



Orientate to Innovate

Improving the Market Orientation of an Industrial Organization

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Colophon

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Summary

This thesis describes a research towards the market orientation concept. The research is performed at the Twentsche Kabelfabriek (TKF), a cable-producing company in the Netherlands. Within the text of this thesis there are some references to appendices. These appendices are included in a separate report.

Because of several reasons TKF wants to change, the most important reasons are the saturation of existing markets and the growing level of competition. Crucial for TKF is *the need to know the market*. But, an innovation scan (performed in cooperation with the University of Twente) pointed out that “searching for external information and using this information in a coordinated way” are weak aspects of TKF. The answer for the organization is to improve the market orientation.

But, for the organization it is unclear what a market orientation exactly means and how to improve the market orientation. This problem led to the following research question:

“How can TKF become market oriented and how can the market orientation be improved for new business development in the copper cables market?”

This research consists of two parts. A theoretical research will give an answer to the first part of the research question: *“how can TKF become market oriented...?”*

In the second part, the results from the theoretical research are used to improve the market orientation of new business development projects within TKF. In this way the second part of the research is answered;...*how can the market orientation be improved for new business development in the copper cables market?”*

Theoretical Research

In chapter 3 the market orientation concept is discussed. The most influential authors on the subject are Narver & Slater and Kohli & Jaworski, who defined two different definitions of a market orientation. The two definitions are combined to produce a new model; the market orientation concept model (see figure 1, page 6). This model shows where the concept consists of and the actions that are important for a market-oriented company. But, the model still does not answer the question “how to become market oriented?” This is the subject of chapter 4.

Several studies focus on subjects that are related to “becoming market oriented”. All these studies are combined to define one set of theories related to a market orientation. The result is a list of aspects important for a market-oriented organization. A coherent framework is needed to bring all these aspects together.

The 4S-model was derived from social system theory, and defines that all social systems (e.g. an organization) consists of four mechanisms. Because the model pays extra attention to networks and the interdependency between the mechanisms, it can be excellently used to analyse a change process.

All aspects related to a market orientation can be placed within the four mechanisms of the 4S-model. This results in the new 4S-MO model (figure 4, page 20). This model shows (1) all the aspects that are important for a market-oriented organization, and (2) how these aspects are connected with each other. Because of that, the model can serve as a foundation for the development of an improvement program.

Practical research

The 4S-MO model is used to analyse and improve the market orientation of new business development (NBD) projects within TKF. The focus is on the development of new markets for the organization.

To guide the research, the total NBD process is divided in three phases; the idea-phase, concept-phase and exploitation phase. The focus is on the first two phases.

This part of the research consists of two parts. First a single case study towards project Industrial. This is a project for NBD in the copper cables market. And second a multiple case study towards the idea-phase of NBD projects within TKF in general.

For the case studies an improvement program was designed, which consists of three steps:

1. Description based on documentation/observations
2. Description based on interviews
3. Analysis

The results of the single and multiple case study are presented in chapter 6. The end results are three improvement programs; two for the project (single case study) and one for the idea-phase of NBD projects within TKF (multiple case study). The improvement programs show TKF what the organization should do to improve the market orientation of the NBD process. Some of the main results that are included in all improvement programs are:

- TKF should make use of a company-wide storage and dissemination of information
- TKF should make use of a market-oriented reward system
- TKF should make use of a structured evaluation process that ends the idea-phase

Because of this last result, extra research is performed to structure the evaluation process. This research is presented in chapter 7. The end result of this research is the design of a Quick Scan, which can be used to make a good and quick judgement of an idea for new business development.

Conclusions and recommendations

The thesis ends with the conclusions and recommendations. A first conclusion is that the results of the practical research can be used by TKF to improve the NBD process, especially the idea-phase. A second conclusion is that the use of the Quick Scan will improve the market orientation of the organization in several ways. The final conclusion is that the 4S-MO model can be used as an excellent basis for the analysis and improvement of a market orientation.

There are also some important recommendations. A first recommendation is to implement and test the 4S-MO model in different organizations. For TKF it is recommended to (1) implement the improvement program, (2) use the 4S-MO model to improve the NBD process and entire organization, and (3) further structure the New Business Development Process..

The ultimate goal for TKF is to improve the market orientation of the entire organization. Hopefully this thesis will build the basis for a market-oriented TKF of the future.

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Appendices

The appendices for this thesis are included in a separate report.

Preface

With this research I will graduate for the Master Business Administration, track Innovation Management at the University of Twente. The research has been performed for the Twentsche Kabelfabriek (TKF) at Haaksbergen.

To be able to deal with all market developments, TKF wants to improve the market orientation of the organization. This research explains how an organization can improve its market orientation for an improved company performance.

I would like to thank some people who helped me to perform this research.

First the supervisors from the University, Andre Nijhof and Aard Groen. They helped me with all sorts of research problems, and I would like to thank them for all the time and support during my research period.

I would also like to thank my external supervisors, Wim Bank and Matthijs de Heus. They introduced me into the company and always had time for me to answer questions. Their opinions and thoughts have been very important for this thesis.

The next person I would like to thank is Adrie van Schie, the General Manager of TKF. He made it possible for me to perform my graduation research at TKF and was also important for the direction of the research.

Last but certainly not least are all other employees of TKF, who provided me a very nice work environment. And special thanks to all employees I interviewed. Without their cooperation, this research could not have been finished.

Haaksbergen, 5 December 2006

Tim de Boer

Introduction

The Twentsche Kabelfabriek Company (TKF) was founded in 1930 and has developed from a local Dutch cable producer to a cable technology leader servicing customers all over the world. TKF has a very broad product portfolio, consisting of a wide range of different types of cables. These cables are produced for very different markets. Some examples of these markets are broadband, marine & offshore, security and industry.

TKF is part of the TKH Group. The TKH Group focuses on delivering innovative solutions to clients in the segments Telecom, Building and Industrial solutions. The word innovative in this is very important, because the TKH Group has an important focus on producing new products and new technologies for and in cooperation with their customers. This of course also counts for TKF, as an important operating company within the TKH Group. The mission of TKF is “To enable our customers to build both a solid business and infrastructure based on the quality of our products, innovations and high-level services”. To reach this goal the company has dedicated itself to delivering efficient and reliable cable solutions that match specific customer needs.

An important concern for TKF is the way to innovate. The company has a long tradition in making new products and new technologies for very different markets. The last years there is a focus on delivering complete solutions to problems from customers. Because customer’s problems and needs are changing all the time, TKF has to be very innovative to fulfill all these needs. The need for innovation has been made explicit by the holding (TKH), which demands from TKF that every year 15% of the revenues is brought in by new products (not older than 3 years).

Besides this focus on complete solutions there are several other reasons for TKF why there is a need for change. First there is a saturation of some existing markets. Some markets were, in the past, growing every year. A good example is the market for telephone cables, which has been very important for the company. TKF had a very important client (KPN) and was able to relatively easy sell enough products every year. But now the market is becoming more and more saturised, sales and profits are declining fast. For that reason the existing markets are not per definition enough anymore to be profitable and new markets are definitely needed. A second reason for change is the growing competition within all the markets of TKF. The unification of Europe brings a lot of new competitors, who might be interested in the Dutch market too. Of course there is also a positive aspect on this unification. For TKF there are new chances, because other countries are relatively easy to reach nowadays.

For TKF it is the question how to deal with all these developments and changes. All the developments have one common aspect and that is the “need to know the markets”. For this reason the answer for TKF seems to be to improve the “market orientation” of the entire organization. The results from the innovation scan support this conclusion (more about this in chapter 1). Broadly, market orientation means that the whole organization, especially including all the employees, is focused on the end markets. But still the questions remain; what is exactly a market orientation? How does a market-oriented company look like and how to become such an organization? What we can say on forehand is that the process of becoming such an organization will have to deal with processes, people and the entire organization on its own. Because this total process is too large and probably will take several years, I was not able to focus on the complete process within my graduation research. But, my research will build the basis for the market-oriented company TKF wants to be.

Chapter 1 The Reason for Change

The regional project “Competences for Innovation” is an initiative from the University of Twente. The goal of the project is to contribute to the strengthening of the competitive power of the regional industry. TKF is one of the companies involved in the project. The first step in the project was to measure the innovative abilities of TKF. The innovation scan¹ shows how innovative TKF is and on what aspects TKF should focus to improve the innovativeness. Although the focus of the scan is not directly on the market orientation concept, there are several topics within the scan that have a clear market oriented focus. By analyzing the answers to these questions, I will get an insight into the level of market orientation of TKF. The results of this analysis show why TKF has chosen to focus on market orientation.

The first link with market orientation is the extent in which TKF is able to recognize opportunities. From the results it is clear that TKF is relatively good in recognizing opportunities from existing customers, the law and technological developments. But, there is a problem in recognizing opportunities from competitors. A second weak aspect is the degree in which TKF is able to find out new chances, which are not directly related to the existing products or markets. This means there is not enough information gathering to “predict” the future. Finally, the results point out that TKF does not work efficient enough in gathering (market) information to recognize opportunities.

Next are aspects regarding realization. These aspects are about using the selected ideas to innovate in a successful way. Coordination between the several people and departments seem to be very important for all aspects measured here. The scores point out that TKF is reasonable good in realizing innovations, but there are certainly things to improve. Market oriented aspects are “external harmony” and “preparing the market”. The former means that a company takes into account the surplus value of innovations for existing and potential customers. The latter means that a company during the development already takes into account the launch of new products in a market.

Third are aspects about improving or stimulating innovation. The first part is about aspects that are controlled by human resource management. The main conclusion is that employees should be more rewarded according to their contribution to innovations. Other aspects that should be more focused on stimulating innovation are the personal development, the allocation of tasks and leadership. The second part is about the use of external parties to innovate. Main conclusion here is that TKF does not use the information from customers and knowledge institutions well enough.

From these results can be concluded that searching for external information (opportunities, chances, customer information) and using this information in a coordinated way are aspects that can and should be improved. This is supported by the main conclusions from the project team. Some of these conclusions are:

- TKF has an internal focus and mainly follows innovations started by other companies
- TKF should enlarge their external focus
- The employees should be more entrepreneurial
- TKF should collect more and better information regarding competitors to become a fast follower

All these results and conclusions have to do with searching for and responding to market information. That is the reason for TKF why they want to be more market oriented.

¹ The Innovation Scan is stored within the database of the organization

Chapter 2 Research Goal and Research Questions

With this research TKF will be able to improve the market orientation of their organization. The question why the organization wants to improve the market orientation has already been answered. Now two questions remain; (1) what is exactly a market orientation? and (2) how to improve such a market orientation? This research will give the answer to both questions, leading to a new model for improving the market orientation of an organization. Because the total organization wide process of becoming market oriented is too large for this research, the empirical research is focused on the project level. The new model will be used to improve the market orientation of new business development projects within TKF. The practical research shows how the model can be used to improve the market orientation.

The following research goal and research questions have been formulated;

Research Goal

The research goal can be divided into four parts:

- Description of the market orientation concept and the path to become a market-oriented organization.
- An improvement plan for new business development projects
- A Quick Scan for analyzing new business development ideas
- Advice into a good way for TKF to become more market-oriented in the future.

Research Question

How can TKF become market oriented and how can the market orientation be improved for new business development in the copper cables market?

Sub Questions

1. What does a market orientation mean?
2. How can TKF become market-oriented?
3. What role does market orientation play in the new business development for the copper cables market?
4. How can the market orientation be improved for new business development in the copper cables market?

In the following chapter the market orientation concept will be explained. The chapter summarizes the most important theories about the subject and it shows where a market orientation consists of. In chapter 4 the focus is on the question “how to become market oriented?” With use of social system theory and theories on becoming market oriented, a new model is presented at the end of the chapter. This model shows where to focus on when improving the market orientation of an organization. In chapter 5 the practical research is explained. This chapter shows how the model of chapter 4 is used to analyze the level of market orientation. The empirical research is presented in chapter 6. These results include improvement programs for new business development projects. Finally, extra research delivered a Quick Scan, presented in chapter 7.

Chapter 3 Market Orientation in Theory

There are a lot of articles where the concept of Market Orientation is discussed. The problem with all these articles is that there is no clear definition of Market Orientation. There are also very different viewpoints about the subject. Some of the authors see Market Orientation as a company culture, while others see it more as a sort of behavior of companies. This chapter consists of three parts. The first part gives a summary of the definitions and viewpoints of the most well known authors on the subject. In the second part a new Market Orientation Concept model is presented. Finally, the chapter ends with some additional remarks.

Market orientation theory

Before turning to the concept it is important to look at the relationship between market orientation and company performance. There are numerous studies that researched this relationship. Although not all studies pointed out that there is a positive relationship, the dominant view is that a higher level of market orientation leads to a higher company performance. The positive relationship seems to be especially true for profitability. Some studies that support this positive relationship are those from Narver & Slater (1990 and 2000), Lusch & Laczniak (1987), Jaworski & Kohli (1993) and Pelham & Wilson (1996). These studies empirically support the hypotheses that a higher level of market orientation leads to an improved company performance.

The market orientation concept found its origin in the marketing concept. The marketing concept is a management philosophy, which originated in the 1950s. Although McKitterick (1958) was the first to use the term marketing concept, Drucker (1954) is most often referred to as the source of the concept. Drucker concluded that “marketing is the whole business seen from the customer’s point of view”. In the decades that followed, a lot of articles and books were published about the marketing concept. Well-known authors on the subject are for example Felton (1959) and McNamara (1972). This led to a lot of different definitions and viewpoints on the subject. But, although there are so many different definitions, the message of the concept has been straightforward: “every firm’s success depends upon its capacity to match organizational capabilities with market needs, and a thorough understanding of the market will contribute to the firm’s matching capability”².

In the year 1990 there were 2 influential publications in the Journal of Marketing where the “Market Orientation” concept was introduced.³ These two publications are from the authors Narver & Slater and Kohli & Jaworski and are still seen as the most important publications on the subject. The last sixteen years there have been more authors on the subject with slightly different viewpoints. But, most authors either use the definition of Kohli & Jaworski or Narver & Slater. That is why in this report the focus is on the definitions of these authors.

² From Van Raaij 2001

³ These publications are:

Narver, John C. and Stanley F. Slater (1990), “The Effect of a Market Orientation on Business Profitability”, *Journal of Marketing*, 54 (October), 20-35 and

Kohli, Ajay K. and Bernard J. Jaworski (1990), “Market Orientation: The Construct, Research Propositions, and Managerial Implications”, *Journal of Marketing*, 54 (April), 1-18

According to Kohli and Jaworski (1990) market orientation is the implementation of the marketing concept. This means that “a market-oriented organization is one whose actions are consistent with the marketing concept”.

Comment [a1]: Uit van Raaij (1990)

Their definition of market orientation is:

- The organization wide generation of market intelligence pertaining to current and future customer needs
- The dissemination of the intelligence across departments
- And organization wide responsiveness to it

In this definition market orientation consists of three sets of actions; generation, dissemination and response.

Narver & Slater have a different view on the concept. They conclude that that market orientation consists of three behavioral components:

- Customer orientation
- Competitor orientation
- Interfunctional coordination

Customer orientation and competitor orientation include all of the activities involved in acquiring information about the buyers and competitors in the target market and disseminating it throughout the business(es). Interfunctional coordination is based on the customer and competitor information and comprises the business's coordinated efforts to create superior value for the buyers. In sum, the three hypothesized behavioral components of a market orientation comprehend the activities of market information acquisition and dissemination and the coordinated creation of customer value.

An important discussion with regard to the subject is the question if market orientation is a culture or a set of behaviors?

Some authors clearly see Market Orientation as a form of culture. “Culture is the deeply rooted set of values and beliefs that provide norms for behaviour in the organization”.⁴ Examples are Deshpande and Webster (1989), Day (1994) and Narver and Slater (1990). Narver and Slater describe market orientation as the “culture that most effectively and efficiently creates the behaviors for the creation of superior value for buyers”.

In contrast, Kohli and Jaworski (1990) define market orientation as a set of actions, which leads to a behavioral definition.

In the definitions of both Kohli & Jaworski and Narver & Slater the actions generation, dissemination and using information from the market are mentioned. The difference is that Kohli & Jaworski see Market Orientation as a certain way of working, that is why they use the actions directly to build a definition. In contrast, Narver & Slater see Market Orientation as a company culture, divided in three behavioral components. The activities are embedded within these components.

Another difference is the scope of the definitions. In their (first) definition Narver & Slater see customers and competitors as the source of market information. But, five years later in their research towards a learning organization, the authors conclude that “a narrow construction of market orientation could lead to learning only within traditional boundaries”⁵.

⁴ From Deshpande, Rohit and Fredrick E. Webster, Jr. (1989)

⁵ From Narver & Slater (1995)

For that reason the scope of the market is broadened “to encompass all sources of relevant knowledge and ideas pertaining to customers and customer value creating capabilities”. This broad scope is supported by Kohli & Jaworski. They conclude that customer focus is one of the core themes that underlie the market orientation concept. But, “being customer oriented involves taking actions based on market intelligence, not on verbalized customer opinions alone. That is why market intelligence is broadened to include a consideration “of (1) exogenous factors that affect customer needs and preferences and (2) current as well as future needs of customers.

It can be concluded that customers and competitors are important sources of market information, which seem to be important for every company. But, there are more sources to be taken into account if a company really wants to have a competitive advantage based on a market orientation. For every organization these sources, and the importance for the company, are different. Some general examples are the government, companies from other (related) markets and universities.

The Market Orientation Concept Model

In this report the definitions of Narver & Slater and Kohli & Jaworski are combined to build a model for the market orientation concept. Because a customer and competitor orientation seem to be especially important for all companies, these two are shown as separate entities. In total, the model in figure 1 shows what a market orientation consists of and the actions that are important for a market-oriented company.

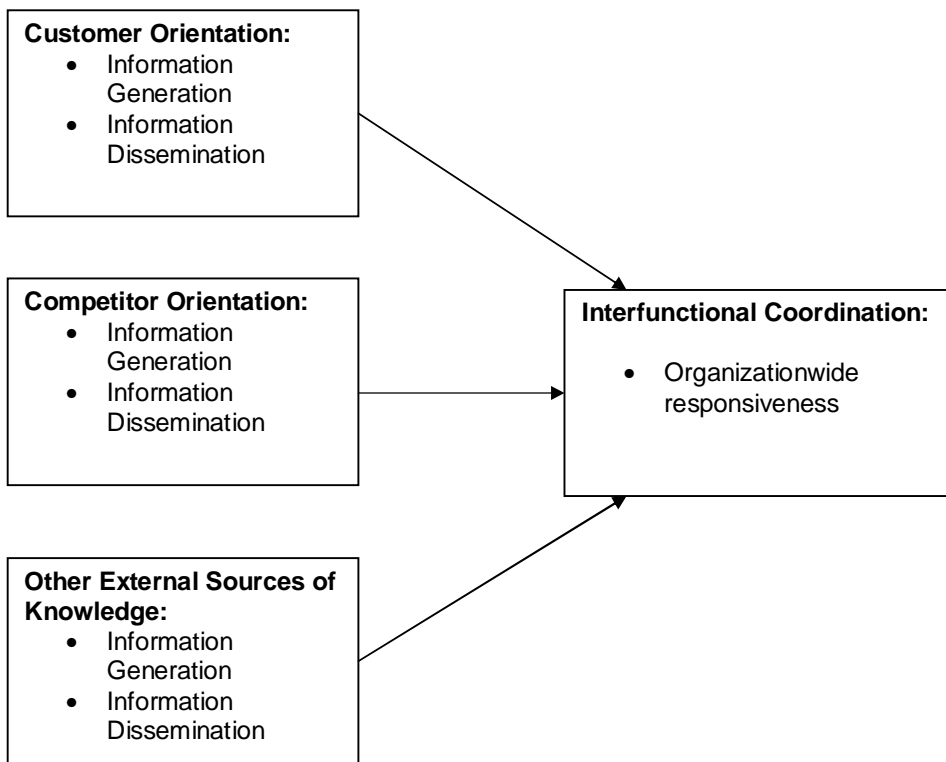


Figure 1: The Market Orientation Concept Model

Additional remarks

A Market Orientation can be placed at a theoretical scale from not being market oriented at all, to being totally market oriented. With other words, an organization is market oriented to a certain degree, theoretically between 0% and 100%. In practice there is no organization that is 100% market oriented, because every organization needs some kind of internal focus to keep the organization under control. But, as concluded before, it is supposed that a higher level of market orientation improves the performance of an organization, because such an organization is better able to serve the customers.

The research question of this report is “how can TKF become market oriented....?” It is important to understand that this means that the goal is to become market oriented *at the level that is most appropriate for TKF*. For the sake of simplicity the term “becoming market oriented” is used in this report.

In chapter 1 the results from the innovation scan pointed out some weak points of TKF. The first conclusion was that TKF should be better in searching for external information. This is especially true for information regarding competitors, changes and opportunities. Another conclusion was that TKF should improve the coordinated use of external information, especially from customers and knowledge institutions. Better searching for market information by improving the external focus and using this information in an entrepreneurial and coordinated way, is exactly what a market orientation means. Because of that, improving the market orientation of TKF seems to be the right direction for the future. But, knowing what a market orientation means is not enough. Still the question remains “how to become market oriented?” The next chapter will give an answer to this question.

Chapter 4 How to Become Market Oriented

In the literature a lot of attention is given to the market orientation concept. There are a lot of articles describing what market orientation is about and where it consists of. In chapter 3 the market orientation concept is summarized and a model shows the aspects of the concept⁶. Also in theory there is attention for the measurement of a market orientation, e.g. Kohli et al. (1993) or Narver & Slater (1990)⁷. But, knowing what aspects are important for a market-oriented company is not enough. Still the question remains; how to become market oriented?

In theory, there is only little attention for the subject of becoming market oriented. But, there are several studies that focus on related subjects, such as the antecedents and consequences of a market orientation or the development of a learning organization. An important aspect that can be recognized within these articles is the importance of networks and network relations. Some examples are Day (1994), who provides “customer linking” as a distinctive capability for market-driven firms, and van Raaij (2001), who stresses the importance of information exchange networks as an enabler for a market oriented organization. The importance of these network relations seems to be especially important for changing (or learning) organizations. What’s needed is a coherent framework, which brings all these aspects together. The authors Groen, de Weerd-Nederhof and Kerssens-van Drongelen offer such a framework. In paragraph 4.1 their model will be discussed. In the second paragraph the literature related to becoming market oriented will be summarized. This means that differences between the theories will be closed down, so that the total set of theories can be placed within the framework. In the last paragraph the new model will be presented, which shows all the aspects an organization should focus on when improving the market orientation.

4.1 Social System Theory

In their paper in 2002 the authors Groen, de Weerd-Nederhof and Kerssens-van Drongelen describe a framework for analyzing the creation and justification of Research & Development. The starting point of the set of assumptions they use is that actors act purposefully in interaction with other actors. These interactions take place within social systems. For this reason the basis for their research is social system theory from Parssons (1937, 1951, 1964, and 1977). The authors conclude that social systems consist of 4 mechanisms. These “mechanisms work concurrently and influence the outcomes of a social system in a structured, though not deterministic, way”⁸. The 4 mechanisms are:

- Scope
- Skills & Values
- Scale
- Social Networking

Each of these mechanisms produces its own type of processes and within those processes its own type of capital. The mechanisms will be discussed now.

⁶ See figure 1, page 12

⁷ Kohli et al. developed the Markor Scale, while Narver & Slater developed the MKTOR scale for measuring the market orientation of an organization. Both scales have often been used by author researchers.

⁸ From Groen (2005)

Scope

Actors always strive for one or more goals. This determines the desired scope of the social system. “The nature of [these] goals and [the] ability to influence behavior of other actors in alignment with these goals leads to *strategic capital*.”

Skills & Values

“Knowing how to do things in a more or less effective and efficient way leads to relatively fixed patterns of skills.” This means that in every system successful behavior leads to institutionalized patterns of that behavior. Knowledge and experience with these patterns leads to *cultural capital*. However, because actors are capable of learning (Parsons 1977), it is possible for them to change these patterns.

Scale

Actors strive for economic optimization. This means trying to use the company resources in a most efficient way. Optimization of costs and gains lead to *economic capital*.

Social Networking

All the processes take place in networks of interaction. This means that interactions between actors are integrated in the larger system and that actions between actors mutually adjust each other. The ability of actors to interact with other actors leads to *social capital*.

With use of the 4 mechanisms of a social system the authors Groen, de Weerd Nederhof & Kerssens-van Drongelen created the following 4S-Social System Model. In this model the focus is on one single actor, e.g. the company TKF. With the model the various aspects (or mechanisms) of an actor can be described in a systematic way.

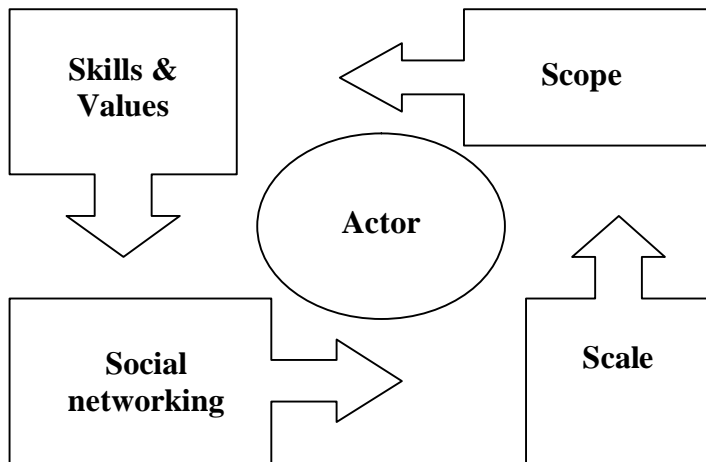


Figure 2: 4S-Social System of one actor (based on Uittenbogaard, Broens en Groen 2005, figure 1, page 3)

4.2 Towards one set of theories

Market Orientation as the basis

The basis for becoming market oriented is the Market Orientation Concept as described in Chapter 2. The focus of a market-oriented company should be on customers, competitors and other external sources. Also, three main activities are defined; information generation, information dissemination and interfunctional coordination. But, if an organization really wants to have a competitive advantage on the long-term based on a market orientation, it should be able to continuously improve its offerings. That is why in literature the concept of organizational learning is used to develop a more dynamic view on market orientation (e.g. Slater & Narver 1995 and Sinkula 1994).

Organizational learning

Organizational learning can be defined as “the development of new knowledge or insights that have the potential to influence behavior”. For this paper the focus is on the development of knowledge to influence the “market oriented behaviors of the organization”. There are six processes that characterize organizational learning. These are (1) information acquisition, (2) information distribution, (3) information utilization, (4) information interpretation, (5) storage of information (organizational memory) and (6) evaluation of outcomes. The first three processes (acquisition, distribution and utilization) can be related to the activities mentioned for a market orientation⁹. The other three processes (interpretation, storage and evaluation) should be added to the market orientation concept. First, *evaluation* is a necessary activity because without evaluation an organization is unable to find out what the strong and weak points are. Second, the *organizational memory* can be used as a learning database, where good and bad practices are stored. Third, *shared interpretation* is a necessary condition for improving your organization. When there is no common understanding of information, an organization will be unable to improve their performance.

According to organizational learning theory, improving your organization can be based on two types of learning; adaptive and generative learning (Senge 1990)¹⁰. Adaptive learning occurs within a set of recognized and unrecognized constraints that reflect the organization’s assumptions about its environment and itself. This usually leads to incremental innovations. Generative learning occurs when the organization is willing to question long-held assumptions about its mission, customers, capabilities, or strategy. For this type of learning an organization should focus on interrelationships and dynamic processes of change. This is the type of learning that can lead to radical innovations.

Dynamic market learning capability

By combining theory about organizational learning and the market orientation concept, the author van Raaij developed the “dynamic market learning capability”. This theory is based on Day’s “distinctive market sensing capability”¹¹. A dynamic market learning capability means two things. First it means that an organization masters the ability needed for a market orientation; information generation, information dissemination and value creation. Second, it means that an organization is able to continuously improve its offerings through incremental improvements and revolutionary improvements.

⁹ See Chapter 2 for more information

¹⁰ Instead of adaptive and generative learning Argyris used the words single-loop and double-loop learning.

¹¹ From Day (1994)

This information leads to the following model representing a dynamic market learning capability.

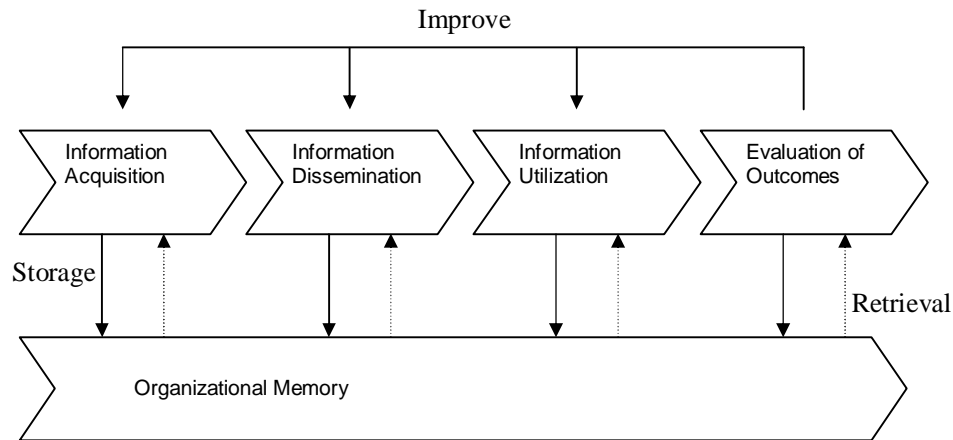


Figure 3: Dynamic Market Learning Capability (based on van Raaij 2001, figure 8.2, p.252)

An organization is said to have a foundation for sustained competitive advantage when it possesses skills or resources that: (cf. Barney 1991, Day 1994, Day & Wensley 1988)

1. Provide superior value for customers
2. Are difficult to imitate
3. Are capable of multiple applications

A dynamic market learning capability fulfils all three conditions and thus produces a competitive advantage.

Antecedents of a Market Orientation

In theory there is attention for aspects that enable or foster a market orientation. Some authors name these aspects antecedents (e.g. Kohli & Jaworski 1993), where others prefer enablers (van Raaij 2001). In this paper the word antecedents is used. These antecedents are important, because they can be influenced by managers to improve the market orientation of an organization. An overview of the literature delivers the following antecedents for a market orientation.

Top Management support

Several studies point out that Top Management support is crucial for a market oriented organization (e.g. Slater & Narver 1995, Jaworski & Kohli 1993, van Raaij 2001). Combining these studies leads to a set of actions that are extremely important for Top Management. First they should remind employees that it is critical for them to be sensitive and responsive to market developments (Jaworski & Kohli 1993). Second they should display exemplary behavior their selves. This means they should also be taking actions directed towards a market orientation (van Raaij 2001). Third they should challenge their own assumptions. By changing their own ways of thinking and working they encourage others to do the same (Slater & Narver 1995). And fourth they should demonstrate a willingness to accept occasional failures of new products and services (Jaworski & Kohli 1993).

Organizational structure and systems

The theory points out that there are specific structures and systems that foster a market orientation. These are:

- An organic structure improves extensive lateral communications between the employees. In such a structure departments communicate and work efficiently together and information is widely spread (Slater & Narver 1995).
- A decentralized decision-making and strategic planning process leads to a strategy and vision supported by the whole organization (Slater & Narver 1995, Jaworski & Kohli 1993).
- A reward system based on the market orientation activities. Such a market-based reward system encourages employees to engage in market-oriented behaviors (Jaworski & Kohli 1993).

External information networks

An organization should build up strong external information networks. Engage in activities that foster relationships with multiple information partners, like customers, universities and research centers. Collaborating with other parties is becoming more important in today's fast-changing markets (van Raaij 2001, Day 1994).

4.3 Building the model

In paragraph 4.2 there has been defined one set of theories with regard to a market orientation. This set consists of two aspects; (1) the activities important for a dynamic market learning capability, and (2) the antecedents that foster a market orientation. The next step is to bring all the aspects together in one coherent framework. The 4S-Social System model has been described in paragraph 4.1 as an excellent framework for such an analysis. All the aspects are in fact parts of a social system that mutually influence each other. Every aspect belongs to one of the four mechanisms of a social system and thus can be placed within the 4S-Social System model. Besides these market orientation aspects, social system theory delivers some valuable additional aspects that will be used in the model.

For every mechanism of a social system its role with regard to a market orientation and the aspects that belong to that mechanism will be explained.

Scope

A market-oriented organization is able to deliver superior quality to customers. The overall goal is to improve the performance and be profitable. As said in chapter 3, there is a positive relationship between a market orientation and company performance.

For TKF specific goals are (1) to improve the innovativeness and (2) to be able to better enter new markets. It is important that these goals lead to a clear vision and strategy, which are communicated throughout the whole organization. For management it is critical that they are able to influence the behaviors of the other actors within the organization in alignment with these goals. For that reason a bottom-up process of decision-making and planning is preferable, leading to a strategy supported by all actors.

The aspects that belong to the Scope mechanism:

- Top Management support
- Decentralized decision-making and strategic planning process
- Common Goal

Skills & Values

Interaction in socially structured networks is mediated in a culturally structured and shared system of symbols. This means that all actors interact with each other based on a shared culture, language, and knowledge. A market orientation is such a culture, in which all actors share the idea that customers, competitors, and other external sources are important for them. This culture is supported by a structure and some fixed patterns of skills. These patterns can lead to an efficient way of working, but can also become core rigidities when they inhibit new ways of thinking and working. That is why an organization should also master processes of evaluation and improvement (consistent with a dynamic market learning capability).

The aspects that belong to the Skills & Values mechanism:

Skills:

- Information acquisition
- Information distribution
- Information utilization
- Organizational improvement
- Information storage
- Evaluation of outcomes

Organizational structure:

- Organic structure

Social Networking

All organizations are part of networks where all sorts of interaction take place (also a company itself consists of a network of actors, in which employees interact with each other). Through social networking companies are mutually influenced by each other. The reason for this influence is the difference in scope, scale and skills between the companies.

For a market oriented organization a strong social network is extremely important, because it delivers valuable market information. This social network should be broad and strong enough to deliver all sorts of market information, and thus should include customers, competitors, suppliers and other sources of market information.

The aspects that belong to the Social Networking mechanism:

- External information networks

Scale

Every organization strives for economic optimization and efficiency. This means performing the most profitable activities in the most efficient way. An important aspect to reach these goals is the evaluation of results and the rewarding of employees. A market-oriented organization should make clear that the employees are rewarded according to the goal of being market oriented. If this reward system is not consistent for all employees, they will work in “different” ways, which will lead to the wrong activities and decrease company efficiency.

The aspects that belong to the Scale mechanism:

- Reward system based on market orientation activities
- Economic Optimization
- Efficiency

The mechanisms of a market-oriented organization have been filled in. Using the 4S-Social System model, this leads to the following figure.

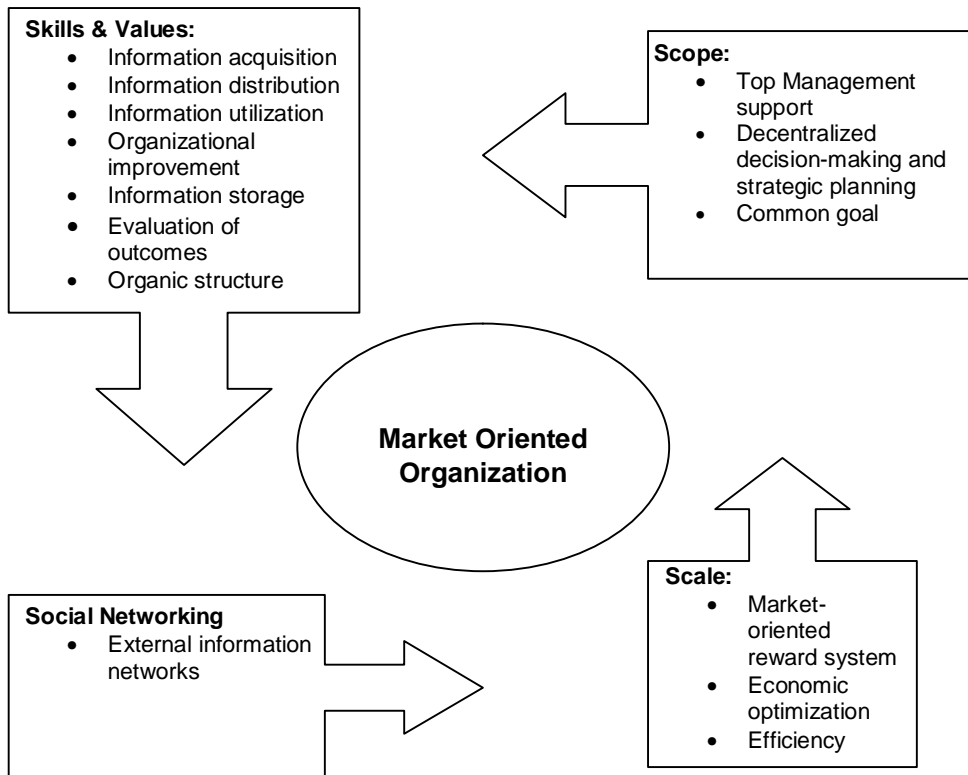


Figure 4: The 4S-MO Model

The new 4S-MO model can be used as a framework for the analysis of a market-oriented organization. It shows that there should be a focus on the four mechanisms of a social system. Within those four mechanisms, the aspects have been defined that are important for a market oriented organization. For the manager who wants to improve the market orientation of his organization, the model gives an answer to the question; where should we focus on? In this way the model can serve as the foundation for the development of an improvement program.

Chapter 5 Market Orientation in Practice

For this research the 4S-MO model¹² is used to analyze and improve the market orientation of a new business development project within TKF. In chapter 4 the focus was on the organizational level, while it is now on the project level. But this does not cause any problems, because the project is part of the entire organization and consists of the same four mechanisms. The aspects that are mentioned in the model are also applicable to the project.

In paragraph 5.1 the exact focus of the practical research is explained. Paragraph 5.2 gives an explanation of the research methods and intended results. The results of the practical research will be presented in the next chapter.

5.1 The Research Focus

The focus of the practical research is on a new business development project within TKF, called Project Industrial. The goal of the project is to define a new portfolio of **copper cables** for the **Industrial market**. This paragraph gives a detailed explanation of the project and its exact focus.

Product-Market Combinations

The focus of the project is on the development of new businesses for the organization TKF. New business development can be performed in several ways. The following figure shows that there are four possibilities for an organization to focus on.

		Markt	
		Existing	New
P r o d u c t	Existing	1	3
	New	2	4

Figure 5: Product Market Combinations (based on the Product-Market Growth Matrix¹³)

Before explaining the four parts, an important remark has to be made. In this report “New” means “new for TKF”. This means that something is considered New Business Development if the market and/or product is new for TKF, not necessarily new to the world.

The first part of the model is about selling existing products in existing markets. This means “doing business in the usual way” and this is no form of new business development. The second part is about selling new products in existing markets. This part is about product development and this sort of innovation regularly takes place within TKF. Product innovation

¹² See figure 4, page 20

¹³ This matrix is also known as the “Ansoff-Matrix”, presented by the author I. Ansoff (1957)

can be initiated in two ways. The first way is that the market comes with an idea for a new product and the D&T¹⁴ department of TKF develops the idea (market-pull). The second way is that the D&T department develops a new product itself, by using their own knowledge and capabilities (technology-push).

The third part is about selling existing products in new markets. This is a form of market development, where “old” products are used in a different way. The last years TKF is trying to sell more and more products to foreign countries. Sometimes these products are already available for the Dutch market. In this case it is an existing product for a new market.

The fourth part is the most radical way of business development. This part is about developing and selling new products in new markets. It is the most difficult way of new business development, because both the product and market are unknown to the organization.

Project Industrial is focused on the entrance of new markets with products that can already be produced or are (slightly) different from existing products. This means the focus is on the last two parts of the figure above. The third part is about the markets for which TKF already can produce the cables. The fourth part is about the market for which a (small) R&D expenditure is needed to develop the cables.

It also means that the development of new products for existing customers falls outside the scope of this research (second part of figure 5).

Three Phases of New Business Development

The total new business development process can be divided into three phases, with a Go/No go-decision separating the phases. The concept of these phases is used, because of two reasons. First, good practical research can be performed by focusing of separate parts of a wider process. Second, it improves the understandability of the total process, because the concept shows the steps and critical moments within the process. The following figure shows the New Business Development process.

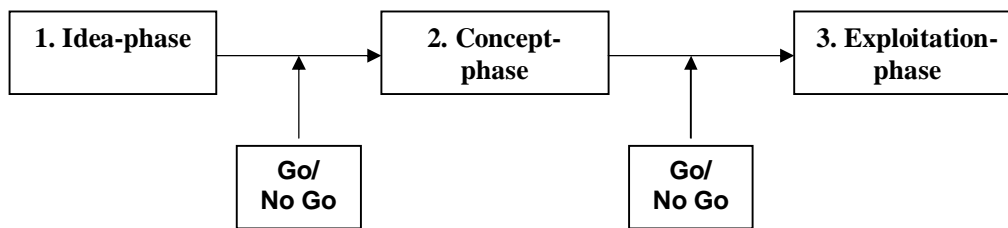


Figure 6: New Business Development Process

The first phase of new business development is the idea-phase. Every development starts with a certain idea. Within TKF employees regularly come with ideas for new markets. These ideas are then in some way communicated with other people within or outside the organization. Finally, the idea gets evaluated which leads to a Go/No Go-decision.

¹⁴ The Development & Technology department. In dutch the “Afdeling Ontwikkeling & Technologie (O&T)”

The second phase of new business development is the concept-phase. The idea is developed into a new business development plan for TKF. In this phase a thorough research is performed that answers several questions. Some important questions are; on what market should TKF exactly focus? Why on this market? How can the market be developed? What investments are needed for this development? The end result of this phase is a business plan for the entrance of a new market. Based on this business plan a Go/No go-decision can be taken about the entrance of the market.

For the project Industrial this is the last phase. The project ends with a business plan. The actual implementation (or exploitation) of the business plan falls outside the scope of the project and thus also outside the scope of this research.

The third phase of new business development is the exploitation phase. In this phase the actual development of the market takes place. This means all further actions are taken, that eventually leads to producing and selling products in the new market.

As said before, this phase falls outside the scope of this paper. The focus will be on the first two phases.

Idea-phase TKF

According to some important persons within TKF the idea-phase is very critical for the organization. This is supported by the results of the Innovation Scan¹⁵, which pointed out that TKF is not very strong in recognizing opportunities. One of the conclusions was that; a weak aspect [of TKF] is the degree in which TKF is able to find out new chances, which are not directly related to the existing products and markets. This is exactly where the idea-phase of new business development is about.

For that reason extra research will be performed towards the idea-phase of new business development projects within TKF in general. With this research TKF should be able to improve the idea-phase of future new business development projects. This means that TKF will have improved capabilities of generating and using ideas for new business development.

Summary

In short, the focus of the practical research is on:

1. Project Industrial
2. The idea-phase of new business development projects within TKF in general

And the exact focus of the project is on:

- Ø The development of new markets with existing or new products
- Ø Two phases of the new business development process; the idea-phase and concept-phase

¹⁵ See Chapter 1 for more information about the Innovation Scan

5.2 Research Methods

Research Strategy

With regard to project Industrial a **case study** is performed. The goal of this case study is to give an answer to the second part of the research question; "...how can the market orientation be improved for new business development in the copper cables market?"

A case study was chosen, because this type of research (1) gives a lot of insight into the process and (2) is very useful for answering "how-questions". The 4S-MO model is used as a basis to generate the needed data and perform strong analyses. Finally, multiple sources of information are used to increase the validity of the research.

The (single) case study involves a detailed description and analysis of the idea-phase of the project. Because the research is focused on just one project, there is no strong basis for generalization. Because it is critical for TKF to improve the idea-phase of all future projects, a **multiple case study** is performed for the idea-phase of new business development projects within TKF in general.

The multiple case study focuses on several new business development projects that are executed in the past. This means it is a cumulative case study that aggregates information about several projects, and there is a retrospective focus. Interviews are used to find the necessary information.

Research Steps

Three research steps are defined to perform the practical research. All steps are performed for the (single) case study. The multiple case study only involves step 2 and 3. The steps and their intended results will be explained now;

Step 1: Description based on observations and documentation

First, the method of desk research was used to find documented information about both the idea-phase and concept-phase of the project.

Second, the method of participative observation was used to produce a more detailed and valid description of the concept-phase of the project. By actively participating in the project, I was directly involved in the project and was able to generate valuable inside information.

The results of the first step are descriptions of the idea-phase and concept-phase of the project, based on the 4S-MO model. These results are presented in paragraph 6.1.

Step 2: Description based on interviews

Semi-structured interviews are conducted with a group of people within TKF.

For the case study two question lists are used to describe the project. The first question list is for the idea-phase and the second list is for the concept-phase of the project¹⁶. In total four employees are interviewed, who were involved in the project.

¹⁶ See appendix 1 and 2 for the full question lists for the Project

For the multiple case study one question list is used to describe the idea-phase of new business development projects within TKF in general¹⁷. In total six persons are interviewed from five different departments, and the interviews deal with four different projects¹⁸. All projects are used to make one common description of the idea-phase.

All question lists are based on the 4S-MO model, this means that all questions deal with one (or more) of the aspects of the model. In the interviews there is also attention for the opinions of employees and for related additional information, because this could deliver valuable new insights.

The results of the second step are descriptions of the project (both idea-phase and concept-phase), and the idea-phase of new business development projects within TKF in general, based on the 4S-MO model. These results are presented in paragraph 6.2.

Preliminary results

The first two steps together deliver the following results:

- Ø With regard to the case study; a total description of the project
- Ø With regard to the multiple case study; a description of the idea-phase

Based on these results the sub question “what role does market orientation play in the new business development for the copper cables market?” is answered.

Step 3: Analysis

Finally, the descriptions are analyzed with use of two sources of information. First the opinions of the employees, and second theory of chapter 3 and 4 plus some additional theory. The analysis can be found in paragraph 6.3.

End results

The end results of the analysis are three improvement programs. These improvement programs show TKF how they can:

1. Improve the market orientation of the project
2. Improve the idea-phase of future new business development projects

After the third step the following sub question is answered; “how can the market orientation be improved for new business development in the copper cables market?”

¹⁷ See Appendix 3 for the full question list for the multiple case study

¹⁸ The full answers of all interviewees are written down and stored within the database of TKF

Chapter 6 Results

This chapter presents the results of the practical research. The research was performed in three steps, and every step is presented in a separate paragraph¹⁹. The descriptions can be found in paragraph 6.1 and 6.2. The analysis is presented in paragraph 6.3 and this paragraph also includes the improvement programs. Finally, in paragraph 6.4 the results are summarized and presented in one figure.

6.1 Description based on observations and documentation

In this paragraph the 4S-MO model is used to describe the idea-phase and concept-phase of the project. The descriptions are part of the (single) case study and are based on observations and documentation.

6.1.1 Project Idea-phase

The information that is used is the project plan, and some additional information from the project members.

Scope

Decentralized strategic planning and decision-making

In the first months of 2006 the department Sales Telecom came with an idea for new business development. Their plan was to do research towards the industrial market. One of the key account managers of the department was assigned as the project leader. His first step was to write a plan for Project Industrial. The project is a good example of decentralized strategic planning. The department is held responsible for a plan for the future that tells what products are produced and sold in what markets.

Common Goal

The reason for the business plan is the annual decline in sales volume, in particularly the Dutch market, for copper telephone cables at KPN. The forthcoming years the market volume will decline even further, because of an increased use of glass fiber cables and Outside Plant (OSP) products. Without any changes, this will lead to very little or even no production of copper cables at the production location Telecom 1.

For this reason the objective of the business plan is “to define a new portfolio of copper cables as a supplement to or replacement of the recent copper cables portfolio of TKF with a good added value c.q. return on sales. The focus is on Telecom 1 in Haaksbergen”. The project leader wrote down this objective in the plan. In this way the project plan helps in creating a common goal among the project members and other employees of TKF.

In the project plan the total project (and portfolio) is split up in three phases. The first phase is about selling existing products to new or existing customers. The second phase is about products where a higher R&D expenditure and a longer time to market is allowed. The third phase is about products with a high R&D expenditure and a long time to market. From the start the focus of the project with regard to these phases was not exactly clear.

¹⁹ See paragraph 5.2 for more information about the steps

Top Management Support

Top Management approved the idea for new business development and resulting project plan. The project leader was given time to spend on the project.

Skills & Values

Information acquisition/distribution/utilization

The first information that was acquired is the internal production and sales information with regard to copper cables. The production and sales figures showed that the sales of copper cables were declining. How and between which persons the information was distributed is not yet exactly clear. The interviews will have to show this²⁰. The department Sales Telecom utilized the production and sales information to define the need for new businesses.

The same department came with the idea to focus on the industrial market. What information was acquired for this idea is not clear yet. The idea got communicated with one of the key account managers, who used the information to write a project plan. This project plan was communicated with Top Management and the department Sales Telecom.

Information storage

The project leader, department Sales Telecom and General Manager of TKF stored the project plan.

Evaluation of outcomes

Top Management approved the idea for the project and resulting project plan. It is not yet exactly clear how this evaluation took place.

Organic Structure

There is no clear structure in the idea-phase. A department came up with the idea and one person was assigned as the project leader.

Social Networking

External Information network

The department Sales Telecom, Top Management and the project leader were the main actors in the idea-phase. At this moment there is no information available that defines more actors.

Scale

Efficiency/Economic Optimization/Market-Oriented reward system

Not much is known about the Scale mechanism of this phase. Time is spent on the project, during or between the “normal” activities. There is no direct reward for bringing in the idea or producing the project plan.

²⁰ See paragraph 6.2 for more information

6.1.2 Project Concept-phase

Scope

Common Goal

The general objective of the project is defined in the project plan that ends the idea-phase. This broad scope was defined and written down by the project leader and is supported by Top Management.

Although the project plan defines the objective of the project, the exact scope of the project has never been exactly clear. During the project it became clear that the focus was on step 2 and 3 of the project plan, meaning on products where a small R&D expenditure is necessary. The first step falls outside the scope of the project. Another problem was that the Industrial market is very broad, maybe even too broad. Because of these problems, there was no clear (common) goal.

Within TKF another group worked on a strategic plan for the future markets/products of the organization. This is the workgroup Instrumentation, in which employees from several departments work together. The scope of this group was not exactly clear either. In some way the goals of both groups, project and workgroup, are the same. Both groups try to identify markets for the Telecom department for the forthcoming years. A first difference is that the focus of the workgroup is not just on the industrial market. A second difference is that both groups work in a very different way. For the project in-depth research is performed on one market (although a very broad market), while the members of the workgroup mainly use their own personal knowledge to define the markets.

Decentralized decision-making and strategic planning

All the decisions during the project are taken by one person, the project leader. This person is responsible for the whole project, including the planning and decision-making.

Top Management Support

The General Manager was involved at the start of the project by giving his approval. During the project Top Management have not been involved.

Skills & Values

Information Acquisition

In the planning for the project, all the activities and activity takers are described. It also shows all the information the project leader wants to acquire. The activities (and also the information) can be separated into internally and externally oriented.

The internal information that has to be acquired is:

- Ø The current machine capacity. One of the employees of Production described the technical possibilities of all the machines of the Telecom department.
- Ø The current and needed technical capacity. Within TKF the D&T department is responsible for the technical development of products
- Ø The current knowledge about the Industrial market within TKF. There is supposed to be little knowledge present within the organization about the industrial market.

The external information that has to be acquired is:

- Ø Information about the market volumes and price levels on the industrial market. The project leader wants to have contact with some German daughter enterprises and Jobarco, a Dutch daughter enterprise of TKH. During the project it seems very hard to acquire information from the German organizations. With Jobarco the project leader is starting up the contacts. No information has been acquired yet.
- Ø Information from other TKH daughter enterprises like VMI and EBM. These organizations should have information about the knowledge and technologies necessary for the industrial market. No information was acquired yet.
- Ø Information about the competitors on the industrial market. For the largest competitors on the cables market some desk research is performed. For five large competitors information was acquired about the markets and products with use of the Internet and the Catalogue Hannover Messe. First for every competitor is described in what markets they are present. And second what cables they produce in the industrial markets that could be relevant to TKF. Also for the most relevant cables, some extra specifications were described.

Information Dissemination

The disseminated information can be separated into two groups.

First information that is disseminated between members of the project, including the project leader. The project leader gives information to the other members about the reason for the activities and the intended results. And the project members deliver the results to the project leader. This includes market information about the main competitors and internal information about the machine possibilities.

Second information that is disseminated between the project and other parts of the organization. The project leader spoke with the manager Sales Telecom about the industrial market. Two sources of information were disseminated: a business plan and marketing plan about the industrial market from a competitor. These sources delivered information about the products of the competitor and the price levels and margins.

There has been some communication between the project and workgroup instrumentation about the strategic direction of TKF. But, the results of the workgroup and preliminary results of the project are not communicated with the other group (yet). There is hardly any communication or cooperation between the groups.

Information Utilization

Until now the information was used to produce a planning, competitor analysis and internal analysis. All the information together should be used to produce a business plan that defines a new copper cables portfolio. No activities have been taken towards such a business plan yet. Also no other information was used at this moment.

Information Storage

The preliminary results have been stored by the project leader and by the project members. This includes a planning, internal analysis and competitor analysis. Also the business plan and marketing plan of a competitor have been stored by the project leader. All information has been stored for personal use. There is no central storage of the information within TKF.

Evaluation of outcomes

The project leader evaluates the results of the activities during the project. For all results the question is answered; do the results show everything I want to know?

Organizational improvement

With use of observations and documentation nothing can be said about organizational improvement.

Organic Structure

The structure of the project is very simple. There is one project leader who is responsible for the whole project. This is one of the key account managers of the department Sales Telecom. The project leader defines the activities and is responsible for the results of the activities. During the project he uses employees from different departments within the organization to acquire the necessary information. These “project members” perform the activities, as defined by the project leader. There is no formal project team.

When the project is finished, the project leader presents his plans to the Management Team.

Social Networking

External information networks

It is important to understand that the project is part of a wider social system where all sorts of interaction take place. Within that social system all actors mutually influence each other. There is a group of actors that is extremely important for the project, because they directly influence the project and/or deliver valuable information. These actors are:

- Ø The organization TKF
- Within TKF*
- Ø Management Team
- Ø Sales Department
- Ø Development & Technology Department
- Ø Production Department
- Ø Workgroup Industrial
- Outside TKF*
- Ø Customers
- Ø Competitors
- Ø Other External Sources

See Appendix 4 for a detailed description of all the actors and their relation with the project.

The figure on the next page will show (a part of) the social network of the project. The arrows in the figure show that the project and other actors interact with each other through social networking. For the sake of simplicity the Management Team, “other external sources” and the departments are left out, except for the Sales department.

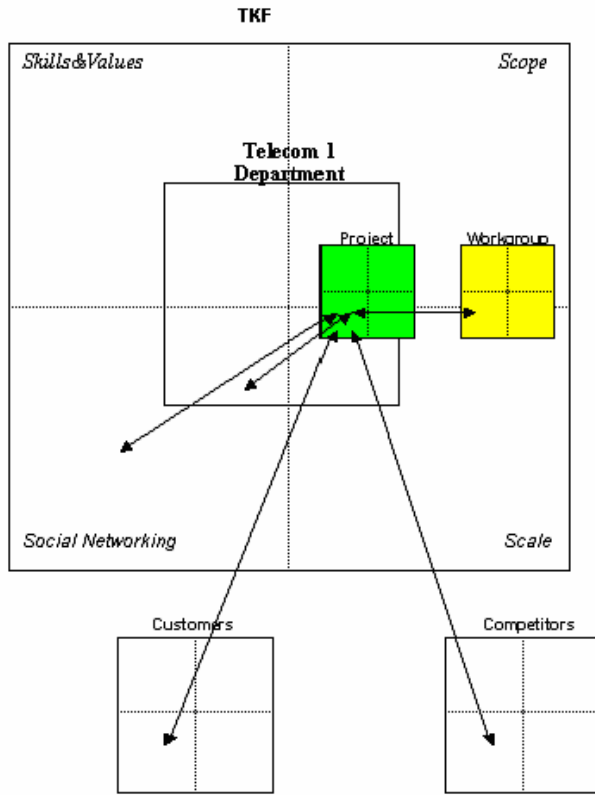


Figure 7: The social network of the project

Scale

Efficiency

Within TKF there is a workgroup and project at the same time. Part of the activities and goals of the groups are the same. Two teams are at the same time searching for possible future markets for the Telecom production plant. Because of that, an internal analysis focused on the technical possibilities of the machines, was performed in two parts. The first part of the analysis was done for the workgroup, while the second part was done for the project. There is no central coordination between the groups to make sure that activities aren't performed twice by different persons.

The total project costs far too much time. The project was planned to finish in about three months, but has taken 8 months already. There seem to be several reasons for this delay. The most important reason is that the project leader does not seem to have enough time available for the project. Another reason is that the scope of the project have never been completely clear. There have been some sort of a planning at the beginning, but the last months the project is slowly going forward without any planning.

Economic Optimization

The goal of the project is to find a future portfolio of copper cables for the Telecom production plant. With this new portfolio TKF should be able to sell enough products in the forthcoming years to be profitable. Because of that, you can say that the ultimate goal is long-term economic optimization.

A problem is that the project leader does not spend enough time on the project activities, because of the “normal” daily activities. This is a choice for the short-term activities instead of the long-term activities. The question is if this leads to economic optimization or only to short-term profit.

Market-oriented Reward System

There is no formal reward system for the project. It is unclear if and how the project leader and other members get rewarded for the end results of the project.

In the project plan some sort of reward is included. If the project is successful and leads to new business for TKF, there is a chance that a new department will be start up within the organization. The project leader then will be responsible for this new department. For the project leader this can be considered as a possible promotion. But, it is not 100% sure that the new department and promotion will take place, even if the project is successful

6.2 Description based on interviews

The descriptions in this paragraph are the result of three different interviews with ten employees of TKF²¹. The 4S-MO model is used as a basis to make a total of three descriptions. Paragraph 6.2.1 and 6.2.2 present descriptions of the idea-phase and concept-phase of the project, both for the single case study. Paragraph 6.2.3 presents a description of the idea-phase TKF, which is part of the multiple case study.

6.2.1 Project Idea-phase

Scope

Top Management Support

The General Manager is involved in the idea-phase in several ways. First he is an important person in the yearly budget rounds and business plan, where the direction is set for TKF. The budget rounds and business plan form the basis for the project. Second the General Manager support the development of niche-markets in general. The project is a way to develop such markets. Third he was directly involved in the discussion about possibilities for a project, which led to project Industrial. And fourth he supported the start of project Industrial, by giving his approval.

²¹ The full answers during the interviews are written down and stored within the database of TKF.

Decentralized decision-making and strategic planning

Three managers from the departments D&T, Sales Telecom and Sales Export are responsible for the idea. The idea is a plan for the strategic future of TKF.

The Management Team sets the direction of TKF and the managers of the departments are relatively free to fill in the plans to reach that direction. A lot of responsibility is given to the department managers.

The decision to start the project was taken by the General Manager, together with the managers from the departments. The General Manager trusts the opinion of the other managers, when taking a decision.

Common Goal

Three departments worked together to reach the (common) goals of TKF, put forward in the business plans.

The managers from three departments communicated the idea and formulated a common goal. The goals were written down in the project plan.

Skills & Values

Information Acquisition

The choice for this project was based on two kinds of information.

First the information from the yearly budget round/business plan TKF, that showed decreasing sales of copper cables.

Second knowledge about the Industrial market. The managers that were involved already had this knowledge. Some of the knowledge is written down in a business plan from a competitor of TKF.

No new (external) information was acquired.

Information Dissemination

Several pieces of information were disseminated in the idea-phase.

First the information from the yearly budget rounds/business plans TKF. This information is widely disseminated throughout the organization. It shows the direction the company wants to go. Second, three managers from different departments (D&T, Sales Telecom and Export) worked together and communicated their ideas with each other. Third the idea got communicated with one of the key account managers, who was assigned as the project leader. And fourth the idea got communicated and discussed with the General Manager.

There was no communication about the project with the rest of the organization.

Information Utilization

Information about the Industrial market is linked with the conclusions from the business Plan TKF to start a project. The information was used to produce a project plan for new business development.

Information Storage

Several pieces of information were stored that are important for the idea-phase.

First the yearly business plans TKF. This business plans shows the direction TKF wants to go, based on internal and external information. All departments store the business plans.

Second the project plan. The project plan shows the activities and strategy of the project and is stored by all persons involved.

Third a business plan Industrial from a competitor of TKF. This business plan is stored by the Manager Sales Telecom.

Fourth are reports of appointments between the project leader, General Manager and Manager Sales Telecom. The project leader stores this information for own use.

Evaluation of outcomes

There is no formal moment of evaluation in the idea-phase. The project leader wrote a project plan, but this plan has not really been evaluated.

Organizational Improvement

No organizational improvement can be seen.

Organic Structure

Three departments within TKF work together in the idea-phase. One account manager is assigned as the project leader. There is no formal structure.

Social Networking

The following persons/groups were involved in the idea-phase of the project:

- Manager department Sales Telecom
- Manager department Sales Export
- Manager department D&T
- General manager
- Work groups TKF (for business plan TKF)

Employees from the three departments within TKF worked together to formulate a plan. No external persons or sources are used in the idea-phase.

Scale

Market-oriented reward system

There is no formal reward system for bringing in ideas for new business development.

Economic Optimization

The yearly business plans are the basis for the project. These plans tell that TKF should focus on the development of new market niches. Because the project is focused on new business development, this should lead to economic optimization.

Efficiency

The project leader tried to define the exact scope of the project. But this costs a lot of time. Even when the idea-phase was over, the scope of the project was not exactly clear.

6.2.2 Project Concept-Phase

Scope

Top Management support

Top Management has not been involved in the concept-phase of the project. The project leader thinks that this should have happened, to reach consensus on the activities and (intended) results.

Common Goal

The project members were informed about the goals of the project, so a common goal exists between all project members.

The workgroup Instrumentation asked one of the employees of Production to perform a machine analysis. A few weeks later the project leader asked almost the same question. Both groups seem to have the same goals, without knowing this from each other.

Decentralized decision-making and strategic planning

The project leader is responsible for the project planning and all important decisions during the project. He decides what activities are performed and lets other persons perform some of these activities.

The General Manager, Manager Department Sales Telecom and the project leader together will evaluate the project afterwards. This will lead to a Go/No-go decision.

Skills & Values

Information Acquisition

It is very difficult to acquire information about market prices and volumes. The project leader tries to acquire this information by using daughter companies of TKF in Germany, united in the Twentsche Kabel Deutschland (TKD). A Dutch daughter organization that could deliver valuable market information is Jobarco.

For describing the machine possibilities all information about the machines had to be acquired by an employee of Production. This information was acquired from the “machine books” and from his own knowledge.

Information Distribution

The project members are responsible for distributing the right information to the project leader. This is internal information about the technical machine possibilities and external information about competitors.

One of the project members noted that he did not hear anything about the project, after he finished his activities. He thinks this is a shame, because he is really interested in the results.

Information Utilization

An internal analysis was performed focused on the technical machine possibilities. No more information has been used yet.

Evaluation of Outcomes

The end result of the project will be a business plan that shows what markets have potential for TKF. The evaluation of the project will be based on this business plan. It is not yet exactly clear how the business plan will look like. The General Manager, manager Sales Telecom and project leader will evaluate the project outcomes.

During the project, the project leader evaluates the preliminary outcomes.

Information Storage

All project information is stored by the project members for personal use. Furthermore the internal analysis was stored on internal computer system of TKF, on the disk space for the Production department. No information is stored so that all employees of TKF can enter the information.

Organizational Improvement

During the interviews no organizational improvement could be found (yet).

Organic Structure

The project leader is totally responsible for the project. During the concept-phase there is almost no communication with the Management Team. The Management Team will evaluate the results of the project afterwards.

The project leader uses employees of different departments within TKF to find the necessary information.

Social Networking

Three persons were directly involved in the project, because they performed some activities. These are the project leader, an employee from Production and a student (myself). Two more persons were important for the project, especially at the start and end of the project. These persons are the Manager Sales Telecom and the General Manager.

For the project a research is performed towards the most important actors within the industrial market. The first group of actors is the competitors. For every competitor is described what sort of cables they produce for the Industrial market. The second group of actors is the customers. The project leader tried to make contact with some daughter companies of TKH. A group of these organizations sell cables in Germany and could be potential customers for TKF. Another daughter organization of TKH is Jobarco, a Dutch cable company. All these organizations could deliver important information about the industrial market, for example information about volumes and prices on the market. It can be concluded that the project leader tries to make use of the network of TKH to broaden the social network of the project.

Within TKF there is also a workgroup Instrumentation. Some of the goals of this group are the same as the project. Because of that some communication exists between the groups, but no real cooperation.

Scale

Efficiency

The project was supposed to be finished within three months, but has taken 8 months already. And still some activities have to be done yet. According to the project leader, there are three reasons for the delay. The most important reason is that the project leader does not have enough time available for the project. When the project was just started, the project leader got promoted. Because of this promotion he had more job responsibilities. The second reason is that the role of the workgroup Instrumentation was unclear. Because of this, the project delayed even more. The third reason is that the scope of the project has never been exactly clear, although the project leader spend some time on defining the scope.

The other activities seem to be performed in an efficient way.

Economic Optimization

Projects for the development of new markets are very important for TKF, especially for the long-term. Without such projects, the competition will always be ahead and TKF will not sell enough products in the future anymore. Project Industrial is important for the long-term profit of the Sales Telecom department, because the sales to current customers are decreasing every year.

It is not sure if new market development projects are necessary for all markets. In more stable markets, like the market for energy cables, this sort of projects may be unnecessary.

Market-Oriented reward system

There is no formal reward system for the project leader. But, these projects are important for testing someone's capabilities and thus can be important for your career. For the other members of the project the project activities belong to their normal work, so no extra reward system is needed.

The project leader thinks that there should be a reward system for new business development projects. He thinks it would be good if one person could devote 100% of his time to the project, because of the importance for TKF. Then this person can be rewarded according to the results of new business development.

6.2.3 Idea-Phase TKF

Scope

Top Management support

Top Management supports the development of new markets with TKF's annual business plan. The last years the business plans of TKF focus explicitly on new business development. Because of the business plans, employees of TKF get motivated to search for new ideas.

Top Management is not much directly involved in the idea-phase of new business development projects. Only when large investments are needed, Top Management is responsible for a Go/No-go decision.

In the past Top Management put down some ideas. According to some employees of TKF, the reason was that Top Management focused too much on the short-term and did not have enough market knowledge.

Decentralized decision-making and strategic planning

Decisions are taken by the Management Team if a large investment is needed. If no (or a small) investment is needed, the departments are relatively free to take their own decisions.

There is no structure for taking decisions. Most of the times there are no formal decision moments. If the Management Team makes the decision, their personal enthusiasm and thoughts are very important.

Common Goal

The annual business plans of TKF serve as a common goal among the employees. The business plans focus on the development of market niches and also on foreign market development.

Most of the times ideas for new business development get carried out among a few persons. There is no creation of a common goal among all employees/departments of TKF. One of the projects we discussed in the interviews was facing serious problems at the beginning, because other departments did not understand the importance of the new market.

Top Management puts forward that long-term business development is important for TKF. But sometimes it seems that they support short-term efforts over long-term projects.

Skills & Values

Information Acquisition

In almost all cases the decreasing internal sales figures and low market expectancy were the main information that started the idea-phase of new business development. This information is also included in the business plans of TKF.

Based on this information, different employees thought about new ideas, using their own knowledge. Sometimes extra market information is gathered to support an idea, but it depends on the person what and how much information is gathered.

Almost always information about the potential customers is gathered first, sometimes with use of an external contact. TKF tries to connect to these customers as soon as possible. Because of that, information acquisition within TKF is closely related to social networking. Other important information is technical information about producing the products. One of the first steps in the idea-phase is testing if TKF can develop and produce the necessary cables.

Sometimes also market information about customers or suppliers is gathered. But, most of the times this happens at a very late stage or not at all.

Information Distribution

The annual business plans of TKF are distributed throughout the whole organization. These business plans often are the basis for new market development.

In the idea-phase of new business development projects only a small amount of information is shared with other persons or departments. Only the most important information (e.g. the idea itself) is shared with the most crucial departments. Other persons or departments that are not directly related to the project often do not receive any information. Also additional market information is not distributed.

There is no structure for distributing (market) information throughout TKF. One of the interviewees showed me several market studies, performed at TKF in the last few years. But, other employees within TKF do not know these studies exist, because the studies have never been centrally stored or distributed otherwise. Several interviewees agreed that the distribution of information within TKF is not optimal.

There is some technical information that is stored in a computer system by the D&T department. All employees of TKF have access to this information.

Information Utilization

Employees use their own personal knowledge together with market information to bring up ideas for new business development. When an investment is needed, market and technical information is used to produce some sort of a business plan. With such a business plan Top Management can assess the idea. Otherwise, information is used to enter the market as soon as possible. This means developing the products and building a network inside the new market.

Information Storage

In the idea-phase of new business development not much information is stored. The ideas for new business development are not stored in any way. Sometimes acquired market and technical information is stored, but then just for personal use.

Within TKF every department has its own disk space, where employees can store their information. There are also general disk spaces for whole TKF, but these are not used to store market information found in the idea-phase of new business development projects.

There is no structured way of storing business plans. Although this lack of structure, the D&T department has stored some of the business plans of the last years. The D&T department also stored some technical information inside a computer database.

Evaluation of Outcomes

When there are no investments needed, a new business development project just “moves on” without any formal evaluation. Just when a product cannot be developed or a customer cannot be found, the project is ended.

When there is an investment needed Top Management evaluates the idea. But, there is no clear structure for bringing in and evaluating those ideas. According to some persons within TKF, it is important that “you can sell your idea to Top Management”. If Top Management has a “good feeling” about an idea, the project is carried out.

One person said that Top Management turned down a project, although all information (volumes, prices, market expectancy, and development possibilities) pointed out that the project had good potential. But, because Top Management did not feel good about the project and had other priorities, the project was turned down.

In 2004 two students wrote a graduation thesis that focuses on future niche markets for TKF. Part of the thesis is about the idea-phase of new market development projects. The students analyzed and evaluated the new business development process within TKF and one of their conclusions was that generating market knowledge is a “generic weakness”²² of the organization. The students also developed a system for the first evaluation of new business development ideas.

²² In Dutch: Generieke zwakte

Organizational Improvement

One of the projects had a special idea-phase. In 2000 an employee of TKF came with the idea to produce multi-mode fibre optic cables. A research was performed to support this idea, but this research was almost purely based on technical information. Top Management of TKH turned down the idea that same year. Four years later the same person thought it was still a good idea. This time a research was performed that included technical, market and internal information. Based on this plan, Top Management supported the idea and nowadays TKF still produces multi-mode optic fibre cables. In this case one employee of TKF showed some good improvement, by changing the way to perform research. Of course you can ask the question; did TKF as a whole learned something from it or just that one person?

The graduation thesis in 2004 pointed out some important aspects that TKF should improve with regard to the new business development process. The most important conclusion was that TKF did not have enough market knowledge. For this reason the students proposed a project plan that eventually leads to the entrance of a new market (the automotive industry). Although the thesis seems clear and promising, not much has been done with the conclusions to improve the organization.

Organic Structure

In all business development projects one person or department leads the process. There is no formal structure in the idea-phase. According to some interviewees it is extremely important that one person “pulls ahead” the idea. This person must be convinced that it is a good idea and should be able to convince other people too.

Employees from other departments only get informed and involved when that is absolutely necessary. In several projects the knowledge of the D&T department is used during the idea-phase. And most of the times Top Management is informed about the idea.

Social Networking

External Information Network

Because there is always one person or department leading the process, the social network centers around this person/department. The Sales departments Telecom, E&I and Export are the most important departments for generating ideas. The current social network of that person/department is used to further develop the idea. Most of the times the D&T department and Management Team are important parts of that social network.

Probably the most important activity in the idea-phase is broadening the social network of the organization. It can be concluded that the idea-phase within TKF is really sales oriented, because customers are almost always the first new contacts in the idea-phase. Information about potential customers is searched for and directly used to make new contacts. Especially important are the needs of those customers. Within all cable markets, the needs of customers are influenced by national and international specifications and regulations. For that reason the network is also broadened with institutions that are responsible for those regulations. For example in the Dutch railway-market some advisors are responsible for the cable specifications.

The holding (TKH) and its network were important for two projects. In the first project the holding was the main actor, responsible for the whole new business development project. Besides TKF another daughter company was involved. In the second project, direct contact was established with one of the other daughter organizations of TKH. In this case the holding itself was not involved at all.

Within TKF there is a person who is responsible for Strategic Projects. This person devotes part of his time to developing new markets for TKF. This person thinks the “total social network” should always be the first and most important step in the new market development process. It is crucial to find as much market information as possible; for example information about customers, competitors, institutions and the government. In fact all actors that play some sort of a role in the market. With use of this information a network can be build.

Scale

Efficiency

Of course the level of efficiency is very different for every project. But, there are some general problems or difficulties that seem to be important for more projects.

In first instance some ideas got turned down, because Top Management did not believe in the ideas. A few years later the same ideas were approved. The reason for this is that the ideas were “sold” in a better way. There is no structure for bringing in and evaluating ideas, which can lead to an inefficient process. Because of this, a lot of time seems to be wasted.

In general new business development costs relatively a lot of time. This also counts for the idea-phase of new business development. The most important reason is that the situation is completely new to the organization and it costs time to find out how to deal with this new situation. Another reason that was mentioned during the interviews is that a common goal has to be created. Also for this some time is needed.

Economic Optimization

One of the interviewees thinks that the Management Team does not always understand that new business development project costs so much time. Because of that, the Management Team sometimes chooses for short-term results instead of long-term new business development.

The annual business plans of TKF help in developing a common goal among all departments. If the departments share a common goal and all focus on that goal, it should lead to economic optimization.

Most of the projects are purely for the profit of one department. This can lead to economic sub optimization if the project is not focused on the (organization wide) common goal.

Market-oriented Reward System

There is no formal reward system for bringing in ideas for new business development. Also the development of new markets is not formally rewarded. In this way being market-oriented is not rewarded.

One person within TKF is responsible for Strategic Projects. This person gets paid for developing new markets and is the only person to be rewarded for new business development.

6.3 Analysis

In this paragraph the 4S-MO model and some additional theories are used to analyze the descriptions of paragraph 6.1 and 6. 2. In total there are three analyses. All analyses are set up as follows:

- 1) Analysis of the separate aspects
All aspects are analyzed with use of the theory of chapter 4.
- 2) Overall analysis
All aspects are part of a wider system, and there should be a consistency among them. Several theories are used to link the separate aspects with each other; these are the MO concept model²³, a dynamic market learning capability²⁴, and a market-oriented culture. For the idea-phase one extra theory is used that links different networking types with the other aspects of a social system. This is the theory of Uittenboogaard et al. (2005).
- 3) Improvement program
The end result of all three analyses is an improvement program that tells TKF how they can improve the market orientation.

6.3.1 Project Idea-phase

1) Analysis of the separate aspects

Scope

Top Management Support

Top Management supported market oriented behavior in different ways. First the business plans tell employees that it is critical for TKF to generate new business. This means it is critical for them to be sensitive and responsive to market developments. Second the General Manager displayed exemplary behavior himself, because he was involved in the discussion about possibilities for new market development. And third the General Manager gave his approval for the project, although this involved a (small) risk. By doing this, he demonstrates a willingness to accept occasional failures. The conclusion is that there has been strong Top Management support during the idea-phase.

Decentralized Decision-making and Strategic Planning

The project is a good example of decentralized strategic planning. Also the decision-making is done in a decentralized way.

Common Goal

In the idea-phase a market-oriented common goal was created, based on the general TKF strategy. But, the exact scope of the project has never been clear. With other words, it is positive that three departments share a common goal, but the scope is too broad.

²³ See figure 4, page 12

²⁴ See figure 3, page 17

Skills & Values

Information Acquisition

All information that is used in the idea-phase was already present within the organization. No external information was acquired for the project.

Information Dissemination

There is a good dissemination of information among the employees that are directly involved. But, no information is shared with employees of other departments. This also counts for the market information and the idea for the project. There should be more dissemination to other parts of the organization.

Information Utilization

There is a good use of the available information. All information is used to start up a market-oriented activity, namely the development of new businesses for the organization.

Information Storage

All project information was stored for personal use only. There is no central storage of information for the project. The only information that is stored TKF-wide are the annual business plans of TKF.

Evaluation of Outcomes

In the idea-phase there has been no formal moment of evaluation. Top Management approved the project plan, but this approval was not based on a formal evaluation. The problem is that there are no criteria's to judge ideas for new business development.

Organizational Improvement

In the idea-phase of this project no organizational improvement can be seen. But, my research is meant to improve this project and more important, the idea-phase of new business development projects in general. In fact, organizational improvement is one of the main goals of this research.

Organic Structure

There is no clear structure in the idea-phase. But, three departments communicated and cooperated with each other in an informal way, which points to a good organic structure of the organization.

The rest of the organization is not involved in the idea for the project, nor in the project itself. But according to one of the interviewees this is an advantage for the project, because it only costs time when the rest of the organization gets involved.

Social Networking

External Information Network

Within the internal TKF-network three departments and the General Manager work together. The internal TKF-network is used in a good way to come up with an idea for new business development.

For market-oriented organizations it is important to build and use a strong external network. But, in the idea-phase of project industrial no external actors were involved. The idea for the project is purely based on information that was already available within TKF. The only direct information from outside TKF was a business plan from a competitor, but this business plan was already in possession of the Manager Sales Telecom. There should be more use of the external network of TKF. All departments could deliver valuable information for the project if they use their different networks.

Scale

Economic Optimization

The idea-phase leads to a project for new business development. This is consistent with the TKF strategy that focuses on the development of new market niches. In this way the project should be important for the economic optimization of TKF.

Efficiency

The idea-phase of the project seems to be performed in a relatively efficient way. No money and not much time were needed to formulate the idea and resulting project plan. The only activity that has taken a little too much time, was defining the scope of the project. The rest of the activities could be done in a relatively short time, because there are not many people involved en they communicate with each other in a quick informal way.

Market-oriented Reward System

There is no reward system for bringing in the idea for project industrial. This means that market oriented behavior (bringing in ideas for new business development) is not stimulated with some sort of a reward.

2) Overall analysis

The MO Concept Model²⁵ shows that there should be a focus on customers, competitors and other external sources if an organization really wants to be market oriented. From the idea-phase of project industrial can be concluded that there has not been a real market orientation. No external network is used to acquire market information about competitors, customers or other sources. The only market information that was used is some information from a competitor of TKF. This information was already present within the organization. Because of that, there can also be no dissemination and use of new market information.

In their article in 2005 the authors Uittenbogaard et al. define four types of business development. “Between these types fundamental differences exist on the input side of the new business development process (the process of idea generation)”²⁶. The type that most resembles project industrial is the “Internally oriented” new business development process. The business development takes place at a decentralized position (at the departments), and the opportunity is spotted through the departments.

Their research pointed out that there are some crucial factors for this type of new business development. These are; a good communication structure, sufficient power and top-management support. The departments have sufficient power and there is good Top Management support for project industrial. But the communication structure is not very strong.

²⁵ See figure 1, page 12

²⁶ From Uittenbogaard et al. (2005), page 261

There is no clear structure in the idea-phase of the project and more important, there is no dissemination of information with the rest of the organization. According to the research of Uittenboogaard this will cause “a lack of entrepreneurial culture and understanding in the organization, also leading to conflicts of interest”.

The aspects that lead to a dynamic market learning capability²⁷ are information storage, evaluation of outcomes and organizational improvement. During the idea-phase no information was centrally stored and also no real evaluation took place. Without a good storage and evaluation it is impossible for an organization to (strongly) improve. Based on this project, TKF does not show that they possess a dynamic market learning capability.

Top Management supports market-oriented behavior in different ways, so that employees get motivated to perform market-oriented activities. But, this motivation is not supported by a reward system. Without such a reward system, there is a chance that some employees do not focus enough on market-oriented activities.

Finally, a market-oriented culture is a “culture that most effectively and efficiently creates the behaviors for the creation of superior value for buyers”. It can be concluded that the idea-phase of this project showed a low to medium market oriented culture. The employees understand that the focus on (new) markets is crucial for the organization. But they use only internal information to find an idea for new business development. More important is that the organization seems to lack some important skills necessary to support a market-oriented culture, like the evaluation and dissemination of information.

3) Improvement Program Project Idea-phase

Improvement program Project Idea-phase

The analysis leads to the following recommendations:

- Make more use of an external network to acquire market information
- A company wide storage and dissemination of information
- A formal evaluation structure
- A market-oriented reward system
- The definition of a clear scope

²⁷ See figure 3, page 17

6.3.2 Project Concept-Phase

1) Analysis of the separate aspects

Scope

Top Management Support

Top Management is only involved at the start and end of the idea-phase. They do not stimulate market-oriented behavior during the project.

Decentralized Decision-making and Strategic Planning

The department Sales Telecom and the project leader are responsible for the planning and all important decisions, so there is a good way of decentralized decision-making and strategic planning.

Common Goal

The exact scope of the project has never been exactly clear. In this way there is not a clear common goal.

Although the scope of the project has been too broad, all project members were informed about this scope. This means all project members share a common goal.

The scope of the workgroup Instrumentation is partly the same as the scope of the project. Within TKF there seems to be a lack of coordination between the different groups. If there had been a good coordination, both groups could have worked together to reach a common goal.

Skills & Values

Information Acquisition

The project leader wants to acquire both internal and external information. But, not much effort has been made yet to acquire all information. The internal information seems to be relatively easy to acquire. More difficult is the acquisition of market information.

The project leader wants to use the network of TKH to acquire the necessary information, but this seems to be difficult.

Information Dissemination

Between the project members there is a good dissemination of information. Information about the project and results is shared in a good way. Almost no information was disseminated between the project and its environment, e.g. the organization. There is a bad communication with other parts of the organization, like the workgroup Instrumentation.

Information Utilization

The information has been used to produce an internal and competitor analysis. The end result of the project should be a business plan that shows the potential markets for TKF. Not much information is used yet, because of a lack of available information.

Information Storage

There is no central storage of information. In this way the rest of the organization cannot enter the information. The storage of information is not very good, because (1) everyone stores the information in his own way and (2) information is stored decentralized.

Evaluation of Outcomes

During the project there has been a good evaluation by the project leader of the preliminary results. The General Manager, Manager Sales Telecom and project leader will evaluate the end result of the project. Nothing is known about this evaluation yet.

Organizational Improvement

Nothing can be said about organization improvement yet. One of the goals of this research is to design an improvement plan for this new business development project.

Organic Structure

There is no formal project team, but there is a good use of company-wide information. Information from different departments is used, and this points to an organic structure of the organization.

Social Networking

External Information Network

Three departments work together within the internal TKF-network to acquire the necessary information. In this way the internal network is used in a good way. But, there is almost no cooperation or communication with other parts of that internal network. A good example is the workgroup instrumentation. Cooperation with this workgroup could have delivered valuable information for both groups.

A research is performed towards the external network of the organization, especially focused on potential customers and competitors. The project leader defined the activities necessary to acquire all market information. One of the ways to acquire the information is the use of the TKH-network. The project leader believes this network of daughter companies could deliver all sorts of important information.

It can be concluded that social networking is seen as a crucial activity in the concept-phase of new business development. But, no activities have been performed yet to support this thought.

Scale

Efficiency

The project has taken far too much time. The efficiency of future projects can be improved with the following recommendations. First a project leader should be given more time to focus on the project. If necessary, this person should be able to delegate his “normal” day-to-day activities to another person. Second there should be a clear scope and planning. And third cooperation between the workgroup and the project will improve company efficiency.

Economic Optimization

The project is important for the long-term economic optimization of the organization. Without the development of new markets, the organization will not survive.

The project leader had to focus on the day-to-day activities, and thus on short-term results. The project leader should be able to spend more time on the project, to improve the economic optimization of the organization.

Market-Oriented Reward System

There is no formal reward system for the project. In this way employees are not rewarded for market-oriented behavior. With a reward system for the project there is a chance that employees place more priority on the project activities, and thus on market-oriented behavior.

It could be a good idea to appoint a full-time project leader for every new business development project. Then it is easy to reward this person based on the project results.

2) Overall analysis

The concept-phase of the project has not been finished at the moment. Several activities, including the evaluation, still have to be performed. Because of that it is impossible to analyze the complete concept-phase of the new business development project. But, this does not mean that the analysis will be useless. Current information already leads to some important results.

As said in chapter 3 being market oriented means that there should be a focus on customers, competitors and other external sources. The project leader wants to acquire market information by using the network of TKH. This is information about market segments, potential customers, volumes, prices and competitors.

Broadening the social network is crucial in new business development projects. The first reason is that communication with actors in the environment is necessary for delivering the right information. The second reason is that the first contacts with potential customers can be made already. These customers will become important in the last phase of new business development, the exploitation phase²⁸. The conclusion is that the project leader has a good market focus, although the activities have not been performed in practice yet.

For a dynamic market learning capability it is important that an organization is able to store information, evaluate outcomes and improve the organization²⁹. When we look at the project there is a relatively low storage and dissemination of information, especially with regard to the rest of the organization. In this way the organization TKF cannot learn from the results and information of the project.

Top Management should support project activities by saying that they have priority and by rewarding employees according to these activities. In this way employees get motivated to prioritize market-oriented project activities over normal day-to-day activities.

Finally, a market-oriented culture is a “culture that most effectively and efficiently creates the behaviors for the creation of superior value for buyers”. The project members and other persons who were involved in the concept-phase of the project believe that the focus on new markets is crucial for TKF. But, because a lack of structure and coordination the project has taken far too much time. This means there is some sort of a market-oriented culture, but without the right structure and support the employees will not always focus on market-oriented activities.

²⁸ See figure 6, page 22

²⁹ See figure 3, page 17

3) Improvement Program Project Concept-phase

Improvement Program Project Concept-phase

- A Project plan that defines a clear scope and time planning.
In fact this point belongs to the idea-phase of new business development projects.
- A project leader should have enough time available. It would be best to appoint a full-time project leader, but the organization will have to answer the question if this is possible.
- Top Management should support market-oriented project activities in two ways. First they should tell employees that these activities have priority. And second they should design a reward system for new business development projects.
- A company-wide storage and dissemination of information.
- A central coordination of the several project groups.

6.3.3 Idea-phase TKF

1) Analysis of the separate aspects

Scope

Top Management support

By means of the business plans, Top Management reminds employees that it is crucial to focus on new markets.

Top Management put down some idea, without having a clear motivation. By doing this, they did not display exemplary behavior and show a risk-taking attitude.

Decentralized Decision-making and Strategic Planning

If there are no investments needed, the departments are responsible for the planning and decision-making. Top Management only takes a decision when an investment is needed. But, the problem is that there is no structure for taking this decision. It can be concluded that there is a medium to high level of decentralized decision-making and strategic planning.

Common Goal

The development of new market niches is a company-wide common goal.

Almost all ideas for new business development originate within one department. In the idea-phase the idea stays within that department, so no company-wide common goal is created. Creating a common goal could improve the effectiveness of an idea.

Skills & Values

Information Acquisition

Ideas for new business development are mainly based on internal information and personal knowledge, instead of external market information. More acquisition of market information could deliver more and better ideas for new market development.

Information acquisition is strongly related to social networking. The employees contact potential customers to enter the market as soon as possible. Almost no other market information is gathered in the idea-phase. Research towards competitors and other actors could deliver valuable information. A problem is that there is no structured acquisition of market information during the idea-phase.

Information Dissemination

There is a weak dissemination of information within TKF. In the idea-phase only a small amount of information is disseminated to other departments or persons. The problem is that there is no company-wide dissemination of market information. Instead of that, a lot of the information is only stored for personal use.

Information Utilization

There is no structured use of information. This leads to very different business or marketing plans, because everyone uses information in his own way. In general not much market information is used.

Information Storage

There is no central and structured storage of information. All employees and departments store their ideas and (market) information for personal use only. Conclusion; there is a weak storage of information.

The D&T department has stored several business and marketing plans. It would be a good idea to store and disseminate these plans in a central computer system. There is already such a computer system, but at this moment the system is used for documents with technical information only.

Evaluation of Outcomes

There is no structure for evaluating ideas. This leads to an unclear evaluation process, in which "selling your idea" is most important. And sometimes there is no evaluation at all. It is recommended to make use of a more structured evaluation process.

Organizational Improvement

The organization seems to be unable to learn from earlier research. Not much has been done with old business plans or graduation theses.

Most of the times, information about projects is only stored within one department (or not at all). In this way, only the department can learn from the information. With other words organizational learning can only take place within the boundaries of the department.

Organic Structure

The communication and cooperation between the departments point to a good organic structure of the organization.

In the idea-phase of new business development projects there is no clear and formal structure.

Social Networking

External Information Network

TKF should make more use of cross-departmental idea generation. Together departments have a larger external social network, and thus can generate more and better ideas.

Usually one department leads the process and this department makes good use of the internal TKF-network (i.e. the other departments). But, almost no external actors are used in the idea-phase. TKF should use the external network to find out more information before entering the market, because there are more important actors than just the customers. Being market oriented means that TKF should focus on customers, competitors and other important external sources. Competitors and other organizations and institutions (e.g. the government) could deliver valuable information, and with this information a better market decision can be taken.

The TKH-network is already used sometimes and can be very valuable. Using this network has two important advantages. First it means a relatively easy entrance for TKF to all sorts of (national and international) related organizations. And second cooperation with these companies strengthens the strategy of TKH of being a “solution provider”.

Scale

Efficiency

Usually the idea-phase does not cost much money. But, because the situation is completely new to the organization it does take some time to perform the necessary activities. A more structured process for bringing in and developing ideas could improve the efficiency of the idea-phase. One of the goals of this research is to design a structured evaluation of the idea-phase.

Economic Optimization

The reason of new business development projects is long-term economic optimization of TKF. But, the projects will only lead to economic optimization if all departments share a common goal. If all departments try to develop businesses to make more profit for their department only, it can lead to economic sub optimization. For this reason coordination of the several projects is necessary, to make sure that all departments work according to reach a company-wide common goal and thus economic optimization.

Market-oriented Reward System

Market-oriented behavior is not stimulated with some sort of a reward. TKF should reward market-oriented activities that lead to ideas for new business development.

2) Overall analysis

According to Uittenboogaard et al. (2005) there are four types of Business Development Processes. Between these types fundamental differences exist on the input side of the new business development process (= the idea-phase). The next figure shows these types, and corresponding characteristics and crucial factors.

Table 1. Summary of Business Development Types

Type of BD process	Characteristics of BD function	Crucial factors
Network oriented	Central or integrated position, self-created and managed network	Networking is considered a formal role, a network strategy is formulated, a strong reputation is favorable
Internally oriented	Decentralized position, network structure 'borrowed' from other business functions	Good communication structure, sufficient power and top – management support are required
R&D oriented	'New to the world' – technology oriented	An extensive R&D staff, a large R&D budget, a wide technological network, sufficient patents and large target markets are required
Ad hoc idea generation	No clear idea generation strategy, inertia present or in transition phase	

Figure 8: Summary of Business Development Types (from: Uittenboogaard et al., 2005, Table 1, page 262)

The type that most resembles TKF is the “ad hoc idea generation”, because there is no clear idea generation strategy. Sometimes business development takes place in an “R&D oriented” way, other times it is more in a “Network or Internally oriented” way. One of the conclusions of the research was that “the absence of a clear networking strategy (...) causes lack of structural idea generation and thus limits proactiveness”³⁰. With other words, an organization should choose one of the four types, in order to improve the generation of ideas and proactiveness of the organization.

For TKF the R&D oriented type is not useful, because this would mean the exact opposite of being market-oriented. The network-oriented type could be useful, but has some disadvantages. It would mean that the BD function has a central position in the organization, and a self-created and managed network. The central position in the organization would lower the market orientation of the rest of the organization, because all departments could “rely” on the Business Development function. Besides that, decisions with regard to new business development could not be taken decentralized anymore (which is an aspect of a market orientation).

The most suitable type for TKF is the Internally Oriented business development process. In this type the business development function has a decentralized position, and a network structure borrowed from other business functions. For TKF this means that the several departments can perform new business development, and these departments can use their own network to generate ideas.

³⁰ From Uittenbogaard et al. (2005), page 292

What is needed to support such an Internally Oriented BD type is; good communication structure, sufficient power and top-management support. The analysis in this paragraph already pointed out that the departments have enough power and top-management support. But, TKF should improve their communication structure. What is needed is a more organic structure, in which the departments communicate often with each other and information is widely disseminated. The question is; how to realize a more organic structure? This question can be answered with use of the results of the analysis.

The storage and dissemination of information within TKF are weak aspects. A lot of the acquired information is stored for one department only and is not communicated to other departments. A recommendation is to store all sorts of market information at a central place, so that all departments have access to the information. This will automatically improve the dissemination of information. The D&T department already uses a computer system to store and retrieve documents with technical information. Maybe it is also possible to use this system to store documents with market information.

Departments should work more closely together to generate ideas for new business development. It was already concluded that; together departments have a larger external social network, and thus can generate more and better ideas. A good way to generate ideas is to keep brainstorming sessions, in which all departments can come up with ideas and improve ideas from each other.

Furthermore there should be a coordination of the several new business development projects. This coordination should make clear that project groups (1) share the same company-wide common goal (e.g. development niche-markets), (2) do not perform the same activities and (3) cooperate with each other when possible.

A final aspect that is not directly related to the (organic) structure of the organization is the evaluation of outcomes. Top Management of TKF asked to design a more structured evaluation process. Their idea was to design a Quick Scan that shows all the aspects on which someone should do research. Their choice to focus on the evaluation process appears to be excellent, because it will improve all four mechanisms of the idea-phase. The following explanation will show how.

- Ø The idea-phase of TKF is too much internally oriented. By defining the right external aspects to do research on, there will be an improved acquisition and utilization of external information [skills & values]. Also, employees can be forced to use more contacts within their external network or even expand their network, e.g. with government relations [social networking]. The result is an improved external focus.
- Ø The evaluation can be the basis for an improved Top Management support. By presenting a structured evaluation of the idea-phase that has an external focus, Top Management reminds employees that it is critical for them to perform market-oriented behavior [scope].
- Ø When there is a clear evaluation structure, the Go/no-go decision can be taken decentralized [scope].
- Ø Without a good evaluation, it is impossible for an organization to learn. With other words, a strong (structured) evaluation process is a prerequisite for organizational improvement [skill & values].
- Ø A structured evaluation process can be the basis for a market-oriented reward system [scale].
- Ø The final goals of a structured evaluation are an improved efficiency and, more important, economic optimization [scale].

3) **Improvement Program Idea-Phase TKF**

Improvement Program Idea-phase TKF

For TKF it is best to have an Internally Oriented business development process. The following recommendations are important to reach such a process:

- A company-wide storage and dissemination of information
- Cross-departmental idea-generation
- Coordination of the several new business development projects

There is another recommendation to improve the idea-phase of new business development projects:

- A structured evaluation process

Finally, this evaluation process should be the basis for a market-oriented reward system. This means the last recommendation is to:

- Design and implement a market-oriented reward system.

6.4 Summary

This paragraph will give a summary of the research results. The results of both the (single) case study as the multiple case study are taken together and presented in one figure. The figure gives a clear overview of the different results. It also shows that several results are applicable to both the project and the idea-phase of projects in general.

	Idea-phase Project	Concept-phase Project	Idea-phase TKF
A structured evaluation process that ends the idea-phase	V	V	V
A market-oriented reward system	V	V	V
A company-wide storage and dissemination of information	V	V	V
The project leader should have enough time		V	
Top Management should remind employees that market-oriented activities have priority		V	
Central coordination of the several project groups		V	V
Make use of cross-departmental idea generation			V

Figure 9: Overview of the Results

One remark has to be made with regard to figure 9. In paragraph 6.3.3 was already concluded that a structured evaluation process would lead to “more use of external information” and “more use of an external network to acquire information”. Also, a clear evaluation structure would solve the problem of not having a clear scope and planning. Because of those reasons, all these separate results are taken together into “a structured evaluation process that ends the idea-phase”.

Chapter 7 Quick Scan

The idea-phase of new business development projects ends with a Go/No-go decision. All three analyses in chapter 6 point out that a structured evaluation process of the idea-phase could really improve the market orientation of new business development projects. Some conclusions of paragraph 6.3 were that a structured evaluation process would improve the external orientation, Top Management support and company efficiency.

Additionally, a structured evaluation process will lead to a clear distinction between the idea-phase and concept-phase. At the moment, a lot of the projects within TKF just “move on” without a formal evaluation. Because of that, it is impossible to make a good distinction between the phases. A clear Go/No Go-decision should separate the phases. By defining the actions and criteria needed for this decision, the distinction between the phased will be clear.

Top Management supports these thoughts by noting that it is very difficult for them to decide what idea has most potential. Because of that, Top Management put forward an idea to structure the idea-phase of new business development projects. Their idea is to develop some sort of a “Quick Scan”. Every employee with an idea for a new market should first answer all the questions of a Quick Scan, before communicating this idea to Top Management. Then every idea can be judged to some standard criteria, before a decision is taken.

This chapter presents a research towards the use of a Quick Scan. The goal of the research is to design a Quick Scan that can be used to make an optimal Go/No-go decision that ends the idea-phase of new business development projects. In paragraph 7.1 the research steps and research methods are explained, and the results are presented in paragraph 7.2. The chapter ends with the conclusions with regard to the Quick Scan, presented in paragraph 7.3.

7.1 Research Steps and Research Methods

The research is performed in three steps. This paragraph will give an explanation of the research steps, and used research methods.

Step 1 Interviews

As a part of the semi-structured interviews of the exploratory research (see chapter 5 and 6), the interviewees were asked some questions about the usefulness and possible content of a Quick Scan³¹. One of the main results of these interviews is a preliminary list of aspects that could be included in a Quick Scan (see paragraph 7.2.1 for the full results of the interviews).

Step 2 Business Plans and Theory

The preliminary list of aspects is used as a starting point. Now several sources of information are used to (1) test if the current aspects are really important and (2) search for more important aspects to include.

³¹ See Appendix 1 and 3 for the full question lists; the questions with regard to the Quick Scan can be found in the last part of the question lists.

The first sources of information are the current business and marketing plans of TKF. These plans are performed specifically for TKF and thus deliver valuable industry- and company-specific information. In total six business plans of TKF are used (one of them is part of a graduation thesis)³².

The second source of information is the theory. In total two marketing books from the author P. Kotler and two additional articles are used for this research.

The end result of this second step is a preliminary Quick Scan³³.

Step 3 Inquiry

The preliminary Quick Scan is a relatively long list of aspects, while the purpose of a Quick Scan is to make a good and quick judgment. This means a Quick Scan should only include the most important aspects. Because every organization is very different and asks for other insights, the theory can't give a straightforward answer to this problem.

The people who can give an answer to the problem are the employees of TKF, because they have the most knowledge about the specific cable producing industry. A group of five employees, all managers from different departments, was asked to fill in a questionnaire that focuses on all aspects³³. With this questionnaire the respondents are asked the following question; **“how important is it to include the aspect in a Quick Scan?”** The respondents were asked to answer the question with a grade between 1 (=absolutely not important) and 5 (=absolutely essential).

The results of the inquiry are used to design the final Quick Scan. For all aspects the average score of all respondents was calculated. All aspects that are graded as “Important” or higher are included in the Quick Scan (this means that the average score should be 3 points or higher)³⁴.

7.2 Results

In this paragraph the research results are presented. The research is performed in three steps, and every step is presented in a separate paragraph.

7.2.1 Step 1 Interviews

This paragraph presents the results from the interviews with eight employees of TKF. The interviewees were asked their opinion towards the usefulness and possible content of a Quick Scan³⁵.

Good or bad idea?

The majority of the interviewed employees of TKF (6 out of 8) think a Quick Scan is a good idea.

³² See appendix 5 for the list of used business plans. The full business plans are stored within the archive of TKF.

³³ See Appendix 6 for the questionnaire, which includes the preliminary Quick Scan.

³⁴ See Appendix 7 for the total results of the inquiry

³⁵ The full answers during the interviews are stored within the database of TKF

Two employees are against a Quick Scan. One person says that a Quick Scan could be useful for a research towards product development, but not for a market development project. According to him, an idea for market development cannot be measured in a short time.

Another person thinks a Quick Scan can be useful, but not as a first motivation for an idea. Before making a Quick Scan, someone has to be very enthusiastic about the idea and this person has to motivate Top Management first.

Advantages and disadvantages

The interviewees bring in the following advantages and disadvantages of a Quick Scan.

The main advantages are:

- A Quick Scan brings clarity. Because of the Quick Scan, all persons involved know what the direction of the project is. The Quick Scan creates a common goal.
- They are headed into the same direction.
- A Quick Scan is a good way to measure the potential of an idea.
- A Quick Scan answers some general questions that always have to be answered. By answering these questions first, the chance that unnecessary actions are taken will decrease.

The main disadvantages are:

- It is possible that the wrong decisions are taken, because the decisions are based on a relatively small amount of information.
- Numbers do not say too much. Being motivated is more important than measuring the potential of an idea.

The aspects of a Quick Scan

The next question is; where does a Quick Scan consist of? For this question the criteria and actions should be defined for developing a Quick Scan. There are very different opinions among the interviewees. Some of them think a Quick Scan can only be useful if it includes a thorough market and internal research. Others define less activities and criteria, because they think it is not necessary to perform a thorough research at such an early moment.

All the aspects that are mentioned during the interviews can be taken together. This leads to the following preliminary list of Quick Scan aspects.

Preliminary list of Quick Scan aspects:

- **Resemblance with TKF strategy**
The market should fit into the overall company strategy.
- **Link with existing portfolio**
The products in the market should have a link with the existing portfolio. This means they should be complementary to or diverted from the existing cables.
- **Project time**
The total expected project time should be assessed.
- **Internal information (technical possibilities)**
 - Machine capabilities
 - Human capabilities
 - Development capabilities

- **Quantitative information derived from the market**
 - Expected market volume
 - Expected prizes
 - Expected production costs
 - Additional costs

- **Qualitative information derived from the market**
 - The main competitors
 - The balance of power in the market / Entry barriers
 - Geographical location
 - Potential customers

The qualitative market information needs some extra explanation. Several interviewees defined entry barriers as an important aspect to do research on. Entry barriers are obstacles in the path of a firm, which wants to enter a given market³⁶. This can be all sorts of obstacles. Obstacles that are mentioned by the interviewees are distributor and supplier agreements. In all cable markets, such agreements are very common. These agreements have to do with the balance of power in a market. Some actors within a market can play a very powerful role and make it (almost) impossible for others to enter that market. Another obstacle that is mentioned is government regulation. In some markets the regulations are very strict and make it difficult to enter the market.

One of the interviewees thinks that a Quick Scan should purely focus on qualitative market information. According to him the Quick Scan should include extensive information on the structure of the market. It is crucial to define all the actors and their positions on the market. Based on this information, you can start to build a network inside that market.

Finally, some interviewees even go further. They think some methods should be used to explicitly link the internal and external information. A method that is mentioned several times is a SWOT analysis, focusing on the internal strengths and weaknesses and external opportunities and threats to TKF.

Producing and judging the Quick Scan

The interviewees named some different persons to make the Quick Scan. The persons that are mentioned are:

- The person who came up with the idea
- A team of employees from different departments
- An account manager together with a sales manager
- An employee with good analytical skills
- An employee with knowledge of business marketing

The next question is; who should judge the Quick Scan? Almost all interviewees say that Top Management should be involved in taking the decision. Others persons that are mentioned are:

- The employee that made the Quick Scan
- Management of the holding (only for very large projects)
- A group of people from different departments

³⁶ From www.wikipedia.org

Remarkable is that the General Manager himself does not think that Top Management should judge the Quick Scan. According to him, the employee(s) that made the Quick Scan should do the judgment. Only when a large investment is needed, Top Management should be involved.

Time for a Quick Scan

The majority of the interviewees think that free time should be given to produce a Quick Scan. Some think that time must be given for every idea. Others think that there should be a good motivation first to show that an idea has potential.

The time that is needed for producing a Quick Scan depends on the type of project and the type of Quick Scan. For some markets producing a Quick Scan is more difficult than for others, so more time is needed. Also, some interviewees defined more aspects to be included in a Quick Scan. Then of course more time is needed to produce a Quick Scan.

One of the interviewees has a special opinion. He thinks that developing a network of actors is the most important activity in the idea-phase. Building a network and producing a Quick Scan, based on qualitative market information, takes several months.

7.2.2 Step 2 Business Plans and Theory

Paragraph 7.2.1 delivered a preliminary list of aspects. Now two sources of information are used to (1) test if the current aspects are really important and (2) search for more important aspects to include. These sources are current business and marketing plans of TKF, and the theory.

Business and marketing plans TKF

There are some large differences between the several business plans with regard to the content. The reason is that all business plans are based on very distinctive types of research. For example, some plans are very technical focused while others are mainly customer focused.

The first conclusion is that all aspects from the preliminary list are included in one or more business plans, and thus seem to be important. But, the business plans also contain some other aspects. These aspects are; explanation of the general market idea, a macro-analysis, a market segmentation, the distribution network and a market expectancy. These aspects will be included in the preliminary list. Because of these new insights, the structure of the list has been changed. The most important change is the inclusion of a "General Market Analysis". Finally the business plans are used to give a more detailed description of the aspects Customer and Competitors information.

Theory

There are a lot of books and articles that tell something about new business development. A problem is that there is almost no theory that focuses explicitly on the evaluation of ideas. There is a wide range of theories and books about producing a business or marketing plan. These business plans are "total" market and internal analyses, consisting of a wide range of research aspects. Because of that, the plans are very useful for the evaluation that ends the concept-phase, but not for the evaluation of the idea-phase.

Although this lack of theoretical attention, some theories have been found that are useful. One of the most well-known and influential authors with regard to marketing is Philip Kotler. This author defined eight steps in the new business development process. Although the focus in the books is mainly on new “product” development, part of the steps and related theories are also applicable to new market development³⁷.

The first two steps in the process are “Idea generation” and “Idea screening”. Those two steps together form the idea-phase of new business development, as described in this research. The step Idea screening is about the evaluation of ideas. According to the author the following aspects should be included when screening an idea: product idea, target market, competition, estimated market size, product price, development time and costs, manufacturing costs, and rate of return. Almost all of these aspects are already included in the list. The differences are; product idea should be replaced by market idea and “development costs” is a part of the additional costs. The conclusion is that the theory of Kotler supports the aspects already on the list. There are no extra aspects to include.

Several authors together wrote two articles that deal with the “fuzzy frond end” of innovation. They define the frond end by “those activities that come before the formal and well structured New Product and Process Development or Stage Gate process”.

In their first article in 2001³⁸, the authors describe the New Concept Development (NCD) model. This model shows that the fuzzy front end consists of five elements, which together describe the activities that take place during the front end of innovation.

One year later, several authors wrote a second article based on the NCD-model³⁹. In this article the most effective methods, tools and techniques for all elements are described. Two of these elements are specifically related to the evaluation of ideas; namely *opportunity analysis* and *idea selection*. Although the authors explain that “the criteria for selecting the right idea for highly novel projects are just emerging”, they do propose some methods and techniques for evaluating and selecting an idea. For this research, I am interested in the aspects that should be included in a Quick Scan. In the article several aspects are mentioned that are already included in the list, like resemblance with strategy, market size and growth rates. But, in the article also two other aspects are included, these are; regulatory factors (for the macro-analysis) and status of recent patents (for the competitor analysis). Both of these aspects will be added to the list.

The end result of the second step is a new preliminary Quick Scan, consisting of a list of aspects⁴⁰. This Quick Scan is the basis for the third and last step.

7.2.3 Step 3 Inquiry

A group of five employees of TKF was asked to fill in a questionnaire, and with the questionnaire the respondents are asked the following question; “how important is it to include the aspect in a Quick Scan?” The results of this inquiry are used to design the final Quick Scan⁴¹. The following figure presents the final Quick Scan.

³⁷ See Kotler (1997 and 2000)

³⁸ Koen et al. (2001)

³⁹ Koen, Ajamian et al. (2002)

⁴⁰ See Appendix 6 for the preliminary Quick Scan

⁴¹ See Appendix 7 for the full results of the inquiry

Final Quick Scan*General Market Analysis*

- General explanation idea
- Geographical focus
- Market segmentation

General Project Information

- Link with existing portfolio
- Resemblance TKF strategy
- Expected project time

Qualitative Information

- Customers
 - Ø Groups/Types
- Competitors
 - Ø Names of organizations
 - Ø Geographical focus
 - Ø Product groups
 - Ø Market share
 - Ø Status of recent patents
- Entry barriers

Quantitative Information

- Market volumes
- Margins
- Market expectancy
- Additional costs

Internal Information

- Machine capacity
- Development capacity

Figure 10: The Final Quick Scan

7.3 Conclusions

The New business Development Process

The final Quick Scan can be used to evaluate ideas for new business development. If someone comes up with an idea, this person should do research on all the aspects of the list (see figure 10). Then every idea will be described in a consistent and structured way. Also, there will be enough attention for external sources, which improves the market orientation of the process.

If needed, this first person could ask the help from others within the organization. The interviews (see paragraph 7.2.1) already pointed out that that people with “special” skills and knowledge, e.g. analytical skills or knowledge about business marketing, could be really helpful in producing a good Quick Scan. But, the employee with the idea is responsible for the quality of the entire Quick Scan.

The next step is to judge the Quick Scan. The Management Team, consisting of managers from different department together with Top Management, seems to be the most appropriate group to judge all Quick Scans. The Quick Scan will point to all the strong and weak points of the idea, e.g. there is a strong competition or the products have excellent margins. And based on this Quick Scan the following question has to be answered; does the idea show enough potential for TKF to perform further research?

One remark has to be made. The future will have to show what people are really most appropriate to produce and judge the Quick Scan. Because the Quick Scan have not been tested in practice yet, it is impossible to give a definite answer to these questions at this moment.

Advantages

The most important advantage is that the Quick Scan structures the new business development process. In the past new business development projects within TKF were performed in an “ad-hoc” way, without a clear structure. Most of the projects just move on without a formal evaluation. By using the Quick Scan, there is a formal and well-structured evaluation moment.

Another advantage (that was already mentioned) is that the Quick Scan improves the external focus of the employees. The employees are “forced” to focus on external sources, e.g. competitors and customers. In this way the market orientation of the new business development process will be improved.

Finally, Top Management will have a tool to quickly evaluate and judge ideas for new business development. With the Quick Scan they can relatively easy decide what idea has most potential.

Implementation

To reach these goals, the final Quick Scan (as presented in figure 10) should be the standard format for all new business development ideas. This means that the Quick Scan should be implemented company-wide, in such a way that all employees know about it and understand the process. Only then will the Quick Scan lead to an improved market orientation of the entire organization.

Conclusions

Markets are rapidly changing and because of that, there is a growing *need to know the market*. The only way to outbeat your competition is 'knowing more and using your knowledge in a better way'. The basis of a market orientation is the generation, dissemination and organization-wide response to market information. Former research already confirmed that having a market orientation does lead to an improved performance of the organization. If this is true, then why are not all organizations optimally market oriented already? There is one simple answer; because it is unclear how to become market oriented.

The first theories with regard to a market orientation are rather static. For that reason different authors added theory about organizational learning, this led to a more dynamic concept of market orientation. But, all these articles name different aspects and still do not answer the question; "how to become market oriented?"

Social system theory looks at organizations as entities that are part of a wider social system. This theory is especially useful to explain the concept of change. The 4S model (see figure 2, page 15) was derived from social system theory, and is used as a coherent framework to bring all aspects with regard to a market orientation together.

The end result is the new 4S-MO model (see figure 4, page 20). The model shows all the aspects an organization should focus on when improving the market orientation. It also shows the interdependency between the aspects and gives meaning to them. In this way the model can be used as the basis for any organization to improve its level of market orientation. With the model and related theories the first part of the research question is answered; "how can TKF become market oriented...?".

The 4S-MO model was used to improve the market orientation of (a part of) TKF, a cable-producing company in the Netherlands. In the practical research the focus is on the development of new businesses for the organization.

Improving a New Business Development Project

The first part of the practical research focuses on a new business development project, called project Industrial. The objective of the project is to define a new copper cables portfolio for the industrial market, which means that new markets have to be developed.

A single case study was performed towards the project. The goal of the case study is to give an answer to the second part of the research question; "...how can the market orientation be improved for new business development in the copper cables market?"

The first results of the case study are descriptions of the project, based on the 4S-MO model. These descriptions show all the strong and weak points of the project.

After that the project was analyzed based on these descriptions, with use of theory and the opinions of the employees. The end results of this analysis are two improvement programs; one for the idea-phase and one for the concept-phase of the project.

Improvement Program Idea-phase Project:

- Make more use of an external network to acquire market information
- A company wide storage and dissemination of information
- A formal evaluation structure
- A market-oriented reward system
- The definition of a clear scope

Improvement Program Concept-phase Project:

- A Project plan that defines a clear scope and time planning.
- A project leader should have enough time available.
- Top Management should support market-oriented project activities in two ways. First they should tell employees that these activities have priority. And second they should design a reward system for new business development projects.
- A company-wide storage and dissemination of information.
- A central coordination of the several project groups.

The improvement programs consist of a set of recommendations, which show what TKF should do to improve the market orientation of the new business development project (both idea-phase and concept-phase).

During the idea-phase not much external (market) information was acquired. Also, employees of TKF are not stimulated with some sort of a reward, to perform market-oriented behaviour. Another problem is that acquired and used information is not disseminated throughout the organization. Every employee stores “his” information for personal use. In this way the employees cannot learn from the knowledge of others within the organization. For those reasons “a company wide storage and dissemination of information” and “a market-oriented reward system” would not only improve the market orientation of the project, but of the entire organization.

Another group of recommendations are applicable to both phases, and this group deals with the same problem. These recommendations are; a project plan, a formal evaluation structure and a clear scope. The problem is that there is no structured evaluation moment that ends the idea-phase. The project just moved on without the definition of a clear scope or time-planning. The conclusion is that the organization really needs a “structured evaluation process that ends the idea-phase”.

Finally, the remaining recommendations are applicable to one of the phases of the new business development project. The project leader did not have enough time for this project and there was a lack of central coordination with other project groups.

In total the improvement programs give an answer to the second part of the research question; “...how can the market orientation be improved for new business development in the copper cables market?”

The results of the single case study have a high internal validity, because of several reasons. First I was directly involved in the project and could generate real-time information. Second, multiple sources of information were used to perform the case study, which leads to data triangulation and improves the validity of the research.

But, because the case study is based on one single project, the external validity is medium to low. This means there is no strong basis for generalization of the results. The conclusion is that the organization should learn from the results, but these results do not offer a strong basis to improve all future new business development projects.

Improving the New Business Development Process

Top Management put forward that the idea-phase of new business development projects is critical for the organization. This was supported by the results from an Innovation Scan, performed in cooperation with the University of Twente. This scan pointed out that a weak aspect for TKF is “the degree to which the organization is able to find out new chances, which are not directly related to existing products or markets”.

For this reason a multiple-case study was performed to improve the market orientation of the idea-phase of all future new business development projects.

In total four projects were described and analysed with use of interviews, also based on the 4S-MO model. The end result is the following improvement program.

Improvement Program Idea-phase TKF

For TKF it is best to have a decentralized new business development process. The following recommendations are important to reach such a process:

- A company-wide storage and dissemination of information
- Cross-departmental idea-generation
- Coordination of the several new business development projects

There is another recommendation to improve the idea-phase of new business development projects:

- A structured evaluation process

Finally, this evaluation process should be the basis for a market-oriented reward system.

This means the last recommendation is to:

- Design and implement a market-oriented reward system.

The most important conclusion is that the new business development process does not have a clear and strong structure. All projects within TKF are performed in a relatively “ad-hoc” way. This means that there is no structured acquisition of (market) information and the projects just move on whenever possible.

The employees of TKF have a lot of knowledge about the current customers. Information from these current contacts is used in the new business development process often. But there is not much knowledge about other market sources, like potential customers and the competitors. Acquisition of information about these sources could deliver valuable insights, and perhaps even better market opportunities.

To improve the structure of the new business development process, this research put forward three phases; the (1) idea-phase, (2) concept-phase and (3) exploitation phase. Very important are the decision moments between the phases. By following these phases, and associated decision moments, TKF can really improve the market orientation of the new business development process because of several reasons.

First the phases will bring clarity. All employees can see where the project is and what actions should be taken in the future. Second it will lead to an improved external focus. By defining the right criteria for the decision moments, the project members are “forced” to search for external information or even expand their external network. Third the structure will make sure that the most important actions are taken, and that these actions are taken at the right time.

As said before the decision moments are critical. These moments separate the phases and define the actions that should be taken during the phases. During these moments Go/No-go decisions are taken for the project. It is very important that the right decisions are taken, because these will influence the future of TKF. Because of that, part of this research focus explicitly on the evaluation moment that ends the idea-phase.

Another conclusion is that there is no strong cooperation between the several parts of the organization. Ideas for new business development originate within one single department and other departments are only used if that is absolutely necessary. Departments could really benefit from each other, if market information was widely disseminated throughout the organization. Also, the recommendations “cross-departmental idea generation” and “coordination of the several new business development projects” are meant to improve the cooperation and coordination between the several parts of the organization.

The results of this multiple case study have a medium to low internal validity, because the results are based on one source of information (interviews) and there is a retrospective focus (meaning the projects are executed in the past). But the external validity is relatively high, because the case study focuses on multiple projects. The recommendations are based on common characteristics shared by all projects and thus offer a good basis for generalization. The conclusion is that TKF can use the results to improve the idea-phase of all future new business development projects.

Overview Case Studies

All improvement programs are summarized and taken together into the figure on the next page. This overview leads to several conclusions.

The majority (3 out of 5) of the results found in the multiple case study are also applicable to the idea-phase of the project. These are the first three results of the figure. Additionally, one result found for the idea-phase TKF was also applicable to the project, but recommended for the concept-phase (namely central coordination of the several project groups). Only the use of cross-departmental idea generation was not recommended for the project (because this was already the case).

	Idea-phase Project	Concept-phase Project	Idea-phase TKF
A structured evaluation process that ends the idea-phase	V	V	V
A market-oriented reward system	V	V	V
A company-wide storage and dissemination of information	V	V	V
The project leader should have enough time		V	
Top Management should remind employees that market-oriented activities have priority		V	
Central coordination of the several project groups		V	V
Make use of cross-departmental idea generation			V

The first conclusion is that the results from both case studies are to a large extent consistent with each other. This means that the results from the multiple case study confirm the correctness of the project results, which strengthens the validity of the project results. On the other hand, all results with regard to the idea-phase of the project are also found in the multiple case study. In this way the project results strengthen the external validity of the multiple case study. This means that the results offer an even stronger basis for generalization.

The final conclusion is that the organization should focus on all four mechanisms if they want to improve the market orientation of the new business development process. First a structured evaluation process should lead to clear and common goals among the project members, which are supported by Top Management (Scope). Second a company-wide storage and dissemination of information is necessary (Skills & Values). Third, the employees should make more use of and extend their external network. A structured evaluation process will help in reaching this goal (Social Networking). And fourth, the efficiency and economic optimization of the new business development process should be improved by making use of a market-oriented reward system (Scale).

Quick Scan

One of the most critical results of both case studies is that TKF needs a more structured evaluation process that ends the idea-phase. For that reason extra research was performed towards the use of an evaluation tool, called a Quick Scan. The goal of this research is to design a Quick Scan that can be used to make an optimal Go/No-go decision that ends the idea-phase of new business development projects.

Several sources of information are used to find out what aspects should be included in a Quick Scan. These sources are interviews, business plans, theory and an inquiry. The end result is the final Quick Scan, presented in figure 10 (paragraph 7.2.3, page 62).

When someone comes up with an idea for new business development, this person now knows exactly where to do research on to get (Top Management) approval. The Quick Scan is a tool to make a good and well-motivated decision with regard to ideas for new business development.

The main conclusion is that the Quick Scan stimulates market oriented behavior by structuring the new business development process. The Quick Scan defines some important aspects of the market, like competitions, customers and market volumes. Because of that, the employees get stimulated or even forced to use their external network and find the right market information.

The 4S-MO Model

This research showed that the 4S-MO model can be used as an excellent basis for the analysis and improvement of a market orientation. The four mechanisms, derived from social system theory, form the framework for the model. In this research the model has been applied to improve (a part of) the new business development process within TKF. But, the framework can be applied to all sorts of social systems. This means it is also possible to do research on the departmental or organizational level. The ultimate goal is to improve the market orientation of an entire organization.

The 4S-MO model shows how to look at an organization, taking into account all parts of that organization. Crucial are the four mechanisms of the model, because these mechanisms give a certain “total view” on the market orientation of an organization. And because of the social networking perspective, it is also possible to do research towards multiple actors.

If you want to change the market orientation of an entire organization, you will have to deal with all sorts of different aspects (e.g. the skills, culture, processes). All these aspects are included into one of the four mechanisms of the 4S-MO model, and the model shows how the aspects are related with each other.

The final conclusion is that one of the strong points of the model is the total view, offered by the four mechanisms, which is necessary for executing the change process of becoming market oriented.

Final Remark

Being market oriented will mean that TKF knows its markets and is able to innovate according to these markets. Then it is able to deal with all current and future competitors by being the solution provider it wants to be. Hopefully this report will build the basis.

Recommendations

The recommendations are split up in recommendations for further research and recommendations specifically for TKF.

Recommendations for further research

Research towards the aspects

The 4S-MO Model includes fourteen different aspects. For some of them the relation between the aspect and the level of market orientation has been tested already by several academics. Empirical evidence supports that these aspects are important for a market oriented organization. These aspects are:

- Top Management support
- Market-oriented reward system
- Decentralized decision-making and strategic planning
- Information generation
- Information dissemination
- Information utilization

The other aspects should be tested, to find out what their importance is for a market-oriented organization. The first question to be asked is; is there really a relation between the aspect and a market orientation?

Questions that should be asked for all aspects are; in what way is the aspect important for a market orientation? and to what level is it important? It could be possible that some aspects are much more important than others.

Additional research should point out if they are more aspects to include in the model. Within the four mechanisms there could be other relevant aspects important for a market-oriented organization.

Research towards the 4S-MO model

The hypothesis is that the 4S-MO model can be used to improve the market orientation of all organizations. Research should point out if the model does lead to an improved market orientation. The model should be used by different organizations (e.g. differences in size, markets, and countries) to check (1) if there is a positive relation between the model and level of market orientation and (2) if there are other variables (e.g. company size) that influence the outcomes.

Additionally by measuring the performance of the organizations over time, the hypotheses that “an improved market orientation leads to an improved performance” can be tested once more. Again the influence of other variables (e.g. company size) could deliver important information.

Recommendations for TKF

Implementation of the results

The organization TKF should use the results of the multiple case study to improve the idea-phase of new business development projects, which means an implementation of the improvement program Idea-phase TKF (see paragraph 6.3.3, page 55). The improvement program leads to the following recommendations:

1. A company-wide storage and dissemination of information

It was concluded that a lot of market information is stored, but for personal use only. Instead of that, market information should be stored in such a way that everyone can easily enter this information. An upgrade of the infrastructure is needed to make this possible.

The D&T department set up a computer program that can be used by all employees of TKF to search for technical information inside a database. This department should start by also storing available market information inside this database (e.g. current business and marketing plans).

In the future it may be possible to use this program for company-wide dissemination of all sorts of information. If this is not possible, the ICT department should implement a new computer program to store and search for all sorts of market information.

2. Make use of cross-departmental idea-generation

To search for the best product and market opportunities, it is recommended to make use of brainstorm sessions with employees from different departments. Top Management should arrange brainstorm sessions multiple times a year with different persons from all departments.

3. Coordination of the several new business development projects

It is recommended to assign one person to coordinate all projects within the organization. The tasks of this person are;

- Take care that different project groups do not perform the same activities
- Disseminate important information between the project groups
- Bring groups together if necessary
- Control all planning and project activities
- Assist the project teams with their project activities
- Communicate with Top Management with regard to all projects

4. Design and implement a market-oriented reward system

Bringing in ideas for new business development, and new business development in general, is not rewarded. The design of a good and fair reward system for new business development is a difficult and important task. A group of persons should be assigned to design such a system. The most important questions they should answer are; (1) what are the criteria to reward someone? and (2) how much rewarding is appropriate? The evaluation of ideas with use of the Quick Scan will build the basis for such a reward system.

5. Use of the Quick Scan

To structure the evaluation moment that ends the idea-phase, this research delivered a Quick Scan. First the Quick Scan should be made clear to all employees of TKF. From that moment everyone with an idea for new business development should produce a Quick Scan regarding his/her idea.

Next, it is recommended to evaluate the usefulness of the Quick Scan, to test if all the right aspects are included. TKF should ask the following questions; are all aspects really important for the idea-phase? and should the Quick Scan include other aspects? The only way to perform this research is by using the Quick Scan in practice and then testing it.

Using the 4S-MO Model: The New Business Development Process

Extra research is necessary to improve the entire new business development process. The multiple case study only focused on the idea-phase of the new business development process, and did not include the concept-phase or exploitation phase. Additionally, the results from the single case study do not have a strong external validity. This means that TKF should learn from these results, but extra research is necessary to make strong and valid generalizations possible.

It is recommended to perform an extra multiple case study towards the concept-phase and exploitation phase of new business development projects within TKF, based on the 4S-MO model. The current research already delivered the appropriate research steps. TKF should assign one person to perform this research. An extra recommendation for this person is to use multiple sources of information (so not only interviews), because this will improve the internal validity of the research. At the end of this multiple case study there will be improvement programs for all phases of the new business development process.

Structuring the New Business Development Process

This research put forward three phases; the (1) idea-phase, (2) concept-phase and (3) exploitation phase. Additionally, there are decision moments between the phases. There are two recommendations to really benefit from this structure.

First, one person should design a tool for the Go/No-go decision that ends the concept-phase. This person can use the steps from chapter 7 (for the design of a Quick Scan). After this research both evaluation moments, which separate all three phases, will have a clear structure. Second, Top Management should inform all employees about the total structure, so that the process is completely clear to everyone. Only then can the new structure lead to an improved performance of the entire organization.

Using the 4S-MO model: The entire organization

For TKF the ultimate goal is to improve the market orientation of the entire organization. This means the 4S-MO model should be used by TKF to design improvement programs for the whole organization.

TKF should assign one person or a small group of persons to perform this research. For this research the same research steps can be used, as described in this paper (see chapter 5). But, there will also be some large differences. A research towards the entire organization will deal with more persons, more processes and also with (large) differences between parts of the organization.

For those reasons, it is recommended to do research towards all separate departments. This will lead to improvement programs for all departments within TKF. First, these improvement programs can be used to improve the market orientation of all departments individually. Second, the improvement programs should be taken together to formulate an organization-wide improvement program. Some recommendations will not only improve one single department, but the entire organization (e.g. a company-wide storage and dissemination of information).

Some important extra recommendations are:

- Make a good and clear project plan, so that all departments know what is happening
- Make sure the research focuses on all four mechanisms
- The person who performs the research, should not do research towards his/her own department. Only then can the person be completely objective. It is best to assign an external person for this research.

Cooperation with the University of Twente

TKF cooperates with other organizations and the University of Twente in a project called “competences for innovation”. This cooperation can be excellently used to execute some of the recommendations above. The University has the knowledge and necessary human resources (students and tutors) to do more research towards the 4S-MO model and implement this model into the organization.

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Appendices

Oriente to Innovate

Improving the Market Orientation of an Industrial Organization

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Appendices

Appendix 1	Question List Project Idea-phase
Appendix 2	Question List Project Concept-phase
Appendix 3	Question List TKF Idea-phase
Appendix 4	The Social Network of the Project (for paragraph 6.1.2)
Appendix 5	List of used business plans TKF
Appendix 6	Questionnaire Quick Scan (including explanation of the aspects)
Appendix 7	Inquiry Results

Appendix 1: Question List Project Idea-phase

Vragenlijst Project Idee fase

“Er is gekozen om een project uit te voeren gericht op koper kabels voor de markt Industrial. Dit project houdt in dat er uitgebreid onderzocht wordt of de desbetreffende markt potentie heeft voor TKF.

In dit interview ben ik benieuwd naar de vraag “waarom en op welke manier is er gekozen voor het huidige project?”. Daarmee gaan de vragen over de zogenaamde “ideefase” van het marktontwikkelingstraject. Deze fase begint bij het ontstaan van een idee voor marktontwikkeling en eindigt op het moment dat de beslissing is genomen om wel of geen uitgebreid onderzoek te doen naar marktontwikkeling. In het huidige geval betekent dit dat de ideefase werd beëindigd, op het moment dat de beslissing voor project Industrial definitief werd genomen.”

Dus: Ideefase = Ontstaan idee t/m Go/No go beslissing Project Industrial

Idee

- Wie kwam er met het idee dat geleid heeft tot het project?
- Wat was precies het eerste idee?
- Wanneer kwam diegene met het idee?

Skills & Values + Social Networking

- Hoe is het idee ontstaan?
- Welke informatie heeft tot dit idee geleid?
- Waar kwam deze informatie vandaan?
- Is er ook sprake van externe informatie?
 - Welke informatie is dit?
 - Van welke personen kwam de externe informatie?
- Wat moest de persoon doen om de informatie te verkrijgen?

Skills & Values

- Met wie werd het idee verder gecommuniceerd?
- Op welke manier vond deze communicatie plaats?

Social Networking

- Welke personen hebben het idee op enige wijze beïnvloed?
- Op welke manier werd het idee beïnvloed?

Skills & Values

- Werde het idee opgeslagen, alvorens het verder werd ontwikkeld?
 - Op welke manier werd dit opgeslagen?
 - Door wie werd het idee opgeslagen?

Scope + Scale

- Heeft het management het zoeken naar het idee bevordert?
 - Zo ja, op welke manier?
 - Vind er ook (op enige wijze) een beloning plaats voor het aandragen van het idee?
 - Zo ja, op welke manier vindt deze beloning plaats?

- Werd het idee zelf van begin af aan door het management gesteund?
 - Zo ja, op welke manier?

“Voordat het idee heeft geleid tot het project Industrial, moet het zijn beoordeeld. Hiermee wordt de vraag beantwoord; heeft het idee voldoende potentie om er een project aan te besteden? De volgende vragen gaan over het aandragen en beoordelen van het idee, tot het moment waarop de beslissing werd genomen om project Industrial definitief te laten uitvoeren.”

Beoordeling

Skills&Values

- Wie heeft/hebben het idee beoordeeld?
- Waarom deze personen?
- Zijn dit volgens u de juiste personen geweest?
 - Zo nee, welke personen hadden de beoordeling dan moeten uitvoeren?

Skills&Values

- Op basis van welke informatie vond de beoordeling plaats?
- Waarom deze informatie?
- Hoe kwam de informatie tot stand?
- Hoe kwam de (beoordelende) persoon aan de benodigde informatie?
- Wat voor criteria zijn gehanteerd voor het beoordelen van het idee?
- Waarom werden deze criteria gebruikt?
- Zijn dit volgens u de juiste criteria geweest?
 - Waarom wel/niet?

Scope

- Wie heeft de definitieve beslissing voor het project genomen?
- Wanneer is deze beslissing genomen?
- Is deze beslissing gedecentraliseerd genomen?
- Wat hield de beslissing exact in?

Scope

- Wat zijn de doelen van het project?
- Door wie zijn deze doelen vastgesteld?
- Is het Top Management betrokken geweest bij het vaststellen van de doelen?
 - Op welke manier?
- Op basis waarvan is gekozen voor deze doelen?
- Hoe zijn de doelen vastgelegd?

Scale

- Hoeveel tijd heeft de totale ideefase voor dit project gekost?
- Vindt u deze tijd te lang/te kort?
 - Zo ja, waar heeft dit aan gelegen?
 - Wat zou eraan kunnen worden verbeterd?

“In de toekomst is het de bedoeling om de hiervoor besproken ideefase wat meer gestructureerd te laten verlopen. Het idee is dat een medewerker met een marktidee eerst een zogenaamde quick scan moet maken, waarin het idee wordt getoetst aan een aantal criteria. Dit betekent dat de desbetreffende medewerker een aantal van tevoren vastgestelde aspecten moet onderzoeken, zodat een duidelijk beeld ontstaat van de potentie van het idee voor TKF. Over deze quick scan en de invulling daarvan, wil ik u graag een aantal vragen stellen.”

Quick Scan

- Wat vindt u in het algemeen van een dergelijke quick scan?
- Wat zijn volgens u de voor- en nadelen van zo'n quick scan?
- Waaruit zou een quick scan volgens u moeten bestaan?
Welke informatie moet er in een quick scan worden opgenomen?
- Wie moet(en) de quick scan opstellen?
- Wat moet er precies worden onderzocht?
- Welke acties moeten er ondernomen worden voor een quick scan?
- Moet er speciale tijd worden vrij gegeven voor het opzetten van een quick scan?
 - Hoeveel tijd moet er worden vrij gegeven?
 - Moet er voor ieder idee tijd worden gegeven om een quick scan te maken?
 - Zo ja, wanneer wel/niet?
- Aan welke criteria moet een idee worden getoetst?
 - Waarom aan deze criteria?
- Wie zou de quick scan moeten beoordelen?
 - Waarom deze perso(o)n(en)?

Eindvragen

- Hebt u nog iets toe te voegen dat betrekking heeft op de ideefase van een project?
- Hebt u nog iets anders toe te voegen?

Appendix 2: Question List Project Concept-phase

Vragenlijst Project Concept-fase

Algemene inleiding

Ik ben op het moment bezig met een afstudeeropdracht voor de Universiteit Twente. Opleiding Bedrijfskunde richting Innovation Management. Ik doe onderzoek naar het vergroten van de marktgerichtheid. Kort samengevat houdt marktgerichtheid in “het door de gehele organisatie verzamelen, verspreiden en gebruiken van marktinformatie”. Het gaat erom zo goed mogelijk op een constante manier gebruik te maken van alle soorten marktinformatie. In het kader van mijn opdracht doe ik onderzoek naar het Project Industrial (het marktontwikkelingsproject uitgevoerd onder leiding van Matthijs de Heus). Voor dit project zal ik de marktgerichtheid onderzoeken en proberen te verbeteren. Daarnaast is het een doel om een zo goed mogelijk plan te schrijven voor toekomstige ontwikkelingsprojecten. Om het project duidelijk in kaart te kunnen brengen, zal ik interviews houden met verschillende personen die bij het project betrokken zijn. Hierbij is er uiteraard speciale aandacht voor alles wat met marktgerichtheid te maken heeft.

-- SCOPE --

Gemeenschappelijk doel

- Wat zijn volgens u de doelen van het project?
- Op welke manier zijn deze doelen aan u gecommuniceerd?
- Vindt u dat hier iets aan verbeterd kan worden?

Top management steun

- Hebt u gemerkt dat het management betrokken is geweest bij het project?
Zo ja,
 - Op welke manier?
 - Was dit volgens u inderdaad nodig?**Zo nee,**
 - Had dit volgens u wel gemoeten?

-- SKILLS & VALUES / SOCIAL NETWORKING --

“De volgende stap is het in kaart brengen van het project zelf. Hiervoor wil ik u eerst wat algemene vragen stellen over de uitgevoerde activiteiten.”

Activiteiten algemeen

- Wat zijn in hoofdlijnen de activiteiten die u hebt uitgevoerd?
- Wat was de reden voor deze activiteiten?
- Wie heeft bepaald dat deze activiteiten moesten worden uitgevoerd?

“Voor uw activiteiten zult u verschillende soorten informatie nodig hebben gehad. Daarnaast hebben anderen wellicht gebruik gemaakt van uw kennis. Over deze informatie wil ik u graag een aantal vragen stellen.”

Informatie verzamelen en verspreiden

- Wat is de belangrijkste informatie die u nodig heeft gehad bij uw activiteiten?
- Waar hebt u de informatie vandaan gehaald?
- Wat hebt u ervoor moeten doen om de informatie te verkrijgen?
- Bent u tevreden over de toegankelijkheid van de informatie?
 - Waarom wel of niet?
- Is er ook info die u graag had willen verzamelen, maar waar u niet aan kon komen?

Zo ja,

- Welke info was dit?
- Waar was deze info voor bedoeld?
- Buiten de resultaten om, hebben andere personen gebruik gemaakt van uw info?

Zo ja,

- Welke info?

“Voor het project heeft u al aangegeven contact te hebben gehad met een aantal verschillende personen. Ik ben daarnaast ook benieuwd naar andere mogelijke contacten, die wellicht voor toekomstige projecten van waarde kunnen zijn.”

Sociaal Netwerk

- Buiten het project om, wat zijn de belangrijkste personen waarmee u regelmatig contact heeft? (intern en extern)
- Wat voor informatie leveren deze personen u?
- Denkt u dat deze personen waardevolle informatie hadden kunnen leveren voor het project?

Zo ja,

- Welke?
- Waarom hebt u hier geen gebruik van gemaakt?

“Met de gevonden informatie heeft u vervolgens uw activiteiten uit kunnen voeren. Hierover een paar vragen.”

Informatie gebruiken en organisatorisch verbeteren

- Wat waren de uitkomsten van uw activiteiten?
- Welke stappen heeft u genomen om tot deze uitkomsten te komen?
- Vindt u achteraf dat dit de juiste stappen zijn geweest?

Zo nee,

- Welke stappen hadden er nog bij moeten?

- Hebt u soortgelijke activiteiten eerder uitgevoerd?

Zo ja,

- Hebt u ze destijds op dezelfde manier uitgevoerd?
- Waarom wel of niet?

Zo nee,

- Had dit volgens u eerder moeten gebeuren?
 - Waarom wel of niet?
- Denkt u dat dezelfde activiteiten in de toekomst vaker moeten uitgevoerd?
 - Waarom wel of niet?

Zo ja,

- Op dezelfde manier?

“Tot slot heb ik nog een aantal vragen met betrekking tot het afronden van de activiteiten en het project. Deze hebben betrekking op de evaluatie en het opslaan van gegevens.”

Evaluatie

- Zijn uw uitkomsten door anderen dan wel uzelf geëvalueerd?
Zo ja,
 - Door wie is dit gebeurd?
 - Op welke manier?
- **Zo nee,**
 - Was dit volgens u goed geweest?
- Waren anderen en uzelf 100% tevreden over de uitkomsten?
Zo nee,
 - Waarom niet?
- Wat is er met uw uitkomsten gedaan?

Informatie opslaan

- Hebt u de gevonden/gebruikte info en de uitkomsten van uw activiteiten opgeslagen?
Zo ja,
 - Waar hebt u dit opgeslagen?
 - Op welke manier heeft u dit opgeslagen?
- **Zo nee,**
 - Waarom niet?
 - Had dit volgens u wel moeten gebeuren?

-- SCALE --

“Iedere organisatie streeft er in principe naar de werkzaamheden zo efficiënt mogelijk uit te voeren. Efficiëntie betekent onder andere dat er niet teveel uren en kosten worden besteed zodat alle activiteiten op een zo goed en goedkoop mogelijk manier worden uitgevoerd, zonder dat dit ten koste gaat van de kwaliteit. Ook het project zal met een bepaalde mate van efficiëntie zijn uitgevoerd en hierover wil ik u een aantal vragen stellen.”

Efficiëntie

- Is er van tevoren een tijd vastgesteld waarbinnen uw activiteiten zouden moeten worden afgerond?
Zo ja,
 - Hoeveel tijd werd er vastgesteld?
 - Door wie werd deze tijd vastgesteld?
 - Vond u dit aanvaardbaar?
 - Hebt u uw activiteiten binnen deze tijd kunnen afronden?
- **Zo nee,**
 - Waarom niet?
- **Zo nee,**
 - Vindt u dat dit had moeten gebeuren?
- Hoeveel tijd zou u hebben vastgesteld voor uw activiteiten?

- Vindt u verder dat u uw activiteiten op een zo efficiënt mogelijke manier heeft kunnen uitvoeren?

Zo nee,

- Waarom niet?
- Wat kan hieraan worden verbeterd?

“Het doel van het project Industrial is het definiëren van nieuwe industriële markten voor de koper kabels. Daarnaast zijn er natuurlijk veel meer projecten mogelijk, waarbij gekeken wordt naar nieuwe marktkansen.”

Winstgevendheid

- Denkt u dat projecten voor marktontwikkeling in het algemeen belangrijk zijn voor de winstgevendheid van TKF?

Zo ja,

- Op welke manier draagt het project bij aan de winstgevendheid?
- Is het project met name goed voor de korte of lange termijn van TKF?

Zo nee,

- Waarom niet?
- Wat zou TKF dan moeten doen om de winstgevendheid te verhogen?

“Een beloning kan mensen stimuleren om bepaalde werkzaamheden met extra aandacht uit te voeren.”

Beloning

- Vind er voor u een beloning plaats op basis van het project?

Zo ja,

- Op basis waarvan vindt deze beloning plaats?
- Vindt u het terecht dat het project op deze manier beloond wordt?

Zo nee, wat zou u eraan willen veranderen?

Zo nee,

- Vindt u dat dit wel zou moeten gebeuren?
- Op basis van welke criteria zou die beloning moeten plaatsvinden?

Eindvraag

- Hebt u nog iets toe te voegen met betrekking tot het project?

Appendix 3: Question List TKF Idea-phase

Vragenlijst TKF Ideefase

Deel 1 Ideefase

“Binnen TKF wordt er op meerdere manieren gewerkt aan de toekomst. Één van de aandachtspunten is het aanboren van voor TKF nieuwe markten. Hierbij gaat het om markten, waarin TKF nog niet direct betrokken is, maar wel mogelijkheden heeft voor de toekomst (voorbeelden uit het verleden zijn het betreden van de security-markt en de marine-markt). Een gangbare manier om deze nieuwe markten te betreden, is door middel van een project. Een projectteam wordt dan verantwoordelijk gesteld voor het onderzoeken naar, en als mogelijk betreden van, de nieuwe markt. Ik ben benieuwd naar de werking van dit soort projecten binnen TKF en dan met name het voortraject van zo'n project. Dit voortraject is de zogenaamde ideefase. Deze ideefase begint bij het ontstaan van een idee voor marktontwikkeling en eindigt op het moment dat de beslissing is genomen om wel of geen uitgebreid onderzoek te doen naar marktontwikkeling.”

Dus: Ideefase = Ontstaan idee t/m Go/No go beslissing Project

Kunt u zich een traject voor marktontwikkeling herinneren dat binnen TKF heeft plaatsgevonden?

Zo ja, over dit traject wil ik u een aantal vragen stellen.

Zo nee, dan vragen algemeen stellen

Algemeen

- Wat was de naam van het project?
- Welke personen waren bij de directe activiteiten van het project betrokken?
- Waar was het project op gericht?
 - Op welke markt was het project gericht?
 - Voor welk soort producten heeft het project geleid?

Idee

- Wie kwam er met het idee dat geleid heeft tot het project?
- Wat was precies het eerste idee?

Skills&Values + Social Networking

- Hoe is het idee ontstaan?
- Welke informatie heeft tot dit idee geleid?
- Waar kwam deze informatie vandaan?
- Is er ook sprake van externe informatie?
 - Welke informatie is dit?
 - Van welke personen kwam de externe informatie?
- Wat moest de persoon doen om de informatie te verkrijgen?

Skills&Values

- Met wie werd het idee verder gecommuniceerd?
- Op welke manier vond deze communicatie plaats?

Social Networking

- Welke personen hebben het idee op enige wijze beïnvloed?
- Op welke manier werd het idee beïnvloed?

Skills&Values

- Werde het idee opgeslagen, alvorens het verder werd ontwikkeld?
 - Op welke manier werd dit opgeslagen?
 - Door wie werd het idee opgeslagen?

Scope + Scale

- Heeft het management het zoeken naar het idee bevordert?
 - Zo ja, op welke manier?
 - Heeft er ook (op enige wijze) een beloning plaatsgevonden voor het aandragen van het idee?
 - Zo ja, op welke manier vindt deze beloning plaats?
- Bevordert het top management in het algemeen het zoeken naar nieuwe marktideeën?
 - Zo ja, op welke manier?
- Werde het idee zelf van begin af aan door het management gesteund?
 - Zo ja, op welke manier?
- Worden ideeën voor nieuwe markten over het algemeen veelvuldig gesteund door het top management?

“Voordat het idee heeft geleid tot het desbetreffende project, moet het zijn beoordeeld. Hiermee werd de vraag beantwoord; heeft het idee voldoende potentie om er een project aan te besteden? De volgende vragen gaan over het aandragen en beoordelen van het idee, tot het moment waarop de beslissing werd genomen om project definitief te laten uitvoeren.”

Beoordeling

Skills&Values

- Wie heeft/hebben het idee beoordeeld?
- Waarom deze personen?
- Zijn dit volgens u de juiste personen geweest?
 - Zo nee, welke personen hadden de beoordeling dan moeten uitvoeren?
- Vindt u dat de beoordeling altijd moet plaatsvinden door dezelfde personen?
 - Waarom wel/niet?
 - Welke personen zijn dit?

Skills&Values

- Op basis van welke informatie vond de beoordeling plaats?
- Waarom deze informatie?
- Hoe kwam de informatie tot stand?
- Hoe kwam de (beoordelende) persoon aan de benodigde informatie?
- Welke criteria zijn gehanteerd voor het beoordelen van het idee?
- Waarom werden deze criteria gebruikt?
- Zijn dit volgens u de juiste criteria geweest?
 - Waarom wel/niet?

Scope

- Wie heeft de definitieve beslissing voor het project genomen?
- Wanneer is deze beslissing genomen?
- Is deze beslissing gedecentraliseerd genomen?
- Wat hield de beslissing exact in?

Scale

- Hoeveel tijd heeft de totale ideefase voor het traject gekost?
- Vindt u deze tijd te lang/te kort?
 - Zo ja, waar heeft dit aan gelegen?
 - Wat zou eraan kunnen worden verbeterd?

“In de toekomst is het de bedoeling om de hiervoor besproken ideefase wat meer gestructureerd te laten verlopen. Het idee is dat een medewerker met een marktidee eerst een zogenaamde quick scan moet maken, waarin het idee wordt getoetst aan een aantal criteria. Dit betekent dat de desbetreffende medewerker een aantal van tevoren vastgestelde aspecten moet onderzoeken, zodat een duidelijk beeld ontstaat van de potentie van het idee voor TKF. Over deze quick scan en de invulling daarvan, wil ik u graag een aantal vragen stellen.”

Quick Scan

- Wat vindt u in het algemeen van een dergelijke quick scan?
- Wat zijn volgens u de voor- en nadelen van zo'n quick scan?
- Waaruit zou een quick scan volgens u moeten bestaan?
Welke informatie moet er in een quick scan worden opgenomen?
- Wie moet(en) de quick scan opstellen?
- Wat moet er precies worden onderzocht?
- Welke acties moeten er ondernomen worden voor een quick scan?
- Moet er speciale tijd worden vrij gegeven voor het opzetten van een quick scan?
 - Hoeveel tijd moet er worden vrij gegeven?
 - Moet er voor ieder idee tijd worden gegeven om een quick scan te maken?
 - Zo ja, wanneer wel/niet?
- Aan welke criteria moet een idee worden getoetst?
 - Waarom aan deze criteria?
- Wie zou de quick scan moeten beoordelen?
 - Waarom deze perso(o)n(en)?

Eindvragen

- Hebt u nog iets toe te voegen dat betrekking heeft op de ideefase van een project?
- Hebt u nog iets anders toe te voegen?

Deel 2 Informatie voor marktontwikkeling

“Voor marktontwikkeling is de informatievoorziening erg belangrijk. Zowel interne als externe informatie moet voldoende verzameld kunnen worden, om een goede beslissing te kunnen nemen. Hiervoor zijn de informatievoorzieningen op de afdelingen natuurlijk erg belangrijk. Hierover wil ik u een aantal vragen stellen.

Social network + Skills&Values

- Wat zijn de belangrijkste personen binnen en buiten TKF, waarmee u regelmatig contact heeft, die van belang kunnen zijn voor marktontwikkeling?
- Wat voor informatie leveren deze personen u m.b.t. marktontwikkeling?
- Van welke overige informatie maakt u veelvuldig gebruik, die (ook) nuttig zijn voor marktontwikkeling?
- Waar komt deze overige informatie vandaan?
- Is het moeilijk om aan de hiervoor besproken informatie te komen?
- Voor welke informatie is dit wel moeilijk en voor welke niet?
- Is er informatie, gericht op marktontwikkeling, waar u (bijna) niet aan kunt komen?
 - Zo ja, welke info is dit?
 - Waar bevindt zich deze informatie?
- Maakt u veelvuldig gebruik van alle besproken informatie, in het kader van marktontwikkeling?

Op welke manier maakt u hiervan gebruik?

- Zijn er andere personen die veelvuldig van uw informatie gebruik maken, in het kader van marktontwikkeling?
 - Zo ja, welke personen zijn dit?
 - Welke informatie gebruiken deze personen?

Skills&Values

- Slaat u regelmatig informatie op, bruikbaar voor marktontwikkeling?
 - Zo ja, welke info is dit?
 - Waar slaat u dit op?
- Welke informatie m.b.t. marktontwikkeling gebruikt u wel, maar wordt niet opgeslagen?
 - Waarom niet?

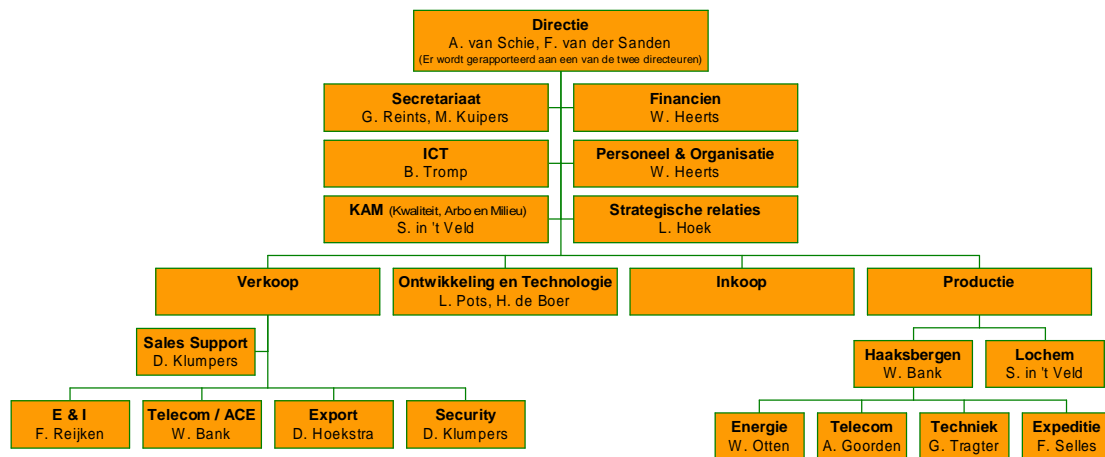
Appendix 4: The Social Network of the Project (belongs to paragraph 6.1.2)

A description is given of all the actors in the social network of the project. For every actor some general information is given, and there is extra attention for the importance of the actor regarding the project.

The organization TKF

The organization TKF consists of ten departments. The main departments are the Sales, Development & Technology, Purchasing and Production department. The other six departments are for support. These are the departments ICT, Secretary's, Finance, Personnel and Organization, KAM and Strategic Relations. All these departments work together and mutually influence each other.

Organizational Structure



The Management Team¹

The Management Team consists of Top Management (split up in a General Manager and a Manager Operational Businesses) and the Managers from all departments. This group has a meeting several times a year and is important for the overall strategy and direction of the organization. During these meetings, there is a chance for all departments to communicate with each other. When the project is finished, the plans will be presented to the Management Team.

Workgroup Instrumentation

Within TKF there are several workgroups. One of them is the workgroup Instrumentation, in which employees from several departments work together. The goal of this workgroup is to develop a strategic plan for the future of TKF.

¹ For TKF this is the “Kernteam”

The focus of the plan is on telecommunication cables for two production locations, Telecom 1 in Haaksbergen and Lochem. For both plants the plan should point out what products the organization should sell in what markets.

There are strong similarities between the project and the workgroup. First the workgroup uses the same three phases as the project Industrial. The first phase is about increasing the production volume of Telecom 1 on the short term. The second phase is about broadening the portfolio with products that need a small R&D expenditure and the third phase is about products, for which a high R&D effort is needed.

Another similarity is that the groups partly share the same goals. Both groups try to define future markets and products for the Telecom department. The difference is that the scope of the workgroup is bigger than the scope of the project because the workgroup acts on a more strategic level than the project. The workgroup defines a “general” plan for all telecom cables, while the project fills in those plans for the industrial market (see the scope mechanism for more information).

Although in theory there is such a strong connection, the project and workgroup don’t work together. In practice both groups perform their own activities, most of the times independent from each other. Also both groups have their own meetings and in the beginning the project leader is not present at the meetings from the workgroup. Later on the project leader is present at the workgroup meetings and they share information and knowledge about the strategy and the markets. But, there is no central coordination between the project and workgroup.

The Sales Department

Organizational structure



Figure 9: The Sales department

Primary tasks and contacts

All sales departments have the same primary tasks. The main task is maintaining relations with customers, service providers and other contacts. Also for other tasks, customer contact is very important.

“Keeping close customer contact” is considered as an important activity. Other main contacts of the departments are; top management, expedition department, development & technology department, KAM department and other TKF departments.

Role with regard to project

The most important department for the project of course is the department Sales Telecom. The project Industrial is start up from the Telecom department and the project leader is one of the account managers from this department. Also the manager of the Telecom department is directly involved with the project.

The Development & Technology department (D&T)

Organizational structure

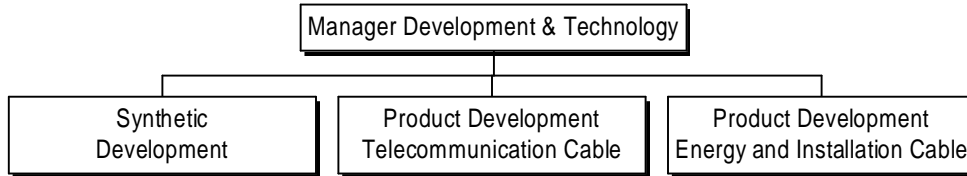


Figure 10: The D&T department

Primary tasks and contacts

The main task of the Development & Research department is the development of new cable constructions, if necessary by using new raw materials, processes or machines. The department is said to develop according to customer demands. The department also represents TKF in normalization committees and should visit congresses, exhibitions and symposia and keep good contact with suppliers.

The most important contacts are the suppliers and the Sales department. The department also communicates with the other departments of TKF and sometimes with customers.

Role with regard to project

The department is important for the project with regard to the technical development possibilities. A market can only be attractive for TKF, if the department Development & Research is capable of developing the products for that market. The employees of the department have a lot of knowledge about all technical aspects of producing cables.

The Production department Haaksbergen

Organizational structure

The organization TKF has two production locations, which are located in Haaksbergen and Lochem. Because the project is focused on the production in Haaksbergen, a description of this location is given.

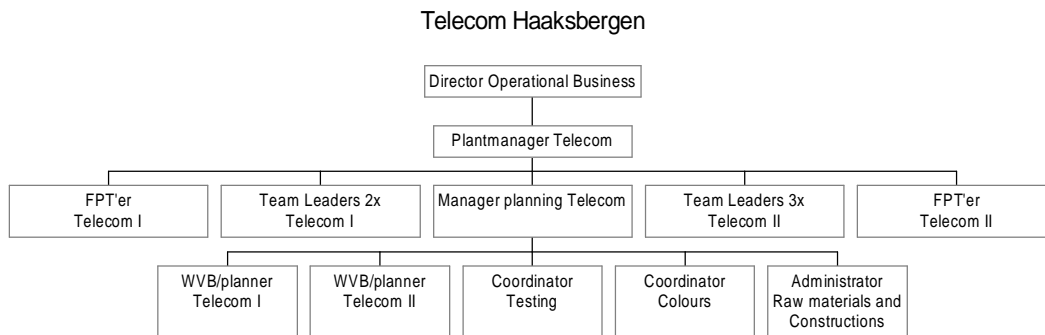


Figure 11: The Telecom Production department Haaksbergen

Energy Haaksbergen

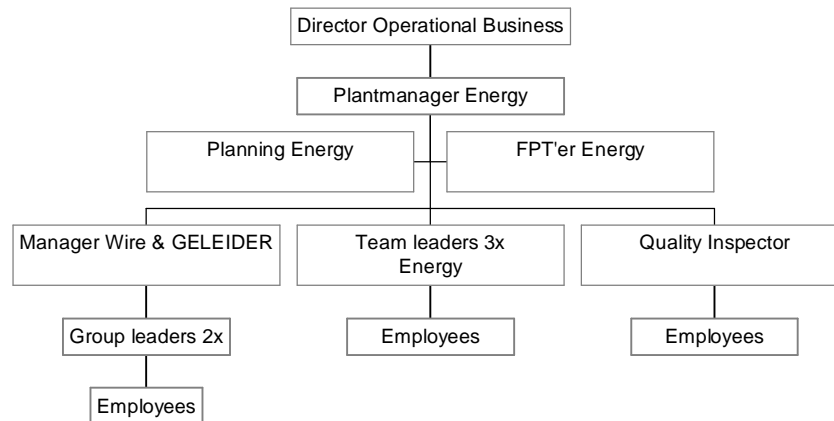


Figure 12: The Energy Production department Haaksbergen

The production department in Haaksbergen is split up in the departments “Production Telecom” (for telecom cables) and “Production Energy” (for energy cables). Both departments have their own machines and personnel.

Primary tasks and contacts

The main task of the department is producing, controlling the stock and testing of semimanufactured and end products.

The main contacts are the Sales, Development & Technology, KAM, Expedition, P&O and Purchase department. Also the Director Operational Business and Inserva (a company for industrial maintenance) are important contacts.

Role with regard to project

The goal of the project team is to find markets and products for the Telecom production plant. For the internal analysis one of the managers of the Production department analyzed the current technical possibilities of TKF.

Customers

The organization TKF has relatively strong contacts with existing customers. Most of the customers are relatively large organizations, which are customers for TKF for a long time already. TKF always tried to satisfy the individual needs of existing customers as good as possible. Because of that, those customers always had much influence. The last years the number of customers has increased, but still there is a relatively small group of important customers.

The goal of the project is to find out what new markets are interesting for TKF within the broad industrial market. TKF is already capable of producing all sorts of copper cables. Besides the existing portfolio, the project also searches for new cables for TKF. All together this means the group of potential markets and customers is very large. The difficult task for the project team is to identify the markets and customers that are most profitable for TKF.

Competitors

There is a relatively small number of cable producing companies. Because of this small number, the companies highly influence each other. In every market the companies try to outbeat competition, by producing some sort of industry standard.

The small number of competitors also means that the project will not lead to completely new competitors. It will only lead to the same competitors in different markets.

Although the names of the competitors are well known among the TKF personnel, not much real competitor information is present within the organization. For that reason a competitor analysis was performed during the project, focused on the industrial market. Information was collected for the following important competitors: DRAKA, Prysmian, Belden, Nexans and Leoni. All these competitors serve some part of the total industrial market.²

There is not much cooperation and communication between TKF and its competitors. Also during the project, there was no direct contact with competitors.

Other external sources

Within *normalization committees* different organizations work together to produce certain cable standards. In every (new) market it is important to know about these standards, because they partly define the technical specifications of the different cables. The D&T department is responsible for this activity.

There could be more institutions or organizations that are important for the project, but at this moment no other actors are known yet.

² For more information about the competitor analysis, see the Skills & Values mechanism of paragraph 6.1.2, page 28-30

Appendix 5: List of used business plans TKF

- Title: Onderzoek naar toepassing van scheepskabel in scheepsinstallatiemarkt
Authors: Bart Swinkels and Payman Sarrafi
Year: 2001
- Title: UMTS
Authors: R. Heurmans and F. Arends
Year: 2001
- Title: Datakabels; TKF stappenplan
Author: Frank van der Sanden
Year: 2002
- Title: Communicatie via Plastic; onderzoek naar gebruik van polymer optical fibre in een local area network
Author: M.G.B. Borgman
Year: 2003
- Title: Onderzoek nichemarkten 2005-2006
Authors: Robert Franke and Gerrit-Jan Hilderink
Year: 2004
- Title: Onderzoek Niche Markt Heat Tracing
Authors: Sanne de Goede and Emiel Snippert
Year: 2005

Appendix 6: Questionnaire Quick Scan (including an explanation the aspects)

This appendix consists of two parts:

1. The questionnaire for the quick scan, which was used in paragraph 6.3.4...
2. An explanation of the aspects in the questionnaire.

Questionnaire Quick Scan Idea-phase

<i>Explanation grades</i>	
1	Absolutely not important
2	Less important
3	Important
4	Very important
5	Absolutely essential

	Importance for the quick scan
General Market Analysis	
General explanation idea	
Macro-analysis	
Geographical focus	
Market segmentation	
General project information	
Link with existing portfolio	
Resemblance TKF strategy	
Expected project time	
Qualitative information	
Distribution network	
Customers	
Competitors	
Other important actors	
Entry barriers:	
Quantitative information	
Market volumes	
Margins	
Market expectancy	
Additional costs	
Internal information	
Machine capacity (needed and current)	
Human capacity (needed and current)	
Development capacity (needed and current)	

What customer and competitor information should be included?

Customers:	<ul style="list-style-type: none"> * Groups/Types * Names of organizations * Size (total purchase) * Strategy * Desires/needs * Supplier recommendations * Decision-making unit * Other distinctive information 	<table border="1" style="width: 100%; height: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>								

Competitors:	<ul style="list-style-type: none"> * Names of organizations * Strategy and objectives * Structure * Geographical focus * Product groups * Total sales volume * Market share * Distribution network * Status of recent patents * Other distinctive information 	<table border="1" style="width: 100%; height: 100%; border-collapse: collapse;"> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> <tr><td style="height: 20px;"></td></tr> </table>										

2. Explanation of the aspects

General market analysis

General explanation Idea

A general explanation of the idea for new business development. On what market (in general) is the idea focused and why?

Macro-analysis

An analysis towards the macro environment of the organization. The macro environment consists of some major forces that influence the market. These sources are; (1) economic, (2) social-cultural, (3) technological and (4) demographical.

Geographical focus

A definition of the research area. On what states/countries/continents is the research focused?

Market-segmentation with use of FAP (Functie/Afnemer/Product)

A general market segmentation with use of Function, Customer and Product. No complete and exact market segmentation, but a first explanation and segmentation of the market. Will give an answer to the questions; what are the functions of the products (F)?, who are the main customers (A)? and what type of products are sold (P)?

General project information

Link with existing portfolio

The products should be complementary to or diverted from the existing portfolio of TKF.

Resemblance with TKF strategy

How does the market fit into the current TKF strategy? Will the project fulfill some overall company objectives?

Expected project time

What's the expected time-to-market?

Qualitative information

Distribution network

Define the total distribution network, from supplier of raw materials to end customer.

Customers

Who are the main customers for TKF, what are their preferences and how do they operate? These questions can be answered by describing the following aspects; groups/types, names of organizations, size (total market purchases), strategy, desires/needs (with extra attention to unmet needs), supplier recommendations, decision-making unit³ and other distinctive information.

Competitors

Who are the main competitors for TKF, how influential are they and how do they operate? These questions can be answered by describing the following aspects; names of organizations, strategy and objectives, structure, geographical focus, product groups, total sales volume, market share, distribution network, status of recent patents, other distinctive information. Other distinctive information could be important capabilities or strengths/weaknesses of the organization.

Other important actors

Are there more important actors in the market? There could be institutions or other organizations that highly influence the market.

Entry barriers

Entry barriers are obstacles in the path of a firm, which wants to enter a given market.⁴ In the cable markets, entry barriers can play a powerful role. In the worst case, entry barriers can make it impossible for other organizations to enter that market. Examples of well-known entry barriers are norms and standardizations. Other entry barriers could be arrangements between several organizations or governmental laws.

Quantitative market information

Market volumes

The total estimated market volume, if possible by segment (as defined in the "general market analysis").

Margins

The estimated margins of the different cable types.

Market expectancy

The estimated growth rates of the market, if possible by segment.

³ The decision-making unit is a group of employees responsible for purchasing an item for the organization. (from www.wikipedia.org)

⁴ From www.wikipedia.org

Additional costs

The estimated additional costs for TKF, when entering the market. Examples could be costs for needed investments or for further research.

Internal information

All internal information should include two things; (1) the current capacity and (2) an estimation of the needed capacity. The internal information is divided in; machine capacity, human capacity and development capacity.

Appendix 7: Inquiry Results

Inquiry Total

<i>Explanation grades</i>	
1	Absolutely not important
2	Less important
3	Important
4	Very important
5	Absolutely essential

	Wim Bank	Derk Klumpers	Hans de Boer	Matthijs de Heus	Rob Schurgers	Average	
General Market Analysis							
General explanation idea	2	4	4	4	1	3,00	Included in Quick Scan
Macro-analysis	3	1	1	3	4	2,40	
Geographical focus	4	4	1	3	4	3,20	Included in Quick Scan
Market segmentation	5	1	4	4	2	3,20	Included in Quick Scan
General project information							
Link with existing portfolio	2	3	5	4	1	3,00	Included in Quick Scan
Resemblance TKF strategy	2	4	5	4	2	3,40	Included in Quick Scan
Expected project time	4	2	4	5	2	3,40	Included in Quick Scan
Qualitative information							
Distribution network	2	2	2	2	4	2,40	
Customers	4	4	4	4	4	4,00	Included in Quick Scan
Competitors	5	5	3	4	4	4,20	Included in Quick Scan
Other important actors	2	3	3		2	2,50	
Entry barriers	5	3	4	3	3	3,60	Included in Quick Scan
Quantitative information							

Market volumes	4	4	5	3	4	4,00	Included in Quick Scan
Margins	3	4	5	4	4	4,00	Included in Quick Scan
Market expectancy	4	5	5	3	4	4,20	Included in Quick Scan
Additional costs	3	3	5	3	4	3,60	Included in Quick Scan

Internal information							
Machine capacity (needed and current)	2	2	4	3	4	3,00	Included in Quick Scan
Human capacity (needed and current)	2	1	3	3	4	2,60	
Development capacity (needed and current)	2	4	4	3	3	3,20	Included in Quick Scan

What customer and competitor information should be included?

Customers: * Groups/Types	3	2	3	3	4	3,00	Included in Quick Scan
* Names of organizations	1	1	3	3	2	2,00	
* Size (total purchase)	1	3	4	2	3	2,60	
* Strategy	1	2	2	2	3	2,00	
* Desires/needs	1	1	3	3	3	2,20	
* Supplier recommendations	1	3		2	4	2,50	
* Decision-making unit	1	4	3	3	3	2,80	
* Other distinctive information	1	1			2	1,33	

Competitors: * Names of organizations	2	4	3	4	4	3,40	Included in Quick Scan
* Strategy and objectives	1	3	4	2	3	2,60	
* Structure	3	1	2	2	2	2,00	
* Geographical focus	3	3	3	3	3	3,00	Included in Quick Scan
* Product groups	3	3	4	3	2	3,00	Included in Quick Scan
* Total sales volume	1	3	2	3	2	2,20	
* Market share	1	4	4	4	3	3,20	Included in Quick Scan
* Distribution network	3	1	4	3	3	2,80	
* Status of recent patents	3	5	2	4	2	3,20	Included in Quick Scan
* Other distinctive information	1	1			2	1,33	