that is big and US that are always a big market are so different with the quality, the fashion, and the prices. For the suppliers it is extremely difficult to be good in all three markets. What we are looking for is some kind of specialization. That they are dedicated to a small niche. That they have professionalism towards execution.

Now you have been working on three types of growth. As you mentioned, internal growth, you have been working with alliances with good suppliers and M&A. for you company, what kind of, is it different set of resources that you need in the different kinds of growth?

Yes absolutely. If you work with M&A the most important the human resources. Your obligation is to have as quickly as possible to have synergies. Having two companies working together. And elimination cost that they both had. Have the same organization, having the same computer system, the same suppliers, the same warehouses etc. this is extremely demanding, since it requires extreme amount of communication between the companies. Lot of coordination and that requires that you have people that can communicate, and on the other hand you need a lot of organizational people that can facilitate. Because it is not easy to merge two companies. So this is a very different setup than for example internal growth. What I looked at with internal growth. I was looking at very good sales people that already brought their customer relations for example. So I invested in that. These people simply bring me their own customers. They don't need to be merged in the company. They simply do what they do best. They simply sell. My obligation is to make sure that what they sell is something I can supply. These two areas, M&A and internal growth are two completely different areas. The third area, when it comes to strategic suppliers is very different, because you need buyers, very good buyers that understand a foreign supplier.

Okay.

This has been a difficult task to find this supplier. Because you do not find a good buy often. In one hand they need to be very diligent, very down into detail. And they need good communication skills. In some instances you simply don't have the same communication basic. You are talking about things. An Indian a German is hardly from a different value ground. And if you simply insist on you set if values, I am a German and following and follow my German strategy. You will lose because they are simply not willing to do that. You will know that they have certain set of values too. So this has been, and is an ongoing task. The M&A is something that very rare. In the last 30 years V.fraas have only done three acquisitions in the area to buy another company to expand their business. And only one of the three acquisitions has been successful and the others have failed.

Why was that, do you think?

Well, many reasons. The main reason was that they did not invest enough human resources to make the merger successful. They thought that simply by buying a company that that would be enough. If you look at the suppliers again. My impression is that you have a lot of experience with the suppliers. In order for a supplier to be complete, what are the main resources that they need to invest in, in their company?

Ehm. I think that, well. I have two different set of supplier. One set of supplier, which is my favorite setup. Is a company that is very specialized in one particular business area and they are product champions. They are very good printers for example. They do not do anything else. And printing they do extremely well. And I can very clearly give to my buyer a portfolio of products which I want to produce for that particular company. I don't give them any products that can fit that profile of the company. This for me is the easiest and successful collaboration. For both sides it is very clear what to expect and what you get. It is the easiest way to work together. Unfortunately, in specific areas of accesories these companies do not exist too often. Simply because many production companies' textile accessories are too small to simply be doing that. So the second set of supplier is, and there are more of the second set than the first set. What I call agents, basically they does not have all production or very limited production capacity. But they have a good network of suppliers. And they really master that supplier network in order to accomplish a portfolio of products. Which I can by for them. A bit similar to the first setup, only that the first setup is much easier for me to control and manage. The second set you need to do a lot of monitoring and controlling to make sure that you really get what you want from the supplier. They not really have their own production. It is not easy for them to make sure that they control everything in every step

of the production. That they control the raw materials, the delivery time etc. so this is more demanding, but as I said, most of our external suppliers are more agents than own production companies.

I can see that. Ehm. If we look at V. Fraas again. What is your perspective about the future? What are you focusing on growth?

There are growth scenarios; you simply have the geographic areas. If you look at V.fraas we don't work with any Arab countries are on our customer list. We don't work with Iran or Iraq. All though both are huge markets for our products. So this is simply geographic. So that is in some stage that you want to invest additional resources that, geographical markets that you can simply expand where you are not present. That is one part. The other part and that is where we invest much more in the moment. Is to maximize the products that you do with a customer. If you already have a good customer relationship and you follow all of their systems. Many of the big customers have very complicated internal systems and to make a sale happen. For you as a supplier it is a lot easier to add new products into existing customer, than get a new customer. This is the main challenge you have in the moment. This is to enlarge the scope of the product and replace other suppliers. Simply you can only grow in our point of view by replacing other existing suppliers. This is the main task I personally see for my selves. I try to establish for my selves to my key account customers to be a product specialist, not for specific textile accessories, but for all textile accessories. But that is definitely very difficult because the customer still believe in specialization and as long as they have enough resources they need to concentrate on less supplies simply they cannot handle more suppliers.

You mentioned now just the ways to expand. What are the main challenges for you internally in order to reach those goals? One thing is definitely is financing. If you take the way we take that. First invest into sales people and sales admin. Then you get the customer you are easily talking about a time difference of one to two years before you get a profit out of that. Which means that the company ownership must be prepared to really invest over that, without not immediately get a profit out of that? That is really difficult in times like today's times where the markets are very volatile. It is not easy to convince to a larger investment where he does not see immediate profits. The other area is definitely simply the market for employees. As I said, accessories are a niche market. If you are working in the textile area there are many other companies which are interesting and might be tempting for potential employees to rather go to that area instead of concentrating/limiting themselves to that small part of textile accessories. Sometimes it is simply

difficult to find proper staff to that expansion.

And what do you then in order to get that kind of human resources. Do you have to use your brand or...?

Sometimes in Asia what we do is that we build the people ourselves. Try to bind them as tight to our company as possible give them a lot of perspectives in offering them good salaries etc. etc. this is the way we have been taking especially in China. We have roughly 300 employees. Out of these 300 it is only one foreign. The others are all Chinese that has been hired locally and trained by ourselves. And we go, this is for us the most time consuming way, the most expensive way, but the most promising way. The other alternative is to hire people from the market and that is always to take a risk. You never know if the people will perform in the new company.

I think that was the questions I was supposed to ask, and I am really impressed with your growth and the way you have been working.

To be honest, the past years we have not really been growing. Because, as I said some of the investments we made in the past had to be disinvested, so some of the companies we bought we had to close down. It increased the turnover, but was not a profitable turnover. But it still contributed to our overall turnover. So yes, you can say that the company's performance the past 10 years have improved a lot, but if you look at the simply figure turnover, it has not improved a lot. We have improved the turnover in the past 10 years with a one digit figure.

I see.

So, turnover for us. In the business we are in, you can easily do turnover. Because accessories is easy to produce. Unfortunately it is not easy to do money with these products. If you do not have a very perfect system of getting them out to the market. If you see that, the products you sell for three Euros, you have a real profit margin are 15 % of these three Euros you are talking about 40 cents. If you have one simple mistake you will destroy much more than those 40 cents.

So that is, it is not that very difficult as with higher value products, even if you mistakes you do a wrong delivery, wrong labeling or whatever. You can still earn money. Just to give you an idea.

Only to redo a labeling, I did labeling in India for customer that was wrong. It arrived in Germany. The customer tells me it's not acceptable, you have to redo it. Just to redo a label on a scarf cost me more than one euro per single scarf. If you look that you have a profit margin on 40 cents. You have to invest one euro to remedy a mistake you have done you can very quickly run out of money. This is why accessories are interesting for many, since it's so easy. But on the other hand, I don't know many companies being profitable on that for a long period of time in that marked.

It is a very curtail point as well, since it is an easy product that the systems need to be perfect, or else it is waste of time and money.

Yes, totally.

Appendix 3

Interview with Rajeev

How are you?

I'm fine how are you?

Good still working with the company.

Okay

Eh, I'm writing the interview for the thesis.

Ok

And the focus will be like on your experiences with Ehm growing companies in India, Ehm what resources do we need and how can you really make a growth company. That's the main focus. So if you could start with your experiences with starting up companies or helping companies grow in India.

Norwegian companies?

Yeah, or Indian.

Like what kind of experiences do you have from before?

Well, there is a difference between Norwegian startups and Indian startups

Okay.

There is a broad difference between Norwegian companies in general and the Indian companies. And that is reflected in the startups also. Like the Indian companies are more aggressive more hungry. That is the same for the start ups. Norwegian start ups are usually run by younger people and there is more drive in the younger people in Norwegian startups. They are more proactive, I would use the word more aggressive as compared to the more established companies, in general.

Okay

Ehm, The Norwegian companies, the startups are usually a product of research and strong technological skills. What we have noticed they have usually come out of some research environment. It could be SINTEF, it could be NTNU, it could be from University of Oslo or some clusters. They are driven by strong intellectual background.

Mhm. ok

Eh, that's one observation. Yeah, that is in general what I can say about startups.

Okay. As when the startups start to grow, like when they are break even. What do you think is the most important resources for a company to have in order to grow?

The most important resources for a company are to know what they to offer. That is their own strength, product or capabilities. That is one thing.

And the second thing is that they need to be clear to who is the customer, who is the end user, who is the market.

Mhm

Eh, so once these two things are clear. Then the critical thing how to be to bridge the gap between, eh these two. How you reach the customer that is the most critical thing. So, I think what I have, my personal feeling is a clarity of that is the most important thing. Resources are important, but I have seen companies that have strong financial resources, but they have been sort of moving in the dark, and in the end they have not been that successful. Whereas companies that have been very clear to what they want, even they have less resources they have been much more successful.

Okay.

So, you think that it's not the financial resources that are the most important, Ehm but also like the clarity. Eh, you mention

But.

Yeah,

But most importantly

Yeah, how can a company gain those kinds of abilities or capabilities as you mentioned?

Eh, what's important to have inside your company? Is the people or is other things that's...

People are the number one thing. It's the personnel you have, whether its promoter or the employees. It's the most critical thing.

Mhm

And then the management should know what they are in the market for. What they want to give to the market. What they want to sell or what the service they want to provide. That should be very clear. This is sort of fundamental for any business; they should know what they are doing. But the second thing is, to who is the end customers, who is their market, what is their market. So that is where they have to understand their market and to the right kind of research.

Sound good. Ehm, if you look at companies like ourselves. Ehm, when we are looking at different ways of growth you have for example internal growth, mergers & acquisitions and you have

strategic alliances. Eh, in terms of strategic alliances what do you think is the most important resources to us, when we want to make good strategic alliances in India?

Ehm. You know, of course again the people are important. For strategic alliances you need to have good people to people relationship. You need to have good relationship with potential alliance partners. But, do that you should know who can be your potential strategic partner, alliance partner. The knowledge of your strategic partner, alliance partner is critical. It could end up, you know interacting with the wrong kinds of alliance partner and you know even if you have good relationship with them but it's of no use. So that important to find the right Ehm. People or right companies. As strategic alliance partner. And then you have to, eh. Fundamental thing is a value proposition. The value proposition should be an interest to the alliance partners. That's fundamental, you know. Without that the relationship will not be sustainable. If your product does not add any value to them. Even if you have good relationship to that partner, it will not last, be sustainable. So, in order to make it sustainable you should you know, present to them a good value proposition. The value proposition could be in terms of the products that you are making, in terms of the design you are be making or the market you can offer them. For example your familiarity to the Scandinavian market would be a value proposition. And that would be, something that could be, you know, be relevant to your alliance partners.

Totally. Ehm, as you mentioned with relations. One thing is the personal relationships and value proposition, but are there other aspects that are important to make a solid relationship.

What kinds are you thinking?

I am just thinking that reputation or, or previous incidents, the factor of trust.

You know, all of the things I would say go under the values you offer. These are components of that. You know, when you are interacting with them, you will an amount of trust. The trust in terms of your knowledge about the market, or the commercial dealings.

Mhm

So you increase your reputation and your partners think that your will deliver. That's very important. I would keep it as a part of your entire value package.

Yes. Very good idea

Ehm, one other way of growing is mergers and acquisitions. How is that in India, if you are going to buy up other factories or companies? What do you think is most important in that kind of situations?

Do you need other resources than when you do strategic alliances or is it almost the same?

You know, Mergers and acquisitions are an organic way of growing. By organic, you know, organic growth means, you have a factory. You have five machines. Then when you have the resources and add one more machine. You are growing slowly organically. But then if you want to grow rapidly. You want to say, have rapid growth. People look at other options. That is acquiring other companies or merging with another company

Mhm

You have to be very clear of what you want or what you are getting. There may be many good deals in the market, but they are not easily available. So if you get a right deal for example let's say you have a factory with ten machines that you use for your work. Then you say your competitor that has let's said has 20 machines, are he is interested in selling. Then you can eh, in a very short time grow twice the size. Then you have to figure out why that person should be selling. Whether you could buy it. You say he is selling his 20 machines; I just can simply expand the factory with 20 more machines. So what is the value that the company or merger is giving you. It can be smaller factories or industries. For example, that the owner of the factory is getting old, his children is not interested in running the factory or going into that business, so he think he can dispose of or letting the Selling 49 % of the stakes. Then you have a bigger, even if you have 51 % of the particular company you have a lot more leverage, so that could be a very quick way to go. You have to be very, you have to see. You have to value the .. Machinery, value the customers that the particular target have, you have to value the reputation and if it is a good deal, it is a quick way to grow. But what we recommend in India is that people are not always very straight forward here. There can be lot of you know. One, information about smaller companies will not always be available. So when you are getting into acquisitions we recommend that companies go for complete control.

Mhm and why is that?

By complete control that means, that the you have at least 76 % of the target company.

Mhm.

So that you have complete control in all kinds of decision making. The only thing is that you give your partner 26 % in profits. You will get complete control, and you will then show that it is no hidden addectives. Companies are very good at keeping things under (raps) you need to be really thorough and look at the books of the company. For example, they might claim that they have a property, but the property may have a big dispute, and then that asset will have not any value. But, when they will be selling to you, you know, they will be asking for you the value of the van(d) or the factory, so what we seriously is, one that you have complete control and that you do a very

thorough due diligence.

Mhm

Into the financial books, into the legal aspects of the company, so you don't have any problems, any levitation in the time to come.

Sounds good. You talked a bit about organic growth. Ehm, what do you think is the most important resources that terms of growth. Ehm, when you are building the company up step by step. Is that the same as with the two others, like the value propositions and how to hit the market?

It's eh, organic growth, the most important thing. Value proposition is of course critical; it's the soul of the company.

Mhm

But when you want to grow that soul, what are important is the people.

Yeah

That You have. You know, when you grow, you are entering into more transactions. And then an individual cannot handle too many transactions. You have to direct your responsibilities to other people.

Mhm

As the owner, or as CEO or the general manager of the company. You have to direct responsibility. So, it depends on the people. To whom you interest those staff, how they make how the company goes. So you have to be very critical on how, about selecting the people, on what kind of people you are going to hire. Because, you know, the value of the company will be decided on the owners or the founder of the company. And you know you have to transfer the value to people. The people you select should be a person that really believes in those values and then you can expect them to move the company in the way that you move. But there is a mistake in that, if you don't select the right kind of people, then inevitably the things will not run smoothly.

What do you mean by that?

You know, for example. If one of the values of the company is to provide best quality work to your customers.

Mhm

Or whatever product you are making, you want to make, you know, make best possible quality. Then, to a certain extent, when you are a startup you will be able to monitor the quality and so on. But once you grow, start growing, your orders your books start expanding. Then you will not be able to do that work, that quality inspection yourselves. Then you hire people. And if there is

differences in quality value for that employee, for him you will be very particular to the thread you will be using for your fabrics or garments, quality of the thread the straightness of the tread or whatever of the quality of the product. Your employee, you know starts make compromises on that. And as the company expands, those things start to get larger and you start to get complaints of your quality from the customers. And then they communicate with your other customers and says that you are not providing the right quality products and suddenly the market knows that and you lose your brand proposition.

Mhm

So it just started from your employee being not quality conscious enough. Not hitting your values, but it is also important that the founders/entrepreneurs they should have a very clear concept of what kind of values to have. I have seen companies that have succeeded strongly, Ehm are the once where the promoter have, you know very good set of values. Values that can be that they will be very ethical, values that they want to maximize the shareholders wealth, that they want to make no compromise of the quality. You know, for example big designer brand. They keep certain, let's say that they not make cost compromise their products, and they have been so successful.

Mhm. Totally.

That was, Ehm now we have talked about the different kinds of growth.

But, what do you think. Do you think the company needs, if you look at our company now as we are growing. Now we have one set of resources, do you think in order for us to still be able to compete in the future, do you think we have to change some of our resources, or gain more of some kinds of resources as we grow as a company?

In terms of resources, you have to set you own aims. Whether you want to grow, Ehm, want to be.

Mhm

For example of you is a design house or a manufacturing unit whether you want to be limited to that product or you wanted to expand into ladies products. Like a garment company making let's say eh blouses and tomorrow you want a complete range of garments. Men's, women, children everything. So it depends on what kind of growth aspirations you have. If you have strong growth aspirations then you definitely need more resources. You need more capital, you need more people. So that always, that is what you need to have. Strong growth ambitions. You should always be planning ahead. As to how you could get those resources, in terms of people and capital. Again I want to emphasize on the people. Capital is easy, you know banks are here, dollars, whether you get it from X bank or Y bank, it's the same.

Mhm

But, with the other resources, you need to be very, you know, very careful in of what kind of people you are getting

Hm

So you should always be on the look for the right people if you are expanding.

Yeah.

And planning for that is important, but again you basic values will come to the clear. What kind of quality you are delivering. If you are delivering the right quality, to your suppliers, buyers, your financial, they will always trust you. They will know that if you tomorrow, will diversify to ladies garment or garments also for example, you will be delivering a quality product.

Mhm

So when you are expanding, it would be easier to get the resources for growth and expansion if your basics are in place.

Yeah.

In order to find these kinds of right people, how important is network for the company?

Ehm, you know. It is very important that you meet people that are in the similar kind of work/business. Network is always very important; you can get people also professionally. But it is always good to look out, it's always good to, when you are selling for example, it's always good to Ehm, be meeting people. For example, when you are talking about alliances

Mhm

Network is very important. You are meeting people at the same forum, meeting designers, Ehm artists you...there is always possibility that something new can come out of that meeting.

Mhm

Something that even you have not even thought about.

Network is always important to that, and it's always good to be you know, interacting.

Yes, yes.

I think I got most of the questions already.

Appendix 4

Intervju med Jan Egil Flo – Moods of Norway

Vi kan bare starte med hva din bakgrunn er?

Jeg er en lokal grunder ifra Stryn, eier masse butikker. Alt ifra klesbutikker, til sport, nattklubber og diverse.

Så du har vært med på en del av det.

Jeg har vært grunder fra jeg var 19 år. Kun vgs. utdanning. Så Simen og Peder har tidligere jobbet for meg i Stryn.

Okay

Jeg og simen kjenner hverandre fra Stryn, men simen og Peder jobbet i Stryn om somrene, så de jobbet for meg da.

Ikke sant.

Veldig mange av fra moods har jobbet for meg i Stryn og området der.

Og så kom de opp med en eller annen fantastisk forretningsidé og tok kontakt med deg, eller hvordan var det?

Ja, det er vel det. Jeg har vært med fra dag en, stått bak alt det kjedelige bak scenen for å si det sånn. De har vært designerne og frontet merket, så har jeg tatt meg av all logistikk og papirer, selskapet og økonomi og ja. Alt det kjedelige på en måte.

Men allikevel det viktige?

Ja, det er nok riktig. Det er nok en av suksessene til Moods of Norway at de som sitter og skal være kreative og gode at de får tid til å være kreative og gode, altså. Det er veldig sjeldent at en superkreativ person er superstrukturert med ting som kreves for å starte opp en bedrift.

Mhm

Det er nok garantert en av suksessene, suksessfaktorene at vi var tre stykker da vi startet opp. At vi var tre stykker som kunne fordele oppgavene fra starten av.

Mhm.

Hva er det du føler du, når du starter et selskap er premissene for å lykkes? Du nevnte at du kanskje må ha en form for miks.

Nja. Du må i alle fall vite at du har rikelig tilgang til kapital.

Mhm

Ting du tror koster 100 000 koster 300 000, så har du budsjett på 1 million, så må du sørge for at du har 3 millioner, for er det koster. Budsjetter er en tallet. Så tror du, det du tror er 3 ganger så dyrt.

Det er det ikke noe tvil om. Det kan du spørre alle samtlige som har startet opp noe at budsjett får de aldri til å stemme når de starter opp. Uansett hvor god du er. Om du har startet opp 10 firmaer før så klarer du aldri til å treffe et budsjett om du skal på et nytt område. Ting er alltid dyrere og tar lengre tid en du tror. Alltid, uten unntak.

Ikke sant.

Så du må ha det finansielle i orden. Så er det veldig mange av de norske motebedriftene, som for det første at det er en person som står bak det. Som skal gjøre alt av design, logistikk, bedriftsbesøk altså, kundebesøk alt av fabrikkbesøk. Det er klin umulig. Du har ikke sjanse til å få det til. Og så har de ikke kapital. Det vi fikk av innovasjon Norge, det var ikke mer en vi fikk i vår første barregning på den første messa i København. Du kan ikke leve av offentlige midler eller noe sånt. Kan ikke basere bedriften din på det. Da trenger du ikke å prøve deg engang. Da kan du bare gi faen. Da er det game over fra dag en.

Hva skal da til for å få tak i denne kapitalen?

Den må du bare ha. Du får ikke låne den. Du må fikse det.

Du må enten fikse en investor eller ordne det selv. Du får ikke den av det offentlige, eller du får det ikke av en bank. Det blir bare strengere og strengere. Der er nesten umulig å låne i bank og alt sammen.

Helt klart

Det som gjorde at vi var tre, var at vi kunne jobbe gratis de tre første årene. Vi tok ikke ut lønn fra 2002 og ut 2005. Det er klart at det er en veldig stor del av egenkapitalen som er der. Så lenge du har 3 årsverk som jobber i tre år, er jo ca 4 millioner. 5, 6, 7 millioner alt utefra hvordan du beregner lønna di. Så det er klart det er mye penger. Er du avhengig av å ha en lønn og har en familie med fire unger, så må du ha lønn, noe å leve av. De kom rett fra student og studenttilværelsen og jeg hadde veldig mange bedrifter, så det var ingen av oss som hadde krav til å ta ut lønn. De var fortsatt studenter da vi startet opp selskapet. De levde på studielånet de. Det fikk de hjelp av staten av. Studielånet, men det må du dessverre betale tilbake igjen.

Du må nok det, helt klart.

Ehm, kan du..dette var helt i starten. Kunne du fortalt hva som krevdes av dere idet dere begynte å vokse.

Nei, altså merkevarebygging er viktig. Du må ha en miks av typer også. Kan alt av marketing, alt av design, alt av produksjon. Så du må kunne drive et selskap. Det er utgifter og inntekter. Der er mange kalkulatorer som har regnet feil som i mange bedrifter. Så miksen av folk, marketing biten.

Uansett hva du skal drive med så er marketing essensielt. Nå har du jo sosiale medier som er ganske sterkt voksende som er utrolig viktig felt, så hvis du detter bak der. Du er nødt til å være med der.

I forhold til folk. Hvordan har dere jobbet med å sette sammen teams, eller utvikle det?

I denne perioden.

Vi har plukket med oss folk vi kjenner, folk som har jobbet i bransjen. Vi har tatt til oss.. Har vi en som kan sko, så har vi tatt han til oss. Hvis vi skal begynne å jobbe med sko. Har det vært en annen som er god på skjorte, eller den typen design har vi tatt til oss han i folk vi kjenner. Til å begynne med gjorde vi det. Nå går vi på det åpne markedet. De ti første var kompiser, det var kompiser vi kjente inn og ut. Men nå er det klart nå er det noe helt annet. Nå er det rekrutteringsbyråer.

Ikke sant.

I forhold til de dere rekrutterte i starten, var det noen problemer med det? I og med at dere kjente hverandre? Dere var veldig clean på at dette er helt profesjonelt.

Mange av dem vi ansatte har fått kjøpe en prosent eller tre. Så det er flere medeiere. Vi har slept inn flere ansatte inn på eiersiden også. Selv om vi i store trekk er vi tre som eier selskapet. Og er i stort flertall enda. Det har vært en av gulrøttene. Før kunne vi ikke konkurrere på lønninger, så da var jo aksjekjøp en viktig del av en kontrakt. Det var det.

Hm. Nå som dere har vokst, er det brandet, altså ryktet deres som er da med på å trekke med dere folk og...

Ja, der er merkevaren som begynner å bli mer og mer kjent. Du har den kjente merkevaresyklusen hvor du har 1-2 % med de mest innovative, opp til med 15 % med neste gruppe, så har du den store gruppen fra 15-60 %. Går du over 60 % så kan merkevaren det hende at merkevaren går nedover igjen. For brukergruppen. Det er jo vitenskap, hvordan det...

Skal gå egentlig

Ja du må jo balansere det. Hele tiden, så ikke.. vi har jo hatt 1000 forespørsler om samarbeid med forskjellige typer, men vi har holdt igjen. Vi kunne vokst mye fortere. Innen klær. Skal du bygge en merkevare innen klær..spesielt i Norge, så må du har rett distribusjon på klær. At det første du selger til er Carlings liksom. Det kan bli en veldig stor kunde, men sannsynligvis klarer du ikke å bygge opp merkevaren din ved å selge til Carlings. Så vi gikk på de største frittstående, og kjente butikkene i Norge og var heldig og kom inn der og litt forskjellig.

Og der har vært på en måte et bevist valg.

Jaja, det var en bevisst strategi.

Ikke sant.

Distribusjon er en viktig del av merkevarebygging.

Ehm. I forhold til og det å skape konkurransefortrinn. Hva var det dere følte var unikt med dere i starten, og har det forandret seg med tiden eller?

Nei, det unike med oss er det at vi er et norsk klesmerke fra Norge, fra Norge og fronter det å være norsk. Alle andre norske klesmerker, heter enten Giovanni og tror de er italienske. Riccovero er jo våre naboer og god kompis i Stryn. Han heter ikke Riccovero. Det er han sin linje å ligge på.

Italiensk design. Jeg tror en stor del av suksessen kan tilskrives navnet og selvsagt produktet, det ligger til grunn for alt. Men navnet, og den goodwillen rundt det vi har fått rundt det har nok vært viktig. Navnet var nok mye bedre enn det vi trodde, helt klart.

Treffi ganske bra der ja.

Når dere har vokst, hvordan type vekst har dere hatt. Du nevnte at dere har holdt en del igjen, og at dere kunne kastet dere rett ut.

Å ja ja. Vi har holdt voldsomt igjen. Desto mer kjent vi blir, desto mer holder vi igjen.

Ja. Hvordan har det vært siden dere startet?

Det har stort sett vært dobling hvert år. Vi har gått ifra, 2003 hadde vi 300 000 og i år omsatte, 2010, for 200 (millioner).

Mhm

Det er jo altså. Vi har utviklet oss ganske bra med våre egne butikker. Vi mener at det er en veldig viktig del av branding er å få vise moods i sitt rette konsept, slik vi mener at det skal være. Altså, første butikken var bare 100 km², og den siste vi åpnet var 450 km². Produktspekteret øker veldig. Her sitter vi med sport, som vi lanserer til høsten. Det blir en ny kundegruppe som går på sportsbutikker. Da skiller vi distribusjon mellom de som selger rene klær og sport. Bruker merkevaren opp igjen på det, men ikke samme distribusjon. Så det er måte å øke på uten og brande for masse.

Helt klart. Bare i forhold til vekstbiten, i og med at det er en del av hovedfokuset. Kunne du bare beskrevet de årene som har gått. Litt i forhold til de prosessene dere har hatt og valgene dere har tatt.

Nja. Beskrive de prosessene. Altså, det er lettere å doble fra 50 til 100 millioner enn det var å doble fra 5 til 10. Så da har du begynt å bli kjent, og folk ringer for å selge varene dine. Når du selger for 5 så måtte du ringe på selv for å finne distribusjon. Det er klart når du selger for 50 millioner begynner du å få litt ressurser i form av økonomi og i form av arbeidere og sånne ting. Som gjør at den jobben blir lettere. Men de valgene vi har tatt er mange det. Vi har vært veldig klare på hvem vi

ville samarbeide med og hvilken linje vi ville ligge på. Der har vi fulgt strategien veldig bra. At vi ikke har hoppet på alt mulig som vi kunne hoppe på.

Hvordan er det med organisasjonsstruktur og hele den biten? Hvordan var det, i starten så hadde du veldig mye av styringa. Når var det dette måtte settes mer i et system?

Nei, etter hvert som du får flere ansatte så må man sette sånt i et system. Så det føler vi at vi har bra kontroll på det. De første fem årene, uansett hva du driver. Ting går litt på halv åtte, og når toget passerer så må du bare hoppe på. Det kan være lenge til neste tog går. Når du er en grunderbedrift. Blir det mye at ting du jobber med er på dagsorden akkurat den dagen. Det blir ikke jobbet veldig masse med strategier fremover. Du må bare med hud og hår få det til da. Du kan ikke utsette det. Du kan ikke utsette og selge ut varer, fordi du skal lage en strategiplan for 2010. For da hadde ikke vi eksistert i 2010 om varene ikke hadde blitt sendt ut.

Er du en gründerbedrift så er det noe hud og hår. Det krever noe av deg de første fem årene uansett. Ikke det at det blir mindre å gjøre når det blir større, men da har du kanskje midler til at det går an å ansette folk. Vi ansetter en daglig leder nå, fra et større internasjonalt selskap som har peiling på det. Som har peiling på å bygge denne strukturen.

Ehm. Når er det du føler at denne strategibiten, at dere fikk tid til å slippe å være overalt hele tiden. At dere fikk den roen til å begynne å jobbe med strategibiten og det vi snakket om nå.

Å jobbe med det. Altså, vi har jo jobbet med strategi hele tiden. Spørsmålet er når du er tre stykker og tre ansatte i selskapet så prater du strategi, du har jo styremøte fem ganger om dagen. Nå er det jo litt mer forventet at du har fem styremøter i året med eksternt styre og presentere ting for dem. Nei altså, hva jeg føler... hvilken tid vi føler vi gikk over fra den fasen? 2008-2009 etter en fem seks år. Vi var jo bare vi 3 + 2 til frem til ut 2006.

Mhm

Vi var frem ansatte i 2006. og nå er vi 150.

Ekstremt fort da.

Ja, vi vokste ekstremt fort. Unaturlig fort, men allikevel økonomi til det. Du må ha økonomi for å vokse. Det er utrolig viktig når du skal bygge merkevare å ha penger til å vokse videre. Her er det veldig mange som gjør feil. Det er jo klart at det krever penger å vokse. I form av. Vi ligger et år før. Prosessen, vi er ferdig med å tegne sommer 2012 kolleksjonen. Den er levert inn allerede. Så du bruker ressurser og får ikke betalt for et år etterpå. Sånn sett er kapital viktig. Har man ikke kapital så kan man glemme det meste.

Det høres fornuftig ut det. Det er vel noe man aldri kan undervurdere.

Neinei, kapitalen er viktig. Kostnaden er alltid mer en du tror. Du kommer deg ikke unna det.

Ehm. I forhold til det med eksternt styre, er det noe som har vært ekstremt viktig for dere, og når skjønnte dere at dette har viktig for dere.

Nei, de har vi i styret nå, er vår daglige leder satt i styret sant. Han er en kompis av meg fra Stryn og har jobbet som McKinsey agent og jobbet i Aker tidligere, stort internasjonalt selskap. Og så har vi Pål Fure som er en av Norges mest anerkjente på merkevarebygging. Så da Telenor hørte om vi ville gjøre et samarbeid, så har vi alltid hørt med han. Og hørt om han synes det er bra eller dårlig for merkevaren. Skal vi lage skijakke, eller sånne ting går alltid via han bare for å høre. Ikke nødvendigvis på styremøte, men bare hva som er bra eller hva som er dårlig. Hva som er kult, hva som er dårlig. Vi hører alltid med han før vi trykker på knappen og sier ja.

Så har vi tatt inn Magne furuholmen fra A-Ha. Med det internasjonale, han har jo vært med på å bygge opp en internasjonal merkevare og vært en gründer i seg selv med A-ha. Selv om det er en annen verden der. Det er pga det internasjonale vi tar med han inn i styret. I tillegg at vi kjenner han og har han et enormt kontaktnettverk og kontaktflate og troverdighet når han snakker.

Ikke sant. Kan bare ta med et par poeng til. I forhold til det med nettverk, som du nevner nå. Hvor viktig har det vært for dere og hvordan har dere jobbet med det?

Vi hadde ikke noe nettverk inn mot klesbransjen, utenom at vi hadde noen kontakter via foreldrene til simen og Peder som hadde noe kontakt med tanke på produksjon og sånne ting. Så vi klarte å komme i gang med en vareprøvekolleksjon og komme inn på markedet. Når du er liten og nystartet så er det ingen som vi å ha noe med deg å gjøre. Så kina og India var altfor tidlig i en grunderfase. Vi startet å flytte over nå, nå som vi omsetter for 200 millioner. Så du må produsere i Europa for å nå minstevolum og ting. Da blir jo produksjon dyrere. Men bare å komme inn som et nystarta selskap så tror jo folk at de ikke får ordre. Det er så usikkert, så fabrikkene gidder ikke å bruke tid på og kapasitet på deg. Vi hadde nok mer flaks enn det vi visste da vi skulle begynne å produsere og i heletatt komme i gang. Mange av leverandørene trodde vi var større enn det vi var. De trodde vi var en etablert merkevare som bare ville bytte fabrikk. Det er jeg helt overbevist om. Så du skal ha litt flaks også på veien, og litt kontakter. Men mot bransjen generelt hadde vi lite kontakter, veldig lite kontakter med klesbransjen.

Men det er mer viktig kanskje det, i forhold til det dere å gjøre.

Ja, nå kjenner vi jo hele bransjen så det ikke noe problem. Så nå har vi kommet i den situasjonen at alle vil selge for oss. Vi kan velge og vrake mellom de som ønske rå selge til oss. Alle kjøpemenn. Det var ikke sånn da vi startet i 2004-2005. Folk sto ikke i kø liksom. Så, ja. Kontaktnett er veldig

viktig. Å begi seg ut på nye ting uten noen folk som har call på produksjon eller noe er veldig, noe jeg tror er tungt. Veldig tungt.

I forhold til det med rykte og sånne ting, det går litt i forhold til brand og tillit der, men jeg tenker i forhold til, det ene er brand i forhold til kunder men det andre er i forhold til leverandører og sånne ting. Hvordan er deres rykte som en ressurs, er det noe som har forandret seg siden det har startet? I og med at leverandørene trodde dere var større enn det dere var.

Jo, samtidig har vi levert. men du ser, altså en fabrikk ser at du dobler produksjonen for hver kolleksjon eller hver orden, da ser de at du går den rette veien. Vi har jo enda, nå er det motsatte. Tyrkia og Bulgaria er sure på oss nå, for vi flytter mer og mer av produksjonen. Nå får vi det problemet. Ehm, du hadde jo det problemet da vi var små, vi måtte opp i minimumskvantum for å produsere. Men nå skriker de om du skal produsere minimum eller ei. Asia er billig produksjonsland og kvaliteten er så absolutt på høyde med Europa. Maskinparken i Asia er minst like god som i Europa. Det som er negativt er frakt og ledetider. Det er det som er problemet med Asia nå. Veldig mange flytter tilbake til Europa fordi kostnaden er lavere på det her.

Det tar lang tid...

Det tar for lang tid over havet. Og hvis du skal ta det med fly så går vinninga opp i spinninga. Da kan du likeså godt produsere det i Tyrkia. Det handler om planlegging og ressurser. Klare å planlegge slik at man kan produsere det i Asia, slik at man kan produsere det i tide.

Helt klart.

Dette er helt klart vår utfordring for oss er transporten. Og det er helt klart at prisnivået stiger der også.

På råvarene da?

Ja det og men arbeidskraft også. Det er klart det er veldig mange som begynner å se på Bangladesh og Vietnam. Kina og India begynner å bli nesten for dyrt det også. India er fortsatt billigere enn Kina, men det er vel fortsatt flere som gjør business med Kina.

I forhold til vekst i fremtiden. Hva er det dere tenker og hva kreves for å få det til?

Nei det vi ser på i forhold til vekst i fremtiden akkurat på dame og herrebiten, spesielt i Norge så ser vi ikke for oss at vi trenger så mye mer vekst. Men vi har jo sportskolleksjonen så skal vi ha 50 millioner i året bare på merkevaren og bruk av det. Vi produserte klokke i fjor, vi kommer med parfyme vi kommer med en komplett bagserie innenfor en annen type distribusjon, men samtidig er vi veldig varsomme. Vi er veldig redd barneklær blant annet. Fordi da tror vi at hele merkevaren til falle. Selv om det er en enorm etterspørsel etter det. Så det er jo ting vi sier nei til siden vi er redd

det skal skade merkevaren. Vi kan lage alt fra hotell til norsk røkelaks som vi kaller moods of Norway. Vi har ikke begynt med mat enda selv om vi har fått alvorlig mange forespørsler på det også. Men foreløpig holder vi oss til tekstil og det vi kan da. Og da var sport veldig

Appendix 5

Intervju med lars

Fortell om din bakgrunn med det å starte foretak. Da du startet.

Min bakgrunn er følgende: Har jobbet i bank, skulle bli revisor en gang i tiden. Havnet på Hennes og Mauritz. Jobbet i Hennes og Maurits mellom 1967 og 1977. 67 var det 13 butikker og 65 millioner i omsetning. Holdt på med masse ulike saker da jeg jobbet i Hennes. Innkjøp, budsjettering av innkjøp, si ifra hvis ting kostet for mye, be dem senke priser osv. Import, logistikk hele den biten. Så i Danmark som landsansvarlig. Vi gikk fra 3 butikker til 12 butikker på ett år. Selv så begynte jeg på noe som het fashion trade, som da solgte til Hennes og Mauritz, altså en leverandør. Som var store, syntes jeg da. Og fashion trade med import fra fjerne Østen, solgte til kjeder, store grossister, mindre grossister, mange. På den tiden solgte vi til hennes og Mauritz, Kappahl. Når H&M og andre ble større så sluttet de å kjøpe via importører. Da gikk vi andre veier. Stort sett siden 1977 har jeg frekvently reist til fjerne Østen. Ikke holdt på med design, eller sånne saker. Jeg har jaget frem leveranser. Jeg har truffet leverandører. Forklart at ser de meg igjen så er det kjedelig for dem. De vil ikke se meg mer enn en gang. Da er det noe feil. Så jeg gjorde tre, fire, fem reiser i året. Hvert år. Og vi begynte i 77. Da begynte vi i Hong Kong. Det var ingen Hong-Kong kinesere som dro til kina. Det var vanskelig. Vi dro heller ikke til Kina. Man dro til Korea. Hong Kong – Korea. Sakte men sikkert var man tvungen til å gå pga ulikeprisbilder osv. Gå til Kina. Singapore, Malaysia var vi mye i. Bangladesh. Bangladesh og India. Og jobbet da med for foretak store foretak. Typ Gekkos, er en slik stor en. En bra kunde. Presset priser. Vi hadde eget kontor. Da hadde vi eget kontor i Hong Kong. Vi hadde 13 personer. Da hadde vi designer og slikt. Vi la det så ned, og hadde da en dame som jobbet i Hong Kong. Som hadde ansvaret for produksjonen i Kina. Det må man ha. Det var veldig fascinerende, Vi hadde en dame som hadde ansvaret for kina. Ekstremt dyktig. Vi var ofte hos leverandører og satt henne på en stol og jeg stelte meg bak henne. Og sa, dette er Connie. Hun skal dere høre på, hun bestemmer. Forsøk ikke å gå bak ryggen hennes og direkte til meg. Det blir som henne sier. Det fungerte kjempebra..i Kina. Vi gjorde det samme i Bangladesh. Det fungerte ikke. Mentaliteten var helt annerledes. De neglisjerte henne fullstendig. Det er stort sett det jeg holdt på med. I starten var jeg ansatt i foretaket, og senere gjorde vi en deal hvor vi gikk inn alle som jobbet, fordi eieren solgte bort 45 % og beholdt resten, og så gasset vi på. Det gikk kjempebra, fordi alle visste hva de skulle gjøre og det var avgjørende.

Den tar seg av det, den tar seg av det og den tar seg av det. Selv tok jeg meg av alt som var vanskelig. Det som hadde med problemer å gjøre. Både mot leverandører og mot kunder.

Kan du utdype mer hva det gikk i? Hva det gjaldt i forhold til leverandør og forhold til kundene?

Når det gjaldt leverandør så gikk det slik at du måtte ta hånd om at, hvis du har lagt inn en ordre, så skal det komme. Og mistenker vi at det ikke kommer eller at det kommer feil, så må vi ta hånd om det direkte. For å unngå forsinkelser og problemer. Har det gått så langt at vi må snakke med kundene så må man.. først må man prøve å løse problemet med leverandøren. Ser man at det ikke går, så må man informere kunden, og det må man gjøre fort som.. om man ikke sier ifra til kunden, så blir det enda vanskeligere. Jeg mener, vi solgte til postordre selskap og vi ikke leverer, så er det problemer. Fordi postkatalogen allerede er trykt. Og den kommer man ikke fra, og folk bestiller jo. Så er å se til at leverandøren leverer. Produksjonsmessig og leveringsmessig. Det vil si at alt finnes. At man ikke går til fabrikk og sjekker det ut selv. Du kan gå til Delhi for eksempel. Så treffer du en indisk leverandør, og han forklarer alt er bra. Så spiser man middag og drikker litt whisky og så drar man videre og tror det er bra. Så skjer ingen ting. Så lenge man ikke sjekker ting selv så går det ikke. Derfor må man ut faktisk og inspiserer. Da vet man ikke, da er man tapt. Du kan se det merkeligste saker når du går ut og inspiserer. Det samme gjelder mot kunder. Man må holde en synlig og god dialog med en kunde. Du må kunne face to face si at vi har et problem. Sier man ikke det, så er problemet større ved dag to, og sier man det ikke da så er problemet nesten uoverkommelig i dag 3. Det må man bare gjøre.

Når du starter opp et selskap, generelt i motebransjen, hva er faktorene som skal til for å lykkes. Hvis du ser på det interne i et selskap? Det eksterne går mer på at man treffer moten og andre trender, men hva skal til intern for å lykkes?

Et produksjonsanlegg som fungerer, først og fremst. Et produksjonsanlegg, en finansiell styrke. At du ikke er helt avhengig av kundens ordre. Er du helt bundet av kundens ordre, så kan det fort gå dårlig. Du bør kunne kjøpe stoff, uten å være bundet av ordren. Inisielt, når du vokser blir det litt annerledes. Inisielt, bør du klare stoffkostnader, produsere og levere og få noe betalt. For om du begynner med å kreve forskuddsbetaling, det kan gå eller delfinansielt. Men det du blir mye mer avhengig. Men produksjonen må kunne fungere. Du må ha kompetente folk som kan dette, som kan

se kjeden fra kjeden fra stoffet til kartongen. Ikke bare å se en liten bit. Det er noen som kan se hvordan det flyter og hvor lang tid det tar. Du må kunne beregne hvor lang tid det tar. Ellers faller du direkte for fellen hvor kunden sier en leveringstid og du kun sier ja. Uten å kunne vite at det finnes substans bak det. Den garderingen må ligge i alle ledd. Det er det jeg vil si er det essensielle.

Det ligger på en måte på folk. At det er kompetente mennesker og struktur?

Ja det kan man si, men strukturen er egentlig produksjonen. I det tilfellet er det produksjon. Når man starter så er det kun produksjon. Fakturering og alt sånt kan du gjøre. Det trenger du ikke struktur på. Stoffet må inn, kuttingen må gjøres, det må pakkes. Det administrative det blir bare gjort, det trengs ikke å struktureres i den fasen. Det kan du få hvem som helst til å gjøre. Du må naturligvis gå utafra å kjenne eksportregler og slikt. Man må kunne det.

Hvis et selskap har det på plass og skal vokse, hva trenger man da av ressurser for å få giret det opp?

Fortfærende finansielle muskler. Om du har et tekstilselskap så er det så basic basic basic. Det er stoff, symaskin og sypersonale. Når en da skal vokse, har du en line som produserer, så setter du to linjer som produserer og tre linjer til å produsere. Man må ha noen som har kompetansen til dette her. Som ser at det fungerer. Det er faktisk at du må kjøpe tre ganger så mye og du trenger penger til det. Du må ha penger til å finansiere hele linjen også. I det tilfellet så er det kapital som er det viktigste. Hvis du ser på India for eksempel, så at du har fabrikk i India. Det er fullt av folk som ikke jobber med det, men som har penger. Som sier driv dette her, men vi har pengene. Og så er det folk som driver det. Mange store gjør slikt. Jeg tror at det viktige når man ekspanderer så er det finansielle, for det koster mye å ekspandere. Det koster mye å gjøre en linje. Sprangkostnaden er stor, og innen du får tilbake de pengene i form av sendinger, så må det mye investeres. Om det er bankfinansiering, så må stoffet finansieres, og lønn må betale. Selv om lønnen er lav. Og sendingen ligger fortsatt langt frem. Det ligger som regel mellom innkjøp av stoff og levering så ligger det noen måneder imellom. Om det er skjerf eller sjal så går det forttere, men om du har klær så tar det lang tid. Og det er en finansiell sak. Om du ikke kan få kundene til å finansiere det. Og det er ikke alle kunder som, jeg vet ikke om mange som gjør det lengre.

Det varierer litt, men er et godt poeng.

Jeg mener at, da vi drev gav vi forskudd til leverandøren, men vi fikk aldri noe i forskudd av kunden. Som importør satt vi i stor del av finansieringen av produksjonen før vi kunne fakturere vår kunde. Som ren importør måtte vi ha en enormt stor finansiell muskel. I forhold til kunden har vi kun en ordre. Går det feil noe sted så kan vi ikke fakturere kunden, og nå som markedet er litt synkende så kom man i situasjonen, hvor kunden på muligheten til å annullere, og hadde de muligheten til det. Så gjorde de det. Da sitter importøren varene og betaler dem og står der. Både som mellommann og som vanlig eksportør så tar man eks selskapet i Delhi. Så har man tre fine ordrer fra Cubus og så svikter markedet. For det første så kommer de ikke til å akseptere en for sen levering. For det andre annullerer de direkte bare for å spare ordren. Ellers finner de muligheter til å skjære ned eller squeeze leverandøren på noe vis. Og har man akseptert ordre med for kort leveringstid blir man jo squeezed med rabatter, flyfrakt osv. og da har man fortsatt kostnadene med fabrikken. Jeg vet atom så mange fabrikker vi har jobbet med, som vi har squeezed som ikke har hatt pengene. Og du kommer i en situasjon hvor fabrikken må komme fly ned varene. De har ikke penger og hva gjør man da? Som mottaker så kan man kanskje betale det. Og da får man låne penger til leverandørene. Og hele ordren går da tapt.

Hvis du ser i forhold til relasjoner er det noe som gjør at sannsynligheten blir større for at man ikke blir squeezez som leverandør.

Ja det er viktig.

Hvordan er det man kan jobbe som leverandør for og på en måte kan skille seg ut?

Se at du skiller deg ut som leverandør, og du leverer på vare, design, pris. Da selger du..
Leveringssikkerhet, records. Du kan selge inn til innkjøperen til Cubus, dine fine skjerf. Så går det bra. Så kommer det ikke på tiden, da blir de sure. Det kommer de kanskje over. Denne gangen. Neste gang, kan skjerfene være like fine. Da blir det noen som i selskapet som sier at dette går ikke. Om du legger en ordre her og den i butikk der, så kommer man i en situasjon hvor vi har tapt inntekten og vi ikke får kjøpt inn nye varer siden det gamle fortsatt er der. Da faller alt sammen. Da får de beskjed om at dette ikke går. Da må de bare finne en ny. Fordi man må tenke på at den som kjøper regner med å få inn varen i butikk og regner med at det selges på X antall uker. Etter X antall uker så har det kommet inn X antall kr i rene penger, som skal brukes til å kjøpe nye varer. Går ikke

dette, så skjærer det seg. Det blir en downspiral på et vis. En bra relasjon til en innkjøper eller til et selskap er gull verdt, men det må beholdes. Det går så fort å forstyrre en relasjon. Om det ikke forstyrres med personen du forholder deg til. Men om det forstyrrer selskapet så går du rett ut. En innkjøper kan ikke bare holde en leverandør bakom ryggen hvor lenge som helst. Da sier det stopp. Det mener jeg.

I forhold til deres foretak i og med at dere jobbet som et mellomledd. Hva er det som kjennetegner bedriftskulturen deres som gjorde at dere lyktes. At dere gjorde det bra?

Dyktige selgere. Det er nummer 1. Uten dyktige selgere kan man legge ned hele virksomheten. Vi hadde selgere som var både design og selgere. De skapte sine egne kolleksjoner og de solgte inn sine egne kolleksjoner. Superdyktige selgere som skal tjene innmari mye penger. Egentlig å tjene inn mest penger i selskapet. Det er de som drar inn penger til selskapet. Alle ledere hater å si at selgere tjener for mye penger. Vanlige administratorer som sitter i selskapet de hater selgerlønner. Hvorfor tjener han så mye, når ikke jeg tjener så mye i prosenter, og jeg jobber som en slave. Men det er slik at uten pengene så fungerer ingen ting. Bra selgere som tjener mye penger. Bra leverandører som er pålitelige. De to faktorene gjør jo kjeden. Så får man bygge opp strukturen imellom og bygger man opp denne strukturen. Har man bra selgere som kan selge, og har du leverandører som kan levere da får du betale for varene og du kan fakturere for dem også. Resten er masse administrasjon og det er logistikk. Har du en bra logistikkfunksjon hvor du vet at varen går på riktig vis til kunden, er det vestligste. Går det galt inni her så er det selskapet som fortsatt er ansvarlig. Det som kan skje imellom, er dårlig transport, feilaktig transport, dårlig håndtering av dokument og feilaktig håndtering av dokumenter. Om du tar Norge. Så ikke er med i EU, og i India, vet ikke hvordan det er nå, men da skal det håndteres mye dokumenter. Certificate of license osv. Har du ikke orden på det så fungerer ingenting. Det er sånn det er med eksportlisenser. Og jeg mener at eksportlisenser må frem for at man kan få importlisenser i Norge. Og Norge er veldig krevende på dette viset.

Ikke sant. Dere har fokusert mye på leverandører, siden det har vært en essensiell del av deres verdikjede. For dere er nettverk en essensiell sak? eller er det noe som ble så formelt, systematisk og profesjonelt at det ikke ble...

Hva mener du..

Det ene er å få oversikt over hva som rører seg av leverandører og kunder, men og da er det mer på uformelle kanaler det går på, eller mer formelt om dere skal, la oss si til India å finne leverandører. Fant dere en agent eller hvordan gikk dere frem for å finne leverandører?

Åja, slik ja. Leverandører finner man alltid. Fordi de alltid ringer kjøperen. Det er nummer 1. Leverandøren finner navn via handelskammer osv. og forteller at man har jobbet i 40 år og levert og vi er best. Det som kommer den veien. Til dels finner man leverandører når man er ute og reiser. Til dels når man har som vi hadde en dame som vi hadde som var dyktig. Som dro rundt for å finne dyktige leverandører. Vi kunne ikke gjøre det, siden vi ikke kunne språket, men hun kunne finne dem. Siden hun jobbet så lenge i bransjen. Man skal ikke ha agenter, for de skal alltid ha betalt. Den første gangen vi på fashion trade fant leverandører. Det var i steinalderen, da gikk vi til shipping lines og spurte om deres største foraktere. Altså hvem, jeg husker dette godt for jeg har funnet leverandører på denne måten. Da vi i Thailand lettet fikk vi de 15 største tekstileksportørene. De vet jo presist hvem som skipper ut hva. Da fikk vi en oversikt over dette. Og tok da kontakt. Og da gjorde man det man mer personlig. Man tok en bil og dro til selskapet. OM man hadde avtale eller ikke så møtte man bare opp. Jeg tror kanskje man ikke gjør det i dag, men jeg tror det er en veldig god måte å gjøre det på. Shippingselskapene vet hvem de store er mtp tekstil. Går man til Delhi eller Mombay og finner ut hvem som skipper til Bombay og hvor så får du bare navnene og går den veien. Det er en god måte å komme i kontakt med leverandører. Første gangen så hadde vi scenarioet at vi produserte i Danmark. Da dro vi ned til härning og midtgylland og vi banket bare på dør etter dør. Der hadde de ofte noe produksjongreier i garasjen. Og det fungerte også. Men i dag, og jeg skulle dratt til Delhi for å finne leverandører, så skulle jeg nok ha dratt til Delhi for å prate med handelskammer eller liknende og funnet ut hvem som var de 20 beste teksil leverandørene. Og da kommet i kontakt med dem så får du alltid noe annet enn dem også. Hvis du kommer i kontakt, så kan du jo si at du lager jo bare bluser, vet du om noen som lager andre klær. Og da får du personlige anbefalinger.

Så selv er personlig kontakt og det å utvikle et nettverk utenom det og bare bruke mail noe som gir mer trøkk?

Mail er mail. Mail kan du bare slette. Mail er veldig bra, men mail kan det bli mye av. Personlig kontakt er alltid det beste. Da ser du jo, det beste er jo å få ti navn, og ut ifra de 10 navnene får du 30 navn for du spør jo bare om de kjenner noen som gjør det og det og det. Og da får du et bilde. Da spiller det ingen rolle om du er i kina eller India eller hva faen det der.

La oss si at det basike er på plass og omsetningen og sånt sitter. Man ser nå på videre ekspansjon. Man kan si at man vokser internt, at man går i partnerskap med andre fabrikker eller at man kan kjøpe opp fabrikker. Vil du si at forskjellig typer vekst krever forskjellige typer ressurser? Eventuelt hva kreves av de forskjellige?

Da er vi tilbake. Om du vokser internt, må du ha penger. Penger og bra management som kan klare ekspansjon. Det må være, prater vi tekstil så må det være et management som er fostret i tekstil. Det finnes så mange fine eksempler hvor tekstilforetak hvor managementet ikke forstår tekstil. Som ikke forstår stoffet skal dit, produseres osv. som ikke forstår kjeden. Det finnes mange eksempler hvor det går fullstendig galt. Det fordi man er mer inne på at det skal gi avkastning, en rask avkastning. Det skjer så mye i tekstil som ikke skjer i jernbruk, eller stålbruk eller bilproduksjon eller hvor du nå en er. I og med at tekstil er så basic. Det skjer så mye som er uforutsett hele tiden. Det med tekstil er sjarmerende, fordi man ikke vet hva som skjer fra den ene dagen til den andre. Ikke som fabrikkier eller som ansatt. Du kan jo ha gjort alt rett, men tøyet kommer ikke, og da står du jo her med alt utenom stoff. Hva gjør du da?

Ikke sant.

Intern vekst krever kapital og bra management. Ikke altfor avansert, men et bra management som forstår virksomheten. Skal man kjøpe opp selskap. Det er vanskeligere. Det krever selvsagt penger for å kjøpe foretaket. Men det krever samtidig å ha bra personal som kan ta over driften av det du har kjøpt. Det er ikke bare sånn at du ekspanderer i selskapet, men du ekspanderer også i et nytt selskap. Som ikke ligger på samme sted og da får du naturligvis et problem. Gjør man en sak i det ene selskapet, så gjør man kanskje det annerledes i det andre. Og setter noen som er dyktige i den ene enheten til det andre, så kan det også bli helt feil. Det er vanskelig. Spesielt, Norge er en sak og Sverige er en sak, men India der det er så store forskjeller så kan det bli kjempevanskelig. Om du ikke bruker ditt eget personale så må du finne noen du kan stole på, for da har du også et problem,

fordi du aldri vet hva som skjer. Du vet ikke om tallene er rett, du vet ingenting. Du kan alltid bli lurt på et vis. Hva var det tredje alternativet, at du går sammen med noen?

Ja, partnerskap eller allianser.

Ja, men er det overhodet en bra løsning?

Det vet jeg ikke.

Det er fordi om man går sammen med noen, så man passe på at det fungerer i noe vis. Går man sammen med noen, så kan man kun gå sammen med noen som inisielt forskjellsmessig. Hvorfor går man sammen med noen? For å treffe en større kundemasse. Om man sier at man kun har skjurf og går sammen med noen som lager bluser og kjoler, eller underdel eller hva faen det heter. Da kan det være en ide, fordi man da kan presentere et konsept. Og da må man samordne produksjonen på noe vis. Fordi leveringen må samordnes. Det er vanskelig. Men det er en variant, men den andre grunnen kan være at man vil ha en salgsøkning som gjør at det blir bedre. Ellers er det ingen grunner til å gå sammen med noen.

Det eneste der er at man kan spare mengde kapital?

Nei, det gjør du ikke. Du sparer ingenting der. Du kan ikke gå i lag med noen på den måten nei. Det sparer du ingenting på. Det spiller ingen rolle, fordi du sparer ingen ting. Om du kjøper et selskap kan du spare den totale adm. kostnaden. Det er bare det administrative du sparer på om du kjøper et selskap. Samtidig har du en kostnad for kjøpet som skal betales. Om det er rente på det s med et fortsatt betales. Det eneste du kan tjene på det da er det internt og med salg. Det er internpenger man tjener på det. Det eneste man kan gjøre om man skal ekspandere mer enn i sin egen, så må man kjøpe et selskap, det må være det klart beste. For det må være maksimal utnyttelse av pengene. Klart, det er viktig det. Hvis man da skal jobbe med å øke kundebasen, det ene er da at man kan ansette flere selgere. Hvordan finner man da flere, som du sa, selgere skaper levebrødet. Hvordan finner man de riktige menneskene og hvordan kan man beholde sanne mennesker? Enten finner man dem i konkurrerende selskap som er selgere. Som er misfornøyde med sin posisjon og vil flytte på seg. Alternativ finner man dem hos kjøperne. I form av de som er innkjøpere av folk som vil prøve å være på den andre siden. Som har tanker og ideer på hvordan ting kan gjøres og ønsker å tjene mer penger. Det er vel de to tingene. Man kan ikke lyse ut sanne

stillinger. Det blir en form for. Stjel dem fra andre. Konkurrenter eller innkjøpere. Det er de eneste som forstår hva de skal gjøre. Det finnes også noen i selskapene som ikke er utlærte med som begynner å ta litt fra her og der. Hvordan man helt faktisk gjør det i dag... man må lytte. Man får på et tidspunkt slenge ut en krok. Hadde det ikke vært gøy å selge, til noen som du finner bra. Det er vanskelig. Det er noe av det vanskeligste som finnes. Å finne folk. Det er samme sak.. Å finne personal, du kan tilby dem en grei baselønn og provisjon og finnes den tid. Det er vanskelig med sånn håndtering. Du går ikke bare og selger noe. Skaper de sine egne kolleksjoner så må de være ekstremt dyktig. Selger man ferdige kolleksjoner så er det enklere. Man må bare finne dem fra der man jobber, ellers så blir det feil. På lang sikt.

Er det sånn at ryktet til selskapet/brandet til selskapet noe som blir viktigere mens man vokser? I starten virker det som at basiken må på plass, men når man vokser så kan ryktet/brand bli viktigere når selskapet vokser?

Ja, det er det samme som når man skal finne folk. Hvis person X ikke vet hvem selskapet er. H&M vet alle hvem er, og alle vil jo jobbe der. Så det gjelder å skape et navn på selskapet. Det samme gjelder at du må levere. Du må levere så bra at folk sier, disse kjenner vi. De har levert og det bra. Da går det internt på et annet vis. Men du kan aldri ekspandere selskapet om du ikke har et bra navn. Det eneste viset du kan ekspandere på er at du kan selge. Du kan ikke ekspandere produksjonen om du ikke kan selge varene. Og du må skape kunderelasjonene innen du har startet et selskap.

Hvis vi skal prøve å kartlegge når man da vokser. Hva trenger man av ressurser og hvordan vil dette utvikle seg med selskapets vekst? Er det mulig å lage et bilde av hva som er viktigst i starten.

Det er som vi sa. Viktigst i starten er kapital..om du sier at vi har en vare og vi har en kunde som vi kan selge. Jeg mener det er viktigst å ha penger. Sånn at man kan klare de første årets leveranser uten at det skjer noe og at man kan klare innkjøpene og levere. Det må være det viktigste. Det er faktisk. Det blir vare pris kunde og penger som blir det viktige. Det skal være så mye penger at man skal klare evt. Flyfrakt. For eksempel i India. Det hender altfor ofte at man må fly. Og det koster. Da må man ha musklene for å sende dette. Selv om det are killing our business, selv om man godtart det denne gang. Selv om det blir feil i det leddet, så mister man kunden. Hva sa du så videre?

Hvordan ressurser trenger man idet man vokser.

Penger, maskiner. Penger og maskiner er det viktigste. Du må selvfølgelig kunne selge. Det er en forutsetning. Men om du kan selge. Så trenger man penger, for å håndtere vekst og new linjer. Og ansette noenlunde bra personer. Det må til noen folk som virkelig er kundens mottaker. Som jeg mener er veldig viktig. Det er sånn at hvis du ringer ned til India til person X og spør om noe. Så ringer du ned igjen dagen etter og snakker med en ny person så en ny igjen etter det. Da vet ikke den ene hva den andre har sagt, og det går ikke. Og det hadde vi alltid store problemer med. Vi må ha en person som skal svare. Ellers får det ikke. Vi blir frustrerte og de sier bare at det har aldri jeg sagt osv. så det er fortløpende penger for å ekspandere. Det høres nesten kunstig ut, for det må til i alle selskap om man skal vokse. Har du en symaskin og trenger to så må du kjøpe ett til og det koster. Men ... er viktig. Skaper man denne forsendingen kan man gå tilbake og se vi har så mye ordre, vi må kunne fikse det. DA vet man hvorfor. Det må være vanskelig å ekspandere om ikke ser hvorfor. Men om vi ser hvorfor, så skjønner man at man må. Alltid er det noen som ikke vil. Sånn er det som regel. Selv om man er i en familie så er det noen som ikke vil. Om det er søster, bror eller mor.

Basiken er penger, salg og noen lunde personell. Så er det vel behovet for styrke relasjoner, struktur er det noe som blir viktigere når man vokser, sammen med rykte og sånne ting.

Forklar hva du mener med struktur.

Struktur kan være ITsystemer og administrative.

Det er klart, det hjelper jo til. De store kinesiske fabrikkene har ikke hatt it system, men de har fungert kjempebra. Men de har mye personer som kan regne osv. Deres primære har ikke vært det på fabrikkene. De har bare sendt ut og fakturaene har blitt skrevet, om det er på gamle maskiner så har det blitt sendt ut. Det er klart, ettersom arb.kraft blir større og større så blir det IT systemer mer verdt. I India, eks. Delhi hvor alle vil jobbe med high tech, så blir det færre arbeidere og prisen stiger. Da må man ha et system som går fra stoffleverandøren og inn, som mates på litt tillegg hele veien og det skaper tilslutt fakturaen ut. Det kan man bygge lett om man kan dette. Det kan man om man setter inn data fra første og hele veien. Jeg er dårlig på sånt men det kommer ut. Og gjør man det riktig bra, med faktura og pakkeseddel og grunnlag for dokumentasjon til eksportsertifikater og lisens og dette kan man kanskje knytte sammen p på et enkelt vis slik at kunden kun kan skrive dette

ut hjemme. Jeg vet ikke, men naturligvis kan man gjøre det sånn. Den delen må jo da ta hensyn til mtp at alle lønnskostnader øker i hele verden. De øker ekstremt mye i kina, de øker selv om jeg ikke har vært i India på en stund, men øker fortsatt. Delhi var allerede da for 10 års siden dyrt da. Da var det billigere i slummen i Bombay. Og Bombay var også dyrt fordi Calcutta var enda billigere. Men det finnes enda et sted som var en stor produsent. Det var noe vi spøkte om at hvis man hadde produsert noe der, så var man på rett sted. Det var kun to hotell der, et bra og et dårlig. Men man må ut. Og egentlig er det slik at ekspansjonen, og alternativet til ekspansjon internt i Delhi. Er at man har selskapet i Delhi og legger produksjonen i hutteheita hvor lønna er lav. At man snakker om produksjoner som er enkel. Skjerf eksempler. Maskinen er lett, skjære og sy. Da får man bare analfabeter til å gjøre det. Da må man passe på at man har kontroll på dette. Dette er en annen måte å ekspandere på. Det tror jeg ganske mange har gjort. hvis man ser på selskap som vi jobbet med, og man snakker om noen av dem. Så blir dem større, ordrene blir større og man skal produsere mer. Jo man ikke ekspanderer foretaket utenom at man legger ut produksjonen. Man leverer da ut stoffet og får ferdige plagg og betaler per stykk. Alternativt så leverer du stoffet. Skjæret er viktig, og gjør det på fabrikk og får det sydd og betaler per stykk. Det kan man være veldig lønnsom på. Da har man den tunge produksjonen som sying outsourced. Da kan man få en god margin på det. Da har man en som passer på at det blir sydd bra og det koster ikke like mye da. Da trenger man ikke lines og sånne ting. Da trenger man bare ekstra soffkostnaden. Og betaler kun for faktisk produsert vare. Jeg har inntrykk av at logistikken er viktigere nå enn da.

Appendix 6

Interview with Sverre Helno.

Din bakgrunn, litt generelt.

Jeg var siviløkonom fra BI på 80tallet. Og så har jeg jobbet med merkevarer ifra Faba, det kjenner sikkert ikke du til, men kjenner kanskje til merker som Libresse og Libris, som på en måte er det som er det selskapet fronter. Som er en del av et møllerkonsern som er store på hygieneprodukter. Så jobbet jeg i Jotun, på maling. Og der med merkevarebygging. Så gikk jeg over fra det til kjedesiden til Rimi. Jeg begynte med private labell. Jobbet med de første private lablene, egentlig gjorde cooperationene det for mange år siden. 70-80 tallet, 70 tallet tror jeg. Så sluttet de med det og så begynte vi med det igjen i 94. Også det er sånn business som vokser i alle mulige land i alle bransjer, dagligvarebransjen var selvfølgelig tidlig ute. Så var jeg sjef i ICA kjeden i Norge i noen år. Så begynte jeg i Statoil. Det var et skandinavisk selskap, Norge, Sverige, Danmark. Så var jeg viseadministrerende i det skandinaviske selskapet og så begynte jeg i gressvik siden 2001, og jobbet der frem til 2006 og da begynte jeg i Voice. Og vi kjøpte Voice i 2005

Hva var da bakgrunnen for Gressvig for å gå inn i Voice?

Ehm. Synergier mellom tekstiler og sport. Sport er en bransje som grunnleggende er aktivitetsbasert. Tekstil er grunnleggende en bransje som er lystbasert. Og vi kjøper ofte sportsutstyr fordi vi skal bruke det til trening. Men vi kjøper ikke klær fordi vi fryser. Det er i alle fall veldig sjeldent. Vi kjøper klær fordi vi har lyst på nye klær. Og alle snakker om at folk trener mer og mer og tar mer vare på seg og det er bare tull. Folk har aldri trent så lite som nå. For 25 år siden trente man ekstremt mye mer, var mye mer i bevegelse og mye mer i aktivitet. Men det er en liten gruppe i samfunnet som trener mer og mer, men en stor gruppe som trener mindre og mindre.

Mhm

Så, det man på en måte ser er at tekstil er en vekstkilde for sport. Og synergier mellom det og distribusjon for de kolleksjonene vi lager her, innenfor sport. Og noen administrative konseptuelle funksjoner, som it, logistikk, HR og den biten, sånn at du kan lage det under et felles system.

Mhm.

Fra da du begynte i Voice, hvordan hadde deres forhold til vekst vært?

Ehm. Da jeg begynte i Voice, var Voice et selskap som grunnleggende levde av å ta frem kolleksjoner og selge det til franchisetakere. Slike medlemsbutikker. Ganske lav veksttakt. Lite tilvekst av franchisetakere, men vi var i et marked som vokste som vokste i 16-17 år. På grunn av prisene i Kina. Så hadde prisene falt og volumet vokst ca sammenhengende i 16 år. Vi gjorde det frem til 2008. 2009 var første året som det ikke var vekst i tekstilbransjen på 20 år liksom. Vi fikk jo vår vekst av at vi var i et marked som vokste. Men vi hadde mindre vekst. Vi hadde ikke vår share av markedsveksten. Det har H&M og Varnergruppen hatt sin share av. Men vi har hatt vekst siden markedet har vokst.

Da dere, Gressvig kom inn, har dere fokusert mer på vekst som en del av at dere tok over. Eller jobbet dere med å styrke dere selv?

Altså utgangspunktet, vi jobber jo alltid med..All retail handler om lønnsom vekst. Altså, kostnader er viktig, men du kan ikke kutte deg til 0. Så hvis du skal være cost leader så må du passe på å være kost leader. Men når du er cost leader så er det på en måte ikke mer å hente på kostnadskutt, fordi du kommer til et punkt hvor du ikke kommer lengre. Samtidig som huseier, lønn og mer alltid vokser og vokser og vokser og har en underliggende kraft at innkjøpsprisene også vokser. Det finnes en inflasjon. Ehm, og derfor er lønnsom topplinjevekst, og da er spørsmålet hvordan skaper du det? Hvordan setter du opp selskapets sett aktiviteter som skaper den topplinjeveksten du er ute etter.

Og vi gjør det bare.. man kan forenkle retail ganske mye. Enten så kommer din veksten fra de butikkene du allerede har eller fra nye butikker. Hvis veksten kommer fra de butikkene du har, så må den komme fra de kundene du allerede har eller så må du rekruttere nye kunder. Og hvis du erkjenner det, noe som er ganske enkelt å erkjenne, så kan du se på hva er det som driver nye kunder inn i butikken og hva er det som driver eksisterende kunder til å komme oftere. Og så kan du jobbe systematisk med aktiviteter knyttet til det.

Mhm.

Og det er det vi har jobbet mye systematisk med nå. Og det kanskje aller viktigste i retail, så er det å ha konsepter som er tydelige. I alle bransjer så finner du stort sett butikker som holder på med mye av det samme. Det er ingen dramatisk forskjell på det du finner på kiwi og det du finner på Rimi.

Men det er en dramatisk forskjell på hvordan disse kjedene utvikler seg. De har fotavtrykk i markedet, de har forskjellige markedsposisjoner og de har forskjellige forbrukerpreferanser. Det ikke fordi kiwi har et annet sortiment, eller andre priser eller andre beliggenheter, eller andre åpningstider, så det er stort sett likt alt sammen, og de rekrutterer stort sett de samme folka. Så det handler litt om hvordan du klarer å skape et fotavtrykk, med massekommunikasjon, butikker, selve konseptet, hvordan det settes sammen. Og hvordan du klarer å trene folka som jobber, det er forskjellen. Og der kan det være store forskjeller mellom konsepter.

Ikke sant, Hvordan har dere.. Du sier at dere har jobbet systematisk med å forbedre seg og det å jobbe med vekst. Hvordan har dere konkret jobbet med det? Hvilke typer ressurser har dere prøvd å styrke dere mer på enn andre. Og hvorfor?

Det er noen steg i det. Vekst, hvis du skal vokse må du være ganske god. Du må ha orden på basic ting. Jeg tegner alltid dette som en tretrinsrakett. Steg en, er fiks the core. Få på plass IT systemer, få på plass organisasjonen få på plass kompetanse. Få på plass effektiv logistikk, få ting til å virke, dataregistre, vareregistre. Masse sånne ting, må være på plass. Har du orden på det, må du skape en konseptualisering. Da begynte vi den nye match konseptet som vi kalte Hof. Og vi gjorde om på Jean Paul konseptet vårt, ganske mye. Det for å finne kjernen in de merkevarene, og for å finne nye attraktive konsepter og nye større butikker. I det tidspunktet da jeg begynte var snittbutikken i Match på 265km², nå bygger vi ikke nye butikker på under 800 km². Så de har blitt mye større. De største vi har er på 1200km². Og da får du muligheten til å fylle konseptet med mye mer. Før hadde vi dame og herre, men nå har vi dame herre barn kosmetikk, tilbehør, litt sko osv. Det vi trenger for å ha effektive enheter er størrelse, hvis det skal være effektivt og attraktivt. Og så må vi ha størrelse. Det er på en måte to måter å være attraktive på. Det ene er at vi er store og har masse, det andre er at vi er smale og ekstremt tydelige. Og det er gjerne sånn handelsbransjen konvergerer. Det er den vanlige butikken blir borte og så har du enten spesialbutikkene eller stormarked eller lavprisbutikk eller kombinasjoner av det. Vi skapte i alle fall konseptet, og rullet vi ut 14 butikker. Også avviker vi de butikkene vi ikke tror på, mener har livets rett som er for små. Så jeg tror vi har lagt ned 70-80 butikker på den tiden. Så det første kompetanseområdet vi styrket var de tingene vi knyttet til back-end, fikse core fasen. Så var det å fikse den konseptuelle biten. Nå også mer og mer designbiten.

Er det også som en del av konseptualiseringen?

Som et ledd i å bli tydelig. Ikke sant, ideelt sett så burde du komme inn i våre butikker. Du kommer inn i et av våre konsepter. Og enten så finner du noe der hver gang. Vi kjenner deg, vi skjønner deg. Vi lager ting som du liker og når du kommer så finner du noe hver gang. Det er bra. Det er også bra om du kommer hver gang og ikke finner noe. Fordi da passer du ikke vår kunde, men da er det greit at du ikke er det. Det verste som kan oppstå er at både du og jeg går dit, og så den ene gangen finner du noe, den andre gangen finner jeg noe, og den tredje gangen finner ingen noe. Altså da skjønner vi ikke konseptet, og konseptet er utydelig. Det å skape et tydelig konsept. Fra du går inn dør inn døra og til du går ut av butikken, det er veldig veldig viktig. Og derfor er den konseptuelle kompetansen noe som henger veldig sammen med designkompetansen. Her fordi vi kjøper jo ikke inn varer. Vi lager det jo selv. I dagligvaren plukker du sammen en meny og lager et sortiment. Her lager man hver eneste sesong noe unikt som ikke finnes på noen andre steder.

Det er jo, i forhold til konseptualiseringen så er det jo veldig i forhold til det eksterne, i forhold til kunder og slike ting. Hvordan har dere da jobbet internt for at slike ting skal fungere. Hvordan har du brukt de ressursene dere har tilgjengelig for å få...

Jeg har et konkret eksempel. Vi sitter med Jean Paul, Jean Paul er viktig for oss. Og så ser vi at Jean Paul er svært lønnsomt og vi ønsker at det skal vokse. Hvilke områder kan det vokse på? Det kan vokse på herrer, det kan bli mer og mer konsistent som konsept, og på damer gjelder det samme. Så bestemmer vi oss for, setter designerkompetanse som er god på det og så får vi til det. Så sier jeg kan vi lage Jean Paul på noe annet? Så sitter vi i en strategiprosess og sier hvor kan Jean Paul vokse? Jo vi kan gå inn i en ny kategori. Ok, hvilken kategori? Skal vi gå inn i tilbehør? Skal vi lage belter eller solbriller? Skal vi lage sko, skal vi lage barneklær, skal vi lage sportsklær? Ehm, alpinklær. Alle de mulighetene har vi åpne, så regner vi på hvert av de delmarkedene. Hvis vi satser på barn og det lykkes hvor stort kan det bli. Hvis vi går inn på sport og lykkes, hvor stort kan det bli. Og så ser vi at de områdene som egentlig kan, så lager vi en tretrins greie. For å ta et eksempel. Så har du Jean Paul her, så har du et sett av vekstideer. Og så har vi idé 1,2,3 og 4. Det som avgjør hvilket vi velger. Punkt 1, er størrelse. Det andre er lett kontra vanskelig. Det andre er kommer effekten fort? Eller tar det lang tid? På størrelse setter vi å dra hvis det er stort 3 poeng, hvis det er middels 2 poeng og hvis det er lite så får det ett poeng. Det samme gjør vi med de andre punktene. Og sier vi at denne ene her er stor, enkelt og man får penger fort, 9 poeng. Og da blir det et område

vi satser på. Da vi har identifisert det, så kjører vi en test. Bruker eksisterende ressurser, brekker av litt tid hos dem og sier at de skal lage en liten kolleksjon, det har vi gjort og har gjort suksess med det. Da ansetter vi et team som skal jobbe hos oss, som skal jobbe med eks. barn. Det er akkurat offentliggjort, så det er ikke noe problem. Da har vi utlyst noen stillinger og sier at vi trenger en controller, en designer og en assistent som skal være med på å tykke opp en barnekolleksjon. Og sånn jobber vi systematisk på alle områder. Hvor kan match konseptet vokse og hvor vi kan prøve. Undertøy har vi aldri hatt før. Så tester vi det og hvis det lykkes så ruller vi ut. Eller er det kosmetikk eller sko og sånn holder man på hele tiden.

Så får dere er det viktig å bruke franchisetakerne deres til å teste ut.

Vi tester alt, hele tiden. Hvis vi ellers tester det og det skjærer seg så blir det så utrolig mye pes. Vi tester alltid i egne butikker og alltid i egen organisasjon. Og på veldig mange områder. Og alle disse initiativene havner i noen menneskers handlingsplaner. Sånn en av mine ledere i ledergruppa får ansvaret. For eksempel at en av mine ledere får ansvaret for Jean Pauli barn. Du har ansvarlig for å teste ut jean paul i sport. Du har ansvaret for å teste sko på Match. Så launcher du kanskje 10-15 miniprojekter og når det rapporteres tar vi stilling til hvilke vi vektlegger ressurser og kjører videre på. Jeg tror det er en ganske så normal retail modell.

Som du nevnte i sta, så er det med the basics, det å ha struktur, pengene at man vet at man tjener inn. Når det sitter, hva blir det viktigere for dere da? Er det folk, nettverk, rykte.

Egentlig det jeg sa til deg med den tretrinnsraketten. At når du har ordnet og fikset the core. Så må du bestemme deg for konseptet. Hvem er kunden vår? Hva skal vi tilby kunden og kontrollspørsmålet, kan vi bli best på det? Hvis du ikke kan bli best på det. Hvis du skal starte en fabrikk i India som skal produsere klær. Og sier hva du skal bli best på. Kan du bli best på å garantere oss priser. Kan du bli best på kvalitet? Kan du bli best på leveringspresisjon. Kan du bli best på call of conduct. Sikre mot at, at det er kjøper er trygg på at det ikke kommer noen dårlige avisoppslag eller noen sånne ting. Eller kan du bli så god at det er noe positivt og at det ikke bare er mindre negativt. Men at det er positivt. Og så må du finne en nisje, og det er det du skal bli best på. Da har du også funnet kunden din. For hvis du sier at du skal ha veldig god kvalitet, ha dritgod presisjon og skal være dritgod på call of conduct og den type systemer, da skal du nok ikke selge til

de som er billigst mulig. Da må du på en måte passe på at du er best på det. Også får du en trygg relasjon. Det samme er med butikk. Du trenger ikke å være billigst. Du behøver ikke å ha høyest kvalitet. Men hva er det du er best på? Som gjør at når jeg kommer så er jeg på det stedet, virkelig det stedet hvor jeg får det jeg får. Og det kan jeg bygge relasjoner på. Og det ligger i den konseptualiseringsfasen. Og så vil det være veldig bransjeavhengig hva som er driverne av det konseptet. Sånn at når du kommer fra dagligvare til tekstil. Når man er i dagligvaren så er man vant til at sortimentet er en veldig liten del av konseptet. Siden sortimentet er tilgjengelig for alle. Det er ganske likt. Når du kommer til tekstil, så er sortimentet veldig ukjent. Sånn sett er det veldig annerledes.

Hvordan ser der for dere videre vekst? Hvordan er ambisjonene fremover? Hvis dere har en femårsgreie eller..

Det er knyttet til det å bygge flere av de store Matchbutikkene. Det skal vi gjøre. Vi skal fylle dem med flere kategorier. Og vi skal ta Jean Paul inn i flere distribusjonskanaler og inn i flere kategorier. Det er det vi jobber med.

Enkelt og greit. Hva er det som skal til for at den strategien dere har lagt skal lykkes. Og hva er det som eventuelt gjør at det ikke lykkes.

Hmm.

Fra deres side, ikke nødvendigvis at det er noen kriser som skjer i markedet. Internt hos dere. Når strategien er ferdig, og strategien er testet ut. Vi har jo testet det ut, så handler det først of fremst klarer å respondere på to ting. At vi ikke mess up med overførelsen. At vi leverer stabil kvalitet og at vi er gode på å følge opp selv på det vi sier at vi skal være gode på å levere på. Og det andre er at det skjer noe dritt i verden. Det kan være at bomullsprisene skytes sky high som det gjør nå. Det kan være at kineserne ikke vil produsere så mye til eksport lengre. Det kan være drøssevis med sånne ting og vår evne til å reagere på omverden. Det er for eksempel å starte en tekstilfabrikk i India nå høres ut som en svært god ide. Fordi presset på kapasiteten i Kina nå er veldig stort og alle er på vei, pakistan, India, Bangladesh.

Våre sourcing mennesker er mye i India for tiden.

Et lite avsluttende spørsmål. Det har en del med det interne, fordi det er noe jeg fokuser mye på i oppgaven. Hvordan er deres på å utvikle de menneskene dere har og hvordan jobber dere med det? Nå har dere fordelen med å ha et brand som står ganske sterkt her. Hvordan bruker dere det og hvor viktig er det?

Vi jobber med en veldig detaljert organisasjonsplan og med veldig detaljerte kompetanseprofiler i hver enkelt rolle. Hvis du er en designer her, kan jeg gå inn og se på vår ideelle kompetanseprofil. Så en gang i året har vi en medarbeidersamtale. I den medarbeidersamtalen så har vi også en utviklingssamtale. Her går vi igjennom kompetanseprofilen din. Vi mapper deg opp imot den stillingen du har. Nå er det ikke sånn at alle når alle kravene en stilling har, og det er ikke meningen. Men du skal ha en ambisjon om å gjøre det. Også jobber man med tiltak i medarbeidernivå i forhold til den stillingen man er i. I tillegg til det skal de definere hvor de ønsker å være om tre år og så tar man frem kompetanseprofilen så mapper man hvor ligger jeg an i forhold til denne kompetanseprofilen. Så rapporteres det tilbake til HR så lager HR opplæringsprogrammer og kursprogrammer i forhold til de behovene som kommer frem.

Egentlig ganske systematisk jobbing med det. Og så er vi veldig, veldig, veldig strikt på at de kravene som er satt, de følger vi. Hvis du liksom begynner å like Per, og så er det ikke så farlig med de salgene, da fungerer ikke sånne systemer. Hvis du skal være designer her, så skal du være det.

Det virker som at det er ganske gjennomsyret hos dere det med å jobbe systematisk for og hele tiden forbedre seg. Jeg regner med at konkurrentene deres jobber veldig systematisk med sine prosesser. Hva er det dere gjør bedre enn dem? Noen av de formelle systemene kan være lettere å kopiere, men hva er det som dere gjør som er bedre.

For det første er jeg ikke sikker på om vi gjør det. Jeg er ikke sikker på om det er så viktig. I forhold til de viktigste konkurrentene i markedet, så har vi bestemt oss for en annen markedsposisjon. Hvis Varner er dritgode på lavpris, så er de det. Og de er bedre enn oss på lavpris. Hvis vi har mål om å jobbe med en blanding mellom egen kolleksjon og merkevarer, høyere produktkvalitet og klær som varer lenger, så prøver vi på noe annet. Så henter vi forskjellige kundesegmenter. Og da er vi ikke i samme grad en direkte konkurrent. De som prøver på det vi prøver på utenom oss. De som ikke er i Match da, de er i veldig løse kjedesystemer. De er en del, de er i den gruppen som har mistet mest markedsandeler hvert eneste år i 20år. De jobber ikke så systematisk, de har ikke de ressursene

rundt seg og jeg tror ikke det kommer til å holde fremover. Noen av dem kommer til å overleve, fordi det alltid er en eller tre high high high-end butikker i byer som Oslo eller Trondheim eller drammen og sånt, men det er ikke mer.

I forhold til nettverk, hvor viktig er det for dere eller er det viktig for dere å bygge opp et nettverk? Hva tenker du på da?

I forhold til å ha oversikt over alt som skjer. Eller er det noe som, når dere er så store som dere er kanskje ikke like viktig. Alle av leverandører vil gjerne levere til dere, og alle av potensielle kunder/franchisetakere vil gjerne jobbe med dere.

Det er ekstremt viktig å ha et nettverk på i forhold til kunder. Det beste jeg kan oppnå med en kunderelasjon er at de var fornøyde sist de var der. Og så, i gamle dager var man lojal. Nå velger man på nytt. Sånn sett tror jeg ikke kunden er lojal, men kunden kan velge deg på nytt mange ganger. Men det er ikke en lojalitetstankegang. Så lenge jeg er fornøyd så kommer jeg igjen. Men hvis jeg ikke blir fornøyd så kommer jeg ikke igjen eller det kan ta lang tid. Det viktigste området er egentlig på leverandørsiden. Leverandører som produsenter, leverandører av merker og leverandører av lokaler. Det er de viktigste relasjonene som man må holde i. Vi er definitivt ikke så store at alle vil jobbe med oss.

Der kommer vel også det med å ha et godt rykte, noe dere jobber med for å få styrket den posisjonen. Hvordan jobber det med det? Er det også en systematisk greie som dere jobber med? Etablering av relasjoner med gårdeiere og lignende det er egen avdeling som jobber på konsern og de har jeg ikke så veldig detaljert på hvordan de jobber. I den bransjen handler deg egentlig om å ha tett kontakt og fylle opp fort. Du skal gjøre om et senter du må kunne svare fort. Trenger jeg en måned på å tenke, så er det bare å gi opp. Det er vi ganske gode på, å være raske. Jeg har opplevd at konkurrenter har gått konk og vi har åpnet butikk dagen etterpå. Vi har da ordnet leiekontrakt, kjøpt varelager og da går det fort.

Tusen takk for intervjuet.