

Growth made simple

How to grow a small company into a large corporation

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Linköping University
INSTITUTE OF TECHNOLOGY

Linköping, 6 December 2010
Master Thesis, LIU-IEI-TEK-A--10/00969--SE
Department of Management and Engineering (IEI)
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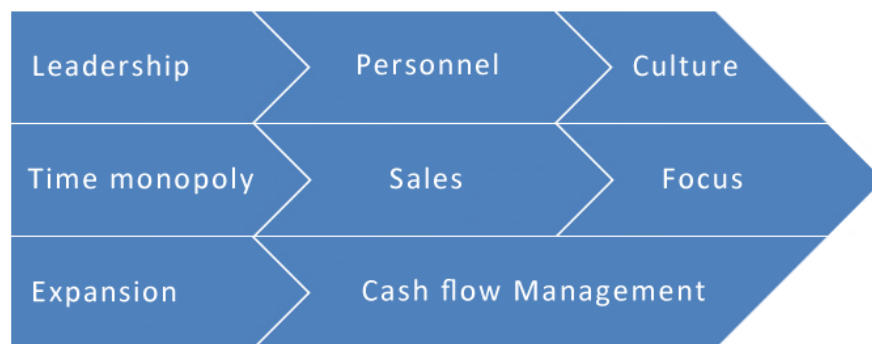
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Abstract

This study is about rapid growth in SMEs from an entrepreneur's or manager's perspective and it aims to find practices in order to enable and drive rapid growth. The purpose of this thesis is to understand how owner-led small businesses can be managed in order to maximize the profitable long term growth of the company. In order to understand this we have had a pragmatic perspective and have attempted to find practices that drive and enable fast growth. The study consists of an extensive literature study on the subject and five case studies of Swedish rapid growth companies. Each case study consisted of gathering secondary data and conducting 1-4 interviews at each company with Entrepreneurs, CEOs, CFOs and Sales managers.

The result from the literature study and the case studies is a model for growth that is shown below. The model consists of eight different areas that are important to drive or enable growth in companies. Each area in the model was identified as a driver, enabler or blocker of growth for each case study.



The conclusions from this thesis are five propositions regarding rapid growth that is listed below.

- ✓ **Proposition 1:** *All the areas in our analysis model can either be a blocker, an enabler or a driver of growth.*
- ✓ **Proposition 2:** *It is possible to deliberately transform an area from a blocker, or enabler, into a driver of growth.*
- ✓ **Proposition 3:** *It is important to make the business scalable so no area becomes a blocker of growth.*
- ✓ **Proposition 4:** *The three areas, time monopoly, sales, and leadership could be considered as primary drivers for growth.*
- ✓ **Proposition 5:** *The two areas culture and expansion could be considered as primary enablers of growth.*

The findings from this study are highly valuable for managers or entrepreneurs that want to increase growth of their companies.

Acknowledgements

We would like to sincerely thank the participants from the companies for their time and all the information they have provided us. We know that time is a limiting factor for people in executive positions and we greatly appreciate that we got the opportunity to sit down and ask all of our questions.

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1 Preface

We have both a genuine interest in entrepreneurship, business strategy and marketing. During our years at Linköping University, studying to M.Sc. in Industrial Engineering and Management, we have enjoyed multiple courses offered by the division of Industrial Marketing. This interest has led us to numerous discussions about how to successfully build and lead an excellent company. We have both founded and run small businesses and the most recurring question for us have been “*How do we grow the businesses?*” which led us to writing this thesis. We have also found during our prestudy that this is the most usual question for entrepreneurs discussing business, often discussed from two different angles stated below.

The two questions initiating the study:

- ✓ How can an entrepreneur maximize the growth of a present small company?
- ✓ How can an entrepreneur find or create the best growth opportunities that either leads to an expansion or to the foundation of a new business?

After discussions with Anna Öhrwall Rönnbäck, the head of CAM (Center for Applied Management), it was decided that we should do our master thesis on behalf of CAM due to our shared interest. The purpose of CAM is to bridge the gap between companies and the university in order to help small and medium sized companies with business development. In return CAM is able to do research projects in these areas. Our hope is that this study will help CAM to further achieve their goals.

2 Project introduction

This introduction serve as synthesis of the projects prestudy. Below is a background with an entrepreneurial perspective on growth and a definition of Small and Medium-Sized Enterprises will be introduced and leads up to the purpose and limitations of this study.

2.1 Background

Some might argue that money, and becoming rich, is what primarily drives successful entrepreneurs. According to Morris (1985, s. 11), studies have shown that the main body of really successful entrepreneurs are in fact not *only* driven by monetary rewards. Even though money could be an important factor for growth he gives examples of different reasons to why an entrepreneur would want its business to grow. Some of them are: secure the company's existence by having a bigger volume; personal satisfaction; to give the employees security and career opportunities; leave something great behind or to excel technically in some areas (Morris, 1985, s. 14). Collins (2001) also describes in his book *Good to great* that companies that have a long term higher growth than their competitors are primarily driven by a strong vision and a strong will to build a great company.

At the same time it is also important to note that not all entrepreneurs want growth. According to Wiklund et al., (2003), there are many companies that feel threatened by growth and how that may affect their independence and the enjoyment. Once these companies survive the infancy they may experience no further growth and as a result they become inert and stuck with their size of operations (Coad, 2009). These companies are labeled *lifestyler* by Hay & Kamshad (1994) and the companies may be run in order either to create freedom in a job or to support a certain lifestyle.

According to Coad (2009, s. 136) there have been a lot of research made on the association between the entrepreneurs ambitions for growth of the company and realized growth. The findings points to the fact that there are a positive correlation between growth ambition and actual growth. Furthermore, Delmar and Wiklund (2008) observed that there exists a relationship between earlier subsequent growth and the ambition, or desire, for future growth. This is something Charan and Tichy (1999, s. viii) agrees on since they have found that companies that are growing are likely to have a mindset of growth, which starts at the top in the organization. So if growth of a company is closely related to the entrepreneur's ambition to grow the company there must clearly exist factors or practices that drive growth that these managers use in order to make the growth happen.

2.2 Definition of Small and Medium-Sized Enterprises

Small and Medium-Sized Enterprises (SMEs) is a term describing companies that are smaller than 250 employees and with a turnover less, or equal to, 50 million Euros – or with a balance sheet total less, or equal to, 43 million Euros (see table below). (European Union)

Enterprise category	Headcount	Turnover	or	Balance sheet total
medium-sized	< 250	≤ € 50 million		≤ € 43 million
small	< 50	≤ € 10 million		≤ € 10 million

Table 1: Definition of SMEs

According to Statistiska Centralbyrån (SCB) there are approximately 970 000 companies in Sweden as of November 2009. The statistics have different thresholds for different segments which makes it difficult to give an exact number on how many, of the total number of companies, that are classified as SMEs. An approximation is that somewhere around 99 % of the companies are in fact SMEs which is supported by Tillväxtverket in their report *Smått om små företag* (Svenskt näringsliv, 2009). Even if large companies employ a lot more people per company in total, SMEs employ a large share (63 %) of Sweden's workforce (SCB, 2010) and according to Storey (1994) the most rapid growing of these SMEs creates a lot of the new jobs in most industrial countries. In Sweden, the most rapid growing companies, called Gazelles, by Dagens Industri, have since the year 2000 created a third of all new jobs in Sweden (Dagens Industri, 2010). According to Storey & Johnson (1987), the four most rapid growing out of a hundred small companies create half of the jobs. So these rapidly growing companies are certainly important for the economy and general employment.

Every year Dagens Industri¹ (DI) presents a list of all Swedish Gazelle companies. This list represents the most rapid growing companies across all sectors and industries. See appendix A – *Dagens Industri, Gazell Criteria* for a complete set of criteria. Over the last 10 years there has been an average of 1070 companies every year. Approximately 1050 of these are SMEs. If this is seen in comparison to the total numbers of Swedish companies it is evident that somewhere around 11 companies in 10 000 qualifies as a gazelle-company.²

Since the impact on general employment of the rapid growth companies are so large and that they at the same time are so few also makes it of general interest to really understand how these companies are managed in order to create the rapid growth. If more entrepreneurs of small companies could learn how to grow their companies so rapidly it would probably lead to astonishing effects on employment.

¹ Dagens Industri (DI) is the largest business newspaper in Sweden.

² The total numbers of companies in Sweden are 970 000.

2.3 Purpose

The purpose of this thesis is to understand how owner-led small businesses can be managed in order to maximize the profitable long term growth of the company. In order to understand this we have a pragmatic perspective and will attempt to find practices that drive and enable fast growth.

2.3.1 Research questions

To give us a sense of direction we have formulated a couple of research question that have guided us throughout this study.

- *What factors increase growth?*
- *What factors hinders growth?*
- *Which practices could be used to maximize growth?*

2.4 Limitations

In this study we will focus on SME that has grown larger than 50 employees. These SMEs will be extracted from Dagens Industri's list of Gazelles. See the methodology chapter on page 48.

Our limited time (20 weeks) has made us take the following limitations into consideration:

- We will only study companies which have had the same leader/owner during the whole growth process. This gives us the possibility to interview fewer subjects in each company. How this affect the reliability and validity of our research will be discussed under Methodology (page 48).
- We will limit the scope to companies that are located in, or close to Linköping or Stockholm. The purpose is to limit the necessary travel time (and cost).
- In the gathering of data we decided to only include people that are in a management position. How this affect the reliability and validity will be discussed under Methodology (page 48).

We have decided to limit the study to only include factors that are not connected to specific industries. This means that we do not study areas like logistics; production; supply chain management and so forth. We have tried to limit the study to factors that relate to all companies, regardless of type, location or size. This further implies that we do not look at industry-specific activities within the factors that span across all companies. One such area is Sales. For the abovementioned reason, we have decided to not study *how* the companies have planned or executed their selling activities but rather study their attitude towards selling and if they have any activities connected to selling.

Furthermore, we have decided to limit the scope to Swedish companies and the Swedish market. Therefore, we will not go into details regarding internationalization and how companies could expand or operate outside of Sweden. We believe this to be a too big area for us to include in this master thesis.

3 Frame of Reference

During our research we have come across a lot of different practices, thoughts and tips regarding growth and management. We have grouped these theories into eight different categories presented in a tentative model for growth containing the factors, Time Monopoly, Culture, Leadership, Personnel, Sales, Expansion, Focus and Cash Flow Management. First however, a definition for measuring growth and financial performance will be discussed which is followed by categorization of different kinds of growth companies.

3.1 Definition of financial performance and growth

A lot of research has been conducted on the relationship between growth and financial performance and how these best should be measured. Financial performance is essential for a firm's survival but could also be important for growth since investments needed to acquire the resources to grow, needs to be financed either internally or externally. The "financial pecking order" theory developed by Myers (1984) states that there exists an imperfect substitutability between internal and external financing which leads to the conclusion that internal generated cash flow is essential for investments in growth opportunities. That cash flow is important is also confirmed by Ahrens (1999) who conclude that a high cash flow is essential to finance rapid growth. So financial performance defined by cash flow should be important for growth. Financial performance in general could on the other hand be measured in endless ways. Several studies have argued that the best proxy for financial performance in small firms actually is growth since growth is more accurate and easily accessible than other financial measures according to Brown (1996), Brusck & Wanderwerf (1992) and Chandler & Hanks (1993). This should give a one dimensional way of measuring financial performance and growth since then only growth needs to be measured. However, performance is multidimensional in nature and it is therefore advantageous to integrate several different dimensions of performance in empirical studies according to several other studies (Cameron, 1978; Lumpkin & Dess, 1996). It is possible that individual indicators do not give the full picture since it exist tradeoffs between several indicators. This is especially true in the short term, e.g. there exists short term trade-offs between growth and profits according to Zahra (1991). According to Wiklund (1998) high performance firms most often strive for sales growth which also shows how closely connected these are but he concludes that both financial performance and growth are multidimensional in nature and should be treated that way in research in order to reach valid conclusions. Therefore it is probably best to use more than one indicator for financial performance. We therefore conclude to use operating cash flow as a measure of financial performance since cash flow is believed to be important for growth and return on assets will also be measured to give a more multidimensional perspective on the financial performance of the studied firms. This measure is also more widely used in similar research.

- ✓ We will use operating cash flow as the primary measure for financial performance
- ✓ We will use return on assets as a secondary measure on financial performance to get a wider perspective

When defining how to measure growth there also exists numerous ways. According to Delmar (1997) the most common measures for firm size, and thereby also growth, is sales and employees. Since growth is likely to be driven by an increased demand, sales probably increase first and thereby allow investments in additional resources such as machinery or employees according to Flamholtz (1986). Therefore it is unlikely that growth occurs without growth in sales while it is possible to grow sales without growth in employees or other resources since the increased business volume could be either outsourced or handled by using resources more efficiently. According to Hoy, McDougall & Dsouza (1992), as well as Davidsson et. al. (2010), a consensus has been reached among academics that the best measure for growth is sales growth since it reflects both short and long-term changes in the firm and is easily obtainable. They also state that sales growth is a performance indicator used by entrepreneurs themselves which should give the measure enough credibility which is also supported by Barkhan, Gudgin, Hart & Hanvey (1996). Delmar, Davidsson & Gartner (2003) and Shepherd & Wiklund (2009) make the distinction between relative growth and absolute growth and note that relative growth is the best measure for comparing firms while absolute growth could be of higher interest for policy makers that are mainly concerned with the total employment. We will therefore measure growth by relative growth in sales and relative growth of employees to get a more multidimensional perspective of the growth.

- ✓ We will use relative growth in sales as a primary measure of growth
- ✓ We will use relative growth in employees as a secondary measure of growth to get a wider perspective

3.2 What maximizes growth in SMEs?

To understand what maximizes growth we need to understand what the drivers are as well as what stops or hinders the growth. Greiner (1998) presents a life-cycle model for small growing companies where alternating periods of evolution (stages of growth) and revolution (stages of crisis) are followed by each other. Similar models also highlighting that periods of growth are followed by slower growth or stagnation before growth increases again, are also presented by several other studies (Churchill & Lewis, 1983; Scott & Bruce, 1987). This of course is closely related to the first two research questions about what factors drives and hinders growth. A theoretical starting point for both of these questions will be presented below and areas that drive or hinder growth will be identified in order to develop a tentative model for growth.

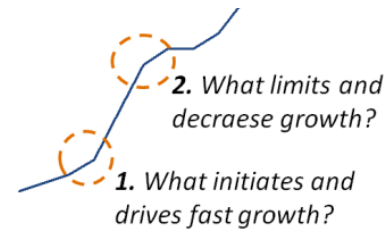


Figure 1: Questions regarding growth

3.2.1 What initiates and drives fast growth?

Growth, or increased sales, starts with an attractive offer or value proposition according to Johnson et al. (2008). They suggest that a *Customer Value Proposition* should consist of a clear understanding of whom the customers is; the offer to the customers and how this satisfies the problem or fulfills the need and which activities that have to be done in order to deliver the offer. To reach success, it is important to identify the key resources and processes that are necessary and developing an understanding of the business model (revenue model, cost structure, resource velocity etc.). To be able to increase sales, more goods or services have to be sold which of course is related to a clear focus on maximizing the selling activity in the company. The selling activity in a company is probably one of the most obvious factors driving growth which leads to the following area for the tentative model for growth.

- ✓ *Sales are probably an important area driving growth.*

But of course, all companies that have a viable business model and want to grow focus on its sales. The most interesting aspect then becomes what the rapid-growing companies are doing differently since they are so few. One of the most well-known studies regarding how to grow a company faster than competitors over extended periods of time are made by Jim Collins, presented in his best-seller *Good to Great* (2001). According to Collins (2001) the main factors distinguishing great companies, which he calls *visionary companies*, are *disciplined people; disciplined thought; disciplined actions* and a company-wide understanding of the *additive effect of small constant improvements* that over time builds up momentum of profitability, growth and a competitive edge. The importance on small continuous improvements is supported by several studies and also several famous business leaders (Löfmarck Vaghult & Johansson, 2008)

The concept of *disciplined people* consists of a special kind of humble but effective leadership style and a focus on having the right people in the organization (Collins J. , 2001). The leadership style is called *Level 5 Leadership* and seems to be unique for the long term most successful companies according to Collins (2001). Many studies support that the leader and the people are critical to growth, but also highlights

aspects such as that the leaders' focus on growth, the motivation in the organization and personal networks etc. (Löfmarck Vaghult & Johansson, 2008; Wiklund J. , 1998). This leads to the following two areas for the tentative model for growth.

- ✓ *Leadership is probably an important area driving growth.*
- ✓ *Personnel are probably an important area driving growth.*

Disciplined thought is described by Collins (2001) as a combination of that people in the company confronts the brutal facts and an understanding of the *Hedgehog Concept* which in essence is to understand what the company can be best in the world at.³ Confronting the brutal facts mainly incorporates to gather the correct facts, accepting the facts and take actions based on these facts. Coad (2009) also reaches the conclusion that it is critical for growth that firms know themselves in the present and that they have good knowledge of their strength and weaknesses. They also need to be aware of market developments to be able to seize opportunities for growth.

Disciplined actions consist of the two concepts *Culture of discipline* and *Technology Accelerators* (Collins J. , 2001). A *Culture of discipline* is to give people freedom and hold them tightly responsible to results and that people are willing to go to extreme lengths to fulfill their responsibilities. There should be clear constraints but people should have freedom within the framework of the system. This means that self-disciplined people does not need to be managed and management can focus on managing the system instead of the people. This view is also confirmed by Löfmarck Vaghult & Johansson (2008). Collins & Porras (1997) also emphasize the importance of a culture with clear values that can be used to steer the organization in their book *Built to Last*, a view that is supported by Peters & Waterman in their book *In Search of Excellence* (1982) based on several years of extensive research on successful companies (Peters & Waterman Jr, 1982). Both a strong vision, as discussed earlier, values and continuous improvements could be seen as part of a company culture. The culture clearly seem to be important for growth from the discussions above and therefore is identified as an area driving growth for the tentative mode for growth.

- ✓ *Culture is probably an important area driving growth.*

The concept of *Technology Accelerators* is that technology could be just accelerators of growth. Great companies choose carefully which management fads and new technology to apply depending on their *Hedgehog concept* and what could make it stronger, rather than applying new technology just for the sake of fear of falling behind competition (Collins J. , 2001).

Collins (2001) study is mainly focused on already large companies and factors affecting growth in small companies might be different. All factors above are critical and help create a competitive edge but they are mostly internal factors. Wiklund (1998) reaches a conclusion that the fastest growing firms often

³ Collins (2001, s. 98) also make a point that is not a strategy to be the best, a plan to be the best or a goal to be the best that is special but a deep understanding of what the company can be the best at. The difference is crucial.

operate in an environment where the market is benign and increasingly dynamic but still stable. Wiklund (1998) also concludes that it also seems more important to create new markets or operate in growing markets than to take market share from competitors. The question then becomes how to create a growing market or make a market more dynamic. Ahrens (1999) explains how new markets are created by changing the rules of mature markets and how companies by doing that can create a time-monopoly consisting of strong competitive advantages which fuels rapid growth. This is also closely related to the hedgehog concept (Collins J. , 2001), discussed above, including what the company could be the best in the world at since this probably could be the foundation to a time monopoly. Since it can take up to several years for competitors and other firms to react and catch up, a situation close to a monopoly is created. This could enable high margins that fuel the cash flow that is needed to finance further growth (1999). Porter (1980) describes a competitive edge as the fundamental factor to generate profitability and growth which according to him consist of a better match between the firm's strategies and the market compared to competitors. Ahrens (1999) describe more or less the same thing but focus on the fact that the competitive edge is a competitive edge only for a certain time before competitors catch up and that it is in this limited time that the company can grow. Of course, a company should always try to further develop and protect the time-monopoly which can result in a stable high growth and in order to do that it is probably important to consistently confront the brutal facts as discussed above. Technology accelerators discussed above could probably be seen as one way to create a competitive advantage that could be one building stone in a time monopoly. Since a time monopoly with strong competitive advantages seems to be an important area for growth this is identified as an area for the tentative model for growth.

✓ *Time Monopoly is probably an important area driving growth.*

3.2.1 What limits and decrease growth?

When a company is already growing rapidly, the problem often shifts to be able to meet the growing customer demand rather than create more growth or find new growth opportunities (Ahrens T. , 1996). That growth fuels growth is presented by several studies and according to Ahrens (1996) this is caused by the fact that growth increases the self-confidence in the organization and that people learn how to grow the business rapidly in a successful way. Collins (2001) describes this as the organization building momentum in all aspects of the business and that loyal customers return and provide word-of-mouth marketing which quickly helps growing the demand. Failure to meet the increased demand, late deliveries or declining quality, can quickly scare customers away and the momentum is lost. In the early stages of growth, a company's quality is on the other hand not that important if the business is built on a time-monopoly according to Ahrens (1999) since customer can accept the lower quality in order to fulfill other needs that are not previously met. As the company grows, and need to reach a wider customer base, quality then becomes crucial (Ahrens T. , 1999). A similar view is hold by Moore (1999) in his famous book *Crossing the Chasm* where he describes how high-tech companies needs to adjust their business to go from selling only to visionary customers and early adapters to reaching the mass market. Quality or being able to deliver on customers' expectations are clearly important for growth and is probably closely related to the expansion of the company as discussed above since it may put strains on

the organization to grow rapidly that makes it harder to deliver on customers' expectations. As discussed in the introduction of this chapter growth in companies are also often followed by crises that lead to stagnation before these growth hurdles are overcome. Both of these factors relate to how the growth is managed in order to sustain the growth which is probably important to enable long term growth. This is therefore identified as an area that could enable growth but also more importantly could hinder the growth and we will call it *Expansion* which then incorporates how the growth is managed and is identified as one area for the tentative model for growth.

✓ *Expansion is probably an important area that could hinder growth.*

In later stages, after a period of rapid growth when the market seems to slow down, the most usual reason for problems or decreased growth is diversification (Ahrens T. , 1996). A dwindling focus in the company slows the organization down and momentum is lost. A loss of focus on the core business that created the growth in the first place also often leads to a loss of the time-monopoly which leads to decreasing profit margins and increased competition (Ahrens T. , 1999). Collins (2009) also describes diversification as one of the most important factors for why some previously rapid-growing companies fail. Even Ansoff (1987), who created the popular model for choosing expansion strategy consisting of market penetration; new markets; new products and diversification, states that market penetration and new markets are the preferred choices, and diversification is a last resort (Ansoff, 1987). Since diversification is bad for growth and focus is important to create a time-monopoly - expanding to new markets with the same business model is the right choice for growth (Ahrens T. , 1999). In this way time-monopoly can be created again and again in every new market and fuel long term growth. From this discussion it seems clear that focus is an area which could drive growth if it exists and maybe more often hinder growth when it is lacking. This area is therefore identified as an important area for growth which will be included in the tentative model for growth.

✓ *Focus is probably an important area driving growth.*

According to Wiklund (1998), capital availability seems to enhance growth which is logical since growing a company demands investments in every aspect of the business. According to Carpenter & C.Petersen (2002) financial resources are also a significant hindering factor for growth setting the upper limit to investments and thereby also the growth. This is of course logical and Ahrens (1999) discusses creative cash management as critical for enabling long term rapid growth. From this discussion it seems clear that cash flow management is important to enable growth and could be a hindering area and will therefore be included in the tentative model for growth.

✓ *Cash flow Management is probably an important area that could hinder growth.*

3.2.2 A tentative model for growth

From the discussions above about what maximizes growth in SMEs a tentative model for growth is extracted which is illustrated below. This tentative model for growth will be the starting point for the rest of the frame of reference where each area will be investigated and discussed more in depth.

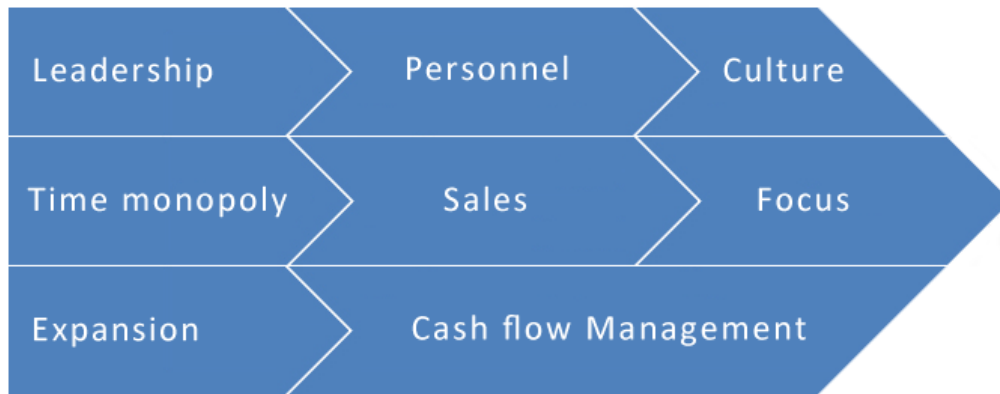


Figure 2: Tentative model for growth

3.3 Time Monopoly - The key to initiate long term rapid growth

A time monopoly is the first essential building block that is needed to create rapid growth. A time-monopoly mainly consists of two different concepts. The first concept is a competitive advantage over competitors, most often in a niche-market and the second concept is a time advantage (Ahrens T. , 1999). The concept of competitive advantage is a well-researched and widespread concept and is according to Porter (1980) essential for survival and profit margins of any company. A time advantage is simply consisting of the time it takes for competitors to catch up with the competitive advantage.

3.3.1 Competitive Advantage

A competitive advantage allows the company to offer customers a higher value than competitor and by doing that, customers are both retained and won over from competitors. Often a company can charge higher prices due to the extra value delivered based on the competitive advantage, but this could be offset by higher cost relating to the competitive advantage. That said, a competitive advantage in general is essential for survival but does not always create higher profit margins even if the prices are higher than competitors.

Porter (1996) describes the essential difference between operational effectiveness and strategy in his famous article *What is Strategy?* He describes that most companies try to improve in every area and adopt every best practice possible in order to improve operational effectiveness and stay ahead of, or not fall behind, competition but do not succeed in achieving sustainable profitability. This he explains is due to the fact that when companies try to do everything and improve on all fronts they move away from their competitive positions and lose their differentiation. Porter (1996) states that operational effectiveness is necessary in the activities that the companies perform but strategy demands trade-offs and every company should choose which activities it should perform and not perform. When competitors try to improve on every frontier the bar is simply raised for everyone without any major advantages for anyone. There may be increased competitive advantage but the time advantage is very limited and competitors can soon catch up. Porter (1996) also states that the demand for continuous improvement makes managers gradually supplement strategy with operational effectiveness.

Instead Porter (1996) says that the essence in strategy is in the activities a company chooses to perform, or not to perform. They could either do different activities, compared to competitors, or do activities differently. The strategic position of a company can, according to Porter (1996), emerge from three sources. He calls them *variety based positioning*, *needs-based positioning* and *access-based positioning*. See table below for a detailed description.

Variety based positioning	This is based on the choice of product or service varieties rather than customer segments. This makes sense when a company can best produce particular products or services using distinctive sets of activities
Needs-based positioning	This is closer to traditional thinking around customer segments. This arises when there are groups of customers with differing needs, and when a tailored set of activities can serve those needs best. It is

Access based positioning

intuitive for most managers to conceive of their business in terms of the customers' needs they are meeting. But a critical element is often overlooked. Differences in needs will not translate into meaningful positions unless the best set of activities to satisfy them also differs!

Access can be a function of customer geography or customer scale- or of anything that requires a different set of activities to reach customers in the best way.

Table 2: Positioning (Porter M. E., 1996)

A company should look to these three sources when deciding on their own strategic position. Porter says that these are not mutually exclusive so it is not wrong to seek inspiration from more than one source. The position can be broad or narrow, but whatever the basis is, the position requires the company to have a set of activities tailored to its own organization. When deciding upon activities Porter stresses that the fit between them is essential for a competitive advantage. Porter divides the fit between different activities into three types of fit. The first type of fit is simple consistency between the activities which translates into that all activities should be aligned with the chosen position. The second type of fit is reinforcing activities. This occurs when different activities reinforce each other. The third type of fit is an optimization effort in activities. Coordination and information exchange between activities enabling optimization of the business as a whole. These different types of fit between activities make the whole matter more than the parts, and competitive advantage is created from the entire system of activities. (Porter M. E., 1996)

Porter's way of defining, and forming strategies, is only one view among several. In his book *Strategy Safari*, Henry Mintzberg (1998) suggests ten different schools for strategy formation, where Porter's view falls under *the Positioning school*. But as it puts much focus and emphasis on the competition and the competitors it provide some good tools and frameworks, such as Porter's Five Forces and Porter's Value Chain, that can be used when evaluating a time-monopoly.

3.3.1.1 Ways of copying a company's positioning and set of activities.

According to Porter (1996) incumbents are likely to copy a successful business strategy in one of two ways. Either they reposition themselves to match the superior company or they try to imitate the positioning by straddling. Straddling tries to match the benefits of the position while keeping existing position. It adds new features, services or technologies onto the activities it already performs.

Straddling is seldom a successful strategy since even if the advantages of the competitors are gained the cost structure related to the old positioning leads to a competitive disadvantage (Porter M. E., 1996).

Clear trade-offs that determine the way a company wants to compete makes it easy for employees to make decisions in the day to day activities in the business and everyone have an easier time to focus. Strategic fit between activities is also essential to increase the time advantage accompanying the competitive advantage in the chosen positioning since it is harder to copy a system of activities than individual activities.

“The probability that competitors can match any activity is often less than one. The probabilities then quickly compound to make matching the entire system highly unlikely. ($0.9 \times 0.9 = 0.81$; $0.9 \times 0.9 \times 0.9 \times 0.9 = 0.66$, and so on). Existing companies that try to reposition or straddle will be forced to configure many activities. And even new entrants, though they do not confront the trade-offs facing established rivals, still face formidable barriers to imitation.

The more a company’s positioning rests on activity systems with second- or third-order fit, the more sustainable the advantage will be.” (Porter M. E., 1996)

3.3.1.2 The Delta Model of competitive advantage

Porter’s description of competitive advantage as a choice between differentiation and cost leadership which in both cases focuses the company or product economy is extended with two more levels by Hax & Wilde II (1999) who introduces the Delta Model. The Delta Model consists of three focuses that a company can choose between to create a competitive advantage and help align the strategy with activities. One of these focuses is the product focus with Porter’s choice between cost leadership and differentiation. The second focus is on customer solutions which make customer economics more important than product economics. It is all about reducing customer costs or increasing their profit. This demands flexibility and solutions adapted for each customer. The third focus is on system lock-in which creates a competitive advantage based on system economics. A system-lock in locks in either customers and/or companies offering complementary products or services and could lock out competitors. This could e.g. be achieved by creating a proprietary standard in the industry.

Hax & Wilde II (1999) also describes how the different concepts in the Delta Model that gain competitive advantage also demand different ways of measuring success. The most common measure today with market share is good when focusing on “Best Product” either by a low cost or differentiated position. When focusing on “Customer Solutions” on the other hand they argue that market share is not that important since the market boundaries get vaguer and it becomes more important with “share of a customer’s purchases”. When focusing on “System Lock-in” to get competitive

advantage they argue that “complementor’s share” becomes crucial. The more complementors’ sales

The Triangle: Three Distinct Strategic Options

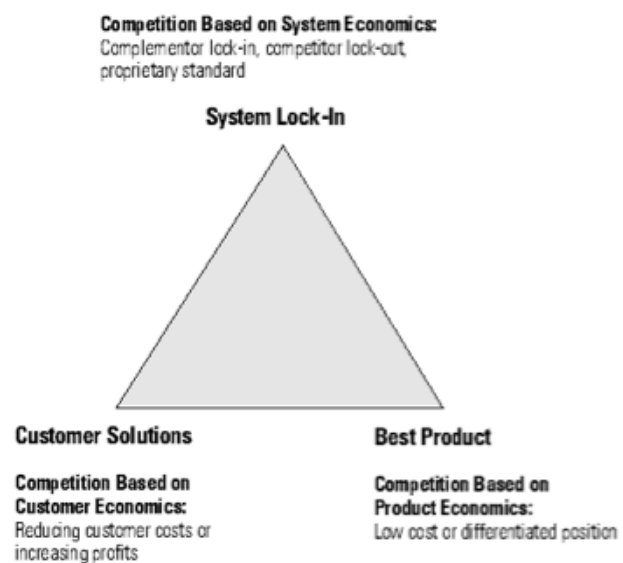


Figure 3: The Delta Model (Hax & Wilde II, 1999)

are focused on complementing the company's products or services, the stronger the lock-in effect is. (Hax & Wilde II, 1999).

3.3.2 The importance of creating a time-monopoly in a market niche

If competing head-on with competitors for the mass market then competitive advantages will fast be replicated by competitors and since most companies try to always develop their own competitive advantages the chance of creating a large advantage is slim and the profit margins are limited since the time advantage is short (Ahrens T. , 1999; Kim & Mauborgne, 2005). By focusing on a niche market on the other hand, competitors often take far longer time to notice what is happening and since it is a niche market the competitors' offerings are seldom perfect for the niche. This takes form in either customer needs that are not perfectly met or that competitors' offerings include parts that are valued less than their price for the specific niche. This creates the opportunity to get a larger competitive advantage by tailoring the offering to the niche and since competitors take longer to notice the time-advantage is larger. If starting out as a new company large competitors will take even longer to react since they cannot pay attention to all small companies in their industry. (Ahrens T. , 1999)

A time-monopoly in a niche market can then fuel rapid growth for decades if the underlying competitive advantages are continuously developed to allow the company to stay ahead of competitors.

"The company who creates a time-monopoly loved by 5% of a 100 billion market can grow 50% every year for 20 years... and by then maybe some of the remaining 95% have changed their minds, so the available market doubles again and again?" (Ahrens T. , 1999, s. 19)

3.3.3 How entrepreneurs create time-monopolies

To create a time-monopoly the assumed rules of a market need to be broken in order to create new business logic according to Ahrens (1999). This implies doing things in new ways and offer customers either something they have not been offered before, or offer old things in a new way. This could be done by thinking in different ways than the competitors do today, which relates to the viewpoint presented by Porter (see above).

Kim & Mauborgne (2005) confirm the view that the "normal" value-cost trade-off when choosing how to compete only leads to small competitive advantages that do not result in sustainable profitable growth. To get sustainable profitable growth they have identified a concept they call "Value Innovation" that can be used in order to pursue differentiation and low cost simultaneously. Instead of focusing on beating the competition the company should focus on making the competition irrelevant by creating a leap in value for buyers which opens up uncontested market space. These market spaces they call *blue oceans* which in essence are the same as a time monopoly.

In order to figure out a strategy that creates a time monopoly and a blue ocean Kim & Mauborgne (2005) recommends companies to use an analytical framework they call *The Strategy Canvas* which could be used to map the different factors companies are competing on. Just as Porter (1996) states, most

companies converge on the same factors and reach more or less the same levels of success on these factors. To create a time monopoly and reach a blue ocean market Kim & Mauborgne (2005) recommends adding new factors to create unprecedented value for customers and at the same time eliminate or lower the standards on other factors that today are overvalued. By doing so a unique strategic position with unique activities and cost structure is created. Normally companies just add factors as Porter described (see above) and this is probably what some competitors will try to do if the concept becomes successful by straddling the strategic position.

Below is table that describes the difference between a blue ocean and the “normal” *red ocean*.

Red Ocean	Blue Ocean
Compete in existing market	Create a new market
Concern with competition	Make competition irrelevant
Focus on existing customers	Focus on non-customers
Work with existent demand/market share	Create a new demand and market share
Deal with value and cost trade-off (creating value at higher cost OR creating reasonable value at low cost)	Do not use value/cost trade-off (create both, greater values and low cost)
Whole company is aligned with the strategy of differentiation OR low cost	Company is aligned with the strategy of differentiation AND low cost

Table 3: Difference between Red Ocean and Blue Ocean

When looking at the factors in an industry, Kim & Mauborgne suggest that they should be evaluated from four different perspectives. By doing this it will be easier to develop a blue ocean. These four perspectives are:

Eliminate – Which of the factors that industry takes for granted should be eliminated?	Raise – Which factors should be raised well above the industry’s standards?
Reduce – Which factors should be reduced well below the industry’s standard?	Create – Which factors should be created that the industry has never offered?

Table 4: Description of the ERRC-matrix

Note: we will reference to this as the ERRC-matrix

Below is an example of a wine producing company (Yellow tail) who has looked at the industry and the factors that the competitors are using. Yellow tail has then decided what factors they should focus on in order to create their blue ocean. In this example they have decided to not focus or compete on three factors and they have decided to add three new factors which no one else competes on. This will help them tailor their activities in a unique way that, as Porter says, will help them create a competitive advantage and a time monopoly.

The Strategy Canvas of [yellow tail]

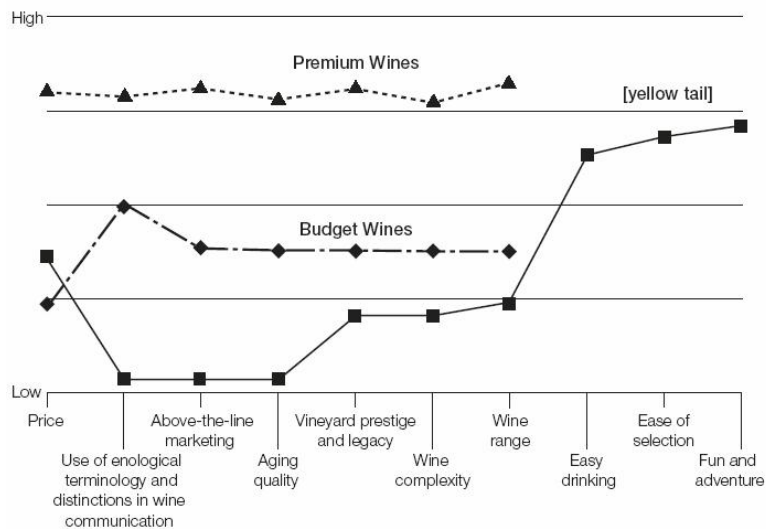


Figure 4: Blue Ocean Strategy - Strategy Canvas (Kim & Mauborgne, 2005, s. 39)

Moreover; every good strategy should have focus, diverge from the industry and have a compelling tagline. Focus means that the value curve is focused on delivering as much value as possible on some chosen factors. This is linked to the fact that the value curve needs to diverge from competitors in order to create a blue ocean. The compelling tagline is a test that the chosen strategy actually is compelling to customers. There is no value in a focused diverged position if it is not compelling to buyers. (Kim & Mauborgne, 2005).

To create a value curve that is both focused, convergent and have a compelling tagline is of course easier said than done. Kim and Mauborgne (2005, ss. 47-80) recommend six different paths to come up with the ideas needed.

1. Look across alternative industries
2. Look across strategic groups within industries
3. Look across the chain of buyers
4. Look across complementary product and service offerings
5. Look across functional or emotional appeal to buyers
6. Look across time

The common theme for these different paths is to look for non-customers. Kim & Mauborgne (2005) writes:

“To reach beyond existing demand, think noncustomers before customers, commonalities before differences and de-segmentation before pursuing finer segmentation.” (Kim & Mauborgne, 2005, s. 103)

By trying to understand the noncustomers of the industry, why they are not customers and what they do instead, brings ideas for new value curves. An example they mention is cinemas. Instead of looking at the current customers you can try to understand why people that do not go to the movies choose not to. Some people may choose not to go because it is hard to find a babysitter and if they could just find one they would be able to go. So a cinema with babysitters would unleash new demand in the cinema market. (Kim & Mauborgne, 2005)

Since new markets are created it is also harder to estimate how the business will prosper and how large the market is compared to mature markets. To decide if a blue ocean idea is commercially viable, and to reduce business model risk, Kim & Mauborgne (2005) also proposes a strategic sequence to decide if the idea is good enough. See model below.

The Sequence of Blue Ocean Strategy

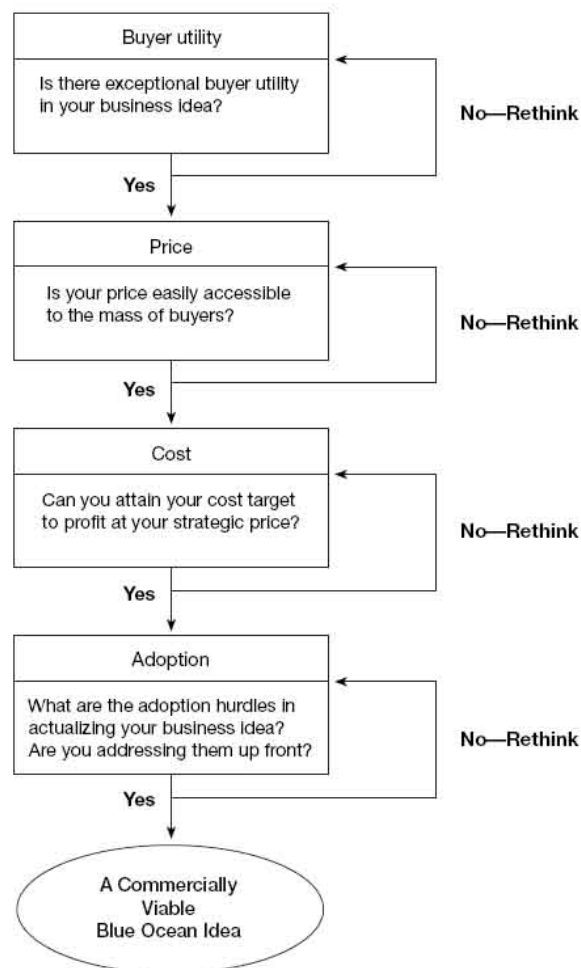


Figure 5: The Sequence of Blue Ocean Strategy (Kim & Mauborgne, 2005)

3.3.4 Discussion

There are a lot of similarities between what Porter says and how Kim & Mauborgne reasons. Both parts emphasize that it is the focus or activities that differentiates companies and ultimately creates a competitive advantage. Porter's frameworks are in our opinion great tools to use when trying to understand an industry and its value chain. When adding Kim & Mauborgne's model, or pragmatic framework, to decide whether or not these activities are of value results in a powerful tool that can be used to analyze and *understand* why some companies have decided upon a specific set of activities.

The literature suggests that it is possible, in a structured way, to find and utilize a competitive advantage or blue ocean. If this is the case, could it be that the fast growing companies have simply found a niche or a unique way of delivering value to their customer that their competitors have missed? Or, could it be that these companies are doing what Porter describes as doing things differently? Either way, it becomes interesting to further investigate whether or not this is something that these companies are doing consciously according to e.g. the ERRC-matrix. We think that it is a combination of the two that gives the biggest time monopoly. If a company can deliver something new or extra valuable to the customers, the "how" then becomes more of a supporting factor than if a company is only focusing on doing things differently and slightly better than the competition. If a company is able to create a new market and eliminate the competition, they have indeed created a blue ocean which gives them a time monopoly.

From this chapter, and the discussion above, we have extracted a few key areas to add to the research model:

- ERRC-matrix
- Market status
- Competitors
- Non-customers
- Positioning
- Time advantage



Figure 6: Time Monopoly

3.4 Culture– The essence of the growing organization

According to Barney (1985), three conditions must be met before a culture can provide sustained competitive advantages. These conditions result from research on competition by Michael Porter and Jack Hirshleifer in the 1980s. The first condition is that a culture must be valuable. It must enable a firm to do things and behave in ways that lead to high sales, low costs, and high margins or in other ways add financial value to the firm. The second condition describes the attributes and characteristics of the culture. It must be rare and have attributes and characteristics that are uncommon in comparison to a large number of other firms. The last condition is that the culture must be imperfectly imitable. (Barney J. B., 1986)

3.4.1 The approach to growth

To have a culture that is characterized by growth – it is important that everyone within the organization knows and understand how this will affect them and how they can contribute to further growth (Löfmarck Vaghult & Johansson, 2008, s. 82). Alex Coad (2009, s. 115) argues similarly, he says that growth is intentional and does not just happen. Managers and leaders must decide on growth targets and focus on finding and seizing opportunities. Charan & Tichy (1999, s. viii) agrees that growth is something intentional and point out that growth in successful companies is a result of the corporate mindset which is created by the leaders. This must later be pushed down the organization and touch everyone on every level. This reasoning is in line with what Wiklund & Shepherd (2003) says in their article *Aspiring for, and achieving growth: the moderating role of resources and opportunities* where they show that growth ambitions are positively associated with growth. Uno Alfredéen (2001, s. 70) concludes that entrepreneurs in fast growing companies often have genuine ambitions to grow which is also supported by others (Smallbone, Leigh, & North, 1995, s. 48; Davidsson, Achtenhagen, & Naldi, 2010; Barringer, Jones, & Neubaum, 2005, s. 664; Wiklund & Shepherd, *Aspiring for, and Achieving Growth: The Moderating Role of Resources and Opportunities*, 2003). In a study of 306 companies over 20 years Smallbone et. al. (1995) concluded that 93 percent of high growth firms had been aiming to grow over the period. Only 68 percent of the non-growers could say the same. 70 percent of the high-growth companies also referred to a strong growth objective compared with 32 percent of the other companies.

3.4.2 Vision, values, core ideologies and distinctive goals

In the book *Built to Last*, Collins & Porras (1997) found that the most visionary, and the most successful, companies in their study all had a wider focus than maximizing profits. They were all interested in profitability but they all had strong core ideologies and pursued broader and more meaningful ideas. They write

Profitability is a necessary condition for existence and a means to more important ends, but it is not the end in itself for many of the visionary companies. Profit is like oxygen, food, water and blood for the body; they are not the point of life, but without them, there is no life. (Collins & Porras, 1997, s. 55)

This view is strongly supported by Peter Drucker (2001, s. 14). He says that it is irrelevant to say that a company's primarily goal is to make a profit. He argues that the actual answer to what a business fundamental goal is to create a customer.

These core values and beliefs can help companies build a strong culture on which all activities can be shaped to fit. For instance, when hiring people, making strategic or tactical decisions the core values should always be taken into account.

To see values and beliefs as something important for success is not something unique to Collins & Porras (1997). Peter & Waterman Jr. (1982, s. 280) writes in their book *In Search of Excellence*, after their study of exceptional companies, that they

"In fact, we wonder whether it is possible to be an excellent company without clarity on values and without having the right sorts of values" (Peters & Waterman Jr, 1982, s. 280)

Morris (1985, s. 56) also argues that every company should have a strategic plan which should include guidelines that later can be used to steer the company.

A vision is, according to Sandström (2003, s. 40), the dream that the owner has when it comes to growth and future development of the company. Ahrens (2005, ss. 133-140) also argues that by having a vision, or guiding star, that all employees and managers knows about and accept – the company has an effective control system that helps people in their everyday actions. One crucial factor is that is it not sufficient just to have core values, beliefs and a vision on a piece of paper. These have to be communicated over and over again to everyone, at all levels in the company (Löfmarck Vaghult & Johansson, 2008, s. 83).

One way to effectively follow up on the vision is to have distinctive and clear goals. Without goals there is a risk that the people within the company do things blindly and without knowing which direction is the correct one (Löfmarck Vaghult & Johansson, 2008, s. 76). This view is shared by Morris (1985, s. 53) in his book *Växa med framgång* and Sandström (2003, s. 66). Collins & Porras (1997) mentions the importance of having a *Big Hairy Audacious Goal* which would *"serve as a unifying of effort, and acts as a clear catalyst for team spirit"* (Collins & Porras, 1997, s. 41). Uno Alfredéen also argues that if owners are not clear and distinctive about their goals it is impossible to formulate any relevant strategies that show how the company is to incorporate them (Alfredéen, 2001, s. 82). This view is also shared and complemented by Drucker who writes the following:

"Objectives are not fate; they are direction. They are not commands; they are commitments. They do not determine the future; they are means to mobilize the resources and energies of the business for the making of the future" (Drucker, 1974, s. 93)

3.4.3 The importance of continuous improvements

Several studies and authors point out the necessity of having a mindset within the organization that support and focus on continuous improvements. Among several, Löfmarck Vaghult and Johansson (2008,

s. 141) claims that it is the small steps that makes the big success. Instead of doing big changes, that might or might not be well entrenched, it is often easier to rely on smaller changes that people can understand and see the outcome of. The authors point out that it is easier to take these steps if every change is owned or governed by someone. In their book *Built to Last* Collins & Porras (1997, s. 81) have the same view on continuous improvements. They quote Thomas J. Watson Jr. who said

If an organization is to meet the challenges of a changing world, it must be prepared to change everything about itself except [its basic] beliefs as it moves through corporate life... ..The only sacred cow in an organization should be its basic philosophy of doing business.

They state the fact that most companies have this intention and understand the importance but fail to realize that many strategies, characteristics and tactics are not in line with this intention. To succeed with fulfilling this intention the company has to be able to transform this into something tangible. (Collins & Porras, 1997, ss. 81-87)

When Collins later did a study on why some companies became vastly superior to their competitors in his book *Good to Great* (2001) – he concluded that there was no single action that made some companies succeed while others didn't. By having an additive effect of small improvements it was possible for companies to create a huge momentum which enabled them to achieve great results (2001, ss. 165, 174-178). Probably a culture that promotes continuous improvements is one of the ways a culture could be valuable to the company as Barney (1985) describes it which was discussed in the beginning of the chapter. Another effect of continuous improvements is that, in the long run, they can change the way the company do business. Drucker writes:

“Continuous improvements in any area eventually transform the operation. They lead to product innovation. They lead to service innovation. They lead to new processes. They lead to new businesses. Eventually continuous improvements lead to fundamental change”
(Drucker, 2007, s. 70)

3.4.4 Experimentation

“The foundation for our successes is our mistakes” says Jorma Ollila, VD, Nokia (Alfredéen, 2001, s. 40). Having a culture that promotes and enables the people within it to act when the tempo is high and be initiative when there are no explicit method documented is an important factor when growing (Ahrens T. , 1999, s. 155; Peters & Waterman Jr, 1982). Collins (2001) agrees and says that a culture where values and beliefs are well known acts as a framework that gives direction and security to people to try and experiment. This mentality touches another important area. If mistakes are accepted, to a certain degree, people will soon be able to handle them and learn from them since they are a good source for knowledge (Alfredéen, 2001, s. 47). When people dare to act, and if they fail can learn from it, it shows that they want to improve and expand their capabilities to create better results. This is something Peter M. Senge calls a learning organization in his book *The Fifth Discipline* (Senge, 1995).

3.4.5 Discussion

Just as Barney (1986) writes, the company culture is one of several attributes that differentiate firms from one another. As shown above, it is fully possible that cultures could be a source for competitive advantage and a foundation for growth. To study what attributes and characteristics rapid-growth companies' have could give valuable insight and comprehension about other areas that affect growth. Since a culture depends on the people in it and the input from managers and leaders, both personnel and leadership are probably important areas to study in order to grasp the full meaning of culture and how it can affect growth.

It is interesting to see if we can find any evidence on how a culture can be connected to, or drive, sales, lower costs or in other way directly, or indirectly, affect financial outcomes to further distinguish what a valuable culture is. This implies that there exist one or several superior cultures (which are definable) that support and drives growth. If so, companies that want to grow should also want to form their culture to better match one that stimulates growth. To study how values, vision and goals affect people and the culture is a good start but since this is a factor that is both hard to define and describe, we think it is also important to investigate to what extend a culture can be an act of deliberate work and if there are some factors that are harder and more difficult to affect.

Continuous improvement and experimentation was identified as two areas were the culture could prove valuable if these areas are valued in the company. Probably experimentation could also be seen as one way of working with continuous improvements but in a more creative and experimenting way than with normal improvements in a previous established direction.

From this chapter, and the discussion above, we have extracted a few key areas to add to the research model:

- Attitude to growth
- Values
- Vision
- Distinctive goals
- Continuous improvements
- Experimentation
- Valuable culture



Figure 7: Culture

3.5 Leadership - What defines a great leader?

All factors put forward in our tentative model are in one way or another affected by the leader, or leaders, in every organization. Presumably the leaders in SMEs have even more direct impact on the company's culture, the people working there and the daily operations since they are smaller and less bureaucratic. There is, according to Goleman (2000), a unifying belief among seasoned businesspeople that a leader's primary job is to get results. According to Drucker, executives are expected to *get the right things done* (Drucker, 2007, s. 1). "Results" can be somewhat amorphous in this context but in the study of some 3800 executives, Goleman put forward evidence of a direct correlation between financial results, such as growth, and the organizational climate. The climate is described as the organization's working environment. Its *flexibility* – that is, how free employees feel to innovate; their sense of *responsibility* to the organization; the level of *standards* that people set; the sense of accuracy about performance feedback and aptness of *rewards*; the *clarity* people have about mission and values; and finally, the level of *commitment* to a common purpose. Leaders that could affect the climate positively had better financial results. (Goleman, 2000)

Even if it is the result that gives a company its competitiveness and possibility for growth – the characteristics of a successful and result driven leader are also important since he or she affects the result. Collins has in his article *Level 5 Leadership: The Triumph of Humility and Fierce Resolve* defined some characteristics leaders who run very successful businesses have. These are the people that combine the effective leader, that stimulate high performance with personal humility and professional will to create enduring greatness. Below are two tables that describe what Collins means by being a Level 5 leader (Collins J. , 2001).

Level 5 – Executive

Builds enduring greatness through a paradoxical combination of personal humility plus professional will

Level 4 – Effective Leader

Catalyzes commitment to and give vigorous pursuit of a clear and compelling vision; stimulates the group to high performance standards

Level 3 – Competent Manager

Organizes people and resources toward the effective and efficient pursuit of predetermined objectives

Level 2 – Contributing team member

Contributes to the achievement of group objectives; works effectively with others in a group setting

Level 1 – Highly Capable Individual

Makes productive contributions through talent, knowledge, skill, and good work habits

Table 5: Level 5 Leadership (Collins J. , 2001)

Below are two lists of what characterize a leader who can mix both personal humility and professional will.

The Yin and Yang of Level 5

Personal Humility	Professional Will
<ul style="list-style-type: none"> • Demonstrates a compelling modesty, shunning public adulation; never boastful • Acts with quiet, calm determination; relies principally on inspired standard, not inspiring charisma, to motivate • Channels ambition into the company, not the self; sets up successors for even more greatness in the next generations • Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck 	<ul style="list-style-type: none"> • Creates superb results, a clear catalyst in the transition from good to great • Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult • Sets the standard of building an enduring great company; will settle for nothing less • Looks out the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors, and good luck

Table 6: The Yin and Yang of Level 5 Leadership (Collins J. , 2001)

This set of traits and characteristics relates to what Goleman (1998) writes about emotional intelligence and success. He argues that the most successful leaders are the ones with a high degree of emotional intelligence. He puts forward five components of emotional intelligence, which are described below.

	Definition	Hallmarks
Self-Awareness	The ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	<ul style="list-style-type: none"> • Self-confidence • Realistic self-assessment • Self-deprecating sense of humor
Self-Regulation	The ability to control or redirect disruptive impulses and moods The propensity to suspend judgment – to think before acting	<ul style="list-style-type: none"> • Trustworthiness and integrity • Comfort with ambiguity • Openness to change
Motivation	A passion to work for reasons that go beyond money or status A propensity to pursue goals with energy and persistence	<ul style="list-style-type: none"> • Strong drive to achieve • Optimism, even in the face of failure • Organizational commitment
Empathy	The ability to understand the emotional makeup of other people Skill in treating people according to their emotional reactions	<ul style="list-style-type: none"> • Expertise in building and retaining talent • Cross-cultural sensitivity • Service to clients and customers
Social Skill	Proficiency in managing relationship and building networks	<ul style="list-style-type: none"> • Effectiveness in leading change

An ability to find common ground and build rapport

- Persuasiveness
- Expertise in building and leading teams

Table 7: Emotional Intelligence (Goleman, 1998)

One of the things these two researchers have in common is that they both have found evidence that leaders need to have characteristics that go beyond specific skills that are connected to, and associated with the business processes and products. In fact, there are those who say that experts within the organization rarely do well as leaders (Alfred  en, 2001). A lot of the features, or hallmarks, that Goleman relates to emotional intelligence could be connected to personal humility and professional will. If one is to have a level of personal humility we believe that you need to be able to show empathy and display good social skills. Combined with these two, it also requires the leader to have a level of self-regulation to be able to build up trust that can be leveraged. To have a strong professional will that can inspire people to achieve great results; a leader needs to be able to motivate which depends upon e.g. an understanding of people and the skills to talk and connect with them.

3.5.1 A mix of styles could be advantageous

In his article Goleman (2000) lists six different leadership styles that could be extracted from the interviews with the almost 4000 managers. He labels them *Coercive*, *Authoritative*, *Affiliative*, *Democratic*, *Pacesetting*, *Coaching*. See the table below for a detailed description on the difference between them.

	The leader's modus operandi	The style in a phrase	Underlying emotional intelligence competencies	When the style works best
Coercive	Demands immediate compliance	"Do what I tell you"	Drive to achieve, initiative, self-control	In a crisis, to kick start a turnaround, or with problem employees
Authoritative	Mobilizes people toward a vision	"Come with me"	Self-confidence, empathy, change catalyst	When changes require a new vision, or when a clear direction is needed
Affiliative	Creates harmony and builds emotional bonds	"People come first"	Empathy, building relationships, communication	To heal rifts in a team or to motivate people during stressful circumstances
Democratic	Forges consensus through participation	"What do you think?"	Collaboration, team leadership, communication	To build buy-in or consensus, or to get input from valuable employees

Pacesetting	Sets high standards for performance	“Do as I do, now”	Conscientiousness, drive to achieve, initiative	To get quick results from a highly motivated and competent team
Coaching	Develops people for the future	“Try this”	Developing others, empathy, self-awareness	To help an employee improve performance or develop long-term strengths

Table 8: Leadership styles (Goleman, 2000)

Interestingly, four of these six styles have a positive impact on an organizational climate, according to the study. Both Coercive and Pacesetting have a negative correlation with the six factors: Flexibility; Responsibility; Standards; Rewards; Clarity and Commitment. That a Coercive leader is negative is also confirmed by Hammer and Champy (2001). They argue that a leader is defined as someone that makes other people *want* what he or she wants – and not as someone that makes other people *do* what he or she wants (Hammer & Champy, 2001, s. 109). The leaders, who could mix the four other styles and change between them when needed, were the ones that had the highest, positive, impact on the climate.

As we stated earlier; to become a level 5 leader, that person needs to have good social skills to build up a level of trust that can be used to e.g. motivate or convince people. Both the style Coercive and Pacesetting represents a leadership style that relies on telling people what to do, or having the leader behind them pushing towards some goals or specific results. Neither of these two requires any level high of inter-personal skills. They work as long as there are control systems, a clear hierarchy and command structure. The other styles go about this in a different way. Instead of pushing people they put the leader more in front and use inter-personal skills to try to convince people to take a certain direction. We believe that the first two alternatives could be advantageous in some situations but to build a lasting company the other styles are better suited. One reason for this could be the fact that trying to command people to do things they do not believe could eventually lead them to do the bare minimum. Fallout of this is that the leader needs to put more effort into control as the company grows which could limit him/her to perform other important tasks. At least, we believe, these two leadership styles could have a negative impact on the motivation on the employees.

3.5.2 Some important actions

There seems to be a consensus among researchers that leaders who delegate work, and trust other people with tasks, is doing the right thing – and should continue doing so if they want better performance and growth. Among them are Frederick Herzberg (2003) and Johan Wiklund (1998). Herzberg has shown that highly motivated employees add to the success of a business. In his article, *How Do You Motivate People?*, he lists a few principles that will stimulate motivation. These are:

- Increase individuals' accountability for their work by removing some control

- Give people responsibility for a complete process or unit of work
- Enable people to take on new, more difficult tasks they haven't handled before

Herzberg dug deeper and extracted factors (that are supported by at least 16 other studies) that stimulate job *satisfaction* and factors that stimulate job *dissatisfaction* (Herzberg, 2003). See below for a detailed description on these factors.

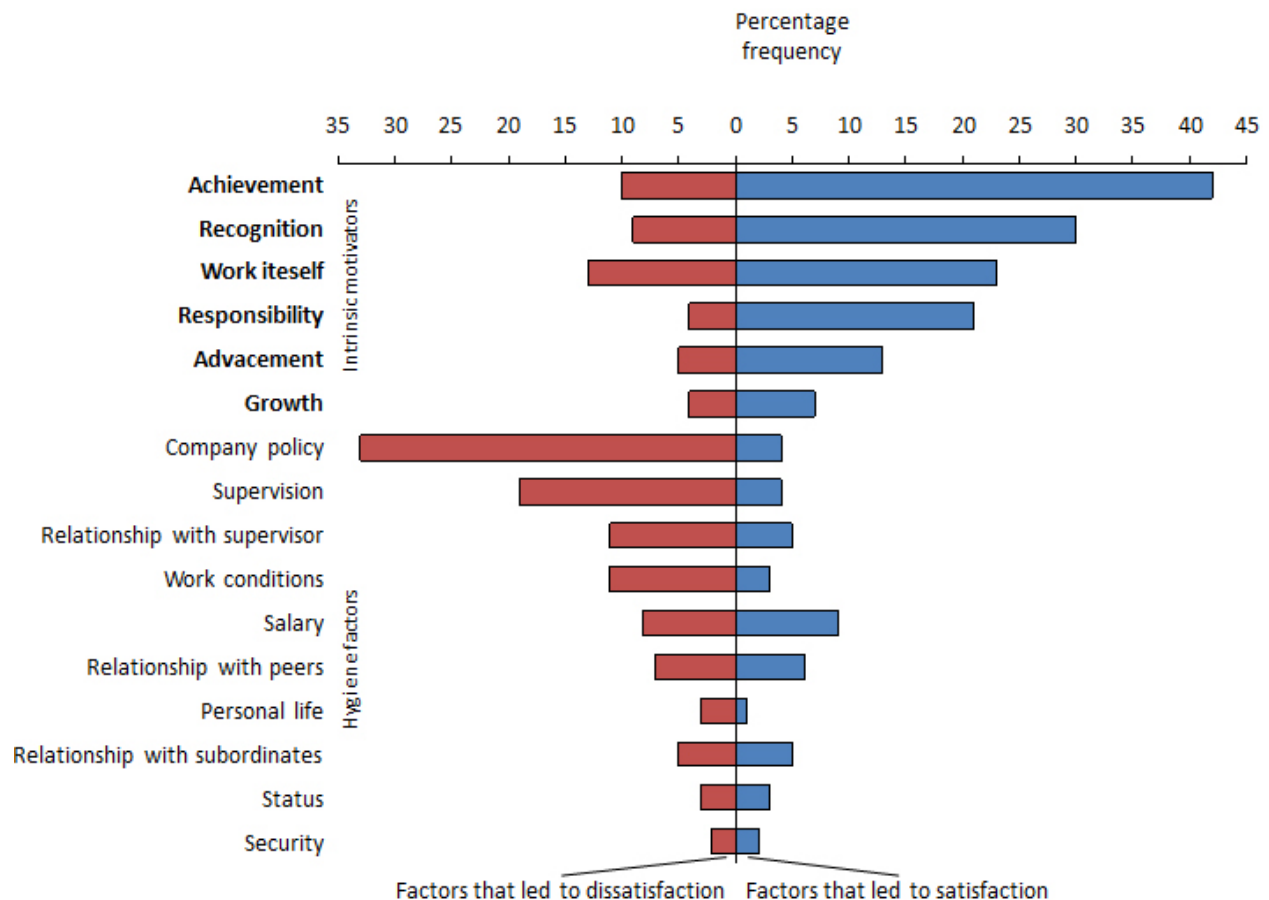


Figure 8: Factors that lead to satisfaction and dissatisfaction

The graph clearly illustrate that there are some factors that stands for most of the characteristics that lead to job satisfaction and vice versa for job dissatisfaction. This is even more evident when studying the totals for each group of factors. See below.

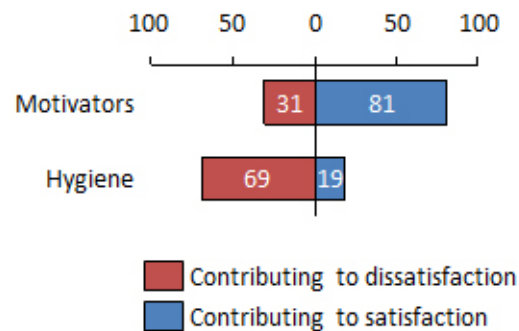


Figure 9: Summary of what factors that leads to satisfaction and dissatisfaction

Some of these factors can be connected to the definition of organizational climate as Goleman described (Goleman, 2000). Especially evident are the connection between *Responsibilities*; *Rewards* and *Advancement* as well as *Flexibility* and *Work itself*. This would suggest that leaders who could find ways to enable motivators to their employees also could, in a positive way, affect the climate which could lead to better performance and growth. Wiklund has found evidence that the leaders of small rapid-growing companies likes to work with strategic work-tasks as opposed to operational ones compared to leaders in non-rapid growth companies (Wiklund J. , 1998, ss. 239-240). Smallbone et. al. found in their research that managers who created more time for them self to manage, and extracted themselves from day-to-day operational tasks, were much more likely to achieve high growth over an extended period of time (Smallbone, Leigh, & North, 1995, s. 58). This would further suggest that delegation of tasks, and addition to the responsibilities of subordinates, is positively associated with growth and performance.

Within the earlier topics discussed in this frame of reference, such as culture and personnel, lies a lot of managerial tasks. The leader must also be able to set goals for the business and draw up plans to follow. He or she must be able to communicate goals and vision throughout the company as well as make sure that the company's processes and workflows are aligned with its core ideology (Collins & Porras, 1997). Gunnar Almesåker says that it is important "to be open and honest about where the company is going" (Almesåker, Former CEO of Biltema, 2010) which is further emphasized by former COO of Electronic Arts, David Gardner. He says that

"People are not fooled. When there are issues or things that need to be worked out, straightforward dialogue is important, out of respect for their intellectual capabilities"
(Goffee & Jones, 2007).

3.5.3 Discussion

Extracted from the theory above, a leader has to be able to do a lot of things and also have the skill and self-awareness to act differently depending on the situation and who are involved. Table 8: Leadership styles (Goleman, 2000), describes when each style works best. To some extent, it could be possible to find stages of the growth process when each style is to be recommended. In the beginning, before a period of extensive growth, an *authoritative* or *pacesetting* style could be advantageous since it could be

important to get results fast to secure a positive cash flow. As the business grows, styles like *democratic* or *affiliative* might become better suited to support delegation and encourage the people to deliver their own result without having a micro-managing boss leaning over their shoulders.

So, to become more than effective a leader needs to have abilities that go beyond specific skills and traits. These are not always easily described and crisp but we strongly believe that all areas that affect the culture, and inadvertently the financial results, require a lot of inter-personal skills. It is therefore interesting to study these inter-personal skills to figure out whether or not the companies we are going to study have a level 5 leadership. To do this we will have to take their emotional intelligence into consideration but also understand what kind of leadership styles exist within each company.

Furthermore we believe it to be of interest to see if we can find evidence of how the leaders of our case companies motivate their employees. This can later be analyzed both in relation to the factors put forward here and in relation to each other. At best, we might find a pattern between our cases.

From this chapter, and the discussion above, we have extracted a few areas to add to our research model:

- Level 5 leadership
- Ying and Yang
- Emotional intelligence
- Leadership style



Figure 10: Leadership

3.6 Personnel

The people in an organization are usually a very important factor for success and growth of the company. A lot of managers tend to say that people is the greatest asset a company has (Drucker, 1974, s. 255; Alfredéen, 2001, s. 17). It might therefore be a reasonable assumption that having the right people involved in the business could be of great importance. In *Good to Great*, Collins argues that one of the reasons some companies take the leap towards greatness is that they had the right people on the bus in the right places (Collins J. , 2001). He also argues that if you instead have an absolute genius at the top that can take care of all decisions and figure everything out by him/her, all you need is a lot of helpers in

the company. This can work as long as the genius is a part of the company but is devastating when this person leaves the company. Most of the reference companies that did not qualify as great companies in Collins study had this model while the great companies had level 5 leaders surrounded with disciplined people (Collins J. , 2001, ss. 41-48). Rather than having helpers surrounding a genius, several studies and authors presents evidence that having well educated (Andersson, 2001, s. 124) and disciplined people (Collins J. , 2001) is of importance for growth.

Both Collins and Thomas Ahrens argue that people who can take responsibility and initiative are people you want in your company to make it easier to grow since these do not need to be controlled and managed tightly (Ahrens T. , 1999, s. 155; Collins J. , 2001, ss. 127-43). To manage people by outcomes and give them a framework that they can work with-in is something that also Löfmarck, Vaghult & Johansson (2008) agrees on. It does not mean that managers can relinquish their position, but rather that they know that they have the right people aboard and that they can rely on them (Löfmarck Vaghult & Johansson, 2008, s. 83). To be able to take a step back and delegate the workload is something every manager need to be able to do when the company is growing (Morris, 1985, s. 16). Here Alfredéen adds that having the same person be part of the entire process and take some of that responsibility from the start could give several positive effects. Having the same person responsible for several steps in the process instead of just one minimizes the risk of losing information, quality or tempo. It also adds to that person's confidence which in the long run could have unforeseen bonuses. (Alfredéen, 2001, s. 78)

3.6.1 Recruiting process

When recruiting externally, it becomes crucial that the new employee is *quickly* integrated into the organization according to Alfredéen (2001). He argues that newcomers often feel insecure and need a sense of security within a couple of months. If this does not happen it is possible that it never will. (Alfredéen, 2001, s. 45).

If the notion, that human resources are important for growth then the recruiting process becomes a very important factor. Uno Alfredéen (2001, ss. 44-45) says that recruiting from within is a good idea since you know the person, his capacity and that he rarely needs longer introductions. If it is a promotion it could also show the rest of the company that it is possible to advance within the ranks which can be motivational. When it comes to recruit someone for a management position, Thomas Ahrens agrees that this should be done from within (Ahrens T. , 2005).

That employees, both current and future, are important from a growth perspective can be hard to argue against. For a company that is growing fast, and thus having a high need for new employees, it might be even more important that the recruiting process works well and does not become a bottleneck. According to Barringer et. al. (2005) the ability to attract and retain skilled personnel increases the probability that a firm will be able to effectively implement and maintain a growth-oriented strategy.

3.6.2 Discussion

It is clear from above that the personnel are of great importance for the growth of the company. So it is important to have the right people who also are what Collins calls Disciplined People. Who these people

are and what qualities they have are still partly unclear which of course is situation specific. Even if it mainly is situation specific there probably are some things that successful companies do when recruiting that help them select their right people. If on the other hand people that are wrong for the company are recruited that could probably lead to a lot of problems, unnecessary cost and probably also lower growth of the company.

To be able to attract and decide who the right persons is could be even more important for SMEs than for bigger companies since fewer employees mean that every person will have a larger impact on the overall results. First, from an economical perspective, smaller companies usually have more scarce resources, so, to hire the wrong person could affect the company's possibility to grow negatively since if they do not deliver the expected result, incur unnecessary costs and at the same time take focus and time from management that could have been used better. Second, to hire a person that does not share the values and beliefs would probably affect the company's culture.

From this chapter, and the discussion above, we have extracted a few key areas to add to the research model:

- Right People
- Attract the right people
- Avoid the wrong people



Figure 11: Personnel

3.7 Sales – The internal driving force of growth

That sales are important is hard to argue against since we are looking for drivers of sales growth. If selling the product or service fails or is neglected it does not matter how good the strategy is, what market and position the company has. This is one critical activity that cannot be neglected if growth is to be maximized. All companies need to have some kind of sales channel in order to survive and to be able to grow. Some even say that as small firm grows, its ability to cope with change is determined by new sales (Hill, 2001). Löfmarck Vaghult & Johansson (2008) classifies sales as one of four cornerstones when it comes to growth. Since both the sales and marketing activity in a company is very dependent on the specific industry and the company's strategies we will not delve too deep into this area but general factors for working effective with sales is of course of high interest.

3.7.1 Sales strategies should be systematic

So, if sales are crucial for companies, and especially companies that want to grow, the question becomes: what is effective sales and how do one achieve it? Working in a structured and orderly way can drastically help a company increase its sales according to an article in McKinsey Quarterly which tells that it is possible to organically grow between 30-50 % and increase the bottom line profit with about 15 % if a company add more structure and systematic to its sales work (Lukes & Stanley, 2004). This is supported by the fact that, according to an investigation done on 8 000 companies, only 17 % of available time dedicated to sale activities was spent in contact with customers (Löfmarck Vaghult & Johansson, 2008, s. 25). These findings suggest that many companies have a lot to gain by just formulating a sale strategy and then make sure they stick to it.

3.7.2 Customer focus is critical

When formulating an offer, the fundamental take-off point probably is the customers and their needs. This can be connected to the *Customer Value Proposition* that Johnson et. al. (2008) presents which is discussed earlier (see: .

What initiates and drives fast growth? on page 7). This is also supported by Löfmarck Vaghult & Johansson (2008, s. 17) who writes that a company should have an outside-in perspective where the customers get a lot of attention. If an inside-out perspective is applied, they fear that an organization ends up making more customer non-friendly decisions. They also say that by doing this it is easier to find a balance between changes, or actions, that drives growth and cost-reduction actions. This reasoning further emphasizes what Drucker argues when he says that a company's fundamental reason for being is to create a customer (see: 3.4.2 Vision, values, core ideologies and distinctive goals on page 20).

3.7.3 Discussion

The sales activities obviously drive sales growth so it is very interesting to understand how to best work with sales. To do it in a systematic way seems to be one factor and probably there are more general factors that are important. A strong customer focus also seems to be a factor driving sales, probably both in the short term because of an increased focus on selling and in the long term because of the better understanding of the customers that comes from a customer focus.

From this chapter, and the discussion above, we have extracted a few areas to add to our research model:

- Systematic sales activity
- Customer Focus



Figure 12: Sales

3.8 Expansion – Keep promises and expand fast enough

Greiner (1998) presents a model for evolution of firms that was discussed in the beginning of the frame of reference. This model states that each stage of growth or evolution in a company is followed by a stage of revolution that leads to a new period of growth. The essence in this reasoning is that all stages leads to new problems that make old solutions obsolete. These problems need to be solved in order to enable further growth. Most often the problems that occur are directly related to the chosen solutions to prior problems.

Greiners (1998) model takes into account the entire life cycle of a company from the start up to a large company. It does not go deeply into the early stages of the transformation process but instead tries to describe this as the first period of “evolution”. Scott & Bruce (1987) on the other hand takes Greiners (1998) model and revise it for SMEs and propose a new more refined model for the growth in small business. Below is a visual representation of Scott’s & Bruce’s model which clearly divide the life cycle into different stages.

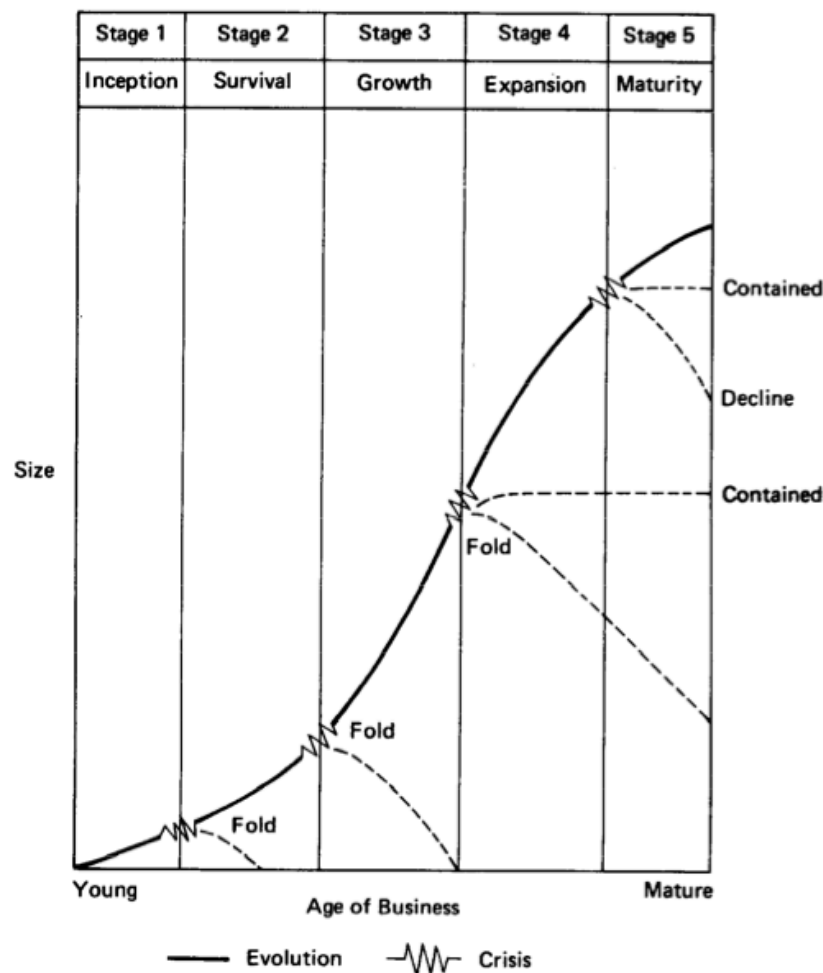


Figure 13: Five stages of growth in small business (Scott & Bruce, 1987)

Each of these stages represents, what they believe, unique challenges, and crises, that can be used to better understand the situation. We choose to elaborate these and summarize what describes each stage and what the possible problems are.

Stage	Description	Possible crises
1 – Inception	The company is new and main efforts are concerned with developing a commercially acceptable product and establish the company in the marketplace. If the owners hold out and accept the demand that the company places on their finances, time and energy in order to develop the company will reach the next stage.	<ul style="list-style-type: none"> • The emphasis on profit • Administrative demands • Increased activity and its demand on time
2 – Survival	At this stage the company is a working business entity and growth may put pressure on the demand for working capital. The level of competition is still uncertain because incumbents have not reacted on the new small company's existence in the market and new entrants following the company are still very possible if company is doing well.	<ul style="list-style-type: none"> • Overtrading • The increased complexity of expanded distribution • Change in the basis of competition
3 – Growth	By this stage the company is profitable but unlikely to generate cash for the owners since all capital need to be reinvested in order to finance the growth of the company. More of managers' time will be spent on coordinating the growing business and if the company grows to fast liquidity problems could lead to bankruptcy or if the company's offering turns out to not to attract enough customers.	<ul style="list-style-type: none"> • Entry of larger competitors • The demands of expansion into new markets or products
4 – Expansion	In this stage more formal control systems will need to be established and administrative functions systemized.	<ul style="list-style-type: none"> • The distance of top management from the action • The need for external focus
5 - Maturity	At this stage the company is no longer a small company and has succeeded to grow into a medium sized or large company.	

Table 9: Description of the five stages of growth (Scott & Bruce, 1987)

As presented in the model, each stage ends and begins with a period of potential problems which ultimately can destroy a company. Even if some of the possible crises can be connected to different areas in our tentative model, it will be interesting to study if, and how, our case companies have

endured or overcome their problems. If we take these stages for true it will be valuable for our study to analyze for example if a culture can help a company overcome these growth hurdles; or if the type of leadership has significant impact on the transition from one stage to another.

3.8.1 Keep promises and over deliver to enable word of mouth marketing

To grow rapidly, both Ahrens (1999) and Moore (1999) explain that at a certain point early in the growth process, quality must be good and promises to customers must be kept in order to reach the majority of potential customers. Buckingham (2005) also presents that meeting customers' base expectations is a prerequisite to enable word of mouth marketing that can create the tipping point effect described above. To expand delivery capabilities fast enough is also essential to survive in the battle for long term growth. If competitors manage to grow faster and expand capacity faster, their market share becomes larger and the accompanying economy of scale could lead to a forever lost time-monopoly (Moore, 1999; Ahrens T. , 1999). In order to keep the time-monopoly the capacity and the possibility to meet the demand needs to be developed continuously at the same pace, or faster than competitors, as stated before. A larger company normally has larger resources and could therefore have the possibility to develop a competitive advantage, which implies that it could be risky to not maximize the growth rate.

In order to sell to more than the first visionary customers or early adopters and reach the majority of potential customers - customers' expectations needs to be fulfilled. When expectations are not met the company needs to rebuild the bridge to the general market again and again and do not get the rapid growth that is possible according to Ahrens (1999). Moore (1999) also describes this as essential. He says that it is important to be able to cross *the Chasm*⁴ between early adopters and the early majority of customers. But in order to turn customers in to advocates for the company, and by that succeed with creating word of mouth marketing, more than just meeting expectations is needed (Buckingham, 2005). Buckingham presents a model with 4 levels where each level represents something that needs to be achieved in order for a customer to become an advocate. The table below illustrates these levels in a order of increasing importance.

Level	Description
1 – Accuracy	Customers want to get what they came for and to be billed for what they actually got. Deliver on time.
2 – Availability	Be there when the customers want to. Examples like ATMs, 24-hour convenience stores, extra staff during peak hours illustrate this point.
3 – Partnership	Partnership is defined as customers wanting to know that you're on the same side of the table as they are. Listen to the customer's needs and be responsive.
4 – Advice	According to the study, "Customers feel the closest bond to organizations that have helped them learn." Amazon.com's recommended reading list is an

⁴ The Chasm is described by Moore (1999) as a phase between selling to early adopters and the early majority of customers that in general are much more pragmatic. This is a step were historically 90% of all high-tech companies fail and often go bankrupt since these customers have different demands which makes it hard to *cross the chasm*.

example of this.

Table 10: Levels to turn customers into advocates (Buckingham, 2005)

3.8.2 Expand capacity fast enough to become market leader in your niche

In order not to risk losing the time-monopoly to competitors, the growth needs to be maximized so the company can become the market leader in their niche market. To do this, it becomes extremely important to be able to expand delivery capabilities (capacity) in the same pace or faster than the market niche is growing. The company cannot grow faster than it manages to expand capacity so this is an obvious limit to the growth. This could be done in several ways. As with all capacity decisions there are several options and aspects to think of. Ahrens (1999) recommends using outsourcing for all areas of the business that is not of strategic value for the competitive advantage underlying the time-monopoly. In this way available cash can be plowed back into activities or investments driving growth (like marketing, hiring sales-people etc.) instead of just capacity investments (like production machines) which will increase the growth.

In order to succeed with outsourcing and alliances with suppliers, Hoffmann & Schlosser (2001) identified some essential factors that the most fast growing and profitable companies do different. They emphasize soft factors such like trust as important but not sufficient without more hard factors such as strategic planning, good partnership preparation, strategic compatibility and governance mechanism for the partnership.

3.8.3 Discussion

As shown above, there are several reasons for a company to expand their delivery capabilities in order to meet a growing demand and to prevent others from becoming troubling competitors. It is a fine line to walk between risks and rewards or capacity and quality. The leaders, and the employees, all need to be aware of what an expansion leads to and that different degrees of a maturity contain new challenges and potential crises.

As a company grow the complexity and demand for structure and control grows with it. We will have to study what stage our case companies are in, what different transformations they have been going through and how the complexity and control system have developed over time. To fully understand this process and the outcome we will study if the transformations have been deliberate and to what extend the company itself, and its leaders, have been able to plan and control this change.

From this chapter, and the discussion above, we have extracted a few areas to be added to our research model:

- Strategic planning
- Delivery capabilities
- Internal change
- Limitations
- Quality



Figure 14: Expansion

3.9 Focus – The key to long term growth and success

Many business leaders and researchers state that focus is essential for long term success and that a loss of focus often is the major reason for stagnation or the fall of a company (Kim & Mauborgne, 2005; Collins J. , 2001; Ahrens T. , 1999; Collins J. , 2009; Porter M. E., 1996). Since many mention it and describe it as essential to sustainable profitability and growth we think it deserves some special attention even if it intertwined in many of the other areas in the model.

3.9.1 The effect of focus

Focusing on the core business has several interesting effects. First, a clear focus in the organization gives an enormous energy boost in the whole organization since it magnifies the effect of having a clear vision and goals that everyone can strive for (Ahrens T. , 1999). Second, a clear focus probably magnifies the *additive effect of initiatives* that Collins (2001) describes since all initiatives are taken in the same area. Third, a clear and continuous focus keeps the momentum in the business and the time-monopoly is protected and developed to stay ahead of competition.

Collins (2009) and Ahrens (1999) both describe diversification as the main reason for companies losing focus on the existing time-monopoly which results in growth stagnation or that profit margin are eroded. It is also the main reason for once great companies failing all together according to Collins (2009) in his book *How the Mighty Fall*. Alfredéen writes that a fundamental rule for entrepreneurs is that they should stay focused on the things they do best and have the courage to say no to things that might be lucrative in the short term but deviates from the original business idea (Alfredéen, 2001, s. 73). This reasoning relates to both Porter and a *blue ocean*-thinking since saying no to opportunities also means saying no to certain activities. If a company moves away from their blue ocean or their set of activities it is possible that incongruence between different areas or focuses might cause more harm than it does good. This incongruence, we believe, might be of strategic nature or can involve the needed knowledge and understanding of how different set of activities should be conducted.

3.9.2 Focus implies saying “No!” to business

Even if most business people could agree that a clear focus can be good to have, focus also means saying no to business which is easier said than done. Porter (1996) describes that a successful strategy diverge from competitors’ and argue that this is about trade-offs, which activities the company do and more importantly what it should not do. It is easy to add new features or starts to add services when comparing competitors’ offerings but a good strategy makes it clear when this is a sound idea and when it should be avoided. If trying to be best at everything becomes the goal, as it usually does, competitors converge their strategies making growth and profitability suffer due to the fact that advancements is not unique, instead it just raises the bar for everyone (Porter M. E., 1996). Ahrens (1999) also describes that focus is mainly about knowing when to say no to business and describes this to be very hard for entrepreneurs, who most often are seeking opportunities and it is in their nature to say yes to business. There is probably also huge time savings from all the time that do not need to be spent in the organization working on projects that are not going to be implemented or projects that take the company in wrong directions.

Saying no to an opportunity could also be an effective way of conducting cost control. All opportunities comes with, usually, new activities and added costs. Just as Drucker says:

“The only truly effective way to cut costs is to cut out an activity altogether. To try to cut back costs is rarely effective. There is little point in trying to do cheaply what should not be done at all” (Drucker, *Managing for Results*, 1964, s. 65).

3.9.3 New markets are a (almost) never ending growth opportunity

Since a time-monopoly is established in the home market the same time-monopoly could most often be established in other markets as well. One could think that in our increasingly global economy a time-monopoly should fast be copied by companies in other countries but still this rarely happens due to the information overload. Most often new markets present the opportunity to grow in the same way as already have been done in the home market since it is possible to create similar time monopolies, and that all the lessons already learned in the home market could be used to grow even more rapidly. Since the world is large, even a small market niche could provide growth for decades by expansions to new markets. (Ahrens T. , 1999)

Kim & Mauborgne (2005) also describes new markets as the natural way to expand a business built on blue ocean strategies since these blue oceans could be created in other countries which is both easier and have a lower risk than trying to diversify the company in the home market. Then the focus could also be preserved which enables the momentum to continue and increase according to Collins (2001).

Ahrens (1999) also describes that when expanding the company to new markets it is critical to follow the same methods and activities that were performed in the home market in order to successfully replicate the time-monopoly. This view is supported by Kim & Mauborgne (2005) who states that it is essential to build the business model in the same way in new markets in order to “swim as far as possible in the blue ocean” and resist the temptation to try to value innovate again when there is still opportunities in the current blue ocean with the present value curve. That it is important to try to replicate earlier methods or the template for the business in order to replicate performance is also confirmed by other studies (Winter & Szulanski, 2001; Szulanski & Winter, 2002)

3.9.4 Discussion

Focus clearly seems to be of high importance for growth and especially in order to maintain rapid growth. Probably this could be interrelated with the benefits how having a strong vision or clear strategies. Even if focus also implies certain strategies of replication when expanding internationally, internationalization will not be investigated further due to time constraints during case studies.

From this chapter we have extracted a few areas to be added to our research model:

- Diversification
- Saying No to business
- Clear focus



Figure 15: Focus

3.10 Cash is king – The financing aspect of growth

Several studies confirm that liquidity and availability to external financing limits the growth of firms. Fagiolo & Luzzi (2006) reaches the conclusion that liquidity constraints have a negative impact on growth, especially for small companies. This relates to Bechetti & Trovato (2002) who concludes that availability to external finance is critical for growth. They also note that small companies have a harder time to attract external finance than large companies. An obvious conclusion from this could be that internal finance limits growth for small companies which is confirmed by Sogorb-Mira (2005) for SMEs in general. Sogorb (2005) do on the other hand also find that high growth SMEs have more debt and have especially more long term financing than SMEs in general. If they are growing faster because of the external financing, or if they did get access to external financing because of their growth potential, is unclear. Other studies also reach the conclusion that SMEs growth is limited by internal financing and relate investments directly to generated cash flow (Carpenter & C.Petersen, 2002; Honjo & Harada, 2006). Carpenter & Petersen (2002) conclude that in general, SMEs growth in assets have a slightly greater than dollar to dollar relationship between growth in assets and cash flow. This suggests that growth is limited by cash flow together with a small leverage effect. On the other hand they also find that some companies issue new equity more frequently and grow more rapidly independent of cash flow. If investments in assets do pay off and translates into growth in sales and profitability is of course not sure and probably differ a lot between companies but this still gives us a good picture of how cash flow and availability to cash in general affect growth.

A study by Moreno & Casillas (2007) concludes that high growth small firms have lower availability to financial resources in terms of liquidity and solvency but obviously succeed to grow in spite of this. Probably it could be the other way around that the firms grew faster because they have maximized the use of their financial resources, both internal generated cash and external accessed financing by e.g. investing as much as possible in marketing and recruitments of new personnel. This leads to low liquidity and a maximization of the possibility of attracting external finance for investments leads to low solvency.

3.10.1 Cash flow management – A combination of growth focus and creativity

Cost management is one of the most researched areas in business research and we will not delve too deep into that area as stated in limitations. Costs obviously affects profits and is important but since cash flow according to the discussion above limits growth, cash flow management is probably more

important than cost management for maximizing the growth. Maybe it is not more important but at least more differentiating between rapid growing and slow growing businesses. According to Ahrens (1999) cash flow management in a growing business becomes essential if the growth is to be maximized.

Ahrens (1999) divides the cash management in growing business in the following four different key aspects:

- *High profit margins*
- *Negative cash conversion cycle, Payments in before payments out*
- *IK = Ingvar Kamprad mentality*
- *HFC = Hate fixed costs*

High profit margins are important to finance the high growth. This is directly related to *positive cash flow*. Ahrens (1999) describes positive cash flow as when the company gets paid by the customers before it needs to pay the bills which implies a negative cash conversion cycle⁵. Normally in business, suppliers need to be paid before the company gets paid by customers. If this is the case then more cash is needed the more the company grows in order to finance this difference. So growth in that case demands increased working capital. If this on the other hand is turned around so the company gets paid before paying suppliers then the more rapid the growth then the more cash becomes available. Liquidity and demands on working capital will no longer be an issue. Even if it is not possible to create a negative cash conversion cycle a high profit margin can make up the difference. The higher the cash conversion cycle is, the higher the profit margin needs to be in order to finance the growth without external financing. Credit times to customers and suppliers together with profit margin are therefore essential elements in maximizing the growth rate. This is probably also a reason to why it so important to create a time-monopoly in a blue ocean compared to competing heads on with competitors in a mature market since the time monopoly allows for high margins and sometimes creative strategies to minimize the cash conversion cycle. Heads on competition in a mature market seldom allow for high margins according to

⁵ The Cash Conversion Cycle (CCC) (Wikipedia, 2010) is the average number of days from paying suppliers until the company gets paid by its customers. This could be divided in payables conversion period, which is the average number of days it takes for the company to pay its suppliers; inventory conversion period, which is the average number of days between the inventory is delivered to the company from suppliers and when the company delivers the inventory to its customers; receivables conversion period, which is the average number of days for the company to get paid from its customers.

$$CCC = \text{Inventories conversion period} + \text{Receivables conversion period} - \text{Payables conversion period}$$

$$CCC = \frac{\text{Avg. Inventory}}{\text{COGS}/365} + \frac{\text{Avg. Accounts Receivables}}{\text{Credit Sales}/365} - \frac{\text{Avg. Accounts Payables}}{\text{COGS}/365}$$

Porter (1996) and since activities and best practices converge between competitors it is probably harder to arrange creative strategies to limit the cash conversion cycle more than the industry average.

With Ingvar Kamprad mentality, (IK) Ahrens (1999) suggest a focus on keeping costs as low as possible in order to plow back as much cash as possible in the most profitable ways available so cost management is of course essential.⁶

The reason for hating fixed costs, Ahrens (1999) last aspect above, is because it eats up a lot of cash and that investment in e.g. production is limiting the flexibility. Instead Ahrens argues that the flexibility gained by outsourcing as much as possible is extremely valuable, especially since it decreases the investments needed for growing and available cash can be utilized to maximum. Of course key resources building up the competitive advantage should not be outsourced since that would result in loss of critical elements of the business according to Ahrens (1999) which also is more or less confirmed by Porter (1996) who argues that it is the activities in the company that build up the competitive advantage.

These aspects presented by Ahrens (1999) could also be compared to those by Kim & Mauborgne (2005). They proposed a sequence for deciding if a strategy for creating a time monopoly in a blue ocean is good enough which was presented earlier in chapter 3.3, Time Monopoly - The key to initiate long term rapid growth. They propose that when a strategy is found that delivers exceptional buyer utility a strategic price have to be decided that would attract the mass of buyers. When this is done the next essential question is if the target cost that enables a good profit could be met. So they emphasizes that the profit needs to be large enough to finance growth and argue that this should be done by reaching a target cost. This confirms the fact that a high profit or cash flow is needed for sustainable growth and at the same time emphasizes cost management with target costing. If a high profit is expected even if the cash flow is lagging this could probably be solved by external financing solutions to make up for a long cash conversion cycle even if some studies presented earlier have argued that small companies have a harder time to attract external financing.

3.10.2 Discussion

Available resources can in many cases limit or hinder a company's growth. It is also obvious that running a company requires cash. If a company can see to it that it does not require more cash or working capital as it grows, it has also mitigated a huge risk of growth. To grow might also require a company to invest a lot of its free cash flow back into the company which can results in smaller cash reserves. Growth can therefore, financially, be a risky business.

Of course, profit is a result of sales, or revenue, minus whatever costs a company might have. A company that wants to grow and at the same time want to minimize the risk of a liquidity crisis wants to

⁶ Ingvar Kamprad is the Swedish founder of IKEA known around the world for its cheap quality furniture. Ingvar Kamprad is known personally to be the cheapest person born in Sweden.

maximize the profit and cash flow. This would be done by both increase revenues and decrease costs. We believe that seeing cash flow management as something that is not connected, or relates, to the other areas in our tentative research model, might be risky. A company that have adopted, what Porter would describe as, a low-cost position would benefit from an aggressive focus on lowering their costs since they, most likely, cannot affect their margins by increase the price. Other companies that have a different focus, such as delivering maximum value to their customers might not benefit from the same aggressive focus. If they have a premium product, such a focus might lead to incongruence between the general strategy of the business and the signals a cost-focus might send out.

From this chapter we have extracted a few areas to be added to the research model:

- Limitations to growth
- Risks
- Margins
- Cash flow
- Attitude to costs



Figure 16: Cash Flow Management

3.11 A refined tentative model for growth

From the discussions above that ends each chapter the tentative model for growth is further extended to the following model for growth, including all identified factors within each area.

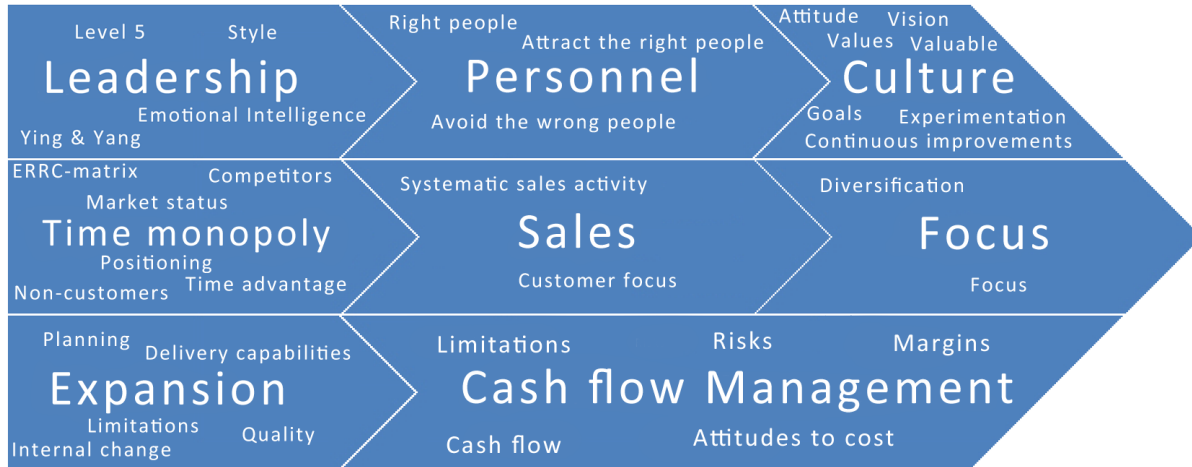


Figure 17: Model for growth

4 Methodology

In this section we describe our research methodology for reaching answers on our research questions. It explains our approach and what steps we have taken in order to make sure we asked the right question to the right people and how we later analyzed the data in order to reach reliable and valid conclusions.

4.1 Research approach and method

In order to fulfill our purpose we have used an approach that could be seen as a mix of both a deductive and an inductive approach (Creswell, 2003). Since our purpose is to find practices for maximizing profitable growth we have chosen to use existing theory to create a model for growth that implies hypothesis about which areas that drive or hinder growth. Having this model, we will do observations in order to confirm it. This is a deductive approach (Yin, 2009).

Using the observations and the data that we have gathered, we have also looked beyond the model for patterns regarding growth that were not covered by the studied literature. From these patterns, we have formulated new hypotheses that could be used in future research. This is the inductive approach (Yin, 2009) that was mentioned above.

The picture below illustrates our research approach.

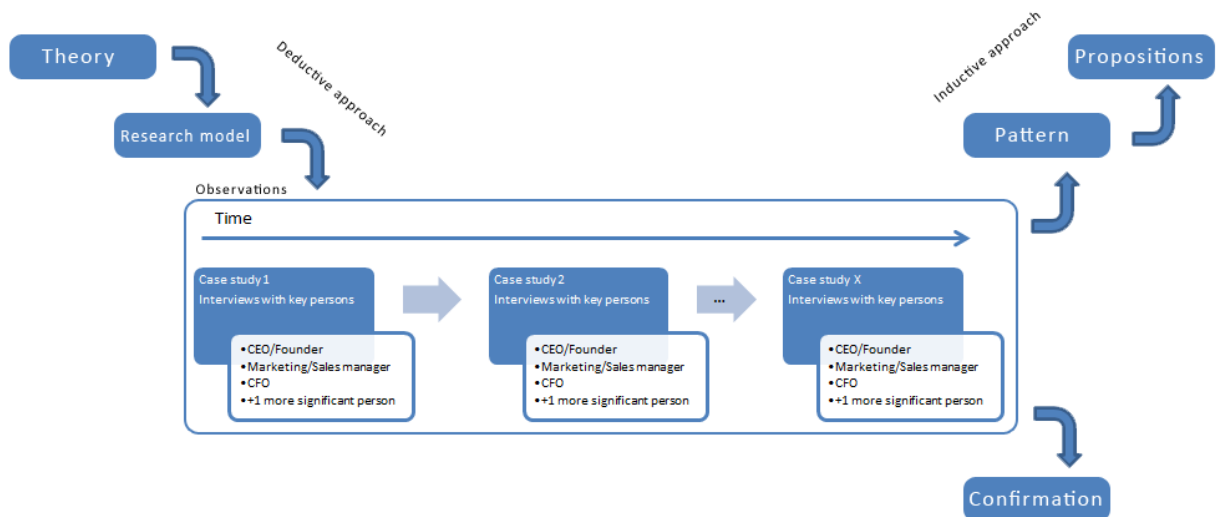


Figure 18: Method

Since we have tried to understand and explain how a business could be managed, the study could be seen as an explanatory study according to Lekvall & Wahlbin (2001). An explanatory study is often best conducted by a qualitative approach according to Lekvall & Wahlbin (2001) which is confirmed by Yin (2009) and that is also what we have done. A quantitative study could easier lead to generalizable conclusions (Lekvall & Wahlbin, 2001) but it would be hard to get a deeper understanding in order to answer the research questions.

In order to get a deeper understanding and because of our explanatory approach we have chosen to perform 5 case studies of rapid-growing SMEs. We have chosen to make several case studies instead of a single one to make sure the results are robust (Yin, 2009, s. 53), and in order to enable the understandings to evolve and the model to be revised for each case study since explanation building is iterative in nature (Yin, 2009, s. 141). The last case study was therefore not a replicate of the first one but is a little bit different depending on findings from the previous case studies.

To confirm the relevance of the model and ensure the internal validity in each case we have used a method presented by Yin, (2009, s. 136) called *Pattern Matching* to match each case company to the model. By doing pattern matching it is according to Yin, (2009, s. 139) possible to determine if the hypothesis implied by the model holds and by that also either find, or rule out, rival explanations for the rapid growth in the case companies. Even if each case study is not an exact replication of the previous one, as described previously, elements regarding the model will be replicated to enable pattern matching.

The pattern matching has been done by a with-in case analysis of each case. The within case analysis has also help us to get a deeper understanding of each case study, which is important for good qualitative case studies according to Eisenhardt (1989). Furthermore, it has helped us identify rival explanations for the rapid growth which according to Yin (2009) is important to ensure both the internal and external validity.

According to Yin, (2009, s. 141) explanation building is about finding the casual links for a phenomenon and/or find out “how” or “why” it happened which is exactly what we have tried to do. Our phenomenon is rapid, profitable, growth in SMEs and we have identified casual links in our model that was developed from theory. The case studies have helped to explain how SMEs can be managed in order to achieve the rapid profitable growth with some implied links between practices and growth in the case companies. Our findings therefore consist of both practices (“how?”) and imply logical links between these practices and rapid profitable growth. This is the inductive part of the study and the explanation building has evolved from both the with-in case analysis described above and a cross-case analysis of the case studies. Conducting a cross case analysis to find patterns between the cases and refine the model for growth, so it fits close with the data, is according to Eisenhardt (1989), essential to ensure that the findings and insights from the iterative process of explanation building leads to empirically valid theory.

4.2 Case Selection Process and Sample Size

For this study we have chosen to start our selection process with all SMEs in Sweden. When applying the same criteria as Dagens Industri to find gazelles from the last two years, the sample size was greatly reduced to about 2000 companies. To further filter and reduce the sample size we have taken time and cost into account (see Limitations on page 4). For this study we have therefore decided to study SMEs that are close to Linköping, Göteborg or Stockholm to limit travels. Both Lekvall & Wahlbin (2001) and Patton (2002, s. 244) argues that when doing qualitative research, a distinctive best sample size cannot be easily decided. Patton (2002, s. 244) says that sample size depends on what you want to know, what

the purpose is, what will be useful and what can be done within the cost and time frame. Lekvall & Wahlbin (2001, s. 252) agrees but argues that when doing an exploratory study, a sample size between a few and 20-30 could be sufficient. They continue and say that the rule of convergence could be successfully used as rule of thumb when deciding when to stop adding samples. The idea is to stop when additional answers do not add new information. This view is confirmed by Yin (2009, s. 143) who states that explanation building is an iterative process and the initial theoretical statement or proposition (in our case the model for growth) should be revised for each case study and that no more case studies are needed when revision after case studies do not result in new findings.

Out of the 1310 companies that are classified as gazelles by DI 2009, we decided to select around 5 SMEs in different industries that are in top of their region when it comes to growth. To find which 5 to study, we identified them by using the following criteria:

- Filter out companies from the list that have 51+ employees
- Among the remaining, filter out those that are located in the following regions in Sweden:
 - Jönköping
 - Stockholm
 - Södermanland
 - Västra Götaland
 - Örebro
 - Östergötland
- Among the remaining we selected those companies that during 2008 had grown more than 200 percent over three years and contacted the companies in top of the list first.
- The 5 companies that first confirmed that they wanted to participate in the study were then chosen and interviews were booked with selected persons at each company.

From the list of 1310 SMEs we ended up with: Sociala Tjänster; Centigo; Rodeco; ExpanderaMera and Amanda Assistans.

Three of these are located in Stockholm, namely: Sociala Tjänster, Centigo and ExpanderaMera. Rodeco are located in Åtvidaberg and Amanda Assistans in Falköping.

4.3 Work phases

We have for the planning and execution of this study decided to follow a research model presented by Lekvall & Wahlbin (2001) which helps us ensure the quality of the study. The model is illustrated below, see Figure 19. The study has followed the order of the large arrow while the small arrows link together the different parts and phases of the study.

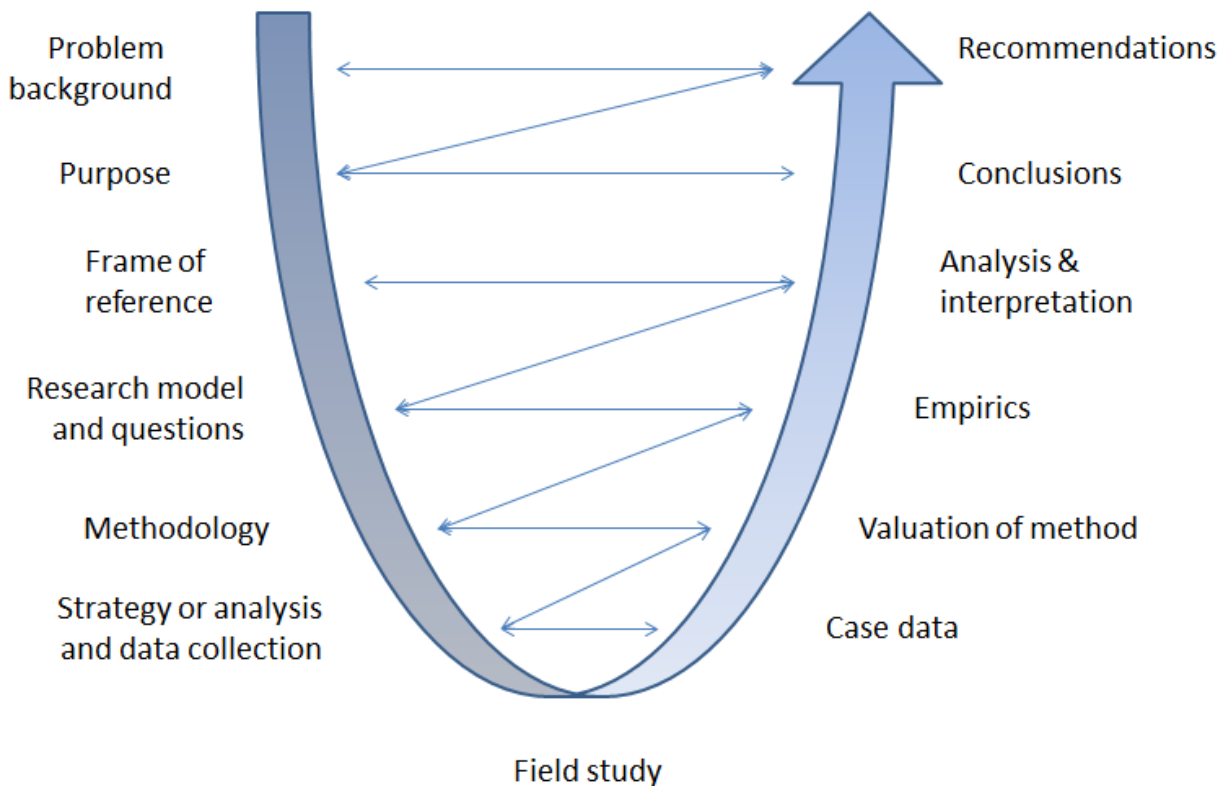


Figure 19: Model for conducting research, Lekwall & Wahlbin (2001)

Initially, after deciding the general direction and the purpose for this study, we read available⁷ literature on the subjects of growth and growth strategies to form a basic view. We had some prior knowledge since this subject touch both the context of university courses we have taken, but also due to the fact that we enjoy reading business literature in our spare time and have developed small personal libraries on the subject. These books, together with books from the university library, various articles and reports formed the basis for our frame of reference. We also used the identified literature to find even more literature based on the frame of references in the articles we found useful and recommendations in the books we read.

The outcome from the frame of reference was a research model that helped us formulate our refined research questions. Within each area in our frame of reference we formulated a few key areas that would later help us analyze each case. This was an important step as it helped us narrow down what the literature said was important. It was from each of these areas we later were able to do analysis on each case and each area within each case.

⁷ We walked to the university library and went straight for the shelves with business literature. After checking every book on the approximately 20-30 shelf-meters (with approximately 5 rows of books in every shelf) we ended up with around 60 books. We scanned these fast and skeptically which reduced the amount to approximately 25 books that seemed interesting and around 10 more were ordered since they were already borrowed.

Simultaneously as we developed our frame of reference we iterated our methodology that we were going to use. Since time was the number one limiting factor for us, it was especially important that once we had a research model and research question, we could begin the field work. Also, we knew early on that the people we meant to interview usually are busy and have a lot to do. We did research on which methodology approach that would fit our needs by reading a few books, look at other master thesis and by discussing with Anna Öhrwall Rönnbäck and Ya Zhang. The outcome was that we decided to use pattern matching in order to do cross-case analysis of the data we were going to gather. To further analyze the data, we decided that we were going to identify the primary drivers and the primary enablers for each case. A driver is a factor that has, directly, contributed to growth, whereas an enabler is a factor that has made growth possible but in itself – does not contribute to growth. An interview guide was created and we designed it to answer our refined research questions by including the 8 areas we had in our research model and the specific factors we had extracted from each area. This approach ensured us that we had enough material to use in our analysis that was to come.

4.3.1 The data collection

In the field study, data was mainly collected by interviews with 2-4 persons of each company. The interviewed persons were selected so they spanned the areas in our model for growth and had a long history in the company to ensure a deep understanding of the company. In each case company persons with the following roles were interviewed:

- CEO/Owner
- Marketing/ Sales Manager
- CFO
- One more person that had been significant for the rapid growth of the company

In several of the companies the same person had several of these roles which led to fewer than 4 interviews in these companies. This was not surprising since small companies often have smaller organizations and it is usual that persons have several roles. The interview with the CEO/Owner was conducted as what Yin (2009) calls an in depth interview and where approximately two hours long spanning all areas in the model. The other interviews were more of what Yin (2009) calls focused interviews and were focused more on the specific areas of that persons responsibilities related to our model. These interviews lasted for approximately one hour. In order to ensure the quality of each interview we were two interviewers at each interview and each interview was recorded to enable later revival. The recordings were used extensively during the with-in case analysis to double check facts from the interviews.

Each interview was semi structured which allowed us to follow our line of inquiry concerning areas in our model for growth while at the same time allowing for open ended questions that gave the interviewees the possibility to speak freely about their companies and how it was managed. We made an effort to not steer the interviews too much to our model for growth in order to not get biased results or miss some rival explanations for the case study companies' rapid growth.

During each interview one of us was writing down as much as possible to ensure that we had material to work with in case of problems with the recordings. The other person was more focused on listening so he could ask better follow-up questions and ensure that we did go deep enough into each area. This setup was very successful and the interviews became more relaxed and they didn't feel constructed or tensed.

4.3.2 The way to conclusions and recommendations

After we had finished an interview we took some time to do a quick recap of what was said and how we interpreted it. This reflection gave us several important insights and it also gave us the opportunity to write down some things we otherwise, most likely, would have forgotten.

Since we prior to the field study had decided what we should collect; what to analyze and how we should do it – the process that followed our field study was straight forward. We wrote a case description for each company so we easily could do the in-case analysis that was decided earlier. At this stage we mapped the information we had gathered on all areas to the research model we had developed. Each case was analyzed according to the factors we had associated with the respective area. To conclude each case description we ended with an analysis of what have been the primary drivers and primary enablers for each company. This gave us the opportunity to do the cross-case analysis in a structured way and it also ensured us that we easily could compare cases against each other.

Since we started the process with our purpose, and used the technique described by Lekkval & Wahlbin, we were guaranteed to end up with analysis that we could gain approval for in the frame of reference. This makes it easier, and in a valid way, to draw conclusions since they are grounded both from the literature and from our cases.

4.4 Quality of the study – Reliability and validity

Below we describe how we have been able to reach high reliability and high validity.

4.4.1 Source criticism

For this report we have tried to include books and articles that we believe are based on substantial research. By doing so we have minimized potential bias and ensured that the quality remains high. There is a risk that the information we gathered during our interviews does not represent the actual picture or is the true facts about the companies. It is possible that we have gathered a lot of thoughts and ideas from the interviewees. We have not had the time, or possibility, to verify statements to ensure that actual actions and doings correlate with these thoughts and ideas. See Validity below for a more detailed explanation.

We have used the annual reports for each company as a source of information. Even though these only present an image *at a certain time* we believe that they could be seen as a truthful source of information.

4.4.2 Reliability

In order to ensure a high reliability in the study several actions have been taken. As described above two interviewers were present at each interview to minimize risk of misunderstandings, an interview guide were developed in order to standardize the line of enquiry during the interviews. Every step in the study have also been documented above which according Yin (2009, s. 45) is essential to ensure the reliability of the study since it enables other researcher to replicate the study and arrive at the same conclusions. We do not believe that the use of a recording device has in any way affected the result of our data gathering. All interviewees were asked beforehand and they all granted us the use of a recording device during the interview sessions.

We have also tried to minimize bias from our previous entrepreneurial background both during interviews and during the analysis of the case studies in order to not draw false or to early conclusions. During each interview, questions were operationalized in order to make the interviewee fully grasp the questions and critical statements were followed up by confirming questions. This to ensure that the interviewee answered the right questions and that we interpreted the answers correctly. After the drafts for the with-in case analyses were finished we sent them to the studied companies in order to make sure that we have understood and analyzed the situations correctly. We received some minor changes for most of the studies and some larger changes for one of the studies which ensures that the case studies presented in this report is correct.

4.4.3 Validity

In order to ensure our construct validity in the study concerning how the study was performed our literature study was extensive and we made an effort to first find as many theoretical explanations as possible for rapid growth, and growth in general, and then find as many perspectives as possible on each of these explanations which was synthesized to our model for growth. This model was discussed with Gunnar Almesåker who is a seasoned business man to confirm the importance of the areas and to get ideas for new areas that we might have missed. To strengthen the construct validity even more two interviewers were present at each interview and the interviews were recorded as described previously.

That we only interviewed people that are in a management position, at each company, makes the risk higher that the answers we get might contain some bias. Due to our limited time (see Limitations on page 4) we do not have the possibility to lower the risk of biases by extend the interviews to cover other parties, such as employees, customers or suppliers. We have during the interviews tried to ask follow-up questions to clarify or verify statements with information whether or not the statement is in line with actions that has been performed. Therefore we have tried to lower the risk of having a picture of the company that is based on the interviewee's thoughts, rather than what actually happened.

In order to ensure the internal validity of the study we have done pattern matching for each case with the model for growth as recommended by Yin (2009, s. 136) based on an with-in case analysis which is recommended by Eisenhardt (1989) (the pattern matching and with-in case analysis is described more in depth earlier). The internal validity of the explanation building as presented by Yin (2009, s. 141) is strengthened by the refining of the model for growth after each case interview in order to generate new

theory with a as close fit as possible to the data. We have also addressed rival explanations for the rapid growth of each case study company to strengthen the internal validity further.

The external validity, or the generalization as it is also called, of the conclusions is an very important aspect since it determines the value of this study and the fulfillment of the purpose since the purpose is to understand how companies (not the case companies but companies in general) can be managed to maximize the profitable growth. According to Yin (2009, s. 43) results from case study research does not rely on statistical generalization which is normally implied when generalization is discussed. This is the reason why some say that qualitative research is not as reliable as quantitative research. Instead Yin argues that case study research do rely on analytical generalization which leads us to that our conclusions can be generalized for companies in the same situations as the companies selected for the case study.

5 Case Studies

In this chapter we introduce the companies we have studied and analyzed. From the case selection process we ended up with 5 companies. These are four service companies and one industrial company. Sociala Tjänster, Centigo, ExpanderaMera and Amanda Assistans are all service companies and Rodeco is the only company that produces and sells products. For each company we: describe the business and some relevant history; explain how they have worked with the factors we have included in our research model; analyze the effect that each factor has made on the company; an analysis of the primary drivers and primary enablers.

5.1 Sociala Tjänster

Sociala Tjänster helps Social Services in several Swedish cities by providing families for troubled children and teenagers who need a new family for a time period of everything from a few days to several years. These children and teenagers all have difficult backgrounds and for a variety of reasons they need a more stable environment than their biological family (if their biological family exists). Sociala Tjänster finds, educates and give 24h support to families that are willing to accept, take care of and help these children and teenagers. The main customers are the social services, who are responsible for helping these children and teenagers, in cities from Mora in north to Lund in the south of Sweden.

The company was founded as a sole proprietorship by Ulf Fredriksson in 2001. Ulf is a graduate from a school of Social Studies and worked for a number of years for the social services in Stockholm. In 1999 he quit and started working for Adecco where he started a division of the employment agency for people with the same background as Ulf who he then rented to the Social Services. Later Adecco did not want to expand the business the way Ulf wanted so Ulf decided to try it on his own.

Ulf was aware of a huge need in the city of Stockholm to place troubled kids in more stable homes and that there generally was a lack of available families. In 2003 he had arranged four homes and worked alone until 2004 when he formed Sociala Tjänster Sverige AB and recruited his business partner Janne Karlsson.

Ever since the start the goal has been to offer the best service and always to deliver the results the customers want. This focus gave Sociala Tjänster several contracts in the beginning, even from cities that had a general agreement with some other competitors. Sociala Tjänster did not offer the lowest price but neither the highest. The reason, according to Ulf, that they were able to deliver outstanding service to a fairly low price was that managers and staff put copious amount of time into the company and worked long days. There was a spirit of being part of something new and wonderful which was a source of energy to the first 6 people who worked internally in the company. The results were good and the fact that new contracts poured in gave people a feeling of success which further motivated and stimulated them.

Gradually, as Sociala Tjänster have become bigger and employed more people, new structures and procedures have been added. The families are however also employed by Sociala Tjänster and some all employees does not work internally in the company. As of two years ago they started working with

developing and formulating their values and beliefs after going through a period of trouble with employees who formed informal groups against management which of course lead to some internal issues. The result was to lay off a couple of employees and put more attention to defining the company culture which will both help the company attract and select future employees and help them to govern the current workforce.

5.1.1 Financial Analysis of Sociala Tjänster

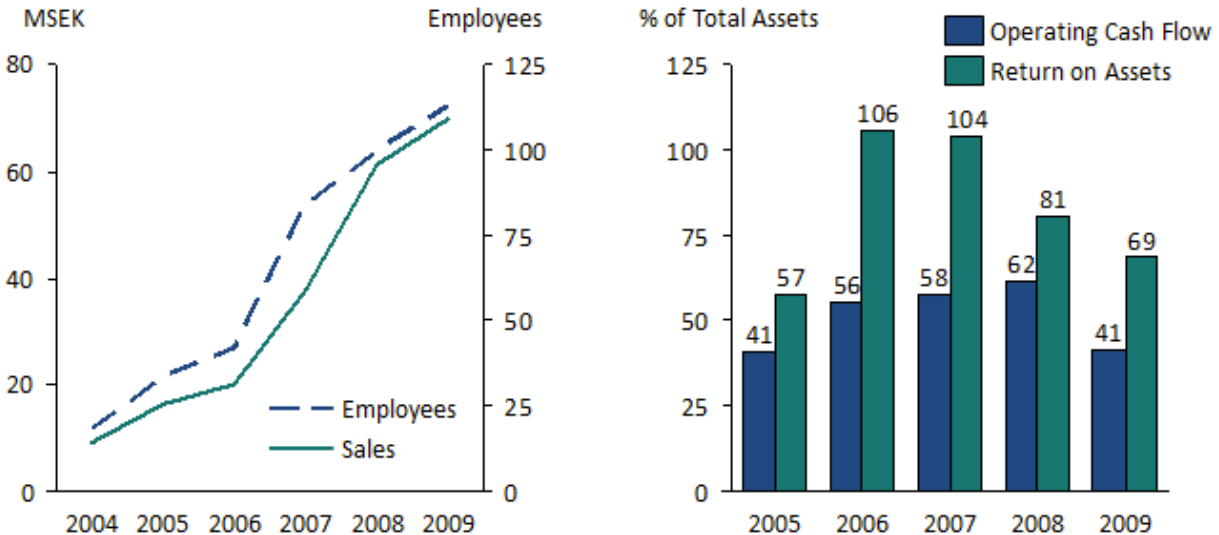


Figure 20: Financial Analysis

5.1.2 Time monopoly

The essence of Sociala Tjänsters business idea is to help local social services with placements of troubled children and teenagers. Since this is something the social services also do by themselves it is an issue of outsourcing which leads to a situation where Sociala Tjänster need to deliver its services better than the Social Services do themselves and at the same time better or at lower prices than competitors. They were first with a system of BBIC, which are a reporting system and a method for working which makes sure that the child's best are in focus and that the child always come first. This has been a strong competitive advantage both in working with the families and the customers. This service to families has been very important since availability of families always have been a bottle neck for the Social Services.

Sociala Tjänster separates themselves from their customers and competitors in several ways:

- ✓ Better service to the families attract new families to Sociala Tjänster
 - Education program consisting of a very popular trip to Åland twice a year for all families
 - 24 hour standby service to the families by the responsible consultants
 - Available doctors for fast service when needed
- ✓ Better service to the customers – the social services
 - The employees at the social services are invited to join the education program for the families

- Fast service with finding new families which is most often a lacking resource for the customers
- Fast service for special arrangements, e.g. finding a new school for the children
- ✓ Higher value for money delivered than competitors and the social services

The combination of better service and low prices has fueled the growth and led to a high demand.

5.1.2.1 Analysis of Time Monopoly

Sociala Tjänster managed to enter this, already existing, market and deliver outstanding service to their customers. Their business model enables them to raise the service level well above that one of the Social Services'. At the same time they manage to have lower prices than many of the competitors. This is evidence of a blue ocean strategy and their company is very much aligned with the strategy of differentiation (high service) and low cost. This is something that Kim & Mauborgne (2005) holds as key factors when creating a blue ocean strategy (see 3.3.3).

Sociala Tjänster's positioning is that of a needs-based positioning described by Porter (1996). All their customers, families and children have different needs that require Sociala Tjänster to meet them in unique ways. It is in line with what Hax & Wilde (1999) would describe as a focus on customer solutions (see 2.2.1.2). In this case it might not be a focus on customer economics for their customers, but instead a focus on deliver the best possible support for the children and families which the local Social Service offices most often are unable to do by themselves. As they were very early to enter this market they had a time monopoly at the time which was based on their unique service offer. When competition has stiffened, their time monopoly has become smaller but is protected by the strong service offering to the families which makes them want to continue working with Sociala Tjänster and also attracts new families.

5.1.3 Culture

Both Ulf and Janne had a strong vision of building something great, a company that helped these troubled children and teenagers in the best way possible. This vision came from their own work at Social Services where they have seen the problems and that neither children or families got as much support as needed.

"At Sociala Tjänster we are always open and honest to our customers" – says Ulf. He elaborates and says that they have the courage to tell the customers when something is wrong. Within this business there are a lot of actors that focus too much on how many days they have sold to the Social Services and too little focus on the quality. They have, according to Ulf, the ability to take a step back and admit when something did not go as planned and suggest changes or terminate the assignment if necessary.

During the last two years, Social Tjänster has worked together with a consultant from Ahrens who has helped them in their work with developing and formulating values. Everyone has participated in the process and all has got the opportunity to express their thoughts and ideas. This has taken a lot of time but it has definitely been worth it – says Ulf. From these values, the next step will be to set goals regarding quality that can help people in the organization. Prior to this process, Sociala Tjänster did not

have any values or beliefs clearly expressed which, according to Ulf, did lead to some problems in recruitment of employees and that some of these employees was behaving improperly which caused internal problems as described earlier.

5.1.3.1 Analysis of Culture

Sociala Tjänster have always strived towards helping troubled children and teenagers by delivering exceptional services. This has been kind of a guiding star, or vision, as described by Ahrens (2005) and Collins (2001), (see chapter 3.4.2). It is this vision that has guided them and also helped them to be honest when mistakes have been made so that they could change, fix the problem and improve. In this sense they have always tried to do better and improve their service. Since they are working with a lot of people that have troubles, it has not always been easy to find a way that has worked right away. Sometimes they have been forced to take a step back, analyze, and tried another way. This is could be compared to what we described as being open to mistakes and has the guts to experiment and try new things (see 3.4.4 Experimentation).

Even if Sociala Tjänster recently started with clarifying values for the whole organization, Janne and Ulf showed very strong values regarding e.g. honesty and always delivering the best support possible.

5.1.4 Leadership

When we asked Ulf and Janne to describe their leadership style with three words we got the following answers:

Ulf Fredriksson	Janne Karlsson
1. Wants to have control	1. Prestigeless
2. Flexible with people – <i>if</i> they share the same values!	2. Restless
3. Wants to decide	3. Goal achieving

Table 11: Description of Ulf's and Janne's leadership style

Ulf says that he now focuses on removing obstacles for managers so they can focus on quality and delivering as promised. It is important that everyone takes responsibility for their job and if something does not go as planned. This is something he demands from everyone in the organization. He adds that it is perfectly fine to do a mistake every now and then but that it is important to learn from them so they are not repeated over and over.

To motivate people both Ulf and Janne strive to do this on an individual basis. They have tried different bonus system which was a disaster that they later removed. Instead they now have private discussions with each and every employee where they give feedback and listen to that individual's need. Instead of monetary rewards they now focus on providing personal development on the job, such as trainee programs and courses, as well as the opportunity to take a step up, career wise. To give feedback to people and make sure they know that they are doing a good job has been a success according to Janne.

5.1.4.1 Analysis of Leadership

Ulf and Janne have their differences, but also some similarities when it comes to their leadership. They are both very driven and show great determination to achieve what they have set out to achieve. They both display a passion to work for something more than money. The care for troubled children and teenagers comes first and they have with their actions showed a great deal of self-awareness and self-regulation as they have displayed that they can make mistakes and then deal with them accordingly. These traits are what Goleman (1998) writes about when describes emotional intelligence (see 3.5)

It is safe to say that they both have empathy and the necessary social skills to deal with these teens and their parents. Without this, we believe, it is impossible to start or run this kind of business. The fact that they have worked for two years with their values, and how they should work, shows that they are prepared to go the length that is required to create great results. This, in combination with the goal that everyone should and can take responsibility, displays that they are working towards setting up standards and structures that decrease the dependence on themselves.

We believe that the abovementioned facts have enlightened many of the characteristics of *Level 5 leadership* (Collins J. , 2001) both regarding personal humility and professional will.

Ulf and Janne are a bit different when it comes to their leadership style. From how they describe themselves, and from their actions, we interpret their styles as the following; Ulf is a combination of *coercive, authoritative, pacesetter* and *coaching*. Janne on the other hand is more a combination of *authoritative, democratic* and *coaching*. Whether or not the differences in leadership styles are something beneficial, are something we believe to be true. To have a broader repertoire of styles within the company, make it easier to use the one best suited to the situation.

5.1.5 Personnel

Sociala Tjänster has now a strong focus on trying to recruit the right people with the right mindset. Ulf Fredriksson emphasizes the importance of recruiting people based on their attitudes and has a view that people does not change and cannot be changed, which makes attitudes even more important. At the same time they have done some bad recruitment which led to a culture problem. People in the organization started forming groups and a situation where people talked about each other behind their backs began taking form. One of the reasons why it happened was that Sociala Tjänster recruited friends of employees. Another one was simply lack of time and interest in having prolonged discussions with candidates. Today, they use the service of a recruitment agency when they want to hire someone. It gives them more opportunity to screen people before they employ someone.

5.1.5.1 Analysis of Personnel

Since Sociala Tjänster is a service company, their customers are people and that their offer involves people doing services for other people, they have witnessed the importance of having the right, or wrong people, on the bus – as Collins (2001) describe it. They have been through a problematic situation with their employees which they have been able to pinpoint to a lack of clearly defined corporate culture. This is evidence that supports the fact that the culture can have a tremendous impact on the

results, just as described in chapter 3.4 Culture– The essence of the growing organization. After this incident, they express and emphasize that the attitude of a candidate is most important when they look for new people to employ which is supported by both Collins (2001) and Ahrens (2005).

5.1.6 Expansion

Sociala Tjänster has always had a very strong focus on quality and to do the best possible for the children, which translates into several different strategies, e.g. the strong support of the families with education and 24h support and also a close follow-up of each placement. Normally, the social services, visits every child twice a year and it is more or less the same for competitors while consultants at Sociala Tjänster visits their children approximately at least once every 3 months. An employee at Social Services normally handles 20 children while a consultant at Sociala Tjänster handles 10 children in order to ensure quality and that each case gets the attention the child or family needs. This also attracts employees since they get a larger chance to actually make a difference for the children.

As Sociala Tjänster is expanding to new regions they look for a city that has more than 15 000 inhabitants and have at least 5 similar-sized cities close to it. This ensures them that there is a demand high enough to open a new office. To expand they have developed a system with clear measures and boundaries for starting a new office and hiring new consultants. When starting a new office, a new consultant will lead the office and immediately starts to work with establishing new relationships with employees at the social services in that region.

When a consultant starting a new office has reached three placements, the break-even point is reached and he finances himself. If three placements are not reached during the first four months the consultant is fired. A consultant can handle at most 10 placements if quality is to be ensured which leads to the fact that the last seven placements leads to profits. When six placements are reached, an additional consultant is hired to the office and the same rule for break-even applies. By recruiting an additional consultant new energy is injected in the office since it is more fun to have colleagues – Ulf says. The same rule of six placements for the new consultant is applied when deciding if more consultants should be hired.

While expanding the company very fast until 2008 the profit margins was high but the problems described earlier occurred with some employees. Many consultants were recruited and some control was lost over the company and the quality delivered. This led to a large project spanning over 2 years with focus on working with and developing the company values, as mentioned above, in order to ensure that all employees works in the same way and follow the same guiding principles. These problems have also led to a stronger focus on creating a clear structure in the company in order to secure the current business and enable further growth in the future.

5.1.6.1 Analysis of Expansion

That Sociala Tjänster has a strategy when it comes to expanding to a new city, including: size of population; nearby cities; and how a new office should be established, witness of a positive attitude to growth combined with a will to plan this expansion. This deliberate system also indicate that, and how

they have, overcome some of the crises presented by Scott & Bruce (1987), such as: increased activity and its demand on time; the increase of complexity of expanded distribution; entry of large competitors and the demand of expansion into new markets or products. (See chapter 3.8, Expansion – Keep promises and expand fast enough, for a complete description of different stages and possible crises.)

We believe that this planned way of expanding their business; combined with a strong focus on service and their work with values have helped them gone through the necessary internal change and also made it possible to expand rapidly to other cities.

5.1.7 Sales

All consultants are also salespeople working directly with the customers at the local Social Service offices. All selling is done through relations with the employees at the Social Services which lead to the fact that it is all about relationship building. Sociala Tjänster have had a strong focus on selling and the importance of working close with the customers, in order to deliver exactly what they want and need is something they describe as a success factor. According to Ulf, selling is more about knowing the customers and their needs. They also put a lot of effort into knowing differences between cities so they better know how to help. Often it is the families that contact Sociala Tjänster and express their interest. This is, according to Janne, a result of them knowing some other family that already is connected to Sociala Tjänster, and have recommended Sociala Tjänster to them. Ulf says that they now try to be a little more proactive in the process of signing up new families since availability of families is the general bottle neck in the business.

5.1.7.1 Analysis of Sales

There is little doubt that Sociala Tjänster has been working systematically with their selling process, towards the social services. They have identified what works (selling through relations) and have then set up systems to succeed with this. That they have a focus on creating new relationships when expanding is one example of this. Their knowledge of the different needs among social services at different cities, and that they have identified these needs are two more examples. This also indicates that they have a customer focus or an outside-in perspective that is recommended by some researchers.

5.1.8 Focus

Sociala Tjänster has over the years not changed their offer considerably. Instead of diversification, they have expanded their operations to cover more cities and a larger geographic area by replication the business model in new cities. This strong focus have enabled them to develop the business model and perfecting the plan for starting up new offices and work with new customers.

5.1.8.1 Analysis of Focus

As they not have changed what they do, by diversification; and continuously aimed at delivering the highest possible customer service, we believe that Sociala Tjänster has successfully implemented and realized what Alfredén (2001) writes when he argues that a business should not deviate from the original idea (see 3.9.1). The focus has obviously also given some clear benefits regarding expanding the business to new regions.

5.1.9 Cash flow Management

Cash flow management has never been a real issue at Sociala Tjänster. The company is totally self-financed by the cash flow generated internally and they have no debt and have never taken a loan.

If a child is placed in a family at the beginning of a month, the customer is billed by the end of the month with a credit time of 30 days. Salaries are paid, as usual, by the end of the month which leads to a cash conversion cycle of approximately five days. According to Ulf, finances have limited the growth of Sociala Tjänster in any way, since new consultants and new offices are profitable very fast as described above (See Expansion). Instead Ulf's and Janne's time have been the main limiting factor to the growth.

5.1.9.1 Analysis of Cash flow Management

According to Ulf, the cash flow has never put any limitations for their possibility to grow. Since they never have been forced to borrow money and still have been able to grow as they have, we believe that cash flow constraint to growth is eliminated due to the short period until break-even for new offices and personnel and the high profit margins combined with the very short cash conversion cycle. The demand has been high, partly due to their excellent service, their skills and knowledge, which have led to a growing cash flow throughout the years. Their expansion to new markets have all begun with very small investments and since they have a deadline on how long a new consultant can be unprofitable, they have been good at reducing the risks involved.

5.1.10 Analysis of Drivers and Enablers

For Sociala Tjänster we believe that three factors primarily have been driving the growth. First, their time monopoly was an important. Since they entered the market early a time advantage was created combined with excellent service at a fairly low price which has created strong competitive advantages. The excellent service did drive the growth since this attracted families to work with Sociala Tjänster. Second, their knowledge of how to sell to the social services of course has been driving growth. Third, the leadership has helped Sociala Tjänster to grow. Most important is the professional will that both Janne and Ulf displayed which we believe has been of great importance to the success of Sociala Tjänster.

One factor, especially, has been important for the possibility to grow the company. The way Sociala Tjänster have planned their expansion has *enabled* them to expand at the pace they have done. Without their strategic choice of cities, the clear plan for when to add new consultants at a new office and how to begin selling to the social services in that city, we believe they would not have been able to grow as rapidly as they have.

5.2 Centigo

Centigo is a management consulting firm that primarily helps their clients implementing organizational change projects. The company was founded by 4 management consultants in 2002 and has since then grown rapidly. Today, Centigo has around 160 employees and 17 partners.

Before launching the firm, the founders had formulated a vision that Centigo should be profitable successful in the present and incorporate long-term ambitions which included that the firm should live

longer than the founders. The founding partners discussed, for months, how their future firm should be run and how it best could be organized. The goal was to develop a business model that could still be working when hundred people were employed and even after a hundred years. These two factors combined with one hundred years of working experience in management consulting, amongst the four founders and six more partners that joined the firm early, is the reason behind the name Centigo, where cent stands for the equivalent of hundred. As Fredrik Palmgren, one of the founding partners said, “We wanted to create something we could be proud of!” Even if they spent a long time developing the business model they have never decided on any specific focus or direction for the consulting business. Instead they have worked hard to build a foundation on which the consulting business can take whatever direction the clients’ need or where the consultants see the largest opportunities. In this way, Centigo believes that by achieving flexibility or vigorousness as they call it, they could create a sustainable business model.

For Centigo it has been an important strategy to combine professionalism with entrepreneurship so they can help clients to develop their businesses in the constantly changing global market. Early on they decided that an important part of professionalism is to have quality and precision in the delivered results and that entrepreneurship is about accountability. Together with a focus on long-term customer relationships and a desire to be self-financed, the founders believed that they had put in place the most essential cornerstones to be able to grow the firm.

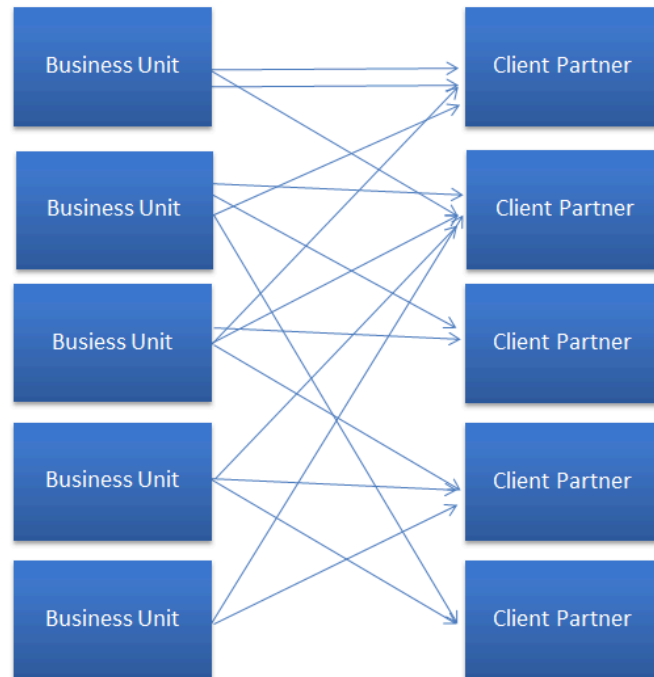


Figure 21: Centigos Business Model

5.2.1 Centigo's business model

Centigo's business model is interesting and very well thought through by the founding partners. The basic principle is that every decision in the organization should be taken as close as possible to where the decision have effect, and the person that takes the decision should share the effect of the decision. In order to accomplish this every employee is a profit center from which incurred costs are drawn and salaries are mostly variable and depends on the projects the consultant is working on. Money left over from when a consultant's costs are drawn from heir "cost account" is paid out as extra salary. So, if costs are kept low the employee reap the benefit. Examples of costs that each employee is responsible for are phone bills and educational events. If a consultant wants to attend an event or make a phone call they have to make the decision if it is worth it. If they decide it is not, it is most likely not worth it for Centigo

as a company either Fredrik explains. The variable salary also makes employees weigh pros and cons in order to, among other things, wisely choose which projects to work on. E.g. if an employee wants to follow up an interesting lead in Japan, he has to weigh the costs of making the call against the possible benefits of getting the project. This delegation of decisions, to the people closest to the effect of the decisions, is made in order to make all employees to start thinking like entrepreneurs.

The business model has two dimensions. On one side are the client partners that are responsible for Centigo's clients (customers) and the selling and delivering of projects to these clients. On the other side are the managing partners that are responsible for Centigo's different business units. Each consultant is part of one business unit and the managing partners are measured on the utilization of the consultants in their respective business unit, while the client partners are measured on their sales to their clients. Since the client partners are not measured on the utilization of the consultants they do not get into the position where they need to sell projects just to increase the short term utilization of consultants but could instead focus wholeheartedly on their clients' needs and build long term relations with them. The managing partners are also responsible for recruiting new consultants which leads to a situation where they individually can make the decision when they should recruit new people in order to supply the client partners with consultants. When a client partner have sold a project they need to recruit consultants to the projects internally from the business units which creates an internal market between the client partners and the consultants who are free to make their own decisions. This also balances the trade-off between recruiting and selling. Normally, consulting firms often find themselves in a situation of imbalance between selling and recruiting according to Fredrik. When a consulting firm has sold a lot of projects the focus is to deliver on the projects and recruit consultants which leads to that they lack the time to acquire new projects at the same speed. This will later result in an opposite situation where they have a surplus of consultants and too few projects. Centigo's business model has helped them balance this.

5.2.2 Business Wellness

Centigo's offerings to clients are mainly focused on what they call Business Wellness. Below is a picture that illustrates the different parts and requirements that makes up Business Wellness. In the middle is business logic, which is the core to which a company is built around. It describes what it should do, what's unique and so on. Around business logic are these four elements, or parts, that illustrates important and crucial areas that a company needs to address in order to become healthy (profitable, competitive etc.) and vigorous (flexible and evolve with the changing market demands). In the 90s, there was a lot of focus on business process reengineering and information technology. The goal was to achieve maximum efficiency and to increase productivity. The partners of Centigo argued if this really was the best way to run a company and realized that if everyone is making changes to increase productivity, the next general focus should be the people in organization and to create vigorousness in companies. The result was Centigo's concept of Business Wellness that included all four dimensions of a healthy and vigorous company. The vertical axis, including processes and information technology, is important to create the efficiency described above that leads to a healthy company while the horizontal axis including behaviors, attitudes, organization and governance is important to create a vigorous company.



Figure 22: Business Wellness

5.2.3 Financial Analysis of Centigo

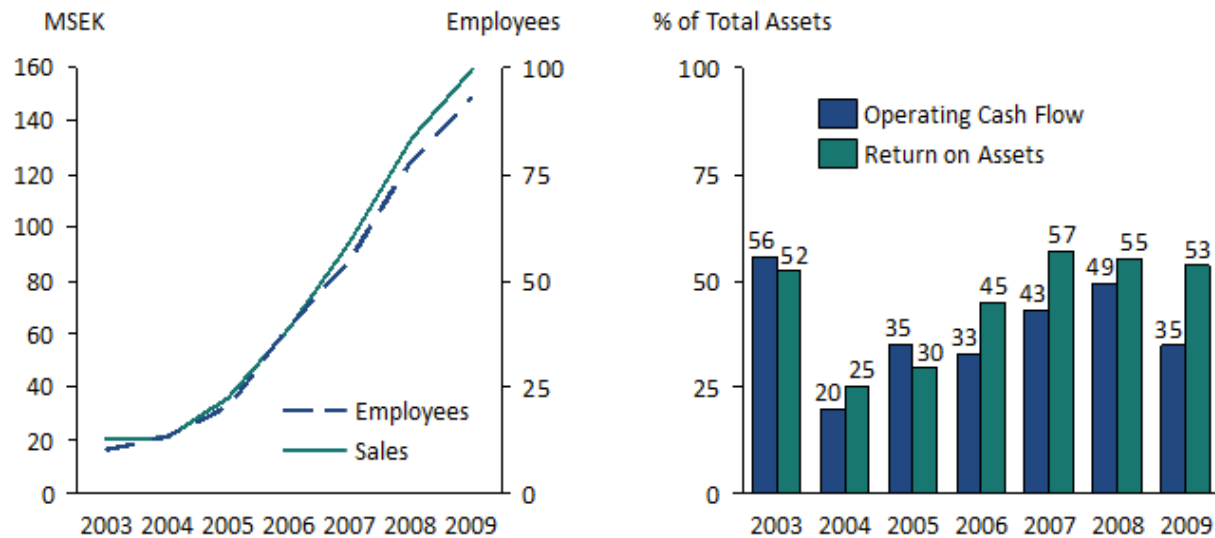


Figure 23: Financial Analysis, Centigo

5.2.4 Time monopoly

It is important to emphasize how Centigo sees their competitors. They do not look at how competitors do business in order to improve and they get most projects without competition. It is not a question *if* others are going to look at Centigo and be influenced, the question is *when*. As Fredrik Palmgren said, “We believe that we have a business model that will give us the necessary ingredients to create competitive advantages. Therefore we see it as a certainty that others will follow, eventually”. As long as Centigo is flexible and have enough vigorousness to see what the customers want and move the organization towards fulfillment of that need, they believe they are going to be competitive. Centigo’s competitive advantage primarily lies in strong relations based on trust built during previous projects.

Centigo’s business model also generates flexibility in the organization that enables employees to take sound decisions. This creates a competitive advantage in two different ways. First by maximizing the utilization of consultants since a balance between internal supply and demand is created and second because the flexibility enables Centigo to deliver higher value to clients per hour than competitors since they are more flexible in projects that they are doing.

5.2.4.1 Analysis of the Time monopoly

Centigo have developed the concept Business Wellness which clearly gives them a competitive advantage since they were early to work with these aspects as a response to the previous general focus on business process reengineering. Since they were into these areas they have built skills and trust with clients in these areas that gives them kind of a monopoly on their clients on these kinds of projects. So, a time-advantage clearly exists for Centigo.

Centigo’s positioning is clearly what Porter (1996) calls a *needs based positioning* since they focus on client specific needs and they work with changing the clients’ business in order to create value for them.

In the terms of the delta model (Hax & Wilde II, 1999), Centigo has a clear strategy on *customer solutions*. Just as Porter (1996) and Kim and Mauborgne (2005) describes, sustainable competitive advantage is created by aligning activities with the chosen position, Centigo's business model is a good example how this could work out well in reality. The flexibility, enabled by the business model and the focus on entrepreneurship (see Culture below), gives Centigo the opportunity to deliver the same, or higher, value to clients at lower total cost than competitors. At the same time Centigo has higher net margin than the competitors. This could be interpreted as value innovation and Centigo could be seen as having a Blue Ocean strategy (Kim & Mauborgne, 2005) created by reducing the rigidity compared to competitors and foreseeing trends to develop the Business Wellness concept.

The combination of a clear time advantage and strong competitive advantages based on reinforcing activities that are hard to imitate leads to the fact that Centigo probably has a strong time monopoly as Ahrens (1999) defines it. The time monopoly is obviously created intentionally by the partners who deliberately developed both the business model and the positioning with Business Wellness.

5.2.5 Culture

The interviewed partners had a strong vision to create something larger than themselves, a company that could live longer than themselves. They also have a vision to expand Centigo internationally in the future and look at the successes so far as the start of Centigo's expansion.

A good way to describe the culture at Centigo is to quote Fredrik Palmgren. He said: "*We have few rules and a lot of values. This enables us to go into different directions which usually turn out to be the best direction*"

Centigo has since the beginning had a focus on developing a strong culture that could guide every consultant in their work. To do this they have three core values that all four interviewed partners referred to during the interviews as important for the success. First, in order to develop strong relationships with clients Centigo have a focus on *professionalism*. Always acting professional, delivering precise results and always do what is best for the client, even if it is hard, are some of the ingredients of professionalism. Second, *entrepreneurship* helps consultants focus on what is important and helps them being flexible when working with the clients. They should not be afraid to do new different things or try new solutions. Entrepreneurship is also embedded in the business model, as described above, when consultants are free to make decisions that affect them. The third value is *balance*. They have a strong belief that balance between personal life and work is extremely important to both be able to live happily and to perform well in every project. This is also closely connected to the strategy that they want to have experienced consultant who are more likely to appreciate this balance.

5.2.5.1 Analysis of Culture

Centigo could really be seen as a *visionary company* (Collins & Porras, 1997) since they have a clear vision, want to grow and wish to create a great company that lives longer than the partners. This strong will to build something larger than themselves is interpreted as one of the strongest reasons for the

success of the company since it has guided all their work and forced the partners to long discussions about how they want to structure and run the company.

That Centigo has very well defined values that the firm is built upon does also confirm the importance of clear values when building a great company (Collins & Porras, 1997; Peters & Waterman Jr, 1982). The strong emphasize on entrepreneurship and accountability also creates a vigorousness that stimulates *experimentation* and *continuous improvements* that also seems to be very important for the growth. This confirms the value of experimentation and continuous improvement as described by Ahrens (1999), Peters & Waterman (1982) and Collins (2001).

Centigo has obviously managed to create a truly valuable culture.

5.2.6 Leadership

Centigo emphasizes leadership as an essential part of the explanation to why they have succeeded. They use a model created by Peter Kostenbaum to work with and develop their leadership which is called the leadership diamond. Both Fredrik and Mikael Balkö, another of the first ten partners, referred to the leadership diamond when explaining Centigo's success. The model describes the leadership mind and a methodology for expanding leadership. The cornerstones, or orientations, in the model are four areas: Ethics, Vision, Courage and Reality.

Ethics relates to integrity and the importance of other people. It involves empathy, how one can relate to other people; show integrity and behaving according to morals. *Vision* is about seeing the bigger picture, being able to analyze and see things from a new perspective. *Courage* means taking charge; using power wisely; being responsible and free. *Reality* relates to being able to approach situations without illusions or nonsense. Here factors like being result-focused and task-oriented are important. The model is used to develop the leadership of every consultant.

Every interviewed partner showed a surprising humility despite the great success of the company and was never boastful. At the same time several of them described their leadership as essential to the success of their firm since they work with change projects for clients, which is a lot about leadership. Regarding the leadership styles the interviewed partners were interpreted as a combination of *Affiliative*, *Coaching* and *Democratic* as described by Goleman (2000).

5.2.6.1 Analysis of leadership

All interviewed partners showed strong signs of *Level 5 leadership* as it is described by Collins (2001) both regarding *personal humility* and *professional will*. The *personal humility* were demonstrated in the sense that they were not boastful and that they channeled their ambition into the company setting it up for greater success in the future even after they have left the company. The *professional will* were demonstrated firstly by their strong will to create a company with both short and long term excellent results. This forced them to spend months on developing their business. Secondly their professional will were demonstrated by their will to develop an enduring great company which led them to set up the partner ownership of the business. The partners also seemed to have a strong sense of emotional intelligence as presented by Goleman (1998) on every point he presents. The leaderships styles that

were identified is also a sign of good leadership since Goleman (2000) describes the other two styles as negative. The leadership diamond that Centigo uses with all consultants also shows that they value leadership and sees it as essential for the success of the firm.

5.2.7 Personnel

To recruit the right people is essential for Centigo according to Mikael. Who the right people are is primarily based on attitude. Employees both need to have a will to grow as persons in order to grow with the company and they need to span across all areas of the leadership diamond in order to work effectively at Centigo. Most consultants have been recruited by their relations to employees at Centigo but lately they have started to recruit people without prior experience in consulting, such as students. A strong emphasis is put on the persons willingness to grow and how they span the leadership diamond. The growth of the company combined with the focus on balance has also helped to attract good experienced management consultants.

The consultants are organized in different business units as described earlier and the managing partners that are responsible for each business unit are responsible for the recruitment of consultant to their respective business unit. This have resulted in each managing partner taking decisions individually about recruiting consultants which have led both to more optimal recruiting decisions and a smaller bottleneck in recruiting.

What motivates people, according to Centigo, is personal growth and freedom. It's important that people who are working at Centigo feel that they are not victims of consequences; rather they should have a strong feeling that they are guided by free will. Personal growth is achieved by being in an environment which is stimulating, and to do projects that are interesting. They do not try to actively motivate people with motivators but try to delegate motivation in order to enable internal motivation. As an employee at Centigo you have, from the start, your own responsibility for your growth and development. Fredrik compared this to someone who owns a company:

"How do you motivate someone who owns his/her own business? That person motivates himself, and that is what we're trying to do. Of course, it's important that people feel that they have leaders who support them and sees them. To conclude: it is leadership who motivates people." - Fredrik Palmgren

Salaries are however not so much of a motivator but rather a hygiene factor according to the partners.

5.2.7.1 Analysis of personnel

In Centigo's case it is clear that having the right people in the firm have been essential for the growth of the company just as Collins (2001) describe. That they started out with four founding partners and then expanded to ten partners before the business was up and running also showed that they used the strategy that Collins (2001) recommends, to first get the right people on the bus, and then decide where to drive. By recruiting through relations the quality of employees has been ensured and the focus on the leadership diamond together with the will to grow has helped to identify the right people for Centigo.

The focus on balance also shows that Centigo have identified a good strategy for attracting experienced management consultants.

It is also interesting to note that the recruiting has not been a bottleneck which could have limited the growth, both because of that Centigo have been able to attract the right people and that the different managing partners take decisions individually about recruiting.

5.2.8 Expansion

Centigo has managed to escape growth hurdles by planning from the beginning to grow the company rapidly. By thinking beforehand on the demands the growth would put on the organization the business model was created and so far it have worked well with just some minor adjustments. One internal limit to growth existed in the beginning before they created incentives for the client partners to sell projects that needed more consultants than themselves, according to Mikael. When they changed this, and at the same time started to measure and reward performance on a quarterly basis, the growth jump-started.

5.2.8.1 Analysis of expansion

Centigo's business model have enabled the firm to grow rapidly and have done so mainly because normal growth hurdles, as described by Greiner (1998) regarding delegation; control and leadership, have been circumvented. This was achieved by planning for the growth beforehand by the founding partners by the creation of a scalable business model as described above combined with the strong focus on entrepreneurship and accountability. This has also solved the growth hurdles described by Scott & Bruce (1987) regarding *stage 1-3* as well as the problems regarding formal control systems and administrative functions that characterize stage 4. Centigo has also succeeded with expanding the delivery capabilities by expanding from 4 to 17 partners and has rapidly recruited a lot of consultants as described earlier.

The business model has worked out well and no large internal changes have been needed. Regarding *keeping promises* and *over deliver* as Ahrens (1999) and Moore (1999) describes as important to enable growth have been proven true in the case of Centigo since they have a strong focus on *professionalism* by delivering quality and precision in every project.

5.2.9 Sales

Even if Centigo's business model has enabled rapid growth, the growth has not been driven by the model according to Johan Waller. Instead the growth have been driven by the client partners work with building relationships and trust with clients by delivering excellent results on projects. Centigo primarily sells through relations. If they want their clients to ask for projects, Centigo needs to have their clients' trust. This leads to the fact that existing customers represent the largest source of new projects. But of course, the rapid growth has demanded that Centigo have found new customers. These new customers have primarily been found through relationships that new consultants at Centigo have. Since people tend to move between jobs, Centigo have also found new clients when people at the clients have changed companies.

So; by doing projects and sticking to the values of professionalism and at the same time working hard to build trust and relationships with employees at the client companies, new channels for sale have been created.

New clients are also generated by the managing partners that are responsible for the different business units. Part of their job is to find new clients by trying to sell more standardized projects specific to their business unit's expertise. When this succeeds a client partner takes over and is responsible for the project and to turn the company in to a long term client by building trust through delivering excellent results.

5.2.9.1 Analysis of Sales

Centigo are very systematic in their work with clients in order to build trust and sell more projects as described above which confirms that systematic execution of sales strategies are essential for growth just as Lukes & Stanley (2004) describes it. That customer focus is critical for growth as Johnson et.al. (2008) argues is also confirmed in Centigo because of the strong focus on working close with clients in order to create value for them.

5.2.10 Focus

Centigo has a clear focus on management consulting in the areas of Business Wellness and working with clients to help them create value. Rather than a more defined focus on which kind of projects to work on the focus lies on the concept Business Wellness and on the business model. The success for the firm have led to several offers from smaller consulting firms asking for a possible integration with Centigo, which the partners have declined in order to keep the focus on the business model and preserve the Centigo culture.

Centigo have also diversified the business a little into Enterprise Resource Planning (ERP) system but have decided to do this in two separate companies since the business logic differ. At first one of the businesses focusing on Axapta was a part of Centigo but the partners soon realized that this required another business logic to become successful so they moved this business into a subsidiary called Accigo.

5.2.10.1 Analysis of focus

That Centigo have diversified and realized that it did not work to have the two different kinds of businesses in the same company, because of the differing, business logics confirms the value of focus presented by Collins (2001; 2009) and Kim & Mauborgne (1997). The clear focus has also enabled Centigo to develop their special business model and to maintain their competitive advantage created by their focus on Business wellness.

That Centigo has a clear focus is also confirmed by the fact that they have declined smaller firms to be integrated into Centigo since this would delude the focus. Porter (1996) argues that a good focused strategy that creates a strong competitive advantage also leads to that some activities that competitors perform may be neglected as described earlier. Centigo's focus on entrepreneurship is one confirmation of this since it leads to larger flexibility when working with clients compared to competitors. The effect is that Centigo can skip doing some less value adding activities in projects.

5.2.11 Cash Management

The founding partners decided from the beginning that Centigo should be self-financed in order to have the freedom to over long time operate as they wish. They have never used external financing and they have never borrowed money. This has been possible partly because of their business model where a large part of the salaries are variable depending on the projects and how much they have billed their clients. This has resulted in a low initial cost for recruiting new consultants and also led to a fast break-even for every consultant.

According to both Johan Barenstedt and Fredrik capital or cash have never been a limiting factor to the growth of Centigo. This is mostly due to the variable salaries. This has also led to high degree of flexibility during more difficult times. If times are tough, all employees face decreased salaries due to fewer billed hours. This also gives everyone incitement to avoid this effects by acting accordingly, e.g. by increased willingness to work with long term, stable, clients instead of more exciting shorter projects. This is according to Mikael one important reason that Centigo have managed to grow their business despite the downturn which could be compared to competitors who mainly had low utilization and some even had to lay off employees.

5.2.11.1 Analysis of cash management

Even if the internal generated cash flow could be a limit to growth for many small companies according to several studies presented earlier, Centigo has succeeded in eliminating this limitation. The variable salaries and the strategy to be self-financed also minimize the financial risks of the rapid growth. Since every consultant is a profit center, *attitude to costs* also becomes less important since it could be assumed that everyone actually tries to make the optimal decision since the consultant's incentives are in line with what is good for Centigo. Centigo's financial strategies do in some ways confirm what Ahrens (1999) writes about cash management when it comes to firms with rapid growth. Especially since they are self-financed and that the variable salaries have minimized the cash conversion cycle since salaries are the largest cost in a consulting business.

5.2.12 Analysis of Primary Drivers and Enablers of growth

In Centigo's case the Time Monopoly, Leadership and Sales are identified as the primary drivers of firm growth. Their concept of Business Wellness and working with projects that involved especially the horizontal axis of the concept was created a competitive advantage that has driven growth. This together with the flexibility in the business model created the time monopoly. This time monopoly, combined with their professionalism, has given them the time to develop relationships and trust with their clients. These relationships have also driven the growth of the firm by the sales efforts conducted by the partners. Even through the recent economic downturn, they have been able to get new projects and keep a high utilization of consultants. All these factors have been the result of deliberate choice by the partners of Centigo. This reflects the last factor that has driven growth at Centigo, namely their leadership. The strong will to grow and to create a great company have obviously guided their work in several ways. They have been very successful in handling the growth and to attract both customers and new employees.

The business model is identified as the primary enabling factor of the growth of Centigo together with their culture of entrepreneurship and professionalism. Their business model (as described on page 63) have enabled their quick expansion by delegating the decisions to where they have effect; help the partners keep focus; reducing the complexity or hierarchy that normally increase with growth; making it possible to simultaneously sell new projects and delivering on current projects and building the clients' trust through the client partners. The business model is very flexible and makes it easy to add either new people into it, new business units or new client partners. This scalability has been an important factor that we believe have enabled Centigo to grow so rapidly. The culture has at the same time supported the business model and the rapid growth by enabling the delegation of decisions and ensured quality and flexibility in project.

5.3 Rodeco

Rodeco was founded by Daniel Lind and his father Roland Lind. Daniel started out as entrepreneur at the age of 16 by opening his own sport equipment store. Roland is an inventor who has started several different businesses built on his ideas mostly related to public baths. They decided to start Rodeco together in order to supply public baths with solutions for the interior in 1970. Roland and Daniel were great inventors and new products were developed to meet the individual demands from every customer and the company created a strong brand and a history of satisfied customers. The constant innovations at the company also built a core competence of creating fun environments for children and customized solutions for customers. At the same time this made it hard for Rodeco to grow since a large part of the customized solutions was reinvented every time.

Rodeco went bankrupt in 1993 because of large exposing to foreign currencies due to unusually large volumes of imports when Sweden changed to floating exchange rates in 1992, but Daniel and Roland bought the company back and continued the business. In 2001 Daniel found a large Swedish multinational company that wanted safe playgrounds in their shopping malls and had problems with their current supplier who refused to fly to the U.S. to assemble a playground after the 9/11 terrorist attack in New York.

Daniel realized that if it was something they had learned at Rodeco over the years, it was how to create a fun environment for children and at the same time keep it extremely safe. Since everything in a public bath is slippery and it is easy to fall and get hurt, safety is a primary concern. Daniel flew to the U.S. and helped the large potential customer with the playground and eventually it turned out that the large company had more problems with its current supplier who did not succeed to deliver the expected quality. The situation led up to a discussion between Daniel and this new potential customer. Rodeco was, at the time, a small company and the potential customer a multinational large company so Daniel contacted the CEO of his bank who he knew had large network and may knew someone that could be able to assist Rodeco. The CEO connected Daniel with Gunnar Almesåker, a previous CEO of both a bank and Biltema, who began working with Daniel on the project as an external consultant. Gunnar listened in to what both parties really wanted and developed a business deal that took everyone's interest into account. Since Rodeco was small there was a risk in working with this new large customer because if

they bailed out or changed their minds, Rodeco probably suffer extensively. This was also a high risk for the customer because they needed a supplier they could trust to be there and have the required stability to deliver what they needed when they needed it.

Daniel and Gunnar identified every business risks entailed with the project, especially if the customer changed their minds about the deal in the future. The identified risks included currency risks, employee contracts, contracts for offices and production, contracts with suppliers, capital invested in machinery related to the deal, products in stock or in production and much more. Gunnar then formulated two alternatives for a deal. One where Rodeco took all the risks, which also forced them to price the deal accordingly, and another deal where the customer took all the risks. The second deal suggested the use of open books to track costs and that Rodeco was guaranteed a certain profit margin. Gunnar and Daniel then met with the potential customer and presented the two deals. Gunnar presented the alternatives with the following words:

We have two alternatives for you. This is alternative one and that is the one you should take, (pointing at the no-risk deal). This is alternative two, this you should not take (pointing at the other stack of documents with second deal where Rodeco takes all the risk). You should take this alternative (pointing at alternative one again), because that is a deal that is good for everyone. With this deal you will get a supplier that will deliver on time, produce everything for you and you will get the best quality that is possible at the lowest possible cost. In this alternative on the other hand (pointing at alternative two) Rodeco needs to take out prices that covers all possible business risks because you are a so large multi-national company. Alternative one is much cheaper for you than alternative two. Alternative one is much better for you than alternative two. If you take alternative two we will never show you alternative one. - Gunnar Almesåker, Chairman of the Board

The customer chose the first deal and it has worked out very well since then since Rodeco have lived up to their part of the deal and have consistently delivered with excellent quality, even if the contract have been revised several times only a few words have changed. Rodeco have since then seen a rapid growth and developed a unique skill in building safe customized playgrounds with 100% quality. Today they have delivered 150-200 playgrounds to the customer's different shopping malls. Rodeco have now also started to sell customized playgrounds to other customers and are looking to expand to new multinational customers in the future. One of the largest playgrounds Rodeco have delivered to a shopping mall so far is approximately 600 square meters.

5.3.1 Financial Analysis of Rodeco

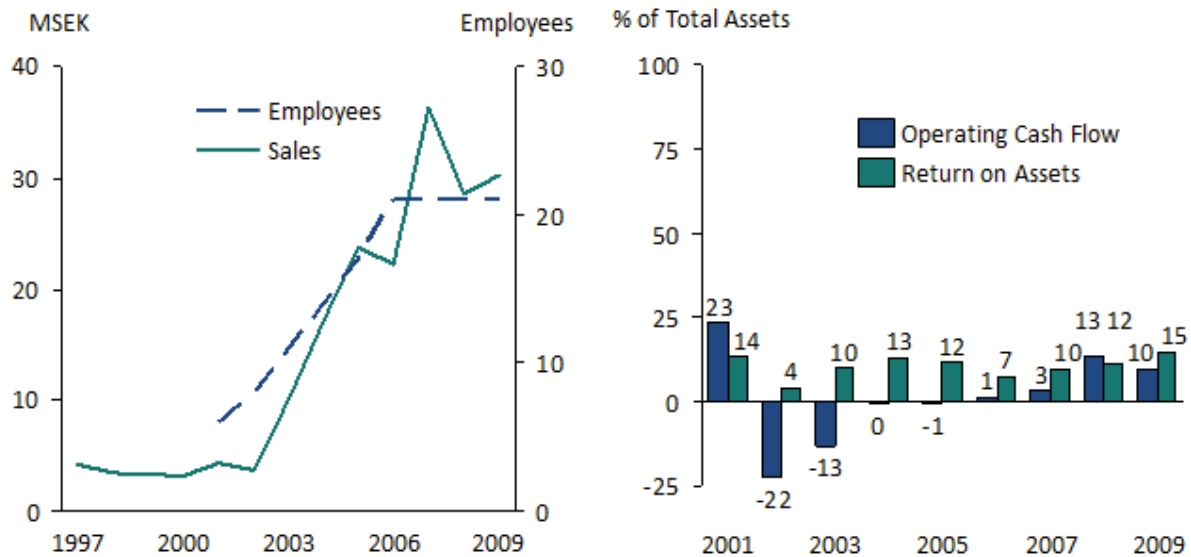


Figure 24: Financial Analysis, Rodeco

5.3.2 Time Monopoly

At the moment Rodeco is one of a few companies in the world that can deliver global solutions for customized playgrounds and they have developed some really strong competitive advantages. By delivering solutions with a full service offering to the large customer they have more or less created a new market for customized playgrounds.

Rodeco's competitive advantages include:

- Customized flexible solutions for both playgrounds and public baths
- High competence in creating and knowledge about child safety
- Extreme high quality
- Full service offering including warehousing
- Low costs

Even if it only exists a few direct competitors the largest substitute is provided by companies selling normal playgrounds that are not customized and often the customers need to assemble them by themselves. Some competition exists from companies in China. They offer low cost playgrounds but so far the quality and safety cannot be compared to Rodeco's.

5.3.2.1 Analysis of Time Monopoly

That Rodeco have both a large time advantage and strong competitive advantages are obvious. The strategic positioning could be seen as a needs based positioning in Porter's (1996) terms and they have a strong focus on customer solutions (Hax & Wilde II, 1999) which is connected to Rodeco's understanding of customer economics which have enabled the low cost solutions. The deal with the large multinational

customer is a good example of how a focus on customer specific needs and customer economics can create strong competitive advantages and lower cost for customers. This combination could be called a *value innovation* (Kim & Mauborgne, 1997) which leads to that Rodeco have a strong blue ocean strategy. This also leads to the conclusion that Rodeco have a very strong time monopoly which is validated by the existence of the large time advantage.

5.3.3 Culture

Even if outspoken clear values do not exist, Daniel feels very strongly about quality and customer focus which is communicated clearly in the organization. The strong focus on quality have probably been very valuable in creating satisfied customers and especially when working with the large customer. The customer focus probably comes from Roland's never ending development of new solutions for customers that according to Gunnar of course have set the standard for how Rodeco work with customers. Daniels strong entrepreneurship have probably also inspired the company culture.

Daniel also showed a strong will to build a great company which is closely related to his focus on quality and customer focus. He has a strong vision of how Rodeco could sell its playground solutions to most of the largest multinational shopping mall chains in the world and has a strong passion for developing this part of the business. He also has a vision of developing the bath business area to something larger and recently more large projects than ever have been sold.

5.3.3.1 Analysis of Culture

Daniel has a strong vision and Rodeco could maybe be classified as a *visionary company* (Collins & Porras, 1997). The strong values regarding quality and customer focus have according to Gunnar helped Rodeco sustain a great relationship with customers which have led to more projects. In this sense we believe that the culture have probably been very valuable and guided the employees even if the values may not have been clearly defined.

5.3.4 Leadership

The leadership at Rodeco has during the last years been through some changes. Daniel took over as CEO from Roland in 05/06 but Roland continued to work in the company. The routines and the climate that were established when Roland was CEO made it difficult for Daniel to develop the business further because Roland was present in the daily business and because he was not a neutral leader in the company related to his colleagues since several years. Since culture and habits gets very strong in a small family business it is hard to change course after several years when people are used to do things as they have always done them. According to Daniel, he couldn't do any significant changes for roughly two years and he was more like an administrator rather than a leader which he did not enjoy. He is as a person more focused on operations and has a strong passion and talent for selling, developing and delivering playgrounds. Since this is what he does best he planned to recruit someone external that was neutral as a new CEO so he could focus on selling and developing playgrounds. Daniel describes himself as a dedicated, restless and visionary leader.

In May 2010 Daniel recruited Assar as a new CEO. He had previously been the CEO of Swedish Tissue AB in Kisa and had been part of Rodeco's board of directors. Assar describe himself as someone who is goal-oriented; have the ability to pay attention to everyone in the organization and is someone who are clear and can mediate his will. The reason Assar was recruited was to enable Daniel to focus on the playground business and with his experience and neutral position in the company help Rodeco grow further and implement some changes.

Assar believes that it is important to have employees in the organization that can take responsibility and deliver as promised. He also thinks that it is important that these people know how things are interconnected and how they work together. He says that a good way to lead people is to show them the goal and describe where the company is going. After that it is up to the employees to figure out a way to get there. "It's important to trust people and to believe in them" Assar says.

5.3.4.1 Analysis of Leadership

Daniel is a demanding manager which probably can help to explain Rodeco's exceptional quality and history of always delivering what the customers want. We interpreted him as *authoritative* and *pacesetter* and we believe that Daniel has signs of *Level 5 leadership* (Collins J. , 2001) in that he showed both humility and a strong will which according to Collins (2001) is essential to create a great company. It is interesting that Rodeco reached growth hurdle during Daniels time as CEO since it was hard for Daniel to steer the company and implement changes while Roland were present in the business. It is also interesting how the situation were solved by recruiting an external neutral CEO that more easily can implement needed changes in the business in order to enable the growth of the business. Daniels entrepreneurship and strong vision have probably been critical for the growth of Rodeco since it have been essential in creating and delivering on the deal with the large customer.

5.3.5 Personnel

One of the factors behind their success, Assar believes, is the people within the organization and that they have been able to recruit the right employees. When they look for new personnel they try to figure out future demands on the business and they try to find people who have the capability to solve them and to grow with the organization. To do this they like to see if the candidate has the possibility to "think outside the box" by challenging him/her with difficult questions during the interview. Furthermore, they also want to find out what their vision is and, most importantly, if the person is trustworthy. Assar's rule of thumb is: "if I feel the slightest insecurity – I don't hire".

Daniel also emphasize that the personnel have both been a strength and a weakness since Rodeco is a family business and is located in a small town. This leads to low employee turnover and the best employees have been at Rodeco for a very long time. At the same time it is hard to change routines that have been used for a long time and Rodeco's recent rapid growth have made it hard for some employees to grow personally with the business.

5.3.5.1 Analysis of Personnel

That the personnel are important for the success on Rodeco is clear. However it could be hard to recruit people in small town like Åtvidaberg where the company is located but this seems to be both a strength and a weakness since the result is more committed employees that may be more loyal than if the company had been located in a larger city. The weakness that some employees have a hard time growing with the business may be result of that Rodeco have been in business for a long time before their recent rapid growth which then have been a large change for some people.

5.3.6 Sales

Sales have previously been systematic against public baths but unfocused since new solutions were invented frequently and many different kind of projects were conducted. In recent years the growth has been driven mainly by one large customer as described above. The sales activities against this customer have however been structured. The most interesting aspect regarding Rodeco's sales activities is the customer focus and the flexible solutions that are developed which have been turned into a strong competitive advantage. Both because of the flexibility in customer solutions but also because of the low prices that are a result of Rodeco's understanding of their customers' economics.

5.3.6.1 Analysis of Sales

It is obvious that Rodeco's the rapid growth have primarily been driven by the deal with the large multinational customer. One interesting aspect is that sales previously have been structured but a lack of continuity hindered the growth of the company and it is also interesting to see that the bath business have grown because of more focused and systematic sales activities.

5.3.7 Expansion

Rodeco have successfully gone through two growth hurdles. At first the company was affected by the focus of reinventing solutions which led to slow growth and variable profitability. Second, when Daniel took over as CEO it was hard for him to implement necessary changes when the company was growing rapidly both because of Roland's presence in the business and since old habits were strongly established with long time employees. At the same time as Assar was recruited in early 2010, by Daniel in order to help the company get more structured and implement changes, Roland left the company and Daniel could focus more on selling and developing playgrounds in order to expand with more large customers. It has also been hard to find good external suppliers of some services since Rodeco is located in a small town which has caused some problems when growing the company. Since some suppliers have worked for Rodeco almost as employees for a long time the same kind of problems as with employees exist with local suppliers of services.

In order to expand fast enough and to be able to deliver to the large multinational customer the deal included financial aspects and guarantees that made it able for Rodeco to scale up the business easily but also scale it down if it will be needed. This has been of critical importance for the growth of Rodeco since it enabled a financed the growth and at the same time limited the risks involved.

5.3.7.1 Analysis of Expansion

Rodeco is an interesting example of when a smart solution is deliberately created to eliminate hindering factors for growth in the business. Both financial aspects and aspects regarding delivery capabilities were eliminated in the deal with the large customer. It is also a good example how leadership could be a growth hurdle or hindering factor for growth and Daniel shows a good example of how a problem like this could be solved in a good way by recruiting an external neutral CEO with experience from larger organizations. This way the leadership problem was circumvented; Daniel can focus on what he wants and Rodeco got Assar's experience that could help when growing the company further.

5.3.8 Focus

While Roland was CEO there was a lack of focus and continuity which led to variable profitability and limited growth. When Daniel became CEO he focused the business and growth jump-started. First, with the large multinational customer and secondly, the bath business area which became more focused and is now growing rapidly. This led to that Rodeco discontinued sales to market segments like campgrounds and road restaurants.

5.3.8.1 Analysis of Focus

The focusing of the business has led to a distinctive effect on growth and profitability. This clearly emphasizes how important focus could be for success which could be compared to Kim & Mauborgne's (2005), Collins (2001; 2009), Ahrens (1999) and Porters (1996) emphasize on the importance of focus for growth (See 3.9). The interesting fact here is that the previous lack of focus and continuity held the company back.

5.3.9 Cash flow Management

With the deal with the large global customer a financial agreement was created with the local bank to finance the expansion if needed and in order to finance the warehousing for the customer. The deal also included an agreement to get paid 40 % when a playground is ordered, 50% when built at the customer's construction site and 10% when delivered. In this way the liquidity was secured even for a rapid expansion. The bank has also promised to give Rodeco all the financing they need, based on the security provided by the contract with the large customer.

Rodeco also have a strong focus on keeping costs low in order to maintain and further develop their competitive advantage.

5.3.9.1 Analysis of Cash flow Management

The smart structured deal with the large customer eliminated the cash flow constraints on the growth of the company and also eliminated the business risks normally entailed with growth. This leads to the fact that Rodeco is a good example of how the cash flow constraint on growth could be circumvented in order to enable rapid growth. The strong focus on keeping costs low together with the guaranteed profit margins and the cash flow arrangements does match Ahrens (1999) description of cash flow management for rapid growth companies.

5.3.10 Analysis of Drivers and Enablers

Two factors are identified as primary drivers of Rodeco's growth. First, and foremost, their systematic sales including the contract with the big Swedish multinational customer have driven the growth. This contract gave them the opportunity to take a great leap forward and increase their revenues and profitability. Second, Daniel's will to grow the company and the length he has gone to in order to do that, both in working on the large customer and developing the playground business has been an important factor driving the growth.

The single factor that we identified as primarily enabling Rodeco's growth by both enabling them to keep the large customer and attract new ones is their quality and the reputation that this has given them. They have throughout their expansion been able to deliver what they have promised which today has resulted in a unique competitive position for them, globally. The contract's implication on the business risks and financing constraints has also been a strong enabling factor but is closely related to sales.

5.4 ExpanderMera

ExpanderMera is an employment agency in the Swedish building sector and was the first company in this sector starting out almost eleven years ago in 2000. Recruitment agencies were first allowed in Sweden in the mid-90s when the state ended its monopoly. The Founder Jessica Löffström is a previous model and serial entrepreneur. She came back to Sweden in the middle of the 1990s after working as a model in Italy. Back in Sweden she was without a job and was not qualified for the ones she applied for so she started three different businesses. She started importing pasta from Italy and sold to Swedish restaurants; she sold dog cages and she also started a business selling elk souvenirs and wild game meat to tourists during the Water festival in Stockholm. She realised that opportunity to sell to tourists were very limited so she decided to stop selling the souvenirs. Since she was a vegetarian and thought that if people are going to eat meat, it is much better to eat wild game meat which was the beginning of her next company: Viltköket. At first it was hard to sell and none of the big food chains wanted to buy her meat. One of the largest chains, ICA is consisting of many small business owners who themselves can decide what they want in their stores so she started to convince more and more of them to sell her products. The business lifted and she finally got an offer from Dagab, one of the largest good wholesalers in Sweden who wanted her products. But since she is a vegetarian she decided a meat business was not what she wanted to build, so she closed down Viltköket.

What made Viltköket's success was employees visiting the stores and demonstrating the products for customers who could taste the meat in the stores. Since these had become very skilled she started to rent her employees to other companies who wanted people demonstrating their products in the food stores. Later Jessica got a different customer that wanted help with packing and unpacking furniture for companies that moved their offices. When this project was over she hesitated to let go of the employees recruited for the project and heard from one guy that he was a carpenter and she thought that it should be possible to rent him out to some of the large Swedish building companies. The idea for

an employment agency for the building sector was born. She investigated the opportunity and realized that there was no competition at all which she thought was weird since the building sector, with its project employments, would be perfect for an employment agency business. This was the beginning of ExpanderMera.

“The difference between those who succeed and those who fail is that the first ones take action” - Jessica Löffström, Founder

ExpanderMera did grow until 2002 when the union Byggnads decided that they did not like the company since they, according to Jessica, thought that employment agencies were a threat to their power. A conflict arose between ExpanderMera and Byggnads regarding ExpanderMera's employment contracts and salaries. The conflict resulted in that Byggnads used various methods to stop ExpanderMera from renting its employees to customers and spread false words to the personnel which led to an employee crisis. Since ExpanderMera could not sign any contracts all employees were let go. The conflict with Byggnads lasted for almost two years until the end of 2004 before the conflict was resolved and Jessica Löffström was able to start anew.

5.4.1 Financial Analysis of ExpanderMera

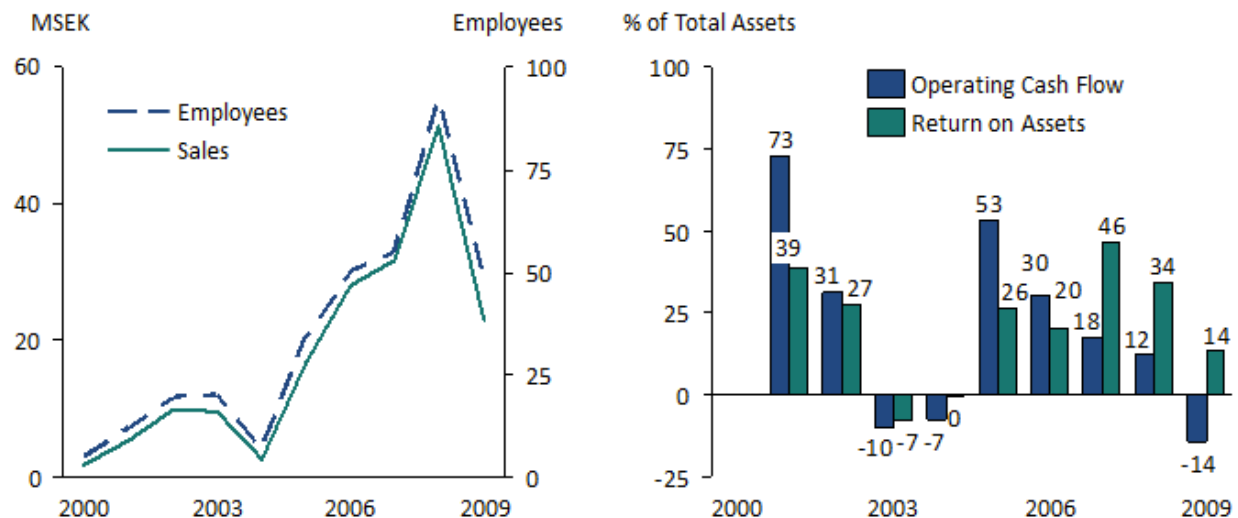


Figure 25: Financial Analysis, ExpanderMera

5.4.2 Time monopoly

Other employment agencies were not interested in the building sector until the conflict with Byggnads was solved in 2004. There has been one competitor for a while and lately other established employment agencies have joined in. The early start of ExpanderMera in this market has led to strong relationships with customers and vast experience. This is something they now can use as a competitive advantage when the competition is growing.

By being the first one to rent people to the building sector, ExpanderaMera changed the building industry and created a new market. Prior to ExpanderaMera's entrance the standard was to fire most of the construction workers when the projects were finished.

ExpanderaMera has also been the industry leader in other aspects. E.g. they were the first to seriously work with employing workers from Eastern Europe when the demand outpaced the supply in Sweden prior to the economic downturn in 2008. Other aspects Jessica sees as advantages are: their strong brand; their flexibility and quickness to staff people; outstanding service and that they are quick to solve problems. They try to work close to the customer and always follow-up when there is a problem.

5.4.2.1 Analysis of Time Monopoly

Since ExpanderaMera was first in the building sector a clear time advantage was created especially since competitors were scared away by the conflicts with Byggnads. When the conflicts were solved the situation could be compared to what Moore (1999) describes as *Crossing the Chasm* for high-tech companies (see chapter 3.8.1). In comparison to how Kim & Mauborgne (2005) defines a blue ocean *Strategy*, Jessica has been very successful in creating her own. She has been able to create a new market by looking at the old market for employment agencies and combine this with how companies worked in the building sector. The result was a niche market within the employment agency market. Since ExpanderaMera was the first company in this market, she had no competition. This made it possible to attain the competitive advantages, mentioned above, that still are strong which indicates that the time monopoly that was created still is protected. ExpanderaMera could also validate what Porter (1996) describes as tailoring the activities to fit strategy in order to create strong competitive advantages (see 3.3.1). The company is flexible and can meet different needs differently by having activities that support changes. The positioning would therefore be a mix of a variety based positioning and a needs-based positioning.

5.4.3 Culture

Jessica have a strong will to grow the company further and a clear vision of how large ExpanderaMera could be and how they could work in the future even if this vision is not clearly outspoken in the company. ExpanderaMera is internally still very small, with only 7 people working internally at their office, but Jessica plan to expand even more rapidly in 2011 due to foreseen increased demand. She therefore thinks it will become important to establish a clear culture. At the moment no outspoken values exist even if Jessica revealed strong values in some aspects during the interview. She thought it to be extremely important to always make the customers satisfied and deliver what is expected. She also expressed that she worked hard to develop a sense of entrepreneurship in the employees when it comes to finding solutions. They need to learn not to give up, she says, when trying to get hold of people, get answers from customers or AMS the Swedish state recruitment agency.

Jessica is very goal oriented which transmits to and affects the employees. She sets the budget that she breaks down to distinctive goals like how many employees and how many days they need to sell in order to reach overall goal for the year. These sub-goals are something that the employees know about and strive to fulfil.

5.4.3.1 Analysis of Culture

That Jessica has a strong will to grow the company and a clear vision for the future emphasizes that these are important elements in order to grow and create a great company just as Collins & Porras (1997) argues. Even if the values in the company is not outspoken or clearly defined it was obvious that strong values existed which also is in line with what Peters & Waterman (1982) writes about the importance of clear values (See 3.4.2). The reason for why the values was not more clearly defined at the moment was probably that the company is still small internally and Jessica also emphasized that she have started to work with these issues since she believed them to be important for the further growth during 2011. That very distinctive goals were used could be seen as a confirmation of the importance of goals as Collins (2001) writes.

One of the competitive advantages that Jessica emphasized was that ExpanderaMera is very flexible and has the possibility to change quickly. The process starts with looking at the customers to identify what their needs are. They do this by aiming to have regular contact with everyone and they try to adapt and change their offer so it better match the specific needs of the customers. Mostly, the outcome is a change in the terms dictated by the contract between ExpanderaMera and their customers. This relates strongly to what several authors like Collins (2001) and Drucker (2007) writes about continuous improvements. They both argue that it is important for an organization to take small steps and test new ways of doing things. See chapter 3.4.3 and 3.4.4 for a further description of continuous improvements and experimentation.

5.4.4 Leadership

Jessica expressed a seldom seen determination and fighting spirit. The professional will was extreme. She characterized herself as: fair; someone who set a good example and someone who demand high standards. Employees are more or less internally-motivated since Jessica argued that she did not have the time to motivate anyone. People at ExpanderaMera have the freedom to do things the way they want them to as long as they deliver their results. Jessica explained that she is there to put in place a framework for people so they know how to act in certain situations. One of her goals is to have ExpanderaMera going by itself without her being present. This is something she realized after having her first baby and has been focusing on lately as she is expecting her second child.

There has never been any kind of active board but there has been an advisory board where Jessica can raise specific questions. She thinks that this has been a great support for her over the years.

5.4.4.1 Analysis of Leadership

As mentioned above, under Time monopoly and Culture, Jessica definitely shows some traits that are connected to a strong professional will, described by Collins (2001). Problems are solvable and she is focused on producing exceptional results. The fact that she fought for two years with Byggnads shows that she has a strong determination to succeed. We interpret Jessica's leadership style as a mix of *authoritative*, *pacesetting* and *coaching* (see chapter 2.5.1 for a full description). We base this on the fact that she is trying to mobilize people around her vision of ExpanderaMera and is trying to get everyone in the same direction. At the same time she wants results and expects them to be delivered

from motivated employees that have their own drive and want to contribute to the success. Furthermore, she is coaching in the sense that she is trying to help her employees to improve by having a framework they can rely on and work within. This will according to her improve their performance and help them grow.

5.4.5 Personnel

Jessica wants to employ people that really want to work at ExpanderaMera and want to grow with the company. “The wrong people have to leave”, Jessica says. “I don’t have time to argue!” As newly employed at ExpanderaMera, they do not have an impressive salary, but their salaries follow a pretty steep curve as time goes by. “We do not motivate with salaries” was one of the things Jessica emphasized.

When hiring new people, specific competences are secondary to a few characteristics. Everyone needs to have an education since this is a demand from the customers but there are especially three characteristics they look for in new people. They try to demand whether or not a candidate is fleet-footed; apt to changes and prestigeless.

5.4.5.1 Analysis of Personnel

At ExpanderaMera they know what kind of people they want. Since Jessica is trying to set up a framework that people can follow, and remove the company from a position of dependence of her, it is evident that having the right people are crucial just as Collins (2001) and Ahrens (1999) argues (See 3.6). Just as the company changes a lot, she is looking to hire people with the characteristics that support this. It is further evidence that ExpanderaMera have activities that align with their current position on the market – which Porter (1996) suggest is important to build competitive advantages (see 3.3.1 Competitive Advantage) By having an outspoken belief of what kind of people they are looking for – they also, indirect, state what people to avoid which makes the recruiting process easier. (See chapter 3.6 Personnel)

5.4.6 Expansion

In order to expand fast enough during the latest economic upturn, Jessica Ljöfström choose to recruit employees from Eastern Europe. This had become common in the industry since the expansion of the European Union in 2004. Jessica explained that ExpanderaMera was the first company to recruit people from Eastern Europe in a civilized, and professional, manner in order to offer customers guarantees that everything should be done correctly. In the Swedish building sector it is common for the large companies to use small contractors that sometimes recruit people which they do not pay enough or let them live under bad conditions. This could of course have negative impact on the larger companies. So when ExpanderaMera offered a new way for them to staff their projects without having to worry about laws or the public opinion, they were mostly positive to ExpanderaMera and its business model. This illustrates how Jessica was able to think creatively in order to reduce the largest barrier for growth that the company had; the availability of skilled personnel.

Jessica also explained that they thought it to be really important to deliver perfectly to customers in order to build trust and strengthen ExpanderaMera's brand.

5.4.6.1 Analysis Expansion

The will to grow is accompanied by knowledge of future changes in the building sector. That 2011 will be important is explained by Jessica, who indicate that they are trying to be aware of future changes and tries to act accordingly. Those two facts are to us evidence of planning for growth. They have a system that it is fairly easy to add people into. Since their employees are at their customers it does not put any additional strain to the culture or leadership when new people are rented out. This is a flexible system that easily can be scaled both up and down. The bottleneck might be finding new personnel but their delivery capabilities are supporting a higher demand. We believe that this system very well have helped them, and could help them in the future, to lower the risk of having bigger competitors enter and obliterate their time monopoly, as Ahrens and Moore described (see 3.8.1).

That Jessica emphasized the importance of delivering perfectly to customers emphasizes what Ahrens (1999) and Moore (1999) thinks about the importance of keeping promises to customers and over deliver in order to enable rapid growth (See 3.8.1).

5.4.7 Sales

Jessica have by herself been responsible for all sales activity in ExpanderaMera until recently when she recruited a sales manager that will be responsible for building up a sales organization. According to Jessica all sales are done mainly through relationships and she works consistently with building these relationships by meeting customers often. With their bigger customers they have a general agreement.

5.4.7.1 Analysis of Sales

ExpanderaMera is systematic with its sales strategies which gives credit to Lukes & Stanleys (2004) reasoning about the value of systematic and structured sales activities. The customer focus that Johnson et.al. (2008) emphasize is also present as described above. Interesting to note is Jessica's strong focus on building relationships with the customers which of course could be seen as one part of being customer focused.

5.4.8 Focus

The original idea, to be an employment agency has never shifted and the concept is unchanged. Jessica has however recently started a new business called MeraHem that delivers domestic services. A lot of the employees at MeraHem are wives and girlfriends to people who have come from Eastern Europe to work for ExpanderaMera. This business does not get as much attentions as ExpanderaMera since it is less profitable and is created just in order to gives the wives and girlfriends a chance to work. From the start, the same focus on customer service and solving problems has been unchanged.

5.4.8.1 Analysis of Focus

Just as Alfredén (2001) writes, it is important that small companies focus on the activities they know best and do not deviate away from them (see 3.9.1). That Jessica fought with Byggnads for two years shows that the focus in the company has been solid, maybe because of a great deal of professional will

from Jessica. That the new business MeraHem is organized in a separate company also shows that Jessica sees a value in separating the two different businesses. That ExpanderMera has succeeded to build and sustain a time monopoly with strong competitive advantages could probably be because of the strong focus.

5.4.9 Cash flow Management

ExpanderMera is self-financed and have never used any external financing. During the first years this led to that the generated cash flow was a limit to the growth of the company. Employees were paid approximately 30 days before ExpanderMera received payments from customers which resulted in a cash conversion cycle of approximately 30 days. Even if this limited the growth in the first years according to Jessica, she also explains that it has not limited the growth later.

5.4.9.1 Analysis of Cash flow Management

It is interesting that the internal generated cash flow limited the growth in ExpanderMera's early years. However it does not seem to have been a limit to growth after the first years.

5.4.10 Analysis of Drivers and Enablers

In ExpanderMera's case there have been three factors that, primarily, have *driven* the growth. Since they were the first employment agency to focus on the building sector, combined with their early start of bringing people from abroad to work in Sweden, we believe that they have been able to create a strong time monopoly that have driven the growth. This has given them a time advantages over other competitors that are entering years after ExpanderMera. Also Jessica's extreme will and energy has been an important factor driving the growth. She did never give up while arguing and fighting with Byggnads regarding benefits and employment contracts. This has certainly helped them to grow. Not only has she taken the fight with the union, she has also been very aggressive and successful in selling. A systematic approach to sales in order to create strong relationships with customers has definitely also helped ExpanderMera to grow quickly.

The primary factor enabling the growth on the other hand is identified as the flexibility and scalability in their business model. Their model support quick scaling, both up and down, without any necessary large risks. It has been fairly easy to remove people when the demand has been low and their supply of new employees, from abroad, has made it possible to scale up when the demand has been higher.

5.5 Amanda Assistans

Amanda Assistans is a service company offering personal assistance to disabled persons, mostly, around Falköping. The company was founded by Fredrik Tholén and Susanna Larsson who, together, have a disabled daughter. When the company, offering personal assistance to disabled persons, where Fredrik worked decided to close down Fredrik and Susanna decided to start a company of their own, Amanda Assistans, in the same business. The four clients who were receiving service from the company closed down were offered service by Amanda Assistans instead, which they accepted. At the time, Amanda Assistans was managed on spare time, with the intention to provide the best personal assistance possibly based on each of these four peoples' individual needs. Time went by and the word spread to

others who were not satisfied with their current assistance and requests came to Amanda Assistans about if they could help these people too. Slowly the business grew and the workload increased why Fredrik decided to start working part-time at his job as teacher at a college. When more and more disabled people asked for assistance from Amanda Assistans he later quit his job and began working full-time with the company.

The company has 43 customers today, where around 70 % of those live in or close to Falköping, and approximately 250 personal assistants are employed. There are 6 employees that work at the office in Falköping with administration.

Since 1994 the Swedish laws give each disabled individual the opportunity to choose who they want as their personal assistants. If they want to, the social services can provide the service but if not, they can choose anyone they like and the state provides 252 SEK (2010) per hour to the one providing the service. When a disabled person wants personal assistance they can apply at the social services or Försäkringskassan who conduct an investigation if the person needs assistance and if so, how many hours per month. This is the basis that the business model is built upon.

5.5.1 Financial Analysis of Amanda Assistans

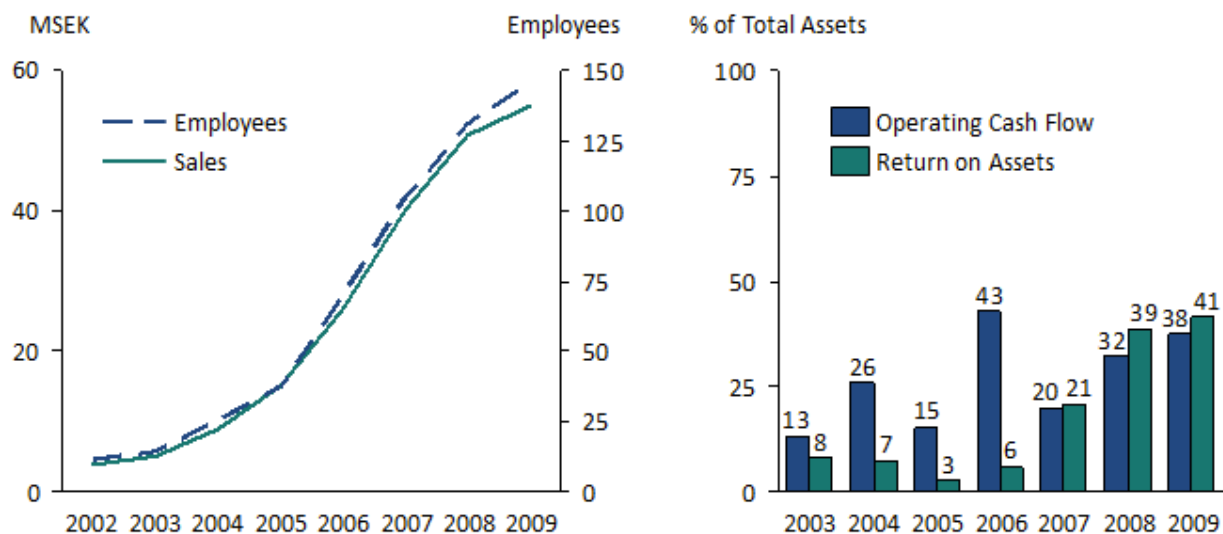


Figure 26: Financial Analysis, Amanda Assistans

5.5.2 Time Monopoly

Amanda Assistans competitive advantage is mainly based on offering the best service possible, 24h availability of support and a free choice to choose personal assistants. The time advantage is hard to define since it is easy for someone else to copy the idea, but the customers have no incitement to change if they continue to be satisfied. This indicates that Amanda Assistans have a strong competitive advantage and is able to deliver high enough value to their customers that it could be compared to a lock-in situation. That no customers have ever left the company emphasize this.

5.5.2.1 Analysis of time monopoly

When Fredrik and Susanna started Amanda Assistans they were not the first company that supplemented the social services and offered an alternative. They did however find that since they raised the level of service many of those who were customers to other companies, and to the social services, started to ask if Amanda Assistans could assist them. Since it is the social services that pay, a predetermined price, for the service that Amanda Assistans offers, they have created a value innovation (Kim & Mauborgne, 2005) by offering better service for the same cost.

Their position is that one of needs-based as described by Porter (1996). All their customers are in different situations and they all have unique needs. This has forced Amanda Assistans to tailor their activities to best fit these needs which has given them a good reputation and a lot of new customers.

5.5.3 Culture

Amanda Assistans have strong values regarding delivering the best service possible to their customers. As written procedures for all situations don't exist, all assistants must be able to act according to values, standards and behaviors that are taught before they start working. This is something they at Amanda Assistans are working with constantly and on every meeting with the assistants. Since they don't have written procedures for all situations to guide the personnel, they do follow-ups continuously with their assistants in order to find new ways to improve. Among these values and behaviors is especially how the employees should act and think as the customer is in a position of dependence. It is crucial that all employees know that the customers need their integrity. It is easy, as an assistant, to start judging and influence the customers as they are spending a lot of time together. It is important that the distinction between the workplace environment and the personal space is clear.

To grow has never been a purpose of its own at Amanda Assistans. They have since the start never put up any goals regarding growth or emphasized that it has been an important face. On the contrary, Susanna says that their success partly comes from their absence of growth goals, which has helped them to focus on the service and quality.

5.5.3.1 Analysis of Culture

It is interesting that Amanda Assistans did not have any growth targets or an ambition to become a fairly big company. This goes against some of what the literature says about a good mindset for growth (see 3.4.1). On the other hand, they might not have distinctive goals regarding growth, or growth targets, but they have always been willing and interested in being able to help more disabled people. This, we interpret, as a signal of a mindset that is set on helping as many people as possible which, indirect, could be a ambition to grow. This ambition is a good thing according to Alfredéen (2001).

At Amanda Assistans they truly align their activities with their values as a result of lack of written descriptions for all procedures. This is precisely what Ahrens (2005) means when he writes that aligning the activities could result in an effective control system that can help people in the everyday actions (see 3.4.2). That they are, and have been, working with follow-ups to find ways to improve witness of a culture that is apt to changes and willing to experiment. We believe that this attitude has helped quite a

lot over the years and has been an important part when improving their services. This is very much in line with how Löfmarck Vaghult and Johansson (2008) describes taking small steps that eventually will lead to a big success (see 3.4.3).

5.5.4 Leadership

Fredrik has been the CEO and leader of the company until recently when Susanna also started working fulltime with the company and they decided to share the leadership. Susanna has the role of vice president.

Fredrik and Susanna have very different leadership styles. Fredrik put a lot of focus on the customers and has over the years tried to satisfy every need, often by implementing a lot of ad-hoc solutions. He defines his style as flexible, problem-solving and soft whereas Susanna characterizes her style as clear, honest and goal oriented. Susanna is today the one who do the administrative tasks such as setting up control systems and implementing more standards and routines. Their different styles have led to heated discussions but they have solved a lot of problems by being able to communicate their viewpoints and thoughts.

5.5.4.1 Analysis of Leadership

Together, Fredrik and Susanna, show quite a few traits and characteristics of *Level 5 leadership* (Collins J. , 2001) and show signs of high emotional intelligence. They both show a strong humility and great determination to deliver good service to their customers. Sometimes to the extent, by creating ad-hoc solutions every time that the complexity of the system has led to troubles. They have however faced these troubles head on and done whatever they could to create superb long-term results.

We believe that they fulfill a lot of the requirements that Goleman (1998) writes are necessary to have high emotional intelligence (see chapter 3.5 Leadership - What defines a great leader?). For instance, they have the ability to build trust with their customers since they keep getting referrals. They are open to change as witnessed by their attitude towards continuous improvements and that Susanna has been able to implement a lot of new routines and ideas. These are all signs of self-regulation and self-awareness since we believe facing problems and change requires high self-confidence. That they both have empathy and social skills is irrefutable since they have succeeded in a business that relies on service to customers and relationship building.

Fredrik and Susanna differ somewhat in leadership style. Fredrik has, in our opinion, features that we connect with styles like *authoritative*, *affiliative*, *democratic* and *coaching*. Susanna has a combination of *coercive*, *authoritative*, *coaching* and *pacesetting*.

5.5.5 Personnel

The personal assistants were always selected by the disabled persons. When a new customer wants Amanda Assistans to help them with their personal assistance, they often have some personal assistant from earlier that follow them and only a few new employees are needed. New personal assistants are recruited by ads at Arbetsförmedlingen, the Swedish state recruitment agency, and in the local

newspaper. All applicants' applications are screened by the disabled person who decides who he or she wants to interview. The persons the customer wants are then hired and trained by Amanda Assistans.

5.5.5.1 Analysis of Personnel

In Amanda Assistan's case, who the right people are depends solely on what their customers think. It is the fit between the assistant and the customer that is of importance. This makes it hard for us to analyze which the right people are. We refrain for speculation regarding this. What we can say is that once an assistant has been accepted and hired – Amanda Assistans takes on a responsibility to educate that person. This is a signal that they value this new person and wants to integrate him/her into their company so that they can ensure that the assistant are working according to the values they have. This confirms the value of a quick integration of new employees (see the discussion from the frame of reference under chapter 2.4.1).

5.5.6 Sales

Sales have been totally depending on recommendations from customers. It has never been Fredrik's intention to actively sell personal assistance to disabled persons. Instead the plan has been to only let the business grow by recommendations from satisfied customers. Fredrik emphasized that he thought selling in general was bad and that people do not like to be sold to and especially not disabled persons who are in a weak position. Instead he has always been happy when asked if Amanda Assistans could offer help since it means that customers have recommended the company. He have then discussed the individual's situation with the potential customer and tried to find a solution that Amanda Assistans could offer. He believes that it is a weakness to be "pushy" and have an aggressive selling style. Sometimes it has taken up to a year before a new customer has decided to go with Amanda Assistans. So far every potential customer that Fredrik has met did, eventually, choose Amanda Assistans and no customers have left the company.

5.5.6.1 Analysis of Sales

Amanda Assistans goes against the literature in one aspect and validates another. First, they have no, or very little, organized selling activity. Their view on sales, that it is something that should not be done at all, have in their case worked quite well anyway. One reason for this might be the aspect that are validated – namely to have a customer focus (see 2.6.1 and 2.6.2). They have over the years made many decisions (such as custom ad-hoc solutions) that have greatly benefited the customers, but not always the company.

Since trust is important for the customers in this kind business and the customers are in a weak position the strategy to not actively work with sales could probably have been a very good strategy. Whether or not they would have more customers today, if they had done more traditional sales activities and had been more systematic is difficult to say. As far as Fredrik and Susanna are concerned, this would not have been the case which is obvious from the description above.

5.5.7 Expansion

During the expansion some problems occurred regarding how an independent setup was created ad-hoc for each customer and employee. When the company grew, this led to some dissatisfaction from both customers and employees when they realized that they all had different solutions. Even if each individual solution was the best for the individual, problems occurred when people met and compared specific details regarding e.g. specific benefits. To handle this situation more formalized ways of handling both customers and employees were implemented. Still individual solutions are created but now they are created in more formalized ways which makes decisions much easier to explain.

When the company grew Susanna developed own systems in Microsoft Excel in order to e.g. schedule personnel. This helped administer the company during the growth and it made easy to add more customers and employees.

5.5.7.1 Analysis of Expansion

That they have a system which is easily scalable is obvious. One additional customer doesn't require a lot of administration so once assistants are found, trained and fully operational not a lot of effort is required. Since the assistants work at their customers' homes, no extra office space is required and overall, we believe, only minor impact on the corporate culture happens when new assistants are hired since they work mostly individually.

Since they have no growth targets or goals regarding growth, our analysis points to the fact that they are not planning their expansion but rather act once there is a new customer waiting. Since they don't have the desire to grow they have been able to focusing on keeping the quality of the service through their expansion. They have never cut any corners just to grow faster or to become more profitable. In this since they have definitely been able to keep their promises and deliver as expected just as recommended (see 2.7.1). But, their expansion has not been without problems. The extreme emphasize on quality has led to the problems that has been describe earlier which have similarities to what Scott & Bruce (1987) describe as higher administrative demands and increased complexity.

5.5.8 Focus

Amanda Assistans have a clear focus in the organization to work with disabled persons and deliver personal assistance with the best service possible. This focus has been natural when expanding the business since all new customers are disabled people who have been recommended Amandas Assistans by other customers. The focus is not a deliberate strategy. Rather it is more of a natural extension of the business since the strategy has been to only grow by recommendations. Even if the focus has not been a deliberate choice, it has helped tremendously while running the business and while establish strong values for how the personal assistants should work with the customers. It has probably also helped when they have set up more formalized systems during the last couple of years.

5.5.8.1 Analysis of Focus

That they have a strong focus is hard to argue against. They have never deviated from their original idea which is good (see 2.8.1). This focus combines with their aptness to change and their work with

continuous improvements has resulted in high knowledge and extreme service. In fact, this focus and these changes have in our opinion made the offer so good that they have been able to grow without systematic sale activities. They have been able to build and keep the momentum going just as Collins (2001) describes (see 2.8.1)

5.5.9 Cash Management

Financing of the business have never been an issue since the cash conversion cycle is negative with approximately -35 days. If a disabled person needs assistance in January the payments for the assistance from the Försäkringskassan is paid the 20th of January while the salaries to the personal assistants are paid the 25th of February. The financial risks in the business have also been limited since the liquidity never has been an issue and employment contracts in this industry are very flexible. This situation is not created deliberately by Amanda Assistans but is how this system works in Sweden.

5.5.9.1 Analysis of cash management

Cash flow constraints have never been a limitation to the growth of Amanda Assistans. Their negative cash conversion cycle has eliminated any financial constraints on the growth. This alone has ensured them that they have enough money to pay e.g. salaries independent of the growth rate. Their financial situation and especially their cash flow have mitigated some of the risks that come with growth.

Their profit margin has gone up over the years which points to some economics of scale most likely related to the amount of overhead that is needed for each customer and each assistant (see Expansions above). Since they get paid, a predetermined amount, for each hour of personal assistance they sell to the social service; and that they don't have any assistants that they don't get paid for makes the business kind of risk free. Their only concern is the fixed costs that are not related to the personal assistants – such as overhead, offices and such.

5.5.10 Analysis of Primary Drivers and Enablers

The primary factor driving the growth of Amanda Assistans has been their time monopoly, or more precisely their competitive advantages. Their superb quality and the focus on delivering excellent care have made word of mouth possible which have resulted in new customers. The personality or leadership of Fredrik have probably also been a primary factor driving the growth since he have been excellent at building trust with the customers that have attracted them to Amanda Assistans.

There are three primary factors that we identified as enabling Amanda Assistans to develop their time monopoly that have driven the growth. First, the culture is focused on maximizing the quality and ensures that every customer's needs are met and the clear values have helped in guiding each personal assistant in his or hers work in order to deliver the best care possible. Second, the leadership at Amanda Assistans has further enabled the growth because of the will of Fredrik and Susanna to really deliver the absolute best possible care to their customers. Third, their business model has given them the possibility to easily scale up the business and take care of more customers and employ more personal assistants and at the same time limit the business risks.

6 Cross-case analysis

In order to conduct a cross case analysis every area in the research model was classified for each case study as either a driver, an enabler or a blocker of growth. The classification depends on the with-in case analysis of each case. A summary is presented in the table below.

	Time monopoly	Culture	Leadership	Personnel	Sales	Expansion	Focus	Cash flow
Sociala Tjänster	★	✗ → ✓	★	✗ → ✓	★	★	★	✓
Centigo	★	★	★	★	★	★	✓	✓
Rodeco	→ ✓	✓	✗ → ✓	✓	★	★	✗ → ★	✓
Exp.Mera	★	✓	★	✓	★	✓	★	✗ → ✓
AmandaAs.	★	✓	★	✓	✓	✓	★	✓

★ = Driver
✓ = Enabler
✗ = Blocker

Table 12: Cross Case Analysis

An area classified as a driver of growth have directly driven growth while an area classified as an enabler of growth have indirectly affected the growth positively either by eliminating factors that were blocking growth or by making it easier to grow rapidly. An arrow indicates that a significant change has been made in the area, from blocker to enabler or driver. Since we have a pragmatic approach and are looking for practices that could be used to increase the growth, it is of high interest if the different drivers or enablers areas have been developed deliberately or if they have happened by chance. If they have happened by chance the findings will not help to find reliable practices. The ones that have been deliberate, for each case, are shadowed in the cross-case analysis above.

The first interesting result is that in some case studies several of the areas have been driving the growth while just a few of the areas have been driving the growth in other cases. This clearly shows that it is not necessary to turn each area into a driver of growth in order to succeed. It is also evident that, for our cases, all areas except cash flow management have been a driver for growth in one or more cases. That cash flow management do not drive growth in any of the case studies are not surprising since the cash flow was identified as a usual constraint to growth in SMEs according to the literature study. Interesting to note then is rather that each company have succeed in circumvent or eliminate this growth constraint. For example: Centigo and Rodeco did so by constructing a business model that greatly reduced their risk and in the other cases they had rather short or negative cash conversion cycles combined with high margins.

It is also interesting to note that in each case where an area historically has been blocking, or hindering, the growth, these problems have deliberately been overcome to enable further growth. In all cases the areas have been transformed either to enablers of growth or in Rodeco's case focus was turned into a driver of growth. In several cases leadership have been driving the growth but the leadership has not been deliberately developed in all these cases which probably is natural since it is personal. The elements of leadership that primarily is driving the growth is the professional will of the leaders to build a great company, which is closely related to the vision of the company just as Collins describes it (2001). Overall, the studied companies all have a mix of enablers and drivers whereas a lot of them are the result of deliberate work. All blockers have been removed, deliberately, and converted into either an enabler or a driver. This would suggest that a blocker very well could hinder the growth all together but that it is not necessary to have all areas as drivers either. Evidently it is possible to grow, like these companies have done, if the blockers are removed and if all areas are either enabling or driving the growth.

Since one of the research question is about what hinders growth it is also interesting to see that culture, leadership, personnel and lack of focus have been hindering the growth in different case studies and the problems have deliberately been overcome which have enabled further growth.

6.1 Primary drivers and enablers

From the analysis above and the discussion that followed we believe that it is important to also do an analysis on what the primary drivers, and enablers, for growth are. This is also a necessary analysis to do since it directly relates to the research question: *"What factors increase growth?"* Furthermore, to answer the last research question (*"What practices could be used to maximize growth?"*) it is important to identify these factors. To identify these, we have for each case extracted what we believe are the primary factors that drove growth and which primary factors that enabled the growth, this is also concluded in the end of each with-in case analysis for each case study.

In the matrix below we have gathered the primary drivers and enablers of growth from the analyses done after each with-in case analysis.

Company	Primary drivers	Primary enablers
Sociala Tjänster	Time monopoly Sales Leadership (will)	Expansion (business model)
Centigo	Time monopoly Sales Leadership	Expansion (business model), Culture
Rodeco	Sales Leadership (will)	Expansion (quality, promises)
ExpanderMera	Time monopoly Sales Leadership (will)	Expansion
Amanda Assistans	Time monopoly	Culture

Leadership (will) Expansion (business model)

Table 13: Summary of Primary Drivers and Primary Enablers

It is from this table evident that there are, for these cases, some factors that are especially connected to drivers of growth and two that is strongly connected to enablers.

In all cases Time monopoly has a primary driver of growth. That this factor has been important to all companies is maybe not too surprising. Just as described in chapter 2.2 the competitive advantages is believed to be essential for survival and profit margins in a company. Furthermore, it is the competitive advantage that determines the value delivered to the customer and why it differs from the competitors' delivered value. As suggested in the literature, a valuable offer may very well lead to more sales and higher revenues. Since we measure growth in increased sales the fact that all companies have an offer to their customers that is attractive comes as no big surprise.

This reasoning is strongly connected to the second driver that almost all companies has as a primary driver, namely sales. It has for all of these companies, except Amanda Assistans, been important to sell and to do so in a systematic and. In Amanda Assistans' case, we believe that they have compensated for a lack of normal selling activities with an extremely appealing offer that has spread through their customers to non-customers. It has been possible to grow for them without having ordinary selling activities. Whether or not they would have been bigger today if they had performed these activities is something we can only speculate about.

In all cases, the studied companies had one or several leaders that have displayed a huge will and focus to create a great company. We believe that this will have made the leaders charge their companies with a lot of energy that has helped them excel.

All studied companies have a business that is very flexible and scalable which is related to the area Expansion that have been a primary enabler in every case. We believe that this has helped them to overcome, or dodge, problems might otherwise hinder growth. See the growth hurdles that are described in chapter 3.8. To have a business model that can be easily scaled and that is rigid enough to handle additional personnel or customers can be an important factor when growing. To avoid a lot of the problems that can come with growth probably makes it, among other things, easier to focus on the core business and on the activities that add value to the customers instead of spending time on solving internal problems. That the business is easy to scale up and down probably also makes it easier to choose try to maximize the growth since the scalability makes the worst case scenario much better than with less scalability.

Culture was not the primary enabler of growth in all cases but it was primary enabler of growth for Amanda Assistans and Centigo. By having very clear values that were strongly emphasized in the organization it becomes easier to maintain a high level of quality in services and at the same time minimizing the need for managing employees. Especially in Centigo's case, the strong values was a way

to make it easy to recruit new employees and still be confident that they would perform as expected without supervision. The strong values have been very important to enable the growth in both cases.

7 Conclusions

In this chapter we try to summarize our findings by presenting a few propositions we strongly believe hold true for companies that want to grow, or are growing rapidly. The next section contains discussions about our findings and its implications which are followed by a few suggestions for future research.

7.1 Propositions

From the within-case analysis, and the cross-case analysis, we have formulated five propositions that are presented below. For each proposition we present a discussion that explains how and why the proposition came to be.

Proposition 1: *All the areas in our model for growth can either be a blocker, an enabler or a driver of growth.*

As is evident from our within- and cross-case analysis all studied companies growth have, in one way or another, been affected by the different areas, or the factors therein – which suggest that the areas are important from a growth perspective. In more than one case the studied company has had a blocker that limited their growth and each area has been identified to be a driver of growth at least at one of the studied companies except cash flow management.

Proposition 2: *It is possible to deliberately transform an area from a blocker, or enabler, into a driver of growth.*

In all our cases we have found evidence that it is possible to deliberately ensure that an area is either an enabler or a driver. In Table 12: Cross Case Analysis

, we have showed that companies can take deliberate actions within any area in the model for growth in order to enable or drive rapid growth. Even though only one of the five studied companies, Centigo, has taken deliberate actions and made plans in all areas this proves that it is possible for the other companies, or any company, to take deliberate actions to enable or drive growth in all of the areas. This is emphasized, or strengthened, by the fact that all the blockers we identified have been transformed and removed deliberately by the companies themselves and not randomly by outside factors.

Proposition 3: *It is important to make the business scalable in order to ensure that no area becomes a blocker of growth.*

This proposition is closely related to the previous proposition. Even though all areas does not need to be drivers of growth, our analysis suggest that blockers should be removed and that it is possible to beforehand plan for and take deliberate actions in order to avoid that an area becomes a blocker in the future.

Proposition 4: *The three areas time monopoly, sales and leadership could be considered as primary drivers of growth.*

Our cross-case analysis led to the conclusion that Time Monopoly, Sales and Leadership (first and foremost the will to build a great company) are the primary, strongest and most frequent drivers for growth. Even though we found that all areas could be driving growth (except for cash flow), we believe that these three should be given a special recognition. That these three factors are intertwined and together drives growth is something we see as logical. Even though they are not mutually exclusive or collectively exhaustive we believe that they are connected in a way that if a company were to remove one of them, the outcome would not be as advantageous as if the three are all drivers for growth.

Proposition 5: *The two areas culture and expansion could be considered as primary enablers of growth.*

From the within-case analyses it was concluded that the primary enablers of growth was Expansion and Culture for the studied companies. This is not surprising since Expansion is an area consisting of, among other factors, how the company plans for growth and how scalable the business is. Culture, and especially a company's values, is also logical as primary enabler of rapid growth since it minimizes personnel problems and the need for micromanagement.

7.2 Discussion

Below discussions about the findings are presented. First a discussion about the generalizability of the model for growth is presented followed by a discussion about the interdependence between the different areas in the model and the section is then finished with a discussion about practical guidelines for different practices identified during the study.

7.2.1 Evaluation of the model for growth

We strongly believe that our model for growth is robust and analytical generalizable to other small companies that want to create rapid growth. The fact that none of the founders, CEOs, CFOs or other person we have interviewed at the five rapid growing case study companies suggested any new areas or other factor that we should have included in our model is to us evidence of a high validity in the scope of the model for growth. The fact that we during the interviews did not need to ask many direct questions and the interviewees instead mostly by themselves explained their drivers and enablers of growth which directly fitted into our model for growth also strengthen the external validity or analytical generalizability of the model for growth.

This leads us to believe that the model for growth could successfully be used to create or increase growth in any small company. It could probably also be used as a model for analyzing a company from a growth perspective in order to identify areas for improvement.

7.2.2 The interdependence of the areas in the model for growth

We are also convinced that more or less all areas in the model for growth are strongly interdependent on each other. This is related to our third proposition that it is important to ensure that no area is an blocker of growth because that will limit the growth of the company even if other areas are strong drivers of growth. If this imbalance exist it may even lead to a large crises, e.g. if the leadership is weak and the company grows beyond the capacity of the leader. That all areas are strongly interdependent also leads to that if several interdependent areas are strong and reinforcing it becomes easier and takes

less effort to sustain. Probably a important success factor could be to create reinforcing activities in each area in order to create positive spirals of development in order to create rapid growth. Then it probably takes less effort to hold the whole company to a higher standard and achieve more rapid growth than without these reinforcing activities.

7.2.3 Managerial Guidelines

We have extracted a few guidelines or practices during this study, that we believe could help owners and managers to transform an area in the model for growth into an enabler or a driver of growth. The guidelines here are just that – guidelines. They should only be interpreted as suggestions and they need to be adapted to suit a company's specific situation.

Since time monopoly could be an important source for growth we believe that especially these three practices could be of good use:

- Use a strategy canvas to evaluate the company's competitive position relative to competitors
- Use the ERRC-matrix to deliberately create a blue ocean strategy
- Think non-customers before customers in order to create a new market and more easily create both a blue ocean strategy and a time monopoly

See chapter 3.3.3 *How entrepreneurs create time-monopolies*, on page 15 for a detailed description how to use the ERRC-matrix and how to evaluate the strategy canvas.

We believe the following guidelines could be useful to avoid growth hurdles and to make the transition from small or medium to a large company.

- Remove possible cash flow limitation by reducing the cash conversion cycle
- Make the business easy to scale up and down

The first guideline relates strongly to the cash conversion cycle that was described in chapter 3.10.1 on page 43. To have a short, or negative, cash conversion cycle could make it much easier to grow – and especially rapid growth. We believe that it is important to plan in advance and continuously evaluate strategies, activities and processes from a growth perspective which relates to the second guideline presented above. By that we mean that owners or managers should consider how growth could affect the company and what needs to be addressed and changed in order to avoid future problems and at the same time make the business more scalable.

The above mentioned guidelines and the discussion relates quite strongly to the next set of guidelines.

- Define a vision and communicate it to everyone
- Define clear values that can guide employees
- Define goals and follow up on them

Just as it is important to create a business that is scalable, we believe it is also important to define where the company is going. By creating a vision that is communicated to everyone it becomes easier for

people in the organization to understand what is desired and it could also, together with the clear values, give employees guidance when taking decisions and/or performing their daily actions. The third guideline helps a company work towards the vision. Just as the vision might symbolize the meaning or purpose, the goals will help setting the route and makes the vision become more realistic and tangible. All these guidelines are described theoretically more in depth earlier in chapter 3.4.2 Vision, values, core ideologies and distinctive goals.

The next guideline may not be so practical at first sight but is probably of major importance.

- Leadership is everything

Leadership and especially the will to grow and create a great company seems to be of major importance in all studied companies and is emphasized in earlier studies as well. This translates into that the will to create a great company and never giving up in the search for improving the business is probably the underlying force driving success. A strong belief in this could probably help an entrepreneur to work on despite set-backs and challenges and by that help to achieve success in the end.

The next set of guidelines is concerned with finding the right people to hire.

- Define who the right people are for your company
- Get rid of bad employees ASAP

In order to find the “right” people, which of course is a kind of vague and company specific concept we believe that is important to define what the right people are for the specific company which is related to the company’s values. The understanding of who the “right” people are is probably not developed instantly but could be developed over time. The book *First, Break all the rules. What great managers do differently* by Marcus Buckingham (2005) describes in depth how the “right” people could be defined, identified and developed.

The last guidelines is related to the focus in the company

- Focus the business on the highest value opportunities where the company could become the best in the world
- Say no to business outside the focus

Focus makes everything easier. It becomes easier to have clear vision and values; it becomes easier to make the business scalable and it becomes easier to define and select the right people to hire. A strong focus could hold the company together during rapid growth and could also help making it easier to run the business when it becomes a large company. Several large studies have shown that a declining focus is the most common reason for, once great, companies to stagnate and fail as described earlier. These guidelines could probably be one of the hardest for entrepreneurs to apply psychologically since it is in their nature to say yes to business. To say yes to business is probably also one of the reasons for success

in the first place since that is a common way to find the good business opportunities. When a good business opportunity is found however, focus is needed to enable long term rapid growth.

7.3 Suggestions for further research

To further generalize our findings we believe a quantitative research study could be performed. In this way it would be possible validate our findings further. Furthermore, it would be interesting to study how the areas in the model for growth are interdependent on each other and how changes made to one area affect the others. Further research within each area in the model for growth, could help to identify and understand more practices within each area and how these practiced could be applied to other companies, is also very interesting in order to help more companies grow rapidly.

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9 Appendixes

9.1 A – Dagens Industri, Gazell Criteria

To qualify as a Gazell, a company has to meet the following criteria

- Published at least 4 financial statements
- Have a turnover above 10 MSEK
- Have at least 10 employees
- Have increased the turnover at least 100 % during the last three years
- A steady increase in turnover during the last three years
- The added operational profit during the last three years must be positive
- The growth must have been organic
- Sound finances

9.2 B – Interview guide

Our interview guide is in Swedish and it the goal was not to formulate explicit questions that we were going to ask one after another – but rather it was meant as a support to us if the conversation was trailing off. Also the guide was developed so we would not miss any critical area.

The time recordings that it contains were a great help for us when we wanted to find a section or topic in our audio recordings.

Intervjuguide

Start kl: _____

Innan, berätta:

- Förklara och gör det tydligt vilken typ av information vi vill åt.
- Förstudie
- Blandning mellan Förklarande och Explorativ
- Söker förståelse och ny kunskap snarare än att verifiera

Inledande frågor

1. Om dem:
 - 1.1. Berätta om er resa!
 - 1.2. Vilka har varit de viktigaste faktorerna för er tillväxt?

Konkurrenskraft och Fokusering

Start kl: _____

Vår målsättning: *Förstå affärsmodellen, vilka konkurrensfördelar ni har och hur dessa har skapats.*

2. Berätta om affärsidén
3. Beskriv kassaflödet

- 3.1. När betalas leverantörer?
- 3.2. När betalar kunder?
4. Hur skiljer det sig från konkurrenternas?
 - 4.1. Vilka faktorer gör affärsidén konkurrenskraftigt?
 - 4.2. Tillagda eller borttagna delar av kunderbidandet under resan?
 - 4.3. Hur långt efter ligger konkurrenterna?
 - 4.3.1. Vilka inträdesbarriärer finns det?
5. Hur uppkom affärsidén?
 - 5.1. Systematiskt eller slump?
6. Hur har affärsidén utvecklats?
 - 6.1. Hur jobbar ni nu med att förstärka affärsidén?
7. Förändring av affärsidén
 - 7.1. Skiljer sig dagens affärsidé från det ursprungliga?
 - 7.2. Bredare affärsidé nu?
 - 7.2.1. Innefattar den fler erbjudanden nu?
 - 7.2.2. Mer diversifierat?
8. Innan vi går vidare:
 - 8.1. Är det någon viktig aspekt som vi har glömt?

Försäljning

Start kl: _____

Vår målsättning: *Få ökad förståelse för deras arbete med försäljning och kunder.*

9. Hur sker försäljningsarbetet?
 - 9.1. Har det förändrats under tillväxten?
 - 9.2. Betraktar ni er som mer säljinriktade än era konkurrenter?
10. Vad krävs för att uppnå en effektiv/lyckad försäljning?
 - 10.1. Vilka lärdomar har ni dragit?
 - 10.2. Tradeoff mellan volym och marginaler:
 - 10.3. Finns det en tradeoff?
 - 10.4. Har ni varit mer fokuserade på någon av dessa aspekter?

Expansion

Start kl: _____

Vår målsättning: *Förstå hur organisationen har utvecklats för att möta ökad efterfrågan*

11. Återgå till tillväxtresan:
 - 11.1. Vilka motgångar eller svårigheter har ni varit tvungna att ta er förbi?
 - 11.2. Vilka aspekter har varit de viktigaste för att snabbt kunna möta den ökande efterfrågan?
 - 11.3. Hur har ni utvecklat er leveranskapacitet?
 - 11.4. Har ni varit tvungna att tumma på någonting viktigt för att möta efterfrågan?
 - 11.4.1. Vilka krav har ni på ny personal?
 - 11.4.2. Har ni gått emot någon tidigare uppsatt värdering eller bestämmelse?

Kultur

Start kl: _____

Vår målsättning: *Förstå vad som driver organisationen och människorna. Vilka beteenden är eftersträvansvärda och varför*

12. Hur skulle du beskriva er kultur?
13. Berätta om er vision
- 13.1. På vilket sätt påverkar den er tillväxt?
14. Berätta om värderingar – vilka?
- 14.1. Hur påverkar dessa era aktiviteter och det ni gör?
15. Hur strategiskt arbetar ni med kulturen?
- 15.1. Vad gör ni för att förbättra kulturen
- 15.2. Finns det ett uttalat mål hur kulturen ska se ut?
16. Hur har kulturen påverkats av tillväxten?
17. Hur har tillväxten påverkats av kulturen?
18. Finns det tillväxtmål?
- 18.1. Berätta mer om dem såsom:
 - 18.1.1. Utformandet
 - 18.1.2. Avsikten med dem
- 18.2. Hur påverkar dessa de dagliga aktiviteterna?
19. Vi tror att det är viktigt att ha vanor och rutiner kring ständig förbättring för att ha en långvarig tillväxt
- 19.1. Håller du med?
 - 19.1.1. Vilka vanor och rutiner har ni?
20. Innan vi lämnar: är det någon aspekt som vi inte har berört nu men som har varit viktig för er tillväxt?

Ledarskap, till ledare

Start kl: _____

Mål: *Förstå hur deras tillväxt har påverkats av det ledarskap som funnits och om det är några speciella aspekter i ledarskapet som har möjliggjort en så snabb tillväxt?*

21. Hur motiverar du personalen?
22. Hur rekryterar och attraherar ni ny personal?
23. Beskriv ditt ledarskap med tre ord.
- 23.1. Scenario: någon person levererar inte förväntat resultat. Hur handskas du med det?
24. Hur har ditt ledarskap påverkat tillväxten?
25. Hur har ditt ledarskap förändrats under tillväxten?
- 25.1. Har aktiviteterna ändrats på något markant sätt?
26. Något vi missat som du vill lägga till?

Cash flow management

Start kl: _____

Vår målsättning: *Om ni har, och i så fall hur har ni, utnyttjat er ekonomistyrning och finansiering för att ge er ytterligare möjligheter till att växa?*

27. Hur ser ni på investeringar? Vad har ni för beslutskrav för att genomföra en investering?
28. Hur finansierar ni rörelsekapitalet?
 - 28.1. Kredittider?
 - 28.2. Kreativa prismodeller?
 - 28.3. Fakturabelåning?
29. Hur jobbar ni med investerare eller banker?
 - 29.1. Strategiskt?
 - 29.2. Vilken relation vill ni ha till dem?
30. Hur hanterar ni en misslyckad investering?
31. Avslutningsvis: är det något du vill tillägga?

Avslut

Start kl: _____

32. Har du några fler tips för oss som vill växa?
33. Om du fick göra samma resa en gång till. Vad hade du gjort annorlunda?
34. Har vi glömt något, är det något du vill tillägga?

Stort tack!

Slut kl: _____

9.3 C – Data sources

9.3.1 Sociala Tjänster

Interviewee	Position	Date and Time	Location	Interviewers
Ulf Fredriksson	Founder	25 October 2010, 1300-1510	Stockholm	Anders Uddenberg, Christoffer Rutgersson
Janne Karlsson	Founder	1 November 2010, 1300-1430	Stockholm	Anders Uddenberg, Christoffer Rutgersson

9.3.2 Centigo

Interviewee	Position	Date and Time	Location	Interviewers
Fredrik Palmgren	Founder/Partner	26 October 2010 1300-1530	Stockholm	Anders Uddenberg, Christoffer Rutgersson
Johan Barenstedt	Partner	26 October 2010 1600-1730	Stockholm	Anders Uddenberg, Christoffer Rutgersson
Johan Waller	Founder/Partner	27 October 2010 1200-1400	Stockholm	Anders Uddenberg, Christoffer Rutgersson
Mikael Balkö	Partner	5 November 2010 1230-1330	Stockholm	Anders Uddenberg, Christoffer Rutgersson

9.3.3 Rodeco

Interviewee	Position	Date and Time	Location	Interviewers
Gunnar Almesåker	Chairman of the board	2 November 2010, 1000-1230	Åtvidaberg	Anders Uddenberg, Christoffer Rutgersson

Assar Gällerspång	CEO	2 November 2010, 1000-1230	Åtvidaberg	Anders Uddenberg, Christoffer Rutgersson
Daniel Lind	Founder	2 November 2010, 1330-1500	Åtvidaberg	Anders Uddenberg, Christoffer Rutgersson
Kirsi Landstedt	Financial accountant	2 November 2010, 1500-1600	Åtvidaberg	Anders Uddenberg, Christoffer Rutgersson

9.3.4 Expanderamera

Interviewee	Position	Date and Time	Location	Interviewers
Jessica Löfström	Founder/CEO	3 November 2010, 1300-1430	Stockholm	Anders Uddenberg, Christoffer Rutgersson

9.3.5 Amanda Assistans

Interviewee	Position	Date and Time	Location	Interviewers
Fredrik Tholén	CEO	10 November 2010, 0930-1200	Falköping	Anders Uddenberg, Christoffer Rutgersson
Susanna Larsson	Vice president	10 November 2010, 0930-1200	Falköping	Anders Uddenberg, Christoffer Rutgersson