CHANGING INTO SOLUTION SALES

MASTER'S THESIS, 31 MAY, 2011

INTERNATIONAL TECHNOLOGY MANAGEMENT

COPENHAGEN INSTITUTE OF TECHNOLOGY

AUTHORS: JACKIE NIELSEN AND MIKKEL DELFS

SUPERVISOR: SAMUEL BRÜNING LARSEN

PREPARED IN COOPERATION WITH ERICSSON

Abstract

This thesis investigates what large business-to-business organizations should focus on, when they change their business model from being based on product sales to being based on solution sales. When organizations are based on solution sales, they focus on creating and delivering customized products or services, which can improve the business of their customers. As the investigation carried out in the thesis is based on what organizations should focus on, when they change into solution sales, the two main theoretical subjects of the thesis are "change management" and "solution sales".

The thesis has been conducted as a case study and Ericsson Latin America has been the unit of analysis. Ericsson represents a valid unit of analysis as they are currently transforming into a business model which is based on solution sales. As the analysis provided great insight into Ericsson's transformation, we found it appropriate to develop specific advises for Ericsson in order to improve their chance of a successful transformation. These are included in the thesis.

Finally, the investigation has found seven focus points we believe large business-to-business organizations should focus on, when they change their business model into being based on solution sales. The analysis has triggered the identification of the seven focus points, which are all backed up by the theory section. Last, it is shown when we believe the different focus points should be emphasized during a transformation.

Preface

This Master's thesis is conducted in connection with the completion of the master's degree; International Technology Management at Copenhagen Institute of Technology.

The purpose of the master's thesis is to demonstrate the ability to deliver a report that is both valid and reliable through the understanding and use of different academic theories. Furthermore, it is to prepare a suitable analysis based on relevant theories and to make thought reflections.

The thesis investigates a general phenomenon and uses Ericsson Latin America (after this, Ericsson) as the unit of analysis. Therefore, the thesis is conducted in cooperation with Ericsson Region Latin America in São Paulo, Brazil.

Acknowledgements

This thesis would not have been possible without the invaluable help and support of several people to whom we would like to express our gratitude. First of all we would like to thank Ericsson for hosting us during the first two and half months of our thesis process. Especially from Ericsson we would to thank Hans Sjögren and Bengt Rosengren for their support and guidance, and also Jesper Rhode for facilitating the cooperation. We would also like to express our gratitude to all the employees in Ericsson who have taken their time to elaborate on the transformation process and kindly answered our questions.

Additionally, we have to thank our supervisor Samuel Brüning Larsen for his competent and constructive feedback during the supervision process, but also for showing a great deal of flexibility regarding the communication, while we were situated in Brazil.

Table of Contents

List of tables

List of figures

1. Introduction

The powers of the globalization are unavoidable. Companies benefit from these in terms of the different market opportunities, the globalization brings, but at the same time they suffer due to the increased competition. Without any greater problems, companies are able to do business all over the world, but when competitors are able to do the same, competition is tough wherever you go. As the globalization allows companies to do business anywhere, it also includes the risk that companies with a western culture and western demands for profit can be challenged by companies from other countries with different cultures and more modest demands for profit. Years ago, it was commonly known that non-western countries were less creative and efficient in their way of doing business. That, however, is not the case anymore. Non-western companies can be at least as technically skilled and efficient today and they are able to compete equally with even the most recognized western companies. Their skills and abilities have grown with incredible speed, if possible, even faster than their economy. Because of this, they now find themselves in a position where they possess western abilities, but not yet the western price level, which allows them to sell their products less expensive than their western competitors. In order to be able to keep up with this tough competition, it is crucial that any organization operates as efficient as possible, and at the same time be able to maintain the interests of their customers. In order to do so, companies now and then undergo large transformations, hoping that the change will lead to a brighter future.

But how do companies make sure that they actually maintain the interest of their customers? The recent development, when it comes to products and services, is customization which entails that the product or service should fit the customer as much as possible and not just be a standard product. For the everyday consumer, this is especially reflected through the increasing amount of customer or user information collection on the Internet. Increasingly, companies want to know as much as possible about the customers or users and the knowledge is obtained through registration and online surveillance. The knowledge is then used in order to offer products which fit exactly the needs and requirements of specific customers or the needs they did not even know they had. The customer or user information can also be sold to other companies in order for them to offer suitable products or services to their customers.

For large business-to-business organizations, the trend is similar. Because of the need to retain the interest of their customers, organizations have developed a business model different from the typical model which is based on transactional product sales. The new business model is based on selling customized solutions which fit the specific customers. This is done by obtaining knowledge about the customers and their situation and thereby be able to create solutions that are suited specifically to certain customers. As the solutions are created exclusively to each customer, they can be of great value and though selling solutions involves higher costs related to each sale, it can also build up more compulsive customer relationships. However, changing into a solution selling company is difficult and it is a drastic and complex transformation.

2. Problem statement

The problem statement of the thesis is:

What is important for large business-to-business organizations to focus on when they change their business model from being based on product sales to being based on solution sales?

2.1. Research questions

In order to answer the problem statement, we have defined the following research questions:

- *How should organizations carry out change initiatives?*
- *How should large business-to-business organizations operationalize solution sales compared to product sales?*
- *How is a specific organization handling a change from being based on product sales to solution sales?*

2.2. Delimitations

Derived from the problem statement, the target group for the thesis is large organizations. Structures in small- or middle sized organizations are often different from large organizations and furthermore, the structure in large organizations is often much more complex. As much of the academic theories applied in the thesis is developed for large organizations due to their more complex structure, we think it is appropriate to include this delimitation in the problem statement.

Furthermore, the thesis focuses on business-to-business organizations. This particular focus is also made because much of the theory applied in the thesis is developed for business-to-business organizations. In addition, we believe that the opportunities to apply the theory used in the thesis in large business-to-consumer organizations would be very limited.

No delimitations have been made regarding what kind of industry the organizations targeted in the thesis should be operating in. However, it is believed that the thesis is most relevant for organizations which possess very special or specific knowledge. In many cases, this would be unique technical knowledge, but it could also be financial knowledge or other types of knowledge.

3. Methodology

As reports can be approached from several different angles, it is necessary to decide which angle to take. This implies however the possibility that a different angle of approach would have made some stronger and more compelling findings. Therefore, this decision should be given much thought and consideration.

3.1. Introduction

The following section will describe and show how the methodology has been thought and executed during this project. The purpose of the section is to ensure the validity and reliability of the project. The section contains strategy regarding data collection, data processing, process of the analysis, boundaries, and selection of theory.

The methodology will be conducted and looked upon according to "Case Study Research – Design and Methods, by Robert K. Yin 2009" [Yin, 2009]. General theory on methodology will only be described when the underlying theory creates a basis for a methodical decision. Instead of describing methodical theory in general, focus will be on the choices made and why.

3.2. Strategy of methodology

The first methodical decision to make is to decide which strategy to apply in order to provide an appropriate answer to the problem statement. Yin distinguishes between five different strategies.

- Experiment
- Surveys
- Archival analysis
- History
- Case study

It is decided to apply a case study approach. This is decided as case studies make it possible to study present phenomena using different kind of data collecting methods. These different data collecting methods make it possible to investigate present processes, behaviors or attitudes etc. and thus, analyze the current situation. This case study uses interviews, archival data and documents in order to throw light on, specify or confirm certain phenomena. These data collecting methods will be described later in this section. See section 3.7

3.3. Case study design

This section outlines the design of the case study applied in the project. A case study can have several different designs, and it is important to consider how the case study should be designed before data collection begins. The following is based on Yin's discussion and on figure 1 regarding case designs. (Yin, 2009)

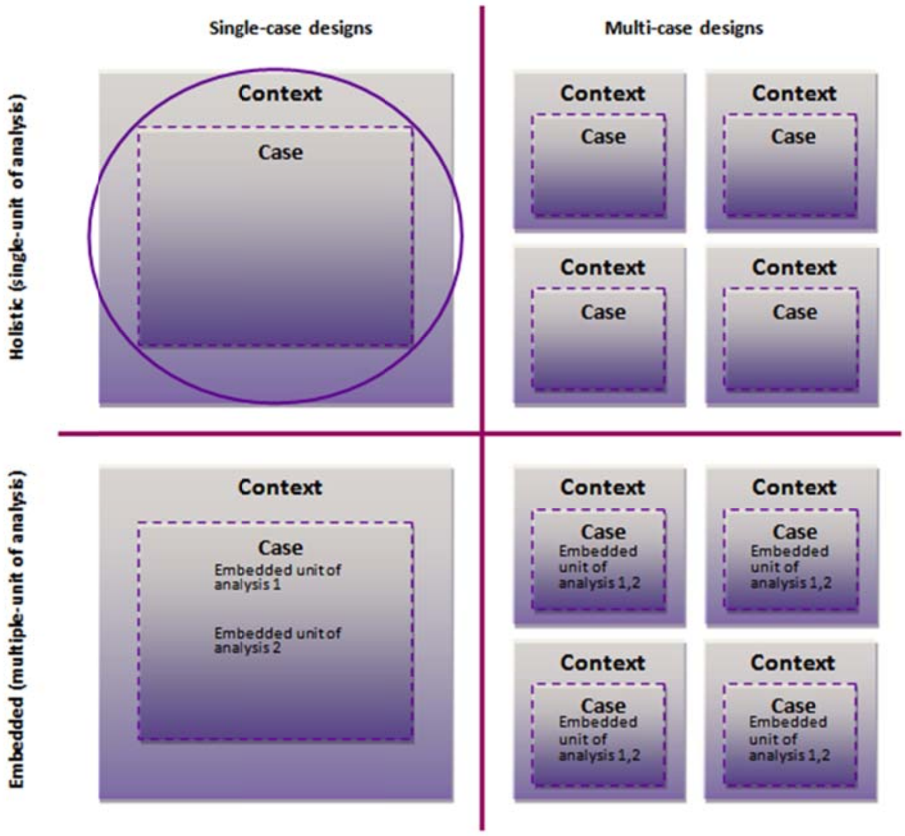

Figure 1, Case study designs
Source: Yin, 2009

The figure shows four different designs. In general there are two types of case studies; single case study and multiple case studies. These two types can be divided further into holistic and embedded designs. This is reflected in four opportunities.

- Single case study (holistic)
- Single case study (embedded)
- Multiple case study (holistic)
- Multiple case study (embedded)

Single case studies collect empirical data from or about a single unit and prepare analysis from it. The purpose of the design is to illustrate a phenomenon regarding the specific unit.

Multiple case studies collect empirical data from or around more than one unit. This is done in order to compare the individual units with each other and thereby confirm or reject any correlations.

Holistic design and embedded design distinguish whether there are one or more focal areas in each unit. If only one focal area is analyzed within a given unit, the design is a holistic design, however, if several focal areas are analyzed within the same unit, the design it is embedded.

This thesis is conducted as a holistic single case study as marked on figure 1 with a circle. This is because we are only applying one analysis unit and within this unit, only one focal area is investigated. This is chosen because it allows an in depth investigation of a specific phenomenon within the given time frame of the project. Furthermore, choosing a single case design helps maintain focus on the analysis unit and thereby maintain a holistic view of the situation within the unit of analysis.

3.4. Unit of analysis

The unit of analysis of this thesis is Ericsson's headquarter in the region Latin America, which is located in São Paulo, Brazil. The thesis only investigates this region and it will be referred to as Ericsson. If we at some point refer to other departments within the Ericsson concern or Ericsson globally, it will be expressed explicitly. The following organizational diagram shows the location of the unit of analysis in the overall organization. The unit of analysis is marked with a circle.

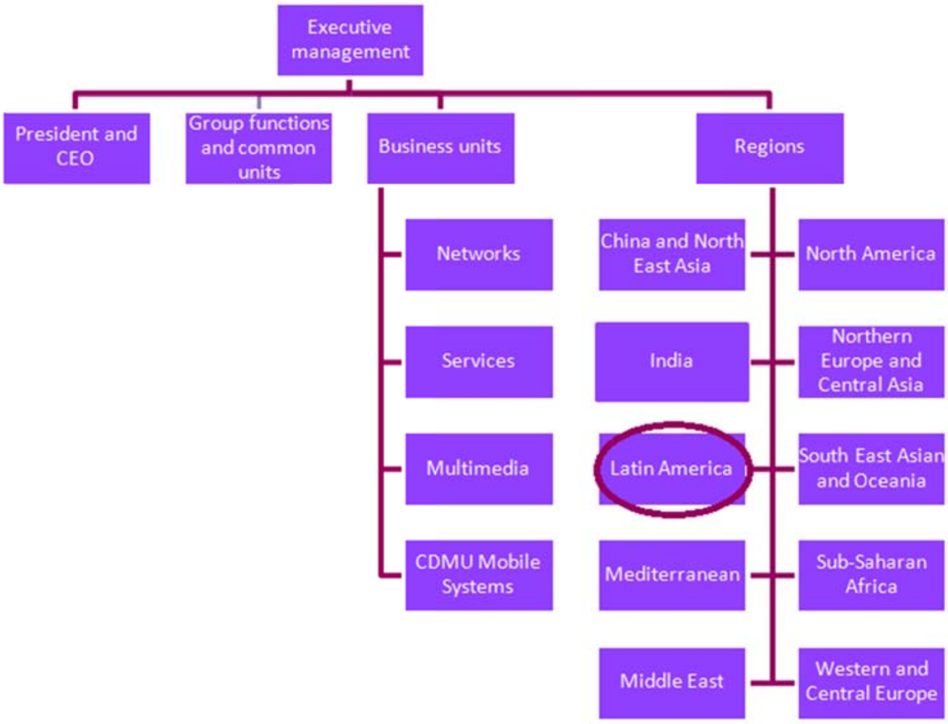

Figure 2, Organizational diagram, Ericsson
Source: Ericsson

Within the analysis unit, several departments exist. Most of these have been included in the investigation. The departments included are those that are or should be involved in the presale and sales process.

Ericsson is an appropriate unit of analysis for this thesis. This is because it is presently undergoing the specific type of change investigated in this thesis. Furthermore, it is a business-to-business organization and it has a desirable size in order to investigate an organization that falls within the characteristics mentioned in the problem statement.

As mentioned before, conducting a single case study makes it possible to obtain a deep understanding of the analysis unit and at the same time maintain a holistic view. This makes it possible for us to develop an opinion on what Ericsson is doing right and what they are doing wrong. Therefore we find it highly appropriate to also provide specific proposals for improvements in Ericsson. The proposals will be included after the analysis.

3.5. Process description

The process of conducting this thesis has been divided in several sections. These sections have been prepared continuously and do, to some extent, overlap each other.

3.5.1. The initial phase

The problem statement has been made in the wake of the overall subject decision. From here, a planning process has taken place. It was decided to conduct a paper that was aimed towards the industry and would be beneficial for relevant organizations, based on different academic theories. Furthermore, it was been decided that it should be supported by a single in depth analysis of this particular subject in a certain organization that falls within the above mentioned categories. Although multiple analyses would have made a stronger investigation, a single analysis has been a more realistic choice given the size of the analyzed organization combined with the limited time frame. After the planning process, thorough theory search followed by theory conduction was carried out.

3.5.2. The analysis

First of all it has been crucial to create a fundamental understanding of Ericsson's global business structure. This includes understanding their organization, the markets they operate in, their products and their customers. Thereafter it has been important to create a deeper understanding of the regional organization in Latin America. This also entails understanding the transformation program and its objects plus the incentives behind.

Having created this fundamental understanding of Ericsson, the next step has been to carry out specific data collecting. The data collecting has been done in order to find out how the transformation process has actually happened, how successful the transformation has been so far and what people truly think about it etc.

The analysis of this thesis has, besides the collected data, been built on academic theories relevant to two subjects derived from the problem statement, change and solution sales. Knowledge from these two subjects have been compared to what Ericsson is doing in order to identify what they are doing right and what they are doing wrong according to the theory.

3.5.3. The final phase

Based on the analysis and knowledge from the theory, specific proposals have been identified for Ericsson. After this, the specific proposals were revised and transformed into focus points. This was done in order to make them general and make them fit all large product based business-to-business organizations that want to change into a solution selling organization. The following figure illustrates the process in chronological order.

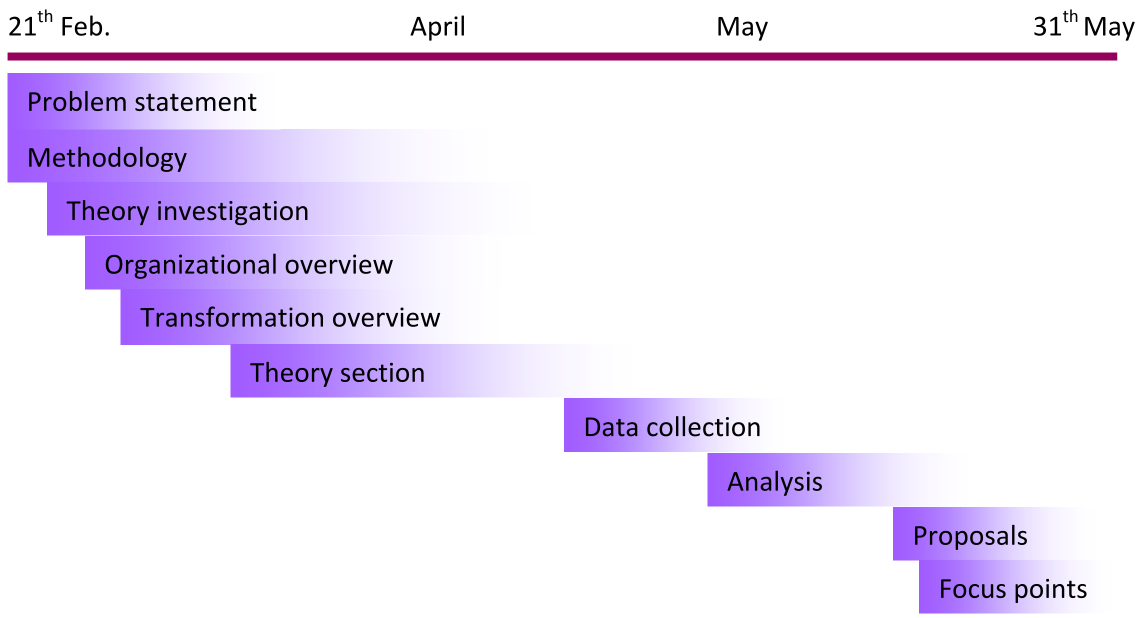

Figure 3, Illustration of the process in chronological order

3.6. Theory selection

Academic theories for this thesis have been chosen in order to provide an adequate answer to the problem statement. As the problem statement requests an investigation on how organizations should change their business from being based on selling product to being based on selling solutions, theories on change management and on solution sales have been selected.

It has been chosen to include theories on change management to cover the transformational aspect of companies changing into being based on solution sales. As a change alone implies many different challenges, it is believed that several of the problems organizations face, are related exclusively to the fact that they are changing and not dependent by the nature of the change.

Besides change management, it is decided to include academic theories on solution sales. Theory on solution sales is relevant to this thesis as it provides knowledge on how a solution selling company should be structured and operated. Instead of focusing on processes related to a change, this section focuses on what organizations should try to change in to.

By combining knowledge from these theories, change management and solution sales, it is presumed that comprehensive knowledge is obtained about the overall subject in order to provide a proper answer to the problem statement.

The majority of academic theory comes from articles found on different databases that are entered through the website of Aalborg Universitetsbibliotek such as ProQuest and EBSCOhost Research Database. The focus has been on articles rather than books as articles are often more concrete and focused on a specific topic. Furthermore, books have not been accessible due to our geographic location during the conduction of the theory section. The geographic location has been in São Paulo, Brazil where it is very difficult to find educational textbooks written in English. Both public libraries and university libraries have been searched, but all relevant books have been in Portuguese or Spanish. Besides articles, some educational material from prior seminars has been used.

3.7. Data collection

This section goes through the different types of methods that can be used to collect data. It is described which methods this thesis applies and why. Thereafter a more thorough description of each of the applied data collection methods is included. As interviews stand out from the other methods with respect to the complexity and difficulty in collecting the data, a separate section on how the interviews were actually executed is included.

3.7.1. Data collecting methods

Several different data collecting methods exist. Yin defines the following types of methods as those that are most commonly used when conducting case studies: Documentation, archival records, interviews, direct observations, participant observation and physical artifacts (Yin, 2009). The following table 1 lists these methods and describes their strengths and weaknesses.

Method	Strengths	Weaknesses
Documentation	Stable – can be reviewed repeatedly Unobtrusive – not created as a result of the case study Exact – contains exact names, references and details of an event Broad coverage – long span of time, many events and many settings	Retrieveability – can be difficult to find. Based selectively, if collection is incomplete Reporting bias – reflects (unknown) bias of author Access – may be deliberately withheld
Archival records	(Same as those for documentation) Precise and usually quantitative	(Same as those for documentation) Accessibility due to privacy reasons
Interviews	Targeted - focuses directly on case study topics Insightful – provides perceived causal inferences and explanations	Bias due to poorly articulated questions Response bias Inaccuracies due to poor recall Reflexivity – interviewee gives what interviewer wants to hear
Direct observation	Reality – covers events in real time Contextual – covers context of "case"	Time consuming Selectivity – broad coverage difficult without a team of observers Reflexivity – event may proceed differently because it is being observed Cost – hours needed by human observers
Participant observation	Same as those for direct observation Insightful into interpersonal behavior and motives	Same as those for direct observation Bias due to participant observer's manipulation of events
Physical artifacts	Insightful into cultural features Insightful into technical operations	Selectivity. Availability.

Table 1, Six methods for data collection, their strengths and weaknesses
Source: Yin, 2009

The best data collection methods depend on the nature of the case study. Some data collection methods are best when a case study deals with past events for example using physical artifacts. Others fit better when analyzing present events or phenomena such as direct observation.

However, it is not always possible to use the best suitable data collection methods. Some case studies can be time limited and thereby making it impossible to collect data through direct or participative observation though it would have been the preferred method. In other cases, physical artifacts or documents may be a suitable method, but cannot be used as they have been lost or the organization investigated is not willing to deliver it or them.

Therefore the data collection methods that should be used are those that fit the case study the best while still possible to carry out. Furthermore, using several methods makes it possible to triangulate which is an advantage as it strengthens the evidence and thereby making the conclusions more reliable.

3.7.2. Choice of data collecting methods

For this particular case study, interviews have been chosen as the main source of data. As this is a single case study conducted within a limited time frame, it has been important to create a deep knowledge of the investigated area as fast as possible. Interviews are a good method in this situation as an interviewee who has a lot of relevant knowledge can pass on some of his/her knowledge to the investigator relatively fast. Furthermore, interviews are good at investigating a present event which is exactly what this case study is doing. The interviews have been performed in order to get a clear overview of how the management in Ericsson has implemented and handled the transformation and how employees have received it.

Besides interviews, documents have been used as a source of data. Documents in this case study consist mainly of management presentations and internal process descriptions. The documents have been retrieved from Ericsson's intranet or delivered personally from managers. These documents have been collected to get a deeper understanding of Ericsson's transformation program and its processes.

Furthermore, some data has been retrieved from archival databases. This data has not presented any new evidence, but it supports some of the interesting points that have come from the interviews. Supporting some of the interesting points with archival data entails that the data is triangulated and thereby being more reliable. These data are collected from different databases covering sales processes, budgeting and time reporting. It would have been preferable to base the data collection a bit more on archival data instead of leaving it almost solely to interviews to identify what has been good and what has been bad in the change process in Ericsson. This is because big organizations like Ericsson often have a lot of data and using it the right way can make a stronger and more valid investigation. However, collecting this type of data has been difficult. One of the reasons is that we were not allowed access to the databases though we were continuously promised that we would soon get access. Another reason is that quantifying a change process can be complicated and therefore relevant measurement systems and databases have been difficult to identify.

Last, direct observation has been used as a way of collecting data. Direct observation has been possible as we have spent most of the time conducting this thesis at Ericsson's office in São Paulo. Using direct observation has, like archival data and documents, been used to support evidence from interviews, but it has also been done in order to test some claims from interviewees.

3.7.3. Interviews

This subsection includes a description of interviews and as mentioned in section 3.7, a description of how the interviews were executed is included.

Interviews are often a time consuming process and are characterized by the achievable depth of the information. The possible depth of the information is great because the interviewee has the opportunity to give elaborating answers prompted by the investigators questions. In general, interviews can be performed in the following three ways:

- Structured
- Semi structured
- Unstructured

Structured interviews consist of a standardized approach in order to minimize errors and variance. The conduction of the interview is based on standard questions, which is divided in fixed categories of response options. This type of interview makes it easier to compare answers of the interviewees with each other, thereby making it easier to identify deviations.

Semi structured interviews are characterized by the fact that they are conducted under relatively open conditions which enables a conversation based on two way communication between the investigator and the interviewee. During the interview, some flexibility exists, as the order of the questions is not predetermined. Furthermore, the investigator possesses a degree of freedom as he or she has the opportunity to go deeper into specific issues that requires further elaboration. A semi structured interview is conducted on the basis of standard questions and the technique allows the investigator to find new angles and information through the eyes of the interviewee.

The unstructured interview is conducted through a conversation around an area to which the investigator has not prepared any specific questions. This procedure can be more difficult to control than the other types and is primarily used when areas of interest are not clearly defined.

Table 2 below summarizes the advantages and disadvantages of the different types of interviews.

Interview methods	Advantages	Disadvantages
Structured interview	Easier to compare answers	Does not pursue new knowledge
Semi structured interview	Opportunity to ask clarifying questions regarding new knowledge	Difficult for the investigator to maintain the right balance between pursuing new knowledge and get answers to existing questions
Unstructured interview	Investigator can obtain knowledge in areas that he or her would not have got otherwise based on predefined questions	Difficult to obtain specific knowledge and thus difficult to triangulate evidence from different interviewees

Table 2, Advantages and disadvantages of the different interview types
Source: Yin, 2009

In this thesis, interviews have been performed in order to get a clear overview of how the management in Ericsson has implemented and handled the transformation and how employees have received it.

3.7.3.1. Execution of interviews

To be able to conduct the analysis of Ericsson it has been necessary to create an overview of the organization. In order to do this properly, several interviews have been performed with people within the organization. Before arriving at Ericsson, not much knowledge about the organization and the business had been obtained. This led to some very open and unstructured interviews in the beginning. This was preferred, as it would be undesirable to limit the information Ericsson wanted to give through structured interviews guided on the basis of our poor knowledge. As these open interviews contained much irrelevant information, the content that was actually relevant has been collected into one overall document (see appendix 1 and 2). This is done in order to give the reader a clear overview of these open interviews.

When it came to the specific data collection our understanding of the company was much deeper and knowledge about the academic theories relevant to the problem statement was also obtained. This made it possible to guide the interviews in the relevant direction ourselves through semi structured interviews where questions were prepared in advance (see appendix 4).

Each interview has been performed by both of us, one who held the conversation and the other taking notes. At the same time, the person taking notes followed the conversation and asked a few questions in the end if the other one holding the conversation had forgotten something or if something needed to be elaborated. After the interview, a fair copy of the notes has been written out together and stored in a joint database. Notes from these interviews are attached in appendix 5.

3.7.4. Documents

Documents are relevant to almost any case study and they are a very common and versatile method for data collection. Documents can consist of:

- Letters
- Emails
- Press releases
- Reports and etc.

Documents are mostly used to support evidence from other sources. Using documents is not a difficult method, but it can be difficult to identify which documents to use or to assess their degree of validity. This is because many documents are often available due to the internet and its endless amount of data. Thoroughly assessing the documents, identifying the sender and the intended receiver are therefore important in order to know whether a document is relevant or not.

3.7.5. Archival records

Data collected from a database is not relevant to all case studies. It also varies how they are used. Normally, data retrieved from databases are used quantitatively, but they can be used qualitatively as well. Data collected from an archival database can be:

- Computer files
- Organizational files (budget, personal information)
- Maps and etc.

Also with this kind of data, it is important to consider who has created the data, who the intended reader is and why it has actually been collected in order to evaluate the truthfulness and validity.

3.7.6. Direct observation

Direct observation is possible when investigators are able to watch and observe the events or phenomena that are investigated. This also makes it necessary that the events or phenomena which are investigated are happening in the present. There are two forms of direct observation:

- Formal direct observation
- Causal direct observation

Formal direct observation is when observing is official and planned for instance when an investigator is taken on a tour to see a factory, a school or other observational activities. Causal direct observation is when the observation happens randomly for instance in connection with other data collection methods like interviews. If an investigator observes something relevant to the study on his way this will be causal direct observation.

When observing people it is important to reassure that those observed do not change their behavior or actions due to the actual observing. This also means that places or areas observed should be as natural as possible and not be changed immediately before an investigation.

3.8. Methodology regarding the analysis

The analysis is based on knowledge from the theory sections combined with knowledge gained through data collection. Furthermore, spending every day for two and a half months at the office in Ericsson has provided an extra insight which is also included in the analysis.

The structure of the analysis is based on several small statistical illustrations that show the employees' attitude towards a relevant topic related to the transformation. Answers from employees during interviews have been quantified and form the base of the statistical illustrations. However, some questions answered in the statistical illustrations have not been asked directly. This is because some of the questions would be inappropriate to ask employees up front. Instead, related but more objective questions have been asked and interpreted in order to provide an answer to the original question.

The analysis is divided in topics and at least one or more statistical illustration is included under each topic. Knowledge from the theory section regarding the specific topics is compared to the illustrations, and followed by a more elaborated comparison in order to identify what Ericsson is doing right and what they are doing wrong.

3.9. Quality assurance

This subsection deals with the quality of the collected data and the conducted analysis. As the conclusions of the thesis are based on the analysis, the quality of the data collection and the analysis affects the quality of the findings in this thesis.

3.9.1. Validity and reliability regarding interviews

It is believed that the interviews are of high validity as the employees interviewed are the ones dealing with the subjects of this analysis. However, as these employees are involved in what is investigated, bias may be present which has led to caution and consideration. The reliability of the interviews is ensured through the notes of the interviews and by the fact that they are stored systematically in a database so nothing is lost or mixed up. Conducting interviews always leaves the possibility for a certain degree of unreliability. This is because an interviewee can change his view of things over time, his memory may not be exact and people can misunderstand each other. The chance of misunderstanding each other further increases when the conversation is held in a non-native language for both parts, which has been the case for all interviews except one. This has definitely weakened the quality of the interviews. On the other hand, as almost every interviewee were asked the same questions it has been possible to triangulate the findings from the interviews which has made them more reliable.

3.9.2. Validity and reliability regarding documents

It is assumed that every document used in the process of this thesis is relevant for the investigation. Only documents from Ericsson's intranet and documents delivered personally to us have been used and this has also made it easy to identify the sender and intended receiver. Furthermore, as only documents coming from Ericsson have been used it is assumed that these are valid and truthful. However, as the documents have been used mainly in order to create an understanding of Ericsson and the transformation process, we do not find it appropriate to attach them in the appendix. Furthermore, the small amount of content from documents that actually has been relevant has been included in the thesis.

3.9.3. Validity and reliability regarding archival records

There is a bit uncertainty on the validity for some of the archival data. As mentioned before in section 3.7.2 the archival data mainly consists of data from a database keeping track on sales processes, a database showing the financial circumstances and one showing time reporting. Besides a lack of motivation in general for reporting, it has been discovered that there is sometimes an actual incentive for not reporting to the sales process database. This fact significantly reduces the validity of these numbers. However, numbers from the financial database are believed to be accurate and thus maintain a high degree of validity. There is also uncertainty regarding the time reporting system. The system is only a few months old and reporting to the system is voluntary. This means that the reporting data is random and therefore its validity is reduced. As mentioned earlier the archival data has not presented any new evidence but merely used in order to confirm or deny some statements from employees. Because of this, we do not find it appropriate nor relevant as evidence for the thesis and therefore archival data is not attached in appendix.

3.9.4. Validity and reliability regarding direct observation

During our stay at Ericsson, many observations were made whereof a few are relevant for this study. The observations made are believed to contain a high degree of validity. The observations were made as causal direct observation, meaning that they were not officially planned. This, combined with the fact that we had our base in the office for several months, thereby making it possible to blend in with the natural environment meant that observations were made without people noticing it. This means that the observations were not influenced by the actual observing, and thus maintain a high degree of validity.

3.9.5. Bias regarding the analysis

Ericsson was entered more or less without any prior knowledge about the organization other than what is commonly known. The knowledge obtained about Ericsson is based on what employees are saying and on information from the internet and Ericsson's intranet. It has been important that we, as investigators, did not adopt the opinions and attitudes of Ericsson's employees without critically assessing them in advance. This has not only been important during interviews, but also during random conversations, when conversations between others has been overheard, when internal statements were posted on the intranet and so on. If an objective perspective is not maintained, the analysis and the findings may not be genuine beneficial for Ericsson and other organizations. It may be beneficial for those people or sub departments who have affected us the most, but perhaps not for the entire department and thus Ericsson and other organizations.

Bias from our educational past also plays a part in the analysis. When facing an organizational or process related problem, it is inevitable not to look back at similar problems experienced earlier during other projects or business cases. By doing that, focus immediately switches to how these projects or business cases were solved and which academic theories that were used. Although experience is a good and indispensible thing when conducting fulfilling analyses, it should not restrict one in future assignments. Problems experienced earlier maybe look like problems experienced later, but the underlying reasons for these can however, be entirely different and would therefore require another approach. Because of that, it is important to keep an objective angle when conducting analyses and not be blinded by earlier experiences.

The need for an unbiased approach also concerns the data collecting. Collecting data in order to expose a prejudiced phenomenon creates the possibility of forcing the evidence, and at the same time overlook other important evidence, as focus is narrowed down to what is prejudiced. This is reflected when an investigator asks leading questions, forcing specific answers instead of using the opportunity to get the interviewee's view on the subject. Therefore it is important for us to maintain an objective approach during the entire data collection.

4. Theory

The theory section is divided into two separate sections. This has been done as we have identified two separate topics related to our problem statement. As the problem statement requests guidance on how organizations should change into being based on solution sales, we have identified “change” and “solution sales” as being the two topics of great importance. The first subsection of the theory section will be change management and it will be followed by a subsection on solution sales.

4.1. Change management

This section deals with change management. As the problem statement requests an investigation on how large business-to-business organizations should change into selling solutions rather than just products, this section focuses on the changing aspect of this. In our opinion, many of the problems related to a change project are universal, meaning that they exist regardless of the type of change. Therefore this section deals with change processes in general and is not influenced by the type of change.

When a transformation project is to be initiated many different things have to be taken into consideration. Different theorists focus on different things, yet many basic elements are the same - although they are described in various ways. One of the authorities within change management, John P. Kotter has identified eight mistakes managers often make. His views will be incorporated in this section but they will not be described and structured as in his own model. The section will also contain theory of Harold L. Sirkin, Perry Keenan and Alan Jackson. They have developed a model from which the possibility of a successful transformation can be estimated. The purpose of this section however, is not to specifically describe or apply such models, but rather to describe how a transformation project should be set up and followed through based on research from different theorists. Besides those already mentioned, the section will contain theories from other academic scholars who have conducted research on the processes of change management (see references). The reason for why this section is based especially on theories from Kotter and Sirkin et al. is because they provide tools and specific actions they believe should be part of a transformation process. As the problem statement request an investigation of how a specific change should be carried out, those theories are highly relevant. The focus has been on both Kotter and Sirkin et al. as they each have a different approach to the topic. Kotter focuses more on the human behavioral aspect of a change whereas Sirkin et al. concentrate on the more tangible aspects of a change.

4.1.1. Introduction to change management

According to Lewin, a change consists of moving from one situation to another. His model describes it as "unfreeze – move – freeze" (Weiss, 2001). This model will not be described in details. However, it will be integrated in this section as it, in our opinion, provides a good visual picture on what a change consists of. Most change efforts are initiated due to external pressure rather than an internal desire to change (Kotter, 1995), (Goodstein and Burke, 1991), (Long and Spurlock, 2008). The globalization and the increasing competition have forced companies to develop faster and faster in order to be successful. This need for development can be initiated by changes within a market situation, technological opportunities, governmental and political regulations etc. or simply forced by declining revenue or margins. These environmental changes have initiated many transformation efforts during the last decades and due to the ever increasing speed of industrial change the ability to respond to such environmental changes will be significant in the future.

In general being responsive and adaptive is not only about being able to make one single big successful transformation. A transformation that seems obviously right today may not be tomorrow. Therefore, to be flexible and able to constantly adapt to the changing business environment is a crucial ability (Brown et al., 1997). The ideal organization is capable of continuously adaptation (Weick and Quinn, 1999). Of course it is important for a company to be able to perform transformation projects successfully, but afterwards they need to be ready for a new one. Therefore, change should be an incorporated culture and an ability that companies should strive for. However, this section will not deal with theories on continuous change or how to master it. In line with the problem statement, this paper investigates an isolated change wherefore focus will be on a change process within the punctuated equilibrium model and not the ability to change continuously. The punctuated equilibrium model depicts organizational change as being relatively long periods of stability (equilibrium) that are interrupted or punctuated by relatively short bursts of fundamental change (Romanelli and Tushman, 1994). The following subsections will describe different aspects of a transformation process that are important in order to make it successful.

4.1.2. The unfreezing phase

The first subsections will go through the initial phases of a change and describe different activities that should be started or considered. This preliminary phase is what Lewin refers to as the unfreezing phase, meaning that the situation should be defrosted or unlocked in order to make a movement possible. Theory on the preliminary phase is included in this section in order to identify what organizations should do to prepare themselves for a transformation.

4.1.2.1. Sense of urgency

When it is decided that a company must undergo a significant transformation several things are to be considered and initiated. One of them is, according to Kotter, to create a sense of urgency within the organization. This means that the initiators of the transformation must emphasize the importance of the transformation and its success. This is incredibly important as people in general do not like change which is why they fight it or ignore it, unless they truly feel that change is the only way forward (Kotter and Schlesinger, 1979), (Long and Spurlock, 2008). Employees and middle managers do normally not possess the same information and knowledge about a given situation and thus, are not aware of the urgency level of the problems or the consequences if no action is taken. Most likely, they do not see the opportunities and benefits as clearly either. Therefore it is important that the initiators or leaders of the transformation summarize what has to be done and why and especially emphasize the dangers of the future situation if nothing is done. This can seem harsh, focusing on creating anxiety and fear, but due to the nature of humans and their social behavior, this can be necessary to drive people out of their comfort zone. Because of this, Kotter also believes that poor business results can be both a blessing and a curse. A bad business result is an excellent tool to create that sense of urgency needed for a high motivation. A bad business result is concrete and cannot be misunderstood by employees and middle managers. However, a bad business result leaves fewer resources for possible investments that could help the transformation such as external consulting services, new IT solutions, training etc. On the other hand, a good business result makes it very difficult to convince people that change is necessary but then you posses the resources that could help the transformation along.

Creating a sufficient sense of urgency is not only important among employees and middle managers. Also, the top management has to be convinced that change is the right and only thing to do. If top management does not believe in the change, the employees probably will not either.

In general creating a sense of urgency is about “making the status quo seem more dangerous than launching into the unknown” (Kotter, 1995). Actually, Kotter refers to several companies who have successfully engineered a crisis thereby convincing staff and managers that change is needed and the only right thing to do.

4.1.2.2. Vision and communication

When a transformation program is initiated, a vision for the company and the future plans should be stated and it must clarify the direction in which the company needs to move. It is important that a vision is created as it can help the transformation process in several ways. First and foremost it helps aligning employees and smaller sub projects that are part of the transformation. Often a big transformation consists of several small projects. These projects can easily develop in different directions and even oppose each other if it is not clear what the overall purpose is. With a clear vision for the overall transformation it is more obvious in which way the smaller projects should be directed. In addition, a vision also helps the individual employees. Considerable costs are often associated with coordinating people in transformation processes, but if every individual is aware of the overall direction due to the clear vision, the coordination effort can be considerably reduced (Kotter, 1995). This also means that instead of asking managers, employees are, to a certain extent, able to make more decisions themselves. The following figure 4 shows how a good vision can help align employees and provide a joint direction.

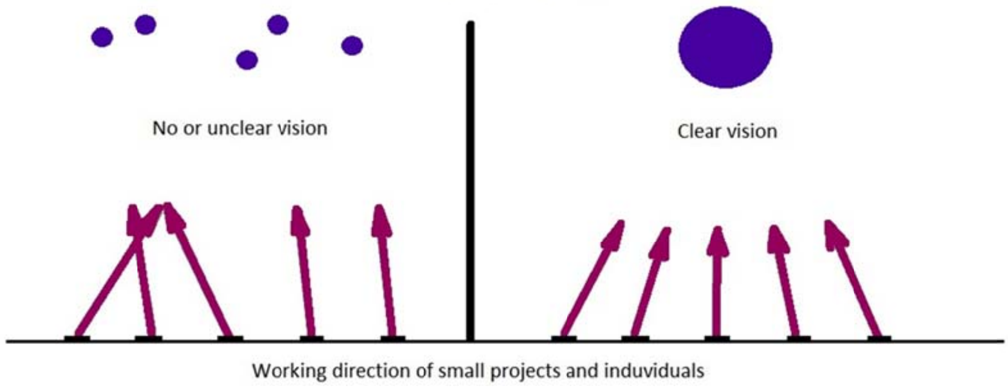

Figure 4, The importance of having a good vision
Own construction

The vision should aim towards a dream-like future situation which is still realistic. It is important that it is realistic as an unrealistic vision would probably discourage people in advance and lose motivation, thereby creating resistance (Connor, 1995). If it is realistic on the other hand, it can create optimism and motivation, maybe even for putting in an extra effort. Furthermore, it must be simple and easily understandable in order to motivate and not frustrate and confuse.

A good vision can also help a company go through less popular phases like employee downsizing or other cost cuttings. Such initiatives will often face much resistance from the employees and if a downsizing is a specific consequence of a transformation, it can even create resistance towards the transformation project itself. However, if it is obvious through the vision that the transformation will lead to a more pleasant situation, people may be more cooperative.

As mentioned, it is important that a vision is simple, clear and leaves no doubt about the direction. It has to be easy to communicate and not be a screed about many different objectives. Although it must be simple, it should appeal to as many people involved as possible. According to Kotter the process of creating a vision is not completed until the vision can be communicated within five minutes and receive both understanding and interest.

Once the vision has been created it is important to communicate it to the people involved in the transformation. Communicating the vision is not a matter of sending out a single newsletter, email or information article on the intranet. It should involve as many communication channels as possible (Kotter, 1995). Newsletters, emails, articles and information meetings must be used over and over to get the message through. The vision must be incorporated in the daily communication and routines. In regular meetings where problems are addressed, general discussions about how the processes or solutions should be aligned with the overall transformation strategy can be initiated. Leaders and executives should not be afraid of exaggerating the enthusiasm and support for a transformation initiative. According to Sirkin et al. people feel a proper amount of support from leaders when the leaders are talking up the transformation three times as much as they would have thought necessary. In other words, what can be done should be done in order to communicate and inform people about the direction of the transformation, why it is necessary and how it should be done. Research shows that some resistance to change is caused by misunderstandings and that people do not fully understand what or why they should change (Kotter and Schlesinger, 1979). Therefore, it is important that everybody understands the vision and the basic elements of the transformation.

Besides communicating this verbally and in writing the vision must also be supported by the actions of leaders and initiators. There is nothing more destructive than watching leaders act and make decisions, non-consistently with the overall strategy and vision and thus their own words (Kotter, 1995). Therefore, leaders must take the front and set an example for how to act. No amount of support to the transformation, especially from top management, is too much. (Sirkin et al., 2005)

4.1.2.3. **Plan reviews and milestones**

It is important that a transformation process is planned out thoroughly in the beginning. It is especially important to schedule evaluative reviews to make sure the transformation process is not derailed. Sirkin et al. have shown that the duration between reviews is a critical factor for whether or not a transformation is going to succeed. When the period of time between reviews exceed two months, the possibility of failure will increase exponentially from there. (Sirkin et al., 2005) Therefore, it is important that reviews are scheduled relatively often and the more complex a transformation is, the more often should it be reviewed.

Besides scheduling reviews it is important to create milestones. It can be tough for employees and managers to take on a large transformation process if they are not confirmed along the way whether or not they are doing the right thing. Because of that, milestones should be established in order to keep people motivated and to reassure the direction of the processes. As these milestones are particularly important they must be created instead of hoping that improvement will automatically rise to the surface. It must be considered which processes or indicators are expected to improve within a fairly short period of time and milestones should be attached to these.

Apart from the fact that milestones can help people endure the psychological aspects of a long transformation process, it is also the best way for executives to evaluate the progress. It can create an extra amount of confidence and recognition from sponsors or stakeholders when important milestones are reached and confirmed. As reaching a milestone should be able to wake interest within everybody involved they have to be of certain significance. Although they, at the time, should help people overcome the process by taking one step at a time, they cannot be so small that they are not interesting. The size of the milestones must therefore keep a balance between being manageable and noticeable.

4.1.2.4. Help and train people

According to Spurlock and Long transformation initiatives which include training programs will be met with a greater satisfaction and acceptance from employees. This is because some resistance is caused by people being insecure about what is going to happen and how, and especially whether they are able to do what is expected (Spurlock and Long, 2008). It is therefore important to set up and plan a comprehensive training program (Goodstein and Burke, 1991). Such training programs can consist of group training, information meetings, e-learning programs, instruction books etc. However, training can also take the form of personal one-on-one educational and guiding conversations. This can be a very expensive method, but it can in some cases be the best way to solve the problems at hand. One-on-one conversations are of course relevant when an individual employee should have some very special skills but often, those conversations will be needed due to uncertainty from specific employees about their role in the transformation. Those people will, besides technical training, need moral support which can be given through personal one-on-one education. As mentioned earlier, most people do not like change. However, everybody has an ability to change, although some are better at it than others. Some people are not too intimidated with change and some do even like the challenge, but at the same time most other people like having familiar routines and will not embrace change. Different people that are exposed to change will allegedly react differently as well. Those people who do not like change will often be scared and insecure about a transformation initiative at their work place. They fear personal failure, for instance that they are not able to perform the new tasks and that they are not able to learn the new skills the transformation requires. They may also feel apprehensive about new or bigger responsibilities. Even though a change seems to be a positive thing for everyone involved, the change itself may sometimes create anxiety. Managers must be aware of this fact and be prepared to offer personal education through one-on-one conversations.

4.1.2.5. Comments to the unfreezing phase

The aspects mentioned in the past sub-sections should be done as preliminary activities to a transformation project. In the preliminary phase people are made aware of the change, starting to understand it and are getting prepared. Even though these preliminary aspects are initiated before the actual transition[1] in the unfreezing phase, they should continue and run through the moving phase as well.

4.1.3. The moving phase

The following subsections deal with what Lewin refers to as the moving phase. It is in the moving phase the actual transition is made. The subsections describe how this transitional phase should be approached, what to consider and which activities that are important to initiate or maintain. This section is relevant as it identifies how organizations should carry out the actual transition.

4.1.3.1. “Soft” and “hard” factors

Over time much focus has been given to the so called ”soft” factors of change management. “Soft” factors include social aspects like motivation, leadership and culture etc. (Sirkin et al., 2005). Nevertheless the “hard” factors are also very important in order to ensure a successful change. These factors bear three distinct characteristics. First, companies are able to measure them in direct or indirect ways. Second, companies can easily communicate their importance, both within and outside organizations. Third and perhaps most important, organizations are capable of influencing those elements quickly (Sirkin et al., 2005). Soft factors such as training and motivating employees for the change are often more time consuming.

4.1.3.2. Structure

When focus is on the ”hard” factors of change management it includes, among other things, that an adequate organizational structure is built and that it is consistent with the overall objectives of the transformation. It is often difficult to implement a major change and not involve the organizational structure as well. When employees are getting new tasks the structure must adapt to these new tasks in order for people to feel that they have the space

[1] Transition is when the structural changes are implemented

required for the new routines. This could for example be new structures in the reporting relationships.

4.1.3.3. Measurements

Also measurement systems and reward systems are part of the “hard” factors. These will in many cases also be necessary to change and adapt to the change. If employees are encouraged through specific communication and training to work in a certain direction towards long term goals, it would seem odd, unserious and demoralizing if the old measurements were still applied. This is of course only the case if these old measurements were not actually already consistent with the transformation, but since the purpose of the transformation is to change the current situation, that will rarely be the case.

4.1.3.4. Tools

Besides the fact that the physical environment or the ”hard” factors must be in place it is also important for employees to possess the right tools in order to approach the transformation properly. It can be specific tools that could make the new processes easier such as a new customized IT system. It is of course possible to always get newer and better tools and systems etc. but most important, the tools must be sufficient so they do not slow down processes or force unwanted behavior.

4.1.3.5. Workload

During the actual transformation process it is important that all those activities planned in the preliminary phases are actually executed and not left on the desk. This is for instance the scheduled reviews that keep the transformation from derailing and the training programs that educate employees in order for them to obtain the right skills and work in the right direction.

According to Sirkin et al. it is also important to maintain a fair work load. When a transformation process is running, focus is often given to both running the company by maintaining the daily routines and trying to implement the changes. As the transformation process itself can take a long time it is important that it does not imply a lot of extra work. If a lot of extra work is involved with the process, it will probably create some resistance. This is so because people will not tolerate that they suddenly have to work additional hours for the same salary, but also because it can be too overwhelming to face a long transformation process, knowing the workload will be huge, but not knowing for how long (Kotter, 1995). Leaders must therefore try to divide the tasks of running the company and implementing the change processes in the best possible way. If the total workload increases more than 10% of the norm, the project is likely to face some problems (Sirkin et al., 2005). If there are certain individuals that are especially important for the transformation process, the opportunity of removing their daily tasks in order to have them exclusively focusing on implementing the change, should be considered. The company can also think about taking in some extra work force in tough periods such as retired employees as a way to relieve the work pressure. It is costly whether a company takes in extra labor or implements the project slower than anticipated, but taking the last resort including having employees working much more than they normally do in order to stay within the scheduled time of the project, can be fatal (Sirkin et al., 2005).

4.1.3.6. **Maintaining focus on the "soft" factors**

During the transformational process it is important for leaders and managers to keep motivating and inspiring people and continuously making sure that they understand the transformation and most importantly, making sure that they continuously adapt to the transformation themselves. Although several activities have been done in the preliminary phase in order to convert resistance into motivation, some resistance can show up later in the process. This could be a person who feels blocked or cornered due to structural changes. It can also be a person who has been against the change from the beginning but never said anything, and when the transition is actually carried out and he has to act accordingly, he remains passive and thus creates resistance. Resistance, even from a single individual only, can develop and escalate and therefore, such a blocker must be confronted and if necessary removed, no matter how important he is (Kotter, 1995).

4.1.3.7. **Having patience**

It is also important to be aware of the fact that productivity can decrease when the transformation is being implemented. It is important that this is recognized and accepted as being part of the implementation process (Goodstein and Burke, 1991). It takes time to build up new competencies and qualifications which is why a company is most likely to face some poor results, at least in the beginning, until people get more comfortable with their new tasks. Depending on how the company chooses to prioritize the daily routines in order to keep the company running versus the implementation processes, it can have an impact on the results as well. If a company chooses not to prioritize the daily operation, but focuses on the change processes instead, hoping the implementation can be done faster, it will probably create some poor results in the given period.

The actual transformation process, corresponding to the moving phase in Lewin's model, can as mentioned be a very long process depending on the size and complexity. It can be slow because it is in this phase employees have to change which takes time. During a transformation employees must learn many new things, but sometimes their attitudes and opinions have to change as well and that may take even longer time. It is important when a project starts to drag on that managers are not impatient or start doubting the change. Instead they must maintain focus on the actual progress that is made and documented in the periodic reviews. If these reviews show no progress or that the project is moving in a wrong direction, managers and leaders must evaluate and identify why this is the case and what could be done to make it right. At the other end of the scale it is also important not to get too optimistic if the organization seems to make great progress. While celebrating a win is fine, declaring the war won can be catastrophic (Kotter, 1995). According to Kotter, several companies have squandered away large transformation projects because they too soon thought the victory was won. A transformation project can be prolonged and therefore it can be very tempting to declare victory when a long tough battle suddenly faces success, but done too soon it can be fatal.

4.1.4. The Freezing phase

This phase Lewin refers to as the freezing phase. This relates to the idea that after the company has moved in terms of processes, methods and structure, it must be frozen in order to make it stick and not slide back into the old situation.

4.1.4.1. Making the change stick

A transformation process is not completely carried out until the new processes that are implemented become the operating standards (Goodstein and Burke, 1991). When a transformation is completed it is important not to say: "Well, that was it, now we can go back and do what we used to". The change must be so deeply rooted that people do not feel it is a change anymore. The change should become "the way we do things around here" (Kotter, 1995). In order to make sure that employees do not fall back into the old routines, facts about the success must be communicated. This means that managers must emphasize the reasons for the success. It must be made clear that the new processes have created the good results and that the company would never have been able to achieve them, had it never initiated the change. Wherever possible it must be stated that the new processes are better than the old ones.

4.1.5. How to tackle resistance in general

The following section on how to tackle resistance is based only on the views of Kotter and Schlesinger in their 1979 article; Choosing Strategies for Change. This is because the article contains some very specific research findings that, in our opinion, should not be blended with other theories. This section reveals some clues for which strategies to use in order to tackle resistance in a transformation process in the best possible way. This is relevant for the thesis as the problem statement requests guidance on how organizations should carry out a transformation and because transformation efforts often run into some kind of human resistance (Kotter and Schlesinger, 1979).

A change project will most likely face human resistance at some point. There are several ways and strategies to tackle this resistance. In our opinion, it can be difficult to define whether some activities are done in order to encourage motivation and understanding or to reduce resistance. For instance, in the preliminary, phase managers should establish a sense of urgency to create the motivation a change project requires. At the same time, this sense of urgency can prevent some people from resisting as it convinces them that change is the only way forward if the company wants to continue to be successful or end the crisis. The same applies when it comes to training but also creating a vision and communicating it. As much as this is done to help people understand the change and align them, it also prevents human resistance created by people who do not understand the purpose of the change. In this way several things are done in order to both help the transformation and prevent and tackle resistance.

According to Kotter and Schlesinger a change process can be placed on a continuum. Each end of the continuum represents two different strategies on how to tackle resistance, at their extreme. The left side of the continuum represents a very fast and well planned implementation of a change and the right side represents the opposite, a slow implementation where everything is not planned out from the beginning. The fast implementation suggests a harsh, brutal strategy towards resistance such as forcing people to adapt and cooperate. This strategy can be attractive when the change is urgent and needs to be implemented as quickly as possible. Slow implementation suggests a much more supportive and involving strategy towards resistance. This strategy focuses on community and the idea that the best results are made when people stand together. When people are resisting they should still be confronted, but instead of giving them an ultimatum and forcing them to cooperate, they are enlightened, involved, helped and trained as an attempt to have them support the change. Furthermore, several of these things are done before the actual resistance emerges in order to minimize it.

Strategic continuum

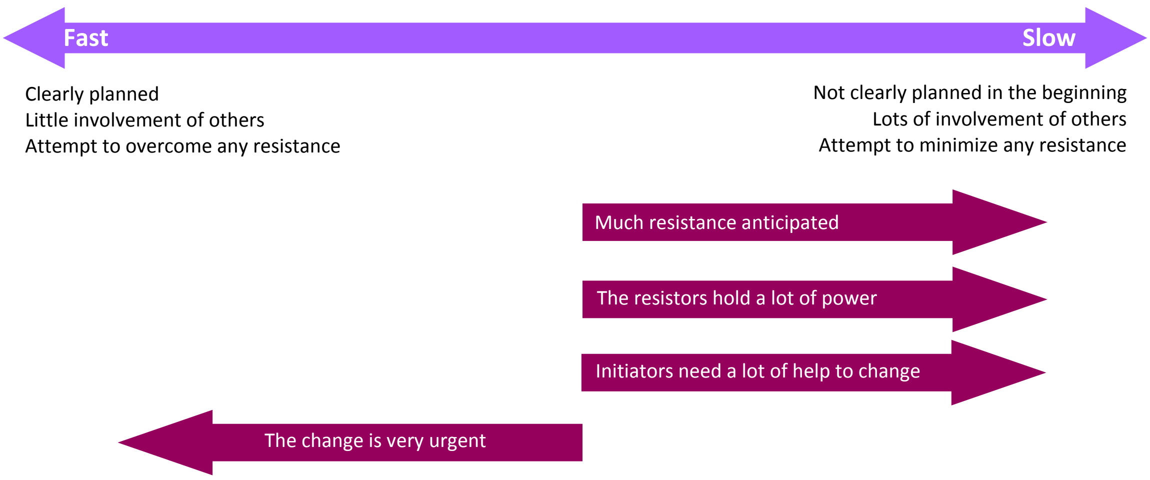

Figure 5, Strategic continuum
Source: Kotter and Schlesinger, 1979 Adapted

Figure 5 shows this strategic continuum. Below the continuum some factors are shown. These factors have influence on where the implementation process should be situated on the continuum. The arrows illustrate in which strategic direction the factors should lead the implementation process.

In general, leaders should move as far to the right on the continuum as possible when implementing change projects. To take community into account and create a joint idea of the direction always leaves a bigger chance for success. Nevertheless, it should be noted that the different strategies should be used depending on the situation which is why leaders should not always choose the same strategy.

Transformation processes are difficult. Any change is difficult and it requires courage to launch into the unknown. It is never easy to foresee how people will react and what the result will actually be. However, sometimes companies are forced to change as standing still can be worse than an unknown future. No matter which strategy companies apply to implement change processes, they consist of several steps, and skipping some of these in order to make a quick implementation only creates an illusion of speed.

4.1.6. Underlying thoughts

Change management is a large and wide area. However, it is tried to mix specific content from different theorists and merge it into one section that is made as relevant as possible for the later analysis. For this very reason some areas and specific theories of change management are not described in this section. Both Kotter and Sirkin et al. focus on the idea that it should be the right people who drive and manage a change project. They believe that the best and most respected managers should pull the transformation through and leaders should not be afraid of removing them from the daily operation of the company. This aspect is not described as analyzing it in Ericsson would be difficult. This is because our analysis will be conducted too far from the top management to be able to investigate the selection process of these people. Furthermore, we are closely connected to those leaders driving the transformation in Ericsson which will make it difficult to collect valid information on these people and furthermore, it would be inappropriate to evaluate their person and leadership skills.

As mentioned in the introduction, this section deals with change management in general regardless of the type of change as it is our opinion, that many problems which occur in transformation processes are universal. The reason for why we have this opinion is because, as stated in this section, people do normally not like change and reject it, and therefore it will always be necessary to create an incentive for people to change. If this is not done people will remain passive. Therefore, activities like creating a sense of urgency and motivating people will in our opinion always be valuable to a transformation process, regardless of the type of change. We believe that it is the same case with many of the other factors mentioned in this section, both “hard” and “soft” factors which is why this section has been given a universal approach.

4.1.7. Implications

This section is based mainly on the views of Kotter and Sirkin et al and their research findings. The findings on which Kotter bases his views consist of several investigations, dozens he claims, conducted over a 15 years period. While this certainly makes the overall findings quite valid, it does not mean that all organizations will react as those included in Kotter's analysis. Therefore it is not certain that the advice Kotter gives, based on his finding, will have the desired effect on all organizations. The same counts for Sirkin et al. However, their findings are based on 225 change initiatives which does make the conclusions very compelling. Nevertheless it still does not guarantee that every organization will benefit from advice based on these findings.

Both Kotter and Sirkin et al. base their conclusions on whether companies experience success or not. However, none of them further elaborate or define what they believe is a successful transformation. This means that if an organization runs a transformation based on the findings of Kotter or Sirkin et al. it would not be able to foresee the extend of the success and therefore not be able to foresee whether it would be satisfying or not.

4.2. Solution sales

This section will contain a description of what the concept "solution sales" entails and why companies are moving towards this particular type of sale. Furthermore, as the problem statement requests an investigation on how organizations should change into being based on solution sales, this section will describe what organizations specifically should change into regarding strategy, competence and organizational structure in order to get the concept effectively integrated. This section exclusively focuses on large organizations. This is the case as all academic theory related to this subject has been conducted by investigating large organizations and therefore it is possible to emphasize how different departments should interact with each other. Small or middle sized companies often do not have the same type of organizational structure for which reason it is not appropriate to apply the theory directly to this specific type of companies. However, it is our belief that if small or middle sized companies would change into being based on solution sales, they should have the same overall focus as described in this section.

Solution sales is a relatively new subject. Because of this, most theory on solution sales has been developed after 2000. This makes the amount of theory work very limited and in general, going through the articles on solution sales on academic databases, a lot of cross-references were made to the same authors. Nevertheless, this section is based on two types of theories. First, a theoretical type of theory, conducted by academic scholars trying to develop the theory of solution sales. They have mainly been investigating different companies trying to adapt into having a solution selling approach, but with emphasis on confirming or disconfirming hypothesizes. Also, the theory focuses on identifying new research questions within the field which need more attention. Second, a more practical type developed by both academic scholars and consultancy companies. This type of theory describes what has been done in companies which try to operate solution sales. This is often done from a case study approach and the theory is therefore often more explicit on what should practically be done. As the problem statement requests guidance for organizations on how to carry out a specific change, we believe that a practical angle to solution sales is also important for this section.

4.2.1. What is solution sales?

Due to the increasing globalization and level of competition combined with increased speed of innovation, organizations need to differentiate themselves from their competitors in order to keep being successful. The globalization has increased the competitive pressure by creating an industry where companies can respond quickly to other companies' innovation. This competition is reducing the prices on products and still leaves high demands regarding quality. Most companies today have an opportunity to move their production to low cost countries and furthermore it is getting harder for companies to differentiate themselves regarding cost and efficiency as production philosophies like LEAN and Six Sigma are getting more and more common. Years ago, these philosophies were implemented in order to be able to produce less expensive and be more effective than the competitors. Today efficiency initiatives must be implemented if a company wants to be an equal competitor. As a respond to the increasing competitive pressure, a growing number of corporate managers are dismantling their traditional organizations and cultures which are based on selling specific products. Instead they are replacing them with a new business model that includes new structures designed to be more responsive to the customers' needs (Day, 2008).

The success of these efforts is increasingly dependent upon significant transformations within a firm's sales organization. LaForge et al state that "The driving force of the transformation for the firm and sales organization is to deliver superior customer value" (LaForge et al., 2009). By delivering superior customer value, firms should be able to increase their customer satisfaction and by doing so, also increase their customer retention (LaForge et al., 2009).

As a result of the overall changes in business models, the role, function, and process of the sales department have changed from an operational, product-based, and transactional[2] role towards a more strategic, customer-focused and customer relational role (Moncrief and Marshall, 2005, Sheth and Sharma, 2008, Wotruba, 1996). The main focus of solution sales is to be customer oriented and to help the customers create value by understanding their needs and create desirable solutions.

The literature does not provide an exact definition of the concept solution sales which is also referred to as "consulting sales" and "system sales" in the literature. However, we believe that the following provides a good and clear description of solution sales. "*The idea of solution sales is to enable the sales process to build value by understanding and responding to concerns and opportunities that customers encounter*" (Storbacka et al. 2011). In more practical and layman's terms, solutions sales exists when organizations are delivering a complete solution on the basis of a thorough customer understanding, and not just delivering a product or a service. This is often best suited financial service companies or manufacturing companies as it can add a valuable service to their products. Furthermore, solution sales often fit companies that are operating on converging markets as they are able to combine skills from more than one market, and due to thorough market research, also know what customers and end customers demand (Day, 2008).

In general, when changing into selling solutions, the overall sales focus should change. Following figure 6 shows how the sales focus changes within solution sales compared to the traditional sales focus.

[2] Sales based on product and price alone

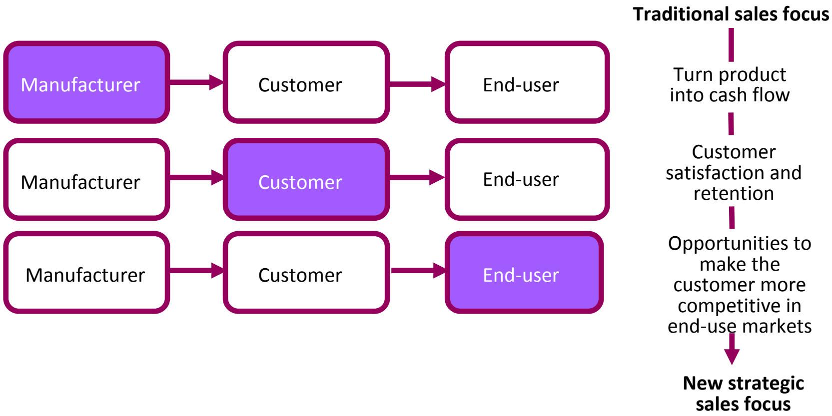

Figure 6, Changing the emphasis in strategic sales from manufacturer to end-user
Source: Piercy & Lane, 2005

Figure 6 suggests a change in the sales focus from the manufacturer, which is a more traditional and transactional focus, to the end-user as this can make customers more competitive in the end-user markets. Furthermore, there is abundant evidence indicating that the priority for major customers is customer understanding rather than simply buying products (Piercy & Lane, 2009).

Even though solution sales occurs simple in figure 6, changing a business model from product sales to solution sales is very difficult and will demand tremendous organizational changes. Solution sale is about understanding the entire market from a holistic point of view and create a strategy aligned with this view. Furthermore, solution sales involves being able to create and sell solutions that fit the customers and can add value to their business. If this is done right it will not only provide greater customer satisfaction and cooperation, but it will also provide the possibility to affect the customers and thus the market in a desirable direction. This is because having a holistic view of the market situation makes it possible for sales organizations to identify new opportunities downstream in the supply chain all the way to the end-user market. Following figure 7 shows this phenomenon.

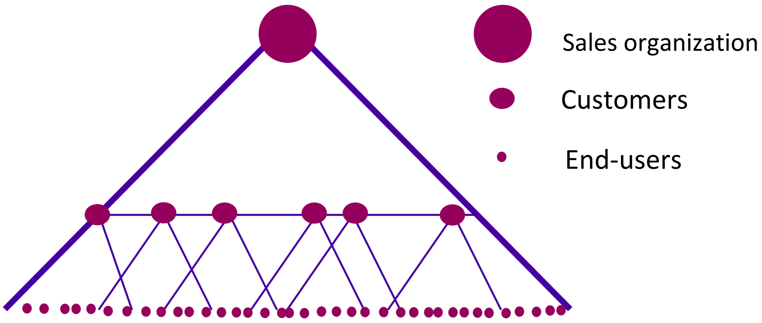

Figure 7, Market opportunities downstream in the supply chain
Own construction

If the sales organizations hold a holistic view of the market they are able to spot new technology or trends, which the customers are not able to see alone due to their focused market view.

4.2.2. Uniting the sales- and marketing department

This section will show why and how leading scholars within the field of solution sales believe it is important for the sales- and marketing department to change their ways of working. This will be done by investigating the problems and challenges involved for the sales- and marketing organization. Finally, there will be some elaboration on the importance of aligning these two departments and on the challenges of making it work.

4.2.2.1. The change in sales capabilities

For a sales organization to be able to utilize the possibilities that lie within a solution selling company, it needs to change from an operational focus towards strategic a focus which should be aligned with the corporate strategy. The sales department should increasingly be involved not only in executing strategy, but also in driving strategic initiatives towards both the customers and the organization (Storbacka et al. 2011).

In 2007 Howard Stevens and Theodore Kinni concluded a study of 80,000 business buyers, served by 210,000 salespeople in 15 different industries over a 14-year period to determine what buyers typically define as value. They came up with seven main expectations buyers have for their relationship with a salesperson: (Lane and Piercy, 2009)

1. **Be personally accountable for our desired results** – the sales person is expected to be committed to the customer and accountable for the achievement
2. **Understand our business** – to be able to add value, the sales person must understand the customer's competencies, strategies, challenges, and organizational culture
3. **Be on our side** – the salesperson must be the customer's advocate in his/her own organization, and operate through the policies and politics to focus on the customer's needs
4. **Design the right applications** – the salesperson is expected to think beyond technical features and functions to the implementation of the product or service in the customer's environment
5. **Be easily accessible** – customers expect salespeople to be constantly connected and within reach
6. **Solve our problems** – customers no longer buy products or services, they buy solutions to their business problems, and expect salespeople to diagnose, prescribe, and resolve their issues, not just sell them products
7. **Be creative in responding to our needs** – buyers expect salespeople to be innovators, who bring them new ideas to solve problems, so creativity is a major source of added value

This describes a customer environment which is radically different from the traditional transactional selling approach, and it involves substantially different challenges in managing customer relationships. The seven points are a clear statement from customers why sales organizations need to change towards a solution selling approach. All points except number five express the need for the sales organization to help the customers improve their business. For sales people to be able to execute the above mentioned desirers from customers, they need to act as sensing organisms for their organization. They need to sense and notice eventual movements within the market situation and the customers, and the organization behind the sales people needs to react to this information.

Sales people have always had a good understanding and knowledge about their customers, but as indicated before, they now need to have a more strategic approach. They need to distribute the strategic approach throughout their own organization so they are able to create the right solutions for the customers. This ability to create the right solution should be formed through an increased customer understanding and a strategically adapted organization. This makes it possible for the organization to not merely react to the customers' needs, but also contribute with visionary ideas, services or products. Therefore, if the sales people are able to understand the customers as desired according to the study of Howard Stevens and Theodore Kinni, they should have great insight into the customers' strategy and their needs in order to fulfill it. To be able to fully take advantage of this insight, the gained knowledge about market and customers should be shared with the rest of the organization. Distributing knowledge about customers throughout the organization is called internal marketing which will be discussed later in this section (see section 4.2.2.2). As this information sharing process should be a continuously running process and not a onetime information gathering, the strategy should also be continuously adapted. This should make the solution creating processes more natural and intuitive.

Effective solution sales involves new important skills from the sales people such as the ability to understand the customer and to share the information with the organization. Alfred Pelham has conducted a study where he discusses the importance of training people into being more consultative. Pelham investigates whether different consultative training programs can enhance performance and profit by studying if there is any correlation between the training and outcome. He argues that it is one thing to say and know what the customer wants, but it is another thing to actually execute it, and this needs training. Pelham's study is conducted in collaboration with industrial firms, and he argues that the need for continuous training in this sector might be greater, as employees in the industrial sector are very technical and product minded and not as customer oriented as for instance the service sector. In Pelham's study, he focuses on four programs to help develop a more solution selling organization. These programs are called "consulting oriented sales training", "post-sale training learning program", "consulting oriented evaluation" and "consulting oriented compensation program" The programs are showed in figure 8 where the emphases on the different programs are described.

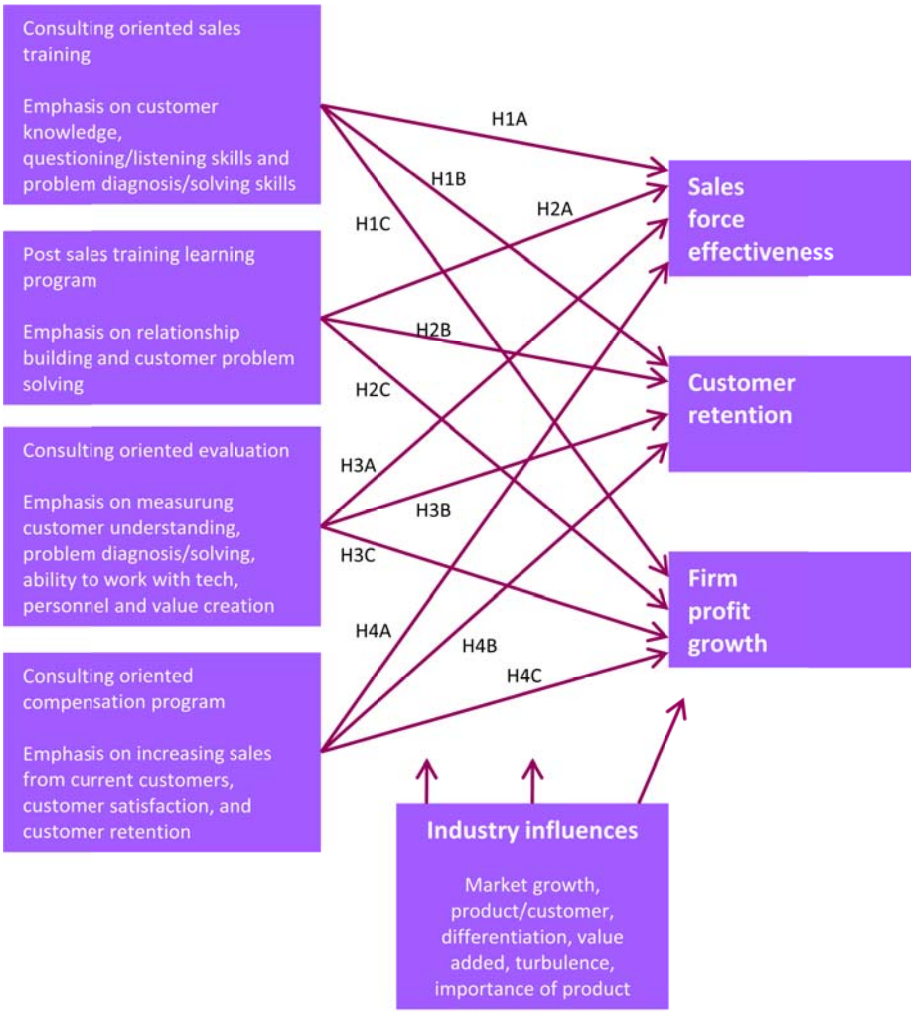

Figure 8, Links between consulting oriented sales management programs and performance, customer retention and profitability growth, Source: Pelham, 2006

As a result of the study, Pelham found that, although consulting oriented sales training and post-sales training have the strongest correlation with profit growth, these elements should be part of a coordinated program. The results also show that the consulting oriented knowledge and skills developed in initial sales training should be consistently reinforced in on-going learning activities designed to improve the relationship building and customer problem solving efforts of all salespeople. He states that this training and learning is more likely to result in positive outcomes when these consulting behaviors and outcomes are routinely evaluated to provide feedback to salespeople. Furthermore, he mainly found that emphasis on listening skills, diagnostic skills and problem solving skills were needed in industries where long term relationships are important for both buyer and seller. By this study Pelham argues that his findings support those concluded in (Slater and Narver, 1995, Baker and Sinkula, 1999 and

Farrell, 2000). These articles all argue that a learning organization is needed to be truly market orientated.

In Pelham's study of the four programs, three of them were dealing with training and one was about compensation. The three programs focusing on training all showed the effect mentioned before. However, in the compensation program, Pelham did not find any significant impact regarding the use of performance- and measurement systems. However, other scholars such as LaForge and Ingram do not reject the use of compensation programs. Instead, they argue that there needs to be a change in the compensation programs and measurement systems, from the traditional systems of measuring, awarding strictly on sales volume, towards a more customer- and team based compensation and measurement system. Day also argues that there needs to be incentives to work more cross-functional and that "improving accountability requires a combination of system changes, customer-focused measurement systems and employee incentives tied to customer-segment performance" (Day, 2008). At the same time he argues that in order to set up measurement systems related to peoples' performance, it is important that the systems are related and connected to each other and not too fragmented.

We will not reject either of the different views from the different scholars regarding the effects of measurement systems, as we do not feel that sufficient evidence from any of the parties have been presented. Therefore, until further evidence has been presented, we feel that the potential effects of using measurement systems should be assessed in the given situation. It is believed that using measurement systems sometimes can align people and help them work in the same direction, but also that it will sometime cause gaming[3] and be destructive, especially if they are not aligned with the change. LaForge describes the use of traditional measurement systems in solution sales as directly detrimental.

4.2.2.2. The change for the marketing department

If the overall structure of the sales department and the sales processes are changing into a solution selling structure by not pushing unfit products, but selling adapted solutions, it is imperative that the marketing department follows this change. As mentioned earlier, customers want the sales people to be their advocate in the organization. Therefore, the marketing department needs to align with the information they get from the sales

[3] Gaming is to exploit the rules and procedures meant to protect a system in order to instead manipulate the system for a desired outcome

department. Otherwise the operation of the company will be incoherent and it will be difficult to convince customers that suited solutions that are up- to- date with the overall market can be delivered.

Therefore, in most parts of the operation, marketing should change from traditional marketing where own products are in focus, into being a market research organization with emphasis on internal marketing based on the research. The market research should help the sales organization understand the market and their customers' competitive situation. As the sales organizations are often divided into segments or specific customer groups, they will often have a very narrow view of the market and not have the holistic view that may bring forward opportunities. The importance of the collaboration and how it should work are elaborated in section 4.2.2.3.

Internal marketing should be done to "sell" the customer internally in the organization which following figure 9 shows.

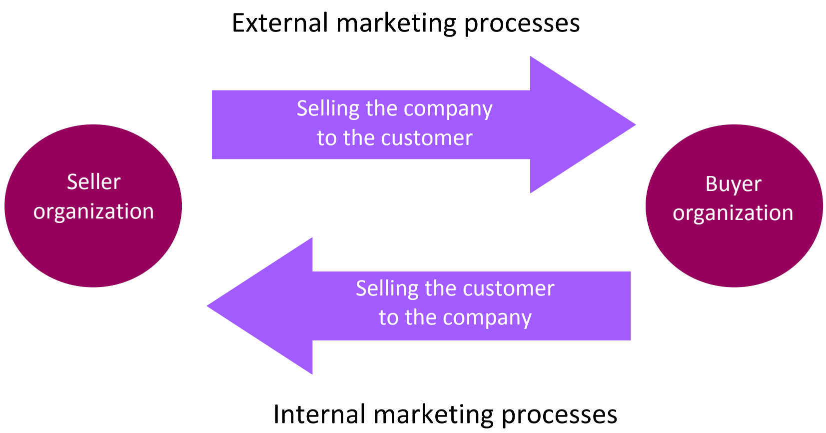

Figure 9, Internal and external marketing roles.
Source: Adapted from Piercy and Lane, 2009

Research has shown the importance of internal marketing. A research at Northwestern University in the US has found internal marketing to be one of the top three determinants of a company's financial performance. It clearly indicates that companies with better integration of external market trends and processes are more successful (Chang, 2005). Other studies have also shown that organizations are struggling to deliver valuable solutions to customers due to inadequate investments in internal marketing (Marketing Week, 2003).

4.2.2.3. **Joining the sales- and marketing department**

As indicated earlier, the marketing department needs to change from a traditional commercial department which focuses on own products, into a department which focuses on market research, in order to find opportunities. This also needs to be done to facilitate a close collaboration between the sales- and marketing department. The close collaboration between these departments is important in order to select the type of opportunities to pursue and thereby create a customer strategy. Customer strategies provide the opportunity to align selling efforts with the needs of customers and a way to implement business and marketing strategies effectively (LaForge et al., 2009). However, the creation of a customer strategy has been suggested as an extremely important, but often neglected activity for sales organizations (Ingram et al. 2002).

The purpose of an effective customer strategy is to segment and prioritize customers. The prioritization of customers provides a way to achieve higher average customer profitability and a higher return on sales because it improves relationships with the most important customers, and reduces marketing and sales costs (LaForge et al., 2009). The sales- and marketing departments are the backbone of market information and customer information. Therefore, by creating customer strategies and market them internally, it should be easier for the organization to deliver the desired needs to the customers.

Even though close collaboration between the two departments is important, the interaction between them is often complex and too often their relationship is influenced by controversies and double work (LaForge et al., 2009). In addition to being costly, a bad cooperation will also lead to a poor customer experience (Day, 2008). Furthermore, (Matthyssens and Johnston, 2006) discuss the utilization of resources and information flows between sales- and marketing departments and they too conclude that cooperation between marketing and sales in general should be improved. This lack of collaboration is expressed in the following by an executive in corporate marketing at a large industrial firm (LaForge et al., 2009).

"We have an effective process for developing business and marketing strategies, but then we throw these strategies over the wall and tell salespeople to go sell"

Given the historical lack of coordination between the marketing- and sales department combined with the importance of maximizing customer value as shown earlier in this section (see section 4.2.1), sales managers must play a more active role in aligning the sales and marketing functions (LaForge et al., 2009). According to (Kahn, Reizenstein, & Rentz, 2004) the old saying that the sales department creates the revenue, which may have been intended to build pride within the sales organization, has contributed to friction with marketing and other functional areas. In fact, they believe that the sales organization's pride of customer ownership and the resulting lack of willingness to share information, have contributed heavily to numerous failed customer relationship management initiatives. Therefore, they believe that sales managers should advocate that the entire firm becomes a learning organization, particularly as it relates to understanding the market and customers.

This is a tremendous change in how sales people work and it is a change that should not be taking lightly by companies that are transforming into solution sales. This is also consistent with the Pelham study shown in section 4.2.2.1 which concludes that salespeople need training. Not only should they change from selling products to selling solutions, they should also perform internal marketing by sharing knowledge about the customers with other departments. This will at some point create conflicting demands as they need to work effectively with others inside the company as well as with customers and partners outside the company. In other words, they should represent the company to customers and partners, and represent customers and partners to the company (Ingram et al., 2005). These potential conflicting demands increase the complexity of sales peoples' role which only adds to the incentives for training

4.2.3. Making solution sales work

Exclusively aligning the sales- and marketing department will not create a desirable solution selling company which is able to deliver valuable solutions. Though understanding the customers will provide a direction in which to solve the problem, it will not create desirable solutions alone. Therefore, in order to successfully change into a solution selling company, the transformation should involve all members of the organization (LaForge et al., 2009). However, this will require an organization which is able to develop solutions that fit the before mentioned customer strategies. This will often demand a new type of knowledge sharing, new working structures, new skills and different measurement systems.

4.2.3.1. Managing knowledge

Knowledge sharing has been a subject within organizational theory for many years, but we will not elaborate on the theories of different types of knowledge sharing. Instead, we will focus on what kind of information that should be shared, and where.

As mentioned earlier, having a good customer understanding is crucial for selling solutions. As this creates the need for salespeople to not only focus on selling products, but also on maintaining a customer relationship, it will often require a different type of sales person. This means that typical sales engineers, who are experts within product knowledge, may not be the right kind of people to sell solutions. If the engineers are so specialized that they are not able to understand the seven customer demands mentioned in section 4.2.2.1, or if they are not able to truly listen to customers, and able to effectively share knowledge with the rest of the organization, they are not the right people. When selling solutions, sales people must possess these skills in order to develop or have other people develop the right solutions. Nevertheless, this does not mean that all specialized knowledge should move to back office. Specialized and technical people should collaborate with the sales people and still deal with the customers. Therefore, team work and team selling are increasingly necessary to meet customer expectations (Ingram et al., 2005). To support this view, research findings have found that organizations with strong collaborative internal relationships are better at satisfying the customers and better at fulfilling special customer requests (Wilding, 2006). These internal relationships do not only include the relationship between the sales- and marketing department but the entire organization. Good internal relationships should be ensured through extensive knowledge sharing and internal marketing. Aside from sharing customer knowledge through internal marketing, the organization should facilitate knowledge sharing related to the solutions that are delivered to customers. This should be done in order to take advantage of the knowledge gained through prior solutions and thereby being able to develop suitable and high quality solutions faster.

4.2.3.2. Organization and other opportunities

For organizations to change into solution sales, specific initiatives such as creating a customer-centric culture and climate, developing a customer focused sales force through recruiting and selecting and training salespeople can be set up in order to launch a transformation (LaForge et al., 2009).

It is argued that the processes related to making solution sales and a market oriented organization work efficiently, are related to an organizational restructuring. A core challenge in making an organizational restructuring is changing into a more horizontal organizational design. A more horizontal design is appropriate as this is better suited for cross functional work and process oriented work. The importance of having a flat structure and working process oriented is recognized as this seems to be the case for most companies that are successfully operating solution sales (LaForge et al., 2009).

4.2.4. Underlying thoughts

The previous sections describe the theory behind solutions sales. No models or figures describing how solution sales should be structured have been found. However, following figure 10 shows how solution sales in our opinion should be structured. Our opinion is based on the theory.

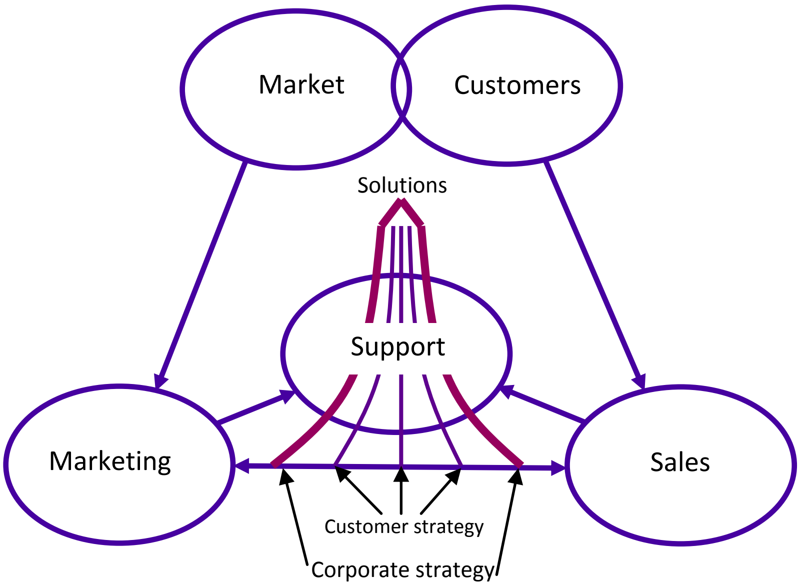

Figure 10, Solution sales information flow
Own construction

The figure illustrates the structure and the information flow through a solution selling organization. Support represents all operational, technical or delivering parts of the organization. Thereby the figure shows how sales- and marketing departments should collect information about the market and the customers and share it internally. Based on this shared information and internal marketing, they can create customer strategies that fit within the overall cooperate strategy.

4.2.5. Implications

As mentioned earlier in this section, solution sales is a relatively new subject and it is clear that much research is still needed on the subject. LaForge and Ingram are the two main theory developers and they have written articles together and individually. When they write individually they often refer to each other and this makes the subject a bit narrow. As an attempt to expand the amount of researchers within solution sales LaForge and Ingram have identified a lot of research question they believe need further attention in order to cover the area of solution sales sufficiently. We especially believe that studies on a more operational level would be desirable as most of the articles are on a strategic level. This makes it difficult to practically describe what organizations should do, which have affected this section.

5. Ericsson and their situation

Ericsson is a provider of telecommunication and data communication systems, and related services. They deliver and manage equipment used to create mobile networks as well as fixed networks. In addition, they deliver applications for operators, which allow them to offer attractive services such as picture- and video communication and more.

As Ericsson operates on a global market where competition keeps getting tougher, they have, chosen to reorganize their business in order to make it more efficient and competitive. They face increasing demands from customers regarding customer specific solutions, the complexity of the solutions and the service level. Therefore, Ericsson has chosen to reorganize their business model from being product based relying on standard transactional sales processes, towards solution sales build on consultative sales processes. This has been done in order to improve value for the customers and thereby improve customer satisfaction. Hopes are that this will secure market shares and thus growth in the future.

When moving away from a product based business model towards a solution selling business model, edges between different product groups get blurry and thereby also boundaries between markets. Therefore, as part of this transformation, Ericsson has also changed from being organized in marked units to being organized in regions. This is also done in order to exploit and take advantage of market opportunities across borders more simply. In this relation they have established a new department called Engagement Practices (after this referred to as EP). This department mostly consists of technicians, transferred from the operations department that solely works within the technical field. The former and the new business structure can be seen on figure 11 and 12.

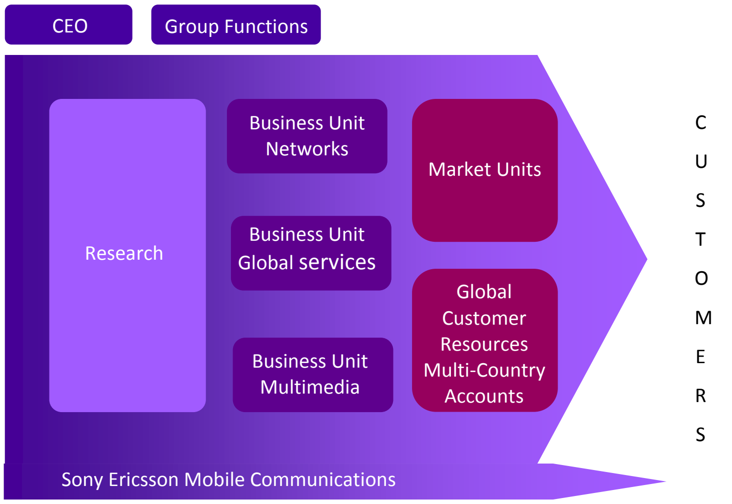

Figure 11, Former business structure in Ericsson
Source: Ericsson

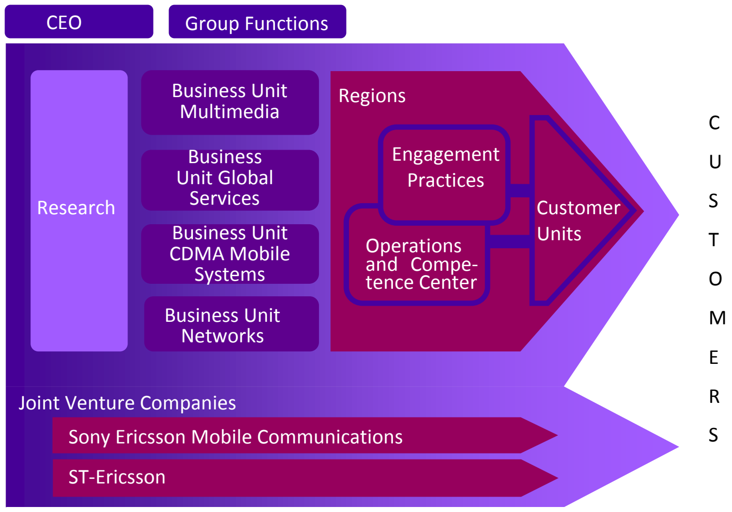

Figure 12, New business structure in Ericsson
Source: Ericsson

EP has been established in order to support key account managers and account managers in handling and serving customers. Normally, key account managers and account managers were the only ones who dealt with customers, but now the idea is that EP should support them when it comes to technical issues. In general, EP's job is to become a connecting link between sales and operations by creating individual solutions for customers. This includes both solving problems presented by the customer, but also by seeing what the customers need and require. This transformation has led to the need of a more proactive customer approach concerning opportunities for both new and existing customers.

It is clear that the big difference is within the last section that actually holds the customer interaction. Before, market units and global customer resources and multi-country accounts had the customer interaction. Now, customer units, which include account managers, hold the main responsibility for customer interaction, but they are connected to first, EP and second, Operations and Competence Center. This represents the idea that support should come from EP, but if further assistance is needed, Operations and Competence center should step in.

6. Analysis

The problem statement requests an investigation on what large business-to-business organizations should focus on when they change their business model from being product based into solution based. In order to provide a satisfying answer to this, an in-depth analysis of a transformation in Ericsson is conducted. It is chosen to conduct this analysis of the transformation in Ericsson, as it deals with this specific type of change. Using the knowledge from the theory section in order to analyze the transformation in Ericsson will create a combined knowledge of both theory and practice, and this gained knowledge will create the basis for the later conclusions and thereby the answers to the problem statement.

Besides the knowledge created through the theory section, the analysis is based on the data collection. In light of this, sub-subjects have been identified and these create the structure of the analysis. As interviews have been the main source of data, statistics illustrating answers from these interviews are showed continuously throughout the analysis.

The analysis investigates an ongoing and present change in Ericsson and therefore, making conclusions on how such change should be done based on the analysis will not be final. It is therefore difficult to provide a final answer to the problem statement based on this analysis. As investigators we are not able to truly evaluate the actions Ericsson has taken or the processes they have used. Some of their actions may seem wrong or right at this moment, but as the results of the change cannot be identified yet, it is not possible to make any final conclusions. In order to do so, this investigation should follow the change progress until the change is fully completed, which will probably take several years. The good thing about this analysis however, is that it investigates something that is ongoing. This means that it is possible to see what is happening right now and therefore get an in-depth feeling of how people are responding to the change initiative. This gives a supreme possibility to compare the change in Ericsson with the theory, and at the same time, observe what the employees feel about it and what they believe is good or bad. Was this change not investigated until its completion, it would be much more difficult to identify how it was actually implemented and it would not be possible to identify the attitude coming from employees regarding the change. Instead, information would be based on the memory of employees and it would probably be biased by the final result.

6.1. How far in the change is Ericsson?

This first subsection analyzes how far Ericsson has come in the change. This is done in order to show the situation Ericsson is in, which will help the reader understand the perspective of the analysis.

The structural and organizational transition was made in June 2010 and the change was first introduced to employees in March 2010 which means that the transformation process has been running for more than a year. Besides the structural changes it is impossible for a company to know in advance exactly how long time a transformation process will take. It is also difficult, during the transformation, to identify how far a company has actually come in the process. Instead of asking employees how far they think Ericsson is in the transformation, they were asked whether Ericsson today is a product selling or solution selling company. The following statistic shows the answers.

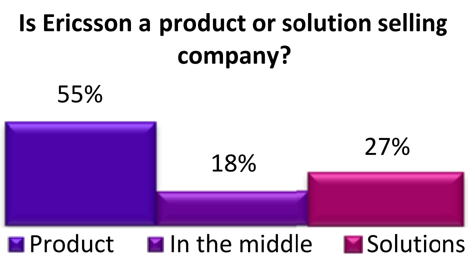

Figure 13, Is Ericsson a product or solution selling company?

It is clear that there is a lot disagreement on whether the interviewed employees believe Ericsson is a product selling or solution selling company. Only 27% of the interviewed employees believe that Ericsson is now a solution selling company. Based on this and what seems to be the general perception in Ericsson, it is rather certain that they are in the beginning of the transformation process.

The fact that there is a lot of disagreement on whether Ericsson is a product selling or solution selling company can be related to the department the interviewed employees represent. Some departments, especially those dealing with products that have been in Ericsson's portfolio for many years, seem to change slower whereas other departments, dealing with newer products or services, change faster. This is not surprising. First of all, people who have been selling the same type of products for many years will probably not be able to change as fast as employees who sell new products. This is because, they are not that much tied to the same habits and routines compared to employees who have had the same tasks for many years. Second, some products are far better suited for solution sales than others. A lot of the new products today are developed with consideration for solution sales whereas the old products have always been produced for transactional sales.

In general, it is clear that Ericsson is in the beginning of a transformation. The analysis will show that several actions and processes have not been implemented as part of the change yet, even though the structural changes have been executed. The analysis will also show the severe consequences of these shortcomings.

6.2. Sense of urgency

According to theory section 4.1.2.1, creating a sense of urgency within people is important in order to make a change. The following statistic shows whether employees in Ericsson have a sense of urgency or not.

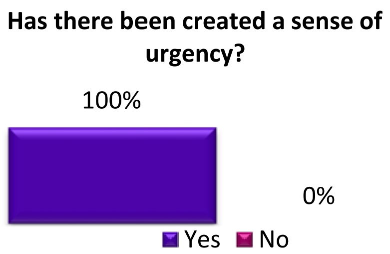

Figure 14, Has there been created a sense of urgency?

Figure 14 clearly shows that people feel a sense of urgency. During the interviews it was obvious that people strongly feel that it is necessary to change. It was also clear that, before this change was initiated, people had seen several presentations where it was made clear that if they want to keep being a world leading company and continuously make a decent profit, they cannot continue to compete the way they are doing now.

“We need to differentiate ourselves. If we only sell products, the competition is too tough”

It is especially clear that this sense of urgency comes from specific presentations and is not something they have developed themselves as individuals. This is because many of the expressions the employees used, when elaborating on why the change has been initiated and whether it was necessary or not, were the same. Was this sense of urgency developed individually through a general impression of Ericsson and the competitive situation, it is not likely that the answers were that much alike. In general, the employees said that Ericsson has had large declines in market shares and that Ericsson is being pressured from other competitors. They emphasized that when it comes to manufacturing and delivering products, other companies are able to do it less expensive and still maintain a high quality. Years ago, Ericsson used to be known for their quality, so even though they were a bit more expensive, customers had a reason to choose Ericsson's products. However, the employees do not believe customers have this reason anymore. The quality of products from other companies has increased and they are now just as good as Ericsson's products. According to the employees, this means that if Ericsson continues their way of doing business, they will experience a significant decrease in sales and thus the overall performance.

The presentations the employees have seen are presentations coming from the top management, especially from Hans Vestberg, CEO of Ericsson. The following figure shows a future with declining sales if nothing is done and is an example of what Ericsson has showed their employees in order to create the sense of urgency.

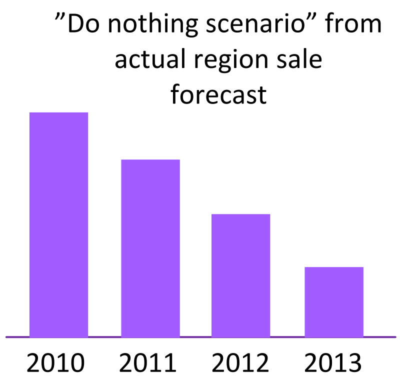

Figure 15, Forecast for regional sales if nothing is done
Source: Ericsson

Even though current declining market shares were mentioned, it was clear through the interviews and figure 15 above that the sense of urgency has been built on poor expected results, and it was also obvious that it was the future that truly worried the employees. As mentioned in theory section 4.1.2.1, creating a sense of urgency is easier when there are red numbers to back up the need for change, but at the same time, this also leaves fewer resources to actually make the change. Although the sense of urgency in Ericsson is built on poor expected results and not as much a current poor result, employees have accepted it and understand that there is a need for change. Creating a motivation for change before actual bad business results occur should be optimal as it leaves resources to help implement the change. It has also been noticed that significant amount of resources has been reserved for the change in Ericsson, but whether or not it is sufficient has not been evaluated. However, it does not seem like the resources are being used.

In general, it seems that Ericsson's employees do have a proper sense of urgency and whether it is deliberately planted in them or they created it themselves, does not matter in relation to the transformation. What is important is that the sense of urgency is there and the fact that Ericsson has created it shows that they are aware of its importance to the transformation.

6.3. Vision

According to theory section 4.1.2.2, it is important that there is a good and clear vision that shows in which direction the transformation should take the organization when initiating a transformation. The following statistic shows whether the interviewed employees in Ericsson believe that there is a clear vision for the transformation or not.

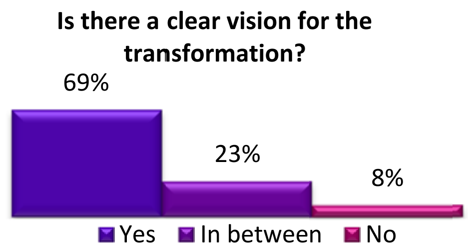

Figure 16, Is there a clear vision for the transformation?

In general employees think that there is a clear vision for the transformation. This is also what we have experienced as being the general perception in Ericsson. As with the sense of urgency, it seems that the employees' knowledge about the vision originates from presentations from top management. Again this is based on the fact that the employees use several of the same phrases and expressions when they explain what the vision entails. Among the employees, the general perception of the vision is that Ericsson wants to change into selling solutions and not just products. They want to approach customers proactively and show them the potential possibilities within Ericsson's products combined with the service Ericsson offers. Therefore, approaching the customers before they even know they have a problem or a potential possibility, and convincing them that Ericsson's products and services can increase their profitability is what Ericsson believes is the way they need to do business in the future.

In order to convince the employees that the vision will take Ericsson in the right direction and that the transformation will lead to a better and more profitable situation in the future, the following figure has been showed in presentations.

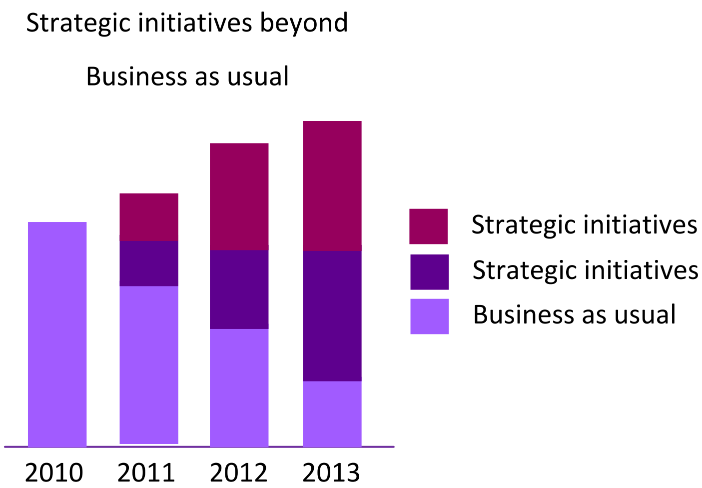

Figure 17, Forecast for regional sales, if the change is implemented
Source, Ericsson

Figure 17 shows the same future situation as figure 15 that was used to create a sense of urgency. However, on this figure Ericsson has shown how different initiatives related to the change can affect the future results in a profitable way.

It seems that the presentations showing the attractive future situation have worked. People are truly convinced that not only is change necessary, changing in this specific direction is the right thing to do. It is not always given that if a sense of urgency is created within employees, they will embrace the change. It must be presumed that sometimes people agree on a high level of urgency for a change, but they may not agree on which direction the company should take.

This, however, has succeeded for Ericsson which the following figure also shows.

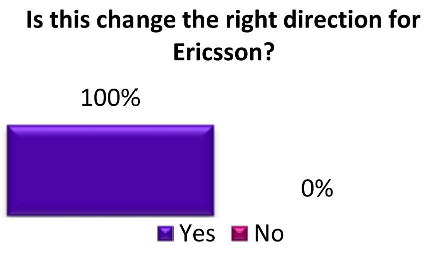

Figure 18, Is this change the right direction for Ericsson?

From figure 16 it is noticeable that not everybody believes that there is a clear vision, but at the same time, figure 18 shows that everybody thinks that the change is the right direction for Ericsson. If people believe that the change is taking Ericsson in the right direction, they must have an idea of where this direction takes Ericsson in the long run, which in fact is the vision.

"I think there is a clear vision and I feel that we are moving in a direction where we have the knowledge needed"

However, these conflicting answers can be a result of people having different ideas of what a vision is and especially how concrete it is. Some may know what the overall vision entails and agree on it in terms of direction, but they still think it lacks some clarity and focus. This could result in answers stating that there is not a clear vision, but the direction for the change is right.

Though there is a general believe among employees that this direction is right for Ericsson, several employees do not think or feel that all managers believe in the vision. According to theory section 4.1.2.2, lacking a belief in the vision is dangerous, especially when the lack is from managers, as they, should lead the change and set an example for the employees.

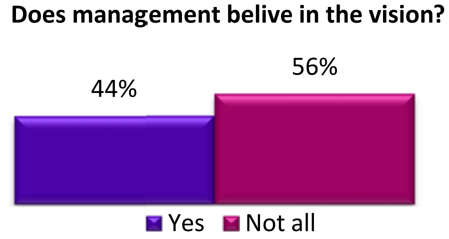

Figure 19, Does management believe in the vision?

The lack of acceptance towards the vision from managers and middle managers is according to employees due to the fact that a lot of those people have been in the organization for many years, and they are used to the old processes to such extent that they find it difficult to adapt to new processes. Earlier they have seen how the company has created great results through the old business model and perhaps therefore they do not share the belief that changing into being a solution selling company is the right thing.

"There is the old generation who is making the business now, and then there is the young staff who is trying to turn Ericsson into what Ericsson wants to be. The old ones think the youngsters are only selling dreams, not products"

However, it could also be because they feel insecure about how they fit into the change. According to theory section 4.1.2.4, insecurity towards the change can create a non-supportive behavior. As senior employees, they probably know what they are capable of and what they are good at in their job, and if the transformation changes their job descriptions into something they will not be good at or even unable to do, chances are that they will not find it a good idea.

However, another reason could explain why employees often do not think that their managers believe in the vision. When employees and their managers are informed about the change in Ericsson they all get the information at the same time. As a consequence, managers never hold more information about the change than their employees. This makes it difficult for managers to lead the change and be frontrunners.

In spite of the lack of belief in the vision from middle management, there is a general acceptance towards it from the average employees. The fact that Ericsson has succeeded in convincing the average employees about the vision even though some of their managers are not following, could be due to the quality and the intensity of the presentations that created the sense of urgency and showed the vision. It seems that these presentations have been very effective, but unfortunately not enough to convince everyone.

The thought that it is mostly the presentations that have created a general acceptance towards the vision is based on the fact that no other documents were found stating the vision. Furthermore, employees mentioned several times that the presentations from management had been their main source of information regarding the change. See appendix 5.

6.4. Training

When a transformation is initiated, it is, according to theory section 4.1.2.4, important to provide suitable training for employees in order to prevent resistance and to make the change run as smooth as possible. The following figure 20 shows whether training has been provided in Ericsson or not.

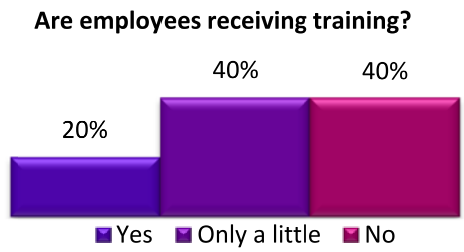

Figure 20, Are employees receiving training?

From figure 20 above, it is clear that most of the interviewed employees think that Ericsson has provided little or no training to employees. The fact that people disagree in this matter can be because it is different whether some departments have provided training or not.

As Ericsson has changed their business model from being product based to solution based, they should provide training for employees on how to do this. According to theory section 4.1.2.4 companies that move from a product based to a solution based business model should provide training within relationship building, listening skills, and problem and solution diagnostics as this will increase profits.

The sales organization in Ericsson is divided in two departments, the account managers and EP. EP is created in order to take on the technical parts of the sales. This makes it possible for account managers to merely focus on creating a consultative customer relationship on a more strategic level, which is a big change for them as they are used to making sales through a transactional customer relationship. At the same time, account managers pass on the technical responsibilities of the sales. As part of the customer relationship, account managers must learn to understand the customers in order to have Ericsson deliver the best suitable solutions with the purpose of improving their overall business. Therefore, according to theory section 4.1.2.4, Ericsson is losing out on profit as they do not provide training to their account managers. Most of the people in EP have been collected from the technical operations department. This means that they need to combine their technical knowledge with customer interaction and since they are not used to dealing with customers, they should therefore receive training on how to execute this.

Besides the fact that the employees did not believe that enough training was provided they mentioned two different reasons for why this is the case. Both of the reasons are based on the general culture in Ericsson.

One reason is that they believe that a lot of the employees who need to change are not able to do so, even though they receive training. The general attitude is that some people can be changed, if they really want to themselves, but mostly it is not possible. Whether or not this is true cannot be concluded but according to theory section 4.1.2.4, providing relevant training when changing the business model to a solution based model, does increase profitability.

Another reason is that the overall attitude points towards the common expression; learning by doing. In general there is an attitude in Ericsson saying that some things cannot be taught. In this case, Ericsson strongly doubts that employees can be taught how to interact with customers. Instead they believe that the employees should go to the customers and learn it through experience.

"The Ericsson way is to learning by doing and putting in leading stars that can show the way."

Instead of training, Ericsson focuses on replacing those employees they do not believe is capable of changing and at the same time, bring in people with the right skills to lead the way. Ericsson refers to these people as leading stars. Allegedly, some people will never be able to change, but those who are should be given a prober amount of training. It is difficult to assess whether training or replacing people in Ericsson is best. Changing people can take a long time, but so can replacing them, if not too much knowledge should be pulled out of the company at once. However, choosing to train people instead of replacing them can bring focus to the transformation and put it on the agenda, which will always be preferable. Based on figure 20 and on the general perception of training in Ericsson, it must be stated that Ericsson has not provided sufficient training to employees. It is not possible to assess the final consequences of this yet as the transformation is still in the start up. However, there are some consequences that are already obvious. The following figure shows whether people understand their new role in Ericsson or not.

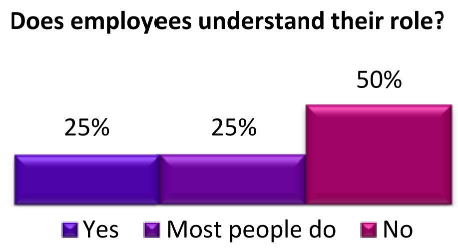

Figure 21, Does employees understand their role?

From figure 21 it is clear that a lot of the interviewed employees do not understand their role in Ericsson. If the employees do not understand their role, they are not able to change. This could include employees who are more than willing to change, but due to the lack of training they simply do not know how or what they should change.

6.5. Workload

During a transformation it is, according to theory section 4.1.3.5, important that the workload does not increase drastically. In fact, it is recommended that the workload should not increase more than 10% as it can create an undesired amount of resistance. The following statistic shows whether the workload has increased in Ericsson during the transformation or not.

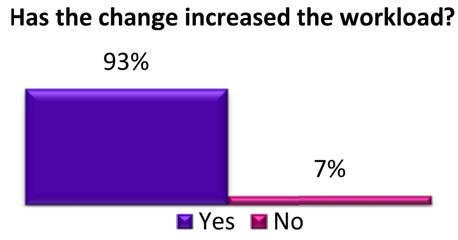

Figure 22, Has the change increased the work load?

Figure 22 clearly shows that almost everyone believes that the workload has increased in relation to the change project. Furthermore, during interviews (see appendix 5) and through random conversations it was clear that the workload has increased more than 10%. Almost everyone mentioned that the workload has increased drastically since the change was initiated. They also mentioned that people are complaining about it and that they are not happy with the situation. One reason for why the workload has increased this much seems to be because the employees are not used to their new roles yet as shown in figure 21. They are not confident with their new assignments and they lack the processes and the tools to carry them out. This insecurity creates a lot of unnecessary work and in general it creates inefficiency. It is clear that the managers are aware of this, but still Ericsson continues to neglect the training that may actually help. The process of getting used to the new roles is clearly hampered by the lack of training.

"The workload has increased. Trying to work towards the vision, but still running the company is difficult and creates a lot of work"

What is also contributing to the increasing workload is the fact that employees need to focus on their normal assignments and at the same time try to change. Several mentioned this as an explanation for the increased workload. In this relation they also mentioned that the results have gone down in the period and they seem to be a bit frustrated about it. However, according to theory section 4.1.3.7, decreasing results are natural and should be accepted as part of a change. If employees react on decreasing results and go back to the old ways of working, the change will face huge problems.

An increasing workload is frustrating, but most employees are probably capable of handling an increased workload, if it is only for a short period of time. However, not knowing for how long an increased workload will continue will always be frustrating and demoralizing. When the employees in Ericsson were asked for how long they think the increased workload will continue, they did not know. Some of them believed that it will be a very long time before it starts to decrease and some believed that it will get better, when they get more used to their new routines.

"I do not know how long time it will take before it will decrease, I do not think we have reached the top yet"

Based on the amount of increased workload and the fact that employees are not aware of how long time it will take before it gets back to normal, Ericsson has to take action in this matter. During interviews, it was also clear that employees were complaining and not happy about the increased workload and if Ericsson ignores this, it will only get worse. Maybe some of the most humble employees will grow to accept it and get used to it, but it will probably not be the majority of the employees. There is also the risk that some will stop trying to change and go back to their normal routines. Furthermore, if Ericsson's strategy is to replace a lot of employees, they can face difficulties attracting the most talented and competent profiles, if the situation is not improved.

6.6. Milestones and evaluation

According to theory section 4.1.2.3, it is a good idea to set milestones for a transformation and carry out evaluations in connection with these milestones. The following figure shows whether or not the employees believe Ericsson has established milestones for the transformation.

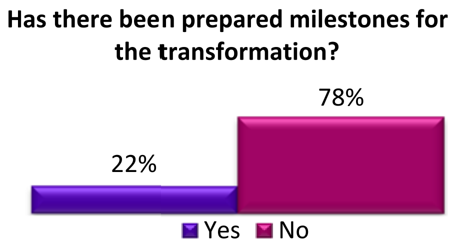

Figure 23, Has there been prepared milestones for the transformation?

The majority of the interviewed employees do not believe that there has been created milestones for the transformation. As milestones form the steps that eventually should lead to a successful transformation, the lack shows that Ericsson has not thoroughly planned the change. The lack is also a source of frustration from the employees. When there are not set any milestones, at least none the average employees are aware of, the overall transformation seems overwhelming which can lead to frustration.

"I do not think they evaluate the process. I miss an overall plan"

If people cannot see the light at the end of the tunnel and not feel that they are moving towards it, they may lose motivation and belief in the transformation. However, in Ericsson, this does not seem to be the case yet. Some are frustrated about the fact that they do not see any progress, but in general, they have still not lost faith, which is also indicated earlier in the analysis as (see section 4.1.2.2). Why this is the case is difficult to assess. However, it seems that people are accepting it because they, to some extent, believe that the transformation has not really begun yet. Employees are still waiting to see a plan that involves the execution of the change and when or if it comes, hopefully employees will be able to see the light at the end of the tunnel or at least be able to feel that they are moving in the right direction.

When there are not set any milestones, it is not possible to evaluate them. However, figure 24 shows whether or not employees believe that the transformation is evaluated.

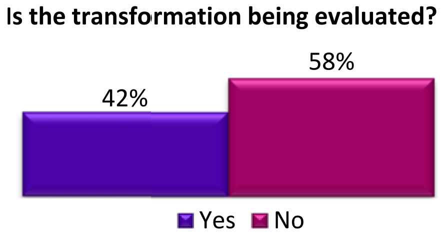

Figure 24, Is the transformation being evaluated?

The interviewed employees obviously share different opinions on whether or not the transformation is being evaluated. However, most of the employees believe that it is not being evaluated. This is undesirable as it makes it difficult if not impossible for the management to assess whether the transformation is moving in the right direction or not.

In general, Ericsson is not good at evaluating. In their sales process they have five official sales decision points (SDP) spanning from SDP 0 to SDP 4. These are decision points where managers must decide if a sale should receive a “go” or a “no go” decision. The last decision point though, SDP 4, is not an actual decision point, but an evaluative point that should be used to evaluate the specific sales process in order to learn and be able to improve unsatisfying procedures in the future. However, Ericsson does not practically complete the SDP 4 which means that they do not evaluate the sales processes. According to Ericsson’s employees, the reason for this is the culture. If a procedure is not immediately beneficial, like an evaluative procedure, employees believe that there is a good chance that it will not be done. This general attitude affects the transformation as it complicates the process by leaving people unaware of possible progresses.

It is also noticed that several employees mentioned that they do not believe it is possible to measure and evaluate a transformation. According to theory section 4.1.2.3 it is possible, but in order to evaluate, there must be something to base an evaluation on such as a milestone. The theory section also states that milestones should be created intentionally and followed instead of just hoping that results will automatically appear on their own. Ericsson has not created these milestones and therefore they are not able to evaluate the transformation.

The reason for why employees in Ericsson believe that it is not possible to evaluate a transformation is because they do not believe it is possible to evaluate and measure change in people. Whether or not this is true is not possible to conclude, but it is possible to evaluate the processes that are related to the change and performed by people. If milestones are created and aligned with the overall transformation strategy, it would be possible to evaluate the transformation and determine if progress are made. As solution sales include much more customer interaction than traditional product sales, a milestone aligned with the transformation in Ericsson could involve the amount of time, technical sales people should spend with customers.

In general, it is clear that the employees miss a plan for the transformation and they lack a practical direction for how they should work. Milestones could indicate the direction, but at the moment it seems that the only thing that is giving the transformation a direction is the vision. People know in which direction to work solely due to the vision, but there should still be milestones along the way to confirm that they are moving in the right direction. The following figure illustrates the importance of having milestones even though a good vision is created.

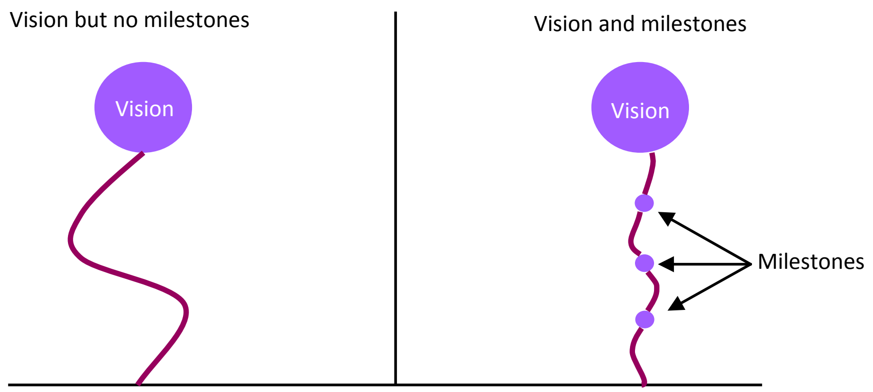

Figure 25, The importance of having milestones
Own construction

Ericsson has created a good vision, but they lack the milestones, which prolongs the transformation process and creates a lot of unnecessary work.

6.7. Resistance

According to theory section 4.1.5 most transformation processes do at some point face human resistance. The following statistic shows whether employees in Ericsson believe that there is resistance towards the change or not.

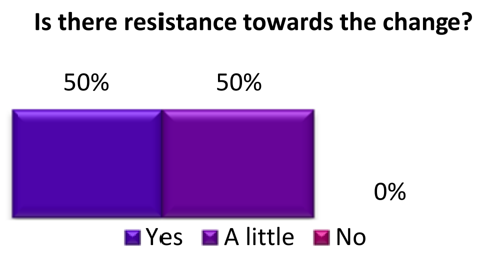

Figure 26, Is there resistance toward the change?

Figure 26 shows that everybody believes that there is resistance towards the change in Ericsson. 50% however, believe that there is only a little amount of resistance. This confliction could be simply because people come from different departments and the general attitudes are different from department to department. In general, it seems that there is a fair amount of resistance, but it does not seem like the resistance is towards the actual change, but more because of the consequences of the change such as the increased workload.

It appears that Ericsson has prevented a great deal of resistance towards the change by thoroughly creating a sense of urgency and making the employees believe in the vision. However, it looks like they have not been aware of the fact that personal insecurity or confusion regarding new job descriptions and increasing workload are sources of resistance as well.

The reasons the employees mentioned for why there is resistance is that the employees do not understand what they should do exactly. They are aware of the vision, but they lack the practical execution and job descriptions. This relates to the lack of training, but as mentioned earlier, Ericsson focuses on replacing those people they believe are not able to change rather than training them. The question is whether the resistance comes from the employees Ericsson plans to replace or if it comes from others as well. As we do not know who Ericsson is planning to replace, we do not know the answer, but based on general conversations in

Ericsson, we believe that resistance is coming from many different places and employees, and not just from the ones Ericsson is planning to replace. If this is true, Ericsson could, according to theory section 4.1.2.4, reduce some resistance by training people. In the meantime they must accept that their approach will create resistance.

When asked about resistance employees have not mentioned the workload, but in relation to other questions, the workload has been criticized a lot and mentioned as a source of frustration and resistance as well. Should Ericsson try to reduce some of the resistance, they must find a way to reduce the workload. According to theory section 4.1.3.5, Ericsson could consider taking in extra work force in the transformational periods to reduce the workload or they could simply slow down the transformational process. However, none of these solutions seem appropriate for Ericsson. As the transformation is big and extensive it will probably take several years to execute. Hiring extra work force for that long a period will be undesirable simply because of the expenses related. At the same time, slowing down the process is also undesirable as it is already moving very slowly which will be elaborated later in the analysis, (see section 6.13**)**. Instead, taking action on some of the problems mentioned earlier in the analysis could probably reduce the workload and thereby the resistance. This includes training and planning the transformation by setting milestones.

No matter what activities Ericsson initiates in order to reduce resistance, Ericsson will probably always face some resistance. Therefore, it is important to analyze whether Ericsson confronts resistance or not. According to theory section 4.1.5, resistance should always be confronted as it can develop and escalate.

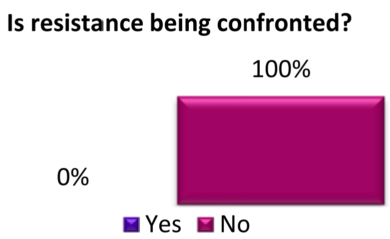

Figure 27, Is resistance being confronted?

It is clear that the interviewed employees do not believe that resistance is being confronted in Ericsson. If resistance is not confronted and no other actions are taken in order to reduce it, the resistance will remain there. The reasons for why Ericsson is not confronting resistance can be many. One of them could be that there is no culture or history for confronting people like that. Another reason could be that management is not aware of who is resisting. However, due to general conversations in Ericsson, this is not likely. It seemed like people knew very well who was resisting the change. According to the employees the reason for why resistance is not confronted is because the managers, who should confront resisting employees, are resisting as well. If this is true, it can be a huge problem for Ericsson. If those people who should lead the change are against it, they will not encourage change from their employees and maybe even prevent it.

"People are not confronted directly because their managers are probably resisting the change as well "

In general, it seems that resistance from managers is a problem for the transformation. The following figure 28 shows a presumed picture of where in the organization the resistance is located. The assumption is based on information from interviews.

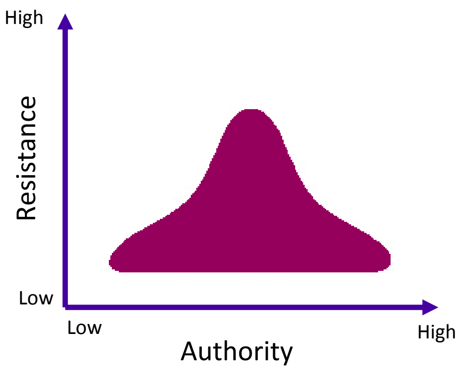

Figure 28, Resistance located in Ericsson
Own construction

Figure 28 shows that especially middle management is creating the resistance. This is something Ericsson needs to confront as it can be fatal for the transformation if it continues. If Ericsson's strategy is to replace the people they do not believe will be able to change, it seems like middle management would be a good place to start the replacing.

Ericsson must also be aware of potential resistance in the future. As the transformation is still in the start up, several employees have not started to change yet. Among these people who have not started changing yet, resistors can be located, but they will perhaps not be visible before they actually need to change.

6.8. Customer orientation and understanding

The following is analyzed in order to identify how far Ericsson has come in one of the basic principles of being a solution selling organization. According to theory section 4.2.1, it is important that the employees in Ericsson understand the customers in order to deliver the right solutions and thereby help the customers improve their business. In order to identify whether employees in Ericsson are customer oriented and have a customer understanding or not, several questions have been asked. The answers have been interpreted and compared to the buyers' expectations according to theory section 4.2.2.1. The following statistic shows whether employees in Ericsson are customer oriented or not.

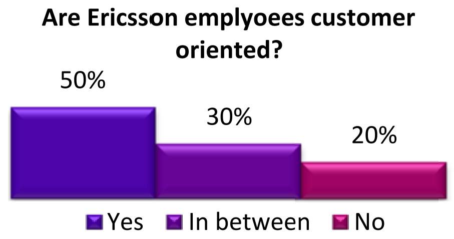

Figure 29, Are Ericsson employees customer oriented?

Figure 29 shows that most of the employees in Ericsson are customer oriented and have an understanding of what the customers expect from them. It is clear that some employees have a proper understanding of what they need to do for the customers and have a good perception of their business.

"I need to understand everything around the customer and find solutions"

Figure 29 also shows that 30% is indicated as "in between". These employees seem to know the right words to say, but do not seem to have a clear view of how to actually help the customer with their business. They seem to have a clear view of the vision and of what

Ericsson wants to be and therefore they know the right words to say. However, they still miss some insight and training in order to use it in their daily work. It is also clear that some employees are very technical and mostly minded on Ericsson's products. In general, whether the employees are customer oriented or not seems to be dependent on which department they represent. It seems that there is the same dependency as with whether people believe that Ericsson is mostly selling solutions or products as showed in section 6.1. The newer the product-line or service, the more oriented towards the customers the employees are, while employees in more traditional segments of the portfolio seem to have a less desirable customer orientation and understanding.

Even though the statistic shows that only 20% are not customer oriented, it is still clear throughout the interviews and general conversations in Ericsson that they need to get the customers' business on the agenda. An example of this is showed in the following quote.

"I need to make sure we win the deals, but also understand the needs of the customer"

If the person was truly customer oriented, more focus would be on understanding the customer needs in order to deliver the solution that would win the deal. The consequence of Ericsson not getting a suitable customer understanding out through the organization will be a company not fully aligned. This can cause Ericsson to miss out on opportunities or even worse, it can block them from being able to produce better solutions than their competitors or block them from producing suitable and desirable solutions for their customers. However, the amount of effect a lack of customer understanding will have on Ericsson, will vary from department to department.

6.9. Knowledge sharing

When companies change their business model to being based on solution sales, it is important be able to share knowledge. According to theory section 4.2.2, it is especially important that companies share knowledge about the customers. As figure 10 in theory section 4.2.4 shows that the information flow in solution sales brings information from customers to the sales department, and not the other way around, it is important that an organization is able to share this information. The following figure shows whether Ericsson shares knowledge about the customers or not.

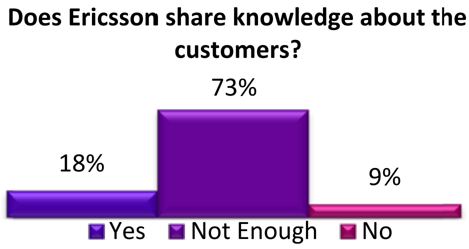

Figure 30, Does Ericsson share knowledge about the customers?

It is clear that the majority of the interviewed employees believe that customer knowledge is not being shared enough in Ericsson. According to theory section 4.2.3.1, this is critical as the concept of solution sale is based on knowledge and information about the customers. In order to develop and deliver products that fit the customers and is beneficial for their business, Ericsson needs to understand them and understand their way of doing business. In order to do so, Ericsson should therefore not only possess knowledge about their customers, but also about their customers' customers. Furthermore, they need to know about the customers' competitive situation as well so they are able to identify and create solutions that could enhance their market position compared with their competitors.

If account managers in Ericsson do not share their general knowledge about the customers with EP, the technicians will only be able to solve problems and provide solutions from a technical perspective. If EP is aware of the customers' situation regarding strategy, competitors etc. they would be able to include these factors when identifying the best suited solution. For example, if a customer has a problem with a product that provides networks for its customers and the technicians fix it from a technical perspective only, they would probably replace what was broken and have it run as normal again. Had they known that the customer was having difficulties providing sufficient networks to all the new customers, they could have suggested replacing the old product with a newer and much more suited product for the new situation.

At the same time, the account managers need to pass on knowledge about customers to the marketing department as well. If the marketing department in general is not informed about customers they will lose inside knowledge about them and thereby only be able to see what everybody else is able to see. This will mean that they are not able to strategically stand out from other companies. Furthermore, if marketing does not receive customer knowledge they are not able to distribute this knowledge to other departments in Ericsson. However, the marketing department also needs to share market knowledge with the account managers. If this is not done, the account managers will become narrow minded and will not be able to see new trends in the market, thereby losing out on potential opportunities.

The fact that knowledge about the customers is not shared sufficiently in Ericsson can create dissatisfaction among the customers as they do not feel that they receive value equivalent to what they pay. Furthermore, not sharing knowledge about the customers can lead to misunderstandings which can create unsuitable or wrong solutions and a longer lead time for the customers.

In general, knowledge sharing is especially important when companies base their business model on solution sales. This is because the solutions are created specifically to each customer, and therefore in order to learn from each solution it is necessary to share knowledge. As Ericsson is operating on a global market, extra effort must be put into knowledge sharing in order to benefit from new solutions across the regions. Though solutions are created specifically to each customer, the market conditions ensure that it is often very similar solutions that are needed, which makes the incentive for knowledge sharing even stronger. If some technicians in Ericsson have figured out a complex solution to a costumer problem and some other technicians receive an identical task, they could spare time and resources had they known that a solution had already been figured out. In fact, several employees mentioned that customers have complained to Ericsson regarding a lack of knowledge sharing.

"Sometimes customers complain that Ericsson is not able to fix a problem as they know Ericsson's customers in other countries have had the same issues solved"

Therefore, in order to be a learning organization and be able to provide high quality solutions within a decent amount of time, Ericsson must recognize the importance of knowledge sharing.

The following figure shows whether the interviewed employees believe that Ericsson has the right tools for knowledge sharing or not.

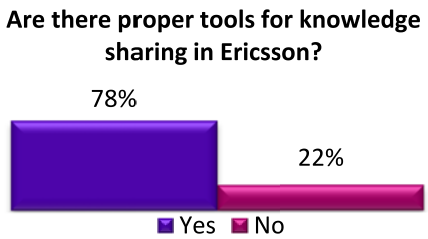

Figure 31, Are there proper tools for knowledge sharing in Ericsson?

It is clear that the interviewed employees in general believe that Ericsson possesses the tools for knowledge sharing. Instead, they believe that the reason for the lack of knowledge sharing lies in the culture. Again, they refer to the fact that if a process is not immediately beneficial, it will probably not be done. Sharing knowledge includes evaluating projects, conducting reports and making them available which is not immediately beneficial for the individual employee. Furthermore, some employees mentioned that there is a lack of incentives for knowledge sharing. Sharing knowledge about a specific solution will probably be more beneficial for other employees instead of themselves, and therefore they are not motivated to share it.

6.10. Alignment

According to theory section 4.2.3, solution sales require a great deal of alignment in order to reach the desired results. This subsection analyzes how well Ericsson is aligning their different departments. Especially the sales- and marketing departments need to be aligned in order to make clear strategies towards different customers. Therefore, it is also important that sales and marketing work together. The following statistic shows whether employees in Ericsson believe sales and marketing cooperate enough or not.

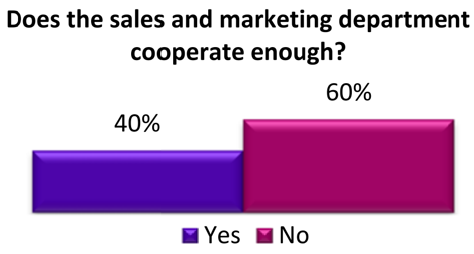

Figure 32, Does the sales and marketing department cooperate enough?

Figure 32 shows that the interviewed employees in Ericsson do not feel that the sales- and marketing departments work sufficiently together. It is clear that a lot of the employees are familiar with the importance of having the sales- and marketing departments working together and utilizing their different abilities to identify opportunities, but unfortunately this is not what is happening at the moment. Ericsson is structured differently compared to what the theory describes as a typical structure. The marketing department, as described in the theory section, should be dealing with market research and to a less extent commercial marketing. In Ericsson the marketing department is a small unit that deals mostly with commercial marketing and only some market research. Instead, most market research in Ericsson is carried out in small decentralized units throughout different departments.

"Market research is very important, but with the current structure, we are not able to get resources from marketing to do it. We do 95% of the work ourselves within the practice"

Whether Ericsson's setup regarding the decentralized market research units is a problem or not, is not possible to say. What can be said is that it is extremely important that all of these units work together and form a joint picture of the market situation. If the employees, who are responsible for the market research, do not cooperate with the sales department and share knowledge about the market and customers, each department will, according to theory section 4.2.2.3, end up having a too narrow view of what their customers want and thus, miss out on opportunities.

From what has been experienced through the interviews in Ericsson, it does not seem like the sales department and those responsible for the market research are working together in order to build a more holistic view and to create strategies for the different segments or customers.

However, they are cooperating about key deals which will be elaborated later in this analysis (see section 6.12). Every department is doing market research, but they are not really sharing it with the other segments. Several potential reasons for this, which fit the theory, have been identified. One reason could be that in some places in Ericsson, the atmosphere is tensed between the sales- and marketing departments. Another reason could be that some employees feel that marketing is still too product orientated and some feel that the sales department keeps too much information to themselves. Furthermore, it has been noticed that all departments use different systems, which make the knowledge sharing much more difficult. Last, the reason could also be that the entire marketing department is decentralized to such extent that no one really knows who to gather in order to form a joint picture of the market situation. It is not possible to say exactly why the different departments in Ericsson do not cooperate. However, it should be stated that, according to theory section 4.2.2.3, Ericsson is losing opportunities by not continuously aligning these departments with other objectives than those related to profit.

"Marketing is missing a dimension where they should be listening more to what customers search for, and then turn to the account managers"

Having the sales and marketing departments not cooperating and aligning strategies towards different customers could also explain why employees do not understand their role, as mentioned earlier in the analysis. The employees know they have to understand the customer more, but they do not get any clear information from Ericsson. As there is no joint strategy from the sales- and marketing departments there is not much internal marketing which could help distribute information on Ericsson's strategy towards the customers. In the interviews some employees mentioned that there were clear strategies, but they were often on a too corporate level. Strategies towards different customers and insight into their specific market situation could help employees get a better understanding of what they need to do.

If Ericsson wants their employees to be able to create solutions and not just products, Ericsson needs, besides correcting the missing alignment, to be able to work together cross-functionally. The following statistic shows whether Ericsson's employees feel that they are good at working cross-functional in Ericsson or not.

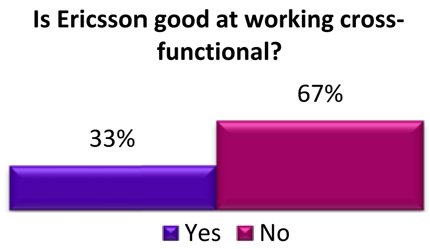

Figure 33, Is Ericsson good at working cross functionally?

Figure 33 shows that only 33% believe that Ericsson is good at working cross-functional. This is a clear indication that Ericsson is working in segments. As satisfying solutions often include products or services from different departments, it is difficult to see how Ericsson will be able to create valuable and suitable solutions, when they are divided into segments and do not work cross-functionally.

The sales information system in Ericsson clearly shows that they have trouble cooperating and working cross-functional. The sales information system is set up to control sales from identification of opportunities to final sale. Unfortunately, it is only the account managers from the sales department that are able to report opportunities and other information into this system. This forces every opportunity to go through an account manager before it can even be showed as an opportunity. The very rigid sales information system should not be necessary if there is a clear alignment of the strategy that employees are aware of. Furthermore, it could open up for the possibility that more employees could bring in opportunities for Ericsson.

6.11. Measurements

When a transformation is made, it is according to theory section 4.1.3.3 important that the measurement systems are aligned with the transformation. The following figure shows whether or not employees in Ericsson believe that the measurements have been aligned with the transformation.

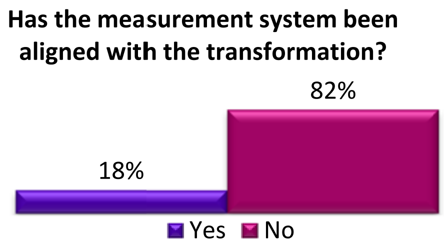

Figure 34, Has the measurement system been aligned with the transformation?

It is clear that the interviewed employees do not believe that the measurement system has been aligned with the transformation. This is inappropriate as the old measurement system encourages people to work as they did before the change, instead of encouraging them to work towards the new strategy.

"We are still working in very individual structures and measured within these and people are very focused on reaching their own objectives"

The fact that the measurement system in Ericsson has not changed means that they are still measuring the sales of specific products. According to theory section 4.2.2.1 this is contradictory to how companies should measure when they are based on selling solutions. In fact, measuring on the sales of specific products is destructive when focus is on selling solutions. This is because selling solutions means selling the best combination of different products and services and includes several different departments. In solution sales, one department may identify the opportunity while several other departments work together to find the best overall solution whereas another department implements it. This is the case, while the account manager coordinates the different processes. If one department focuses on selling a specific product instead of cooperating with other departments, as a specific sale will be rewarded, focus on finding the best solution will fall behind.

However, a business model based on solution sales does complicate the measurement system. If the above mentioned situation regarding solution sales is the case, it will be difficult to decide who should be rewarded and registered for making the sale. Therefore, setting up measurement systems, when selling solutions, should be done from a much more holistic point of view, in order to not encourage specific product sales.

According to theory section 4.2.2.1, one academic scholar even believes that measuring performance in connection with solution sales does not improve results. Whether or not this is true, it must be concluded that if solution selling companies do choose to measure, the measurement systems must be holistic and not encourage specific product sales. Ericsson needs to recognize the importance of this and remove or restructure the measurement systems. If they do not change the system, changing employees' behavior will be even more difficult as the current system does not encourage solution selling, but just the opposite.

6.12. Prioritization

According to theory section 4.2.2.3, operating solution sales successfully requires that organizations prioritize their opportunities in order to spend the majority of the resources on the most beneficial opportunities and put in the work where it is needed and useful. The following statistic shows whether the interviewed employees feel Ericsson is good at making a joint prioritization of opportunities or not.

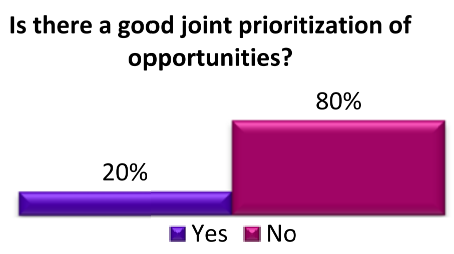

Figure 35, Is there a good joint prioritization of opportunities?

Figure 35 clearly shows that the interviewed employees in Ericsson do not feel that there is any good joint prioritization of opportunities. In general, most of Ericsson's opportunities are pursued with the same priority. It is clear that this frustrates a lot of employees as they often do not know where to put in their effort. This lack of prioritization could very well also be one of the reasons for the resistance or for the fact that some people are unsecure of what their role is, which is mentioned earlier in this analysis. If Ericsson prioritized their opportunities and started to turn down some of their customers, they might get some more valuable deals. This is because, in such case, Ericsson would be able to focus more on creating the right solutions for their customers. At the same time it could maybe bring down some of the workload, so the employees would actually be able to focus on changing as well.

“We should be better at prioritizing opportunities. We are treating all opportunities alike”

Prioritization is definitely something a lot of employees in Ericsson feel could be done better, and it was often expressed through the interviews that Ericsson has a “go” culture towards opportunities meaning that more often than not, Ericsson decides to take on questionable opportunities, instead of turning them down. This has also led to a common expression among employees regarding the SDP1 meetings. Instead of being decisive meetings, employees call them “kick of meetings”. It is clear that a lot of employees feel that they spend too much time on opportunities that never should have been pursued in the first place. The consequence of Ericsson not prioritizing their opportunities and not turning down those opportunities that should not have been pursued from the start can be that a lot of time and money is wasted. This is because the costs associated with selling solutions are much higher compared to a more traditional transactional sale.

However, employees in Ericsson do get together and prioritize some deals. A list of key deals has recently been implemented to help Ericsson prioritize and keep focus on what they believe are the most important opportunities. The list is reviewed every second week and if employees are able to discuss the customers and their needs during these reviews, this list might help Ericsson bring the customer strategy and customer knowledge to those employees actually working on key deals. One downside to this list of key deals is that it exists in a fragmented system that only deals with a small piece of Ericsson’s opportunities. This is also the reason for why some departments created their own list of key deals. The fact that different departments each have a different list of key deals does not help the overall lack of alignment

6.13. Speed of change

The following figure shows whether the interviewed employees in Ericsson believe that the change is being implemented too fast or too slow.

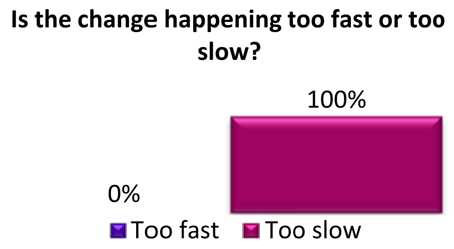

Figure 36, Is the change happening too fast or too slow?

It is clear that the interviewed employees believe that the change is being implemented too slowly. The overall attitude was that in the beginning, the transition was made very quickly, but since then the transformation had been running very slowly. According to theory section 4.1.5, a transformation can be placed on a continuum that illustrates the speed of the transformation and the type of strategy that is used to implement it (see figure 5). From figure 36, it must be concluded that Ericsson is placed far to the right on the continuum as it represents a slow transformation process with a more gentle approach to resistance. However, according to theory section 4.1.5, being situated on the right should also include much focus on training and on helping employees adapt to the change. As shown earlier, training is something Ericsson has been neglected during the change as they focus on replacing employees instead. Furthermore, they are not confronting resistance and trying to convert it into support, but ignoring it. This means that Ericsson is not consistent regarding the overall strategy of the implementation. The overall speed and the lack of planned processes strongly points towards the right, but replacing employees instead of training them and ignoring resistance clearly points towards the left. These contradictions lead to a lot of frustrations. Making people change is never easy which is why it should be done either "painfully" but quickly, which is what the left side of the continuum represents, or it should be done slowly with a lot of help to ease the "pain". However, when Ericsson is inconsistent with the overall strategy of implementation, they are changing slowly but without any help to ease the "pain". In general, placing the change in Ericsson on the right side of the continuum seems like a good idea. The change is drastic and therefore employees need to adjust slowly to the new processes. However, Ericsson needs to recognize that they are applying different strategies, which lead to a lot of frustration and therefore, they need to start training the employees and stop ignoring resistance.

However, considering that Ericsson has chosen to replace many employees, it is understandable that they want to do it slowly and continuously, as a quick replacement of a lot of employees can take away much knowledge from the company. Nevertheless, Ericsson must be aware of the fact that this strategy remarkably slows down the transformation process.

Overall, it seems like the transition has been foisted upon Ericsson Region Latin America from the top, and now the transformation has to come from within. Even though the transition was made very quickly, it seems that the employees were actually ready and motivated for the change from the start. However, it seems like the managers were not. While a sense of urgency was created and the vision was communicated from top management, nothing was done to plan or prepare for the transformation. It still looks like there is a lack of leadership for the transformation. No one has been driving it, taken initiative and truly recognized the importance of the transformation. However, the fact that a transformation program manager was hired in March 2011 does imply that they are now aware of the lack of drive. But instead of creating a drive nine months after the transition, they should have struck while the iron was hot and used the momentum created at that point. The actual transition and the sense of urgency and understanding for the vision, which were created at that time, created a lot of excitement and motivation for the change, but as little happened the excitement disappeared. Though employees are still motivated for the change, they are not exited anymore. To a point they are also tired of the transformation as it has only brought a lot of extra work and not much change. Nevertheless, they are still aware of its necessity which Ericsson should take advantage of, now a program manager has arrived.

As this analysis is based on an ongoing process, it cannot be rejected that there is a possibility that the lack of actions, taken in connection with the transformation, will actually create even more willingness and ability to change. Maybe all the waiting and hearing about the transformation will have employees change faster, when the transformation is speeded up. However, based on the interviews, it is our belief that the best result would have been to act shortly after the transition was made.

6.14. Conclusions for the analysis

The analysis has shown how important it is to create a sufficient sense of urgency in employees, create a good vision and communicate it. The transformation in Ericsson is lacking leadership, plans and defined processes. It seems like one of the only things, which holds the transformation together, is the sense of urgency within employees and the only thing giving it a fairly aligned direction is the vision. Because of the vision, the employees know in which direction Ericsson wants to go, but the vision is not adapted and brought down to an operating level and it is therefore difficult to translate it into specific processes.

The analysis has also shown that one of the big problems related to the transformation is the increased workload. Employees are working much more now than they did before and people are complaining. Because of the valuable sense of urgency created within employees, people are still motivated for the change, but the increased workload is wearing people out, and if it continues, the resistance will probably only get bigger. There are several reasons for the increased workload. One of them is related to the lack of plans and defined processes, but also to the fact that there is a lack of training involved in the transformation, which has also been showed in the analysis. Because of the lack of plans, defined processes and training, the employees are confused about what they should do and how to do it and this creates inefficiency, which results in more work.

The lack of leadership is obvious as not enough managers are taking responsibility for the change, creating the plans, defining the processes and driving it. This is partly because several of those managers are not in favor of the change and therefore ignore it. It also seems to be because the managers, who are in favor of the change, are waiting for a lot of employees to be replaced before they start changing. It is believed that a lot of the middle managers, who are ignoring the change, will be replaced and this is appropriate as the change lacks drive and initiative. Furthermore, replacing the non-supporters from middle management can create the leading stars Ericsson wants to lead the way.

As a result of these problems, Ericsson is not changing remarkably. Though they are trying to change into a solution selling company, the analysis has shown that Ericsson is still too focused on selling products. Besides the problems mentioned before, the fact that Ericsson is not good at knowledge sharing, is allegedly blocking the change. As a crucial part of solution sales is knowledge sharing, this is an undermining lack. Again the problems lie within the lack of processes and leadership, but also the culture plays a big part. The attitude in Ericsson towards actions that are not immediately beneficial such as evaluations and spending time on sharing information is in general too loose. Employees blame the Latin culture for this very short-sighted attitude, but perhaps it would be able to change if the workload was broad down and employees felt they had the time to do it, or if new measurement systems were set up in order to incentivize knowledge sharing.

In general, the transformation is moving very slowly. A lot of the problems just mentioned are the reasons for this, but there are some larger aspects of the change that is incoherent compared to how a transformation, according to the theory, should be put together and carried out.

Especially the order, of which some of the actions have been done, is not appropriate. First, Ericsson created the sense of urgency and communicated the vision, which was good. But then very suddenly the structural transition was made without any prior training and preparations. This means that Ericsson jumped very quickly from the "unfreezing phase" to the "moving phase". In general, not much training has been given in Ericsson and all of it has been after the transition. Furthermore, they do not believe they have the right employees yet in order to change properly. It is noticeable that Ericsson makes the transition knowing that they do not have the right employees to transform. This clearly indicates that the change does not come from Ericsson Region Latin America, but has been forced upon by top management even though the region was not ready. As this change was made globally in Ericsson, it seems that the top management did not ensure that every region was actually ready when the transition was made. As only Ericsson Region Latin America has been investigated, we do not know if the same problems are occurring in other regions as well, and it is therefore not possible to identify whether top management has been too careless and too fast with the transition or if Ericsson Region Latin America has been too slow to get ready. Though it is probably a combination of both, we have not found any documents or notifications mentioning the change from more than three months before the transition last year. As changing from a product based business model to a solution selling business model is a drastic change, we believe that an organization would need much more than three months to prepare for such a significant change. As mentioned earlier in the analysis, Ericsson should have stroke while the iron was hot, but they were simply not ready. Therefore, they are forced to undergo “unfreezing” actions in the “moving phase”, and though this might be possible to carry out, it has led to a lot of problems, which Ericsson is facing right now.

6.15. What should Ericsson focus on now?

The following describes what we believe Ericsson should focus on now in order to make the transformation successful. The advices are based on knowledge from the theory section and on the analysis.

Plan the change and set milestones

First of all, Ericsson needs to create an overview of the transformation and plan how the change should be thoroughly implemented. Then they need to set milestones related to this plan, in order to keep track of how the implementation is progressing. Creating a plan and setting milestones will may remove some resistance and insecurity within employees as they get something tangible to approach in their everyday routines.

Training

Ericsson needs to start training their employees. Changing into solution sales from product sales is a radical change and employees need training to make such a change. Even though Ericsson focuses on replacing a lot of people, they should provide training, as not everybody will be replaced. The roles of the technicians have changed drastically as they now should take on some of the customer responsibility and in general, be much more customer oriented. Also the account managers’ role has changed. They need to let go some of the technical responsibility and instead they should approach the customer more strategically. Therefore, the account managers and the technicians should receive training within customer relationship building, and this should include customer understanding, problem diagnosis, listening skills etc. The fact that Ericsson has a “learning by doing” approach includes that when technicians are send to customers for the first of times, they are not aware of how to handle such a situation. This makes is much more difficult for the account managers to have faith in the technicians and this makes them reserved regarding passing on some of the customer responsibility. Had they received training, the account managers would trust the technicians and be able to easier let go some responsibility and instead be able to focus on the strategic relationship building.

Furthermore, if Ericsson started training their employees, it would remove a great deal of insecurity and it would also make employees more effective. If employees were more effective it would bring down the workload and thereby the resistance.

Define processes

Ericsson should define the new processes and make employees aware of what their specific job is. Too many employees are unaware of how they should contribute to the change, and if the processes were defined, the employees would be able to identify what they should do specifically in order to change. By doing so, it would leave fewer employees insecure about their role in the transformation, and this could reduce resistance. Defining the processes should also bring down the vision to an operating level and translate it into specific tasks. This could probably also increase the efficiency.

Prioritize opportunities

Through the analysis, it was clear that Ericsson does not prioritize their opportunities sufficiently. If they started doing that, they would be able to cut away costs related to the minor and less beneficial opportunities. Furthermore, if Ericsson started prioritizing the right opportunities, they would be able to focus more on specific customers and thereby create a better customer understanding. Also, if the opportunities were prioritized, Ericsson would only spend time on the important and beneficial opportunities, which would allow for the workload to decrease and thus the resistance towards the change.

The prioritization should be based on information from the sales department and on research from the different marketing departments. From the analysis it is clear that Ericsson is working too much in segments, but by combining knowledge from these departments, Ericsson would be able to create a holistic view of the entire market, and thereby be able to identify which opportunities to pursue, and thus be better at prioritizing.

Align measurement systems

Ericsson should create new measurements and they should be aligned with the transformation. Today, employees are measured based on the old systems and this does not encourage people to change. If they set up measurements aligned with the change, employees would be encouraged to change, and they would get specific processes to focus on, which could decrease personal insecurity. Furthermore, creating an idea of which processes to focus on, could improve the efficiency and thereby decrease the workload and the resistance. Aligning measurement systems should also open up for a cross-functional working environment. As solution sales is based much more on cooperation across departments than product sales, the new measurement should encourage cross-functional work.

Internal marketing

In order to better understand the customers, Ericsson should initiate internal marketing regarding the customers. In the analysis, it was clear that although some employees were customer oriented, they did not truly recognize the importance of a good customer understanding. As stated in the analysis, some of them knew what to say, but they did not really understand it. Therefore, Ericsson should initiate internal marketing in order to create a general focus towards the customer, and thus increased customer understanding.

Interdependencies

Many of the problems, we believe the above mentioned proposals can alleviate, are interdependent. This means that when something is done to solve a specific problem, it automatically solves another problem as well and so on. The following is an example of this. When training is provided, employees get better at their job. This makes the employees more efficient, which decreases the workload. At the same time, a decreased workload will also affect the general resistance towards the change. The following figure illustrates these interdependencies.

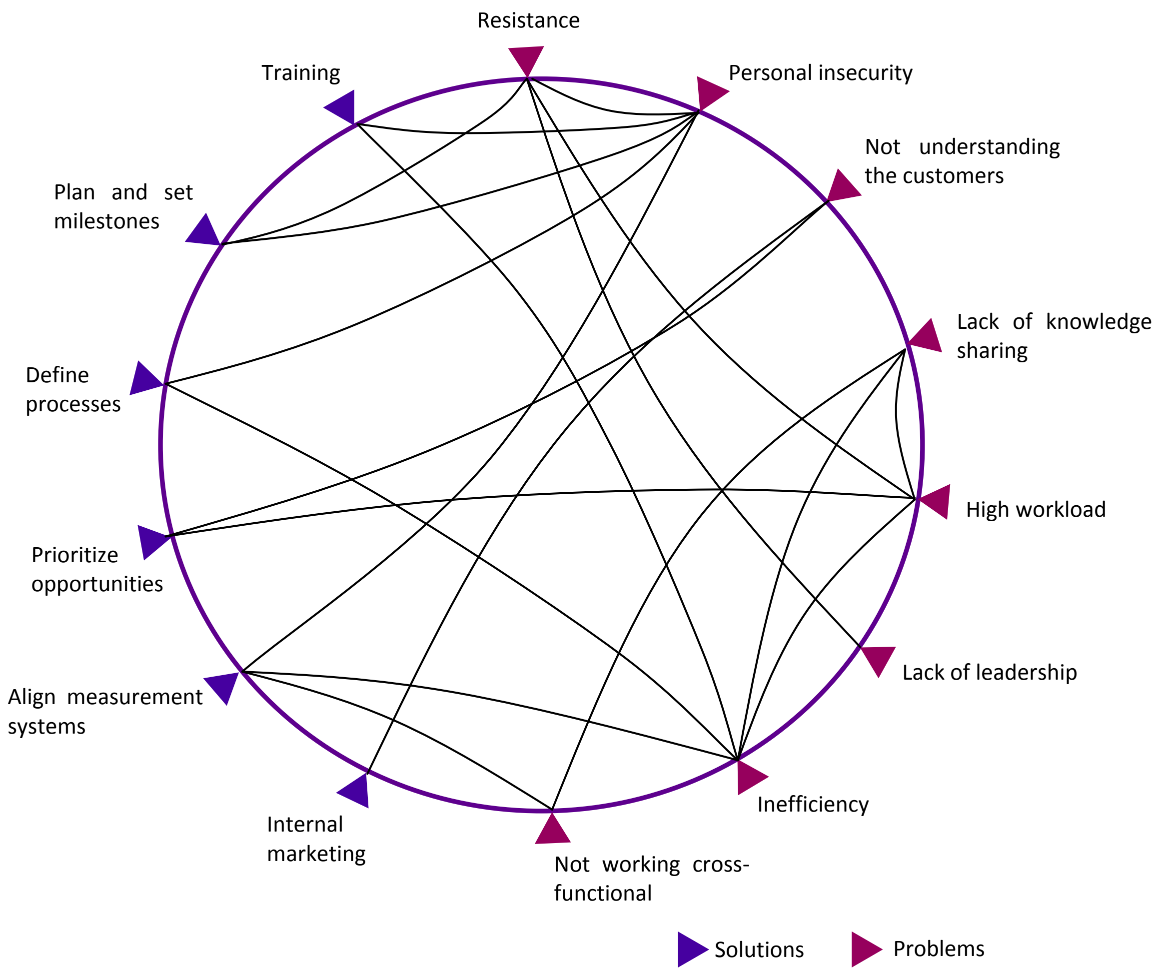

Figure 37, Interdependencies of problems and solutions
Own construction

Aside for the interdependencies, figure 37 also shows that no solution for the lack of leadership and lack of knowledge sharing has been identified. One could argue that training could alleviate these problems, but we do not believe that it would have any greater effects. For this change, managers lack initiative and they do not set an example of how to change. In order to change this, managers must recognize their responsibility and take on a leading role.

We do not believe training within knowledge sharing would have noticeable effects either. Sharing knowledge should not be difficult, but it requires time and discipline. Hopefully some of the other solutions can bring down the workload and in that way, release time so employees feel they can afford spending time on knowledge sharing. However, sharing knowledge would still require discipline. According to the employees they lack this discipline because of the culture. However, good leadership should be able to establish cultural changes regarding knowledge sharing. If managers act as leading stars and at the same time put knowledge sharing on the daily agenda, it could allegedly improve. Besides good leadership, it should be mentioned that a measurement system that encourages knowledge sharing may have a positive effect as well.

7. What should organizations focus on?

The following section provides an elaborating answer to the problem statement; what is important for large business-to-business organizations to focus on when they change their business model from being based on product sales to being based on solution sales? The answer to the problem statement is based on the theory section and the analysis conducted as part of the thesis. Several focus points have been identified as being important for organizations which undergo this specific change. All of the focus points are supported in the theory section, but most of them have been triggered by the analysis. These focus points are listed in the following.

7.1. Create a sufficient sense of urgency

The analysis has indeed confirmed the necessity of having a thorough and sufficient sense of urgency incorporated in the employees. We were very surprised to find out how motivated the employees in Ericsson were regarding the change, considering that the transition had been made almost a year ago, and nothing drastically seem to have happened since. Before the interviews were performed, we sensed some dissatisfaction about the change, and that the employees were frustrated that the change seemed to be stalling. Therefore, we were really surprised that employees genuinely believed that Ericsson needed to change. Because it was clear that this belief was founded by a thoroughly created sense of urgency, we believe that this is an important step for organizations which want to change into a solution selling organization.

7.2. Create a clear vision

The analysis has also shown the importance of having a desirable and clear vision. We were truly surprised to find out that the only thing holding the transformation in Ericsson together and giving it a direction was the vision. It was clear that the employees were frustrated from the lack of defined processes and plans and that the only thing which gave them a direction in their every day routines was the vision. Creating a vision should be done in connection with the sense of urgency. Thereby, the initiators would be able to immediately suggest a solution to the problem which creates a sense of urgency and thus increase the possibility of high commitment to the vision. Clearly, this step had been of great importance to the change in Ericsson, and therefore, we believe creating a clear vision is important for organizations which want to change into a solution selling organization.

7.3. Train employees

It has been clear that the lack of training in Ericsson has caused a lot of personal insecurity and confusion among the employees. This obviously led to inefficiency and thus resistance which can be devastating for a transformation. As not much training has been provided in Ericsson, we cannot be sure it was exactly this lack that caused the insecurity and confusion, but the interviews gave us a strong indication that it is the case. Furthermore, studies have shown that providing training can help organizations change in to solution selling organizations. Therefore, we believe that it is of great importance to provide training to employees, when organizations transform into solution sales. The training should focus on how to interact with customers and it should focus on developing listening skills and problem solving skills.

7.4. Plan and set milestones

We believe that it is important to plan a transformation and set milestones related to the transformation. In Ericsson, we saw no specific plans on how the transformation should progress and there were no milestones defined either. The lack of plans clearly frustrated the employees as they tried to change, but had no idea how and whether they were doing the right things. Several mentioned that they knew in what direction to work due to the overall vision, but that they lacked execution. Therefore, the lack of plans clearly contributed to the insecurity within employees and it also made the coordination between them impossible. Furthermore, we saw that the lack of milestones made it very difficult for managers and employees to identify how the transformation was progressing. Because of that, we believe that a very important step, when changing into a solution selling organization, is to plan the transformation and set up milestones in order to keep track of the process.

7.5. Align measurement systems

When companies change their business model from being product based to solution based, it is crucial that the old measurement systems are not retained. Measurement systems in product based companies are often related to specific sales made by individuals or departments, but when companies want to sell solutions, this kind of measuring is destructive. Instead, we believe that measurement systems should be aligned with the transformation in order to encourage activities such as cross-functional work, market research, knowledge sharing etc. This provides incentives for the employees to change and at the same time, it gives a solid idea of what they should focus on in their daily routines. In Ericsson we saw that the measurement systems were not aligned which led to the fact that measurement systems were not used in relation to the change at all. One manager emphasized that the employees who actually made great results according to the measurement systems were those they knew were not changing. This supports the idea that old measurements are literally destructive when an organization changes into selling solutions. Therefore, we believe that if an organization wants to apply measurement systems when changing into solution sales, it is crucial that they remove the old measurement systems and implement a system aligned with solution sales.

7.6. Prioritize customers

When changing into a solution selling company, we believe it is important to prioritize and select specific customers to focus on. This is because much more time and resources are spend on a sale when it is based on solution sales compared to a traditional transactional product sale. Therefore, if a lot of time and resources are spend too many times on sales opportunities that fail or somehow do not create the expected revenue, it can be difficult to maintain a satisfying profit. We saw this in Ericsson. Though they tried, they were not prioritizing their customers properly which resulted in a lot of frustration from the employees. They were frustrated as they felt that too many resources were wasted or spend on unimportant opportunities. Therefore, in order to change into a solution selling organization effectively and not waste too many resources on minor opportunities, we believe that organizations should combine customer knowledge from the sales department and market knowledge from the marketing department in order to create a customer strategy and thus prioritize customers.

7.7. Initiate internal marketing

When organizations change into solutions sales, they should initiate internal marketing. The internal marketing should set the customers on the daily agenda and it should provide information about the customers to the entire organization. This should help employees relate to customers and empathize with them, and thereby create an extra incentive to develop the best solutions. We did not observe any internal marketing in Ericsson. Employees knew about the customers and the market they operated on, but it was not anything they talked about. It seemed that they had received a lot of their customer knowledge through their daily work, and not through internal marketing. Internal marketing in general should make the organization better at developing suitable solutions. We have not been able to assess the quality of the solutions Ericsson develops and therefore we are not able to conclude whether the lack of internal marketing has an effect in Ericsson. However, we believe that in order to have the entire organization understand the customers and relate to them, internal marketing must be initiated when organizations change into solution sales.

All of the focus points should not be initiated or emphasized at the same time. The following figure shows when we believe the focus points should be initiated and emphasized during a transformation period.

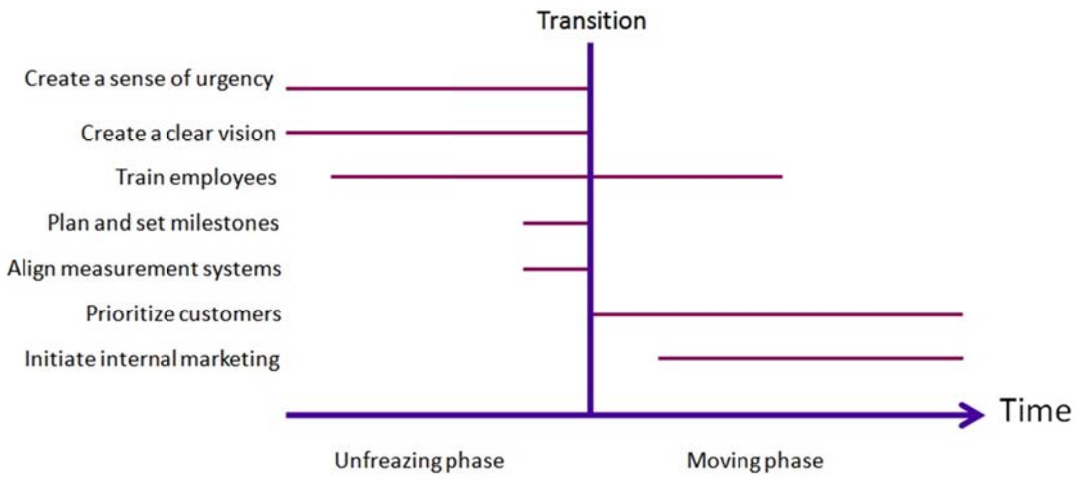

Figure 38, When to emphasize the focus points
Own construction

In the theory section it is mentioned that establishing the “soft” factors is often more time consuming than the “hard” factors. Therefore, we believe that creating a sense of urgency and vision and training should be initiated in the unfreezing phase, well before the actual transition. This should be done in order to prepare people to change. We believe it would be appropriate to start creating the sense of urgency and vision slightly before starting the training programs, as it can improve the motivation and understanding for the training programs. However, we strongly encourage organizations to carry on the training programs well into the moving phase in order to continuously improve the skills of their employees.

We also believe that planning and setting milestones and aligning measurement systems should be done in the unfreezing phase. As planning and setting milestones and aligning measurement systems are “hard” factors, they are often less time consuming to establish. Therefore, they can be established relatively shortly before the transition, but they must be prepared in advance. After the transition is made, in the moving phase, organizations should start prioritizing their customers as this is an important part of operating solution sales. When organizations have collected sufficient knowledge about their customers, they should initiate internal marketing.

Though figure 38 also shows when emphasis on the focus points should end, we strongly recommend that they are not forgotten. Continuously reminding employees of the vision and why they are changing will always be a good idea. Furthermore, plans and milestones should continuously be adapted to the actual situation along with the measurement systems.

7.8. Reflections

Aside from the focus points, we believe a successful transformation into solution sales requires thought and powerful leadership as this specific change is very drastic. Leadership is not listed among the other focus points as we perceive leadership as being very intangible and we believe that it is not something that can be created immediately or forced. We also believe that good leadership should drive the transformation, not just on the top level, but all the way down through the organization. There was a considerable lack of leadership in Ericsson, which clearly affected the change. As mentioned in the analysis we observed a lot of frustrations from the employees as a result of the lack of leadership and execution. Therefore, we believe a successful transformation into solution sales in any large business-to-business organization should be driven by thought and powerful leadership in order to control the change and keep up the motivation among employees. One could also argue that it takes exactly a thought and powerful leadership to initiate and successfully run or implement the before mentioned focus points.

We have not identified the importance of maintaining a fair and manageable workload as being part of the focus points. This is not because we do not believe it is important, but because we believe that the workload in many cases can become a problem due to the lack of those initiatives referred to in the focus points. In Ericsson, it seemed that the workload was extremely high as a result of the lacking training, planning and prioritization. However, this does not mean that we do not believe the workload can increase if the focus points are implemented. We do believe this is possible, for instance if the change is being implemented fast while much focus on the daily routines are retained. But if organizations do implement the focus points, it would be possible to create an idea of how long the increased workload would be there and then it could be decided whether this period of time was manageable or not.

The focus points identified before do not include confrontation of resistance either. However, this is not because we do not believe resistance should be ignored. We are aware of the fact that almost any change project at some point will face human resistance, but we believe several of the focus points presented can minimize the amount of resistance. For instance, creating a sense of urgency and vision, training and planning can all contribute to minimizing the resistance. In Ericsson, we discovered some resistance and it was definitely affecting the change. However, once again we identified the reasons for the resistance as being the lack of training, planning and increased workload, all problems our focus points will help alleviate. Resistance will probably always occur to some extent, and then it should of course be confronted, but we believe that if organizations initiate the focus points, it can severely decrease the amount of resistance.

In Ericsson, there is a genuine belief that a lot of the employees cannot be trained into having a profile that is suitable for solution sales. Therefore, they focus on replacing a lot of employees instead of training them. Replacing or hiring the right people for a change is also mentioned in theory section 4.2.3 very briefly. However, we include training in our focus points as we think this is always very important, also when it is decided to replace some employees. We have not dealt with the question of whether people should be trained or replaced, as we do not feel that sufficient evidence has been presented in order to make any conclusions on the matter. However, we think it could be interesting to investigate to what extent people are able to change from having the typical product selling approach to the solution selling approach. It would also be interesting to investigate which factors that distinguishes the people who are able to change a lot from those who are not.

8. Conclusion

The thesis has identified seven focus points which we believe is important for large business-to-business organizations to emphasize when they change their business model from being based on product sales to solution sales. The seven focus points are:

- Create a sufficient sense of urgency
- Create a clear vision
- Train employees
- Plan and set milestones
- Align measurement systems
- Prioritize customers
- Initiate internal marketing

We believe large organizations will be able to benefit from these advices. Furthermore, we believe that this conclusion is especially valid as it is based on an analysis conducted within an organization that is in the middle of a transformation of this specific type. Additionally, this transformation was facing huge problems which made it obvious which types of challenges some organizations face, when they undergo this specific sort of transformation. However, as this conclusion is based on an analysis of a transformation that is not yet completed, it is impossible to guarantee any conclusions. This is because we are not able to foresee how the actual transformation in Ericsson will progress in the future and therefore not able to make any certain conclusions based on the future result.

9. References

(Brown et al., 1997), "The Art of Continuous Change: Linking Complexity Theory and Time-paced Evolution in Relentlessly Shifting Organizations", Brown, Shona and Eisenhardt, Kathleen, Administrative Science Quarterly, 1997

(Chang, 2005) in "Strategizing the sales organization" Nikala Lane and Nigel Piercy Journal of Strategic Marketing Vol. 17, Nos. 3–4, June–August 2009, 307–322

(Connor, 1995) in "Motivation and Stakeholder Acceptance in Technology-driven Change Management: Implications for the Engineering Manager", Long, Suzanna and Spurlock, David G., Engineering Management Journal, 2008.

(Day, 2008) Aligning the organization with the market, George S. Day, MITSloan management review fall 2008 vol.48

(Eisenstat et al., 2001) Beyond the business unit, Russell Eisenstat, Nathaniel Foote, Jay Galbraith, and Danny Miller, THE McKINSEY QUARTERLY 2001 NUMBER 1

(Foote et al., 2001) making solutions the answer, Nathaniel W. Foote, Jay Galbraith, Quentin Hope, and Danny Miller THE McKINSEY QUARTERLY 2001 NUMBER 3

(Goodstien, 1991), "Creating Successful Organization Change", Goodstein, Leonard and Burke, Warner, Organizational Dynamics, 1991.

(Gubman, 1995) Aligning people strategies with customer value, Gubman, Edward L, Compensation and Benefits Review; Jan/Feb 1995; 27, 1; ABI/INFORM Global pg. 15

(Ingram et al. 2002) Selling in the new millennium - a joint agenda (Thomas N. Ingram, Raymond W. LaForge, Thomas W. Leigh Industrial Marketing Management 31 (2002)

(Ingram et al., 2005) New direction in sales leadership research Thomas N. Ingram, Raymond W. LaForge, William B. Locander, Scott B. MacKenzie, and Philip M. Podsakoff Journal of Personal Selling & Sales Management, vol. XXV, no. 2 (spring 2005), pp. 137–154

(Ingram, 2004) Future themes in sales management, Thomas N. Ingram Journal of Marketing Theory and Practice; Fall 2004; 12, 4; ABI/INFORM Global pg. 18

(Kahn, Reizenstein, & Rentz, 2004) in “Strategic alignment for sales organization transformation”, Raymond W. LaForge, Thomas N. Ingram and David W. Cravens Journal of Strategic MarketingVol. 17, Nos. 3–4, June–August 2009, 199–219

(Kotter et al., 1979), “Choosing strategies for change”, Kotter, John and Schlesinger, Leonard, Harvard Business Review, 1979.

(Kotter, 1995), "Leading Change: Why Transformation Efforts Fail", Kotter, John P., Harvard Business Review, 1995.

(Kotter, 1995), “Leading Change”, Kotter, John P., Harward Business Press, 1995.

(LaForge et al., 2009), “Strategic alignment for sales organization transformation”, Raymond W. LaForge, Thomas N. Ingram and David W. Cravens Journal of Strategic MarketingVol. 17, Nos. 3–4, June–August 2009, 199–219

(Lane and Piercy, 2009) Strategizing the sales organization Nikala Lane* and Nigel Piercy Journal of Strategic Marketing Vol. 17, Nos. 3–4, June–August 2009, 307–322

(Long and Spurlock, 2008), “Motivation and Stakeholder Acceptance in Technology-driven Change Management: Implications for the Engineering Manager”, Long, Suzanna and Spurlock, David G., Engineering Management Journal, 2008.

(Main, Bill. ID) Stop just selling and start consulting. By Main, Bill. ID, Aug99, Vol. 35 Issue 8, p54

(Marketing Week, 2003) in “Strategizing the sales organization” Nikala Lane and Nigel Piercy Journal of Strategic Marketing Vol. 17, Nos. 3–4, June–August 2009, 307–322

(Mathews, 2009), "Models of Change Management: A Reanalysis", Mathews, Jose, The IUP Journal of Business Strategy, 2009.

(Matthyssens and Johnston, 2006) in "Management Practices in Solution Sales – A multilevel and Cross-functional framework", Journal of Personal Selling & Sales Management, vol. XXXI, no. 1 winter 2011, pp. 35–54.

(Moncrief and Marshall, 2005, Sheth and Sharma, 2008, Wotruba, 1996) in "Management Practices in Solution Sales – A multilevel and Cross-functional framework", Journal of Personal Selling & Sales Management, vol. XXXI, no. 1 winter 2011, pp. 35–54.

(Oros, Bob, 1999) Read customers' minds: Listen to them speak, Oros, Bob, , Apr99, Vol. 35, Issue 4

(Pelham, 2006) Do consulting-oriented, Alfred Pelham, Journal of business and Industrial marketing 21-4-2006 s.175-188

(Romanelli and Tushman, 1994), "Organizational Transformation as Punctuated Equilibrium: An Emperical test", Romanelli, Elaine and Tushman, Michael, Briarcliff Manor: Oct 1994. Vol. 37, Iss. 5; p. 1141

(Sirkin et al., 2005), "The hard side of Change Management", Harold L. Sirkin, Perry Keenan, and Alan Jackson, Harvard Business Review, 2005.

(Slater and Narver, 1995, Baker and Sinkula, 1999 and Farrell, 2000) in "Do consulting-oriented", Alfred Pelham, Journal of business and Industrial marketing 21-4-2006 s.175-188

(Smith and Rupp, 2003) "An examination of emerging strategy and sales performance: Motivation, chaotic change and organization structure", Alan D Smith; William T Rupp, Marketing Intelligence & Planning; 2003; 21, 3; ABI/INFORM Global pg. 156

(Storbacka et al., 2011) "Management Practices in Solution Sales – A multilevel and Cross-functional framework", Journal of Personal Selling & Sales Management, vol. XXXI, no. 1 winter 2011, pp. 35–54.

(Weick and Quinn, 1999), "Organizational Change and Development", Weick. Karl, Quinn, Robert, Annu. Rev. Psychol. 1999

(Weiss, 2001) in "Models of Change Management: A Reanalysis", Mathews, Jose, The IUP Journal of Business Strategy, 2009.

(Wilding, 2006) in "Strategic alignment for sales organization transformation", Raymond W. LaForge, Thomas N. Ingram and David W. Cravens Journal of Strategic MarketingVol. 17, Nos. 3–4, June–August 2009, 199–219

(Yin, 2009), "Case Study Research: Design and Methods", Yin, Robert K., Sage Publications Inc, 2009

Appendix 1, Preliminary interview list

Name	Position	Location	Date
Hans Sjögren	Head of Business Operations in RLAM[4]	Sao Paulo, Brazil	07-03
Raphael Olivares Perez	Head of Mobil Network Industrialization	Sao Paulo, Brazil	02-03
Andre Kraemer	Head of Solutions Development	Sao Paulo, Brazil	04-03
Creusa Carvalho	PC CSI Regional director	Sao Paulo, Brazil	01-03
Debora Milone	Sales Operation Driver	Sao Paulo, Brazil	08-03
Marise Luca	Head of practice, Consumer & Business Application	Sao Paulo, Brazil	02-03
Mauricio Mahfud	Head of proposal Management RLAM	Sao Paulo, Brazil	28-02
Thomas Wavelet	Head of Business Development	Sao Paulo, Brazil	02-03
Andre Machado	KAM VIVO & Telefonica	Sao Paulo, Brazil	10-03
Rogerio Loripe	KAM TIM & INTELIG. Brazil	Sao Paulo, Brazil	15-03
Rodrigo Grigoletti	Process, Methods and Tool Team leader	Sao Paulo, Brazil	28-02
Bernhard Kaufmann	Head of finance competence center	Sao Paulo, Brazil	01-03
Marcelo Gallotta	Head of engagement development	Sao Paulo, Brazil	02-03

[4] RLAM stands for Region Latin America. The abbreviation RLAM is used in appendix as this is commonly used by employees

Appendix 2, Preliminary interview notes

KAMs doesn't update SMIS due to next year's budget. If management sees all the opportunities (missed) they argue for a smaller budget.

When SMIS is not updated people don't have sufficient information regarding specific assignments.

He questions whether or not they (EP) possess the right people.

The sales processes are not aligned. He has a guy preparing a general sales process WoW that should be finished mid-April.

Everybody has made their own customer knowledge, there is no knowledge sharing.

CU owns the customer engagement.

Needs to be decided which new markets should be attacked.

Everybody is talking about the big change. Don't listen to them. Nothing is changed. They only say it because they are afraid.

They are trying to develop a new business model for Ericsson.

They are trying to be the operator's operator where they sell a service instead of network

The growth will not be as big as it used to. They foresee that there will be a small growth, so shareholders are pushing for new cash flow opportunities.

Look at whatever you have and do it more efficient.

The challenges ahead are huge.

They are not that used to deliver services.

They have separate data systems to run the company.

To many tools that can't communicate together.

Data in SMIS and CATS aren't as reliable as should be, because people don't put data in when they should.

In general a lot of matrix forms, which is often not shown in organization diagrams.

Their target is built on net sales.

The 280 days come from Sergio Chirocha. He started to ask question to KAMs and members of leadership team. They gave some numbers based on opinions and experiences.

Proposal: The 30 days was calculated in workshop where they drew maps and stuff.

There has not been any check up on the numbers.

Debora is trying to optimize the sales phase. She is trying to change the WoW. Not the processes.

Normally it takes 4 days to get the team set up to do the proposal.

The Ericsson way of working is a lot engineering and not so much business.

There are many communication lines that are informal and that needs to be made formal. because they are necessary.

This change is on the blue print, but they are not yet there. The problem is to implement the changes.

He sees lots of advantaged in the change.

From the positive site, driver for the change, they were segmented, the 3 units.

When they succeed with the end to end they will take a new lead in the market.

He is trying to create new businesses for Ericsson.

That requires new relationships.

The big challenge is to do something new with the same people. Many of the people will never get there.

The KAMs are more technical (hardware). Telecom is more software. They are missing IT sales skills.

They need more consulting skills.

In EP they need new skills and to improve communication with competence center, as you have moved people from CC to EP and are now missing skills there.

Ericsson has lot of processes which are not followed.

They have a matrix organization, where the boundaries are unclear.

Who has final responsible for the project delivery? – It is not clear.

SMIS database is not updated.

SDP4, There should be an evaluation of the process after the final handshake, but it is not practiced that much. (Global problem).

Ericsson is not used to work over boarders, multi culture org.

SDP4, There should be an evaluation of the process after the final handshake, but it is not practiced that much. (Global problem)

Contract handshake is an internal handshake where the project is handed over to delivery.

department. It often creates problems that the CFR is exchanged at this point.
Rare CFR are in from start.
Key deals WoW is the perfect world, it is not how it often happens.
They like to start before SDP1, but usually they get involved after.
Most of their work is after RFQ between SDP1 and SDP2. 80%.
RFQ (request from customer) often they first get in here and here is where a lot of work is and all department are working hard(night work and weekend as well) to get done to the deadline of SDP2.
They want to be involved in a sale as soon as possible, before the customer request.
Sometimes it is not possible, and then they begin at proposal creating.
The KAM always deliver the work, once an opportunity is seen.

EP 7 practices are about customer needs. Taking care of end to end processes.
Because of Chinese competitors they need to change into being more customer minded. The business consultants are better to address customers the right way, instead of engineering consultants.
Business consultants are very different and difficult to hire, they are separated, because they wouldn't work together with the others.
Ericsson will sell business not products, here is a need for a different sales people.
It's a new type of people to get for Ericsson.
EP is mainly old technicians.
There is a problem in rotating people up to EP that are technical and can sell business.
A lot of change is needed for KAM as they are way too technical.

There is a lot of work balancing the complaints and the making of new sales.
EP needs to have more people talking to the customers.
EP needs to clarify where products are in the practices or have people that can cover more areas.
EP needs to be able to take actability for problems and find the solution.
EP should be more market oriented and not so product focused.
KAM needs to be able to push problems on EP but EP is not ready.
They could be much faster in presales.
If they see a trend, they spend to long time planning marketing etc., instead of attacking this right away.

EP must understand their role and then it could be done faster.

SDP 4 is not in the end, but done along the way.

The change mainly seem to be need in sales, delivery seems to work good.

A lot of work needs to be done on aligning.

Traditional KAM had all the control, now they should more orchestrate.

To reduce time people need to be put in front.

Has not felt any post change.

The EP dialog is not impressive.

The working culture here is not that good. They don't follow processes.

It can be hard to get people to fill in SMIS.

They could handle the sourcing better.

Supply seems to be missing an outside in view, too much contract view.

Since the transformation, he thinks time has increased for new business, but decreased for core and access.

Sale and EP need to improve on service.

Supply seems to be missing an outside in view, too much contract view.

Appendix 3, Semi-structured interview list

Name	Position	Organizational Belonging	Location	Date
Carla Belitardo	Head of Market development	RLAM Market Development	Sao Paulo, Brazil	13-04
Jesper Rhode	Head of business Innovation, partnership and alliance	RLAM new business Innovation, partnership and alliance	Sao Paulo, Brazil	28-04
Andre Gildin	Head of business intelligence & programs	RLAM strategy & marketing	Sao Paulo, Brazil	12-04
Andre Machado	KAM Vivo & Telefonica	CU Brazil	Sao Paulo, Brazil	14-04
Rogerio Loripe	KAM TIM & Intelig	CU Brazil	Sao Paulo, Brazil	18-04
Hans Sjogren	Head of business operations	Engagement practices	Sao Paulo, Brazil	27-04
Peter Michelson	Head of Mobile Broadband	Engagement practices	San José, Costa Rica	12-04
Margarete Iramina	Engagement consultant	Engagement practices MBB Solutions Brazil	Sao Paulo, Brazil	20-04
Luciana Pailo	Head of solutions development	Engagement practices MBB Solutions Brazil	Sao Paulo, Brazil	14-04
Mats Palving	Head of Operations & Business Support Systems	Engagement practices OBS(OSS/BSS)	Sao Paulo, Brazil	15-04
Marcelo Gallotta	Head of engagement development	Engagement practices OBS(OSS/BSS)	Sao Paulo, Brazil	13-04
Rodrigo Calache	Head of Development	Engagement practices OBS(OSS/BSS) BSS Solutions	Sao Paulo, Brazil	14-04
Odair Civelli Junior	Solutions architect	Engagement practices OBS(OSS/BSS) BSS Solutions	Sao Paulo, Brazil	14-04
Bengt Rosengren	Strategy execution	RLAM strategy & marketing	Sao Paulo, Brazil	29-04

Appendix 4, Interview questions

We are investigating the change in Ericsson. This interview however will only be focusing on the change Ericsson has made towards becoming more consulting and solutions oriented.

What do you consider as you must important role towards the customer?

What do you consider as you must important role towards Ericsson?

Why do you think the change was initiated?

Do you think it was necessary?

What is the overall purpose of the transformation?

Do you think there is an overall vision for the transformation?

How do you know that? How has the vision been communicated?

Do you believe in the vision?

Do you think management in general believes in the transformation?

Do you fell Ericsson is a product selling or solution selling company? And what will it be in the future?

What is your biggest challenge in changing from product to solutions sale?

Do you ever evaluate the transformation or does management?

When it is evaluated, how does it happen?

How often do you/they evaluate?

Are there prepared milestones?

Do you think they are consistent with the transformation strategy?

Are there defined sales roles with responsibilities for different kinds of

Have people had training to improve their consultative and value-selling skills?

Has there been a shift in where the technical knowledge is in Ericsson?

Do you think everybody knows exactly what their new role is?

Are you comfortable with your role?

Do you think everybody is comfortable with their new role?

EP has been established as part of the transformation. Are there any other organizational changes related to the transformation?

Do you think there should be more or other organizational changes?

Has anything changed within the measurements systems?

Are the measures individual or are they also team based?

Do you think there should be some changes?

Which department do you have close cooperation's with?

How is customer knowledge shared in Ericsson?

Do you think it is knowledge is shared enough?

Could anything make the change easier?

Different structure, better IT systems etc.

Are you able to mobilize people from other part of the organization, when needed?

Is there a formal way to mobilize people?

Is Ericsson good at working cross-functional?

How do you identify opportunities? Or from where do you get leads to opportunities?

Is there a system that shows leads or opportunities?

Do you have prioritized list of opportunities?

How do you prioritize opportunities?

Is there an overall prioritization list of opportunities for Ericsson?

Are there market/business intelligence people available to support you with analyses?

Is there a clear defined segment strategy?

Is there a tool for making go/no go decisions on opportunities?

Has the change led at more work than normal?

What do people think of that? Do they accept it?

How long time do you think the hard work pressure will continue?

Is there resistance to the change?

Do you think management here knows who is resisting the change?

Are those resisting the change confronted?

Do you think the change is something most people are agreeing on or is it just a few people who wanted it?

How do you think top management has got this change through?

Do you think the change is happening too fast or too slow?

In general what do you think of the transformation?

Appendix 5, Semi-structured interview notes

What do you consider as your must important role towards the customer?

• Biggest role. Innovation. He interacts directly with customers regarding innovation.

• To transfer needs and issues into solutions. Understanding everything around the customer and find solutions.

• For the customer's perspective, the values are the consultative approach. There are business requirement that needs to be translated to what Ericsson should do.

•Leader of engagements. He has direct contact with customers and helps them find something attracting in Ericsson.

• Making sure we win the deals, but also understanding the needs of the customer. We listen but not always understand. The cultural change is in the DNA of a technology provider. We need to understand the underlying issues, report back to Ericsson and find out how Ericsson can assist. We are not there jet but it is where we need to go.

• To help them and support them in order to make them successful in their business. To Ericsson: Help generate revenue**.**

• He must represent the customers' interest in Ericsson, meaning their needs, what they need to buy or if they have problems with Ericsson. Ex. If they are upset, they will complain to him and the opposite, if they are happy they will also come to him.

• Her role is to understand the market needs, transport, government, security and medical. They look at these segmented market opportunities. Her customers are the nontraditional customers.

• To be able to do the technical selling. To find the technical argumentation for the money they want the customers to pay.

What do you consider as you must important role towards Ericsson?

• To bring the customer understanding of Ericsson back to Ericsson. A survey of customer satisfaction don't bring in the knowledge of how the customer feels about Ericsson the same way as being at the customer and interact with them.

And as a pre-sale person, he needs to identify how Ericsson can help the customer.

- Lead and coach people.
- Drive growth by understanding customers.
- He is the representing the customer to Ericsson, but he is also the one who must ensure they sell to the customer and with good margins.

There is as conflict as the customer expects him to get the best prices for them, but what he in fact should do, is to make sure the customers happy, but a price that is profitable for Ericsson.

Why do you think the change was initiated?

- There are several reasons for the change. Much focus has been on cost reduction, especially reducing the bottom of an organization. Companies should be pyramid formed, in order to keep the cost low. Ericsson has not been good enough to maintain a pyramid shape of the company. We have too many managers.

And we need to be closer to the customers. It was necessary to get closer to the customers. It has been necessary to make some change in the organization. Competition from Chinese company is mentioned.

Many decisions were taken too far from the customers, in the BU's.

- Everybody can make hardware, and soon software, so they had to move to service. If you don't move into service, you have to be the best to sell products. And they are not, at least not the cheapest. (Referring to Chinese company)

In order to make that change, they need other competencies than they have today.

- From an Ericsson perspective they had to move up the value chain and get away from the box selling competencies.

The problem is that other providers is selling the same or better type of boxes for a cheaper price, so if you only talk price and not solutions, there will never be a reason for choosing Ericsson.

- Because the needed to grow. They were very reactive. They were doing great, they were growing, but there are the competitors (referring to the Chinese company). The whole environment was the driver for the change, and through this, Ericsson hopes to double sales, and that could not have been done with the old model. So he thinks it was necessary.
- He thinks it was necessary because it's what other competitors have done. They try to understand how they are working and what is working for them.

• He thinks that Ericsson is the world leader and they cannot grow anymore because the marked is almost covered with hardware. Therefore they need to attack new industries.

•The feedback from customers. The people who talked with customers did not have a holistic view. They were only focusing on their own product line.

• It is not a big issue to go from product to solution. They have been quite successful in this transformation.

• Ericsson has always been product a selling company. They have a competitive pressure, and they produce cheaper. Customers are consolidating, and they are squeezing the vendors. They have more buying power. The margins are squeezed. So they have to change

• Ericsson has had a huge decline. They face a continuously decline if they do not change in order to get better results. (As service grow they could utilize that and differentiate) If not they would need to change their business to a pure cost-reduction business by for instance being an internet business selling products. This would lead to huge declines in the business. They had the opportunity to be a growth company other a declining company.

• He thinks the change was caused by the market conditions and the market landscape. He thinks it was necessary, otherwise they would have been reduced to a box selling company, which was not interesting. What was interesting was to become the main leader again, to be ahead.

• Ericsson is going towards more consulting sales.

The industry has changed slowly during many years and the sales approach need to follow that change. In Ericsson it has come gradually.

They need to offer consultative services also as the products alone can be bought cheaper in China.

Do you think it was necessary?

• He thinks most people understand that it is necessary to change, but it depends on where in the company you ask.

Mostly people higher up see the need to change.

• Yes

• Yes

• He thinks it was necessary to change.

• He feels that it is necessary to change.

•Yes

• Sure. They need to differentiate themselves. They need to be a part of their customers, be able to influence them and work with them. If they only sell products, the competition is too tough.

• Yes

Rogerio Loripe: I strongly feel it is important for Ericsson to go in this direction

• Yes

• Yes

What is the overall purpose of the transformation?

• The transformation in Ericsson is all about being a solutions provider.

• Before they had big structures of account managers and another big group of people in delivery. Now with EP in the middle together with the KAMs, they can have less people in account, and you let the EP drive the sales. So in theory KAM should only take care of relations.

•Bring in new business and drive growth.

Do you think there is an overall vision for the transformation?

• The vision of this transformation is not communicated that much. There is not a true vision. BUT he is not in that department that should be informed that much, so maybe that it why he feels that way.

• They are very careful when they communicate the transformation. It is difficult to communicate it the right way. Some organization react too much to information, and others do not. Therefore, they do not say, do this and do that. Instead they focus on where they should end. Maybe it is a bit too fussy, but parts of the vision, are very clear. Ericsson is a big tanker, and does not maneuver easily.

What effect will it have on people who live from making hardware, that the company should be a service company? You have to be careful. Therefore they are not as clear as they want to be.

There is a long way for having the customers perceiving Ericsson as they would like to be perceived.

• He thinks that there is a clear vision for this. About 70% of the overall company was positive about the change in the survey from fall 2010.

Also, the sales are going down, so that has created a sense of urgency.

• There is a vision about where they want to be. The execution is the challenge. They have programs in place and initiatives. Some are moving ok, others are not moving the way they expected.

• Yes and no, there is a clear picture of the goals, and they have frequent presentations that show a clear picture. But the daily transformation is happening too slowly. They don't see the actual changes.

• He thinks there is a clear vision and he feels that they are moving in a direction where they have the knowledge the need.

•He thinks the vision is good, it probably needs to be a bit more adapted to different departments.

It is a good vision, and it was well carried out, the problem is in the execution.

• She thinks there is clear where they need to go, but how to get there is not clear.

• Yes, but we are not executing well.

There is a vision but they are not executing it. It goes to slow. It is because of politics. They can't exchange people and get the right ones, which are more fit to the change

She knows Hans Vestberg is making a good speech. But she is insecure whether the rest of top management is agreeing. And she doesn't think that what management says is consistent with what they do.

• Yes and no. They have in his team and in EP. He doesn't think there is one for the RLAM.

There is more understanding and buy in, but he still feels that the vision can be more communicated. He thinks it is there on the corporate level, but it should be broken into pieces.

• Yes he thinks there is a vision, and he thinks it has been communicated. Regionally, maybe not so much.

• He thinks that there is a clear vision, but it lacks execution.

How do you know that? How has the vision been communicated?

• They have presentations from EP directors and so on.

Do you believe in the vision?

- He thinks they are on the right path
- He thinks it is the correct direction too. The consultative approach was needed, focus on customers is all good, but he doesn't really see it happing or it is going to slow.
- Yes
- Yes
- He agrees with the vision.
- Yes

Do you think management in general believes in the transformation?

- He thinks management is on board. The clash is on middle management. They are showing some resistance. Middle management is questioning and they are waiting to see things happen, instead of working towards it. He does not see that middle management is confronted when they resist.
- In his line of managers, most of them are aligned, but one of them is not aligned with the transformation.

In general yes, but there are some managers that are resisting.

- Ericsson in general has no doubt about the transformation all the way from Hans Vestberg to other managers in top management.

The question is how far it goes down if it reaches the people where the actual change is and where the execution is.

- People believe in the vision, the change was needed and in that way, they have a good understanding
- She thinks so
- There is the old generation who is making the business now, and then there is the young staff who is trying to turn Ericsson into what Ericsson wants to be. The old ones think the youngsters are only selling dreams, not products. The problem is just getting bigger because the older conservative guys are often the managers of the young guys.

It is a question of leadership, she questions if there is the leadership to drive towards the new vision an if they can balance the long term goals with the daily running.

Ericsson need to combine the managers so they consists of both young guys and old guys, so the young guys don't go to other companies

Rogerio Loripe: Yes, no doubt

• He thinks management believes change is the right thing, but some groups of people are resisting. They won't be able to change it. (Will the people not be able to change, or will Ericsson not be able to change their resistance?)

Do you fell Ericsson is a product selling or solution selling company? And what will it be in the future?

• Today Ericsson is more a solution selling company that a product selling company. Many sales are not possible to do as consultative sales. They are based on product selling that is the only right thing.

• The customers view is that they are selling products but it is slowly changing. In 5-10 years they will see Ericsson as a software service company.

• At the time, Ericsson is in the middle, they are both a box selling and solution selling company. Though most of the people working in the organization are working with boxes, so now they are caught in between.
Also said, some customers still want to buy boxes and other are total depended on us making there solutions.

• Now they are more a solutions selling company. They want to be a more consultative company, but compared to other vendors they are seen as a solution selling company.

• It is a product selling company still, which is sad to say. He really tries to be one of the guys who are changing the company, but he still sees many people working in the old way.
He thinks it will be better, Ericsson is hiring good people with consultative mindset. The consultative approach needs to be though off on top level as well and there he sees initiatives being made.

•At the moment, Ericsson is more than half way towards the solution sales. But they don't want to be just solution selling, they want even more.

• It is both. It depends, but he does not think they're there yet. It is a slow process. It's also about the people.
Rogerio Loripe: We are on the way to move, this transition is not done overnight, we need more resources to be able to proactive.

What is your biggest challenge in changing from product to solutions sale?

• The biggest challenge in becoming more consultative is the people's competencies and the bonus systems. Who delivers and who sales and who gets rewarded for the sales?
These things are changing officially in Ericsson but not practically. They would like to change, but they are not doing it.
The project leader does not have the incentives and the sales people likes selling products so it does not happen.

• The biggest challenge is that they are making a lot of money on the things they do not believe in for the future. So it is difficult to make people stop doing what is making a lot of money.

• The biggest challenge is about culture and competence. He thinks it is about hire, fire and training.
They need to bring new guys in, especially in the senior positions. But the culture of Ericsson is that people are not fired unless it is necessary.
Some of the problem are we don't really have incentives for people to change
Changing culture is about if people adapt or reject the culture

• People and competence is the biggest challenge towards becoming a good consultative company. They need new people.

• The biggest challenge in transformation is the cultural problem. Lots of people have been here for 10 years and more, and to change them is difficult. They have been here while product sales worked. Where he is, the consultative approach is very required.
In other departments, not so much.

• Knowledge, technology, service must be taken to the front, thereby having the KAM taking care of the relationship.
Sales are comfortable in their classic role, and KAM are normally comfortable selling networks. They have always been in front of their customers, and the challenge is to get them to feel for it and want to do it. Get them to leave their comfort zone.
Even though they take a lot of initiatives to be more consultant selling, doesn't always mean that the KAM is feel safe in doing that. The challenge is to get them to shift and leave this comfort zone.

•As they are in the middle, sometimes they feel that they have removed something of value, and have not gotten anything in return. At least not yet. So the challenge is to make sure to get all old information with from the stage and get the new process right.

• The challenge is the execution. You need different profiles, competence development.

How do we achieve the vision, execution, and still have the daily running of the company. That is a challenge.

On the vision, they are doing well. The implementation needs improvement. EP needs to improve the daily running of the company. They are forgetting the reel life. They will not get there, if they don't make money today.

• The biggest challenge is changing the mindset. Either you change the mindset or the people.

After they have to organize accordingly.

The question is if Ericsson has the leaders to show how to change, they have a concept call lead by example and the question is if they have leader who can do this.

He is not sure the leadership is capable of improving that. Maybe change some leaders. Not jet.

• People and culture

Some of the people today probably aren't right for the future. Some people are difficult to change, and some of them need to be exchanged. You cannot change them during one night. It can probably take about 10 years. Also a lot of people it right and have the right mind set, but that doesn't mean they change overnight it will take a lot of training. Mindset and ability have to go hand in hand.

Rogerio Loripe: They need more resource to be able to be proactive

• It is to understand what it involves and understanding what consultancy service means. And changing the process accordingly

Do you ever evaluate the transformation or does management?

• In general Ericsson does follow up on projects, but not always. Sometimes they have Balanced Scorecards (BSC) for different projects and follow the development. But also often another program just comes and takes over the old one before it is really evaluated or finished

• It is difficult to decide what is actually making the profit.

The only real measurement is the business performance. It is difficult to measure a change. How do you compare results with what the result would have been if you had done things differently – or even nothing.

Some results that look good come from people who are actually not changing.

He believes that they are driving a change, but it is difficult to measure. The only right way is to measure on a long term basis and review the base line.

They try to evaluate the sub projects, but this is also difficult. They try to set up KPI's.

You need to have a vision for the next 5 years, and you need to have a plan that suits for this 5 year vision. They have only been focusing on the lower hanging fruits. He thinks they look too much at short term goals.

They focus too much on short term goals as they do not recognize that big losses are expected in the beginning. It is not often people go to the bank and borrow one million for a project. It is too big a risk.

- In theory they have performance management implemented, so they can assess people. If people are not making results, they should go. Other companies are much harsher when judging people.

There is no organized way of finding the people who are resisting.

Ericsson is trying to change and get the results without having the budget and the processes.

They are struggling with measuring the change. They can measure the financials, but how do you measure the cultural change and so on?

- The communication around the progress is not good enough. On top management, strategies and stuff are in place, but the follow up is missing. But they have KPI in place to measure the transformation. There are also proper milestones in place.

- He thinks the transformation is being evaluated. Last year, the goals were not reached at all. He thinks they will try to initiate actions to help those results.

- Yes and no, It is a cultural, attitude and behavioral change

- He does not think they evaluate the process. He misses an overall plan, how they should reach the next milestone etc.

In the beginning, they were told about this transformation program and it was all good. Now, transformation program is only a name.

At his level they have went to management to ask what the plan is as they don't know in which direction to go. He thinks it must be even worse for people below him.

- Management follows up on the EP, but she cannot answer on behalf of the other departments.

- HR should be controlling the change. She thinks it was done too quickly but it had to be because of the market.

Maybe there should be more consult people in the changes as EP keep changing because it was not done right the first time

• He thinks that they evaluate whether something is going good or bad. They are good at saying what is wrong, but they are not good at doing something about it. They don't act on the evaluations.
Hans Vestberg often say failure is not an option, but they are not good at accepting that as they are good in realizing failure, but not correcting it

• They try to evaluate. RLAM probably do not have an overall plan of the transformation. They have evaluative meeting in his department. They set milestones also for one year ahead. There is no overall tracking of how they are transforming in RLAM.

•For the first time one week ago I received an evaluation form from EP

• He thinks it is continuously evaluated in top management. He thinks it is evaluated, daily in conversations.

When it is evaluated, how does it happen?

• He thinks it is evaluated, daily in conversations

Are there prepared milestones?

• Yes

•Not any he knows
He misses a big plan of this transformation, and if he feels that, it must be worse for people lower. His manager is also frustrated about the same thing as he is.

• There are no milestones. They made a transition, that's it, and then the processes need to follow.

• Yes they have yearly milestones

Do you think they are consistent with the transformation strategy?

• They are not planning the process and aligning them. Therefore everything is ad-hoc. For example, her manager is sending very mixed signals.

Are there defined sales roles with responsibilities for different kinds of sales?

• There are processes in place for allocating people and for requesting people. There are some grey areas but they have a good picture of how it should be done. Also sales process level 2 is coming out.

• Yes there should be CSR, CFR, ACR, but often they don't see a CFR and project manager

•Yes there are clear defined roles, especially the CFR, SCR and ACR have been more utilized than earlier, there are still gaps and they are still learning about these roles and find what people are missing to posses these roles

• Majority is support, KAM are responsible for the sales, but his department is in a lot of customer meetings. In some areas they are actually driving the sale, if e.g. the KAM does not know the customer etc.

The roles are defined, the process and definition is there but they do not work accordingly.

Why? Honestly I'm not sure but it's because of history and people not stepping up and doing what they are supposed to. Of cause there is all done a lot as it should be done.

•The process is clearly defined and it works well, there is no need for change

Have people had training to improve their consultative and value-selling skills?

• How much can you develop, how much is bound to a person. Some believe that people can change drastically. They will try to train. Other people don't believe they can change, so they would want new people.

If a company who has 70% technicians it might not be possible to change them into being service people.

Some of the people can be changed, some not.

Ericsson is known for developing technical knowledge, it will be developed by itself. It is different with consultative service knowledge.

It is important to recruit role models that people can follow them. But they have to let people go as well. They will need to let some people go. If they are not the best technicians and if they are not able to change either, they need to leave.

People don't know and they don't want to know. You can define roles all you want, but if people don't want to change, it will not happen.

If you have the right people, they think on their own and adapt to the overall vision, and make it happen

• The Ericsson way is to learn by doing and putting in leading stars that can show the way.

• There has not been much training. They have a lot to do with the daily routines, so there is not time to focus on transformation and training people

• There has been a bit of an initiative to train people. Last year they had some formal training about consultative approach. But it is not anything you can learn from the books. You need to go to the customer.

• It varies from practice to practice. In some areas no, in other areas it is better. But in general, it has to be improved. Just because you are technically good, it does not mean you can sell products.
General Ericsson needs to improve their interacting and selling skills.
People need training in selling and KAM need to be trained in being more open, meaning passing on some responsibility to other when it comes to explaining technical stuff to the customer.

•There is not so much formal training. In his management team he is supporting and coaching his team instead. They have more information and meetings.
His team is very interactive with customers so he tries to show how to interact with customers by bringing them along

• There are some initiatives of training, and has been available for 2011. But it needs to be improved, they need more, on job formal training. More methodology on what it is consulting is needed

• People have got a little bit of training, but not much. Not nearly enough, because people cannot be changed when they have done it the same way for 20 years.

• He thinks people are getting prober training to do it, but training isn't the real issue. Instead the question is if the company has the right leader to show the employees how to change the mind-set. They have a concept that is called lead by example.
The training has been there, but the examples lack.

•I think that is okay

• No - people won't change just because of training. People have not been trained into being more consultative

Has there been a shift in where the technical knowledge is in Ericsson?

• The competence and knowledge is still in the same organizations, but now, they have a lot more freedom to work closer to the customers. The common core is all about taking the knowledge and taking this knowledge to pre-sale and to customer.
They want to have the best people in front of the customer.

• He thinks they are quite confident when they speak to customers, they respect their opinion.

• He does not think the position of the knowledge has shifted enough. Because one of the ideas of EP is also to have people working on different customers so they can learn different types and thereby share and utilize that knowledge. There is still a lot of technical responsibility and technical issues that remain in the KAM-team.

Do you think everybody knows exactly what their new role is?

• He thinks that most people know their role, they have had much information about it. It is a question whether they are able to fulfill the roles. They don't have time. EP have too few resources, they don't have time to spend enough time with customers.

• He thinks people know what their roles are, and he does as well.

The roles are connected to the objectives, and they have a good process, the IPM process, where they not only measure performance but also define individual targets. They do this by sitting down and talking to the people of their roles.

• It is not clear who should do what, so therefore people sometimes do something they should not do. They are a big pool of people doing all kind of different things.

EP people is set to do a lot of things they are not use to.

• of cause people are challenged in their role

•He is trying to make sure that people understand their roles.

He thinks people are aware of their role in the organization now, not in the beginning.

• She thinks people are confused about their role. The direction they are aware of, but combined with their daily routines, it is confusing. She, however, is comfortable with her role. People around her also KAM and operation they are more confused, because EP was first to discuss the change

• They still do it the old way. The old way is keeping the company alive. She has to maintain a balance between this and the new business

• EP still does not know what they should do. The change was not big at the KAM team. But there are people who are not comfortable because they don't know what they should do

• No, but it is more the fact that they know how they should be working, but haven't started yet. So people are properly a bit in the middle. He thinks they should reconsider what are the responsibilities of different departments.

•They know

• No. People are still lost; they don't know what to do now. They are stuck in the middle of a first radical change and then a more slow change.

Are you comfortable with your role?

• He feels comfortable sometimes, sometimes not, he feels sometimes he is being set do things others are better at, but he feels it is getting better as the manager is starting to know who is good at what. It took time to get this perception he is giving us now.

• She is comfortable

• He is comfortable in his role. He has a very clear vision of where he should go. He suffers because the change is going very slow.

• His role has not changed radically. He follows the market trend so he understands that they need to change better as he is close to the market change.

Do you think everybody is comfortable with their new role?

• Some people are comfortable, some are not.

• It varies whether people are comfortable or not. Some can grow into the role, but some are not able to fit into the new role. So it is different***. If they are not comfortable in their role are they then helped?*** Those who are uncomfortable are not trained because it is too busy. People are learned by doing. When people are out with customers the first time, they try to support by appointing another guy for the job also. Some are doing a great job, and other, not so much.

• No. When you look at EP, activities that should be performed – there are a lot. Usually one person cannot succeed in all these activities.

• After one year you would say so, but he thinks that people are finding there are very big expectations on them. And balancing the expectations is difficult at the moment.

•Maybe people are not that comfortable with their new role, but they have tried to support them. But there are probably still some that are uncomfortable. Management is trying to get people to understand through communications, but there are still a lot of gaps.

• Can't answer for the whole organization but in his organization it is a combination. People are a bit confused, they have heard all this about consulting services and stuff, but they are still doing the same. They are still focusing on routines in order to keep the company running.

Properly more confused as they are trying to shift but still do yesterday's work. There need to be a new round of defining peoples responsibility.

EP has been established as part of the transformation. Are there any other organizational changes related to the transformation?

• This is an organizational change, everybody need to change. **Have it been done successfully anywhere?** No I don't see that jet. But this doesn't happen overnight.

•He don't know if there should be other changes

•EP interacts a lot with operations. And operation changed a lot as well, unfortunately the common core which should be cooperation is not working so well.

Do you think there should be more or other organizational changes?

• The sales organization should be reorganized in order to have Ericsson more solutions minded. The KAM organization is a bottleneck for the information and knowledge they have inside the organization. They still se KAMs with old mindset, selling boxes. They have been doing it that way their whole life so it is difficult to change. We have also some that are complete the opposite, very consulting minded and very open. Some KAMs are very protective about their customers. So the KAMs and sales organization should be changed as well. Operation is set up completely wrong as there are no one interfaces but 7 customer unit and not the region approach as EP this is why common core don't work.

• Yes operation need to change as they are still a travelling teams and local teams, not so much a region team.

Everybody need to changes, it starts on Account level, some are good at consultative approach they don't look at Ericsson portfolio they ask what the customer needs is.

A few months ago, he were in another account, at they were very different. They were only box selling, and the results spoke for themselves=some KAM can sell network and BSS others can only sell networks (box-sellers). Some KAMs are embracing the change, some are not capable.

People from operation also need to develop a more consultative approach. They are not doing that at the moment but it's not as important for operations to changes.

• KAM is in general to comfortable discussing technology instead of taking care of the relationship and let others take care of the technical stuff.

He definitely feels that KAM are afraid of using EP. It is a question of trust. That is the challenge. They should be better at bringing EP along to the customer and let them show how much technical knowledge Ericsson have.

• She thinks other parts of the organization that needs to change, KAMs and operations. KAMs are acting like they used to.
KAM has not transformed

Has anything changed within the measurements systems?

• different department are measured in different ways. We are still working in very individual structures and are measure in the structure and people are very careful on reaching their own measures or objectives, it depend at lot on have we are at setting broad measures and when we do that people are forced. It is not a natural thing to join up and cooperate.
• nope, we are measuring in general financial numbers and if the customer and employees satisfaction goes up the changes is going good

• Yes. They are measuring differently now. They have good measurements. Some are still the same, they are measuring key deals now, it is good. It is a KPI and is followed up. They also have some common core measurements they did not have before.

• There is a measurement going on how EP is behaving. Also, the KAM assessment program investigating whether the KAMs are actually letting the technology guys get in front. ***Are you measuring that at the moment?*** There is no specific measurement, but there are activities program going in that direction and of cause there are assessments

•Measurements are not changing. They are trying to do this change, but still they use the old systems and measure in the old way. They cannot measure how they are progressing. Therefore, you don't know if you are actually doing a good job.
It is very frustrating that they have no way of knowing if they are doing a good job. It can be okay that there are no measures for a time, but unfortunately he doesn't know of anybody looking in to new measures.

• The targets are in the same as before the transformation. It is difficult to measure this type of change she thinks.

• Probably not enough. If he looks at Balanced Scorecards and bonus systems, they pretty much reflect the old routines. However, one thing they do measure organization development. They also measure a lot on key deals, which is new. So in general, it is a combination. But on the performance goals – not enough. It could pretty much reflect something from 2008

•No I don't see any new measurement

• The processes have been changed, but BSC process is not being taken seriously. People are not honest on reporting or don't know what the true picture is and just

• The measurements are only measuring the old stuff. They don't measure thing consistent with the new strategy. They must find ways of measuring things consistent with strategy in order to create incentive to change. People are only rewarded for selling boxes, not solutions. When she brings a lot of business and sales completes the work, only sales get rewarded.
We do not have measure or incentive to measure long term, sales are recognized and only now selling it measures, more strategic measurement are needed. Incentives are only 1 or 5 year.
She is building new business, but it is sales that get the bonus when they have opened the door for the business earlier. Measures need to be beyond sales.
It is problem that they are changing the targets in the end of the change so people don't have incentive for it

Are the measures individual or are they also team based?

• different department are measured in different ways. We are still working in very individual structures and are measure in the structure and people are very careful on reaching their own measures or objectives, it depend at lot on have we are at setting broad measures and when we do that people are forced. It is not a natural thing to join up and cooperate.

• The objectives are also reflected on the individual level. This is done by the IPM ex. By signing key deal objective. It works this year not last year because no one knew what to do.

• Yes, he has personal measurements, via IPN. The measurements in the last year were not clear, now they have some new metrics that are suitable to his daily activities. There are no team measurements or objectives.

•They were both, but now they don't fit. And therefor they can't make incentives

• both, but mainly individual

• Both individually and team based.

Do you think there should be some changes?

• We need some to give more incentives for the people to be more cooperative, but if it will come I don't no

• It could argue there should be other targets but it is difficult to measure

•No, the only measurement we need is final numbers, if those fail that mean we aren't working properly. The only things that count are financial numbers and customer satisfaction

• There are some conflicts, ex. the presales and delivery as delivery is measured on hours pr. project. Their hours can't be attached to a specific sale because it is work done in order to get the deal the first place.

Which department do you have close cooperation's with?

• KAM, sales and operations

•He works very closely with sales and operation. First sales, and then operation.

• EP, strategy and sales of new business, but the cooperation with the sales units is improving

• He is cooperating with sales. EP has their own view but they need to understand the whole picture.

How is customer knowledge shared in Ericsson?

• It is his impression that information about the customers is shared okay. There is a lot of discussion about customers in EP department.

There is not enough knowledge sharing in Ericsson. Information regarding older projects is not shared. The tools are more or less there, but they are not used, and people are protective about their projects.

• When they have employee meeting, they allow some to talk about customers. They talk a lot about the customers and they share it on the intranet. If people spend one hour on the intranet, they can find a lot of information on different customers. ***Do they use the intranet?*** Those who do are the new generation. Others lack the interest, expect to spoon fed, and they have a different culture.

Maybe 10% of every meeting should be about customers, but they are very far from such a culture.

There is a small part of Ericsson that instantly repeats something that is done in one place, at another place. Those are primarily seniors. They are using formal networks, but they would be doing it even though there were no tools. It is more about the people that the actual tools and processes. The culture of sharing is not good here.

Managers have often been in the same department for a very long time, which is why they are promoted all the time. Specialist knowledge are more valuable that wide knowledge in Ericsson.

In the daily work they are working a lot in individual departments, due to measurements and the fact that managers are protective of their people. They focus on their own problems before they can approach other.

There are always people wanting to keep their knowledge

• Knowledge sharing; others live of their knowledge sharing and they have measurements on it. Ericsson is not very good at it. They intend to invent the wheel every time. Ericsson does the work, without evaluating. There are several reasons for this: No incentive, protectionism, but every company deals with these problems.

Customer knowledge is not shared either. Everybody needs to learn for themselves, KAM should be the orchestrator but they often like to keep knowledge to them self. It is important to coordinate the customer contact, but they are aware of it, but not good at it.

He does not think it is about the tools. Of course it is good to have a place to store the knowledge and stuff, but in general it is the culture.

If the leaders are not doing it, how should employees do it?

They still have KAMs that are very protective, and they are trying to get to the point where the KAM are customer manager and not the only contact with customers.

• Here they can improve. The tools are in place, e.g. Ericoll and knowledge base. But it is not enough. They are not sharing enough, even inside the team where people work all over the region. Knowledge sharing within the building is ad-hoc. What is being sold some parts of the world is not being reused in other parts of the world. Defiantly a place that needs improvement.

• There is no formal way of doing that, so he manages his time so he stays at least one day in Ericsson where he talks with his managers.

He thinks that the knowledge he is bringing back from customer can help the rest of the team in the right direction.

• Yes, they have knowledge sharing go in a couple of different directions

1. Thing is to share processes on going to the customer, which we do very much between the practices, but there are still a small process and method missing for this part.

2. On the global level it’s to share what they do at equal level. Which he feel they do, but maybe they are only at 50%

But it is difficult to categorize and tag info so they are easy accessible, but it is being done. They need to find incentives to share and use. They are about to come in place.

• Knowledge sharing is a problem. People who are friends are often communicating and discussing things, it is not formally shared. They have to go and ask different people and write mails and so on.

• Overall Ericsson is doing good, but when it comes to databases, and have the data updated, on stuff like opportunities and customer knowledge, they are not there yet. It is not possible to get info from other regions. There is a lot to be done

• They use the company tools. She thinks Ericsson is good at communication and knowledge sharing. Most: IT tools, workshops, meetings

Knowledge sharing is good in Ericsson

• He thinks that knowledge sharing about customers is part of his job. He thinks that they are able to share and that is their duty

• Very poorly. They are starting to improve it. It has never been part of people responsibilities so people should do it in their spare time, which is not happening. Evaluations on projects are not being rewarded and therefor it rarely happens. They learn from customers that they are not taking advantage of the knowledge gained around the regions. Sometimes customers complain that Ericsson is not able to fix a problem, as they know Ericsson customers in other countries have had the same issues solved. This is also partly the reason for the regional change. They are still in the starting point as a company. They have now started in Mobile Broadband to do a global report system were they, select project (case for future opportunities) that then run different places in the world, then collected globally and rated, but this is brand new. **Do you feel it will gets used and give value to Ericsson?** Yes absolutely. The question if it can get managed so it doesn't get overloaded with info, so you can't easily find what you need.

• Yes we have a full knowledge sharing tool

Do you think it is knowledge is shared enough?

• Yes it works well

• Yes, they share, they have different tools like Ericoll. They try to spread out and not hold back information. He uses the main communication channels. Like email, intranet and Ericoll

Could anything make the change easier?

Different structure, better IT systems etc.

• A better IT system to share knowledge? He don't think they have problems with sharing stuff and databases. He don't think a better system would improve anything. Instead they should change the behavior, then the IT systems

Are you able to mobilize people from other part of the organization, when needed?

• They are very far from having a common core.

It is possible for people to shift jobs through the organization, but if you want to move up in the organization you should stay in one department

Hierarchy and silos are very important in Ericsson, which makes it difficult to move people around for some task or on different levels

We might allow people to move, but in the daily cooperation it is very difficult, because different department are measured in different ways. We are still working in very individual structures and are measure in the structure and people are very careful on reaching their own measures or objectives, it depend at lot on have we are at setting broad measures and when we do that people are forced. It is not a natural thing to join up and cooperate. It is starting to show up now, people from different department are sending out surveys

• It is difficult. Because other departments have different things they follow He cannot guarantee to get the support he needs. Most of the time, both with operation and EP, he receives the answer that no one is available. The incentive is not there to release these people as they are working with other stuff. They must plan the demand of people in a better way, to make this happen

•The mobilizing is working fine. That is one thing that has been going well. There is a predefined way to do. It is not fantastic, but it is good and it works. It's formal.

• They need help from other departments, but it depends on KAM it is quite easy. The main challenge is between sales mindset vs. delivery mindset.

• Mobilization in EP works pretty good, but between operations it works terribly bad, they are measured on their operations and not on cooperation, this year it is changed so they try to measure it and change the spirit of sharing people. But at the moment it is not possible for him to get people from operations to pre-sale, have tried for 4 month.

They spend too much time getting people together for engagements.

Is there a formal way to mobilize people?

• There is a formal way of getting people from operations, but it is not working. It is properly the biggest problem of the overall transformation. Clear global problem

•It is easy to work across department, but it is not easy to mobilize people.

• There is a process in place for requesting people. It is working but it could be better

Is Ericsson good at working cross-functional?

• In the daily work they are working a lot in individual departments, due to measurements and the fact that managers are protective of their people. They focus on their own problems before they can approach other.
For finding opportunities KAM, EP and Marketing work together to make their growth plan as the joint growth plan is the same number, thereby they align a joint strategy from start. But this was force on from the top, as we all started on our own and came up with total different numbers.

• The processes are written down. But they might not follow the processes good enough. It is not working 100% but no company is perfect. It is okay here.

•It is ok no problem there.

• Ericsson is not good at cross-functional work, it is very much divided in silos.

Teamwork is not a culture in Latin America, it is not in their culture to see that a solution often are better in team then single work, so you have to force it, but to drive it, you need leaders that are in to teamwork as well.
All live in their own world
There is a lot of hierarchy and structure does not promote teamwork.

How do you identify opportunities? Or from where do you get leads to opportunities?

Han: . Most of it is created by the KAM's and some by EP. Almost nothing by delivery.

KAM's 80%, EP 15%, delivery 5%. KAM's shouldn't create more than 50%.
Delivery is at the moment more or less not able to bring sales in. Even though they see a lot at the customer. But the offers is often to small and to specific
Again, the culture is the reason it is difficult to change.
Marketing should also bring in some, but they look more on future

• Opportunities will eventually come from several places, but they do not today.

But it is the KAM who owns the account and decide if it is an opportunity

• Identify opportunities. The first type of leads will come from the installed base, selling upgrades etc. First area is taking care of existing customers, many leads form here. Other leads are from increasing market share. Breaking into new customers. They find the new opportunities themselves in EP. Plus they have made value proposition on new areas new solution based on market needs what they see customers could use.

EP makes these and handshake with KAM, where they make growth plans for them.

• There is a natural path from opportunity to proposal, a formal way, but it takes too long especially on small daily sales. New opportunities are often daily sales. For these, time to market, is too long. But there are some initiatives from the management team to make some shortcuts. Maybe not initiatives, but intentions.

Preparing proposals take too long time. Because you need to bring it in and convince the account managers and then bring in more people.

What they bring in of opportunities is small, but still a lot and the time is too long. Here is missing a interface to bring this quicker through, he is missing a prioritization list. EP and KAM should share this and not only on Key deals.

He feels there is missing communication between EP and KAM

• Both proactive and reactive.

Proactive by the consult way by talking to the customer.

Reactive as customers come to them.

EP should chase leads

•They try to see what other markets are doing. They go to customers and listen, and try to find opportunities. They create propositions and evaluate whether they are go / no go.

• She uses the KAM and customers. Customer comes to her, and she goes to them, but majority comes from KAMs (70/30). Sometimes they are together with the KAMs so it is difficult to define where the opportunity comes from.

• She works in the beginning, looking for things she can develop with her department, but when it comes to actual product, she contacts EP.

By talking to the potential new customers and understanding their needs, build a solution and pass it on.

• Both proactive and reactive.

Proactive: When dealing with the customer you spend a lot time there and there you study the customer and out of this might find a lead where you can go to the customer proactive.

Reactive: Often the customer explains where they have a problem and ask if we have a solution.
We should focus on the proactive approach, as the customer will always come with the reactive. Especially if you bring good proactive solutions as they see you can do this, they will ask you more for the solutions you don't know.

- 80 % of what they do is reactive, and not the way they want to work. They have made identifications on what they feels was the biggest problems for customers and then chosen 5 to make cases out of and try to pursue, the identification was done on a meeting with more or less brainstorm.

They are taking more control by that meaning try to figure out the customers problems and shaping the agenda with the customer. Not done so much on marked research, but more of intuitive knowledge from what Ericsson people felt was the problem for the customers and at the same time good business for Ericsson.
No, that is a problem in itself. They are not having a clear system no. So far the only place is SMIS, but it is the KAM who owns this and therefor they won't come in the system before there is a handshake on following a opportunity. But then it is just an opportunity. But there is lacking a visibility system

- In certain areas we are more proactive then other, but still too much reactive

Majority is based on discussions between customer and KAM, few on benchmarking and stuff EP brings from other KAMs. The ratio is clear much more customer to KAM

- There are so many different definitions of leads. Each organization have own tools and measurements.

Is there a system that shows leads or opportunities?

- Yes the SIMS, but does it work? What happen is they have an Excel files with their leads, which shows that SMIS does not work. SMIS is not user friendly it is only owned by the account. So they are having two different systems. They should find a way to use SMIS instead of having two systems. One action could be to remove ownership from KAMs but the tool itself should be improved also.
- Not one there is one in each organization that follow leads marketing, sale, EP
- In a perfect world, they would never need Excel, but they do because they trust it. But they also use SMIS. They try to keep these Excel updated with SMIS and vies-á-vis. They do not have a fantastic way of doing it.

They do prioritize opportunities. There is a change in behavior and that is a great improvement. They have one list of key deals and everyone can see them. That is new

• No, that is a problem in itself. They are not having a clear system no. So far the only place is SMIS, but it is the KAM who owns this and therefor they won't come in the system before there is a handshake on following a opportunity. But then it is just an opportunity. But there is lacking a visibility system

Do you have prioritized list of opportunities?

• They are fairly bad in prioritizing opportunities. They are not focusing on the big ones that will matter, they shoot at everything.

• There are too many key deals, and the list is far from clear.

• He has a prioritized list. They assign people to the different opportunity. The prioritizing is done on the basis of how much service the opportunities should have.

• Yes, when you identify an opportunity, you have to qualify it, but it is easy to go after everything and Ericsson has often done this.

•Yes, and especially now with key deals and that can be seen by a lot of people. Key deals is a RLAM thing.

There is a lot of focus on prioritization

• She does not have a tool for prioritization. She knows what to follow. All opportunities have the same priority.

They should however be better at prioritizing opportunities. They are treating all opportunities alike. Sometimes they put too much effort into small accounts. They treat all customers the same.

• Yes. They evaluate the markets and do a lot of strategic planning. They are focusing on specific segments, always looking for possibilities.

• It consists of 5 and there are not put more on jet.

•Yes now doubt. You can see it in SMIS

In form of tools we don't need anything news.

SMIS is easy to use and a good tool end-to-end, there is missing an attitude to keep it updated.

I in his account he feels it is quite good updated

• Everybody have their own list, but key deals are the sharing important list.

How do you prioritize opportunities?

• They have suffered a lot on prioritization, what they have done in EP is to rank the operators in, gold, silver, platinum ect. This decides how much EP they can get

Is there an overall prioritization list of opportunities for Ericsson?

• More and more focus is on prioritization. Overall they like to do everything, a lot of different products but also services. They want to sell products but also be a consulting company. When there is stuff they are not good at, they buy companies that are. With the verticals they are becoming even broader. So that questions the focus.

•Only SMIS

• Theoretically SMIS you should be able to pull out a list, but the quality is very poor. Other than that there is the key deal list, which is a matrix of deals and then with 10 most important

• There is no overall tool for opportunity leads

Are there market/business intelligence people available to support you with analyses?

•They do the market analyses them self, they look at what marketing have of report, but they do a lot from the knowledge they have them self on the market

• They help to show where we need to go. There is close cooperation with marketing.

• Not a lot. Market/business intelligence is in his mind very important in his mind, but as the structure is his is not able to drag on it. They do 95% of that work themselves within the practice. ***Is there getting better cooperation between sale, marketing and EP***. It is becoming a little bit better, not much. It is probably better than before. As he has work in marketing he feels they can give a lot of input, but a lot of the time the marketing department is not big enough in RLAM so they have to do a lot them self

•Yes, we often have communication with marketing and they provide what I need

• He does not work with marketing. Marketing and sale in Ericsson does not have the same driver, there is missing a link. Marketing is much more product oriented which is fine. You need to have a marketing unit that can market products. But marketing is missing a dimension where they should be listening more to what customers look for, and then come to KAM. He often see marketing trying to sell new Ericsson inventions which he don't see the customers need, they should listen much more to their problems.

They don't help marketing and that is also a problem, and he does not know why. Maybe there is a lack of interface.

Is there a clear defined segment strategy?

• Yes on global level, but how that is sync. On local level I don't now, but there are a lot of strategy tools in Ericsson, but I don't feel strategy always reach out to those who need it.

•There is a good level of information on strategy. He thinks the strategy need to be cut into pieces if it should mean something for him. It is too corporate

• Yes, he feels that he have a very clear view of where he needs to be

•Yes we make sure our numbers follow the benchmarking. Customer and company strategy are aligned.

• Yes I feel we are good at making a clear strategy of what should be sold in the future, but it doesn't mean we follow then that well, at the end of the day we still have to sell what the customer needs. **Are the KAMs aligned with the overall strategy?** It is different. He does not know.

• They define the segment they want to look in to them self, after that she makes the strategy They are working ad-hoc and her manager keep changing direction so she don't have a clear way to follow, she tries to make sure her team has a clear direction to follow

Is there a tool for making go/no go decisions on opportunities?

• There is an official SDP but it is way too complex. It should be much simpler. There should be some simple tools that calculate the prices for the projects.

• The right processes for SDP making is there but they are not followed. They have a great way of doing it in the US, but it is discipline and culture that needs to be addressed in RLAM.
They have the check list, but they don't fill it and it is just not checked and followed

• They have the process and criteria for SDP decision but they are not saying no enough. If people in sales need their targets to be met, they will do anything to meet them. The customer unit and the KAMs do not see the costs that are generated in connection with sales. And they don't care, because it is not their budget.
It is the sales culture.
It is still the KAMs that take the decisions.

• There is a tool for SDP what should be input and outcome. It is the sales process that defines the SDP processes.

But too many opportunities are followed. They have a hard time saying no, by default all opportunities is go. It is a cultural thing ex. SDP1 is more a coffee gathering and kick off meeting. More and more they have to prioritize and say no.

• The qualification meeting often is a kick off meeting.

In Ericsson the default decision is yes, in other consulting company, the default answer is no. The tools for selecting opportunities are there, but they are not using them, they are not using the checklists. They don't have enough time. They run from meeting to meeting, to following standard processes are not done, it is natural.

•There is a list on prioritization on customers which helps a lot on taking the decision. They have some leads but they would like more specific tools, they do prioritize customers which help. But direct tool no.

• The no go decisions do not exists

•I strongly believe we have opportunity to improve here. Need to use SDP1 more and use better criteria's for taking the decisions

The criteria's is ok, how to use?? It's perhaps a control issue, we never give up. It is against our culture to so no the first time we have the opportunity. We need to be better at this in a number of cases we should say no. The criteria's are: Probability to competiveness, budget allocated from the customer, strategic business or not and bottom line (profit or not)

• No, a guy from Sweden just mentioned the same and promised there would be a matrix for making these decisions from June. To day you follow your good sense, we need to have a more clear way of doing that. ***Are you pursuing to many opportunities or are you good prioritizing and selecting the opportunities?*** No we are not good at prioritizing and selecting. They are chasing too many opportunities. Because we have a big portfolio, everybody is trying to sale their own product, different department makes different products and they all call him to make him sale their product.

Has the change led at more work than normal?

• In general, the change has implied more work for people. He does not see an end to it. In fact, he thinks that those who cannot adapt will not be there for too much longer.

- The workload has gone up a lot. People are trying to find themselves and that creates more work.

Much focus is given to the actual job but at the same time they have to think about the change, so workload has gone up a lot.

They are trying to overcome this through optimization and improvements.

It is also high because they have to start working with other departments.

- The workload has increased during the change, and the output has decreased. They are not as good as selling base stations as they were before.

They have lost some capabilities until they get used to the change and this means more work

- The change has definitely brought much more work to everyone in the team. People are complaining. Much much more and they are putting many more hours into it.

There is much more responsibility on each job now, at the same time there was a big reduction in people when the transition was done.

- The workload has increased much during the change. For the whole department. It is also because they lost many people. But he definitely thinks they are working more now. That is definitely something that needs to be addressed. People are not happy about it.

- It has brought more work, generally, but specifically in the beginning. They have to work more because they lack tools and processes. Or the lack thereof brings inefficiency. People get used to the workload. They have lost some capabilities until they get used to the change. Which means more work

- The workload has increased. Trying to work towards the vision but still running the company is difficult and creates a lot of work.

- In the beginning, she worked a lot. Double as much as she used to. Not anymore, she is getting tired.

- Workload has increased a lot.

- He has always worked a lot. He doesn’t know with other people. In general he thinks there is always a lot of work in this business and it is a business where people a used to work a lot as they have deadlines for proposals. He does not think there is more work in general, but it is just a feeling.

- yes crazy

- He thinks people are busier now. There are new processes people have to work with on top on normal routines and know knowledge have a different spread. People are still confused.

What do people think of that? Do they accept it?

• People are complaining a lot about the work load. He believes that they have too many people.

• This work comes on top on the daily routines. There are a lot of complaints. Sometimes it is holiday in Brazil, but not in Mexico.

•They are used to it

• People complain about the workload. They say that they need to do their daily routines and still develop towards the vision, but they have no time to do it.

How long time do you think the hard work pressure will continue?

• Workload will hopefully decline steadily when they become better at the new roles. They also need to define what they should not be doing. Some work is probably unnecessary.

• He does not see any change in future, unless they start prioritizing.

• He don't know how long time it will be, probably a year or more until the transformation is done. But he thinks things will be better when different gaps have been closed, e.g. interfaced with different departments. Also, they should have more clear roles. But in general, it depends on the results.

•He hopes it will not continue, but he would like to see a plan.

•He don't see it coming down

• He don't know how long time before they are done, he read an article that said 5-7 years.

• He does not know how long time it will go before it will decrease, he don't think they have reach the top jet.

Is there resistance to the change?

• He does not think there is much resistance towards the change, people have heard about the change for too long without anything has happened. Therefore they have lost a lot of motivation. It was a shame Ericsson did not take advantage of anxiety in people that was created during the actual transition, and followed initiated the transformation as well.

• He's not sure it is a strong resistance, just people not buying in. People are just not helping, but he thinks that many people understand that they need to change.

• There has been a fair amount of resistance towards the change.

He does not know who is resisting. He thinks it is quite equally spread out through the organization.

• There is a lot of resistance towards the change. It is natural.

Not even at the top there is a 100 % buy in.

• They still see resistance and that people were a lot more comfortable with their old roles.

But it is part of the process. . Middle management is questioning and they are waiting to see things happen, instead of working towards it. He does not see that middle management is confronted when they resist.

• Some but in general, he doesn't think people are resisting the transformation. He does not know if management see eventual transformation.

•No one says in the open that the change sucks.

• yes

• There is resistance, but it is not that much. They need to work on the short term stuff, but that is not where they want to be

• The resistance is there because they don't know what to do. Also because he does not see anything else changing. They lack good examples. The training has been there, but the examples lack.

• He thinks people agree on the transformation. There is some resistance, but it will take time.

• No, cause leaders don't know what is going on

Do you think management here knows who is resisting the change?

•He has seen a good spirit from the beginning from management. But it is most EP and operations. Some people are resisting, but the majority is cooperating. EP and operation accept the change, even though they are affected the most. There are some geographic resistances though

• Management in her department doesn't know what is going on. Management is resident they are not showing the way. Top management is showing the way, but after that it doesn't work.

Are those resisting the change confronted?

• He thinks so, but they can be afraid of confronting people because they are scared of loosing good people

• They have talked about why they change and repeated it. They have not worked that much with people and culture. They have focused on repeating the change.

• People are not confronted directly, because their managers are probably resisting the change as well.

• No and middle management is also waiting for a change

•He has seen that managers have talked to people who were resisting, but probably not enough.

• People are not confronted. Managers are also resisting and in general, nothing is happening with them.

• People remaining passive or resisting are probably not confronted. He tries to talk to with them if he sees them not helping the transformation. But in general he does not think they are confronted.

• They are not confronting people who are doing things wrong, so in general no

Do you think the change is something most people are agreeing on or is it just a few people who wanted it?

• Generally it is very different whether people like the change or not. Some are not happy, they have got much more work for the same salary, but overall it is positive.

• Everybody should be aware of the transformation, but not all department are on the same level, so some department don't really work on it

Do you think the change is happening too fast or too slow?

• The pace has been slow and fast in different segments. What was fast was the top management decision on the vision and setting the new organization on paper and identifying quick wins.

• For him the change is too slow. Sometimes it is better to hit hard, break it up, and built it up quickly. But on the other hand, it is a very big organization.

• It was a big transition, very fast, well done, but now, the transformation is taking very long time. It is taking time because of people, processes and etc.. EP expected the transformation to take 12 month, but we are now coming to 12 month but we are not nearly there. They try to change the engine of a plane that is flying, instead of bringing it down to change the engine

• The transformation is going too slow. The initial change, the transition, that fast very fast. The transformation is not changing as fast as it could be

•In the beginning the transition was very fast, now it is too slow because nothing is happening.

• When she looks at the work load they have done at the same time they have achieved a lot, but if you only look at the transformation they have not reach a lot, it should be done faster. But other departments need to follow along, some a getting there.

• He knows it is a big change but he thinks that it is being executed a bit slow. They are a lot behind the plans. He thinks top management is working hard towards making the change go faster, but it is difficult to bring it down here.
He don't want to be in the comfort zone and say ok fine, it could be faster. It should be faster.

•It was an overnight change, it is difficult to me say as I'm outside the change

• In the beginning the change was too fast but now it is too slow. In the beginning, people who didn't agree should leave

• It is slow. In the beginning, the transition was too quick, but according to the overall change into the future, now it is too slow.

In general what do you think of the transformation?

•The communication and execution should be improved a lot. There should be prepared a plan and it should be communicated. There should be milestones and they should be celebrated.
This is a big change, maybe 6 years, and people will get tired if they don't feel they get anywhere. They need to celebrate the small wins.
There is a lot of frustration, because of missing tools at the moment.

• He thinks it is very much related to having the right people. Process are clear, but much more the right people are needed.

• The change will create a better cooperation between marketing and sales.
He thinks the transformation is good in general, and that it is the right thing to do.

Extra comments

- People don't use e.g. SMIS because they don't get anything in return. The incentive is not sufficient
- She has influence on Ericsson strategy. Or at least in realizing it, because the strategy comes from corporate headquarters.

In RLAM there are no new people in management. They are all old and have been there for many years. And when new people are taken in, they often leave because everything is so stuck in old Ericsson way of doing it.

When you externally look at Ericsson you can see so much potential which motivate you, but then you look internal and nothing is happening then you get demotivated.

- They have not been good at aligning the vision from the top and through the organization and plan the actual implementation. They lack a plan of how to get it actually done and a lack of implementation.

He spend 90% of his day on reacting and 10% on improving his own department and not all of Ericsson, not improve the general fluffy situation for Ericsson, because I'm not sure I could contribute there unless everybody had the same mission

- When KAMs are ready to share the clients it is possible to have several people dealing with the customers. It is difficult with those who are not.