



LINKING ENVIRONMENTS:

CREATING STRATEGIC FIT

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MANAGEMENT SUMMARY

‘Geen Blad voor de Mond’ is a publisher of different types of media. They do this for other companies and organisations as well as for themselves. There are a lot of developments in the publishing industry and Geen Blad voor de Mond would like to know what these developments are and how they can respond to them. That is why this research was conducted and why it has the following research question: how can Geen Blad voor de Mond respond to developments in the market while using its strengths and its philosophy.

This question consists of two elements: developments in the market and the characteristics of the company, in other words, an external and an internal environment. The first sub question explores this relation between the internal and external environment of the firm and is: how can a firm match its resources with developments in the market? The second sub question deals with the specific external environment of Geen Blad voor de Mond and is: what are the developments in the market in which Geen Blad voor de Mond is active? The final sub question discusses the internal environment of the firm: what are the philosophy and strengths of Geen Blad voor de Mond? Once these three questions have been answered it is possible to give an answer to the main research question of this thesis, by linking the environments. Linking the environments means that for every development that is identified, a suitable action based on the characteristics of the company, so by linking the environments, an answer on the main research question is given.

How can a firm match its resources with developments in the market?

This question is answered with a literature study. It is concluded that there are basically two perspectives on matching a firm’s resources with developments in the market: an outside-in and an inside-out perspective. The first states that a company should adapt itself to developments in the market and the second states that markets should be chosen based on the strengths of the company, but often, if not always, there is a combination of the two.

What are developments in the market in which Geen Blad voor de Mond is active?

This question is addressed using desk research and taking interviews based on Porter’s five forces and the PESTLE model with employees of Geen Blad voor de Mond. The developments that were identified relate to economic, social and technological factors. The developments that have been identified are:

- Rising level of unemployment in The Netherlands, which makes it easier to hire new employees
- Rising level of uncertainty of the employees, because of the financial crisis and rising level of unemployment
- Companies are reluctant in spending money on marketing due to the financial crisis
- Customers are reluctant to pay for luxury products like books and magazines
- Because of globalisation it has become relatively easy to expand a business abroad
- Increase in the use of tablets
- Customers want quick and easy entertainment
- Increase in the complexity of the media approach due to the disappearing of boundaries between different types of media
- Rise in self-publishing websites
- Increased focus on sustainability issues

Industry specific

- Threat of new entrants will probably decrease, because of economic downturn
- Substitutes of magazines are digital media, which is rapidly increasing.
- The power of buyers will remain high and therefore Geen Blad voor de Mond should listen to them.
- The power of suppliers will remain very weak.
- Internal rivalry will probably be more cost-based due to the economic downturn and the fact that companies spend less money on marketing.

What are the strengths of the company and what is its philosophy?

This question is addressed by means of interviews based on Rangone's resource based approach to strategy analysis in SME's with people inside the company. It was concluded that the biggest strengths of the company are:

- Its network
- Its market knowledge
- Its workforce
- Its quality reputation

The philosophy of the company is that with 80% of their capacity they want to cover all their costs and with 20% they want to create new, self-owned concepts, which can become the 'cash-cows' of the company.

Once these sub questions were answered it was possible to give an answer to the main research question: how can Geen Blad voor de Mond respond to developments in the market while using its strengths and philosophy? To do this, for every development that is identified with the PESTLE model or with Porter's five forces, possible actions of Geen Blad voor de Mond are described based on the two perspectives that were identified in answering sub question 1: the outside-in and inside-out approach. In the end it is possible to list some implications for Geen Blad voor de Mond.

Implications for Geen Blad voor de Mond

A lot of developments and possible reactions to those developments have been identified in this research. Many of these developments reinforce each other. It has become clear that Geen Blad voor de Mond should exploit or invest in certain resources and opportunities, which are:

- 1) Invest in the development of mobile applications. A combination of economical, social, technological and ecological factors all point to the same direction and that is investing in mobile applications. It is a way to differentiate from competitors, customers are using mobile applications more and more, mobile devices become better and no paper is wasted on digital media.
- 2) Emphasize the quality reputation. The quality reputation of the company should be emphasized, because this is a way to differentiate the company from others.
- 3) Invest in the network. The network of Geen Blad voor de Mond appeared to be one of the biggest strengths of the company and should be well taken care of. With this network it is possible to innovate, find new opportunities and get new orders.
- 4) Exploit market knowledge. Market knowledge should be exploited to look for more opportunities for creating new concepts.

MANAGEMENT SAMENVATTING

Geen Blad voor de Mond is een uitgeverij van verschillende soorten media. Ze doen dit voor andere bedrijven en organisaties, maar ook in eigen beheer. In de mediawereld vinden veel ontwikkelingen plaats. Geen Blad voor de Mond wilde graag weten welke ontwikkelingen dit nu precies waren en welke acties ze konden ondernemen om op die ontwikkelingen te reageren. Vandaar dit onderzoek met de hoofdvraag: Hoe kan Geen Blad voor de Mond reageren op ontwikkelingen in de markt terwijl ze gebruik maken van hun krachten en filosofie?

Deze vraag is opgesplitst in twee delen: ontwikkelingen in de markt en de krachten en filosofie van het bedrijf, oftewel in een interne en externe omgeving. De eerste subvraag in dit onderzoek richt zich op de relatie tussen de twee omgevingen en luidt: Hoe kan een bedrijf haar krachten verbinden met ontwikkelingen in de markt? De tweede subvraag focust zich op de externe omgeving: wat zijn ontwikkelingen in de markt? De derde vraag focust zich op de interne omgeving: wat zijn de krachten en filosofie van Geen Blad voor de Mond? Wanneer deze drie vragen zijn beantwoord is het mogelijk om een antwoord te geven op de hoofdvraag.

Hoe kan een bedrijf haar krachten verbinden met ontwikkelingen in de markt?

Deze vraag is beantwoord door middel van een literatuuronderzoek. Het blijkt dat er twee perspectieven zijn waarop een bedrijf kan zorgen dat de twee omgevingen op elkaar aansluiten: van buiten naar binnen en van binnen naar buiten. Het eerste stelt dat het bedrijf zichzelf aanpast aan de omgeving en het tweede stelt dat de markt wordt gekozen op basis van de kenmerken van het bedrijf. In praktijk blijkt dat het vaak een combinatie van beide is.

Wat zijn ontwikkelingen in de markt?

Deze vraag is beantwoord met behulp van desk research en interviews op basis van Porter's five forces en het PESTLE model die gehouden zijn met werknemers van Geen Blad voor de Mond. De ontwikkelingen die zijn geïdentificeerd zijn:

- Groeiende werkloosheid in Nederland, waardoor het gemakkelijker wordt om nieuwe mensen aan te nemen
- Onzekerheid van werknemers neemt toe als gevolg van de economische crisis en groeiende werkloosheid
- Bedrijven zijn geneigd minder geld uit te geven aan marketing door de financiële crisis.
- Consumenten zijn geneigd minder geld uit te geven aan luxe producten als boeken en tijdschriften
- Door globalisatie is het gemakkelijker geworden om uit te breiden naar het buitenland
- Toename in het gebruik van tablets
- Klanten willen snel en gemakkelijk vermaak
- Toename in de complexiteit van media door het vervagen van grenzen tussen verschillende typen media
- Opkomst van 'self-publishing' websites
- Focus op duurzaamheid

Wat zijn de sterktes en de filosofie van het bedrijf?

Deze vraag is beantwoord met behulp van interviews die gebaseerd zijn op Rangone's resource-based view met werknemers van Geen Blad voor de Mond. Het bleek dat de grootste sterktes van het bedrijf de volgende zijn:

- Het netwerk

- Kennis van de markt
- De werknemers
- De goede reputatie

De filosofie van het bedrijf is dat 80% van de capaciteit wordt gebruikt om de kosten te dekken en 20% van de capaciteit wordt gebruikt voor het uitbrengen van nieuwe concepten in eigen beheer die uit kunnen groeien tot de zogenaamde 'cash-cows' van het bedrijf.

Toen de subvragen waren beantwoord was het mogelijk om een antwoord te geven op de hoofdvraag van dit onderzoek. Die luidde: hoe kan Geen Blad voor de Mond reageren op ontwikkelingen in de markt terwijl ze gebruik maken van hun filosofie en krachten. Hiervoor werden de ontwikkelingen in de markt verbonden met de krachten en de filosofie van het bedrijf op de manieren die zijn beschreven in het antwoord op subvraag 1. Uiteindelijk is het mogelijk om bepaalde implicaties voor Geen Blad voor de Mond op een rij te zetten.

Implicaties voor Geen Blad voor de Mond

Er zijn veel verschillende ontwikkelingen en mogelijke reacties op die ontwikkelingen onderscheiden in dit onderzoek. Veel ontwikkelingen versterken elkaar. Duidelijk is dat Geen Blad voor de Mond moet investeren in bepaalde gebieden en focussen op bepaalde resources, te weten:

- 1) Investeren in mobiele applicaties. Zowel economische, social, technologische als ecologische factoren wijzen in de richting van het ontwikkelen van digitale media. Het is een manier om te onderscheiden van de concurrentie, klanten gebruiken mobiele apparaten steeds meer, er is steeds meer mogelijk met betrekking tot mobiele applicaties en er wordt geen papier verspild.
- 2) De kwaliteitsreputatie benadrukken. De kwaliteitsreputatie van het bedrijf zou moeten worden benadrukt, omdat dit een manier is om te onderscheiden van de concurrentie.
- 3) Investeren in het netwerk. Het netwerk van Geen Blad voor de Mond bleek een van de grootste krachten te zijn, dus deze moet goed worden onderhouden. Met dit netwerk wordt het mogelijk om te innoveren, om nieuwe kansen te ontdekken en om nieuwe opdrachten binnen te halen.
- 4) Gebruik de marktkennis. Kennis van de markt moet worden gebruikt om nieuwe kansen voor eigen concepten te ontdekken.

Table of contents

MANAGEMENT SUMMARY	I
MANAGEMENT SAMENVATTING	III
1. INTRODUCTION	1
1.1 Background to the research	1
1.2 Research problem	1
1.3 Methodology	1
1.4 Outline of the report	2
1.5 Definitions	2
1.6 Conclusion	2
2. THEORETICAL FRAMEWORK.....	3
2.1 Introduction.....	3
2.2 Strategic fit: two perspectives.....	3
2.2.1 Outside-in perspective	3
2.2.2 Inside-out perspective.....	5
2.2.3 Linking the environments.....	7
2.3 Conclusion	7
3. METHODOLOGY OF DATA COLLECTION	9
3.1 Introduction.....	9
3.2 Type of Research	9
3.2.1 Desk research	10
3.2.2 Interviews	10
3.2.3 Observations.....	11
3.3 External analysis	11
3.3.1 PESTLE.....	11
3.3.2 Porter's five forces	12
3.4 Internal analysis.....	13
3.4.1 Resource based approach to strategy analysis in SMEs.....	13
3.5 Linking the environments.....	14
3.6 Conclusion	14
4. RESULTS	15
4.1 Introduction.....	15
4.2 External analysis	15
4.2.1 Macro environment.....	15
4.2.2 Meso environment.....	16

4.3 Internal analysis.....	20
4.4 Conclusion	23
5. LINKING THE ENVIRONMENTS	24
5.1 Introduction.....	24
5.2 Linking the environments.....	24
6. CONCLUSIONS AND IMPLICATIONS.....	28
6.1 Introduction.....	28
6.2 Implications	28
6.3 Discussion and Recommendations.....	29
BIBLIOGRAPHY	30
APPENDICES.....	i

1. INTRODUCTION

1.1 Background to the research

The company that is at the center of this thesis is a small publisher – less than 10 employees – from Enschede, The Netherlands. This company is called: ‘Geen Blad voor de Mond’. Geen Blad voor de Mond is a concept developer of innovative media. It is a publisher and advertising agency and divides its activities in two main categories: creating marketing products for other companies and developing its own concepts and publications. Examples of products they make are magazines, books, and flyers. They add value by creating and developing complete concepts. It is a small company, so they have to work together with many different suppliers like photographers, freelance editors, distributors, and printing houses, but these suppliers can change with every publication. They also often work with trainees for designing their products and for doing research for example.

Geen Blad voor de Mond noticed that there are a lot of developments inside the market. It is for example harder to get companies who want to spend money on advertising in their publications and they also recognized a lot of technological developments. They wanted an overview of all the developments and were interested to see how they can respond to those developments. One condition that was set by the company is that they want to keep their philosophy and do not want to change their entire business. Therefore it is important to keep this in mind. So the goal of this research is to identify developments in the market and determine ways in which Geen Blad voor de Mond can respond to these developments, while keeping its own philosophy and using its strengths.

1.2 Research problem

The main research question will be:

How can ‘Geen Blad voor de Mond’ respond to developments in the market while using its own philosophy and strengths?

To answer this main research question, the following sub questions have to be answered:

1. How can a company match its resources with developments in the market?
2. What are developments in the market in which Geen Blad voor de Mond is active?
3. What are the philosophy and strengths of Geen Blad voor de Mond?

The first question addresses the relation between the strengths of the company and the developments in the market. It is important to look at this relation, because it is at the center of the research question. The second question is meant to determine the actual developments to which Geen Blad voor de Mond can respond. Because they had the condition of remaining loyal to their philosophy, the third question deals with this issue. These sub questions break the main research question in separate parts. When all these parts are discussed it is possible to give an answer to the main research question by connecting the different parts to each other. So when these three questions are answered, it is possible to give an answer to the main research question.

1.3 Methodology

In order to answer these three sub questions, and ultimately the main research question, different methods will be used. First of all, a literature review will be done to determine the research issues

and to identify the types of relation between the market and a company. To answer the second sub question, desk research will be done and interviews based on the PESTLE and Porter's five forces models (Porter, 1980) will be held with actors in the industry. The next step is to do an internal analysis of the firm. For this internal analysis, interviews based on the resource-based approach to strategy analysis in SMEs (Rangone, 1999) will be held with the firm's employees. Moreover, observations will be done inside the company, which is possible due to the fact that the researcher works inside the company.

1.4 Outline of the report

This report consists of five chapters. This first chapter gives an introduction to the report and presents the research issues that are at the center of this research. Chapter 2 discusses the research issues that are relevant for this research. It explains the key theories that are used for answering the research questions. Chapter 3 discusses how these theories are used in this specific research. It explains how the theories that are presented in chapter 2 are operationalised for the data collection. The results of this data collection are analysed in chapter 4. After presenting the results of the data collection, the developments in the market are linked to the characteristics of the company in chapter 5. The final chapter, chapter 6, draws conclusions and gives recommendations for future research.

1.5 Definitions

Definitions adopted by researchers are often not uniform, so key and controversial terms are defined to establish positions taken in this thesis.

Internal environment: consists of elements within the organisation (Boddy, 2008).

External environment: consists of elements beyond the organisation, it is a combination of the meso and macro environment (Boddy, 2008)

Meso environment: the industry specific environment (Boddy, 2008).

Macro environment: The general environment that can be analyzed with the PESTLE model; political, economic, social, technological, legal and environmental factors that affect all organisations (Boddy, 2008).

Small Enterprise: A company with less than 50 employees and a turnover of less than €10 million (European Commission).

1.6 Conclusion

This chapter laid the foundation of this thesis. It described the main research question and the sub questions. The methodologies used in this thesis were introduced, an overview of the thesis was given and the definitions of key concepts were explained. Chapter 2 will proceed with the theoretical framework of this thesis.

2. THEORETICAL FRAMEWORK

2.1 Introduction

In this chapter an overview of relevant theories for this thesis will be given and the first sub question will be answered: How can a company match its resources with the developments in the market? This question is about the relation between the external and internal environment of a firm and the concept of strategic fit is discussed to explain this relation. Also, the theories that are used to answer the second and third sub question are introduced. For the second sub question the theories are the PESTLE model and Porter's five forces and the theory that is used for the third sub question is Rangone's resource based view. Finally, the methods of data collection that are used to operationalise the theories – desk research and interviews – are discussed. The details of these methods for this research are the subject of chapter 3.

2.2 Strategic fit: two perspectives

According to many authors, including for example Porter and Grant, there should be a fit between the characteristics of the market and the resource base and activity systems of the firm (Porter, 1991; Grant, 1995, de Wit & Meyer, 2010). This point is often presented in the SWOT-model (e.g. Barney, 1991). In the SWOT model a first distinction is made between the external and internal environment and these environments are further divided into helpful and harmful factors, see appendix A for an illustration. The firm's internal strengths should be matched with market opportunities, while threats and weaknesses are avoided. This distinction between helpful and harmful factors is sometimes disputed (e.g. Grant, 1995). He states that it is difficult and unnecessary to make this distinction. For this reason, this thesis will focus on the distinction between the external and internal environment only.

Once this distinction between the internal and external environment is made, and the importance of strategic fit is kept in mind, the important question in strategy formation is whether the company should adapt itself to the characteristics of the market or select a market based on the resources and capabilities of the company. In other words, what is the dominant force in selecting a market or a position in the market, the firm or the market? There are basically two perspectives: the outside-in and the inside-out perspective (de Wit & Meyer, 2010).

2.2.1 Outside-in perspective

Theorists and managers with an outside-in perspective take the firm's external environment as the starting point in determining their strategy. They believe that successful strategies are the ones with an external focus and are market driven (e.g. Day, 1990 and 1994; Webster, 1994). Markets are leading, resources are following. So, in the outside-in perspective, strategy formation begins with an external analysis to identify the characteristics of the market and to determine profitable market positions. Then the firm should try to obtain such a superior market position by adapting its resources to it, which can be difficult, but it can be a source of sustained profitability (Porter, 1980 and 1985; de Wit & Meyer, 2010). Because of the importance of positioning, the outside-in perspective is sometimes also called the 'positioning approach' (Mintzberg, Ahlstrand, & Lampel, 1998).

As stated before, a good and detailed understanding of the firm's external environment is essential in the outside-in perspective on strategy. The external environment can be divided into a meso- and a macro-environment. To identify the characteristics of the meso-environment, an industry analysis has to be done. A well-known and widely used method to do industry analysis is the five forces

model of competition introduced by Porter (1980). With this model, a company can see through the complexity of the industry and managers are able to determine the drivers of competition in a certain industry and the main causes of profitability. At the center of this model are the five forces, which are: 1) threat of entry; 2) the power of suppliers; 3) the power of buyers; 4) threat of substitutes; and 5) rivalry among existing competitors. These forces determine industry profitability, because they affect prices, costs and necessary investments of companies in an industry (Porter, 1980). The strength of each of these forces is determined by some key variables which can be found in the illustration in appendix B. Some authors have argued that there is another force which drives competition: complementary products and services (Brandenburger & Nalebuff, 1996). However, according to Porter, complementary products or services are not a sixth force, because the presence of complementary products is not by definition good or bad for industry profitability. They affect profitability only indirectly, by the way they influence the five forces. The same is true for government policy (Porter, 2008). Government policy is neither by definition good or bad for industry profitability and is therefore not included as a sixth force in the model.

Next to the industry analysis for the meso-environment, it is also important to identify developments in the macro environment of the firm. These are factors that can influence the characteristics of the market and are sources of new market opportunities. Factors in the macro environment are often analysed with the PESTLE model. The PESTLE model is often used to generate a general overview of the environment (Morrison, 2010). It is a useful tool to understand the position, direction and potential of a firm, because it has some advantages: 1) it is a simple model; 2) it provides an understanding of the general environment; and 3) it enables a firm to discover and anticipate to developments like threats and opportunities. Some disadvantages are 1) access to quality data can be costly and time consuming; and 2) it can be difficult to anticipate developments due to rapid changes. A PESTLE analysis is particularly useful in combination with an internal analysis (Morrison, 2010). Because of the advantages of the PESTLE model, this is the model that will be used in this thesis.

The history of the PESTLE model is difficult to establish (Morrison, 2010). The model consists of six factors: 1) Political; 2) Economical; 3) Social; 4) Technological; 5) Legal; and 6) Environmental. These factors have an influence on the forces that drive industry competition. For example, the introduction of the internet in business operations increased the power of buyers, because the switching costs decreased. So it is also important to take these factors in the macro environment into consideration. Morrison (2010) describes a process for doing a PESTLE analysis consisting of the following steps: 1) Determine the way in which the information is collected; 2) Identify the sources of information; 3) Collect the information; 4) Analyse the information; 5) Identify the most important factors; 6) Identify the strategic options; 7) Write a discussion document; 8) Discuss the findings; 9) Decide what actions need to be taken (Morrison, 2010). The process that Morrison describes (Morrison, 2010; section 2.3.3) is quite extensive. The goal of the macro-analysis in this research is to identify developments in the market, therefore it is sufficient to perform the first five steps of the process.

When the drivers of competition and the drivers of profitability are determined and the developments in the macro environment are identified, a firm should aim to match its resource base and activities with the opportunities they present (de Wit & Meyer, 2010). If the company does not have and is not able to obtain the required resources for a specific strategy, some market opportunities cannot be taken advantage of. That is why firms should always keep the strengths and

weaknesses of its resource base in mind. However, the market will always be the dominant force in the mind of an advocate of the outside-in perspective (de Wit & Meyer, 2010).

2.2.2 Inside-out perspective

In contrast with proponents of the outside-in perspective, managers using an inside-out approach argue that the starting point of strategy creation should be the firm's resources and capabilities (de Wit & Meyer, 2010). The central questions are which resources the company possesses and how they can create a competitive advantage with those. To determine which resources are important various authors have developed certain criteria (e.g. Barney, 1991; Amit & Shoemaker, 1993; Prahalad and Hamel, 1994; Collis and Montgomery, 1995). The ones that are mostly mentioned in the reports and therefore also the ones that will be used in this thesis are:

- Competitive superiority: the extent to which the resource is superior to the competitor
- Inimitability: the difficulty for competitors to imitate the resource
- Duration: assesses the duration of the resource
- Appropriability: determines if the company is able to exploit the resource
- Substitutability: the possibility for competitors to have or develop a resource that has the same advantages

Once the resources that meet these criteria are acquired, the company is able to determine which markets can be exploited with them. When there are developments in the macro-environment, for example new technologies, a company with an inside-out approach could develop its resources according to these developments and then look for markets to exploit them. Instead of resources, a lot of managers who follow an inside-out approach see capabilities as the basis for competitive advantage for a company (e.g. Prahalad and Hamel, 1990; Stalk, Evans and Shulman, 1992; Teece, Pisano and Shuen, 1997). They argue that resources are often easy to imitate or purchase. In contrast, unique capabilities or competencies are not easily copied or bought. They require long-term experience and hard work and that is why they are a good source of competitive advantage (e.g. Barney, 1991; Collis and Montgomery, 1995). Even if these capabilities or competencies are imitated, the company can keep an advantage by developing them. This is called the dynamic capabilities view (Teece, Pisano and Shuen, 1997). However, there are some dangers regarding the use of core competencies. Once the competencies are well developed, they can become core rigidities. When this happens, it is difficult to adapt them to new market opportunities (Leonard-Barton, 1995). Another danger is that the core competencies of a company are unrelated. This happens when firms often switch from opportunity to opportunity and it cuts off the possibility of creating a competitive advantage over the long-term (de Wit & Meyer, 2010). In this research both resources and capabilities are considered as possible strengths of the company.

A lot of the arguments used in the inside-out perspective stem from literature on the resource-based view (e.g. Prahalad and Hamel, 1990 and 1994; Barney, 1991; Grant, 1991; Porter, 1991; Mahoney and Pandian, 1992; Stalk et al., 1992; Amit and Schoemaker, 1993; Peteraf, 1993; Collis and Montgomery, 1995). The focus in these articles is on how firms create a consistent resource base. There are many frameworks and approaches designed for analysis of the resources and capabilities of a company (e.g. Prahalad & Hamel, 1990; Amit & Schoemaker, 1993; Collis and Montgomery, 1995; Grant, 1995;). However, these frameworks are based on research in large companies. In this thesis it is necessary to use models that are applicable for small companies, because that is the unit of observation and analysis. It is often said that managers in SMEs do not have a particular strategy, but in practice it appears that this is often not true. However, these strategies are often not explicit

and differ from the management models of larger companies (D'Amboise, 1993). For this reason, several studies have been done on the link between these general theories and smaller companies (e.g. D'Amboise, 1993; Rangone, 1999; Pelham, 2000; Barth, 2003; Leitner & Guldenberg, 2010).

Rangone (1999) presents a resource-based approach for strategy analysis specific for SMEs. The advantages of this approach are that it is not too complex or time consuming, because it focuses on only a few variables which do have major influence on the long-term competitiveness of the firm and specialist skills in strategic analysis or high-end information systems are not necessary (Rangone, 1999). Therefore this approach is very useful for small companies. Based on empirical research the author develops a model of an SME's sustainable competitive advantage which is based on three basic capabilities: 1) innovation capability, the ability to develop new products or processes; 2) production capability, the ability to produce and deliver products to customers; and 3) market management capability, the ability to sell the product. These capabilities are founded on the company's critical resources. To make the connection between the capabilities and resources operational, it is necessary to determine the firm's key performances on each of the capabilities. These key performances should be based on the drivers of profitability in the industry in order to create strategic fit. See figure 1 for an illustration of the model.

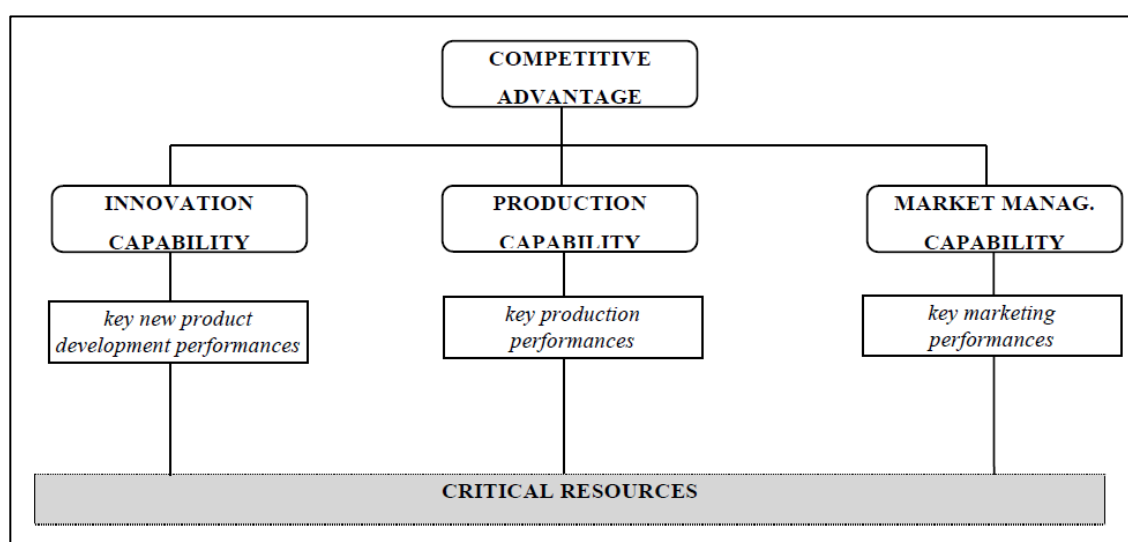


Fig. 1: Resource tree. Source: Rangone, 1999

The different capabilities can be strongly related and one critical resource can be the basis for more than one capability. A company can focus on one or several of these capabilities. Competitive advantage depends on a firm's critical resources and their fit with the strategic purpose (i.e. key performances) (Rangone, 1999). Rangone describes some steps which need to be taken in order to do the internal strategy analysis: 1) define the company's strategic intent and key performances; 2) identify the company's resources influencing these key performances; 3) assess the strategic value of the resources by testing them on Barney's four criteria; 4) assess the strategic consistency of the resources in contributing to the achievement of the strategic intent, by giving each capability and each resource a weighing factor and then multiply those weighing factors with each other, so that every resource gets a score. The resources with the highest scores are most consistent with the strategic intent and the resources with the lowest scores are least consistent; 5)

Strategic consistency \ Strategic value	Strategic consistency	
	LOW	HIGH
LOW	Not significant	2
HIGH	3	1

Table 1: The 'strategic consistency/strategic value' matrix. Source: Rangone, 1999

generating strategic options based on these scores. Because the purpose of this internal analysis is to identify the strengths of the company and not to create more consistency between the resources, it is sufficient to perform only the first four steps of the approach. Therefore only these four steps will be performed in this analysis. The strengths of the company are those resources that are both valuable and consistent with the strategic intent of the company. To easily identify the strengths they will be presented in a matrix as in table 1, where resources in square 1 are the strengths.

So, in the inside-out perspective, market characteristics are important, but the dominant force in the mind of an advocate of the inside-out perspective is the resource or capability base. Resources and capabilities are leading, markets following (de Wit & Meyer, 2010). A good way to analyse the resource base, especially for small companies, is Rangone's approach for strategy analysis.

2.2.3 Linking the environments

A summary of the relations between the different theories that are discussed above can be found in figure 2 below. The numbers refer to the research questions that the theories address. To examine the relation between the internal and external environment - sub question 1 – the concept of strategic fit was explained. To determine developments in the market – sub question 2 – an operationalisation of the theories in box 2 has to be given and performed. To identify the company's resources and capabilities – sub question 3 – an analysis based on Rangone's model could be done. After these analyses are performed it is possible to give an answer to the main research question.

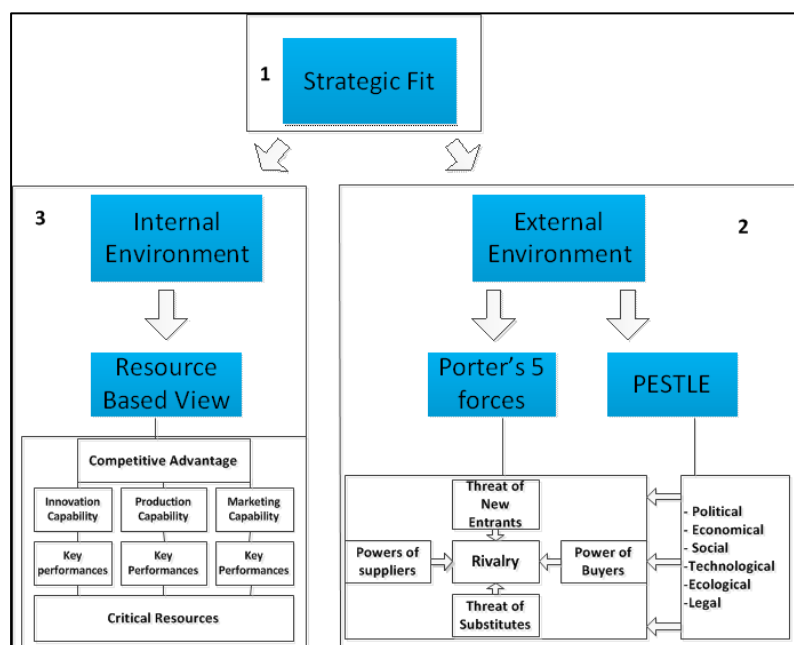


Fig. 2: Overview of the relations between the theories. The numbers refer to the research question that the theories address

2.3 Conclusion

This chapter provided an overview of the theories that are relevant in this thesis. It also gave an answer to the first sub question: How can a company match its resources with the developments in the market? It appears that there has to be strategic fit: the internal environment and the external environment should match with each other. There are two ways of creating this strategic fit: adapting the firm's resources and capabilities to the characteristics of the market, or selecting an

industry in which to compete based on the firm's resources and capabilities, but often it is a combination of both. In this research it is also a combination, because the company wants to respond to developments in the market, but at the same time keep its philosophy and strengths. To give specific recommendations for Geen Blad voor the Mond both environments need to be analysed. To do this, three theories will be used: the PESTLE-model, Porter's five forces and an adapted version of Rangone's resource based approach to strategy analysis. An illustration of the relations between the theories can be found in figure 2 above.

The methods for the data collection for these theories are explained in detail in the next chapter. With the analyses of these data it is possible to determine the developments in the market and the strengths of the company. This will be the subject of chapter 4. Once those are identified it is possible to answer the main research question: 'How can 'Geen Blad voor de Mond' respond to developments in the market while using its philosophy and strengths?' This will be discussed in the final chapter of this thesis.

3. METHODOLOGY OF DATA COLLECTION

3.1 Introduction

This chapter presents the methodology that is used for the data collection in this thesis, see table 2 for an overview. As concluded in the previous chapter, the theories that form the basis of the methods used for analysis of the external environment – sub question 2 - are the PESTLE model and Porter's five forces (Porter, 1980). With these models developments in the market can be identified. The methods to get the necessary information for these models are desk research and interviews. The third sub question about the internal environment of the firm can be answered using the research based approach to strategy analysis in small-medium sized enterprises (Rangone, 1999). This theory is operationalised by means of interviews and observations. The methods are explained in detail in the remainder of this chapter. Section 3.2 discusses the methods for the external analysis and section 3.3 discusses the methods used for the internal analysis.

Questions	Theories	Methods			
		Literature review	Desk Research	Interviews	Observations
1: How can a company match its resources with the developments in the market?	Strategic fit	X			
2: What are developments in the market?	External analysis: PESTLE model and Porter's five forces (Porter, 1980)	X	X	X	
3. What are the philosophy and strengths of Geen Blad voor de Mond?	Internal analysis: Resource based approach to strategy analysis in SMEs (Rangone, 1999)	X		X	X

Table 2: overview of research questions, theories and methods

3.2 Type of Research

The research approach depends on the following factors: the type of research question, the control of the researcher on behavioural events, the focus on a current as opposed to historical phenomenon, what information is needed and how the information can be obtained (Ghauri & Gronhaug, 2010). The main research question of this research is a 'how' question: how can Geen Blad voor de Mond respond to developments in the market while using its own philosophy and strengths? The researcher has little control over events and the focus is on a current phenomenon. The data that is needed to answer the research question is of a qualitative nature and can be obtained in qualitative methods. A suitable method in this case would be the case study (Yin, 1994).

Methods of data collection that are mainly used in a case study and also for the PESTLE model, Porter's five forces model and the research based view to strategy analysis in SMEs are existing material and records, interviews and observations. These methods are therefore also used in this research and are operationalised with desk research, interviews, a combination of both and observations. The next sections will explain these techniques and discuss the advantages and disadvantages of every one of them.

3.2.1 Desk research

Desk research is research using secondary data. A big advantage of using secondary data is that it takes less time and money than using primary data (Ghauri & Gronhaug, 2010). Strengths of desk research in particular are that it is often of high quality, because it is collected and compiled by experts in the field; it is exact: it contains names, references and details; it is stable: it can be reviewed repeatedly, and it has a broad coverage (Yin, 1994). Desk research also has some weaknesses. A main drawback is that secondary data was originally collected with a different goal in mind than the research it is now used for, so it may not fit in its current form (Ghauri & Gronhaug, 2010). There can also be problems with access because of privacy matters, the collection can be incomplete, and the reporting reflects (often not deliberate) bias of the author (Yin, 1994). To overcome these weaknesses, desk research can be combined with interviews. Both methods can reinforce each other. On the one hand, desk research can be a basis for interviews by identifying relevant factors on which questions can be asked. On the other hand, interviews can be a basis for desk research when subjects give an overview of relevant factors. With such an overview it is possible to do a more focused desk research. Because desk research and interviews are mutually reinforcing, they are combined in this thesis for the analysis of the external environment of the firm. Details on the desk research for this research are discussed in sections 3.3.1 and 3.3.2.

3.2.2 Interviews

An interview is a type of primary data collection. The main advantage for using primary data is that it is specifically collected for the purpose of the research at hand, so it fits with the research questions and objectives of the research (Yin, 1994; Ghauri & Gronhaug, 2010). Disadvantages of primary data are that it can take a long time to collect and it might be difficult to find the required subjects. The type of primary data collection in this thesis is the interview. There are three types of interviews: structured, semi-structured and unstructured interviews. In structured interviews there is an emphasis on fixed response categories which can be analyzed by quantitative methods. In unstructured interviews, the researcher asks open questions and it is not yet clear beforehand which topics the interview will include. The questions can therefore not be systematically coded. Semi-structured interviews are interviews with clear topics, sample sizes, people to be interviewed and questions to be asked, but differ from structured interviews in that there are no fixed response categories (Ghauri & Gronhaug, 2010).

Interviews can be done by mail, by telephone and face-to-face (Ghauri & Gronhaug, 2010). All three forms have advantages. Doing interviews by e-mail is time-efficient, it is possible to reach a large number of potential respondents in a short time. A disadvantage is that there can be misinterpretations and insufficient answers to the questions. Interviews by telephone take more time, but are usually of higher quality, because questions can be clarified in the case of misinterpretation and the interview can ask to elaborate on answers (Babbie, 2007). Face-to-face interviews are of even higher quality, because also nonverbal signals of the interviewee can be picked up (Babbie, 2007).

There are also some disadvantages of interviews: the researcher is fully dependent on the respondents, respondents may not be willing to participate and there is a danger of reflexivity, which means that the interviewee gives the answers that the interviewer wants to hear (Yin, 1994). The dependency can be partly overcome by combining the interviews with desk research. In that case you are not fully dependent on the respondent for information. The willingness to participate can be a problem, but the main respondents – people inside the company – are probably willing to participate. To avoid reflexivity it is important to ask open questions. In open questions, possible

answers are not suggested and the respondent answers in his or her own words. Details on the interviews done in this thesis can be found in section 3.3.1 and 3.3.2. The interviews that are used can be found in appendix C, D and E.

3.2.3 Observations

Observation is data collection through listening and watching other people's behavior in such a way that it is possible to learn and to analyze it. It also allows the researcher to understand specific situations better than would be possible by means of interviews and questionnaires (Ghauri & Gronhaug, 2010). A disadvantage is that observations are difficult to translate to usable data. In this research it is possible to do observations, because the research is done inside the company. This allows the researcher to observe working processes and talk to employees. It is used as a complement to the other methods, because on its own it will not be sufficient. It will be used for the internal analysis of the organization.

3.3 External analysis

This section discusses the details of the methods in which the PESTLE model and Porter's five forces model are operationalised in this research. The result of this external analysis will be a list of developments that have an influence on the business of *Geen Blad voor de Mond*.

3.3.1 PESTLE

As explained in section 2.2.1 it is sufficient in this analysis to perform the first five steps in the process that Morrison describes (Morrison, 2010; section 2.3.3). The information on the different components of the PESTLE model will be gathered through desk research. Then, the resulting overview of the important factors will be discussed in the interviews that will be held among participants in the industry. After the desk research and the interviews, the developments in the macro environment are known and market opportunities can be identified.

Desk Research

The desk research used for the analysis of the macro environment of the firm will be focused on the factors in the PESTLE model. So the goal of the research is to find information on political, economic, social, technological, legal and environmental factors. Sources for this information include the websites of the government, the central planning bureau (CPB) and the central bureau of statistics (CBS). These websites provide information of the main trends in the macro environment, so they are very useful for a PESTLE analysis. These data from the desk research are supplemented with data from interviews. The details of the interviews are discussed below.

Interviews

The interviews about the PESTLE factors in this research are semi-structured, because the topics, the people to be interviewed and the questions are known beforehand, but there are no fixed responses. The questions in these interviews are on the factors in the PESTLE model and are held with actors in the industry. They are used as complements to the desk research. There is an open question on every factor in the model. The questionnaire that is used can be found in appendix C.

The subjects of the interview are actors in the market, because they will best know the market. It is expected that when six publishers in the market are interviewed, it is possible to identify the most important developments in the market. It would be best to do as many interviews as possible, but with a sample of six, including an interview with the director of *Geen Blad voor de Mond*, the main developments should become clear. It is also due to time restrictions that the sample is six. The actors that are suitable for doing interviews come from the website of the Dutch Publishing Alliance

(Nederlands Uitgevers Verbond, 2013). There is a list of members of the Dutch publishing alliance of which five are randomly chosen and called by telephone. The interviews are held by telephone, except for the one with the director of the company, also because of time restrictions. Interviews by telephone have all the benefits that face-to-face interviews have, except the identification of nonverbal signals, which is not possible to do through the phone (Babbie, 2007).

The questionnaire that is used during the interviews is sent before the interview is held, in order to give the respondent the chance to prepare. This is because the goal of the interviews is to get as much information as possible on the factors in the macro environment, so when the respondents get the chance to prepare, they can give more complete answers. During the interviews an open question is asked on each factor in the PESTLE model, for example: what are important political factors? The factors that seem to be important as a result of the desk research can then be used as *triggers*. Triggers can be used to give direction to a question, but only if necessary, because the interviewer should not push the subject too much in a specific direction (Spil & Michel-Verkerke, 2011, p. 36). So these triggers are not sent to the respondents before the interviews. After the interviews it is possible to do more desk research to specific subjects that seem to be important.

3.3.2 Porter's five forces

Porter describes six typical steps in industry analysis (Porter, 1980). These steps are: 1) Define the relevant industry; 2) Identify the participants and segment them into groups; 3) Assess the underlying drivers of each competitive force; 4) Determine overall industry structure; 5) Analyse likely future changes; 6) Identify aspects of industry structure that might be influenced by competitors, by new entrants, or by your company. Porter (1980) states that there are two main types of data about industries: data from interviews with industry participants – field data - and published data. So again, a combination of desk research and interviews will be used for analysis of the meso environment of the firm. Step 1 and step 2 will be performed by means of desk research to published data. The industry is already known and the participants can be identified. However, for step 3, desk research will not be sufficient. Therefore, interviews will be held with participants in the industry using the questionnaire in appendix D. With the results of these interviews it is possible to determine the overall industry structure – the goal of step 4. To analyse likely future changes, the results of the PESTLE analysis discussed in section 3.2 can be used. The development of the factors in the macro environment will have an influence of the development of the factors in the meso environment. The final step can be performed by means of desk research. The details of the desk research and the number of interviews, the subjects, and other details concerning the interviews will be explained below.

Desk research

The concepts of desk research and interviews and their advantages and disadvantages are explained in section 2.3. This section will focus on their use specifically for Porter's five forces. The goal of the desk research in the industry analysis is to find information on suppliers, buyers, substitutes, new entrants and competitors. The main sources of information are the websites with statistics on the industries like the Central Bureau of Statistics. This desk research is mainly used as a starting point for the interviews. Where the use of secondary data in the PESTLE analysis was of equal or even more importance than the interviews, in the industry analysis the interviews with industry actors is far more important. This is because of the simple fact that there is much more secondary data on factors in the macro environment than there is data on factors in this specific industry.

Interviews

The interviews about Porter's five forces will also be semi-structured, because of the same reasons: the questions and the potential respondents are known beforehand. The questions are based on Porter's five forces model (Porter, 1980). Every force consists of factors that together determine the strength of that specific force. When the presence of these determinants and the degree to which they are important in the industry are identified, it is possible to determine the strength of the force. Therefore, the questions in the interviews are based on these determinants. Firstly, questions are asked on the difficulty to enter the market, then about possible substitutes, consequently about the respective power of suppliers and buyers and finally about internal rivalry in the market. The complete questionnaire used for these interviews can be found in appendix D. This questionnaire is also sent to the respondents before the interview to give them the chance to prepare. In order to get the best overall picture of the industry, it would be best to do interviews with a large group of actors with different positions in the industry. Because then it is possible to view the industry from different angles. But again, due to time restrictions, it is not possible to do interviews with such a large group. The interviewees will be the same as for the interviews on the PESTLE model, so the director of the company and five other actors in the market, which are randomly chosen from the list on the website of the Dutch publishing alliance. Again, the interview with the director of *Geen Blad voor de Mond* is held face-to-face and the interviews with other actors in the market are done by telephone.

3.4 Internal analysis

This section discusses the details of the method that is used to operationalise Rangone's resource based view. The result of this internal analysis will be a list of the strengths of *Geen Blad voor de Mond*.

3.4.1 Resource based approach to strategy analysis in SMEs

The third theory that will be used in this thesis is the resource-based approach to strategy analysis in SME's (Rangone, 1999). As explained in section 2.2.2, this approach is an adjusted version of the resource-based view for smaller companies, since the goal of this internal analysis is to identify the company's strengths, and not to create internal consistency between the resources. So it is sufficient to perform the first four steps of the approach. The data that is necessary to make the resource tree for *Geen Blad voor de Mond* can be gathered by doing an interview using the questionnaire in appendix E and also by doing observations inside the company. In the interview it should become clear what resources the company has and which of these resources have value and which are consistent with the strategic intent of the company. Because the researcher spends a lot of time inside the company, it is also possible to do observations within the company and talk to employees in an informal way. This can be very useful for determining mechanisms and processes inside the company that are not recognized by the interviewee. When the four steps of the process are completed it is possible to create a matrix as is presented in figure 2. Resources that score high on both variables – resources in square 1 - will be considered as the strengths of the company.

The performance of all the steps; identification of key performances and critical resources, the determination of their value and the assessment of strategic consistency, will be done together with the director of the company. In the interview with him it is also possible to assess the resources that support the key performances. To determine the strategic value of every resource, they are tested on the five criteria: competitive superiority, imitability, duration, appropriability and substitutability, as explained in section 2.2.2. After this qualitative process it is possible to determine the strategic value. The next step is to determine the strategic consistency of every resource. To do this, every key performance and resource gets a weighing factor. The more important the key performance or

resource, the higher its weighing factor will be. To determine the strategic consistency, the weighing factor of the key performance will be multiplied with the weighing factor of the respective resource. This is done for every resource. The determination of all the scores is done by the director of the company, because it all depends on what he thinks is important.

The interview for sub question 3 will be face-to-face which has some advantages as described in section 3.2.1. The subject of the interview will be the director of the company. Because the strategy of the company fully depends on the director, it has to be based on his philosophy. The questions asked in the interview are based on the resource based approach to strategy analysis in SMEs as presented by Rangone (1999) and can be found in appendix E. This questionnaire is also sent to the respondents before the interviews are held in order to give the respondents the chance to prepare themselves.

3.5 Linking the environments

As explained in chapter 2, it is important to create strategic fit to make a good strategy. Therefore the results of the analyses of the external and internal environment have to be linked to each other. Each development in the macro and meso environment of the firm will be assessed and will be connected to the internal strengths of the company. The question that has to be answered for every development is in line with the main research questions of this research and is: how can Geen Blad voor de Mond best react on the specific development while keeping its philosophy and strengths in mind. When this is done for every development in the external environment, the main research question is answered. The process of assessing every development will be the subject of chapter 5.

3.6 Conclusion

This chapter discussed the methods of data collection that are used to operationalise the theories that were presented in chapter 2. The data collection for the PESTLE model and Porter's five forces model will be done by means of a combination of desk research and interviews, because those methods reinforce each other. Rangone's resource based view that is performed for the internal analysis is operationalised by means of interviews and observations, because this information is only known by people inside the company. The next chapter will discuss the results of these operationalisations and provide answers for sub questions 2 and 3. With these answers it is possible to answer the main research question. This will be done in the final chapter of this thesis.

4. RESULTS

4.1 Introduction

This chapter gives the results of the data collection for the theories that are discussed in the previous chapters. Three analyses were done: analysis of the macro, meso and internal environment of the firm. This chapter presents the results of the data collection. All the data itself can be found in the appendices. The conclusions and implications of these results is the subject of the next chapter.

4.2 External analysis

In this section the results of the analysis of the macro - and meso environment are discussed. A list of developments is presented and the market situation in which Geen Blad voor de Mond is active is given.

4.2.1 Macro environment

The results of the macro analysis are general developments that might have an impact on the market in which Geen Blad voor de Mond is active. These developments have been identified through desk research and interviews using the PESTLE model. The complete data can be found in appendix F. The developments are ordered according to the PESTLE model, so first political factors and ecological factors at the end. For some factors there are several developments mentioned, where on other factors less developments were identified.

Political developments:

- Because of cuts by the government, it is possible that less money is spent on education, which can be a cause of lower education levels of consumers. Which, in turn, can be a cause of less interest in reading (Appendix F, interview 4).

Economical developments:

- Rising unemployment level due to the economic downturn. A consequence is that it is easier for companies to hire new employees (Appendix F, interview 6).
- Because of globalisation it is easier for companies to do business abroad. This is a trend that has been going on for many years but it is still relevant (Rijksoverheid, 2013).
- Because of the economic downturn companies tend to spend less money on marketing (Appendix F, interview 6).
- Because of economic downturn, people tend to spend less money on a luxury product like books and magazines (Appendix F, interview 1).

Social developments:

- Because of the rising unemployment level, the uncertainty of employees of keeping their job is increasing. The primary concern of employees is job security and not the financial rewards (Appendix F, interview 6).
- Intellectual development of consumers. Consumers become more and more intelligent, which can be a cause for more interest in reading (Appendix F, interview 4).
- People tend to spend more time on 'easy' and 'quick' entertainment like television and internet (Appendix F, interview 1)
- Consumer trust has to be recovered in order to let consumers spend more money on products like books (Appendix F, interview 2)
- People spend more and more time on mobile devices (Appendix F, interview 3; Forrester Research, Inc, 2013; Intomart Gfk, 2012).

Technological developments:

- Increase in the use of tablets, which offers a huge opportunity for media companies regarding the development of apps (Appendix F, interviews 1, 3, 6; Forrester Research, Inc, 2013)
- The increase in the complexity of the media approach due to the disappearing of boundaries between different types of media (Dagblad Academy, 2012).
- It becomes easier for writers to publish own products, due to the rise of self-publishing websites (Appendix F, interview 1).

Legal developments:

- There is still a law on a fixed bookprices, which prohibits that publishers use price as a way to differentiate (Appendix F, interview 1)

Ecological developments:

- Because of sustainability issues, people might see books and magazines as a waste of paper and therefore spend more money on digital versions (Appendix F, interview 1)
- Sustainable issues become more important for choosing suppliers (Appendix F, interview 1)
- Customers expect that publishers go along with new laws on sustainability (Appendix F, interview 6).

So the developments above are developments that might have an impact on the industry of Geen Blad voor de Mond. They can influence power of buyer and suppliers, threat of entry, rivalry between competitors and threat of substitutes. These five forces are further examined in the section below on Porter's five forces.

4.2.2 Meso environment

The meso environment of the firm is analysed with Porter's five forces (Porter, 1980). The analysis and results of the desk research and interviews are presented below. The data on which these results and analyses are based is presented in appendix G.

For the analysis, desk research and interviews have been done using Porter's five forces model. As explained in section 2.2.1 there are six steps in doing an industry analysis. These steps are described below.

Step 1: define the relevant industry

The activities of Geen Blad voor de Mond can be divided into two categories: 1) developing and publishing marketing concepts for other companies and 2) publishing own concepts. While the products in both categories are basically the same, some of the characteristics of the five forces for these two different categories are different. The main difference is that in the first market revenue comes from the company that hires Geen Blad voor de Mond and in the second market the revenue comes from the companies and organisations that are advertising or paying for content in the publications of Geen Blad voor de Mond, so the buyers are different. Also the competitors in both markets differ from each other. There are a lot of companies that develop and publish products for others, but not so many that create their own concepts. Therefore internal rivalry and threat of entry is also different.

Step 2: Identify the participants and segment them into groups

A market consists of five groups: suppliers, buyers, new entrants, substitutes and competitors. The suppliers in both markets are the same: printing companies, editors, designers, freelance photographers, freelance writers and distributors. The buyers are different. In market 1 the companies and organisations for which Geen Blad voor de Mond develops and publishes the

concepts are the buyers. These companies and organisations can both be profit and non-profit. In market 2 the buyers are the companies that advertise or pay to deliver content in the publications of *Geen Blad voor de Mond*. Possible new entrants and competitors in market 1 are other companies that publish concepts of others and in market 2 these are companies that publish their own concepts. Substitutes in both markets are the same: other products that fulfill a communication or entertainment function like television and websites.

Step 3: Assess the underlying drivers of each competitive force

Threat of entry

Subject (of the interviews)	Score on this factor
1	Weak
2	Weak
3	Average
4	Weak
5	Weak
6	Weak

The threat of new entrants in the market of developing publicity for other companies is weak, because there are many barriers and because of the economic downturn the market is difficult. There are many companies, many of those consisting of only one person, that are active in this market (CBS, 2013). However, customer loyalty is very important in this market and getting a good reputation takes time (Appendix G, interviews 1, 4 and 6). Having a wide customer base is necessary for surviving in the long run. Switching costs are often high, because new concepts have to

be developed, a new design has to be created and a new relationship has to be build, which takes time (Appendix G, interviews 1, 4 and 6). What is often underestimated is the importance of market knowledge. It is important to know where a company should outsource its activities in order to be cost-efficient. There are no restrictions of the government for entering this market (Appendix G). All in all, threat of new entrants is weak.

The threat of new entrants in the market of publishing own concepts and media is very weak, because it takes a lot of experience, knowledge, money and creativity to enter this market. Especially because of the economic downturn, which makes it difficult to find advertisers, the threat of new entrants is very low (Appendix G, interview 6).

Threat of substitutes

Subject	Score on this factor
1	Strong
2	Weak
3	Strong
4	Weak
5	Weak
6	Weak

The substitutes of the products of *Geen Blad voor de Mond* are the same for both markets. These substitutes could be all other types of communication and entertainment that *Geen Blad voor de Mond* does not offer to its customers, like television, radio commercials and websites. Every product or service that fulfills a communication function has its advantages and disadvantages concerning scope and costs. For some companies one medium is more attractive and for other companies a different type could be

more attractive. What is remarkable about the outcomes of the data is the difference in classification of the strength of the force. Two respondents perceive the threat as strong, while the others perceive it as weak. All see digital media as the main substitute, but value the threat differently. The threat of substitutes will therefore be considered average (Appendix G).

Bargaining power of suppliers

Subject	Score on this factor
1	Weak
2	Weak
3	Weak
4	Weak
5	Weak
6	Weak

The suppliers of Geen Blad voor de Mond are also the same for both markets and their bargaining power is very low. The suppliers of Geen Blad voor de Mond are printing companies, freelance photographers, freelance editors, finishers, and distributors. Because there are so many companies Geen Blad voor de Mond can choose from for every type of supplier, their bargaining power is very low. In the interview, the director said that he is called every week by a new supplier who wants to work

together. Because the competition between suppliers is so high, Geen Blad voor de Mond has a lot of power over them. This is true for both markets in which Geen Blad voor de Mond is active, because suppliers in both markets are the same. So the bargaining power of suppliers is very weak.

Bargaining power of buyers

Subject	Score on this factor
1	Strong
2	Strong
3	Strong
4	Average
5	Strong
6	Strong

The bargaining power of buyers is very high in the advertising market. Buyers are the companies for which Geen Blad voor de Mond develops marketing concepts. Currently the balance between profit and non-profit buyers is 50/50. Non-profit organisations can be divided in the government, healthcare, and education. Every profit company is a potential customer. The bargaining power of buyers is very high, because there are a lot of publicity agencies that companies can choose from and

sometimes they do it in-house. Because of the crisis, competition is more focused on price rather than quality. However, Geen Blad voor de Mond focuses on quality. One of the reasons they can do this, is that they are not fully dependent on this type of customers, because they publish their own concepts as well. These own concepts are often the 'cash-cows' for the company. Another consequence of the crisis is that some companies let their marketing employees go first in times of financial difficulties, because marketing employees do not support the primary process of most companies. This is good for Geen Blad voor de Mond, because those companies are now potential customers. So the bargaining power of buyers is high.

The products of Geen Blad for the Mond are free, so revenues for publishing own concepts have to come from advertisers. That is why advertisers are considered as the buyers in the industry analysis of this market. Their power is high, because they often get a lot of other opportunities to advertise and the products of Geen Blad voor de Mond are not essential for them (Appendix G). Therefore, the power of buyers in this market is also high.

Rivalry among existing firms

Subject	Score on this factor
1	Strong
2	Strong
3	Strong
4	Medium
5	Medium
6	Medium

There are two groups of competitors for Geen Blad voor de Mond: publicity agencies and publishers. Competition among the publicity agencies is fierce and price-based, because there are so many of them and because potential buyers are spending less money on marketing (Appendix G). So rivalry in this market is high.

Competition between publishers is low, because companies can choose their own topics and normally choose gaps in the market,

niches, where there are not already a lot of companies active. So rivalry in the market of publishers is weak.

Step 4: Determine overall industry structure

Based on the results of step 3, the overall industry structure can best be presented in an illustration like the ones below.

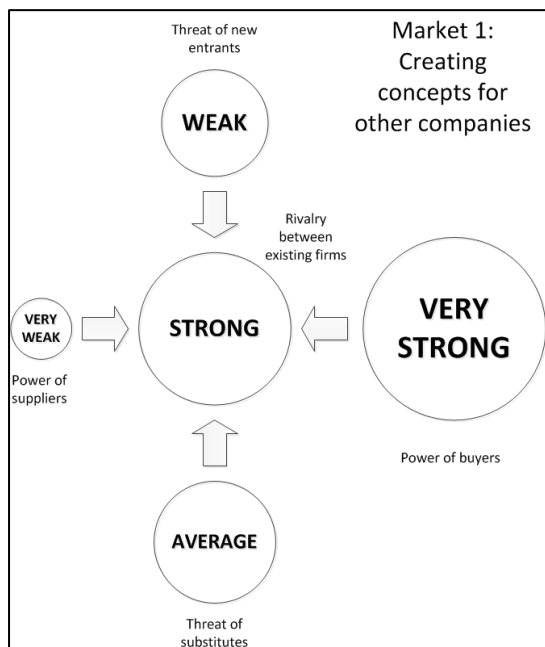


Fig. 3: Industry structure market 1

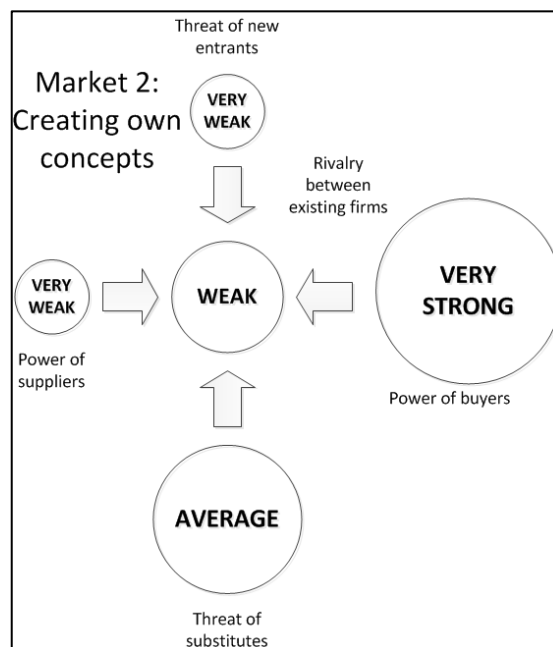


Fig. 4: Industry structure market 2

Step 5: Analyse likely future changes

To analyse likely future changes, the influence of developments that have been identified in the macro environment should be addressed. All developments in the macro environment will have an impact on one or more of the factors in the meso environment. Those influences are described below.

Threat of new entrants

One likely future change is caused by the continuing economic crisis. Because of this continuing economic downturn companies tend to spend less money on their media-budgets and consumers tend to spend less money on luxury products like books and magazines. This has the consequence that the markets become less attractive for possible new entrants, so that threat will probably decrease.

Threat of substitutes

According to interview 1, people spend more time on easy and quick entertainment like television and internet and therefore less time on reading magazines, so substitutes are getting stronger. This means that companies have to look for ways to make their magazines more attractive.

Power of buyers

The power of buyers will remain high according to the interviews with actors in the industry. Consumers are increasingly using tablets and other mobile devices, tend to spend more time on quick and easy entertainment and are paying more attention to sustainability issues. Because their power is so high, companies have to listen to them.

Power of suppliers

According to the interviewees there are no reasons to expect that the power of suppliers will change in the nearby future. There are also no developments in the macro environment that suggest that the power of suppliers will increase, so this power will probably remain very weak.

Rivalry among existing firms

Based on developments in the macro environment, a likely future change is that competition within the industry will be more focused on costs, because many potential buyers are spending less money on marketing and advertisements. Also, because of technological advantages like tablets, the types of products in these markets are changing. There are now more possibilities for companies to differentiate themselves from competitors and it is expected that this will increase in the future.

Step 6: Identify aspects of industry structure that might be influenced by competitors, by new entrants, or by your company

Rivalry within the industry will possibly increase if there are new entrants in the market of publicity agents. In the second market, new entrants often find new positions in the market, so rivalry will probably not increase. Individual companies in both markets can not change aspects of the industry structure because they are too small.

4.3 Internal analysis

The internal environment is analysed with the resource based approach to strategy analysis in SMEs (Rangone, 1999). This analysis can be found in appendix H. The data for this analysis comes from the interviews that are held with the director of Geen Blad voor de Mond and the salesman and from the observations that were made during the work inside the company.

Step 1: Strategic intent and key performances

The goal of the company is to be as healthy as possible to guarantee its survival while creating great things with great people. In other words: the company wants to make enough profit to survive, while maintaining high quality standards and good relationships with its employees.

The company has a clear philosophy as stated by the director: 80% of the capacity of the company is used to earn all costs back, while 20% is used to create new, own concepts. This 80% of the capacity is used for creating concepts for other companies and 20% is used for creating own concepts. Some of these own concepts can become sources of large revenues; so-called cash cows (Appendix H).

Step 2: Company's resources

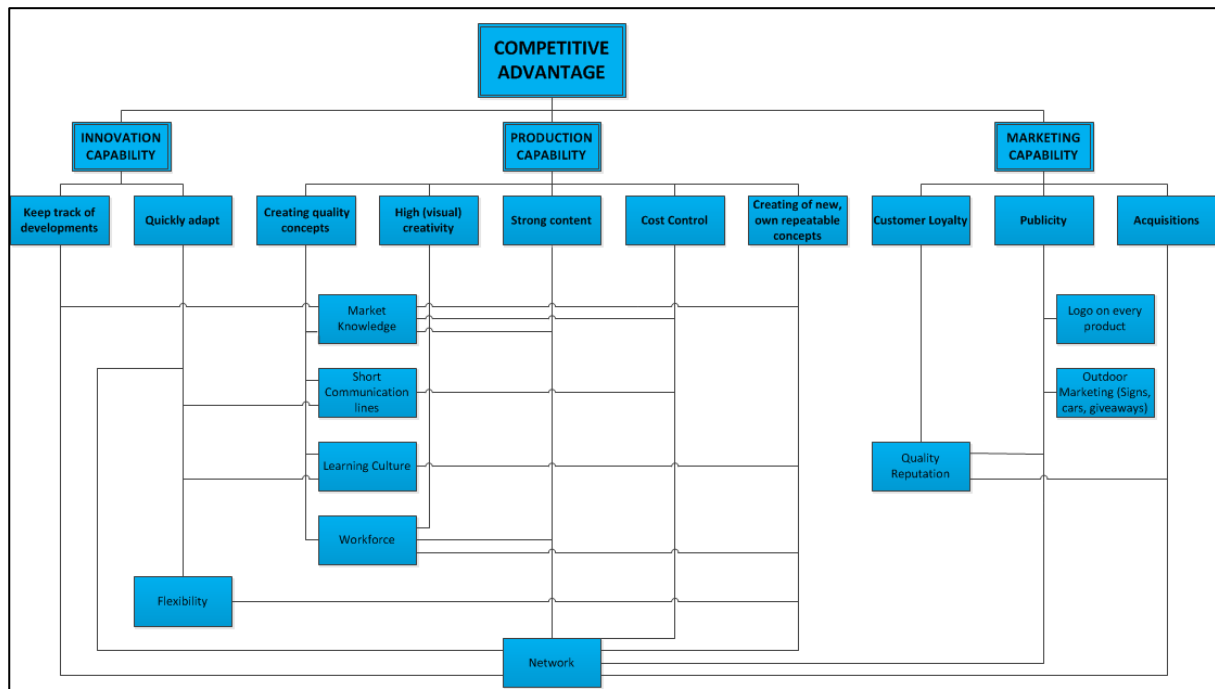


Fig. 5: The resource tree of Geen Blad voor de Mond

Figure 5 above is an illustration of the resource tree that was explained in section 2.2.2. It gives an overview of the key performances of every capability and the resources that support them. These factors have been identified through observations, talking with the employees and employer of the company and the interview with the director. There is some overlap between the key performances, high visual creativity and strong content are for example parts of creating high quality products, but for the calculation of the value and consistency of the resources this does not matter. Every resource in this figure will be analysed in order to determine their strategic value and its consistency with the strategic intent of the company. An explanation of every resource can be found in appendix H. The resources in the figure are not organized in order of importance, but in such a way that there is a clear overview of which resource supports which key performance.

Step 3: Value of resources

The strategic value of every resource and capability is presented in table 3 below. The value is based on the results of the resource on the five tests: competitive superiority, imitability, duration, appropriability and substitutability. The tests have been done together with the director of company. An explanation of every score is given in appendix H.

Resource	Superior	Imitable	Durable	Appropriable	Substitutable	Value
Network	Medium	No	Yes	Yes	No	High
Flexibility	Medium	Medium	Yes	Yes	No	Medium
Market knowledge	Medium	Medium	Yes	Yes	No	Medium
Short communication lines	Medium	Medium	Yes	Yes	Medium	Medium
Learning culture	No	Medium	Yes	Yes	Medium	Medium
Workforce	No	Medium	Yes	Yes	No	Medium
Quality reputation	Yes	Medium	Yes	Yes	No	High
Outdoor marketing (signs, logo on car, giveaways)	No	Yes	Yes	Medium	Yes	Low
Logo on every product	No	Yes	Yes	Yes	Yes	Low

Table 3: Strategic value of the resources

Step 4: Consistency of resources

The consistency of every resource with the strategic intent is presented in table 4 below. As explained in sections 2.2.2 and 3.4.1, the consistency of every resource is calculated by giving every key performance and every resource a weighing factor between 0 and 1. These scores are given by the director of the company and the researcher. Also employees are asked, for example which of two different resources is of more importance in their opinion. To determine the consistency of a specific resource, its weighing factor is multiplied with the weighing factor of every key performance that the resource supports. So the score on consistency depends on the weighing factors. If a key performance is more important for supporting a key capability, it gets a higher weighing factor. If a resource is more important for supporting a key performance, it also gets a higher weighing factor. An extended explanation on the way that the scores are calculated is given in appendix H. Scores of 0,15 or above are considered as highly consistent, scores between 0,05 and 0,15 are considered as medium consistent and scores of 0,05 or below are considered as lowly consistent.

Resources	Score	Strategic Consistency
Network	0,166	High
Flexibility	0,104	Medium
Market knowledge	0,314	High
Short communication lines	0,068	Medium
Learning culture	0,056	Medium
Workforce	0,15	High
Quality reputation	0,13	Medium
Outdoor marketing	0,01	Low
Logo on every product	0,002	Low

Table 4: Strategic consistency of the resources

Conclusion

Tables 3 and 4 above can be combined in a matrix, which can be found below. The resources that have high value and have a high consistency are the biggest strengths of the company, but a high-medium combination is also considered as a strength of the company.

Strategic consistency \ Strategic value	Low	Medium	High
Low	- Outdoor marketing - Logo on every product	-	-
Medium	-	- Flexibility - Short communication lines - Learning Culture	- Workforce - Market Knowledge
High	-	- Quality Reputation	- Network

Table 5: Strategic value/ Strategic consistency matrix

So the biggest strengths of Geen Blad voor de Mond are:

- A large network, which supports key performances of every capability

- Its market knowledge, which might support key performances of the innovation and production capability
- Its workforce, which supports four of the key performances of the production capability
- Its quality reputation, which supports every key performance of the marketing capability.

4.4 Conclusion

This chapter gave the results and analyses of the data collection. Several developments in the market were identified and also the strengths of the company were determined. The next chapter will link the external environment to the internal environment, draw conclusions based on these analyses and discuss how they can respond to this opportunity while using its strengths. This will be the answer to the main research question: How can 'Geen Blad voor de Mond' respond to developments in the market while using its own philosophy and strengths?

5. LINKING THE ENVIRONMENTS

5.1 Introduction

This chapter links the external developments with the internal strengths and philosophy of the company. To do this, developments in the external environment – in the macro and the meso environment - are listed below and for every development possible actions of the company are described. These actions are based on the main strengths and philosophy of the company - its network, its market knowledge, its workforce and its quality reputation – and, if possible, on the two perspectives concerning the theory of strategic fit. Because only on the economical, social, technological and ecological factors significant developments were identified, political and legal developments are not included in this list. Next to developments in the general environment of the company, there are also developments in the specific industry listed on which Geen Blad voor de Mond can react.

5.2 Linking the environments

5.2.1 General environment

Economical

The economic downturn has some major consequences that affect companies. First of all, there is a rise in the unemployment level in the Netherlands, which makes it easier for companies to hire new employees, so it is easier to expand its business in current markets as well as in new markets. This could be an opportunity for Geen Blad voor de Mond, but there are several reasons for not expanding. Firstly, some resources are based on the small organization that Geen Blad voor de Mond is right now like flexibility and short communication lines. These are not the main strengths of the company, but they will come under pressure when the company hires new employees. Also, the philosophy of Geen Blad voor de Mond is to spend 80% of their capacity on getting their costs back. When new permanent employees are attracted, the permanent costs will increase and the new employee is basically only working for his or her own paycheck. A better way for Geen Blad voor de Mond for expanding would be to hire more trainees from the university and from Saxion, which is still a lot cheaper than hiring new employees.

Secondly, because of the rising unemployment level, the uncertainty of employees of keeping their job is increasing. The primary concern of employees becomes job security and not the financial rewards. Because the workforce of Geen Blad voor de Mond is a big strength of the company, it is important to keep them satisfied. Geen Blad voor de Mond often works with trainees from the University of Twente and from Saxion. These trainees are skilled and very cheap employees and they stay for a few months only, so they are not affected by this development. Next to the trainees, there are some permanent employees.

Thirdly, because of the economic downturn companies tend to spend less money on marketing and the threat of new entrants is decreasing. This is a serious threat for the company, because it is dependent on other companies, especially in market one. Because of this development it is important for Geen Blad voor de Mond to differ from its competitors in order to keep getting new orders. Therefore they can use its strengths. They can emphasize its quality reputation which distinguishes the company from its competitors. In order to keep this quality reputation it is important that they keep their products at a high quality level. Another strength that can be used to respond to this development is the network of the company. The company should also use this network to get new orders. Finally, to become less dependent on other companies for their revenue,

Geen Blad voor de Mond should use its market knowledge to spot new opportunities for developing their own concepts.

Fourthly, because of the economic downturn, consumers spend less money on luxury products like books and magazines. This has the consequence that rivalry between competitors will be more based on costs. The outside-in approach would suggest that Geen Blad voor de Mond should also be competing on costs instead of quality. Geen Blad voor de Mond does offer lower prizes to its buyers because of this, but they should not compete only on price, because of their quality reputation. It should use its market knowledge and network to keep costs of suppliers as low as possible, but it should not cut on the quality of the products. So it is recommended that for this development, Geen Blad voor de Mond chooses a combination of both perspectives.

Next to the economic downturn, there is another economic development that is important: globalisation. Because of globalisation it is easier for companies to do business abroad. This is a trend that has been going on for many years but it is still relevant. Geen Blad voor de Mond could expand its business abroad, but then it has to keep their strengths in mind. When entering a new market, especially in an other country, three of the four main strengths of Geen Blad voor de Mond will decrease in strength. The company does not have knowledge of the specific characteristics of the industry. The company has a big network in The Netherlands, but not abroad. And finally, Geen Blad voor de Mond does not have a quality reputation in other countries, so they have to build this up from scratch. Therefore it is recommended to first look for new opportunities in The Netherlands before expanding abroad.

Social developments

The first social development that has been identified strongly relates to the technological developments and is the increasing use of mobile devices like tablets and smartphones. Customers are therefore demanding that companies keep up with these developments. Because buyers have a lot of power in both markets in which Geen Blad voor de Mond is active, it should listen to them. Using an outside-in perspective, Geen Blad voor de Mond should offer their magazines also as an app for tablets and smartphones, what they are already doing. These apps are digitalized versions of their magazines, which can have some added features like animations and videos. To convert the paper versions to digital ones, Geen Blad voor de Mond has specific software which they can use. They used their network to learn how to work with this software.

Another social development is that customers more often want quick and easy entertainment like television and internet instead of reading books and magazines. It will be difficult for Geen Blad voor de Mond to do anything about this.

Technological developments

The biggest technological development relates to the increase in tablets and smartphones. An opportunity is to expand their offering with other types of apps for which they have to invest in knowledge or they could outsource this development. For both options they can use its network. When Geen Blad voor de Mond does offer other types of apps and this becomes a strength, it is possible to enter other markets as well. This would be an action based on the inside-out perspective. When Geen Blad voor de Mond goes for this option, they should be careful that all their products are of high quality to keep its reputation, so the apps should from the beginning be of high quality as well.

Another technological development is that the complexity of the media approach is increasing due to the disappearing of boundaries between different types of media. This is an opportunity for media companies to differentiate themselves from competitors by offering a full media approach. Therefore it is necessary for companies in both markets to be able to offer all types of media, so including apps. Geen Blad voor de Mond already offers a wide variety of media like magazines, brochures, papers, books, and apps. An opportunity is the development of websites, which they already do, but only on a small scale.

Finally, because of self-publishing websites it is possible for authors to publish their own works. This development is specifically important for publishers of books and less for publishers of magazines, because publishers of magazines add a lot of value to articles by combining them with other articles and making a professional layout. Therefore this development probably will not have large effect on the business of Geen Blad voor de Mond.

Ecological developments

Considering ecological factors, the biggest issue is sustainability. More and more customers focus on sustainability, which can have consequences for publishers. Paper can be seen as bad for the environment and therefore customers could prefer digital versions of books and magazines. This is another reason for Geen Blad voor de Mond to make sure that all their products will also be available on digital devices.

5.2.2 Industry specific developments

Threat of new entrants

One likely future change is caused by the continuing economic crisis. Because of this continuing economic downturn companies tend to spend less money on their media-budgets and consumers tend to spend less money on luxury products like books and magazines. This has the consequence that the markets become less attractive for possible new entrants, so that threat will probably decrease.

Threat of substitutes

According to interview 1, people spend more time on easy and quick entertainment like television and internet and therefore less time on reading magazines, so substitutes are getting stronger. This means that companies have to look for ways to make their magazines more attractive. Geen Blad voor de Mond can also react to this development by offering their products in digital ways.

Power of buyers

The power of buyers will remain high according to the interviews with actors in the industry. Consumers are increasingly using tablets and other mobile devices, tend to spend more time on quick and easy entertainment and are paying more attention to sustainability issues. Because their power is so high, companies have to listen to them. Therefore Geen Blad voor de Mond should fully exploit their possibilities in app development, because all these three big developments support mobile application development.

Power of suppliers

According to the interviewees there are no reasons to expect that the power of suppliers will change in the nearby future. There are also no developments in the macro environment that suggest that the power of suppliers will increase, so this power will probably remain very weak. Geen Blad voor de Mond should keep exploiting their relative power over their suppliers to keep their costs low.

Rivalry among existing firms

Based on developments in the macro environment, a likely future change is that competition within the industry will be more focused on costs, because many potential buyers are spending less money on marketing and advertisements. Also, because of technological advantages like tablets, the types of products in these markets are changing. There are now more possibilities for companies to differentiate themselves from competitors and it is expected that this will increase in the future. Geen Blad voor de Mond should also differentiate themselves through quality and large range of media channels like apps and websites.

6. CONCLUSIONS AND IMPLICATIONS

6.1 Introduction

Now all the results are known, this chapter will give an answer to the main research question as described in the beginning of this thesis. The main research question is:

How can 'Geen Blad voor de Mond' respond to developments in the market while using its philosophy and strengths?

This question deals with two elements: developments in the market and the company itself. The first sub question discussed the relation between these two elements and was: how can a company match its resources with developments in the market? This was explained by introducing the concept of strategic fit. To create strategic fit the company's activities should match the characteristics of the market. Two approaches, the inside-out and outside-in approach, were discussed and it was concluded that for both approaches an external and an internal analysis should be done. The second sub question concerned the first element of the main research question: developments in the market. In chapter two it was concluded that to identify these developments an external analysis based on the PESTLE model and Porter's five forces should be done. These models were operationalized in chapter 3 by means of desk research and interviews and the results were presented in chapter 4. The third sub question deals with the second element of the main research question: the philosophy and strengths of the company. These can be identified by performing an internal analysis based on Rangone's resource based view. Chapter 3 explained that this theory could be operationalised by means of interviews and observations inside the company and chapter 4 presented the analysis and results. In chapter 5 all the answers to the sub questions were linked to each other in order to give an answer to the main research question of this thesis. This chapter discusses the implications for Geen Blad voor de Mond, discusses the research and gives recommendations for future research.

6.2 Conclusion and Implications

A lot of developments and possible reactions to those developments have been identified in this research. An overview of all developments can be found in chapter 5. Many of these developments reinforce each other. It has become clear that Geen Blad voor de Mond should exploit or invest in certain resources and opportunities, which are:

- 1) Invest in the development of mobile applications. A combination of economical, social, technological and ecological factors all point to the same direction and that is investing in mobile applications. It is a way to differentiate from competitors, customers are using mobile applications more and more, mobile devices become better and no paper is wasted on digital media.
- 2) Emphasize the quality reputation. The quality reputation of the company should be emphasized, because this is a way to differentiate the company from others.
- 3) Invest in the network. The network of Geen Blad voor de Mond appeared to be one of the biggest strengths of the company and should be well taken care of. With this network it is possible to innovate, find new opportunities and get new orders.
- 4) Exploit market knowledge. Market knowledge should be exploited to look for more opportunities for creating new concepts.

6.3 Discussion and Recommendations

This research used three theories to examine the different environments of the company Geen Blad voor de Mond. To examine these environments was necessary to give an answer to the main research question: How can Geen Blad voor de Mond respond to developments in the market while using its own philosophy and strengths? The theories that were used are the PESTLE model, Porter's five forces and Rangone's resource based view to strategy analysis in SMEs. PESTLE was used to examine the macro environment, Porter's five forces were used to assess the meso environment and Rangone's approach was used to determine the different components of the internal environment of Geen Blad voor de Mond. The result is that numerous developments in the market were discovered and that the main strengths of Geen Blad voor de Mond are identified. With that in mind, it is possible to say that using the three models has been successful. It turns out that complete and detailed data is crucial when using these three models. The models are ways to give structure to the data and give direction as to which data has to be looked for, but are useless without the right data. This is also one of the discussion points of this research: are the data on which the results are based complete and detailed enough to draw the conclusions that are drawn? The data that has been used for this research was enough to be able to use the models, but might not be enough to be able to provide hard conclusions. To really give reliable conclusions it would probably have been better to do more interviews with actors in the industry and also with people in the company.

The models themselves turned out to be good tools for doing research. The PESTLE model presents a simple way to structure the research on developments in the macro environment. It is a easy to use model and covers all factors in the macro environment. It gives structure to the data collection on factors in this environment. Porter's five forces model is a useful model to assess the situation in the market and allows the researcher to identify the size of the different forces in the market. It gives the researcher knowledge about which factors in the market are influential and which factors can be influenced. It turned out that that is important to know when a more outside-in perspective should be preferred above an inside-out perspective. When a force is strong, the company should adapt itself to that force. If a force is weak, the company can influence that force with the use of its strengths. These strengths can easily be identified with the use of Rangone's approach. His tailored approach proved to be very useful in determining which of the company's resources are the most important. When done accurately, the model allows the researcher to precisely determine which resources should be nurtured and which should be developed or maybe even abandoned. The combination of the three models is a good one when the concept of strategic fit is the subject of the research.

Recommendations for further research are that these three models can be very well used to examine the concepts of strategic fit. When doing a research on this subject, it is crucial to gather the right and the right amount of data to base the conclusions on.

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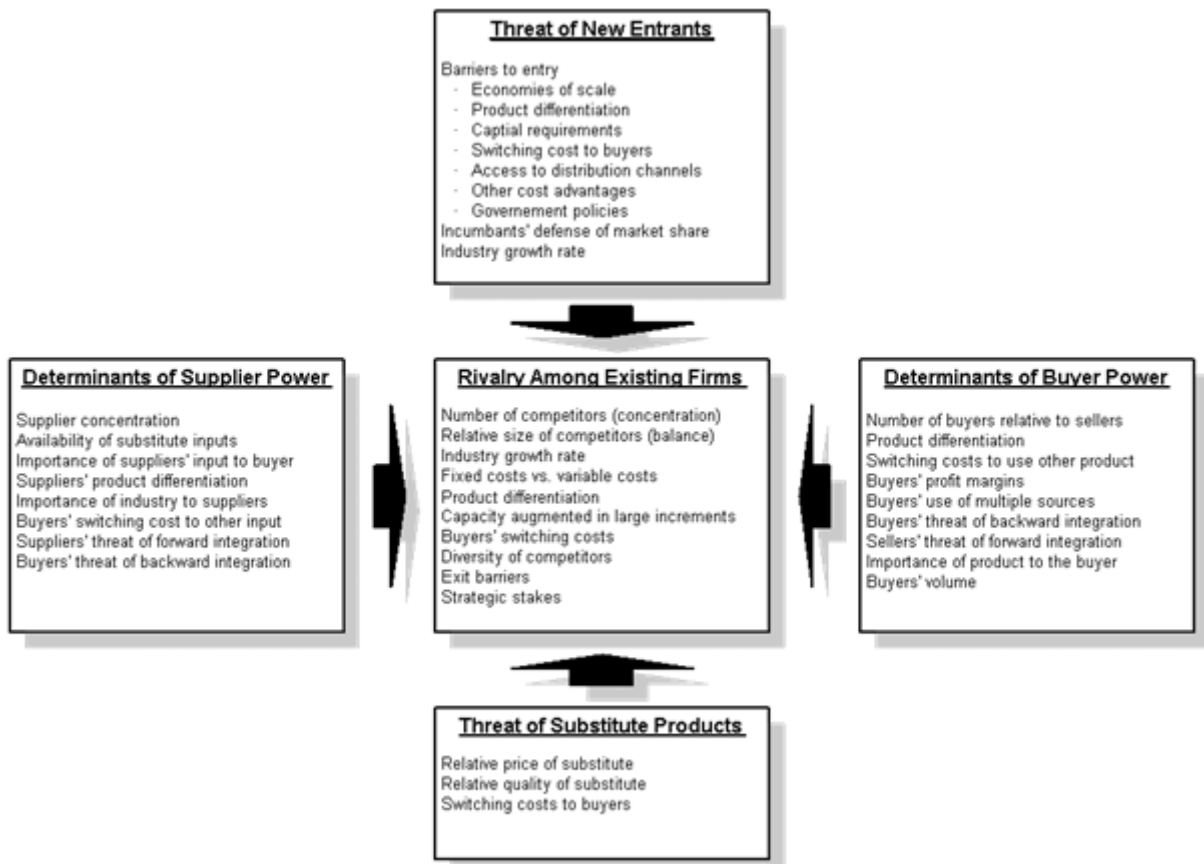
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APPENDICES

A: SWOT Model



B: Porter's five forces of competition



C: Questionnaire 1: Macro environment

This questionnaire is based on the results of the desk research to factors in the macro environment. First, an open question is asked on each topic of the PESTLE model, after which the factors identified in the desk research can be used as triggers.

1. What are important political developments that affect the market?
For example:
 - Type of government
 - Government policy
2. What are important economic developments that affect the market?
For example:
 - Macro-economic developments
 - Globalization
3. What are important social developments that affect the market?
For example:
 - Consumer behavior
 - Demographic developments
4. What are important technological developments that affect the market?
For example:
 - Mobile devices
 - Internet
 - New devices
5. What are important legal developments that affect the market?
For example:
 - Privacy laws
 - Copyrights
6. What are important ecological developments that affect the market?
For example:
 - Paper waste
 - Certificates

D Questionnaire 2: Meso environment

These questions are based on Porter's five forces model (Porter, 1980). Every force consists of factors that together determine the strength of that specific force. When the presence of these determinants and the degree to which they are important in the industry are identified, it is possible to determine the strength of the force. Therefore, the questions in the interviews are based on these determinants.

Threat of Entry

1. Is it difficult to enter the industry?

For example:

2. Are economies of scale important?
3. Is Customer loyalty/Brand reputation important for customers?
4. What are the capital requirements to start a business in the industry?
5. Are switching costs for customers high or low?
6. Do all actors in the industry have the same access to distribution channels?
7. Do all actors in the industry have the same access to technology?
8. Is there proprietary product technology (product know-how or design that is patented or kept secret)?
9. Does the location of the company matter?
10. How important is the learning curve?
11. Does government policy play a role for new entrants? (e.g. license, maximum number of companies etc.)
12. What is the expected retaliation from existing competitors?
13. What is the industry growth rate?

Threat of Substitutes:

14. Is the threat of substitutes high or low?

For example:

15. What are possible substitutes?
16. What is the relative quality of these substitutes?
17. What is the relative price of these substitutes?
18. What are the switching costs for buyers for substitutes?

Bargaining Power of Suppliers:

19. Is the bargaining power of suppliers high or low?

For example:

20. Who are the suppliers?
21. What is the concentration of suppliers relative to the industry?
22. Are suppliers substitutable?
23. Do suppliers offer product differentiation?
24. How important is the input of suppliers for the company?
25. How important is the company for the suppliers?
26. Does the company have access to information?
27. What are the switching costs?
28. How high is the threat of forward integration?
29. How high is the threat of backward integration?
30. What is the profitability of suppliers?

Bargaining Power of Buyers:

31. Is the bargaining power of buyers high or low?

For example:

32. Who are the buyers?
33. What is the concentration of buyers relative to the industry?
34. Product differentiation
35. How important is the product for the buyer?
36. How important is the buyer for the company?
37. Do buyers have access to information?
38. What are the switching costs of buyers?
39. What is the threat of forward integration?
40. What is the threat of backward integration?
41. What is the profitability of buyers?

Intensity of Rivalry:

- 42. Is the intensity of rivalry in the industry high or low?**

For example:

43. Who are the competitors?
44. What is the number of competitors?
45. What is the relative size of competitors? Are there dominant competitors?
46. What is the industry growth?
47. What is the relative size of fixed costs compared to variable costs?
48. Product differentiation
49. What are switching costs?
50. How diverse are competitors?
51. Are exit barriers high?
52. What are the strategic stakes?

E: Questionnaire 3: Internal environment

These questions are based on Rangone's resource-based approach to strategic analysis in small and medium sized enterprises (Rangone, 1999).

Step 1: Strategic intent and key performances:

1. What is the goal of the company?
2. On which basic capabilities does the firm rely? (Innovation, production and/or marketing)
3. What are the key performances to achieve for each capability?

Step 2: Resources influencing key performances:

4. What are the major activities for each key performance?
5. Which resources are necessary to perform each of these activities?

Step 3: Assessing strategic value of resources:

6. Are the resources sources of competitive advantage?
 - Competitive superiority: the extent to which the resource is superior to the competitor
 - Inimitability: the difficulty for competitors to imitate the resource
 - Duration: assesses the duration of the resource
 - Appropriability: determines if the company is able to exploit the resource
 - Substitutability: the possibility for competitors to have or develop a resource that has the same advantages

F: Data on the macro-environment

The results and the analysis of the macro-environment can be found in section 4.2.1. The data collection of the macro-environment has been done using the PESTLE model and is presented below. The factors are identified using desk research and interviews. There is some overlap between the different categories. It is also possible that no important developments on one of the factors is identified, in these cases the space is left empty.

Political:

1)

2) Het is belangrijk dat er een betrouwbare overheid is die doet wat ze zeggen en duidelijkheid verschaft.

3)

4) De vele bezuinigingen van het kabinet zullen een negatieve impact hebben op het onderwijsniveau en de beschikbaarheid van boeken.

5)

6) Qua politiek is het belangrijk wat voor soort kabinet er is. Een links, rechts of midden kabinet maakt veel verschil voor ondernemers. Als ondernemer wil je weinig regels en veel vrijheid, dus een rechts kabinet is wat dat betreft gunstiger voor mij.

7) The political factors have a strong connection with economic factors. Due to high debts, the Dutch government is busy with cutting its expenditures and increasing their income. This has some consequences for companies.

Economical:

1) Crisistijd - consumenten (de eindgebruikers van een boek) houden hun hand op de knip en houden hun geld op de bank. Er wordt niet snel meer geld uitgegeven aan een luxeproduct als een boek.

2)

3)

4)

5) Door onze doelgroep (transport en logistiek) zijn economische ontwikkelingen voor ons erg belangrijk. Door de recessie is veel vervoer stil komen te liggen.

6) Op dit moment, mede dankzij de crisis, hebben bedrijven minder budget voor media. Dit betekent niet alleen dat het moeilijker wordt om advertenties te verkopen, dat is slechts een klein onderdeel van wat wij doen. Wij ontwerpen en geven ook boeken, kranten, flyers etc. uit voor bedrijven. Maar doordat we ook uitgaves doen in eigen beheer, zijn we niet volledig afhankelijk van onze klanten. Toch moeten we oppassen voor het sneeuwbaaleffect. Dit houdt in dat als er een bedrijf minder loopt het een ander bedrijf, zoals een leverancier, ook schade kan toebrengen. Ons bedrijf maakt ook deel uit van dat proces.

Door globalisering wordt het makkelijker om ook over de grens te werken en dan vooral online. Maar wij hebben voornamelijk Nederlandse klanten die zelf soms wel over de grens werken, zodat wij

soms ook internationale uitgaves doen.

7) The unemployment in The Netherlands has increased in 2013 to a level of above 8 percent (CBS, 2013). This means that the tension on the labor market is loose, because the demand for labor is low and the supply is high (CBS, 2013). This means that employers have a strong position in hiring new employees.

Because of the shrinking economy (CBS, 2013), many companies face problems regarding their financial situations. Therefore, they focus on the necessary costs for their primary process and are often reluctant to invest in extra advertisements, which makes it hard for publishers to find advertisers. Another consequence of the worsening economy is that consumers as well as companies tend to spare money instead of spending it. This fact presents a problem for media companies, because they are dependent on other companies.

Because of globalisation, it becomes less difficult to work across national borders. Especially with the internet it is easy sell products in different countries. This creates many opportunities for companies who want to expand their business to other countries.

Social:

1)de vrije tijd van mensen wordt eerder besteed aan 'snel' en 'makkelijk' vermaak zoals televisie en internet.

2)Het consumentenvertrouwen herstellen heeft prioriteit. Mensen moeten weer geld durven uit te geven in plaats van te sparen.

3)Consumenten spenderen steeds meer van hun tijd aan mobiele applicaties en internet. Het is belangrijk dat wij als uitgever hierin mee ontwikkelen.

4)Doordat het opleidingsniveau van de gemiddelde Nederlander steeds meer toeneemt, zal er ook meer worden gelezen. Dit biedt kansen voor uitgeverijen.

5)

6) Sociale factoren waar ik mee te maken heb zijn vooral de onzekerheid die mijn werknemers kunnen hebben als gevolg van de economische crisis. Doordat de werkloosheid in Nederland stijgt, wordt het voor hen moeilijker om weer werk te vinden als ze hier hun baan verliezen. Voor mij is de ruime arbeidsmarkt wel gunstig, want door het grote aanbod is het gemakkelijker om iemand te vinden voor een eventuele vacature.

Een andere sociale factor is de toename in het gebruik van nieuwe media en nieuwe hardware zoals smartphones en tablets. Dit hangt ook sterk samen met de technologische ontwikkelingen.

7) An important trend regarding social factors is the increase in the use of tablet computers. There are different reports with different percentages, but it is clear that the population of tablet owners is growing. Forrester Research states that in 2012, 33 million people in Europe owned a tablet and this is expected to increase to 147 million in the year 2017 (Forrester Research, Inc, 2013). The nation with the largest proportion of tablet owners, as a percentage of the total online population, is the Netherlands with 20 percent. A research from Intomart GfK (Intomart GfK, 2012) concludes that in 2012 a total of 4.3 million people in The Netherlands used a tablet, 2.5 million more than in 2011. This means that 34 percent of online consumers above the age of 13 have access to a tablet. The growing group of tablet owners gives publishers new opportunities. Because people can now work

online anywhere and anytime, it becomes more interesting for companies to advertise in digital media, so publishers should focus more and more on this type of media.

Another issue regarding social factors is the increasing uncertainty of employees due to the financial crisis. As discussed in the section on economic factors, the unemployment level is above 8% (CBS, 2013), so people are scared to lose their jobs as the unemployment level is increasing. For many employees, job security is now of primary concern. While this trend is worrisome for employees, it is advantageous for employers, because they can easily attract new employees if necessary.

Technological:

1) de ontwikkeling van verschillende neven-producten bij boeken zoals apps, elektronische boeken, spotify voor boeken en illegaal downloaden van boeken zorgen ervoor dat er minder exemplaren van het papieren boek worden verkocht. Dit is niet per se een slechte ontwikkeling, maar hier moeten de uitgevers wel op inspelen en in investeren. Verder wordt het voor 'schrijvers' steeds makkelijker om zelf een boek te publiceren via self-publishing websites en via constructies als TenPages.com.

2)

3) Op dit gebied vinden er veel ontwikkelingen plaats. Denk aan de opkomst van social media, tablets, internet, etc.

4)

5)

6) De belangrijkste ontwikkelingen op het gebied van de technologie hebben te maken met de nieuwe media, apps, smartphones, tablets etc. Op al deze gebieden vinden voortdurend nieuwe ontwikkelingen plaats. Ook zie je dat bedrijven steeds meer zelf online media willen uitbrengen. Dit hoeft echter niet nadelig te zijn voor mijn bedrijf, omdat ze dan naar ons toe kunnen komen om te vragen hoe ze dat moeten aanpakken.

Het klopt inderdaad dat de grenzen tussen de verschillende typen media steeds meer vervagen. Je had bijvoorbeeld qr-codes, codes op papier die je kunt scannen met je mobiele telefoon en zo op een digitale manier meer informatie kunt krijgen. Een ander soortgelijk systeem is 'Layar'. Dit is een app die hetgeen je met de camera op jouw mobiele telefoon scant aanvult met digitale informatie. Ik verwacht dat deze twee trends echter weer voorbijgaan. Wat wel blijft zijn de apps, waarin je bijvoorbeeld tijdschriften kan lezen op de tablet of mobiele telefoon.

7) Because of new technologies, boundaries between different types of media disappear, causing hybrid situations (Dagblad Academy, 2012). For example, watching television on the internet or reading the newspaper on a tablet. Through the connection of the different networks, a global system is created in which information can be transmitted from anywhere, anyway and at any time. This also creates the opportunity for companies to spread their message using different media channels and in that way create synergy. Synergy is created, because different media reinforce each other when they are simultaneously or sequentially used. This is called a multimedia approach. With the rise of new types of media, the process of advertising becomes more complex. This creates opportunities for publishers, by offering complete solutions for marketing problems for companies.

Another trend is that information can be personalised to a high level. This creates new ways of reaching the customer. However, because of the growing supply of information it also becomes more

difficult to get the customer's attention. This is also a reason for companies to use a multimedia approach.

A third trend regarding technological factors is related to the increased use of tablets. Developers of tablets keep innovating and offering different types of tablets. With the increase in tablet owners, the development of apps is becoming a lucrative business. Because offering an app is becoming the norm for companies in their multimedia approach, the demand for app developers is increasing. This is also an opportunity for media companies.

Legal:

1) Er bestaat nog steeds de Wet op de Vaste Boekenprijs. Die voorkomt dat uitgevers en boekhandels gebruik kunnen maken van de prijs als marketinginstrument.

2)

3)

4)

5)

6) Wetten die van belang zijn voor ons bedrijf zijn belastingwetten. Het blijkt dat in economische moeilijke tijden de hoogste schijven extra worden belast en bij die groep horen ook de ondernemers. Andere belangrijke wetten hebben te maken met privacy. Zowel offline als online is het belangrijk dat de privacy van personen wordt gewaarborgd.

7) An important human right is the freedom of speech. This is an important characteristic of a democracy and means that the government cannot interfere with the content of publications (College voor de rechten van de mens, 2012).

As of mid-2012, it is required by law for websites to ask for permission if cookies are placed on the computer (Rijksoverheid, 2013). Another important legal issue is privacy. It is important that companies guarantee that they handle consumer information with care.

Ecological:

1) sommige mensen zouden boeken kunnen zien als papierverspilling en daarom eerder een elektronische versie aanschaffen. Verder speelt duurzaamheid een rol bij de productie van het papieren boek, bij keuze voor drukkers en keuze voor duurder papier met keurmerk.

2)

3)

4)

5)

6) Een belangrijk thema op dit gebied is duurzaamheid. We zijn verplicht mee te gaan met milieuregels, omdat klanten dat ook van ons verlangen. Een goed voorbeeld waaruit blijkt dat wij bezig zijn met het milieu is het gebruik van FSC gecertificeerd papier. Voor elke boom die gekapt wordt om dit papier te maken, wordt een nieuwe boom geplant. Verder hebben wij niet een concreet plan om onze duurzaamheid te bevorderen.

7) An important issue concerning environmental factors is sustainability. Sustainability covers a wide range of topics, including waste management and use of resources. The production of paper and the use of ink for printed media have a great impact on the environment. The main reasons are that production of paper needs huge amounts of water, trees and energy (MVO Nederland, 2012). But the rising share of digital media is not necessarily a more sustainable way of communication than printed media, because for this type of media a lot of energy is required as well (Newpage Corporation, 2010). In the printed media, the focus in the last two decades has been on continuous improvement regarding environmental issues. In The Netherlands, 90% of paper and cardboard is recycled (Papier Recycling Nederland, 2012). There are also certifications available for wood like FSC and PEFC. Those certifications give the best guarantee of sustainable forest management (Milieu Centraal). It is often assumed that digital media is 'green' (Newpage Corporation, 2010), but this is not necessarily true, because data centers need constant temperature control as well as electricity. So, media companies have to take these factors into account in order to be sustainable.

G: Data on the meso environment

The results and the analysis of the macro-environment can be found in section 4.2.2. The data collection of the macro-environment has been done by doing desk research and interviews based on Porter's five forces. The results of this data collection are presented below.

Meso environment

Threat of entry

Hoe moeilijk is het voor nieuwe bedrijven om tot de markt toe te treden?

1) Het is niet moeilijk om een uitgeverij te beginnen, er is niet veel startkapitaal nodig. Er zijn wel grote begininvesteringen nodig, vooral in voorraad. Uitgeverijen zijn voorraadragende bedrijven. Schaalvoordelen zijn niet heel erg van toepassing. Het is tegenwoordig bijvoorbeeld niet meer nodig om veel drukwerk tegelijkertijd in te kopen om voordeliger uit te zijn. Drukkers hebben hun prijzen namelijk ook naar de huidige markt (waarin uitgevers minder te besteden hebben) aangepast. Wel is het zo dat een grote beginoplage, de kostprijs van een boek lager doen uitvallen. Maar die oplage heeft meer te maken met de reputatie van de uitgeverij en de vertegenwoordigers. De relatie tussen boekhandel (de eerste poortwachter naar de consument) en de vertegenwoordigers van de uitgeverij is van essentieel belang voor het bestaan van de uitgeverij. De reputatie van de uitgeverij helpt daarbij enorm. Hoe bekender de uitgeverij en hoe beter het imago, hoe meer de boekhandel zal inkopen. Het gaat daarbij al lang niet meer over de kwaliteit van een bepaalde titel, maar over de verkoopkracht van de vertegenwoordiger en het kwaliteitsstempel van de uitgeverij.

2) Het is niet moeilijk om tot de markt toe te treden, want er zijn nauwelijks drempels. De vraag is of bedrijven willen toetreden met de huidige economische situatie. De bedreiging voor nieuwe toetreders is dus niet erg groot.

3) Het wordt steeds gemakkelijker om tot de markt toe te treden, maar reputatie is wel een belangrijke factor.

4) Het is erg moeilijk om tot de markt toe te treden. Dit heeft verschillende oorzaken. Ten eerste heeft de distributeur te veel macht om kleine spelers een kans te geven. Daarnaast is uitgeven kapitaalintensief. Ten derde is de reputatie erg belangrijk en die komt alleen met de tijd.

5) Ik denk dat dit vooral afhankelijk is van je doelgroep. Wij zitten in een kleine niche, maar zijn wel gerenommeerde specialisten in dit vak. Het zal niet gemakkelijk zijn om te penetreren voor een nieuw bedrijf.

6) Om deze vraag te kunnen beantwoorden is het belangrijk om een splitsing te maken in de activiteiten in ons bedrijf. We doen eigenlijk twee dingen: media uitingen, zoals apps, boeken en bladen, ontwikkelen en uitbrengen voor onze klanten en uitgaves doen in eigen beheer. Het is niet moeilijk om de markt te betreden die reclame maakt in opdracht van een bedrijf. Maar om toe te treden tot de uitgeverijmarkt is een stuk lastiger. De combinatie van die twee wordt nauwelijks door andere bedrijven gemaakt, dus wij onderscheiden ons zo van concurrenten. De belangrijkste factoren die het moeilijk maken om tot de markt toe te treden zijn ervaring, kennis en geld.

Ook Klantenbinding is zeker belangrijk in deze branche. Dit komt voornamelijk doordat wij opdrachten hebben met een repeterend karakter, oftewel periodieke uitgaves. Een groot klantenbestand is essentieel om succesvol te zijn in deze markt. Het feit dat wij dit netwerk hebben geeft ons een enorme voorsprong op elke nieuwe partij die toe wil treden tot deze markt. Of die nieuwe partij dan een beter team zou hebben, zou dan weinig meer uitmaken.

Veranderingen in de toekomst?

1)Nee, het imago van een uitgeverij zal extreem belangrijk blijven als kwaliteitskeurmerk voor titels en auteurs. Een debuterende auteur zal bijvoorbeeld bij de Bezige Bij een veel hogere eerste oplage halen, dan wanneer hij het boek zelf zou uitbrengen via selfpublishing. Ook al wordt de gehele boekenmarkt een digitale markt.

2)Een grote uitdaging voor de toekomst zal de vindbaarheid op het internet zijn.

3)De markt zal zich verder uitkristalliseren en consumenten zullen meer en meer weer naar betrouwbare bronnen en merken toetrekken.

4)Neen, ik verwacht geen veranderingen in de toekomst.

5)Zou kunnen, maar dat zal dan vooral online het geval zijn. Nu reeds zie je de opkomst van websites die vooral de content "jatten" bij organisaties als de onze. Deze pakken wij aan om reden van copyright. Hoewel we denken dat de meeste geen lang leven zullen genieten, is het wel lastig en tijdrovend om ze te bevechten.

6)

Power of suppliers

Wie zijn de leveranciers?

1)

- Drukkerijen in binnen en buitenland
- Vormgevers
- Centraal Boekhuis (levert diensten)
- PR-specialisten
- ICT service

2)

- Drukkers,
- vormgevers,
- vertalers,
- redacteurs,
- transportbedrijven,
- koeriers,
- collega's in het buitenland.

3)

- Drukkerws,
- ict,
- app bouwers,
- marketeers,
- auteurs

4)

- Auteurs
- Drukkers

5)

- ISP,

- Drukker,
- Freelancers

6)

- Drukkers,
- Freelance fotografen,
- Freelance redacteurs,
- Afwerkers en
- Verspreiders.

Macht van de leveranciers:

1)Drukker: de macht van een drukker is niet heel groot; er zijn nog veel verschillende aanbieders op de markt. Er kan dus gemakkelijk worden gewisseld tussen leveranciers van drukwerk. De kosten zijn heel transparant. De markt voor drukwerk staat ook onder druk, dus drukkers lopen harder om nieuwe klanten binnen te halen en bestaande klanten aan zich te binden, bijvoorbeeld door scherpere offertes.

Centraal Boekhuis: dit is de belangrijkste speler in de infrastructuur van de markt. Het CB zorgt voor de bevoorrading van de boekhandel en voor de verzending van Bol.com (met afstand onze grootste afnemer). Er zijn op dit moment geen noemenswaardige concurrenten voor het CB, dus zijn macht is enorm. De kosten zijn niet transparant (dwz de tarieven wel, maar niet de oorsprong van de kosten)

2)De macht van de leverancier is niet erg groot. Dit komt voornamelijk doordat het gemakkelijk is om te wisselen van leverancier door hun grote aantal, maar alles tot op zekere hoogte.

3)De macht van de leverancier valt mee, Service Level Agreements (SLA) zijn van groot belang. SLAs zijn overeenkomsten tussen een leverancier en een afnemer.

4)De macht van de leverancier is erg klein. De hele wereld is erg open op dit ogenblik. We kunnen drukken waar we willen, Oost-Europa, Verre Oosten... de prijzen zijn zeer scherp. Leveranciers hebben dus geen macht op dit ogenblik.

5)Afhankelijk van het soort leverancier. Wij maken bijvoorbeeld een krant. Daarvoor ben je afhankelijk van rotatiedruk en dat wordt niet veel aangeboden voor relatief kleine oplages. Voor internet is het wisselen van ISP lastig. Betekent de bouw van volledig nieuwe websites en infrastructuren. Voor de druk van magazines wordt bijna per editie inderdaad geshopt.

6)De macht van onze leveranciers is heel erg klein. Dit wordt voornamelijk veroorzaakt door het feit dat er enorm veel keus is tussen de verschillende leveranciers. Ik word elke week wel gebeld door bijvoorbeeld een drukkerij die met mij wil samenwerken. Wij hebben dus erg veel macht ten opzichte van onze leveranciers. De kosten om van leverancier te wisselen zijn erg laag. Wij kennen de markt erg goed. Het is voor ons niet moeilijk om verschillende partijen met elkaar te vergelijken en er zo de beste deal uit te slepen.

Veranderingen in de toekomst

1)Ik voorzie op dit geen grote veranderingen in de nabije toekomst. Misschien dat het type leverancier wel zal veranderen; een verschuiving naar leveranciers van digitale producten als elektronische boeken, apps etc.

2)Nee

3)Nee

4) Niet meteen, zolang er een overaanbod is aan drukcapaciteit.

5) Nee

6)

Power of buyers

Wie zijn de kopers?

1)

- Boekhandels
- Webshops
- Directe afnemers
- Bulkafnemers (van ramsj)
- Bedrijven

2)

- Boekhandels,
- Retailers,
- Specialisten (handwerkwinkels, tuincentra, bijv)

3)

- Eindgebruikers.
- Tussenhandel (e-boekhandel)

4)

- Boekhandels
- Scholen
- Bibliotheken
- Licentienemers

5)

- Transportbedrijven,
- Banken,
- Verzekeraars,
- Consultants

6) Onze potentiële klanten zijn alle bedrijven en dan vooral bedrijven met meer dan 50 werknemers. Op dit moment is de verdeling tussen profit en non-profit klanten ongeveer 50/50. Onze non-profit klanten bestaan uit overheidsinstituten, zorginstellingen en onderwijs en de profit bedrijven die onze klant zijn kunnen actief zijn op allerlei verschillende markten.

Hoe groot is hun macht?

1) Die macht is enorm. Er is een enorm overaanbod waardoor de inkoper bij de boekhandel wel selectief moet zijn. Verder geldt dat ook voor eindafnemers (lezers via Bol.com bijvoorbeeld) zij hebben de keuze uit wel 4.000 boeken die elk jaar nieuw verschijnen. Verder wordt het boek als vrijetijdsbesteding gemakkelijk ingewisseld voor een goedkopere of socialere bezigheid. Daarnaast is een heel belangrijk basisprincipe in de boekenmarkt: demand uncertainty. De consument weet niet wat hij koopt op het moment van de aanschaf. Hij weet dat pas als hij het boek heeft geleverd. Dit geldt voor veel producten in de culturele sector. Hij weet dus pas dat hij een bepaald boek wil als hij er door iemand (een peer) op wordt geattendeerd. Dat kan zijn een bekende, (mond-tot-mond), advertentie, media, boekhandel, webshop, etc. De uiteindelijke macht van de

eindafnemer is dus klein, maar van de tussenhandelaar (boekhandel/websop/etc) is de macht heel groot.

2)De macht van de klant is erg groot, want veel producten zijn minder uniek en dus gemakkelijker inwisselbaar dan menig uitgever denkt.

3)De macht van de afnemer is groot, zij zijn degene die bepalen.

4)De macht van de afnemer valt mee. Producten zijn uniek, en dus deels onmisbaar, hoewel, alles kan gemist worden.

5)Er is niet veel meer in de sector waar men niet al adverteert. Dus een switch is meestal niet aan de orde. Reden om niet te adverteren is meestal een budgettaire. Voor wat betreft de abonnementen kant is dat nagenoeg hetzelfde

6)De macht van onze klanten is wel erg groot. Onze klanten hebben veel keus uit de diverse reclamebureaus, waarvan er veel zijn. Mede dankzij de crisis letten bedrijven steeds meer op de kosten van hun reclame uitingen, waardoor er vooral wordt geconcentreerd op prijs. Geen Blad voor de mond richt zich juist meer op kwaliteit en zit dus hoog in de markt.

Veranderingen in de toekomst?

1)Dit zal in de toekomst wel veranderen. De rol van de boekhandel als gatekeeper wordt kleiner. De consument komt in aanraking met boeken via de media en advertenties (die rol wordt dus groter) en zal ze dan via de verkoopkanalen die het snelst kunnen leveren aanschaffen. De webshops zullen dus aan macht winnen (want die dragen zelf geen voorraad), en kunnen ook meer gaan bepalen wat de consument aanschafft door middel van selectie, zoekmachines, advertenties, hogere ranking of banners, etc.

2)De macht zal alleen nog maar toenemen met de groeiende aanwezigheid van Amazon, Google, etc.

3)Nee, ik verwacht niet dat dit zal veranderen in de toekomst.

4)Neen, dit zal hetzelfde blijven.

5)Nee.

6)

Internal rivalry

Hoe groot is de concurrentie?

1)De concurrentie is moordend. Er zijn enorm veel spelers in de markt. Er is wel onderscheid te maken op het gebied van fondsen. In de eerste plaats fictie en non-fictie. De fictie-uitgevers vissen allemaal in dezelfde vijver, terwijl de non-fictie uitgevers zich meer als specialist kunnen profileren. Wij richten ons bijvoorbeeld op bepaalde non-fictie onderwerpen waarin wij als specialist kunnen worden aangemerkt. De boekhandel zal dan eerder een titel in dat onderwerp bij ons aanschaffen dan bij een concurrent die normaal niet op dit gebied uitsteekt. Een ontwikkeling van de laatste jaren in de non-fictiemarkt is dat uitgevers zich steeds meer specialiseren op bepaalde onderwerpen en daar ook niet van afwijken (gentlemen's agreement)

2)De concurrentie is zeer hevig.

3)De concurrentie is groot.

4) Concurrentie is er indirect, niemand geeft hetzelfde tijdschrift uit. Gelijkaardige tijdschriften wel. Met een creatieve aanpak kan men zich steeds differentiëren.

5) De concurrentie is niet al te hevig. Er zijn weinig publicaties met eenzelfde kwaliteit en reputatie.

6) In de eerste markt is de concurrentie vrij hevig vanwege het grote aantal partijen dat hierin actief is. Deze concurrentie is steeds meer op kosten gebaseerd. In de tweede markt is de concurrentie minder hevig, omdat we hier zelf onze doelgroepen kunnen kiezen en wij kiezen altijd een plek in de markt waar nog geen andere partij actief is.

Omdat we op twee markten actief zijn, zijn er ook twee soorten concurrenten. In de eerste markt zijn het andere marketing bedrijven en reclamebureaus. In de tweede markt zijn het andere uitgevers.

Waarop wordt geconcentreerd?

1)

- Prijsstelling
- Kwaliteit
- Doelgroeptargeting (andere schrijfstijl)

2) Op alle terreinen, vooral veel 'me too', dus na-aperij.

3) Er wordt geconcentreerd op kwaliteit, prijs en technologie, dus op product.

4) Concurrentie bestaat vaak in het maken van gelijkaardige producten, hetgeen nooit helemaal lukt.

5) Er is weinig concurrentie in de sector. Als het al van toepassing is, is de reden een aangepast budget en herverdeling over de producten.

6) Prijs en kwaliteit.

Veranderingen in de toekomst?

1) Nee.

2) Ik verwacht dat het erger wordt.

3) Nee

4) Nee

5) Nee, niet echt

6)

Power of substitutes

Wat zijn substituten en hoe groot is hun macht?

1) Er zijn heel veel substituten. Vooral voor non-fictie uitgevers. Er is tegenwoordig veel informatie op internet, podcasts, youtube, dvd, apps en in vakbladen (gratis of heel goedkoop) te vinden.

2) Digitale producten zijn maar beperkt als substituuut.

3) Steeds groter, blogs, open source, open access

4) Nee

5) Nauwelijks

6) Substituten zijn alle andere producten die een marketingfunctie vervullen en die wij niet aanbieden. In brede zin zou je ook alle andere activiteiten van een bedrijf waar geld aan wordt uitgegeven kunnen zien als een substituuut.

Veranderingen in de toekomst?

1) Dat kan. Uitgevers moeten hierop inspelen en zich als content-leverancier, als expert, profileren en hun content op zoveel mogelijk manier proberen te publiceren en exploiteren.

2) Ja, wie zal het weten?

3) Nee

4) Nee

5) Nee

6)

H: Data on the internal environment

The results of the data collection of the internal environment can be found in section 4.2.3. The data collection has been done by doing an interview with the director of the company based on an adapted version of Rangone's approach to resource based analysis in SME's. The results of this interview are presented below.

Interview Laurens Oude Elberink

1. Wat is het doel van het bedrijf en wat is de filosofie?

Het doel van het bedrijf is om de eigen organisatie zo gezond mogelijk neer te zetten om de continuïteit te waarborgen en gave dingen te maken met gave mensen. Hierbij richten we ons vooral op kwaliteit.

Onze filosofie is om met 80% van de capaciteit van het bedrijf alle kosten eruit te halen en dan met de overige 20% nieuwe, eigen concepten bedenken die we dan kunnen uitbouwen en die onze 'cash cows' kunnen worden. Dus 80% wordt gebruikt voor het bedienen van markt 1 en 20% voor het bedienen van markt 2.

2. Welke bekwaamheden zijn voor het bedrijf het belangrijkste?

- a. Innovatie
- b. Productie
- c. Marketing

Als ik moet kiezen zou ik zeggen dat de productie onze belangrijkste focuspunt is. Vervolgens innovatie en marketing.

3. Wat zijn de belangrijkste doelstellingen voor elke bekwaamheid?

De doelstellingen wat betreft productie zijn de kostenbesparing in de hand te houden terwijl de focus ligt op kwaliteit. Doelstellingen op het gebied van innovatie is het op de hoogte blijven van de mogelijkheden en de klant die mogelijkheden vervolgens aanbieden. Qua marketing is het doel om zichtbaar te zijn en naamsbekendheid te creëren.

4. Wat zijn de belangrijkste activiteiten om die doelstellingen te behalen?

Om de kostenbeheersing in de hand te houden maken wij scherpe afspraken met onze leveranciers. Om de kwaliteit van onze producten te waarborgen is het belangrijk dat we onze communicatielijnen kort houden.

Om op de hoogte te blijven van de nieuwste ontwikkelingen in de markt lees ik branche-informatie en vaktijdschriften. Ook zoeken wij samenwerkingen met andere partijen die ons helpen met het innoveren van onze producten.

Activiteiten die wij doen om onze marketingdoelstelling te behalen zijn gevelreclame, autobeledding, sponsoring en giveaways, zoals mokken en pennen. Een voordeel van een uitgeverij is dat wij op elk product wat wij maken ons logo kunnen zetten. Als iemand een app van ons download kun je zien dat wij de uitgever zijn en we staan altijd in de colofon van het tijdschrift dat we hebben ontworpen. Ook is mond-op-mond reclame enorm belangrijk voor ons. Tenslotte heb ik een groot netwerk waardoor de naamsbekendheid wordt verhoogd.

5. Welke middelen zijn er nodig om die activiteiten te doen?

Belangrijke middelen waarover wij beschikken zijn ons netwerk, onze kennis van de markt, onze korte communicatielijnen, onze goede reputatie, onze werknemers, de flexibiliteit vanwege onze grootte en wij hebben als uitgever een voordeel dat we op elk product dat we maken onze naam en ons logo kunnen zetten.

6. Zijn die middelen bronnen voor concurrentie voordelen?

- Competitive superiority: the extent to which the resource is superior to the competitor
- Inimitability: the difficulty for competitors to imitate the resource
- Duration: assesses the duration of the resource
- Appropriability: determines if the company is able to exploit the resource
- Substitutability: the possibility for competitors to have or develop a resource that has the same advantages

The results of the sixth step can be found in the analysis below.

Extended analysis of the internal environment

The results of the internal analysis are described in section 4.3. The extended explanation of this analysis is given in this appendix. The approach for analyzing the internal environment contains four steps: 1) identifying strategic intent and key performances, 2) determining the resources that support the key performances, 3) identify the value of the resources and 4) determine the consistency of the resources with the strategic intent and key performances. These steps are described below.

Step 1: Strategic intent and key performances

The goal of the company is to be as healthy as possible to guarantee its survival while creating great things with great people. In other words: the company wants to make as much profit as possible while maintaining high quality standards and good relationships with its employees.

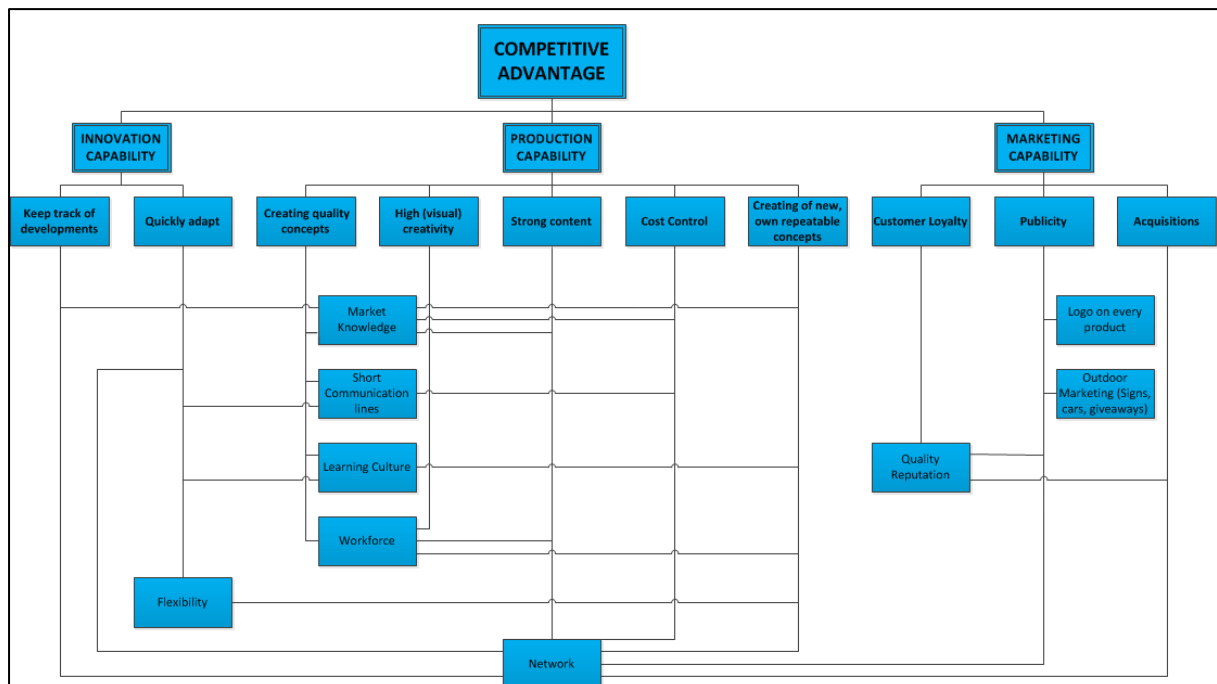
The primary focus of the company is on its production capability. As stated in the goal of the company, the quality of the products is of primary concern, so quality is a key success factor of the production capability. This accounts for the concepts which they create for other companies as well as for their own concepts. Delivering high creativity and strong content are parts of delivering high quality, but they are presented as key performances themselves, because they are supported by a different set of resources. In the interview with the director, he stated that while quality is the primary focus of the company, they also want to keep control over the costs, so this is also a key performance.

The innovation capability is also of importance, but because it is a small company it is very difficult, if not impossible, to spend money on research and development. The goal regarding this capability is to keep track of the latest developments in the market and adopt these new developments to be able to offer the customer the newest innovations. An example of this is the development of apps. Geen Blad voor de Mond saw this new technological development, quickly adopted it and became the first company in The Netherlands to have an app which was compatible with both the Android and the iPhone systems. So the key performance for this capability is seeing trends and quickly responding to them.

The marketing capability is also important for Geen Blad voor de Mond. As stated before, a big customer base is of much importance for a publicity agency. Because it is more difficult to get new customers than to keep the current customers, the focus lies on establishing a loyal customer base. Customer loyalty is therefore a key performance. However, it is also important to attract new customers and therefore Geen Blad voor de Mond needs to be visible. That is why publicity and acquisitions are also key performances of the company.

Step 2: Company's resources

Now that the goal of the company and its key performances are discussed, the resources that are used to support these key performances are described in this section. A graphic illustration can be found in the figure below.



The **network** of the company is extensive, especially that of the director of the company. This network consists of many possible suppliers, freelancers and customers. That is why the network supports a lot of key performances. Companies in this network can keep *Geen Blad voor de Mond* up to date regarding the latest developments in the market. It also enables the company to quickly respond to these developments through partnerships. For example, when *Geen Blad voor de Mond* first considered the possibility of app creation, they got software and the knowledge to use this software from one of the companies in its network. The network also supports the strong content through the freelancers that are in it and it helps to control the cost through its suppliers. Finally, through the potential customers in the network, it is a source for new acquisitions and it can be used for publicity by word-of-mouth.

Flexibility is a resource that the company has because it is small. This flexibility enables the company to adapt to changing circumstances and in creating a varied supply of own concepts.

An important resource is **market knowledge**. As the director already stated in the interview, this is a crucial resource of every company, but it is often underestimated. Market knowledge supports different key performances of the company. First, because the company knows the market very well, it can detect developments in it. Furthermore, it is an important resource for the production capability, because it supports four of its key performances. Because the company knows the demands of the market they can create high quality products, for other companies as well as for themselves, with strong content. Finally, because the company knows the market, they know where they can get the best deals with suppliers, so it also supports the key performance of keeping control of the costs.

Because of the size of the company and its set-up, everyone is in the same or in an adjacent room, the communication lines between the employees are short. These **short communication lines**

support the quick adaption to new developments. If there are new developments everyone in the company is quickly aware of them so they can quickly react to them. It also supports the high quality, because mistakes can be quickly repaired when they are spotted. Because short communication lines save time, it is also cost efficient and therefore it supports the key performance of keeping control of the costs.

The **learning culture** of the company is used for the adaption to new developments and for the quality of the products. Good and bad practices in the past can be avoided or repeated in the future to keep improving the products. New developments are also quickly learned because of this resource.

The workforce of the company consists of permanent staff and trainees from 'Het Saxion' and the University of Twente. The trainees often are the designers of the products so they are the main source for the high visual creativity. An advantage of working with trainees is that they are still in school where they get the latest insights and learn to work with the latest technologies. The permanent staff is the main source of the quality of the products. These are the project managers and have control over the final products.

An important resource for the marketing capability is the **quality reputation** of the company. This resource supports every key performance of this capability. This resource is the result of the delivery of high quality products in the past. By delivering high quality it creates customer loyalty, because customers are often satisfied with the products. This reputation is, in combination with the network, also important for the publicity, because of word-of-mouth publicity. New customers can be found through this word-of-mouth publicity and also new acquisitions can be made; the final key performance of the marketing capability.

The company also does **outdoor marketing**, but not to a large extent. They have a car with the company's logo, have advertising in front of the office and use giveaways like pencils and mugs with the company's logo. However not to a large extent, the outdoor marketing supports the publicity performance.

The final resource of the company is its **logo**. This is a distinctive sign with the distinct name of the company which is on every product that the company makes. The director requested that this resource was presented separately, because this is something that not every company has. It supports the publicity performance of the marketing capability.

Step 3: Value of resources

To determine the value of the resources they are tested on the five criteria that were described in section 2.2.2. The results can be found below.

Resource: Test:	Network	Flexibility	Market knowledge
Competitive superiority	The company's network is very extensive, but other companies may have their own connections	The company is highly flexible due to its small size, other small companies also have this skill	Market knowledge is extremely important, but competitors also have it, because otherwise they would not survive very

			long
Imitability	It is not easy to imitate a large network, because it takes a lot of time and effort to build and sustain one	For small companies it is easy imitable, for large companies it is difficult	Other companies often have it as well, but it is not easy to acquire
Duration	The network is a long-term resource when it is nurtured	Exists as long as the company remains small, so long term	Once established, market knowledge should constantly be adapted
Appropriability	The company is able to exploit their network for example for attracting new customers	The company uses this skill for developing concepts in very varying markets	Market knowledge is certainly used for almost every activity of the company, for example for choosing suppliers
Substitutability	The network cannot be replaced by any other resource	Flexibility cannot be replaced by any other resource	Market knowledge cannot be replaced by any other resource
Strategic value	High	Medium	High

Resource: Test:	Short communication lines	Learning culture	Creative workforce
Competitive superiority	Good communication is very important	A learning culture is important for the development of the company	A creative workforce is essential for companies in these markets, so other companies also have them
Imitability	Can only be easily imitated by other small companies	It is not easy to imitate a learning culture	A creative workforce is not easy to imitate, so it is difficult for new entrants to develop
Duration	Is long durable if the company stays small	A learning culture is long durable.	The workforce can be used for the long-term. A part is permanent and trainees can be found on high schools and universities
Appropriability	Is used, for example, to quickly repair mistakes,	The learning culture is used for adapting	This resource is used for every activity of the

	so improving quality and keeping costs low	to new possibilities and improving quality by improving employees	company
Substitutability	The quality function can be replaced by a, often expensive, control system for detecting mistakes. The control of costs can also be done by competitive agreements with suppliers.	A learning culture can be substituted by acquiring personnel with the required knowledge but this is expensive	The workforce can be substituted by outsourcing activities or by hiring freelancers
Strategic value	Medium	Medium	Medium

Resource:	Quality reputation	Outdoor marketing	Logo on every product
Test:			
Competitive superiority	A lot of competitors compete on price and not many have as good a reputation as Geen Blad voor de Mond	The outdoor marketing of GBvdM is not really extensive and not superior to competitors' outdoor marketing	Competitors also do this, so it is not superior to competitors
Imitability	The reputation cannot easily be imitated. Only by constantly delivering high quality products	The outdoor marketing of GBvdM can be easily imitated.	Can be easily imitated by competitors
Duration	The quality reputation exists as long as the company is keeping the quality at a high level	The outdoor marketing is long-term.	Is long-term
Appropriability	This reputation can be used for acquiring new orders	Outdoor marketing is used for publicity to get new clients, but accounts for a small proportion in the total efforts of the company	Is used on every product
Substitutability	Reputation cannot be replaced by another resource	The function of outdoor marketing can also be fulfilled by a network and a quality reputation (word-of-mouth publicity)	Can be replaced by other marketing efforts

Strategic value	High	Low	Low
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Step 4: Consistency of resources

Now that the strategic value of every resource is known, the next step is to determine the consistency of the resources. As explained in section 3.3 there are three steps to do this: 1) determine the relative priorities of the basic capabilities and the relative importance of the key performances, 2) determine the impact of each resource on the key performances, and 3) determine the strategic consistency of the resources by combining the results of step 1 and step 2. The tables below present these three steps.

Innovation capability	0,2		
Keeping track of dvlpmnts	0,5	adapting	0,5
Market Knowledge	0,5	flexibility	0,5
network	0,5	learning	0,2
		network	0,1
		short com	0,2

Production capability	0,6		
Creating quality concepts	0,3	High (visual) creativity	0,1
market knowledge	0,4	Workforce	1
short communication			
lines	0,2		
learning culture	0,2		
Workforce	0,2		
		Strong content	0,2
		Market knowledge	0,4
		Workforce	0,3
		Network	0,3

(Production capability)			
Cost control	0,1	Own concepts	0,3
market knowledge	0,6	market know	0,6
Short communication lines	0,2	Workforce	0,1
Network	0,2	Flexibility	0,3

Marketing capability	0,2		
Customer loyalty	0,4	Publicity	0,1
Reputation	0,9	Reputation	0,4
Outdoor marketing	0,1	Network	0,4
		Outdoor Marketing	0,1
		Logo every product	0,1
		Acquisitions	0,5
		Reputation	0,5
		Network	0,5

To get the final score for every resource the weighing factors of the capabilities are multiplied with the weighing factors of the key performances for every capability and the weighing factors of every resource for every key performance. For example, to get the score of the resource 'flexibility' the weighing factor for the innovation capability (0,2) is multiplied with the weighing factor of the key performance adapting to developments (0,5) and the weighing factor for the resource itself (0,5) plus the weighing factor for the production capability (0,5) multiplied with the weighing factor for

creating own concepts (0,3) multiplied with the weighing factor for the resource (0,3) , so the score of the resource 'flexibility' is $(0,2 \cdot 0,5 \cdot 0,5 + 0,5 \cdot 0,5 \cdot 0,3) = 0,104$.

Resources	Score	Strategic Consistency
Network	0,166	High
Flexibility	0,104	Medium
Market knowledge	0,314	Medium
Short communication lines	0,068	Medium
Learning culture	0,056	Medium
Workforce	0,15	High
Quality reputation	0,13	Medium
Outdoor marketing	0,01	Low
Logo on every product	0,002	Low

Conclusion

The resources can now be mapped in a matrix based on their strategic value and strategic consistency as explained in section 3.3.1. This matrix can be found below. The resources that score high on both variables or have a high-medium combination are considered as the strengths of the company.

Strategic consistency \ Strategic value	Low	Medium	High
Low	- Outdoor marketing - Logo on every product	-	-
Medium	-	- Flexibility - Short communication lines - Learning Culture	- Workforce - Market knowledge
High	-	- Quality Reputation	- Network