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The Internationalisation of Family Owned and Operated Firms

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EXECUTIVE SUMMARY

Internationalisation of a family owned and operated firm is often seen in the second or third owner generation, and if it does not happen within the first few it is not that likely to happen. The successful internationalisation of these firms is the topic of this thesis. The focus is on developing a model by combining internationalisation theory and resource based view of the firm in order to develop a model that indicates how a family firm internationalises and what are the critical resources that the firm must control.

The result of the analysis is that there are certain key resources that a firm that internationalises should control in order to ensure that it goes well. The key element is the transferability of the resources to the new market in order to maintain the company's competitive advantage and thereby offset the liability of foreignness.

The theoretical discussion is followed by an analysis of a family owned and operated firm JH Staldservice in relation to determining their internationalisation readiness and a market analysis to determine if a foreign market is a good opportunity for the company. This is in order to implement a part of the model as an analytical framework. The market that is analysis is found to be attractive for the company to enter. This analysis is supplemented with a recommendation of entry strategy and marketing strategy for the firm given their resource bundle and the results of the market analysis.

The conclusion of the thesis is that there are some key resources that are necessary for a company to internationalise and enter into a new market. These resources allow the company to offset their liability of foreignness and compete in the market.

CHAPTER 1 - INTRODUCTION AND PROBLEM FORMULATION

Jørgen Hyldgård Staldservice A/S (JH Staldservice) sells and services different types of machinery for automating work in farm stables. They have developed a product line that reduces the needed for manual labour in the stable (JH Ministrø) and a product line that can reduce the environmental impact of the farm (JH Acidification System) more on these products later.

Up until now the company has focused exclusively on the Danish market but in recent years there has been an increase in interest in their own products from foreign markets. The company has filled the orders from abroad (sporadic exporting) but had not made any effort to pursue this market demand further and start an internationalisation process. However the interest from abroad, the belief that the company's products are unique (patent pending) and that they have international potential has resulted in a desire within the company to internationalise the company's activities and pursue an international strategy. This has motivated the company to establish some resellers in a number of different markets in 2011.

This project has been written at the request of the company. The focus of the project is to develop a model of family business internationalisation where factors that determine internationalisation success are explored. Using this model a market opportunity for the company is examined. The aim of this chapter is to develop the problem statement and define the scope of the project

The chapter is structured as follows; the problem area is reviewed where the theoretical frame and practical application are briefly described. This is followed by the problem formulation and a number of theoretical questions that must be addressed in order to answer the problem formulation. Finally the scope of the project is discussed.

PROBLEM AREA

As mentioned in the introduction to this chapter JH Staldservice has experienced an increasing interest in their products from foreign markets. After a generation handover the new owner of the company, Ken Hyldgård, is interested in exploring these international opportunities more. However he believes that the company is lacking in knowledge in this process and is interested in how the company can ensure a successful internationalisation.

The internationalisation process of businesses is a topic that has been explored in the literature to a large extent and has resulted in a number of models for the internationalisation process (Johanson & Vahlne 1977; Johanson & Vahlne 2009; Oviatt & McDougall 1994; Anderson et al. 1994). A subset of this research area has focused

on the internationalisation of family businesses. Family businesses are often treated separately from other companies and research indicates that there are differences between family businesses and other small and medium enterprises (SME) in the way they internationalise (Abdellatif et al. 2010; Gallo et al. 2004). The difference between family businesses and other SMEs has been found to be what has been termed "familiness", a bundle of resources that is unique to family businesses (Irava & Moores 2010).

But how do these different elements influence the internationalisation process of family businesses and what are the determining factors of a successful internationalisation of the family business? Specifically determining how the family businesses are different in their internationalisation process compared to other companies and what considerations should a family business make when following a systematic internationalisation process.

PROBLEM STATEMENT

Based on the above discussion the main research question in this thesis is formulated as follows:

How can Jørgen Hyldgård Staldservice A/S ensure a successful internationalisation of the company in order to sell their products to customers?

SCOPE OF PROJECT

The scope of this project is to develop a model that describes the internationalisation process of family businesses and the factors that influence it. The model is also used in the assessment of a market opportunity and determining the market entry strategy for that opportunity.

STRUCTURE OF PROJECT

The first section of the project focuses on the development of the research questions that are to be answered and the methodology that is used in answering them. This includes a presentation of the area under study and a brief description of the case that is described more extensively in later chapters. This is followed by a presentation of the methodological considerations and how the research is conducted. This is in order to ensure the reliability and validity of the study and facilitation transparency about the research process and the choices that have been made.

Chapters 3-6 focuses on presenting the theories and frameworks that are utilised in the case study and highlights any points of critique of these theories. The areas that are covered are the internal analysis of the company, the external analysis of the environment, international business and internationalisation and finally market entry

strategies. These different elements are then combined into a framework in chapter 7 to be used in the analysis of the case company.

Chapter 8 focuses on the analysis of JH Staldservice and their environment. There is both an analysis of the company and the environment. This analysis is the base for the analysis of the internationalisation opportunities and the market assessment in chapter 9. In the final chapter the conclusion and reflections of the thesis are presented.

THE MAIN THEORIES

The main theories that form the foundation of this thesis are the Uppsala process internationalisation model, the Resource Based View of the Firm and Family Business Internationalisation. These theories are used as the basis for the empirical investigation of the case company in order to develop recommendations for their internationalisation process.

CHAPTER 2 - METHODOLOGY

In order to create a valid scientific project it is necessary to have a clearly defined methodology to guide the researcher in collecting and analysing relevant data and thereby facilitate the research process for the project settings. The main purpose of this chapter is therefore to explain how this research is conducted. The starting point for this chapter is to present the key concepts of business research. Then the methodological considerations that underpin this research are discussed and their implications for the research strategy.

The focus is then turned to discussing the research design and process in relation to the methodological considerations. The final section of this chapter focuses on the research criteria that are used to evaluate the findings of this thesis. Finally the structure of the remaining thesis is outlined.

KEY CONCEPTS IN BUSINESS RESEARCH METHODS

It is generally accepted that all research is guided by a set of assumptions about science and how to conduct research. These assumptions can be either implicit or explicitly stated in the research. Bryman and Bell (2007) highlight that there are five elements that influence how business research is conducted; these are theory, epistemology, ontology, values and practical considerations. Each of these will briefly be reviewed before moving onto discussing the application to this research project.

Theory

Theory is at both ends of the research process in the sense that theory can both be guiding of the research i.e. the research questions are derived from the theory. Or the research can lead to the development of a new theory or adjustment of an existing theory based on the collected data.

This can also be a cyclical process where a theory gives rise to questions about the world. This leads to the collection of data and analysis of the phenomenon. The results of this analysis might confirm a theory or disprove the theory or something in-between. The results may then be used to amend or adjust the theory and thereby evolving the theory.

In this way theory is at both ends of the research. These two forms are called inductive (data before theory) or deductive (theory before data) approach to research. The deductive approach to research is often used and is easier to structure since the phenomena is defined beforehand. While deductive research is more unstructured. Both of these approaches to theory development have their uses and their advantages. The

deductive method allows for further development of a theory and applying it to new situations. The inductive approach allows for development of new theories about the phenomenon that is being investigated.

There are a number of ways to look at what theory is. Theory can be seen in a grand/middle range distinction where the grand theories are at a higher level of abstraction than the midrange theories are. This means that they are often more difficult to operationalize than middle range theories are. The middle range theories are concerned with a more narrow area of the social world than the grand theories. This also means that they are easier to operationalize because the area under study is better defined.

Epistemology

Epistemological considerations relate to what is and should be regarded as acceptable knowledge in scientific study. A central issue is the considerations of whether it is appropriate to use the methods of the natural sciences to study the social world or if other methods should be used. There are several "schools of thought" regarding epistemology where the main are positivism and interpretivism as contrasting points on a scale.

Positivism is often used to refer to the application of the natural science methods to the social world. The fundamental view is that there is an objective observable reality that is external to the researcher and that the researcher is able to objectively observe this reality. According to Bryman and Bell (2007) there are five principals that are core to positivism. These are:

- 1) That only phenomena that can be confirmed by the senses can be warranted as knowledge,
- 2) Theory is used to develop hypothesis that can be tested,
- 3) Knowledge is arrived at through the acquiring of facts that lead to the creation of laws,
- 4) Science can and must be conducted in an way that is objective and value free,
- 5) There is a clear distinction between scientific statements and normative statements and that the first is the domain of the scientist.

Interpretivism is a contrasting point that argues that the social world is a fundamental different research object than the natural world. This is because the beings living in the social world (i.e. People) interpret the actions of themselves and others in order to understand their reality (and thereby create social constructs) while the natural world of atoms and protons does not have any meaning the "inhabitants". It is therefore necessary to use a different logic of research procedures that reflects the distinctiveness of human behaviour in contrast to the natural order nature. (Bryman & Bell 2007)

Finally there is also realism and specifically critical realism to consider. It considers that there are underlying structures to reality that are not obvious by simply observing the phenomena they produce. The position is also the social scientist understanding of a phenomenon is just one way of understanding it, in contrast to positivism where the researchers view of reality is an accurate reflection of that reality. Critical realism should not be confused with empirical realism which, according to Bryman and Bell (2007), is often characterised as being superficial since it fails to recognise any underlying mechanisms or structures that would generate the observable phenomena.

Ontology

According to Bryman and Bell (2007) the central question of social ontology centres on whether social phenomena and their meaning are external to the social actors or produced by the actors. In the ontological position of Objectivism social phenomena and their meaning are external and independent of the social actor. This position indicates that reality or the social phenomena that are observed can be objectively analysed since they are external to the actors.

In contrast to Objectivism there is Constructionism. This ontological position views the social phenomena that are observed are produced through the social interactions of the actors and are in constantly being revised.

Depending on the view adopted the methods that are used in order to investigate a phenomenon will differ. This is due to the fact that constructionism indicates that it is the process of creating the phenomena that is interesting while objectivism indicates that it is possible to conduct an objective investigation of the phenomena separate of the social actors.

Paradigm

According to Bryman and Bell (2007) a paradigm is defined as *"a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, [and] how results should be interpreted"* (Bryman & Bell 2007, p. 25)

There are a number of different classifications of paradigms that incorporate ontological and epistemological considerations. Bryman and Bell (2007) highlight the work of Burrell and Morgan (1979) and their paradigms. These paradigms contain assumptions in two dimensions. The first relates to the ontological considerations where the assumptions can be either:

Objectivist, where the organisation can be viewed externally and that the organisation is comprised of real processes and structures; or,

Subjectivist, where the organisation is socially constructed and is a label used by the actors to explain their experiences and can only be understood from the actors point of view.

The other dimension concerns the purpose of scientific research as either:

- 5 **Regulatory**, where the purpose is to describe what goes on within and organisation and provide suggestions for minor changes but not to judge the organisation; or,

Radical, where the point is to make judgements about how organisations ought to be and offer suggestions as to how this may be achieved.

- 10 These two dimensions form a two-by-two matrix with a total of four competing paradigms. These are

	Regulatory	Radical
Objective	<i>Functionalist</i>	<i>Radical Structuralist</i>
Subjective	<i>Interpretive</i>	<i>Radical Humanist</i>

Table 1

- 15 The functionalist paradigm is the most dominant framework for the study of organisations and is based on a problem solving orientation in order to provide rational explanations. The interpretive paradigm questions if there are any organisations beyond the social actors conception of it and therefore the study of organisations under this paradigm focuses on understanding them from the perspective of the actors within the organisation. The radical humanist paradigm views the organisation as a social arrangement and that the actors need to be emancipated from. The radical structuralist paradigm views an organisation as a result of structural power relationships and that these relationships result in conflict. (Bryman & Bell 2007)

- 20 According to Bryman and Bell (2007) the use of this framework has significantly influenced researcher by getting them to consider how they view the social world and questions relating to their epistemological and ontological views. Additionally the choice of paradigm holds influence over the research questions and methods used for collecting data since these should be consistent with the paradigm.

Research Strategy

- 30 Research strategy refers according to Bryman and Bell (2007) to a general orientation towards the conduct of business research. There are two strategies outlined, the quantitative and the qualitative. The quantitative research strategy has a focus of theory testing and often works in a deductive manor. The epistemological foundation is positivism while the ontological foundation is objectivism.

A qualitative research strategy is by contrast inductive and theory generating, is epistemologically founded in interpretivism while the ontology is constructionism.

However as noted by Bryman and Bell (2007) this distinction is not absolute and that it is possible for quantitative research to incorporate some elements qualitative research elements and vice versa. It is also noted that it is possible to mix the quantitative and qualitative strategies in one research project.

5 Values

The personal values and beliefs of the social scientist may influence the choices that the scientist makes during the course of a research project. As Bryman and Bell (2007) note this may, on the face of it, seem counter intuitive that the researcher is biased however it is generally accepted that the process is influenced by the values that the research holds and that these come into play in many elements such as selection of research area, choice of method, analysis of data, conclusion etc.

There are several points to be made regarding being aware of this bias. First that it is not uncommon for researchers to develop sympathy or dislike for the people or organisations that they are researching. Second that by being aware of the existence of these biases and that research cannot be completely value free the researcher may be aware of the influence of these factors on the research process. Third there can be made a point for consciously value laden research as adopted by some feminist researchers where it is argued that the research should not simply be an extraction of information from the research subject but be a value adding activity for both researcher and research subject. (Bryman & Bell 2007)

The main point that Bryman and Bell (2007) make is that research cannot be value free and that there is greater awareness of the limits of objectivity.

Practical considerations

There are finally a number of practical issues the need to be taken into account when deciding about how to conduct business research. This relates to deciding on research strategy, design and methods in order to work with the research question at hand. Also the amount of research that has been done on a subject before will determine if the research should be exploratory, where qualitative research is appropriate, in nature or confirmatory, where quantitative research may be preferred. Another dimension to this area is the nature of the topic under investigation where access may be limited, e.g. With criminal activity, the researcher may adopt a more qualitative approach. (Bryman & Bell 2007)

As noted by Bryman and Bell (2007) business research is a coming together of the ideal and the feasible for the researcher. And that the research into a given topic is often determined by the constraints that the researcher is under.

METHODOLOGICAL APPROACH APPLIED IN THIS RESEARCH

In the previous section we looked at the elements that influence business research. Based on the considerations and discussion highlighted, this section will focus on exploring methodological principals in terms of epistemological and ontological considerations that are applied in to this thesis.

Basic assumptions applied in the study

In order to provide transparency of the research that is done in this thesis I would like to present the basic assumptions that are applied in relation to the ontological and epistemological considerations.

In relation to the ontological considerations I believe that the world can be investigated in an objective fashion and that it is external to the actors. This means that the phenomena can be investigated without influencing them.

Regarding the epistemological considerations I believe that there are underlying structures and systems in the world. These structures are not always directly observable but by applying relevant methods to investigate a phenomena it is possible to uncover these structures.

The implication of these assumptions is that it is possible to discover the phenomena in a objective manner but that the actors that are in the world may have a subjective view of the phenomena, therefore it can be a good idea to utilise data triangulation techniques to analyse the phenomena from different perspectives.

Purpose of research

The main purpose of the thesis is to solve a real world problem for a company. This problem centres around the difficulties in internationalisation of a family businesses. The difficulties centre, as we will see, on the detection and analysis of market opportunities and developing a strategy to pursue these opportunities. However due to the size of the company there is a limited need for the development of a sophisticated analysis model for the company. However this is done in this thesis as an academic exercise and to provide the company with an analysis model they may use in future settings.

This makes the purpose of the thesis two fold, first to solve the company's problem and second to allow the author to develop his analytical skills and ability to integrate theoretical frameworks to an operational analysis tool.

Research Strategy

This section focuses on the research strategy implemented in this thesis in order to provide the reader with an understanding of how the problem investigated in this thesis has been approached. As mentioned in the previous section there is a twofold goal with

the thesis and this also influences the research strategy. In order to fulfil the first goal, to develop an analytical tool to analyse international opportunities, the existing literature on the subject of internationalisation success and failure and on the internationalisation of family businesses is examined. Based on this literature a number of general
5 recommendations can be developed for to assist a company in their internationalisation process. These are used in the development of the model and integration of internationalisation theories.

Second we look at the case company and determine what strategy is relevant for them to follow by analysing their current situation. Here the analytical model is tested
10 and used to fulfil the second objective to give the company recommendations on internationalisation of the company.

RESEARCH DESIGN AND PROCESS

Research Design

The thesis uses JH Staldservice's problem of internationalisation in a family owned
15 and operated business as a jumping of point to investigate the internationalisation theories in relation to the internationalisation of a family business. The goal is to determine possible strategies for the company to implement in their internationalisation efforts.

Research Process

20 *Data collection*

The data that is collected for this thesis is a combination of both primary and secondary data. Primary data will be used in the analysis of the case company while secondary data is used in the analysis of the potential market(s) in order to determine size and attractiveness.

25 Primary data is any type of data that is collected for the study at hand where as secondary data was collected at another time and for another purpose e.g. a different study.

Primary data

There are many ways to collect primary data including surveys, interviews and
30 structured observations. Each if the types of data one can collect has advantages and disadvantages and are suited for different types of research. In this thesis the primary data is in the form of semi-structured interviews. This is because for the purposes of the case study I want to uncover the companies motivations for internationalising and determine their goals. This is done in interviewing. The semi-structured interviews have
35 the advantage that the researcher may uncover and explore areas that where not

originally thought of initially during the design of the interview guide. However at the same time by having some specific questions the interview is guided towards a specific topic. In contrast an unstructured interview may dwell on many topics but may be unrelated to the problems at hand that are the focus of a particular study.

- 5 Other options that could have been used would be surveys. However the use of a survey (online or in paper form) is subject to non-response bias. However they can be immune to interviewer bias.

The focus of the study is to uncover top managements desires for internationalisation and determine their risk aversion. This is in order to develop the marketing plans in
10 relation to their internationalisation goals.

As mentioned I used semi-structured interviewing therefore an interview guide was developed beforehand. The questions were designed to focus on the internationalisation desires and motivations. The questions were mainly designed to be open-ended to allow the respondent to elaborate on a topic as much as they desired.

15 *Secondary data*

Secondary data is any and all forms of data that were collected for a different purpose than the research project at hand. Or in other words data that is not primary data. The use of secondary data sources allows the researcher to use large data sets that may not have been possible to obtain due to resource restrictions as primary data.

- 20 Secondary data can be many forms including interviews, articles, public databases etc. I will be focusing on collecting data from databases on industry structures. This is used to assess the size of the potential markets and segments. The secondary data that are used are primarily for use in the external analysis and market assessment sections of the analysis. In order to examine the industry structure data has been collected from
25 public databases. The databases that are used in this thesis are maintained by the EU

Research criteria

- When designing a study there are a number of elements that it is important to keep in mind. These are such elements as the validity, reliability and replicability. Each of these terms are reviewed quickly and then how we will review what has been done in order to
30 ensure a high degree of each of these measurements.

Reliability refers especially to the measurements, do the measurements measure what they are intended to measure and how.

- The replicability of an experiment / study is important in order for other researchers to confirm or falsify the results of a study. Therefore careful documentation of the study
35 is crucial in order to ensure replicability and

Validity refers to the correctness of the study there is both a measure of internal validity and external validity. Internal validity refers to the internal consistency in the research process. i.e. how consistent the research is with the methods used. External validity refers to whether the research is

- 5 A research must ensure high degrees of these measurements in order to have a result that can be used in others and that contribute to the body of literature.

CHAPTER 3 - THEORIES OF INTERNATIONALISATION

There can be many reasons for why a company internationalises. One of the reasons may be to meet demands in foreign markets. If a company receives unsolicited orders from foreign markets it is an indicator there being an unsatisfied market demand at that
5 this demand can be met by the company's products. Another reason for internationalising can be that their customers are demanding that they follow them to foreign markets. These factors are examples of change agents; they can be internal or external to the company. In either case it is the change agents that sets the internationalisation process in motion.

10 The process does however contain many challenges for the company such as selecting markets, entry strategy, developing a marketing programme and deciding on the marketing organisation (Kotler & Keller 2006). Another problem can be that the company has no prior knowledge of how to conduct business internationally or has no relation to companies internationally.

15 There are a number of theories on internationalisation and the internationalisation process. These theories and models are often concerned with the degree of internationalisation of the company and offer several stages from only being local to being an global company. An example and often-referenced model is the Uppsala model of internationalisation where there are four stages of the internationalisation
20 process.

The main question that these models bring to mind is however when is the internationalisation complete and when is it a success or a failure. Is the internationalisation process on-going or is it completed when the company can be placed at the last stage in the model? Or can we characterise a successful
25 internationalisation in terms of other indicators such as degree of involvement in foreign markets, a ratio of earnings from foreign markets to home markets, a critical mass of knowledge or know-how within the company on international business or some other criteria?

According to Kontinen and Ojala (2010) there are four primary theories that have
30 previously been implemented in the study of internationalisation of family businesses. In this chapter these theories are reviewed in order to determine what factors are considered relevant in the internationalisation process and to determine potential predictors of success. The results will be used in designing a strategy for the case company internationalisation.

35 In addition to examining the internationalisation theories we will also examine the internationalisation of the family owned firm. This is particularly interesting since the

family firm often have unique characteristics compared to other firms that are not family owned and operated.

The four models that have previously been used when examining family business internationalisation are the Uppsala internationalisation process model, the Network Model, Born Globals and Dunning's eclectic paradigm of international production. Dunning's eclectic paradigm of international production is however not relevant for this thesis since it is concerned with explaining the extent and pattern of international production financed by Foreign Direct Investment (FDI) from Multi National Enterprises (MNE). The paradigm uses the OLI framework (Ownership, Location and Internalisation advantages) to explain the advantages of MNEs and how they can deploy them as multinationals. The eclectic paradigms primary focus is on explaining the existence of MNEs, what drives them and their management. Therefore I have chosen to exclude the Eclectic Paradigm from this thesis.

The remaining three models are used to gather perspectives to the internationalisation process in general and these are then discussed in relation to the family firm context.

GENERAL THEORIES OF INTERNATIONALISATION OF THE FIRM

The Uppsala Internationalisation Process Model

One of the most often cited models is the Uppsala model it was originally published 35 years ago and there has been a lot of development in the internationalisation field and other business study fields. The model has also since been updated in 2009. We will start out with looking at the original model from 1977.

1977 Model

The original version of the Uppsala model was published in 1977 (Johanson & Vahlne 1977) but has since been revised to incorporate advances made in business networks research since then and to respond to the various criticism it has been subject to (Johanson & Vahlne 2009).

The model was originally developed based on a study of Swedish manufacturing companies where it was observed that they often started their internationalisation with ad-hoc exporting and later developed more formalised entry through deals with intermediaries such as sales agents, as time passed and sales grew these agents or intermediaries would be replaced by their own sales organisation and ultimately as growth continues would create their own production companies. This was in contrast with the literature at the time that stated the companies would or should select markets based on analysis of cost and risk of the markets and take into account their own resources. It was also observed that when the companies would choose foreign markets

that where close in psychic distance and often started with exporting to those markets. When the company was well established in the market it would seek out markets with larger psychic distance. This pattern was named the establishment chain. (Johanson & Vahlne 2009)

5 This change can be summarised into four stages of internationalisation with increasing degree of commitment:

- 1) No regular export
- 2) Export via independent representatives
- 3) Establishment of a foreign sales subsidiary
- 10 4) Foreign production / manufacturing units

According to Johanson and Vahlne (2009) there are two underlying assumptions of the 1977 model these are bounded rationality and uncertainty. Additionally there are two change mechanisms that move a company from one stage to the next. The first is that the company learns from its experience in the foreign market and the second is that they change through commitment decisions in the foreign market. Commitment is by the authors defined as the size of the investment times the degree of inflexibility. This leads to the mechanism illustrated below:

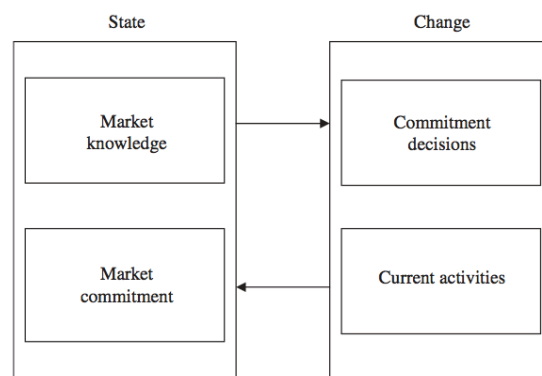


Figure 1: 1977 Uppsala Model

20 As the company engages in the market its learnings about the market increase and affects the decision of commitment to the market and the activities that result of that commitment. This leads to an increased commitment and thereby the possibility of more learning. This cycle then continues. (Johanson & Vahlne 2009)

Critique

25 In the following paragraphs we will review the criticism of the 1977 model and the responses to these criticisms from Johanson and Vahlne (2009).

The original model has been subject to much criticism one of the often-criticised points was the establishment chain. This was however, according to Johanson and Vahlne (2009), never part of the model but was a summary of their empirical observations.

The born globals phenomena, or international new ventures as it is also termed, has been a major point of criticism that these do not fit the model. However Johanson and Vahlne (2009) point out the born globals are often in reality born regionals since they do not have activities that span the globe and should therefore be termed international new ventures. The rapid internationalisation is possible within the model since these are often founded by people with previous international experience and have already established relationships with foreign companies. Therefore they are not a problem for the model. (Johanson & Vahlne 2009)

A second point of criticism is the weakening of the correlation between the psychic distance and market entry. This is recognised by Johanson and Vahlne (2009) as some managers or companies may have more general knowledge about foreign environments making them more confident in their abilities to handle psychic distant markets. The authors do however point out that psychic distance is still important in the building of relationships, learning and trust but that looking at it on the country level may not be that relevant since there may be cultural variances within a country that would make it relevant to treat regions as separate "foreign" markets or as separate cultural blocks.

According to Johanson and Vahlne (2009) another primary focus of the criticism of their model has been that company behaviour has changed since the model was first published. The criticism centred on companies leapfrogging stages in the establishment chain, companies internationalise soon after they are founded, an accelerated internationalisation process and that there is no correlation between psychic distance and order of market entry. Finally there is also that the modes of entry have changed and that joint ventures, strategic alliances and acquisitions are more often used today. (Johanson & Vahlne 2009)

2009 Model

In 2009 Johanson and Vahlne published a paper where they revised the original model from 1977 to incorporate the network view and address many of the points of criticism of their original model.

In the new model the firm is seen as embedded in and enabling and simultaneously constraining business network. The network is made up out of actors who are engaged in a variety of independent networks. The internationalisation is then seen as the results of the company's efforts to strengthening its position in the market. Since networks are borderless there is according to the authors less need to distinguish between entry and expansion in the foreign market given the network context. (Johanson & Vahlne 2009)

The model contains two sets of variables; one denoting the state variables and one denoting change variables. Each set of variables influence the other set of variables, so the current state influences the change and change influences the current state thereby

there is a cumulative process of learning, trust and commitment building. (Johanson & Vahlne 2009)

In the state set of variables there is knowledge with opportunities as a subset of the body of knowledge that the company has. This is to indicate that it is the opportunity recognition that is the most important part of the body of knowledge. (Johanson & Vahlne 2009)

The model now assumes that the internationalisation process is pursued in a network context and therefore the variable market commitment from the 1977 model has been changed to Network position. Relationships are characterised by knowledge, trust and commitment. These variables can be unevenly distributed among the parties and they can therefore differ in how they influence successful internationalisation. (Johanson & Vahlne 2009)

In the change variables the "current activities" has been changed and made more explicit in terms of Learning, Creating and Trust-building to better indicate the outcome of current activities. Finally the commitment decisions has received an addition of relationship in order to indicate that the focal firm makes decision regarding increase or decrease relationship commitment levels in its network. (Johanson & Vahlne 2009)

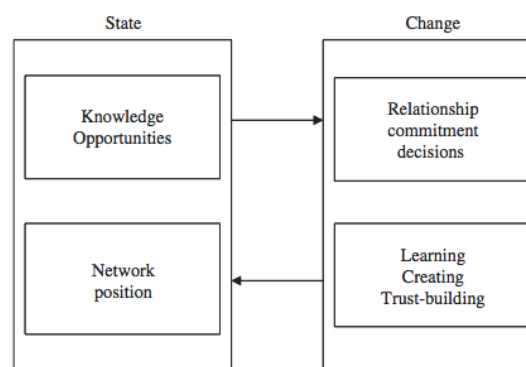


Figure 2: 2009 Uppsala Model

The revised model has some implications for the internationalisation process. In the new model internationalisation depends on the company's relationships and networks. Therefore it is expected that the company will go into markets based relationships with important partners in their network at home or abroad who want to develop the business through internationalisation. This also makes it likely for a company to follow a partner abroad if the partner firm has a valuable network position in one or more foreign country. There are two main reasons for a company to go abroad with a partner one is the likelihood of finding interesting business opportunities and the other is to demonstrate commitment to the partner company who wants the focal firm to follow. (Johanson & Vahlne 2009)

A company will according to this model internationalise to markets where the company and its partners can see opportunities or where a partner has a strong network position. This is not only for the first step but for every step there is a similar evaluation. If the focal firm does not have any partners with valuable network positions
5 it may choose a market where it easily can connect with a new firm that already has a valuable position. This can be in the form of a middleman or an agent, when the company then as build relationships with customers it may choose to bypass the middleman. A short psychic distance will facilitate the establishment of these relationships that are a necessary, but not the only, condition for identifying
10 opportunities and exploiting these. (Johanson & Vahlne 2009)

Given the network perspective of the model a determination of the starting point of the internationalisation process will be arbitrary. Explanations for the internationalisation should instead be sought in the state variables such as knowledge, trust or commitment to the firm's relationships. (Johanson & Vahlne 2009)

15 **Psychic distance**

The psychic distance is defined through a number of factors such as differences in language, legislation, culture and political systems.

The model also suggests that the increase in market commitment and entering of markets with successively higher degree of psychic distance happens at an incremental
20 pace. There are three exceptions to this rule. First, firms with large resources experience less consequences from market commitment and are therefore able to take larger internationalisation steps. Second, under stable and homogeneous market conditions a company can gain knowledge of the market in other ways than experience. Third, a company with considerable experience in similar markets may be able to generalise
25 experiences from one market to other markets.

Success factors in the Uppsala model

According to the 2009 model the determinants that a company will move from one stage of internationalisation to the next stage is dependent on the company's current knowledge, and thereby the knowledge of opportunities, and the company's ability to
30 build trust in relationships with other companies through exchanges. These factors influence the company's decisions about whether the company should continue to build on a relationship or it should reduce the commitment to the relationship.

NETWORK MODEL

In the network model the unit of analysis is not the company but the relations
35 between companies and between groups of companies. A network is a group of

companies where the actors are autonomous but linked to each other via exchange relationships. This allows for their needs and capabilities to be distributed to the network via the interactions that take place. (Hollensen 2007)

5 The network is based on the individual actors willingness to participate in the exchanges. And the actors can at any point form new relations and end old ones. This allows the network to change rapidly as a result of changing conditions. Therefore it is often expected to see these networks form in industries where technology changes rapidly. (Hollensen 2007)

10 Networks are also not focused on the individual transactions but on a longer lasting relationship between the companies in the network. And companies are tied together by, often hard to observe for outsiders, a number of different factors such as legal, technical, social, cognitive, economic etc. (Hollensen 2007)

15 A basic assumption of the network model is that the companies within the network are dependent on the resources that are controlled by other companies. The companies have gained access to these networks as a function of their position within these networks. To develop such a position takes time and effort for the company. (Hollensen 2007)

20 Networks can expand well beyond a countries border. This allows for the companies who are in a network to use the relations in their internationalisation efforts since a domestic network can be used as a bridge into other networks in other countries. An example of this can be that the customer demands that its supplier follows it internationally if it wishes to continue to supply the customer in the home market. (Hollensen 2007)

25 The internationalisation process can be accelerated by entering a network. This is particularly seen in SME in high-tech industries. The companies in these industries that enter a network will often more quickly enter more distant foreign market and more rapidly set up their own subsidiaries. (Hollensen 2007)

30 There are four cases of internationalisation in the network model. These are characterised by two dimensions, the first is the degree of internationalisation of the market and the other is the degree of internationalisation of the firm. This gives four internationalisation situations as seen in the table below.

		Degree of internationalisation	
		Low	High
Degree of internationalisation of the firm	Low	The early starter	The late starter
	High	The lonely international	The international among others

Table 2 Four cases of internationalisation of the firm (Hollensen 2007)

The early starter has no significant international relations and neither does the suppliers, customers, competitors or other companies in the domestic market.

(Hollensen 2007)

5 The lonely international has acquired the knowledge and relationships to handle foreign markets. However the rest of its network does not, this allows the focal firm to promote internationalisation to others in its network. The company is also better suited to enter into additional markets. (Hollensen 2007)

10 The late starter is in a network that is already internationalised. This may result in the company being forced into internationalising to meet its customer's demands or match their competitor's activities. The late starter can face a lot of difficulties in establishing itself in the international networks as the good suppliers or distributors may already be linked to their competitors. These competitors can potentially also make the late starter unprofitable through predatory pricing strategies. (Hollensen 2007)

15 The international among others has the possibility to leverage its networks to bridge into new networks in order to extend or penetrate markets. The company needs to coordinate the activities along the entire value chain in order to allow them to take advantage of production capabilities in one market to sell in another market. This increases intra firm trade across borders. (Hollensen 2007)

Success factors in the network model

20 In the network model the networks that the company is embedded in are not limited to one country or even region. As such internationalisation in the cross border sense is less relevant in the network perspective. It also implies that successful internationalisation in the network model context is determined by the companies ability to enter into new networks that give access to distribution in foreign markets. 25 The determining factor is therefore if the company is able to build the trust and knowledge with other companies when expanding its network.

Born Globals

30 Born globals are a phenomenon that is challenging many of the traditional internationalisation theories. A born global is a company that from its inception has had a focus on an international or global market and only has a very short or no internationalisation process since it starts out selling to a global market. Born globals are often SMEs with less than 500 employees and less than 100 million in revenues. They also often rely on cutting edge technology to coordinate activities across several countries. (Hollensen 2007)

35 The born global phenomenon has primarily been observed in developed in developed countries. Additionally there is a related phenomenon called the born-again globals

where established countries that where focused primarily on their home market that suddenly have focused on a rapid internationalisation of the company. (Hollensen 2007)

There are a number of factors that have given rise to these companies. The increased importance of niche markets and the possibilities of easily selling and distributing via the Internet has allowed these types of companies to easily reach their target markets in many different countries. Additionally it has become cheaper to produce smaller batches due to advancements in production technology. (Hollensen 2007)

The born globals phenomenon has challenged the more traditional views of internationalisation as seen in the Uppsala model. This is because the born globals seem to leapfrog the entire processes of these models. These two represent opposite ends of a spectrum where we have the organic path (Uppsala) and the accelerated 'born global' path. Additionally they indicate two separate paradigms of knowledge acquisition, one of doing it alone (organic) versus doing it with others (accelerated). Where the born global path leveraged networks in order to facilitate rapid learning and internationalisation while the organic path allows for developing these skills inside the company. (Hollensen 2007)

Finally born globals often have to choose a homogeneous business area where the need for adapting the marketing mix is minimal. This is due to the fact that these small companies are not able to handle a multi-domestic approach as larger firms since they do not have the scale and capacity for this. (Hollensen 2007)

FAMILY FIRM INTERNATIONALISATION

In the previous sections of the thesis the focus was to examine internationalisation in a general and theoretical perspective. In this section the focus is narrowed to look at it in the family business context. Family businesses are often treated separately from non family businesses, this is because several studies have determined that there are some significant differences between these two groups of companies.

The first focus is defining family business and then the focus is on the internationalisation of a family businesses and how the family business context influences the internationalisation process. The initial question would be to consider if the internationalisation process is the same for a family business as for other non-family business SMEs?

Abdellatif et. al.(2010) found, based on a study of Japanese family owned businesses, that there is a difference in the internationalisation behaviour of family businesses compared to non-family businesses. The family businesses were less likely to establish joint ventures and use general trading companies this seems to be because

the family business wish to remain in control of the business and are therefore adverse to opening themselves up to outside control.

In a recent review article summarising the existing literature on family business the authors Kontinen & Ojala (2010) summarise the current knowledge of the

5 internationalisation process of family businesses as:

"But all in all, what emerged was how little knowledge of the internationalisation processes of FBs actually exists, suggesting that a great deal of verification (both qualitative and quantitative) is needed." (Kontinen & Ojala 2010, p.103)

10 According to the review article there were four theoretical frameworks utilised by the reviewed articles these were the Process Model of Internationalisation (Johanson & Vahlne 1977), Network model of internationalisation, Resource Based View of the Firm and Dunning's Eclectic Paradigm. There was however a large variation in the number of articles that utilise the one or more of the theories and in how much the theories
15 where utilised. Additionally other theoretical perspectives, such as ownership theory and agent theory among others, where also used in a number of articles. Kontinen and Ojala conclude that the body of literature regarding the internationalisation of family businesses is rather fragmented. This can, as Kontinen and Ojala (2010) point out, be a positive thing since it brings new perspectives to the field it is however also problematic
20 since it also makes it harder to compare findings.

The fact that so little is known about the internationalisation process of family businesses is troubling since there as noted are differences between family businesses and non-family businesses in their risk aversion and strategic perspectives. These differences could potentially be modifying the internationalisation process in a good or
25 a bad way.

On the following pages we will focus on defining the family business and examining how family owned and operated businesses differ from businesses that have a separation of ownership and management. Based on this we examine the internationalisation of family businesses in relation to the general internationalisation
30 theories discussed in the previous section. Based on these observations we summarise the factors that may facilitate and restrain the internationalisation process of the family firm.

Definition of a Family businesses

One of the many ways one can organise a firm is as a family business. There is,
35 according to the literature review done by Kontinen and Ojala (2010), no agreed upon definition in of a family business. There are however a number of elements that are often used in defining a family business, these are ownership, management, continuity

and subjective perception. The most common definition that they encountered was in terms of a combination of ownership and management terms. According to this definition a family firm is

5 *"a firm where the family owns the majority of stock and exercises full managerial control"* (Kontinen & Ojala 2010, p.99)

This definition of a family business will also be used in this thesis to ensure that the research can contribute to the body of knowledge regarding family businesses.

Unique characteristics of family businesses

10 The overlap between the ownership and the management of a family business is what makes this type of company unique compared to other forms of companies where there is a separation of ownership and management of a company e.g. a public company where the share holders are the owners, there is a board of directors and there is a management team.

15 Habbershon and Williams (1999) used a RBV view to develop the concept of familiness that is a bundle of resources that is unique to family businesses. It is this bundle that where the family businesses develop their sustainable competitive advantage and allows them to outperform non-family businesses.

20 Irava and Moores (2010) focus on the uniqueness of family businesses compared to non-family businesses. The uniqueness of family business comes from the unique resources and capabilities that arise when the family-system and the business system interact and co-exist. These unique characteristics that familiness contains have been found to have either a positive or a negative influence on firm performance. This is termed the familiness paradox by Irava and Moores (2010).

25 Irava and Moore (2010) determine that the familiness advantage of family firms is a unique bundle of resources within the Human, Organisational and Process resource categories. These resources are

- Reputation (human resources)
- Experience—insights and skills (human resources)
- Decision-making (organisational resources)
- 30 • Learning (organisational resources)
- Relationships (process resources)
- Networks (process resources)

Each of these can have both a positive (f+) and negative (f-) effect on the firm's performance. An example is if the founder of the company has a strong reputation that
35 can be a source of advantage for the following generations but at the same time may make it hard for the subsequent generations to establish their own reputation. (Irava & Moores 2010)

However the existence of these six resources is not a guarantee of a competitive advantage due to the paradoxical nature of these resources since they can both be an advantage or a disadvantage for the firm. It is only through a managed blend of these resources that there is a potential for a sustainable competitive advantage for the firm.

5 (Irava & Moores 2010)

Internationalisation of Family business

The research regarding internationalisation of family owned businesses is a fairly new area of research and the majority of papers have been published within the last 20 years (Kontinen & Ojala 2010).

10 Kontinen and Ojala (2010) have review the existing literature in this field up until 2009. They base their review on articles published up until 2009 that meet a number of criteria; the papers had to have appeared in peer reviewed journals prior to 2009, internationalisation was the phenomenon studied and the articles must have referenced other scientific studies. Articles accepted into the review were analysed in relation to
15 methodological issues, theoretical framework(s), topic of research and main findings and conclusions. The authors report on the main findings of the papers and give a number of suggestions for further directions of research. (Kontinen & Ojala 2010)

There are several main topics within this body of research and a number of theoretical frameworks have been utilised in analysing this phenomenon. These are the
20 process model of internationalisation (the Uppsala model) , network theory, Resource-based view and Dunning's eclectic paradigm.

Although there is yet to emerge a specific pattern Kontinen and Ojala (2010) find that the body of research is dominated by exploratory studies and theory-driven hypotheses studies. The findings are grouped into three areas: the internationalisation
25 process, the managerial and strategic issues and factors influencing family business internationalisation.

Within the internationalisation process the studies determined that family owned businesses often follow the Uppsala model of internationalisation. They also observed that family businesses often have a rapid internationalisation process once the next
30 generation takes over control of the company. In addition they also note that the companies often have a lack of knowledge about the internationalisation process. (Kontinen & Ojala 2010)

The managerial and strategic issues that are noted include that the family business companies monitor the international environment on an irregular basis and have a hard
35 time building a portfolio of strategic resources. This makes it harder for the companies to succeed internationally. Also family businesses tended to internationalise for long-term strategic reasons and sought to maximise profits in one market instead of

aggressively internationalising across a number of different markets. (Kontinen & Ojala 2010)

For the factors that influence internationalisation of family owned businesses the main results indicate that the companies are inhibited by mainly organisational factors in the internationalisation process including risk avoidance, unwillingness to accept outside expertise and lack of financial resources. The factors that enhance the internationalisation include long-term strategic orientation and speed in decision-making. Lastly the entry of a new generation was seen as a positive factor in enhancing the speed of internationalisation of the family business. (Kontinen & Ojala 2010)

10 **Facilitating and Restraining factors when internationalising a family business**

There are a number of factors that can influence the internationalisation process of a family business. These can either facilitate the internationalisation process or they may restrain the internationalisation process. Of the articles that Kontinen and Ojala (2010) reviewed there are 11 that focus on factors that influence family business internationalisation.

Fernández and Nieto (2005) found that a new generation in the company has a positive influence on the internationalisation; this is also consistent with the results of Menéndez-Requejo (2005). This may be due to the fact that the internationalisation is an opportunity that gives the new generation an area to make their own Gallo and Pont (1996). Finally Okoroafo (1999) found that the if a family firm does not internationalise within the first two generations it is unlikely to do so in the third generation

An important determinant of family business internationalisation is the resource availability as noted by Graves and Thomas (2008) that confirms Gallo and Pont (1996) findings of a lack of financial resources restricts family business internationalisation. However Thomas and Graves (2005) found that family businesses are not willing to borrow from external sources in order to facilitate internationalisation. This can be due to the fear of losing control of the company (Gallo & Sveen 1991) or that borrowing increases the perceived risk of the internationalisation (Casillas & Acedo 2005) both factors that may restrain the internationalisation process.

According to Okoroafo (1999) the family businesses do not systematically monitor the international environment, this was also found by Gallo & Sveen (1991) who determined that family businesses have poorly developed information and control systems. This can restrict the internationalisation process since they are not aware of the international environment and are poorly equipped to follow up on international activities. This was also found by Davis and Harveston (2000) they determined that the

investment in and usage of information technology has a positive influence on the international growth of family businesses.

Gallo and Pont (1991) found that a restricting factor is that the company is unable to hire outside expertise to assist in the internationalisation.

- 5 The family business may also suffer from internal power struggles or family members that are not interested in internationalisation, thereby restraining the process. (Gallo & Pont 1996)

It can also be the management team that does not have an interest in internationalisation of the company. (Gallo & Pont 1996)

- 10 If the company and its products are primarily oriented towards the domestic customer can hamper internationalisation since it will often be required to make adoptions in order to meet the needs of the new customers or international quality and safety standards. (Gallo & Pont 1996)

- 15 If however the family is internationally oriented (perhaps having lived in different countries), the company has a long-term orientation, the company has a speedy decision making process and forms alliances with other family businesses these may facilitate the internationalisation process. (Gallo & Pont 1996)

MARKET ENTRY STRATEGIES

Market entry strategies refer to the route the company chooses in entering markets.

- 20 There are basically two strategies for market entry the Waterfall and the Sprinkler approach. In the waterfall approach the company focuses on one market at a time entering them sequentially. The first market will often be the one that is perceived as the closest in physical or physiological distance to the home market, this is also often associated with the Uppsala model of internationalisation. During this strategy the
- 25 company will gradually increase their commitment and investment in the foreign market that it has entered and thereby gradually increasing risk but also increasing profit potential. With this strategy the company may also in later markets decide to choose an entry mode that is more risky since they are able to apply their experience from previous markets in the new markets. (Hollensen 2007)

- 30 The other main strategy is the sprinkler approach where the company enters multiple markets simultaneously often with the same mode of entry in each market. This strategy allows the company to quickly reach a large audience in many markets. However the company does have a steeper learning curve, under the assumption of first time internationalisation, since they do not have previous experience other than maybe
- 35 sporadic exporting. This may be offset if the company has hired expertise in terms of employees with international exporting experience. (Hollensen 2007)

MAIN MODES OF MARKET ENTRY

The different internationalisation theories often characterise the degree of internationalisation based on the exporting modes and number of countries that a company is involved in. The higher the risk for the exporting company i.e. foreign direct investment compared to direct exporting, the more profitable it can be for the company. However different modes of exporting require varying degrees of capital and access to suitable partners in the target markets. In the following the different modes of exporting are described and characterised in relation to the degree of risk.

Direct Exporting

Direct exporting is the easiest market entry mode since it does not require the company to invest in the market such as by licensing or foreign direct investments.

Distributor network

A distributor network the company has one or more distributors in a given market. They handle the selling of the products to retailers (BtC) or to the customers in the market. A distributor often sells many different products from different companies that often are of a similar nature. They know the local market and have an existing network of resellers or potential customers. The distributor buys the products from the company and sells them at a profit to the customers in the market.

The advantage of a distributor network is that the company can easy get into a country, the distributors have a network and knowledge of the market that they can apply to the sale. They can also assist in the importing of the company's products.

A disadvantage is that the distributor requires substantial training in the company's products. Also they need to be monitored especially if they also sell competing products that may be more profitable for them.

Agent network

An agent network is when a company has an individual or a company in a foreign market that acts on their behalf. They function similarly to a distributor but there is a significant difference since the agent does not hold a of the products but primarily focuses on making a sell on behalf of the company. Then the company delivers the product directly to the client. Again there is often a contract stipulating the details regarding the sales and the responsibilities of the partners.

Licensing

Licensing is when a company allows another company to produce and sell their product either under the original name or under a different name. Here the company has no direct involvement with the market but gets a share of the earnings from the sales.

It can be argued that this is not a true market entry strategy since the company has no direct contact with a market however this argument could also be made for having a distributor network. The company could still get market data or information back from the licensor in order to further develop or customise the product(s) for the market or future product development.

Franchising

Similar to licensing but here the franchise is a complete concept but where the franchisee owns the individual company. This is often used within restaurants (e.g. McDonalds) where the franchisee is subject to a number of conditions and has to deliver a certain customer experience. The company then often supports the franchisee with the products that they are to sell and may also do collective purchasing on behalf of all the franchisees. Franchising comes in many variations as indicated above but there is usually a contract stating conditions that the franchisee must adhere to and some benefits such as the use of logo and concepts, inventory etc. are made available to the franchisee.

The company would here receive some of the profits or a percentage of the sales or all of the profits and the franchisee would receive a fixed and/or performance based compensation.

Joint ventures

With a joint venture the company enters in to cooperation with another company potentially from the target market. The joint venture allows both companies to profit from the cooperation. With a joint venture both companies provide something that the other company does not possess.

Foreign direct investment

This is often considered the highest level of involvement in a foreign market. This can entail having a subsidiary in the country and/or production capabilities in the country.

This mode is often used after a long time of dealing with a market and often builds on previous knowledge of the market.

Market Segmentation and Selection

Market selection is the processes of determining if a market is attractive for a company to enter. This is part of a company's efforts to internationalise where based on the desired internationalisation process the company needs to determine where it is going to internationalise.

It should be noted that this is specifically aimed at companies that are internationalising based on their own motivations instead of internationalising because their customers are demanding that they also supply them in other markets.

5 The market selection processes can be divided into a number of discrete phases and steps. The first step is to determine the company's criterion for success and motivations for internationalising.

There are a number of possible objectives for the company for instance the company may wish to grow their business more rapidly than the domestic market allows them to. Determining the objective helps filter the potential markets for entry.

10 The process of market selection starts with determining the company's objectives i.e. What is the goal of finding new markets. Is it due to an interest from foreign markets or is it an interest in expanding operations.

Second the company must determine what the success criteria are of entering the market. This can be in terms of sales, revenue or profits.

15 Third a timeframe for achieving these goals should be set, depending on the company's strategic horizon this can be within 1, 5 or even 10 years.

Having determined the objectives it is time to determine the target markets. This would require a selection and analysis of the products that are to be sold internationally. This is done to determine who are the target customers of the company and how will
20 also be relevant in the planning of the entry and marketing strategy.

Finally a company also needs to determine if the markets should be close (in a psychological and physical sense) to the home market or distant. The desired path of internationalisation will also in part determine this. This will also help with the filtering of potential markets.

25 Now the company can determine the potential markets and analyse and filter these in relation to the previously selected criteria. This process may yield several potential markets that then can be analysed more closely.

This further analysis would entail a more detailed examination of the attractiveness of each market and a prioritisation of these candidate markets. Then the company may
30 select one (or several) of these markets to enter.

When we have determined the target markets it is time to lay a strategy for these market entries and marketing strategy for reaching the customers.

Market segmentation is the process of dividing potential market into segments and
35 rating these segments based on their attractiveness.

The BtB segmentation process differs slightly from the BtC segmentation process although there are similarities to both of them.

CHAPTER 4 - EXPORT OPPORTUNITY ASSESSMENT

In this chapter I will examine the different aspects of assessing export opportunities. I will first touch on the approaches to detecting or search for export opportunities this will cover the detection and search strategies that a firm may apply in order to find possible export opportunities. Afterwards the main focus of this chapter is the evaluation of export opportunities including the relevant analysis and their outcome. The results of the opportunity assessments are crucial to since these findings are used in the development of the entry strategy and design of the marketing program.

DETECTION OF EXPORT OPPORTUNITIES

10 In the detection of export opportunities there can be made a distinction between two approaches to finding new markets. The first is an opportunistic approach and the other is a systematic approach. The opportunistic approach can be when a company discovers an export opportunity as a result of unsolicited orders from customers in foreign markets. Other methods can be through the companies network, participation in trade shows or trade missions or even when one of the executives is on holiday in another country and discovers that there may be a market for their products. This last form may be termed casual discovery of market potential. (Kuada 2008)

The systematic approach to opportunity detection indicates that there is a formal process in place of data collection and evaluation. Within the systematic approach there can be distinguished between two approaches the expansive and the screening approach. (Kuada 2008)

25 The expansive approach is closely related to the Uppsala model where the company select markets that are psychological and culturally close. This is in order to reduce the perceived risk of entering the foreign market. As the company learns from the experiences in these initial markets it will gradually expand to markets that are more culturally distant. (Kuada 2008)

30 In the screening approach the company systematically evaluates the market based on a number of criteria, the markets that fulfil these criteria are then selected as the next market for the company to enter. The next step in the selection process is to evaluate the selected markets segments in order to determine the segments that may help the company fulfil its export goals. (Kuada 2008)

ASSESSMENT OF EXPORT OPPORTUNITIES

When the company has detected a market opportunity through one or the other method it has to evaluate the attractiveness of the opportunity. This is in order to decide

on whether to enter the market and to develop an appropriate marketing programme for the target market.

The attractiveness of a given market can be characterised based on a number of factors. First there is the market size that indicates the potential revenues from a given market. However the market size should be evaluated in relation to the existing competitors and how well these competitors serve the market. An attractive market can therefore be an underserved niche market of a certain size with little competition and an unattractive market (in the short run) can be a large market that is effectively served by multiple competitors. In the last case the company may have a hard time when initially establishing them in the marketplace but can in the longer run be attractive. Finally it is also important for the company to determine the marketing efforts that are needed to reach the target market. This assessment is needed, in conjunction with the market size and competitor marketing efforts, is necessary to determine if the company is able to make a profit on the market. (Kuada 2008)

Therefore determining a markets attractiveness is dependent on three factors: (1) size of market, (2) competitors market strategies and effectiveness and (3) marketing program requirements to service the market. (Kuada 2008)

There are five analysis that can contribute to determining these three key insights into the market. These are demand analysis, segmentation analysis, industry analysis, competitor analysis and channel analysis. Each analysis can contribute to the complete picture and their results are used in the final evaluation of the market. (Kuada 2008)

Market size assessment

A market can be defined as where customers and sellers meet in order to exchange goods or services and/or money. Originally markets where only physical locations where vendors set up a booth and sold their goods. Today markets are everywhere and can no longer be defined only in geographical terms.

Today a market can be defined as "the total volume (of the product) that would be bought by a defined customer group in a defined geographical area in a defined marketing environment under a defined marketing programme."

This definition indicates that a market is given by a number of defined variables that the company may adjust to change the target market a number of variables that the company can not influence.

The key mechanism in a market is supply and demand for a product. Demand can be defined as a need backed by buying power. This is however only one type of demand and there are a number of other types that can be relevant to consider. The first is incipient market demand which is an expected future market demand, this can be demand in developing markets where there is yet to be developed the necessary

purchasing power, a company may want to stimulate this demand by establishing their name in the market even if the customers are unable to purchase the company's products. The next type of demand is latent market demand which is an untapped market demand where there is no company serving a specific need. The final form of demand is the existing market demand which is what the customers are willing to pay for, this can be more than the current consumption in the market and includes the currently unserved part of the market. (Kuada 2008)

The market can be divided into several submarkets, the potential market is the entire market that contains all customers that have shown some level of interest in the product or service, the available market is a subset of the potential market where the customer in addition to the need for the product or service also has the purchasing power for the products. The target market is the part of the available market that the company is interested in while the penetrated market is where the customers have already bought the service or product. A company can therefore choose to target the part of the market that has not been penetrated and convince customers to buy, choose to target the penetrated market and convince customers to increase their consumption or a combination of these. (Kuada 2008)

The assessment of the market size is also an important factor in the initial screening (i.e. search) of markets as companies may use varying rules of thumb to determine if a potential market is worth further investigation. In addition it is relevant to consider the expected profit margin on a given market. If the profit margin varies between markets the company may choose to enter a market of a lower size but with a higher profit margin than a larger market with a lower profit margin. Therefore it is not only the size of the market but also the expected profit from that market that should be taken into consideration. (Kuada 2008)

Marketing programme requirements

Determining the marketing programme requirements is critical when evaluating an export opportunity. This is because if the requirements for reaching the customers are large, and therefore expensive, the company may choose not to enter a market since it would not be profitable. (Kuada 2008)

The marketing programme is designed to communicate the value of the company's products to the potential customers. And therefore there are a number of things to consider. These are such things as the promises relating to product features, prices, payment conditions, delivery plans, service commitments etc. that the company offers to prospective customers. The processes relate to how the marketing plan is executed, how the company finds new orders and how the promises are communicated to the prospective customers. The last thing to consider is the organisation of the marketing

plan in terms of who does what in the value creating and delivery process and at what time. (Kuada 2008)

Competitors marketing strategy

By assessing the competitors marketing strategies and their target customers the company is able to identify the potential customers that may be willing to switch. This is naturally a little difficult to do since competitors are not interested in sharing their marketing strategies with their competitors. However the benefit of determining this is that the company can potentially identify a niche of unserved customers or craft a marketing message that is better than the competitors. (Kuada 2008)

10 COMPONENTS OF OPPORTUNITY ASSESSMENT

In the following we examine the five analyses that are relevant to examine when evaluating export opportunities.

Demand analysis

The demand analysis is the process of determining the size of a given market and the demand for the company's products in that market. As mentioned a company can operate with several types of demand, incipient, latent and current, these are relevant to analyse depending on the time horizon that the company operates with. This means that if the company is interested in uncovering future potential markets to enter the incipient demand for the products is relevant to uncover and the company can use this information to develop a long term marketing and market entry strategy for those markets. Similarly for the latent demand the main difference is that the latent demand can simply be a unserved market need that the company can service immediately. Finally there is the current demand where the company focuses on already developed markets with existing competitors, here the company therefore also has to be aware of the existing competitive environment.

The strategies for addressing and examining each type of demand varies, the easiest to uncover is the current demand while the incipient demand is the hardest to uncover. And as mentioned depending on the company's time horizon and purpose of internationalising the focus of the demand analysis will vary.

30 Segmentation analysis

The purpose of a segmentation analysis is to break down the total market into discreet groups of customers. These groups have some similar characteristics depending on the method used for the segmentation analysis. There are basically two approaches to a segmentation analysis; the a priori analysis where the variables that the segmentation is based on are determined before data collection and the second approach is a

prosteriori where data is collected first and the segmentation categories are determined using a clustering analysis of relevant variables. (Kuada 2008)

Industry analysis

5 The industry analysis determines the competitive environment that is characteristic for the market. By analysing the industry the company may determine key competitors and potential strategic partners. In addition by analysing the industry as a whole is a good starting point to identifying the competitors marketing strategy and how well the market is currently served by the existing competitors. Porter's Five Forces of Industry Competitiveness is often used as a framework to understand the competitive
10 environment. (Kuada 2008)

Competitor Analysis

Trough competitor analysis the company can gain insights into the competing companies position in the market place, their strategies and new developments. This allows the company to re-deploy its own resources in order to meet a potential threat
15 from the competitors. (Kuada 2008)

When determining competitors it can be useful to think of competition at three levels. The first level is the generic competition that all products face, at this level all products compete with each other since the customer only has a limited amount of money to spend money spend on one product is foregone to be spend on all other
20 products. The second level of competition is at the product level where there is competition between substitute products, i.e. product that solve the same problem for the customer (e.g. tea and coffee). The third level of competition is at the brand level, at this level it is the individual brands of a type of product (e.g. tea). (Kuada 2008)

The level of competition that the products face is determined by the maturity of the
25 industry. In a new industry there is no other competition while in a mature industry there is stiff competition. (Kuada 2008)

Channel Analysis

Selecting good channel members is important to the company's success in the market. This is due to the fact that good channel members are able to bring the
30 company's product in front of the right customer segments and sell these products to these customers. They are also able to provide the company with information on competitors, the company's image in the market and requirements for the marketing programme in the target market. The characteristics of a good channel member are: active search of potential customers, skills and resources to close business transactions
35 and adopt a win-win approach when addressing conflicts. (Kuada 2008)

The channel analysis helps the company identify good members to use and helps the company determine their market entry strategy.

- 5 In the channel analysis the company first identifies the potential channel members and creates a clear profile of the se companies in terms of the markets they serve (e.g. high-end) and competing products they carry. Then assess the performance of these companies; high growth indicates companies that the company has better insights into the market trends and customer preferences. Finally the company may choose to select high profile channel members for interview in order to collect data that can supplement the previous analysis. (Kuada 2008)

CHAPTER 5 - RESOURCE-BASED VIEW OF THE FIRM

The resource-based view of the firm is one of the most influential and often cited strategy theories (Kraaijenbrink et al. 2012). According to the resource based view (RBV) the source of a company's sustainable competitive advantage (SCA) is rooted in resources within the company. In order to achieve a SCA the company must possess resources and capabilities that are valuable, rare, inimitable and non-substitutable (VRIN) in addition to having an organisation (O) that can utilise these resources. (Kraaijenbrink et al. 2012)

The resource-based view of the firm was first developed by (Wernerfelt 1984). Since then RBV has been applied to many different phenomena including information systems and organisational networks (Kraaijenbrink et al. 2012). During its development there has also been a lot of criticism of RBV and has driven the development of RBV. The criticism was recently review by Kraaijenbrink et al. (2012) who determined that there where 8 major categories of criticism of RBV. These will be examined more extensively later.

KEY CONCEPTS

RBV combines the internal and external analysis of the company. Instead of, as other strategy theories before it, focusing on either the internal analysis of the company or the external analysis of the environment. (Collins & Montgomery 1995)

In the RBV the company is analysed internally to determine the components that create the company's competitive advantage. These components are resources and capabilities. By analysing the resources according to a number of criteria we are able to determine whether or not these resource can provide a sustainable competitive advantage for the company.

FIRM RESOURCES

Firm resources are by Barney (1991) defined as

"... all assets, capabilities, organisational capabilities, firm attributes, information, knowledge etc. that is controlled by a firm that enable a firm to conceive of and implement strategies that improve efficiency and effectiveness" (Barney 1991, p.101)

Resources can generally be classified into three categories: physical capital resources, human capital resources and organisational capital resources. Physical capital resources include such things as location, production equipment and access to raw materials. The organisational capital resources include the formal reporting structures,

informal and formal planning processes, controlling and coordination systems and informal relationships between groups inside and outside of the firm. (Barney 1991)

Valuable Resources

A resource can only be a source of sustained competitive advantage or competitive
5 advantage if it is valuable meaning that it enables the company to conceive strategies
that allow it to increase its efficiency and effectiveness. The attributes of a firm only
become a resource if they are valuable and allow the firm to exploit opportunities or
eliminate threats in its environment. However in order to be a source of sustained
competitive advantage the resource also has to be rare, inimitable and
10 nonsubstitutable. (Barney 1991)

Rare Resources

By definition a valuable resource that is possessed by many companies cannot be a
source of competitive advantage since all the firms who control the resource can
implement the same strategy for exploiting the resource and thereby none of the firms
15 achieve a competitive advantage. This is also true for a bundle of resources. (Barney
1991)

How rare the resource needs to be is not well defined, however if the number of
firms that control a resource or bundle of resources is less than the needed number to
create perfect competition condition within an industry, a subset of the firms may be
20 able to generate a competitive advantage. (Barney 1991)

Inimitable Resources

Although valuable and rare resources can be a source of competitive advantage it has
also to be inimitable in order for it to be a source of sustainable competitive advantage.
If other firms were able to easily obtain a resource those firms would be able to
25 implement the same strategy and thereby eliminating the competitive advantage. A firm
resource can be inimitable for one of three reasons or a combination of these:

- 1) Unique historic conditions for obtaining the resource.
- 2) Causal ambiguity between the link of the firms resources and sustainable
competitive advantage.
- 30 3) Social complexity of the resource generating the advantage. (Barney 1991)

Nonsubstitutable Resources

Although a resource may be valuable, rare and inimitable the final condition for it to
be a potential source of sustained competitive advantage is that it is nonsubstitutable.
Meaning that the benefits derived from the resource cannot be obtained from another
35 resource. If the resources or the resource bundles allow the companies to implement the

same strategies then the resources or resource bundles are strategically equivalent.
(Barney 1991)

Substitution of a resource can take two forms. It can be in the form of substituting a resource with a similar resource e.g. a high quality management team can be substituted
5 by another (but different) management team. Or the substitution can be with a very different resource e.g. a clear vision of the company's future derived from a charismatic leader can be substituted by a clear vision of the company's future derived from the company's formal planning process. Thereby the charismatic leader and the formal planning process may be strategic substitutes for each other. (Barney 1991)

10 **Organisation**

In addition to having resources that are valuable, rare, inimitable and nonsubstitutable the firm also needs an organisation that is able to develop a strategy and deploy the resources to obtain a sustainable competitive advantage. (Kraaijenbrink et al. 2012)

15 **Competitive advantage and sustained competitive advantage**

Barney (Barney 1991) makes a clear distinction between a competitive advantage and a sustainable competitive advantage. The company has a competitive advantage when it is "... *implementing a value creating strategy not simultaneously being implemented by any current or potential competitors*" (Barney 1991, p.102). Thereby a
20 company can in the short run have a competitive advantage as long as a competitor does not duplicate the value creating strategy. However the company has a sustained competitive advantage when it is "... *implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy*" (Barney 1991,
25 p.102).

A sustained competitive advantage is thereby not defined in terms of a period of time but in terms of a competitor's ability to duplicate the advantage. This means that a competitive advantage is only sustained when current and potential competitors efforts to duplicate it have ceased and the advantage continues to exist. Defining sustainable
30 competitive advantage in this way does not mean that it is sustainable indefinitely only that it is not competed away through duplication efforts. However the competitive advantage may be rendered irrelevant from changes in industry structure, economic downturn or disruptive innovations. (Barney 1991)

Resource test

35 Collins (1995) suggests that there are five tests to determine if a resource is a source of a sustainable competitive advantage (SCA). The first test that is highlighted is the

inimitability of the resource. This is a determination of how hard it is for the competitors to duplicate the resource. According to Collins & Montgomery (1995) this is probably the most important test of a resource since long-term strategies should not be build on resources that are easily copied by competitors. However inimitability does not last forever and competitors will at some point copy a resource. However by focusing on resources that are either physically unique, have a high degree of path dependence, have causal ambiguity or economic deterrence will make it harder for competitors to copy the resource.

The second test is durability or how quickly the resource depreciates over time. The main question is whether the resource or capability is resistant to competitors' advances over time and can sustain a competitive advantage. A resource is more valuable when it lasts longer however no resource will last forever before it runs out or is overtaken by the next generation of innovation. (Collins & Montgomery 1995)

Third test is appropriability, in terms of who captures the value from the resource. The resource should be bound to the company so that it is the company who captures the profits. Other who may capture the value might be employees, suppliers or customers. (Collins & Montgomery 1995)

The fourth test is the substitutionality of a resource. Here the focus is on whether there are other resources that are able to trumps the resource that the company has similarly to how one product may be a substitute to another product. (Collins & Montgomery 1995)

Finally there is the test of competitive superiority where the company determines if the resources they have are better than their competitors. It is important for the company not to only focus on the thing that it think it does best and base a strategy on that but it has to compare it to their competitors and determine what they do better than them. This can be either a specific resource or it can be a combination of resources that not are superior in them selves but combined provide a superior advantage. (Collins & Montgomery 1995)

CRITIQUE

A recent review article by Kraaijenbrink et al. (2012) examined and organised the existing critique of the RBV. They classify the critiques into eight categories and argue that RBV can withstand five of these critiques but that the remaining three points of critique will need to be addressed.

The eight categories of critique are

- 1) No managerial implications
- 2) Implies infinite regression
- 3) Applicability is to limited

- 4) SCA is not achievable
- 5) Not a theory of the firm
- 6) VRIN/O is neither necessary nor sufficient for SCA
- 7) Value of resources is to indefinable
- 5 8) Definition of resources is unworkable

No managerial implications.

RBV has been criticised for lacking operational validity (Priem & Butler, 2001a) because it tells managers to obtain VRIN resources and an organisation that is appropriate to implement them but there are no recommendations for how the company is supposed to obtain these resources and organisation (Connor, 2002; Miller, 2003). Additionally RBV has been criticised for trivialising such things as property rights and predicting the future value of a resource and invoking an illusion of control (McGuinness & Morgan, 2000). Finally it has also been criticised for suffering from a tension between descriptive and prescriptive theorising (Lado, Boyd, Wright and Kroll 15 2006).

However according to Kraaijenbrink et al. (2012) all management theorising suffers from this tension and therefore should not be leveraged against RBV especially. In addition to this the RVB is a theory that aspires to explain the SCA of some firms over others and therefore does not and was not intended to have any managerial 20 prescriptions.

Finally Kraaijenbrink et al. (2012) notes that we should not worry so much about the lack of managerial implications as so much to the degree that RBV takes managers attention away from other theorising.

Implies infinite regression

25 According to RVB it is more valuable for the company to develop a second order capability (structures that support product innovation) than a first order capability (product innovation) because the company that has the second order capability will, in time, surpass the companies with the first order capability. The critique here is that this logic can be extended ad-infinitum and companies would therefore constantly be 30 searching for higher order capabilities. According to Kraaijenbrink et al. (2012) this critique is only relevant in an abstract sense and does not apply to an applied theory such as RBV since they lack an infinite number of levels of analysis and adding a third order capability in the above example would already create an artificial theory that would not make much sense.

35 In addition it is also noted that a company cannot be without one of the capability levels since they contribute with different qualities and we should therefore more closely pay attention to the interaction of the two. (Kraaijenbrink et al. 2012)

Applicability is to limited

The third critique is that RBV lacks generalizability. The arguments centre on the uniqueness of resources denies the RBV generalizability since it is not possible to generalise about uniqueness. Kraaijenbrink et al. (2012) dismiss this critique and argue that this position is overly academic and that there are useful insights from degrees of the uniqueness of a resource.

Another form is that RBV only is applicable to large firms that have significant market power since smaller and more nimble firms cannot derive SCA from their static resources and therefore RBV is not applicable. However this can be overcome when adding non-tangible resources. (Kraaijenbrink et al. 2012)

The third argument is that the resources that a firm needs to achieve SCA are those that are hard to acquire. Otherwise the competitors would also acquire them. And that only companies that possess VRIN resources are able to get new resources. The final element here is that there is a path dependency implicit in RBV that a firm's present and future performance are shaped by its past. Kraaijenbrink et al. (2012) dismisses this critique with the fact that as long as RBV is not used to trace the ultimate root resource of a SCA and if the resources and capabilities of the entrepreneurs that founded the company are included in the scope of RBV.

Finally however it is noted that RBV is only applicable in relatively stable industries. And that in unpredictable environments where technology and new markets emerge the value of a resource can change drastically and therefore it would be necessary to go beyond RBV to explain SCA. (Kraaijenbrink et al. 2012)

SCA is not Achievable

This critique focuses on the SCA and that RBV is focused on a SCA that is sustained beyond any and all attempt to duplicate and eliminate it. The assumption that a SCA is achievable is the source of this critique. That a SCA is not in fact infinitely sustainable but that the company must constantly evolve and acquire new skills in order to develop new competitive advantage. Thereby creating a series of competitive advantages that replace each other. (Kraaijenbrink et al. 2012)

Kraaijenbrink et al. (2012) accepts the fact that a SCA is not infinitely sustainable but is eroded over time. But prefers to use it as a management tool in the short term since it directs attention towards beating the "natural" rhythm of the market with a "sustained" advantage. They also accept the fact that in a dynamic environment a company cannot derive a SCA from "static" resources.

Kraaijenbrink et al. (2012) conclude that it is possible to achieve SCA but that RBV accounts for the ex post sources.

Not a theory of the firm

RVB has been criticised as being an unsuccessful attempt at creating a theory of the firm. Initially this proposition was presented by Conner (1991) and Kogut and Zander (1992) where they conclude that RBV indeed is a theory that strives to be a theory of the firm and that is different from existing theories of the firm specifically transaction cost economics (Kraaijenbrink et al. 2012).

However RBV is found to not be a comprehensive theory of the firm. This is because although it explains the differences between firms and why firms are better at creating rent than individuals there are a number of other elements that RBV does not cover such as why firms exist, their organisation, why firms are better at creating rent than markets, why their boundaries are as they are etc.

Kraaijenbrink et al. (2012) agree that RBV is not a theory of the firm but that this critique does not render it irrelevant as a theory of rent and SCA. Since this was also never the intention of the creator, that RBV should be a theory of the firm and that RBV supplements transaction cost economics, which does address these topics. Kraaijenbrink et al. (2012) do therefore not see any reason to require that RBV should meet those criteria.

These first five critiques that have been presented here have according to Kraaijenbrink et al. (2012) can be overlooked as long as RBV is applied cautiously.

VRIN/O is neither necessary nor sufficient for SCA

RBV has been criticised for having a lack of empirical research that support RBV and therefore implies that there are other factors to consider when explaining SCA. It has also been noted that the mere possession of resource is not sufficient to achieve SCA but that they also have to be deployed order to achieve SCA. Further more the application of VRIN/O to "deployment capabilities" does not provide an explanation for SCA since we are left without a theory for capability deployment. (Kraaijenbrink et al. 2012)

In addition to this the critique also focuses on the fact that the VRIN/O criteria is not necessary to explain SCA since it is argued that uncertainty and immobility are the basic conditions for SCA. (Kraaijenbrink et al. 2012)

Finally within this category of critique it is argued that the source of SCA is in the individuals and teams within the organisation and that RBV does not sufficiently take into account the mental models and judgement of the individuals and managers in the company. The point of this critique is that you need both a bundle of resources and the managerial capabilities to find and exploit the productive opportunities within the resource bundle. (Kraaijenbrink et al. 2012)

Value of resources is to indeterminate to provide for useful theory

According to the critique in this category the RBV is a tautology and does not fulfil the requirements for a true theory and is not build on law like generalisations that can be tested but on analytical statements that are tautological. (Kraaijenbrink et al. 2012)

- 5 Kraaijenbrink et al. (2012) conclude that although there are two arguments for how to change RBV that would let RBV overcome this tautological problem they note that these are not part of the canonical RBV and therefore RBV should be viewed as heuristic than a substantial theory.

Definition of resources is unworkable

- 10 According to this critique the RBV definition of resources is to wide and all inclusive and although it might be the strength of RBV that the definition of resources is so all inclusive it is also, according to Kraaijenbrink et al. (2012), a weakness if this definition drives the tautology, discussed above, of RBV.

- 15 There are two problems related to the inclusiveness of this definition. The first is that there is no distinction between those resources that are inputs to the company and those that are capabilities within the company to allow them to select, deploy and organise the input resources. The second problem is that RBV treats different resources the same way and does not recognise that different resources contributes with different manners to a company's SCA. (Kraaijenbrink et al. 2012)

- 20 Kraaijenbrink et al. (2012) conclude on this critique that RBV would improve substantially if the different types of resources where recognised in addition to different ownerships.

MARKET KNOWLEDGE AS A RESOURCE

- Market knowledge is the collective knowledge of the market that the company is in.
- 25 The company derives this knowledge from several sources including the customer interactions, networks, market analysis and customer survey. It covers areas such as customer needs and wants (including latent needs and wants), development of the market, customer segments and competitors. The company's market knowledge is a result of the interactions with other actors in the market, observations and data
- 30 collection. All of this happens over time and the company's view of a particular market can be unique to that company since it is also dependent on the background of the people in the company and the culture of the company.

- The market knowledge may allow the company to spot trends in the market that other companies are not able to due to the differences in perspective and the knowledge
- 35 that the different companies have acquired. This can therefore allow the company to

spot market opportunities and decide to move on them before other companies. Market knowledge can therefore be a valuable resource for the company.

All companies possess some form of market knowledge otherwise they would have a product and no market to sell it on. However there are differences between how
5 companies collect, manage and use market knowledge to develop new products and improve existing products. Some companies are very systematic in collecting market knowledge while other companies have no formal processes for collecting market knowledge. This leads to differences in the amount and type of knowledge that companies have.

10 Market knowledge is a rare resource in the sense that it is depended on the history and culture of the company in addition to the processes and utilisation of this knowledge in the decision-making processes. It is also hard for a competitor to duplicate the knowledge that the company since the insights are depended on historical factors and the gradual build-up of the knowledge within the organisation.

15 The insights of market knowledge are not substitutable. However the process of collecting market knowledge can be very different between the organisations and still yield very similar information however the utilisation would still vary since this is dependent on the how the market knowledge is utilised and on the history and background of the company and the people within the company. These differences may
20 lead to different interpretations of the same data and thereby give different insights.

Market knowledge is a central element in the Uppsala internationalisation model. The market knowledge, in conjunction with organisational knowledge, is what lets the company spot developing trends in current and potential markets. These insights may lead the company to enter those markets or exit other markets. Market knowledge is
25 therefore a central resource since this is where the motivation for change from the current state is initiated. The company spots a market opportunity and therefore makes relational decision in order to enter those markets.

ORGANISATIONAL KNOWLEDGE AS A RESOURCE

30 Organisational knowledge is all the knowledge that is embedded within an organisation. This relates to any and all formal processes and procedures that the company has including for hiring new staff, purchasing raw materials and product development. Additionally any type of knowledge that the individual employees have is also part of the organisational knowledge. This means that there is a formalised element of the organisational knowledge and a non-formalised element.

The organisational knowledge in the company is unique to each company since it is a result of the company's historic development and of the background of the members of the organisation.

5 Organisational knowledge is a resource that all companies possess simply as a result of the definition of it. In this sense it is therefore not a rare resource. However the organisational knowledge will vary greatly between organisations due to the fact that there are different people within each organisation and they have different backgrounds and each company has its own unique historical development. Therefore the organisational knowledge of each company will be unique although there may be some overlaps. These overlaps could be in the form of industry standards and best practises.

RELATIONAL CAPABILITIES AS RESOURCES

The relational capability of a company is the company's ability to form relationships with other companies and institutions. In reality it is the individuals within each organisation that form relationships with members of other organisations. Therefore a company's relational capability are a result of the members of that organisations ability to form relationships with others.

A company that is highly skilled at forming relationships with other organisations has a potential resource. By forming relationships with other organisations the company may gain a number of benefits depending on the type of relationships. The most direct form of relationships is in the form of customers and suppliers to the company. By having good relationships with either party the company can gain insights into their customers or start product of process improvement projects with their suppliers. Other forms of relationships may be in the form of cooperation or joint ventures to explore potential new markets or develop new technologies that can be beneficial to the company and their partners. The results of these relationships can therefore be very beneficial to the company and the relational capability can be a valuable resource.

As mentioned it is in reality the relational capabilities of the members of the organisation that make up the company's relational capabilities. Therefore in order to have good relational capabilities the company must have employees that have good networks. A persons network is a result of many years of relationship building and is therefore hard to duplicate. However by hiring highly connected people the company can acquire relational capabilities or by encouraging its employees to build networks it can be done over time. This can be done in industry organisations or other types of professional or social networks.

35 There can also be made a distinction between formal and informal relations. In the informal relations there are no contracts or other agreements that regulate the relation.

This is instead done through the motivation of both parties to participate in the relationship. In contrast the formalised relations are regulated by contracts and agreements that dictate cooperation conditions, penalties for breach etc. Either type of regulation can be appropriate depending on the desires of the company and their
5 partners.

These two types of relations can be a substitute for each other however there is no substitute for both of these. If a company cannot form any type of relations, even in the simplest transaction where they sell a product to a customer, then there is no basis for the company to exist. Therefore all companies have some form of relational capabilities.

10 The relational capabilities of an organisation are a central element in the Uppsala internationalisation model. In the model the company is constantly deciding on increasing commitment to a relationship or decreasing it or maintaining it at the current level. The relational decisions influence the company's network position and thereby the state of internationalisation. I will discuss the relevance of RBV to my project in
15 chapter 7.

CHAPTER 6 - ANALYSIS OF COMPETITIVE ENVIRONMENT

In the external analysis the focus is to examine the environment that the company is in, this is done by using a number of theories and frameworks to analyse the competitive situation within the industry. Additionally the internationalisation theories are also presented since they are a key part as to the possible strategies that the company can follow when selecting new markets to enter and how to enter them. Therefore there is also a review of market entry modes and an analysis of the advantages and disadvantages of each of these.

PORTER'S FIVE FORCES OF INDUSTRY COMPETITIVENESS

Michael Porter developed the five forces framework that is often used in industry analysis. According to Porter (2008) there are five main forces that determine the competitive environment within an industry. These five forces are

- 1) Threat of new entrants
- 2) Threat of substitute products or services
- 3) Bargaining power of suppliers
- 4) Bargaining power of buyers
- 5) Rivalry among existing competitors

Each of these influence the competitiveness of the industry and the sum of these different forces determine the industry competitiveness. Below is an overview of the different forces.

Bargaining power of buyer

The customers can have a high degree of influence on the industry if there are only a few customers, the customers have low switching cost or if the individual customer is a large customer for the company. If the customers have a lot of power they are able to dictate to the company a lot of terms for them to fulfil. An example could be a company such as Dell or Walmart who are able to dictate terms such as the amount of stock that their suppliers should hold etc. (Porter 2008)

Bargaining power of suppliers

Similarly to the company-customer relation there is the supplier-company relation. Here some of the same things apply as under customers. The reasons for the suppliers to hold a lot of power can be if the industry only contributes with a small amount to the supplier's revenues and the supplier therefore is not that interested in the company or the company would endure large switching costs if they want to switch to another supplier. The results are that the company would be locked in with a supplier and they may not be able to demand the quality of products that they want. (Porter 2008)

Rivalry among existing competitors

Depending on how the industry is structured in terms of number of competitors and the size of these competitors will have influence over the industry competitive environment. For example if there is a monopoly there is by definition no competition
5 or if there are many small competitors and there is a larger offer of products than there is demand will make the competition fierce since the companies have to "steal" their clients from their competitors. (Porter 2008)

Threat of new entrants

The threat of entry limits the prices and profitability of an industry, this is due to the
10 fact that new entrants bring more capacity to the industry and a desire to gain market share. The entry barriers to the industry determine the threat of entry. If there are high barriers there is a low threat of new entrants and therefore the competitive ness of the industry is lower. There are a number of things that determine the barriers to entry such as investments in production facilities, legislation, patents, cultural differences, political
15 climate etc. (Porter 2008)

Threat of substitute products or services

A substitute product is a product that can solve the same problem for a customer but does it in a different way. An example of this is tinfoil as a substitute product for lunch boxes. The tinfoil can be used to wrap the lunch in instead of using a lunch box. If there
20 are many substitute products to that industry's products then the competitive environment is more intense. Substitute products are often divided into near and far substitutes depending on how closely they resemble one another. An example of distant substitute products is a bike and a plane. Both transport you from A to B but there is only very limited direct competition between these two forms of transportation. (Porter
25 2008)

Critique of Porter's five forces of industry competitiveness

Porter's five forces framework can be criticised on a number of points. First the model assumes a market in perfect competition. However this is not always the case and the more regulated a market is the less insightful the framework is.

30 It is often hard to do a comprehensive analysis of complex industries where there are multiple product groups and by-products, markets etc. Thereby making it hard to gain any insight if the analysis is done on a too broad a level but also if the analysis is done on too narrow a level there may be insights that are overlooked.

The framework is also critiqued for being static in that the analysis does not take into
35 account the future development but focuses on the current point in time. It is therefore necessary to repeat the analysis often in order to have an accurate image of the industry.

Application to case

I will use the five forces model to organise the industry analysis and determine the current environment that JH Staldservice is in. By using the model we will see a current view of the industry but we must be aware that this image is a snapshot and will most likely change over time. Therefore it is seen as a starting point but cannot be used to plan a long-term strategy where it is assumed that the picture that we see in the five forces analysis is constant.

The industries that I will analyse will most likely not exhibit perfect competition and this must be taken into account. However I will primarily use the model to structure the analysis as opposed to have it drive the analysis.

VALUE CHAIN

Porter (1985) developed a model that separates the different type of value creating activities that reside in the firm. This is in order to understand the competitive advantage since the competitive advantage according to Porter (1985) is derived from these individual activities. The value chain reflects the implementation of the company's strategy, its history and also of the underlying economics of each activity. The inputs to the firm pass through each stage in the value chain where value is added to the product.

There are two broad categories of activities within the firm, the primary activities and support activities. The primary activities span over five categories and are:

- 1) Inbound logistics
- 2) Operations
- 3) Outbound logistics
- 4) Marketing and Sales
- 5) Service

Depending on the industry each activity can be further divided and each of these activities can be a source of competitive advantage. (Porter 1985)

The support activities span over four categories and are:

- 1) Firm infrastructure
- 2) Human resource management
- 3) Technology
- 4) Procurement

Support activities can also be a source of competitive advantage in the same way that primary activities can, it depends on the industry if the sources of competitive advantage are in the support or primary activities. The firm needs to have their costs for all these functions covered and a margin in order to be profitable. (Porter 1985)

Each activity, both primary and support, can be classified according to how they contribute value to the customer. The direct activities are directly involved in creating

value for the customer, indirect activities allow direct activities to take place and quality insurance assurance ensures the quality of other activities. The distinction is important because each of these types of activities have a different role in creating a competitive advantage. For instance quality assurance activities can be reduced or eliminated by performing other activities better. This distinction therefore makes it easier to determine where the company is creating its competitive advantage and areas of improvement. (Porter 1985)

The activities within the value chain are linked in such a way that one activity can determine cost and performance of other linkages. By optimising and coordinating these links the company can achieve a competitive advantage through the reduction of cost or increasing differentiation. This requires the flow of information between the different value activities. In addition to internal linkages there are also external, i.e. vertical, linkages between the company and suppliers and customers where coordination or optimisation can increase the value of the products for both parties. (Porter 1985)

A value chain analysis allows a company to identify its sources of competitive advantage and can help the company identify where there are opportunities for improving its competitive advantage. (Porter 1985)

Critique

A critique of the value chain is that it primarily is focused on the creation of physical products and is not applicable to service industries. Stabell & Fjeldstad (1998) argue that the value chain is for creating products and identify two models of value creation, the value shop and value network, that apply to the service industry and solving customers problems. The value shop is a model of solving problems for clients in a service environment by mobilising and deploying resources to solve the customer's problem. A value network is the formation of several companies' value chains where each company provides a small part of the value of the total chain.

I will not focus on the implications of the value shop in contrast to the value chain since the focus is on product creation and not on the service aspect of the case company.

Application to case

The value chain analysis is used to determine how the company's products are included in their customer's value chain and how they improve the customers value creation process. Also the value chain analysis can be used to determine the company's sources of competitive advantage in their value chain.

INTERNAL ANALYSIS

In this section we focus on the theories that are used in the internal analysis of the case company. For the internal analysis of the company I will mainly be using the resource based view of the company (RBV) in order to determine the sustainable competitive advantages of the company. However there are some aspects where RBV is not suitable for the further analysis of the company and the products in relation to crafting an international marketing plan. These other elements are in relation to the analysis of the company's products. The resulting analysis is important since it is included in the international marketing plan. I will further detail how the individual elements are applied to the case company analysis in relation to theory.

Product analysis

An important part of marketing a product is to understanding the benefits that it provides the customers. RBV does not by itself provide the necessary insight into the individual products, as opposed to the resources that the company possesses, and therefore I will utilise some other theories and frameworks to analyse the company's products.

Product levels: the customer value hierarchy

According to Kotler & Keller (2006) a products attributes can be classified in 5 layers, a customer value hierarchy. When developing a marketing plan the marketer should address all of these layers. These are

- 1) The core benefit
- 2) Basic product
- 3) Expected product
- 4) Augmented product
- 5) Potential product

The core is the service or benefit that the customer wants, a classic example is that a customer wants a hole in the wall this is the core benefit. The basic product is then the drill that the customer purchases in order to make the hole. The next level (3) is the expected product, this is what the customer has come to expect of the product or service in addition to the basic product. A customer is indifferent between products that all meet the expected level and will often choose the least expensive option or most convenient. The fourth level are the augmented product attributes. These attributes exceed the customer expectations and it is also on this level that brand positioning and competition takes place in developed countries according to Kotler & Keller (2006). In developing countries the competition takes place at the third (expected) product level. It is also at the augmentation level that differentiation is made. Kotler & Keller (2006) also note that product-augmentation features (1) add costs to the product and (2) that

augmentation attributes tend to become expected attributes and thereby point-of-parity that the company has to fulfil in order to compete.

- 5 The fifth level is the potential product attributes. It is at this level that the products potential augmentations and transformations of the product offering might undergo. It is at this level that the company develops their future offerings to the customers and distinguish themselves from competitors. (Kotler & Keller 2006)

Product classification

- 10 We can also consider the product in relation to the product classifications outlined by Kotler & Keller (2006) because each type of products have has a marketing-mix strategy associated with it. The characteristics that Kotler and Keller use are: durability, tangibility and use (industrial or consumer).

- 15 There are three categories within the durability and tangibility characteristics. These are nondurable (tangible goods that are consumed quickly by one or more customers e.g. food), durable (tangible goods that are survived by many users and e.g. Refrigerators) and services. (Kotler & Keller 2006)

There are also four groups of consumer goods classifications and three groups of industrial goods classifications. We will focus on the industrial goods classifications since the products have no relevance for consumers.

- 20 The industrial goods classification is based on the how the goods enter the production process and relative costliness. The classifications are materials and parts, capital items and supplies and business services. (Kotler & Keller 2006)

CHAPTER 7 - INTEGRATION OF THEORIES AND AN ANALYTICAL MODEL

In his chapter the focus is on developing the theoretical framework that is used in the analysis of the case. First the theories that have been covered in previous chapters are summarised to provide an overview. Then the relationship between the theories are discussed and integrated into the theoretical framework. The main focus is the relationship between resources and internationalisation. In the framework the relationship between the resource bundle that the firm controls and the choice of internationalisation strategies are described. The framework forms the basis for the analysis in the remaining chapters of the thesis.

RELATIONSHIP BETWEEN INTERNATIONALISATION AND RBV

The resource based view of the company and the Uppsala internationalisation model both operate with resources as the driving mechanic in the development of the company. In RBV the resources are what determines the company's competitive advantage and in the Uppsala model the resources determine the international opportunities that the company is able to pursue and the resources are also the determinants in how the company internationalises.

We can see that there is a close relationship between these two models. Using the RBV perspective on the Uppsala model we see that in order to pursue an internationalisation strategy the company needs a resource bundle that allows it to do so. This resource bundle includes the company's market knowledge, relational capabilities and organisational knowledge. These resources are key in developing the company's internationalisation.

As discussed earlier these resources can be a source of competitive advantage for the company. They do however not need to be the source of their sustained competitive advantage. If they were however the company would be at a disadvantage in the new market since the company would be subject to some degree of liability of foreignness they would not be able to compete on these resources with the companies in that market and thereby they would no longer have a SCA.

The resource bundle that the company controls is according to RBV theory the determinant for the strategies that the company can conceive of and implement. Therefore the resource bundle will also be a determinant of the internationalisation strategy that the company can pursue. Some key elements when considering internationalisation of family owned businesses is the profile of the manager in terms of risk aversion and the motivations for internationalisation.

The different components in the state and change parts of the Uppsala model can be seen as resources and from this we can determine that there are some resources that are important when a company wants to or is internationalising.

5 In the Uppsala model we see that relation capabilities and market knowledge are important resources in internationalising the firm. The company should therefore control these types of resources in order to pursue an internationalisation strategy.

10 If a firm that wants to internationalise does not have control of these resources it would have to either develop than or acquire them. A thing to note is that these resources do not have to be the source of the company's competitive advantage, they are however instrumental in developing the company's international activities and reducing their liability of foreignness when entering a new market.

15 Market knowledge is the result of a structured or unstructured collection of data and transforming that into information. The informal collection can be through contact with customers, suppliers and competitors where these interactions give some information on developments, trends and customers needs and wants. A structured process would include structured data collection from the same type of sources but also from databases etc.

MODEL OF THEORY FRAMEWORK

20 In the previous section we discussed how RBV and the Uppsala internationalisation model are related and in it is upon this discussion that the model has been developed. The model is based on the Uppsala model but expands on it with new elements and a different organisation. The model is specifically focused for the context of this thesis meaning that it is focused specifically at the internationalisation of family businesses.

25 The first component that is added is the market opportunity assessment and market entry decisions. These elaborate on the processes from market opportunity to relationship commitment decisions. By highlighting these stages in the model we have an opportunity to examine the determinants of deciding to enter a market. Here another major addition is presented in terms of the determinants of internationalisation success.

30 The determinants of internationalisation success are derived from the family business internationalisation literature, the resource based view and the Uppsala model. There are a number of resources that the company should have control of these resources could be termed the internationalisation resource bundle. The resources that are at the source of the company's SCA have to be transferable to other markets in order for the company to mitigate their liability of foreignness. Additionally we know from the
35 internationalisation of family business literature that there are a number of characteristics of family businesses that can facilitate or inhibit the internationalisation

process. These factors will all influence the market entry decisions in addition to the market opportunity analysis.

Market opportunities that the company is able to detect are determined by its network position and the market knowledge that the company possesses. However the company must evaluate the market opportunity in terms of how attractive it is and whether it is able to transfer its resources to that market in such a manner that it mitigates its liability of foreignness. If the company is unable to transfer any of its resources, either direct or indirect, it will not be able to pursue that market opportunity. The decisions that are made at this stage flow into the body of knowledge that the company has and influence its approach to other markets and if it may explore these opportunities again. In evaluating a market opportunity the company has increased its market knowledge and also gained insights into the factors that determine its internationalisation.

The market entry decision that the company makes determine the company's relationship commitment decisions. If the company decides to enter a market it will build or expand its relationships. If the company however decides not to enter a market it would not attempt to build new relationships, increase commitment with current partner or may even reduce commitments to partners in that market. The actions influence the company's network position in terms of adding or even subtracting elements from the network. If a company decides to enter a market it will increase the relationship commitment with partners in that market and thereby expanding its network position.

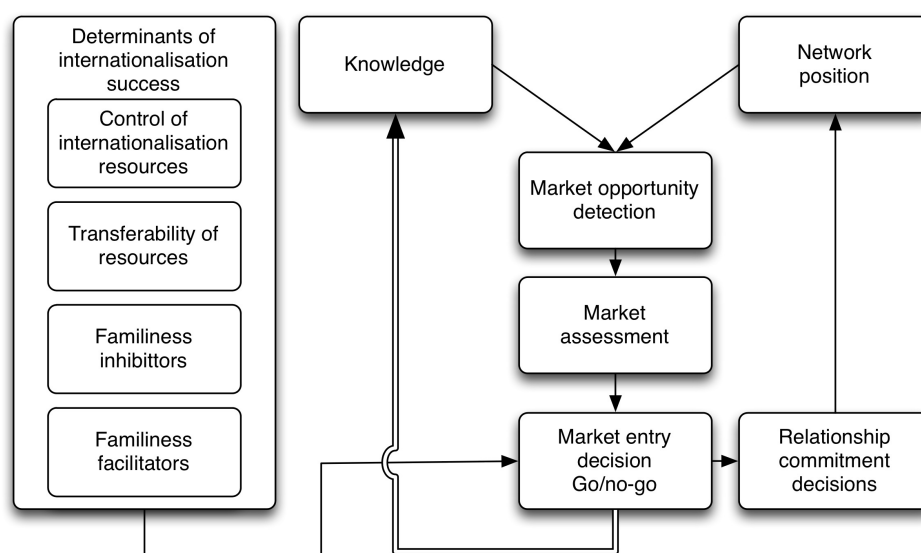


Figure 3: Model

In the model learning happens on a number of different points. When investigating market opportunities that company learns in terms of greater awareness of the market

and greater skill in analysing market opportunities. When building relationships the company learns of new opportunities in the network. The analysis of their own resources and expanding them if needed in order to manager the internationalisation of the company are also opportunities for learning.

5

The model indicates that the opportunities that the company is able to detect are determined by the knowledge the company has, either in terms of market knowledge or organisational knowledge, and its current network position. The opportunities that the company has detected are then evaluated to determine how attractive the market is.

10

From RBV we know that a company can only conceive of and implement the strategies that it has the resources to implement. Additionally we have seen that there are a number of resources that are essential in order for the company to internationalise. These will influence the decision to enter a market. Since this is in a family businesses context there are also a number of factors that influence the internationalisation of family businesses in both positive and negative manners. Therefore these factors also influence the decision to internationalise.

15

Should the company decide to internationalise and have the necessary resources it moves to relationship commitment decision and trust building with new partners in the new market and this will influence the network position of the company. And the analysis that the company has made in this process feed back into the company's knowledge.

20

Should the company decide not to interntionalise it again makes relationship commitment decisions, either to not build relationships in the new market or to not further develop them with any partner they may have developed already. This in turn again influences the network position of the company.

25

This model forms the basis for the analysis of the company in the remaining chapters of this thesis. First the focus is on the company where the analysis will determine the familiness factors that influence the internationalisation of the company, the transferability of the resources and determine the company's internationalisation resource bundle. All of these factors will determine their market entry decisions. Then the focus is on assessing a market opportunity for the company and determining the appropriate market entry strategy for the company given the internationalisation determinants.

30

CHAPTER 8 - ANALYSIS OF JHS

The purpose of this chapter is to describe and analyse the case company Jørgen Hyldgård Staldservice A/S based in Holstebro Denmark. The analysis of the case company and the products that are the focus of the internationalisation of this company forms the basis for the recommended strategies and entry modes in the internationalisation process.

The chapter starts of with an overview of the company history so far to provide readers with an understanding of the current state of the company. A section follows this on the profile of management including the ambitions and motivations. These are important to determine, as they will influence the internationalisation strategy. Following this is a more in-depth analysis of the competitive environment and products. The analysis is based on the theoretical framework that was developed in the previous chapters and it is within this frame that the recommendations are based.

The analysis in this chapter forms the basis for the following chapters analysis and recommendations for their internationalisation. Unless otherwise stated this chapter is based on information obtained from a series of interviews with Ken Hyldgård during 2011-2012.

JØRGEN HYLDGÅRD STALDSERVICE A/S

Jørgen Hyldgård Staldservice A/S (JH Staldservice) is a Danish company founded in 1983 by Jørgen Hyldgård in Holstebro, Denmark. The vision of the company was to be a one-stop shop for automation and mechanisation of stables. JH Staldservice has specialised itself in advising, selling and servicing farmers needs in relation to automation and mechanisation of stables. The company started out as an importer and dealer of products from companies such as LJM Gylleudstyr, BM Fodersiloer, Mullerup Tørfodringsanlæg and Skiold Maleblandeanlæg. Today the company deliverers and installs complete stable automation solutions to farmers in Denmark. The solutions are a combination of their own products and products from other manufactures. JH Staldservice can deliver solutions to cover a range of different jobs in the stables, everything from automated feeding to automated waste disposal. The company aims at being able to deliver and assemble a complete solution and handle all of the after sales services for the customer.

The typical customers are farmers who have pigs or cows but also other animals such as chickens. JH Staldservice services all sizes of farms however primarily for farms with more than approximately 100 animals since this is the critical size before the need for automation is large enough to yield a sufficient labour cost saving.

The company has traditionally only been a reseller of other company's products but has since then developed a number of its own products. Initially it was only a hobby for the son of the founder (Ken Hyldgård) who had some ideas for an automated littering robot. However when the robot was done there was a lot of interest for it. Later the
5 company started developing an acidification system to handle slurry from cow and pig productions.

With the development of their own products the company has had to add more know-how to the company in terms of creating blueprints etc. In order to communicate effectively with suppliers. Also they are focused on continually developing and
10 improving on existing products and develop new solutions if there is a need for it in the market place.

The company typically develops new product ideas from customer contacts where they express a need for a solution to a problem. If the company feels that the products might be useful for other customers they develop a new product or add a feature to an
15 existing product.

These products have generated a lot of interest in the Danish market but the company has also experienced and interest in these products from foreign markets in terms of unsolicited orders. Therefore the company is interested in internationalising to serve this interest. However the company does not, according to Ken Hyldgård, have the
20 necessary know-how to establish themselves internationally and are therefore interested in getting support to identify new markets to focus on the European markets. JHS has started to develop some dealers in European countries such as Sweden, Switzerland, Poland and The Netherlands among other. This has been done through contacts developed at trade fairs. They have also dedicated resources in international sales and
25 marketing in terms of creating a new position and the owner has the international sales as his focus area. The company is however interest in developing a more focused strategy for international market entry in terms of how to develop the company and market selection and development, but lacks the knowledge to do so.

Today the company is still family owned and has recently completed a generational
30 handover to the son Ken Hyldgård. The generational handover process was prepared over a number of years and completed in 2011. The company's focus is today on advising and delivering complete solutions to the farmers. This is also, according to JH Staldservice, a benefit for the farmer since they by choosing JH Staldservice as their supplier only have one point of contact if there are any problems with any of the
35 equipment instead of having multiple suppliers.

The acidification system is currently undergoing a year long certification process that is expected to be completed in June 2012. With this certification the acidification

system will be admitted onto the green technology list which is the reference point when farmers wish to build or expand their farm with minimal impact on the environment.

MOTIVATIONS FOR INTERNATIONALISATION

5 There are several reasons for the desire to internationalise JH Staldservice. The development of their own products results in a change of the company from being a reseller and maintenance service of other companies' products the company is now also a production company. The new products have been well received and have won awards at the industry trade show Agromek in 2007 and 2009. This has resulted in an
10 interest for the company's products from foreign markets and several orders from foreign markets. As a result of this interest Ken Hyldgård believes there is a large market potential for their products and therefore wishes to pursue this market to both grow the company but also to reduce the company's dependence on the home market.

 The motivation for internationalising is therefore primarily to grow the company and
15 establish international sales. The reason for internationalising is a reaction to the market apparent market demand that the company experiences from foreign markets. Additionally there is a strong motivation from top management to increase the international activities to reduce dependence of the home market, which is a proactive motivation for internationalising.

20 PRODUCTS FOR EXPORTING

 The company expects to sell only two product lines (including the variations of them) in its target markets. This is due to a number of reasons. As mentioned these two products are the only products (aside from the guidance, repair and maintenance service that the company provides) that are the companies own products. The remaining
25 products that the company sells are all products that it vendors for other companies. And these products are also sold in potential target markets by other distributors. Therefore it will probably not be reasonable to expect that the main companies would allow the company if they have exclusive deals with vendors in other territories.

 The company is also not interested in offering its expertise in the form of advising
30 farmers on farm equipment for their stables. This is due to the fact that they do not see themselves in a consultant role or perhaps they are not sure that their knowledge is transferable to other territories. There may also be considerations regarding internationalising or exporting a service compared to exporting a physical product.

 This means that it is not the company as a whole and all of their services and
35 products that are to be internationalised. The focus is rather to create an international division that sells the products mentioned in foreign markets.

INTERNATIONALISATION GOALS

The goal of the internationalisation is to a large extent to ensure a stable and continued growth of the company. It is also to better serve the international customers and fill the demand that is indicated by the international orders. There are a number of specific growth goals that Ken Hyldgård has expressed. These are as following:

Growth

- 10% annually

Sales

- A sales of 20 of the littering machine and 5 of the acidification machine per year would be considered a big success

Profit

- 10% growth in profits from exports

Time horizon

Since we want a slow and healthy growth we take a 5-10 year horizon and there is no hurry to have a large return on investment. Since we do not want to out grow the company's production capacity but be able to continue to add to the production capacity at the same pace as the demand for the products grow.

PROFILE OF TOP MANAGEMENT

The manager of the company (Ken Hyldgård) is the current owner and is the second generation of his family to run the company that was founded by his father Jørgen Hyldgård who still works at the company. Ken Hyldgård has worked at the company for many years with his father and of 2012 he assumed ownership and management of the company.

Initially he started developing the littering robot when he got the idea from observing farmers at work, the product has been a success and been further developed over the years to also be able to distribute fodder. Similarly Ken Hyldgård was the driver for the development of the acidification system.

Management ambition

Ken Hyldgård would like to grow the company's international activity at a slow and steady pace to ensure that the company is now overwhelmed by the demand and can scale production accordingly.

The motivations for internationalising the company are both internal and external. The new owner sees an opportunity to grow the "division" of the company where he has developed new products and since there is an international demand pursuing this would make it possible to develop this division of the company more rapidly than if they were only relying on the home market.

RESOURCE ANALYSIS

According to the theoretical framework developed in the previous chapter we see that a key element in the successful internationalisation of the company are the resources that the company control. The successful internationalisation is determined by the internationalisation resource bundle and the resources that contribute to the company's SCA should be directly or indirectly transferable in order for the company to be able to internationalise. The focus of this part of the analysis of the company is to determine these resources and their transferability.

Resources are according to the RBV defined as

- 10 "... all assets, capabilities, organisational capabilities, firm attributes, information, knowledge etc. that is controlled by a firm that enable a firm to conceive of and implement strategies that improve efficiency and effectiveness" (Barney 1991, p.101)

15 This definition of resources indicates that a company possess many resources however some of these may be transferable while others are not. Below is listed some of the resources that the company controls:

- Patents for the machines and processes
- Strong brand recognition in Denmark
- Strong ties with suppliers
- 20 • Outsources production of parts to local suppliers
- Flexible company structure
- Many years of experience with farming equipment
- Insights into the needs of Danish farmers from their close contact from service and vendor business
- 25 • Willingness to hire outside expertise

From the list above we see that the company does not control any natural resources or specific favourable physical locations. However there are some intellectual property rights in their patents and this means that they have knowledge that their competitors cannot use. Their strong brand in Denmark is a good resource in the home market but will be difficult to transfer to other markets due to the fact that brands are embedded in the minds of the company's customers. The close relation that the company has with their existing customers is a valuable resource that is hard to duplicate since it takes time to build relations.

35 In addition to the above resources we can also add familiness as a resource, or resource bundle, that the company possesses since it is a family owned and operated firm. The familiness resource bundle consists, according to (Irava & Moores 2010), of the following resources: reputation, experience, decision-making, learning, relationships and network. These broad categories cover some of the resources mentioned previously

e.g. reputation and experiences in the home market in terms of their brand and knowledge of Danish farmers needs.

Finally there is the internationalisation resource bundle that consists of the following resources: relational capabilities and market knowledge. The company has strong relational capabilities as has been mentioned they have close relations with customers and suppliers. These capabilities are needed when entering foreign markets and entering into new networks. This resource is essential to building a distribution network. The market knowledge that is needed is both in terms of being able to collect knowledge of a new market and the use of this knowledge to develop an entry strategy.

As we can see there are some overlaps of the different resource bundles. This is not a problem since a resource can be part of multiple bundles since they are just groupings of resources and do not hold any implications for the company in terms of the resources. We can also term all the resources that the company controls for the company resource bundle.

In the following sections we will focus on the individual groupings of resources that the company controls and that are relevant to the internationalisation of the company. We will examine whether they are resources and whether they are transferable to other markets directly or indirectly.

Familiness resources

The familiness resource bundle consists of three resource categories and within these there where two resources dimensions. The familiness resources should be carefully managed since they all have the potential to provide an advantage or a disadvantage to the firm. (Irava & Moores 2010)

It is also interesting to see that there are several of the resources that overlap with the internationalisation resources. This indicates the potential problems that the family businesses can have in internationalisation.

- Reputation (human resources)
- Experience—insights and skills (human resources)
- Decision-making (organisational resources)
- Learning (organisational resources)
- Relationships (process resources)
- Networks (process resources)

First the focus is on discussing the overlap of familiness and internationalisation resources in order to identify the how these need to be managed in order to contribute positively to the internationalisation process.

The first resource dimension of the familiness resource bundle is the human resources. This dimension covers Reputation and Experience - insights and skills. The

paradox of the reputation is that if the company has a strong founder reputation that can be an advantage but it may be hard for subsequent generations to develop their own reputations and even develop the company's reputation further.

JH Staldservice has a good reputation in the home market where customers are often referred to them to assist them in their stable automation solutions from adviser to the industry. This indicates a solid reputation as a reseller and adviser on designing stable interiors. This reputation can be transferred onto their own products that are a result of their insights into the industry. However is this reputation transferrable to other markets? The interest for the products currently would indicate that there is some awareness in foreign markets of the products and the company. Building on this and establishing a solid reputation can be advantageous to the internationalisation process. However the current reputation of the company as being flexible and service minded in delivering solutions for stables may be harder to transfer to other markets since the internationalisation only focuses on the sale of their own manufactured products. However the company may be able to utilise the existing reputation in Denmark to further develop their reputation in new markets. This means that their reputation has some transferability to other markets.

Experiences in terms of skills and insights determine the company's learning strategy and how they gain new knowledge. One key area the company lacks experiences and insights are in internationalisation. Although they do have some experiences as a distributor for other companies products. This means that the company would either have to learn internally in a muddling through process or bring in the knowledge from outside of the company. Naturally the company would be able to draw on experiences as a distributor but there would be aspects in terms of examining e.g. foreign markets that they would need to learn. The company's current experiences and insights are however also heavily rooted in the Danish market, this means that many of these will not be transferable to other markets due to the fact that they are different markets and, depending on the degree of cultural and psychological distance to the new markets, only some of these insights are transferable. All in all there current experiences and insights into the needs of customers are only limited in transferability.

Decision-making within family firms can be a very quick process due to the structure of owner-manager of the company. This means that the decisions can be made in a rapid pace compared to other SME companies however rapid decision making may be appropriate in some situations while in other they may need to have more in-depth analysis before making final decisions. Decision making as a resource needs to be carefully managed to deploy the most relevant way of making decisions at a given point. The ability to do this is however very valuable since the company then is able to

make good decisions in a timely fashion. In the internationalisation the decision-making capability is important since it can ensure that there is top management support for the internationalisation and the markets that are chosen. The main problem with retaining the decision making as a resource would arise when the company develops foreign subsidiaries since they would have a higher degree of autonomy and they would be located away from their current location. This can lead to loss of control especially if the foreign subsidiary is a joint venture with another company. Also this resource is depended on the fact that it is a family owned and operated company. Therefore the transferability of this resource is limited.

10 Learning in the organisation is a key resource in the internationalisation process. This is due to the fact that when entering, or contemplating entering, a new market the company should gather information regarding the potential market segments in order to determine if there is a market and whether there would be retaliations from competitors etc. Learning happens through out an organisation and can be in both formal and
15 informal processes.

 The relational capabilities are a valuable resource since a company depends on relationships in the development of the network and in the transactions and sales of the company's products. Relationships are a key element in the internationalisation process since the company will have to build relationships with new distribution channels and customers in order to enter into a new market. The relational capabilities of a company can therefore be a valuable depending on how good a company is at deploying this resource. The resource is only to some degree imitable but is not substitutable since the company will not be able to do business with other companies or customers if it is not able to form relationships with them. Additionally the company needs relational
20 capabilities in order to function internally. If no employees had any ability to form relationships they would not be able to cooperate to make the company functions.

 The relational capabilities are often embedded in the individuals within an organisation. The family business therefor needs to manage these capabilities and develop them throughout the organisation in order not to be affected by the loss of an
30 employee. A result of the relational capabilities of an organisation is its network position.

 The network position can allow the company access to distribution channels in a new country and these channels provide access to customers. The implications of a valuable network are many including access to customers and also it also allows the company to
35 detect market opportunities. The network of a company can be a valuable resource since it is the result of the relationships that have been built over time with other companies and customers. This also makes it an inimitable resource since the network of one

company cannot be copied by another company. However networks are substitutional, since one network can provide the same access to customers as another network.

Additionally since all companies are part of a network it is a very common resource.

For the family businesses the network has to be managed very closely in order for it to develop. The company has been building new relations in other countries there by strengthening its network position in new markets and be able to enter into these new markets.

A network is however not a transferable resource however this is not necessary and also does not make sense if it where. A network is a collection of relations and the network can be expanded by building new relations in new markets. It is therefore not necessary for a network to be transferable.

Of the familiness resources that have been discussed above we have determined that there are a number of them that are transferable and some of them that are not.

- Reputation (human resources) - Non transferable
- Experience—insights and skills (human resources) - Non transferable
- Decision-making (organisational resources) - limited transferable
- Learning (organisational resources)
- Relationships (process resources) - transferable
- Networks (process resources) - Non transferable

Although there are a number of the resources that are not transferable to other markets we have determined that there are a still a number of benefits that the familiness bundle provides the company.

Internationalisation resources

The internationalisation resources are relational capabilities and market knowledge. The company's relational capabilities have already been treated in relation to the familiness resource bundle and therefore we will only shortly discussed it here again. The company has a strong capability to develop close relationships with their suppliers and their customers. However this capability has to be transferred into new markets and there the process of building relationships may vary in relation to the home market. However focusing on markets that have a low psychic distance to the home market may mitigate this meaning that the resource is transferable.

The company has a intricate knowledge of the home markets customer needs. This knowledge has been collected over time through the interactions with the customers in terms of sale and service of the products sold. This insight lead, among other, to the development of the company's first own product the littering robot. This is a form of market knowledge where the company detected an opportunity in the marketplace. The

company has therefore some market knowledge. Additionally the company has knowledge of market opportunities in several other countries due to the fact that the company receives unsolicited orders from these countries. This is often seen as an indicator of an unfulfilled market demand. However it is important for the company to
5 develop further market knowledge. This can be done in a number of ways such as by developing relationships with distributors in target markets and thereby gaining insights into the new market from their perspective.

The transferability of market knowledge is limited since a need or want in one market may not be the same in another market. In other words market knowledge
10 developed in one market is not transferable to another market. However there may be similarities in the needs of farmers in the Danish market and in other markets. This is indicated by the interests for the products and therefore some of the current market knowledge may be transferred and used in new markets.

However the capability of developing market knowledge can be seen as a resource
15 and can be transferred to other markets. The company has in the past collected market knowledge from their interactions with their customers. This can potentially be difficult to transfer to other markets where there may be intermediaries between JHS and the end user of the products. This means that the company will need to develop new procedures for collecting market knowledge in the about the new markets.

20 The ability to collect meaningful market knowledge is a transferable resource depending on the method. An informal collection proses from encounters with costumers can be very effective to determine the needs. However needs in one market may not translate in to needs in another market. However a formal collection process where there is data gathering either from databases and/or from relevant informants in
25 the new market can be applied in different markets and therefore is a transferable resource.

SCA resources

In order for a resource to be a source of competitive advantage it should according to the RBV have the characteristics of the VRIN/O framework. The resource should
30 therefore be Valuable, Rare, Inimitable, Non-sustitutionable and there should be the organisation to deploy the resource.

The resources that have been covered in the analysis so far are those that relate to the familiness effect and those that are essential in an internationalisation process. In this section the focus is on determining the SCA of the firm. Based on the analysis so far
35 there are several of the resources that the company controls that are not a potential sources of competitive advantage. Although RBV often focuses on a single resource as

a source of competitive advantage it could also be in the unique bundle of resources that are the source of their competitive advantage.

- Patents for the machines and processes
- Strong brand recognition in Denmark
- 5 • Strong ties with suppliers
- Outsources production of parts to local suppliers
- Flexible company structure
- Many years of experience with farming equipment
- 10 • Insights into the needs of Danish farmers from their close contact from service and vendor business
- Willingness to hire outside expertise

Of the previously covered resources the following are potentially a source of competitive advantage.

15 **PRODUCT ANALYSIS**

In order to understand the industry and the customers for the products that are the focus of this thesis a product analysis is an essential tool in determining the value that is provided by the products to the target customers. The products are a manifestation of the resources that the company controls. They are an indirect way of transferring

20 resources to other markets, an essential part of internationalising. Therefore the product analysis is a supplement to the resource analysis from the previous section. The goal of this section is to

- Identify the products under analysis
- Determine their segment appeal
- 25 • Determine competitors to the products

The product analysis gives us insight into the strengths and weaknesses of the products compared to competing products and also allows us to define any unique features and characteristics that can be used in the communication with prospective customers.

30 In the segmentation analysis we define the segments and rate the attractiveness of these segments for the company to consider in the target countries. The products are only for b-t-b markets allowing us to assess the maturity of these markets as well.

The insights from this section are used in the development of the marketing strategy and market entry strategies.

35 As described earlier there are only two product lines that the company is interested in exporting and therefore the product analysis will only focus on these products and their extensions.

	Acidification	Littering Robot
Value	Reduction of emission of ammonia (70%) and hydrogen sulphide (70%) Reduction of obnoxious smells (32%) Improve indoor climate in stables Eliminates methane emissions from manure Easy adherence to environmental regulations for farms Higher yield from fields when using acidified manure (10-15%)	Reduction of need for manual labour Better animal welfare Quiet operation and does therefore not disturb the animals
Product attributes	Acidification process reduction of emissions	Litter distribution Automated pickup of litter Automated schedule Increased animal welfare Optional fodder distribution
Product Classification	Capital item	Capital item
Segment Appeal	Pig and cow produces with more than 100 animals main segmentation criteria are animal type and size of farm the number of animals	Pig and cow produces with more than 100 animals and chicken producers main segmentation criteria are animal type and size of farm the number of animals
Pricing	Pigs DKK 1.000.000 Cows DKK 5-600.000	DKK 100.000 - 300.000 depending on size of the machine and additional features
Geographical spread	Limited distribution and selling effort before the product certification has been completed	Approximately 20 robots in Europe
Substitute products	Air ventilation Embedding slurry in the fields Alternative processes for slurry acidification, in tank acidification, in stable, in mixing tank Alternative uses of slurry by delivering it to biogas facilities	Manual labour Few semi automated solutions that are labour saving
Competitors	Direct competitors: InFarm Producers of alternative acidification process systems Distant: Biogas facilities	No direct competitors Competition from other producers of stable automation

Table 3: Product analysis

Product line description

There are two products lines under analysis. As seen in table 3 there are several points where they are similar in terms of market segments and potential competitors.

- 5 The following section of the thesis focuses on describing these two products and form the basis for the more indebt analysis of the following sections.

10 The first product line is the acidification system. In an acidification system the liquid manure is pumped from the stables to a treatment tank where the PH level of the manure is lowered by mixing it with an acid. Then a portion of the manure is pumped back to the collection pools in the sable and the remaining is pumped to a storage tank.

This process reduces the ammonia emissions inside and outside of the stable with up to 70 %. Thereby the farmers are able to comply with regulations for ammonia emissions and improve the indoor climate in the stables. This also allows the farmers to build their stables differently due to the reduced emissions.



Picture 1: Slurry acidification

In addition to this when using the manure to fertilise fields there is an increased crop yield of 10-15% due to the full sulphur addition to the soil via the manure. The system also has build in sensors and alerting systems to indicate when there is a problem or there is a need for refilling one or more of the tanks.

The product is highly adaptable since it is the size of the tank that determines what type of farm it is suitable to be used on. This means that it is easy to produce a version of the product that is tailored to the needs of a specific farm. The company is able to accommodate a large range of customer needs. This is due to the modular design of the acidification system where the electronics that manage the process of acidification is the same but can be mounted to different sizes of tanks. JH Staldservice is therefore able to deliver a acidification system that is made to matches the size of the farm.

The acidification system is currently undergoing a certification process that when completed adds the product to the Danish agriculture ministries list over products and technologies to reduce the environmental strain that the farms produce. Currently the product is undergoing a VERA certification (Verification of Environmental Technologies for Agricultural Production), upon completion of this certification the product will have documentation of the emission reductions and the certification is valid in the entire EU. This also means that the product will not have to undergo re-certifications in other EU countries. This also means that the product is placed on the Green product list, which is a list of product approved by the government to be used when creating environmentally friendly farms.

The company is also in the process of acquiring a European patent for the acidification process and for the product that is the acidification system. They are almost certain that they are getting the patent for the process witch gives them a high level of protection. And are also confident that they will get the patent for the product. These patents will give the company a lot of protection from potential competitors due to the fact that they are not able to use the same technique even if they would want to develop a similar product.

With the current production and assembly lines the company can produce 48 acidification systems in a year. This number is based on the number of workweeks in a year and that it takes the 5 days to assemble one acidification unit.

The future development of the product is focused on improve the reliability of the acidification system and adding features to the extent that they provide value to the customers. This is an on-going process where the customers wishes for features are included if they are considered relevant for other customers.

The second product line is the littering robot. The littering robot is a fully automated litter distribution system for farms with loose-housing systems. The robot can collect littering materials by itself and distribute it up to 8 times a day. The robot has a low noise level and this form of distributing litter ensures a minimal amount of disturbance and stress to the animals. In addition to this the robots can also be used to provide fodder to the animals simultaneously with the litter.

The robot is mounted on a rail in the ceiling of the stable. This allows the robot to easily move around in the stable to distribute the litter. The robot can also be combined with other product that can completely squeeze the liquid manure from the litter, the drained litter can then be recycled and reused by the robot.



Picture 2: Littering robot

The use of these robots allows the farm to free up valuable man-hours for other tasks on the farm instead of having to manually distribute the litter. It therefore provides the farm with a reduction in labour costs or a more efficient use of the labour costs.

The littering robots help create a better living conditions for the animals, due to the fact that the littering is fully automated and provides minimal disturbance for the animals. The littering robot will also litter in the weekends thereby increasing animal welfare.

The company currently holds a utility model patent for the littering robot that they are continually renewing. This helps protect their products from being copied. There are several elements of the robot that are protected under a utility model patent.

Value

The value that the two products provide is very different. The acidification system provides the customer value in a number of ways. The primary value lies in the reduced emissions from the stable, slurry storage and when using slurry as a fertiliser. The use

of an acidification system reduces the farms emissions of ammonia by 70%, hydrogen sulphide by 70% and reduced the obnoxious smells by 32%. Also there is no methane emissions from the manure. This makes it easy for the farmers to adhere to environmental guidelines for emissions from the farm.

5 This also leads to better working environment in the stables due to the reduction of ammonia thereby increasing the air quality and reduces the smell, this also ensures better animal welfare. In addition to these benefits the acidification process also gives up to a 10-15% higher yield on the fields where the slurry is used as a fertiliser since they have complete sulphur addition.

10 The littering robot greatly reduces the manual labour that is needed in the stable. The robot is able to automatically distribute littering materials during the day and also distribute fodder. This also increases animal welfare since they are provided with littering material to play with and fodder more regularly and more often than is possible to provide with manual labour. Additionally the robot is quiet and does not disturb the
15 animals, this reduces stress in the animals and thereby also increases the animal welfare.

Product attributes

 The core benefit of the acidification system is the reduction of emissions from the slurry that is produced by the farm animals. The basic product is the acidification system and process that mixes the slurry with acid in order to lower the pH. This
20 includes the tanks, pumps and electronics that are needed in order to complete the acidification process. The expected product is harder to define being a new product. However farmers might expect a system that is effective and convenient.

 The augmented product benefits are the low maintenance needs, the large acid storage tank that allows for bulk buying of acid, the improved air quality in the stable,
25 increase in crops by up to 15% and a fully automated solution.

 The potential products are all of the future augmented product benefits and can be included, as the augmented product becomes the expected and point-of-parity requirements.

 The core benefit of the littering robot is the distribution of litter. The basic product is
30 the unit itself along with rails for mounting it. In addition to this there are options to add a component so that the robot can on its own can pick up additional litter when it needs to.

 Since the category is so small there may be very limited customer expectations. However they might expect that the product is low in maintenance and labour saving.

35 The augmented product is the fully automated and programmable solution that also can pick up litter on its own and the reduction of manual labour needed in the stable,

also the improved animal welfare in terms of the more frequent distribution of litter, the option for including fodder in the distribution.

The potential product features can be adding additional types of littering materials, developing different sized robots for farms of different sizes. Other potential features might include new applications of the robot, Ken Hyldgård mentioned that there has been interest in the littering robot for other uses such as spreading tobacco for drying. The robot would pick up bundles of tobacco and then spread it out to allow the tobacco leaves to dry. Finally the robot may be adapted to be used with other types of animals.

Product classification

Both products fall into the capital items category since it is a major investment, long lasting and facilitates the customer's production of their goods. This means that the customers purchases directly from the company (as is currently the case). There is according to Kotler and Keller (2006) often a long period of negotiations preceding the sale. The company has to be willing to provide customisation of the product to match the customer's specific needs (this is something that they already do). Also the sales force often includes technical personal, the company provides service of the product after the sale. It is also emphasised by Kotler and Keller (2006) that personal selling is more important than advertisement.

This raises some interesting questions regarding the current international sales strategy since this is based on vendors in different countries that act as middlemen. The challenge would be to give them the required qualifications in order to be able to facilitate the pre-sale negotiation process and be able to deliver the personal selling experience that is needed. In the home market JH Staldservice has strong brand recognition and qualified personnel to handle the selling and advising of customers to create an integrated solution that matches their needs. The difference is that we are focusing solely on exporting this product to foreign markets and not on exporting the expertise and service that the company delivers in the home market.

Customers will also expect that the company is able to deliver versions of the robot that is customised to the customer's specific needs. This is something that JH Staldservice is already skilled at doing since they currently produce a range of variations for customers where they have specific capacity needs. Also they use the dialog with the customer to improve on the design and add features and functions that may be relevant to other customers.

Kotler and Keller (2006) emphasise that advertisement for product classification is less relevant than the personal sale. We therefore again consider the need to ensure that potential future distributors are able to and have the required knowledge for to be able to handle these types of sales. This might be achieved by close handholding in the initial

stages and knowledge sharing from JH Staldservice to the distributors and also back with requests for customisations and new features.

Segmentation

Segmentation can be done on a number of different parameters. These include, but
5 are not limited to, such parameters as demographics, purchasing behaviour etc.
However segmentation should be done according to some meaning full parameters that
are actionable in relation to the development of a marketing strategy. In addition to this
it is relevant to consider parameters that the company is able to obtain data about. As an
example segmenting according to political views may be interesting and provide
10 insights but if there is no data available or if it is not possible to collect data on it is a
irrelevant segmentation strategy.

By analysing the current customer base for the products under consideration we gain
insight into target customers and their needs. This can be used in the market selection
process. There are however some dangers of this since we are looking at existing
15 customers we may overlook potential markets and uses that there are currently not
served by the company but might provided new opportunities.

In b-t-b markets the segmentation criteria differ from b-t-c markets since
demographic segmentation parameters are less relevant since we are not selling to
individual consumers but to companies. This means that the segmentation criteria
20 should be focused on such criteria as type of company, size, revenue or value chain.

Based on the segmentations criteria we can evaluate the attractiveness of the
different segments and relate them to the company's strategy. By selecting the segments
to focus on the company can specialise the products to better fit the needs of a particular
segment. Additionally in the segmentation analysis a focus can be on how well a
25 segment is served by current competitors and possibly discover underserved segments
that the company may be able to profit from.

Segment appeal

The main market for both product lines are farmers who produce or have farm
animals. This market can be segmented in terms of the type of animals, e.g. pigs or
30 cows, this axis of segmentation is already used in the home market and is a relevant
segmentation criteria since the size of the tank is determined by the number of animals
and the type of animals.

According to the company there are two major market segments for the slurry
acidification. The primary axis of segmentation is for the type of animals that the farm
35 products. The system can be used for either a farm with cows, either for slaughter or for

dairy production, and it can be used for a farm with pigs. The type of animal determines the size of the tank that is used in the system.

5 The second axis of segmentation is the number of animals on the farm. The number of animals determines the amount of slurry that these animals produce. Due to the modular design, of the acidification system, it is fairly easy to use a larger tank this in turn allows the company to produce acidification systems that can handle any size of farm and therefore there is no upper limit to the size of the farm. However according to the company the lower limit is usually around 100 animals before there is a cost benefit for the farm to adopt such a system.

10 Additionally we can also look at the type of farm production. There are farms that are specialised in dairy production with large numbers of dairy cows while others are specialised in meat production. Additionally there are also farms that are not specialised but have both types of production. There are also a

15 Therefore the combination of these two axes provides us with two relevant segmentation criteria.

The type of production can also be a segmentation criteria, this would be conventional production versus organic. Also the market could be segmented based on the type of slurry handling facility the farm currently has. The product does not appeal to the organic farm segment since they are not allowed to use sulphur in their production. Sulphur is an essential part of the acidification process and therefore they are unable to use the acidification system (Corpas 2012). This makes organic farms an unattractive market for the company.

20 The markets segments for the littering robot are much the same as for the acidification system in terms of the two primary dimensions of segmentation the type of animals and the size of the farm. This has again to do with the size and thereby the carrying capacity of the robot.

The product is typically used on farms that have more than 100 animals before the cost savings are adequate in relation to the initial investment and maintenance of the robot.

30 Therefore the relevant segments that can be considered are pig producers, cow producers and chicken producers with more than 100 farm animals.

The robot can be used in all sizes of stables and can deliver sawdust or finely chopped straw as the littering material. The company works continually on creating new versions of the robot to appeal to different segments. The two versions currently in production are targeted at cows and pigs while there has been made versions that can be used for chicken and also distribute fodder.

Pricing

The acidification systems pricing depends on a number of factors such as the type of animals, the number of animals and if the farmer has some of the components that can be used with the system. However an average expected price for the acidification for pigs is about 1.000.000 DKK and for cows is between 5 and 600.000 DKK.

The pricing of the littering robot is in the range from 100.000 to 300.000 DKK however this price point is dependent on the size of the machine, the number of features and on any additional product that the customer may need. This can be in terms of the litter pickup station or the foddering feature.

Geographical spread

The geographical spread of the acidification system has been limited, this is due the fact that the product has been undergoing certification however the company has sold a number of products and therefore the current geographical spread of the product is on an international level. There are acidification systems currently operating on farms in Denmark, Sweden and Switzerland among other countries.

In contrast the littering robot has a higher degree of geographical spread. Since the company's main focus has been on the domestic market and have not pursued any international marketing strategy they have only sold product to foreign markets when there have been unsolicited orders. However currently there are approximately 20 littering robots operating in different European countries.

Substitute products

When considering substitute products we should look at the benefits or value that the product delivers and then examine products that deliver similar benefits or value. The acidification system delivers benefits on a number of fronts. There are a number of substitute products that deliver some of the benefits. The first benefit is in the stable where it reduces the emissions from the stable and the slurry tank. The primary substitute products for this benefit are air ventilation systems that reduce the emissions of ammonia from the stables via air filtering systems. However this solution only reduces the emissions from the stable and do not improve the work conditions inside the stable.

The next benefit of the acidification system is the reduction of ammonia vapours from the fields in order to meet the government requirements for emissions from fields when using slurry as fertiliser. This is a new development and there are therefore currently only a few ways for the farmers to do this. They can choose to embed the slurry in the field thereby reducing the emissions this however can be hard on the field

and the crops and is more difficult to do than traditional spreading of the slurry. (Corpas 2012)

There are a number of alternative ways of acidifying the slurry, this can be done in the stable, in the storage tank, on the fields and in a mixing tank such as the
5 acidification system from JH Staldservice. There are different advantages of each of these systems. Acidification in the stable is flexible and ensures that the slurry is acidified all the way to the storage tank and to the fields, however these system have a limited capacity. Acidification directly in the storage tank is flexible and cheap investment but does result in some problems with the formation of foam in the storage
10 tank. Doing the acidification on the fields is flexible but involves a lot of transport. (Corpas 2012)

Another alternative to acidification is to not use the slurry for this purpose this means and use alternative types of fertilising the crops. This leaves the farmer with another problem in terms of disposal of the slurry. This makes delivering the slurry to biogas a
15 substitute product for acidification since this allows the farmer to dispose of the slurry, also it is worth noting that if the farmer uses acidification of the slurry it cannot be used directly in a biogas facility since the pH level is to low and has to be raised again although this could be achieved by combining it with non-acified slurry. However this would only be possible if there are multiple farms delivering flurry to biogas and is not
20 be possible if there is only one farm. (Corpas 2012)

For the littering robot there are no near substitute products that are fully automated. There are however a few alternatives that are not fully automated and require a human to either load the litter or also help in the distribution. These are however also labour
25 saving since they allow the litter to be transported on a rail under the sealing making it easier to transport the litter in the stable.

The main purpose of the littering robot is to reduce the need for manual labour in the stable for distributing littering material in the booths. This also means that manual labour is a substitute product to the littering robot. The degree of competition from
30 manual labour depends on the costs for the farmer to either do it him self or hire workers to do it for him. This will depend on the size of the farm and on the wages for this type of work, which will vary depending on the country. There are also other product that reduce some of the manual labour in the stable but not entirely, these are rail mounted carriages where there has to be a person on the carriage to distribute the
35 litter, in other words this is not a fully automated solution. These solutions can also reduce the time it takes to distribute the litter but do still require human assistance.

According to Ken Hyldgård (Hyldgård 2012) there are no products that are similar in being able to automate the work in the stable.

Competitors

- There are a only few existing competitors to these two product lines. For the acidification system there only exists one direct competitor that produces a similar product. However the competitor has, according to JH Staldservice, had some trouble developing their product and they still need to start the certification process. Therefore they are behind in bringing their product to market. They where however the first to develop the technology.
- The competitor uses a different process for the acidification process than JH Staldservice. And they have a patent for this process. The company is still undergoing the same certification process in order to be able to fully sell their system. They have however started at a later point and therefore will be later to complete their certification.
- As mentioned there are a number of ways of acidifying the slurry and all of these alternatives are competitors. Additionally biogas facilities can be seen as a distant competitor to the acidification process since if the farmer wants to acidify the slurry it is not that well suited for use for biogas.
- For the littering robot there are currently only a limited set of competitors. Manual labour is currently the primary way of distributing litter but this may change over time. Manual labour should however not be considered a competitor as it is a substitute product. The mentioned alternative solutions that assist in the delivery of the litter but are not fully automated are made by established producers of farm equipment.

INDUSTRY ANALYSIS

- An analysis of the industry provides us with insight into how to competitive landscape of the industry is. Where the power in the industry is placed and the threats to the industry. The analysis is structured in terms of the Porter's five forces model (Porter 1985; Porter 2008). The industry analysis is focused on the two product groups that are the company's own. This is due to the fact that if the focus of the analysis was on the reselling of mechanical equipment for the farms the competitive environment may differ from that of the products that are the focus of this thesis.

Threat of substitute products

- Substitute products are products that can deliver the same basic benefit but achieves it in a different way in the form of a different product. Substitute products can be classified into near and far substitute products depending how close the product is to the company's products. For example the trains do not only compete with airplanes but also

with personal cars. All products deliver a person from a to b but airplanes are a closer substitute than a car. The main factor here is convenience and time in the choice between these different products.

As discussed previously there are several substitute products to the acidification of slurry. However the slurry acidification industry is fairly new and therefore there are not that many alternatives. This can however develop over time that new methods of acidification are developed or alternative solutions are developed. It is however my judgement that the threat of substitute products currently is low due to the relative newness of the regulations and the newness of the product group. This means that this thread does not limit the industry profitability or only to a limited degree.

The threat of substitute products for the littering machine is low, however it is dependent on the costs associated with manual labour this means that in countries where the hourly wages are very low for manual labour the robot will have more tough competition than in high wage countries.

15 **Industry competitiveness**

Competitors are the companies that produce products that are substitutes for your products and sell to the same customer base. This means that we can distinguish between near and far competitors similarly to the substitute products.

For JH Staldservice there is a close competitor who has developed a product that is very similar but uses a different process to achieve the same result as the acidification system.

There are also competitors that are not so close, these are the producers of air cleaning and ventilation systems for stables that also reduce the release of ammonia from the stables. They provide a similar service.

There has also been developed a system for acidification of the liquid manure that is done while the manure is being dispersed on the fields thereby reducing the ammonia vaporisation from the fields. The competitors are different sized companies that produce the types of substitute solutions described above.

The rivalry among competitors in an industry can have a large impact on the profitability of the industry in both a positive and a negative manner. The acidification industry faces steep competition since it is a new field and there are continuously new products being developed to reduce the ammonia emissions. It is also hard to determine the degree of competition when there are still so few products. However the companies that are developing new products are all interested in being the preferred product or the industry standard. This means that there potentially can be a lot of competition. Depending on the nature of this competition it can be positive for the industry if it is in terms of features and service, however if the focus of the competition should turn to

price the industry might suffer. Since the industry is emerging there has yet to emerge a leader and there are therefore many smaller firms developing new solutions.

For the littering robot there are as mentioned not any direct competitors and has more or less defined a new category in stable automation solutions. However as mentioned
5 existing producers of stable automation solutions may decide to attempt to make products that also are fully automated. Therefore the competitiveness in this industry is still to be defined more clearly as competing products emerge.

Customer bargaining power

As discussed previously during the product analysis the current customer base for
10 these products are farmers with cows, pigs or chicken. They are typically farms with more than 100 animals before the benefits of the littering robot and the acidification systems are large enough to outweigh the costs associated with them.

The purchase of these products is often only once since they have a long life expectancy but they are expensive. Therefore as we have discussed earlier the customer
15 will often have a number of demands and wants the products to be produced to match their needs. This results in a lengthy negotiation before the final sale. The customer also has a number of alternative options to the products thereby increasing their bargaining power. However there are only a few suppliers that produce these products and therefore the strength of the customer versus the company is evenly matched.

Supplier bargaining power

The suppliers are manufactures of parts for the machines. The company has the capability to produce blueprint designs that makes it easy to find new supplier since there are exact specifications. The company only buys the amount of parts that there are orders for i.e. they follow a build to order mentality. The suppliers have a quick
25 turnaround time since they will hold an inventory of the parts if they have a low volume of orders since they have an expectation that JH Staldservice will purchase these parts at some point.

The suppliers do not seem to have a high degree of power in this industry since JH Staldservice is able to find new suppliers if they have to and there are a lot of
30 companies who are able to machine these parts.

Treat of new entrants

JH Staldservice holds patents for their products and the process for the acidification system. There is another acidification process but this patent is held by one of the competitors. Therefore the entry barrier is high to this industry unless or until there is a
35 new process developed or the patents expire entering the acidification industry is hard. This is due to the patents or the development cost that would be needed to develop a

new acidification process. Patent protection is one of the most valuable protections and highest barriers for competitors to surmount. And unless the company or the competitor who holds a patent for a different process decides to license their technology to other companies new competitors will have a hard time entering the industry.

- 5 However it is worth noting that in order for patent protection to be effective the company must uphold their right granted by the patent and must therefore pursue legal battles with any company who might violate their patent. This can however be costly, both in terms of monitoring the industry for these violations and in the legal proceedings. A small company may therefore not be able to uphold their claim to their
- 10 patent or pursue legal actions against a competitor who infringes on the patent.

- In addition to this there is also a certification process that is needed to get on the "green technology list" via a VERA certification (Verification of Environmental Technologies for Agricultural Production). The certification process can be long and expensive for a small company. And may therefore deter some entrants. This type of
- 15 barrier is however surmountable for large companies who have the resources to invest in a certification process.

- The barriers to entry for the littering robot are different than for the acidification system. There although there is a patent for the machine itself there is no patent protecting the idea. This means that any company can develop their own littering robot.
- 20 However the fact that there are no existing products that can do this may be an indication that there has not been anyone who has been able to make a functioning fully automated littering robot. This is however only speculation.

SUMMARY

- The analysis in this chapter has focused on determining the goals of the
- 25 internationalisation of the company, determine if the company possess resources that are necessary to ensure a successful internationalisation of the company and analyse the current competitive environment and the value that the company provides for the customers.

- The conclusions for each of these analyses are that the company possess a resource
- 30 bundle that provides it with the potential to internationalise and has some unique products with an international potential.

CHAPTER 9 - INTERNATIONAL MARKET OPPORTUNITY ASSESSMENT OF JH STALDSERVICE PRODUCTS

JH Staldservice has, as previously discussed, detected international market opportunities for their products through a number of unsolicited orders from foreign markets. The purpose of this chapter is to investigate these opportunities by developing assessment criteria that can be used to determine how attractive these market opportunities are for the company. First the assessment criteria are developed based on the export goals of JH Staldservice. These criteria are then used to create a list of potential markets. Of these potential markets a single market is selected to demonstrate the further analysis of that market opportunity. Finally based on the market analysis a number of recommendations are made for entering the market and the marketing strategy.

OPPORTUNITY ASSESSMENT CRITERIA

In order to evaluate a market opportunity we need to develop a number of evaluation criteria. These criteria should be aligned with the company strategy and also help determine the attractiveness of the market. Thereby we can select markets that are attractive to the company and have the highest probability of successful market entry.

As mentioned the company has already develop some reseller relation in some European markets. This indicates what types of markets the company is interested in. In this case JH Staldservice is especially interested in Sweden, Germany and The Netherlands. We will however review some relevant filtering criteria and then evaluate these countries in relation to these criteria. (Hyldegård 2012)

We can classify the assessment criteria in broad and fine criteria depending on the ease of accessing the data. This would mean that broad criteria are such things as cultural or psychological distance or the market is within a trade union such as the EU. The fine grain assessment criteria may be harder to acquire (like composition of agriculture). It is therefore advantageous to categorise in broad and fine filtering criteria to reduce labour in the subsequent filtering process i.e. the filtering criteria should be priorities in relation to how easy the data is obtainable to avoid labour intensive data collection for markets that may be filtered out by criteria that are more easily obtainable.

Finally there may be criteria that are related to the specific product, this could be in terms of subsidisation of products or of competing products that may result in an a market that is hard for the company to compete in. This can be because there are special restrictions or legislation for the product category.

The following criteria have been developed based on the internationalisation goals of the company and their wishes for markets expressed in the interview (Hyldgård 2012). This results in two criteria relating to the size of the market and the cultural distance. Finally there should be a potential for a customer base that would be able to purchase or have a need for the product i.e. there has to be a market demand.

Broad criteria:

- Should be within EU
- Must have a developed or developing agriculture sector.

The wishes of the company to focus on markets that have a low cultural distance to the home market is in line with the development that is seen in the Uppsala stages model.

The EU criteria makes the second broad criteria irrelevant since all countries within the European union has some form of relevant agriculture. However there may be differences in the technological advancement of the agricultural industry in the different countries. An example are the east European countries that have less developed and technological sophisticated agricultural sectors that are in the process of being modernised. This could therefore prove to be an interesting market space for the company to consider, as there might be lots of opportunities for growth.

Fine grain criteria:

- Farm sizes should be over 200 livestock
- There should be production of or involving farm animals (pig, cow and/or chicken)
- There should be a short cultural distance
- The agriculture industry should closely resemble the Danish agricultural industry
- Markets should be large enough to fulfil the sales goals of the company

The size of the farms is an estimate made by the company where the size and number of animals make it cost effective for the farm to have these products. This means that the composition of the agricultural industry should have large parts that are large farms.

The criteria for farm animals is to ensure that there are the type of farms that are the main customers for the company since the products are oriented at these types of farms.

A short cultural distance to the country makes it easier for the company to enter the market since they are able to relate to the customer and there are fewer misunderstandings.

If the agricultural industry resembles the Danish there is little need to make adjustments to the products. This means it would not cost the company as much getting ready to enter the market and servicing the needs.

The final criteria is mentioned due to the fact that if the company were to only focus on a single market at a time the goals should be obtainable on that market. Otherwise the company should adjust the goals or enter more markets so that they can achieve their goals.

- 5 These criteria relate to the Uppsala stages where the company would initiate internationalisation in markets that closely resemble their home market. This gives the company time to learn and acquire the necessary competences internally (i.e. Experiential learning) that then can be applied to markets that are a little more distant and so forth to gradually increase the cultural distance between the home market and
- 10 foreign markets that the company enters into.

Additionally we can specify criteria for each product group, these are related to the product specifications. We have only one criteria of this type and it is for the acidification system where there should not be any subsidisation of biogas facilities.

- 15 This remaining criterion is to select markets for the products where there are distant competitors to the products that are subsidised by the government. This is because it creates an uneven and potentially volatile competitive environment or simply making the company's products unattractive to the potential customers. An example of this is that in Germany the farmers are subsidised to deliver their slurry to biogas facilities thereby making it unattractive for them to purchase the acidification system since
- 20 acidified slurry is not usable in the biofuel production process.

POTENTIAL MARKET OPPORTUNITIES

- The potential market opportunities are numerous. However based on the criteria mentioned we are able to make an initial filtering. One of the main filtering criteria is that the market should be within the EU and another major requirement is that there be a
- 25 substantial agricultural sector in that market. This means that the initial pool of potential markets is all of the countries within the EU. As seen in the table below we can see that these countries all have a substantial number of agricultural holdings.

- The EU-27 market is very large in regards to the production of meat. In 2010 there was a combined production of 7.902.200 tonnes cattle meat slaughtered in the EU-27
- 30 countries. In addition to this there were 22.046.500 tonnes pigs and there was 136.360.000 tonnes milk collected. All of these animals live on farms. This means that there is a huge potential within the EU-27 market for the products that JH Staldservice produce. Of the EU-27 countries the largest producers of meat from young cattle are Spain, the Netherlands and France producing 65% of the total production in 2010, for
- 35 adult cattle France, Germany and Italy produced 49%, while Germany, Spain and France supply 49% of the pig meat and France, the United Kingdom, Spain, Germany

and Poland produce 60% of the poultry in the EU-27 countries. Additionally the largest producers of milk are Spain, France, Poland and United Kingdom who account for 53% of the cow milk produced. (European Commission 2011)

5 These figures indicate that some of the largest markets for the company within the EU-27 countries are Netherlands, France, Spain, Germany, Italy, the UK and Poland regards to the production of pigs and cattle. Amount of milk and meat that is produced is indicative of the number of animals that are in each country. Although these numbers do not indicate the transportation of animals across borders for slaughter. However these numbers are worth noting and use as a guiding indicator for a potential market size. Another indicator we can look at is the number of agricultural holding in the different countries. Below is a table showing the number of agricultural holdings for cattle, dairy cows, pigs and poultry.

10

GEO/INDIC_EF	hold: Cattle - total	hold: Dairy cows	hold: Pigs	hold: Poultry - broilers
Belgium	:	:	:	:
Bulgaria	95.870	85.950	82.270	19.460
Czech Republic	10.080	3.100	4.000	270
Denmark	13.580	4.250	5.070	280
Germany (including former GDR from 1991)	144.850	89.760	60.100	4.530
Estonia	4.620	3.520	1.550	120
Ireland	111.000	18.460	1.210	550
Greece	16.030	5.560	18.310	96.010
Spain	111.840	29.460	69.770	36.570
France	199.620	82.600	24.450	41.720
Italy	125.880	52.130	26.200	13.210
Cyprus	280	200	630	2.570
Latvia	35.100	30.050	18.170	480
Lithuania	93.050	85.020	62.710	13.190
Luxembourg	:	:	:	:
Hungary	19.120	11.370	183.100	18.750
Malta	290	140	130	150
Netherlands	32.830	19.810	7.030	640
Austria	71.940	47.740	37.760	1.190
Poland	514.120	425.780	388.460	337.540
Portugal	50.040	10.450	50.080	105.000
Romania	728.020	624.990	1.655.580	1.532.540
Slovenia	36.120	10.950	26.440	2.910
Slovakia	9.310	6.300	10.780	460
Finland	15.640	11.910	2.080	110
Sweden	21.590	5.620	1.700	180
United Kingdom	85.760	23.540	9.990	1.740
Norway	16.900	11.130	2.470	430
Switzerland	41.100	32.150	8.850	960
Croatia	47.340	41.340	128.060	49.770
Total holdings	2.651.920	1.773.280	2.886.95	2.281.330

Table 4: Eurostat Livestock: number of farms and heads of animals by livestock units (LSU) of farm and NUTS 2 regions (Source: Eurostat table: ef_olslsureg)

We have now a small overview of the potential size of the markets in Europe. All of the countries are valid options in accordance with our broad filtering criteria. All of these countries are potential markets for the company however as we can see there is a large variation in the number of agricultural holdings in each country. Some are larger than the Danish market and some are smaller. There are also a number of countries where there at this point is no available data about their agricultural industry. These countries are therefore excluded from the further analysis.

The markets where there currently are JH Staldservice products are also a list of potential markets we can use since it indicates that there may be an unmet market demand. Of the countries on that list we can start by filtering out those that do not fit the

broad criteria, therefore Canada and Norway are stricken from the list since they are not part of the EU. The remaining candidates are then:

- Germany
- The Netherlands
- 5 • UK
- Sweden
- Poland
- France
- Spain
- 10 • Italy
- Switzerland

If we consider the remaining criteria we can reduce the pool of potential market to the following candidates.

- Sweden
- 15 • Germany
- The Netherlands
- Switzerland
- Poland

Of the markets listed above the largest are Germany, The Netherlands and Poland.

- 20 There are a number of considerations when analysing these market further. As mentioned one of the criteria is the cultural distance and therefore we exclude Poland and Switzerland.

We remain with three highly potential markets

- The Netherlands
- 25 • France
- Sweden

- 30 As mentioned there are two basic ways of internationalisation, the waterfall and the sprinkler approach. With the waterfall a company enters one country at a time while in the sprinkler the company enters multiple countries at the same time. We will for the remaining assume a waterfall approach due to fact that thorough analysis of multiple markets would exceed the scope and resources available for this thesis. Therefore we focus on a single market opportunity in order to make a more thorough analysis of that market. The market used for this is the Swedish market.

- 35 This focus is also consistent with the expectations of the stages theory of internationalisation and JH Staldsevice desires to enter a culturally similar market. If my analysis shows that Sweden is not an attractive market I will take the next culturally close market (the Netherlands) for at detailed analysis.

ASSESSMENT OF SWEDISH MARKET

The assessment of the Swedish market is focused on determining if there is a sufficient market size for the company, if there are attractive segments, Set up a number of scenarios for the development of the market and evaluate the overall attractiveness of the market.

Based on the analysis we can make a number of recommendations for the marketing strategy of the company and the market entry strategy.

Summary of Market

From the product analysis we learned that there are a number of common elements in the segments for the two products. They are both useful for farms raising cows or pigs while the robot can also be used on chicken farms. This means that there are three types of farms that we are interested in examining on the Swedish market. The structure of the agricultural industry in Sweden is examined via the Eurostat database in order to examine the composition and sizes of the farms that have cows, pigs or chicken.

JH Staldservice has already received some interest from the market and have sold a couple of products based on unsolicited orders. The company has therefore also initiated a contact with a distributor in the market and they believe that there is a market for these products

Cow

There are two main types of cows one are for eating and the others are for milking in Sweden there is an annual milk production of 2.850.000 tonnes from 348.100 cows. These cows are situated on 5.620 farms (2010 numbers) (Eurostat table: apro_mk_pobta)

The table below shows the economic output of the farms in 2010 and 2007 in standardised

	2007			2010		
	Head	Hold	Head / hold	Head	Hold	Head / hold
Total	369650	7100	52,063	348100	5620	61,94
Zero euros	0	0	0	0	0	0
Less than 2 000 euros	0	0	0	0	0	0
From 2 000 to 3 999 euros	0	0	0	0	0	0
From 4 000 to 7 999 euros	0	0	0	0	0	0
From 8 000 to 14 999 euros	0	0	0	20	10	2
From 15 000 to 24 999 euros	130	30	4,333	130	30	4,333
From 25 000 to 49 999 euros	3080	330	9,333	2200	230	9,565
From 50 000 to 99 999 euros	25470	1350	18,867	17390	910	19,11
From 100 000 to 249 999 euros	146920	3620	40,586	110710	2640	41,936
From 250 000 to 499 999 euros	114730	1350	84,985	110960	1280	86,688
500 000 euros or over	79310	410	193,439	106690	530	201,302

Table 5: Livestock: Number of farms and heads of animals by economic size of farm (SO in Euro) and NUTS2 region (Source: Eurostat table: ef_olsecsreg)

From the table we can see the distribution of dairy cows based on the size of the output of the farms. The farms with the largest output have on average heard of 201 cows while the second largest have 86 cows and the third largest group have 41 cows. According to European Commission (2011) 10,4 % of the holdings with dairy cows have more than 200 dairy cows and are considered to be large holdings

The other type of cows are the ones for eating, in Sweden there was in 2010 a yearly production of 146.800 tonnes meat from cattle and there where 1.571.050 cows and 13.580 holdings (Eurostat table ef_olsecsreg)

The average size of these farms are 71 animals, the largest (in terms of economic output of the farms) have 411 animals, second largest 204 animals and third largest 108 animals.

SO in EUR	2007			2010		
	Head	Hold	Head/hold	Head	Hold	Head/hold
Total	1559740	23880	65,316	1536660	21590	71,175
Zero euros	0	0	0	0	0	0
Less than 2 000 euros	90	40	2,25	150	50	3
From 2 000 to 3 999 euros	1240	370	3,351	2680	530	5,057
From 4 000 to 7 999 euros	11630	1750	6,646	14040	1870	7,508
From 8 000 to 14 999 euros	41670	3410	12,22	41380	3120	13,263
From 15 000 to 24 999 euros	73730	3400	21,685	71270	3040	23,444
From 25 000 to 49 999 euros	176840	4460	39,65	163500	3890	42,031
From 50 000 to 99 999 euros	248360	3700	67,124	231000	3190	72,414
From 100 000 to 249 999 euros	507550	4710	107,760	445070	3770	118,056
From 250 000 to 499 999 euros	306350	1550	197,645	308470	1510	204,285
500 000 euros or over	192280	490	392,408	259090	630	411,254

Table 6: Livestock: Number of farms and heads of animals by economic size of farm (SO in Euro) and NUTS2 region (Source: Eurostat table: ef_olsecsreg)

The structure of the industry indicates that there is a sufficient number of farms that are of a sufficient size to be interested in the products. As mentioned the farms should have at least 200 heads of animals for there to be a cost benefit that makes these solutions attractive for the farmers. In particular there is a large number of farms with slaughter cattle while there are fewer of them for dairy cows

Pig

The number of farms in Sweden that produce pigs are 1.519.870 and in 2010 they produced a total of 262.100 tonnes meat from pigs (European Commission 2011)

Pig	2007			2010		
SO_EUR/TIME	Head	Hold	Head/Hold	Head	Hold	Head/Hold
Total	1676350	2290	732,031	1519870	1700	894,041
Zero euros	0	0	0	0	0	0
Less than 2 000 euros	0	0	0	0	0	0
From 2 000 to 3 999 euros	60	20	3	90	20	4,5
From 4 000 to 7 999 euros	1190	60	19,833	320	70	4,571
From 8 000 to 14 999 euros	2880	140	20,571	1870	120	15,583
From 15 000 to 24 999 euros	6370	170	37,471	3820	110	34,727
From 25 000 to 49 999 euros	28820	270	106,741	14650	170	86,176
From 50 000 to 99 999 euros	69960	310	225,677	43260	210	206
From 100 000 to 249 999 euros	350270	620	564,951	221540	390	568,051
From 250 000 to 499 999 euros	539810	430	1255,372	399040	340	1173,647
500 000 euros or over	677000	250	2708	835280	280	2983,142

Table 7: Livestock: Number of farms and heads of animals by economic size of farm (SO in Euro) and NUTS2 region (Source: Eurostat table: ef_olsecsreg)

The average number of animals that the economically largest farms have are 2983 pigs, second largest have 1174 and third largest have 568 animals. This indicates that there is a large potential for the acidification system on the Swedish market as most of the farms in the market have over 200 animals in their stables. In particular the farms with the largest economic output have very large farms with more than 2900 animals on them more than 10 times lower limit. Compared to the cattle and dairy farms the pig farms are very large.

All in all the pig segment is a very interesting segment for JH Staldservice to focus on in the Swedish market since there is a large number of farms and they are of a size that makes JH Staldservice products relevant to them.

Chicken

The production of poultry for slaughter is the smallest of the three in Sweden with a 119.400 tonnes meat produced from poultry. There are two types of chicken farming, one for slaughter and one for laying eggs. The two types of production are differently structured.

For the slaughter the primary production is centred on large productions where there are many animals on one farm.

Poultry - broilers	2007			2010		
SO_EUR/TIME	1000 head	Hold	1000 head / hold	1000 head	Hold	1000 head / hold
Total	6650	210	31,667	6450	180	35,833
Zero euros	0	0	0	0	0	0
Less than 2 000 euros	0	10	0	0	0	0
From 2 000 to 3 999 euros	0	20	0	0	20	0
From 4 000 to 7 999 euros	0	30	0	0	20	0
From 8 000 to 14 999 euros	0	20	0	0	30	0
From 15 000 to 24 999 euros	0	20	0	0	20	0
From 25 000 to 49 999 euros	0	20	0	10	10	1
From 50 000 to 99 999 euros	30	20	1,5	0	0	0
From 100 000 to 249 999 euros	120	10	12	120	20	6
From 250 000 to 499 999 euros	300	10	30	80	10	8
500 000 euros or over	6210	60	103,5	6230	60	103,833

Table 8: Livestock: Number of farms and heads of animals by economic size of farm (SO in Euro) and NUTS2 region (Source: Eurostat table: ef_olsecsreg)

For the egg laying chickens there is a similar structure however there are also a large number of holdings with relative few chickens compared to the large-scale productions.

Laying hens	2007			2010		
SO_EUR/TIME	1000 head	Hold	1000 head / hold	1000 head	Hold	1000 head / hold
Total	7080	4340	1,631	7710	3770	2,045
Zero euros	0	0	0	0	0	0
Less than 2 000 euros	0	170	0	0	160	0
From 2 000 to 3 999 euros	10	480	0,021	10	510	0,02
From 4 000 to 7 999 euros	20	990	0,020	20	890	0,023
From 8 000 to 14 999 euros	30	850	0,035	20	810	0,025
From 15 000 to 24 999 euros	30	560	0,054	20	410	0,049
From 25 000 to 49 999 euros	110	470	0,234	80	350	0,229
From 50 000 to 99 999 euros	380	330	1,152	250	230	1,087
From 100 000 to 249 999 euros	1540	330	4,667	1200	240	5
From 250 000 to 499 999 euros	1920	120	16	2210	120	18,417
500 000 euros or over	3040	50	60,8	3910	60	65,167

Table 9: Livestock: Number of farms and heads of animals by economic size of farm (SO in Euro) and NUTS2 region (Source: Eurostat table: ef_olsecsreg)

This segment is primarily relevant for the automated littering robots that can distribute litter to the chickens and also distribute fodder.

There is a significant difference in the number of holding within the two types of production there where only 180 in the slaughter chickens in 2010 while there where 3770 in the egg laying market. The slaughter chickens are clearly centred on a few very large productions while there are many more small-scale egg productions compared to large scale egg production.

Most of the larger scale productions will likely be able to take advantage of the product and thereby reduce manual labour in the production.

Market potential

In order to estimate the potential market size we would have to determine a usage rate of the product or a similar product. However this is not possible to obtain due to a number of reasons. And since acidification of the slurry is a relative new in being used we cannot determine the usage rate based on historical data or similar products. However if we estimate a 15% usage rate for the acidification systems and use this to estimate industry market potential.

For the littering robot we are also unable to determine the usage rate based on historical data and the on similar products since there as discussed in the product analysis are not any similar products and the newness of the product. However we will also assume a 15% usage rate.

For the acidification system the total market potential is here determined for the farms with more than 200 animals on (the average number of animals on the farm as indicated in the previous sections) this will include some farms that maybe smaller.

This means that for cows there are 2670 holdings and for pigs there are 1220 holdings while for chicken there are 1000 holdings with on average more than 200 animals.

The market for the acidification system is only the cow and pig farms while for the robot is all three types of animals. For the acidification system the total market is 3890 and for the robot it is 4890. Assuming the usage rate (R_t) of 15% for both product groups the industry market potential (IMP) (formulas are based on the suggestions in Kuada (2008)) for the acidification system is

$$IMP_t = 3890 * 15\% = 583,5$$

and for the robot it is

$$IMP_t = 4890 * 15\% = 733,5$$

However this number is ambitious and therefore we should determine the industry sales forecast (ISF). In order to do this we need to determine the industry effectiveness (I_e). This number is based on the industries performance in the past, more specifically can be calculated as industry sales the previous year divided by market potential.

However determining these numbers has proven hard. Therefore a conservative estimate of 50% is used in the further calculations.

Acidification

$$ISF = 583,5 * 50\% = 291,75$$

Robot

$$ISF = 733,5 * 50\% = 366,75$$

This means that there are 291,75 potential customers according to this sales forecast for the acidification and 366,75 for the robot. This is then the expected upper limit of

sales within the industry. To determine the probable sales for the company we need to calculate their share of the total market. Again since the amount of competition is expected to be limited we could forecast a high market share however we choose to be conservative in our estimate and determine 10% market share. Then the sales potential for the firm is as follows

Acidification

$$SP = 291,75 * 10\% = 29,175$$

Robot

$$SP = 366,75 * 10\% = 36,675$$

Based on these numbers the company should fairly easily be able to meet the sales goals in the market.

SCENARIO ANALYSIS OF MARKET DEVELOPMENT

In the analysis of the market we conduct a scenario analysis of the market. This is in order to plan for how the market may develop. The scenario analysis depicts three scenarios; a neutral, a negative and a positive. Each of these describes a potential development in the next 5 years.

According to the most recent OECD economic survey of Sweden the country is in sound economical condition and has managed to mitigate the effects of the recent global economic downturn. This was due to a strong financial framework that is recommended to strengthened (OECD 2011). These conclusions make the positive and neutral scenarios more likely than the negative scenarios.

In addition Sweden has made a lot of efforts to reduce their emission of greenhouse gases and the OECD recommends that they continue this work but that they should optimise it and make them more cost effective. (OECD 2011)

This is an opportunity for JH Staldservice in that they can contribute to this effort to reduce the emissions of greenhouse gasses.

The neutral scenario assumes that the current trends on the market continue as they are meaning that the current trends are extrapolated. The pessimistic scenario assumes a drop in the market. And the optimistic assumes a rise in the market.

Scenario	Likelihood	Parameters
Neutral	Medium	Market stays as is
Optimistic	High	Increase in market of 10%
Pessimistic	Low	Reduction in market of 10%

Table 10: Scenarios

Neutral

In the neutral scenario the market stays at its current level therefore the market is attractive as seen in the analysis of the market potential.

Optimistic

In the optimistic scenario there is an increase in the market. This is a likely scenario if the country follows the projections that are made by the OECD in the coming years. In this scenario the company will have very good opportunities, this combined with the
5 focus on reducing emissions in Sweden. Given that the market at its current level seems to be an attractive opportunity a scenario where the market increases with 10% means that the market would be even more attractive.

Pessimistic

In the pessimistic scenario the market is reduced in size by 10%. This reduction
10 results in fewer customer opportunities. The company may still have interest in entering the market under these circumstances due to the fact that they may see a future upturn. However in this case there may be a halt or reduction of investments made in new equipment leading to a smaller demand still. In this case the market is not that attractive. And the company would not be able to reach the marketing goals set earlier
15 under this scenario. But since the company may decide to take a long-term perspective on the development of the market there could still be an opportunity.

Evaluate segments in relation to marketing objectives

The markets that have been discussed are fairly large in relation to the number of sales that are the goal. There is a substantial number of potential customers in the
20 market that may be interested in the company's products.

The scenario analysis indicates that there is a substantial opportunity in the market. And given the modest goal of selling 20 machines in a year there should be room enough in the market even in the case of a negative scenario. However this is the least likely of the scenarios and the other two are more likely. Given those scenarios the
25 company would have a lot of opportunities to meet their sales goals for such a market.

The marketing objective of being able to increase sales in the market with 10 % per year is also realistic given the size of the market.

Summary of market attractiveness analysis

The Swedish market is an attractive market for the company to enter into due to the
30 focus that there is on the reduction of greenhouse gases and the size of the market. In particular the farms producing pigs and slaughter cattle are interesting in due to the number and size of these farms. Combining this with the economic output of the farms there should be a significant market opportunity in these markets.

Marketing requirements for serving segments

Since Sweden is within the EU the company should have no significant problems with selling their products on this market. The free flow of goods allows companies within the EU to trade freely. And with the VERA certification the company has a transferable certification to other countries within the EU and would therefore not require a re-certification of the acidification system in the new market. However the obtainment of the certification is important in that it documents the capabilities of the acidification system.

There is not any need for special adaption of the products to the market in addition to the current modular design. Similarly there should also not be any need to modify the littering robot.

The main focus should be on finding suitable channels in the market in terms of distributor. The company's experience as a distributor themselves should give them some insight into developing these relations. It could be advantageous for them to seek out family owned and operated businesses since they may be easier for the company to form relationship with as mentioned. This can be an advantage in the internationalisation process.

RECOMMENDATION

Based on the analysis of the Swedish market we will now focus on a number of recommendations for the company in relation to the market entry strategy and the marketing strategy.

Market entry strategy

As discussed there are a number of methods of entering the market that the company may consider using. The first is in line with the Uppsala model where the company now would move from stage one to stage two where they build relations with one or more distributors in the market. These distributors are then responsible for the sale in that market. In time JHS can then consider whether to increase their commitment in the market by establishing a sales subsidiary in the market. However this would not be within the first couple of years. The advantage of this approach is the steady increase of knowledge regarding international sales and marketing that the company then can use when establishing themselves in new markets. However the disadvantage is that market entry is sequential and therefore takes longer than when entering multiple markets at once.

This leads to the alternative approach of entering multiple markets at the same time. This would require additional analysis other markets in order to determine their attractiveness. Here the company enters more than one market. This would require them

to have more expertise from the start in order for them to manage this. This also means entering countries that are culturally more distance at an early stage in the internationalisation.

5 The final approach is to enter one new market and then at a later point to enter multiple markets. This allows the company to first establish themselves on a new market and gain some experience. Then when the company has done this they can decide to enter several markets and use the experiences from the first. This would be my recommendation if the company where to start out know.

10 Due to the need to build competencies in analysing and developing markets the company should consider only entering one market at first and then expanding into multiple other markets. With the lack of direct competitors and the company still working on achieving VERA certification of their acidification product it is a good opportunity to develop these competencies using the littering robot.

15 The company would then also be able to analyse potential markets in order to determine the fit of the current version of the acidification system.

20 When entering the Swedish market the company should consider using a distributor for the initial push into the market. This allows the company to benefit from the distributors insights into the market, keeps the need for capital investments low and the distributor can act as a facilitator to help develop cooperation with companies that can handle the after sales service and repair of the products.

Marketing strategy

25 The marketing strategy for the company in the new market would centre on the collaboration with the distributors. The company cannot expect to be able to build a brand that is similar to the Danish when they do not provide after sales service themselves but establish certified technicians in the country that are able to make the necessary repairs. Also the company will not have as close a relationship with their end user / customers since they are not out in the field and advising them. This is something that is done by the distributor who will act as an intermediary. The company therefore also will have a hard time to follow the development in the market needs as it is able to do in the Danish market. They should therefore see if they are able to get these
30 information relayed via their distributors.

CHAPTER 10 - CONCLUSION AND REFLECTIONS

CONCLUSION

The problem statement of the thesis is: *How can Jørgen Hyldgård Staldservice A/S ensure a successful internationalisation of the company in order to sell their products to customers?*

In the internationalisation of family owned and operated firms there are a number of challenges and opportunities that the unique profile of family firms offer. In particular they have an advantage over others in their quick decision making processes and the alignment of owner and manager interests due to the fact that they are often the same person or group of people. Also family firms have a longer strategic horizon than other companies typically have since they also consider the effects for future generations ownership of the company. In this thesis the problems relation to internationalisation have been treated.

In order for a family firm to be successful in their internationalisation there must be some resources present in the company. These resources allow the company to develop the necessary relations to other companies so that they can bridge into the new marketplace. This is an essential element in order to gain access to customers and to overcome the entry barriers in the country.

Additionally the resource bundle that family firms have may allow them to internationalise more easily. There are a number of reasons for this, they have a unique connections to other family owned and operated businesses allowing them to more easily develop relationships with these companies. The model developed in this thesis shows how the different resources and components relate to the internationalisation process.

Another important aspect of the internationalisation of the company is the transferability of the resources that make that provide the company's competitive advantage. If these resources are not transferable to the new market the company will not be able to offset the liability of foreignness and therefore will not succeed in the new market.

The internationalisation model developed in this thesis was used in the assessment of JH Staldservice in order to determine their internationalisation readiness and assess a potential market. The result of this analysis showed that the company has a potential in the international market space, but that they do need to cultivate some of the internationalisation resources, and that the Swedish market has a lot of potential for the company.

REFLECTIONS

The thesis had a dual goal, one was to create a model that takes into account the resources that are essential to the internationalisation of family firms and thereby explain how these influence the process. The other goal was to allow the author to test the market analysis and analyse the company to determine the readiness of the company to internationalise.

The first part to determine the factors related to the successful internationalisation is thoroughly founded in the internationalisation theory and combines the resource perspective to expand the model.

However the analysis of the company and the market are somewhat weak in their empirical footing, since there has only been used one informant from the company and remaining data that has been utilised in the analysis is from secondary sources. Given a different project design the thesis could have been supplemented with interviews from distributors in the markets that are relevant and industry experts in order to determine the newness of relevance of the products that are at the centre of the company's international efforts. This would have strengthened the analysis and allowed for a more reliable analysis.

Furthermore the thesis could be improved by expanding on the analysis in order to include all of the elements of the model thereby allowing for a real world application of the model. Additionally a follow-up study of the company and their implementation of the recommendations as a means of evaluating the model could be suggested.

The thesis has contributed to the field of internationalisation study by combining the Uppsala internationalisation model with the resource based view of the company and thereby expanded the insights that both models provide. Additionally the strict focus on family owned and operated firms expands the understanding of this field. The study has contributed to the study of family firms by examining the internationalisation process of these firms and their special case.

The thesis has contributed to the literature by combining several theories into one framework in a specific context. This framework could be expended or modified to be applied in other contexts to other contexts. It would be quite interesting to modify the framework for non-family owned and operated firms in order to compare the differences.

Finally an application of the framework to a more comprehensive analysis and a follow-up study to analyse where the results of the initial analysis and the decision-making process following the analysis are evaluated.

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APPENDIX

Transcript from interview with Ken Hyldgård 03-02-2012.

Alex Rahbech: men øhmm ... så skal vi starte med at snakke om virksomheden? #00:00:24.0#

Ken Hyldgård: Ja #00:00:24.0#

- 5 A: Hvad er virksomhedens overordnede vision og mission? hvor er det i som virksomhed gerne vil hen? #00:00:26.5#

K: Jamen den gang hvor jeg ligesom fandt ud af at jeg skulle overtage dette her, så det der landbrug det er et rimeligt svært erhverv #00:00:36.7#

A: Ja #00:00:36.7# #00:00:36.7#

- 10 K: Så der slå der skulle jeg ligesom have nogle tanker om hvordan er det jeg kommer frem de næste tyve år hvor dan komme jeg til at se ud. og der mener jeg #00:00:48.0#

A: Hvornår var det du overtog? #00:00:48.0#

K: det gjorde jeg sidste år til Januar #00:00:49.8#

A: Okay #00:00:50.1#

- 15 K: Men det er så noget det har været planlagt de sidste seks syv år sådan et langsomt generationsskifte der #00:00:58.8#

A: Ja #00:00:58.8#

- 20 K: Men der har jeg så gået og spekuleret på hvad det skulle gøre at vi overlever fordi der vil jo være et udskilningsløb ligesom der er med landmand der er blevet større, det vil der også være inden for vores branche. og der har jeg så altid haft den ide at vi skulle være ligesom Bilka som har alt. det behøves ikke lige være en bestemt mærke men vi skal bare have alt det som de gerne vil have, så de kan komme en sted og faktisk få alt det de har brug for #00:01:27.0#

A: Ja #00:01:27.0#

- 25 K: men der er så selve mekanisering og automatisering og sådan det er jo ikke bygninger og sådan noget det rør vi ikke ved #00:01:37.1#

A: Nej #00:01:37.1#

- 30 K: Og der var det jo så at jeg fik den ide til den strø maskine der og der har vi noget der er ingen andre har og det synes jeg vi har været gode til at fundet noget.. fundet nogle ting ingen andre har hvor vi har lidt med nicher og så det sammen med alle de andre ting som andre forhandlere også kan have #00:02:01.7#

så er det godt vi lige står noget stærkere. fordi vi kommer mange gange ud med en hel løsning og der har vi ikke fået, der har vi ikke noget alt det vi skal endnu med produkterne men det kommer #00:02:16.6#

A: Men hvad er det så når i skal sælge noget er det så mere en pakke løsning i sælger eller er det individuelle produkter som i sælger? #00:02:28.3#

- 35 K: jamen det er individuelle jo, det det er når folk bygger en stald så kan det jo være forskelligt hvad de skal have i den om de skal have skravere eller om de skal have et forsørings anlæg eller de skal have en strømaskine eller om de skal have flere ting. og der kommer vi så ind og kan hjælpe dem med at lave en løsning til det de gerne vil have. og det er sjældent at der er noget der er ens #00:02:46.3#

A: så det er meget projekt opgaver og så er der også en del rådgivning i det #00:02:55.8#

- 40 K: Ja der er mange der ringer til os for at få... fordi de ved at vi har forstand på det og har mange års erfaring. #00:03:01.1#

Og man kan sige for ti år siden der var hvis ville en ordre på en halv million eller 300.000. en halv million det var meget nu er det ganske normalt at vi sætter noget sammen til både en og to millioner og det er kva at vi har fået... at vi har så mange ting vi kan tage med. #00:03:27.5#

- 45 A: Ja #00:03:28.6#

K: Og så har jeg altid fået mange ideer og så er det jo lidt med at finde de rigtige der. finde de rigtig gode. og der synes jeg at vi har fundet nogle rigtig gode ting #00:03:49.3#

A: så der et øhh. I har både jeres egne produkter, andres produkter og rådgivningen og i har også service. #00:04:04.9#

- 50 K: Ja det er jo det som landmændene godt kan lide det er at de ved at når de køber det hele her er der kun en de skal ringe til og det er kun en de skal snakke med hvis de har nogle problemer. og ham montøren der kommer kan måske løse flere af deres ting i stedet for at du skal have en der kommer og så skal han lave foddervognen og så skal du ringe til en anden mand der skal kigge på deres skrabe anlæg og deres foder anlæg. Så der vil du koble lidt mere på hen af vejen jeg tænker at på et tidspunkt vil der komme
55 noget med noget malke ting også. det vil vi også begynde at rode lidt i. #00:04:36.4#

- A: Ja #00:04:38.9#
K: Alt det som kan bevæge altså alt det som kører ikke døde ting, ikke inventar og sådan noget som du bare vil skrue op en gang og så ikke gøre mere ved det. #00:04:47.9#
A: så der er heller ikke båse og sådan noget #00:04:49.3#
5 K: Nej, nej #00:04:50.8#
A: hvordan fordeler, altså hvad er det så for nogle områder i sælger mest af er det... men det er vel svært at sige? #00:05:00.0#
K: det er svært at sige. altså jeg tror det der gør at vi har helt vildt travlt nu hvor der er mange andre der har det svært, nogen der måske lukker og sådan noget, jeg tror egentlig at vi har udviklet os ud af krisen
10 ved at komme med nogle nye ting hele tiden. som det er jo klart når du får noget forsøringsanlæg så får du et nyt produkt du lige er ved pludseligt at kunne sælge som du ikke solgte før. Men kan du sælge fem anlæg af dem eller ti anlæg af dem jamen så lukker de måske et hul hvor du måske har fået et hul pga. finanskrisen med det du plejer at sælge. #00:05:36.9#
Så derfor har vi faktisk øget omsætningen selvom at vi er i en krise tid. #00:05:41.8#
15 A: Ja men det er da positivt #00:05:41.8#
K: Ja. #00:05:46.1#
A: øhmm hvor mange medarbejdere er i? #00:05:50.5#
K: vi er 23 tror jeg. #00:05:54.9#
A: og hvordan, nu siger du i er vokset i omsætning, hvad er i oppe på? at omsætte for? #00:06:04.6#
20 K: Jamen jeg har ikke helt vores tal for i år men vi kommer til at ligge på 29 millioner i år, hvor sidste år var det 25-26 tror jeg. og i år vil det blive højere. Det højeste vi har haft det er 35 så kom krisen så faldt vi til 28 tror jeg og så 25-26 nu er det så højere i år. #00:06:39.4#
A: Jamen det er jo godt at det går fremad. #00:06:44.5#
Kan du fortælle lidt om hvordan i er organiseret altså ledelse, har i en bestyrelse? og.. #00:06:51.9#
25 K: Ja bestyrelse der er så mig og min kone derinde Jeanne og så har jeg en søn det er sådan set det. #00:07:05.5#
A: så i har ikke så meget en formaliseret ledelse? #00:07:05.3#
K: nej. i dette her firma der kører vi meget på folk. altså de har nogle opgaver det finder man selv ud af der er ikke nogen der går og holder øje med nogen eller ... der er sådan meget helt nede på jorden.
30 #00:07:28.8#
A: i har også et godt samarbejde med leverandøren. Det fortalte du en del om sidste gang #00:07:39.7#
K: vi har et rigtig godt forhold til de leverandører vi har, de vigtige. #00:07:52.1#
A: det er fint det giver et godt lille overblik over virksomheden. Så den her internationalisering som du har gået og tænkt på en del tid efterhånden, i vil gerne sælge mere udenlands. Hvad er det så, har i gjort
35 jer nogle tanker om hvad det er for nogle vækst mål eller profit mål der er for denne her overgang og hvilken tidshorisont i tænker på. #00:08:19.6#
K: men det har jeg forstilet mig skal tages stille og roligt altså, vi skal jo passe på vi ikke får lavet et eller andet der lige pludselig ikke kan følge med eller vi bliver kørt over enden. men nu har vi jo gjort det altså nu har jeg prøvet at sætte noget i deroppe på (tavlen) hvor man ligesom kan se hvor det er vi har gang i
40 lidt henne. #00:08:42.0#
Det der har været indtil videre det er jo kommet af sig selv. Det der så er anderledes i år det er at jeg er begyndt at gøre noget selv ved det fordi nu er vi blevet nogle flere til at sælge. Kurt er kommet sidste år og min far er kørt på salg og så gør jeg også noget salg her hjemme, men så vil jeg koncentrere mig lidt mere om det der. #00:08:59.3#
45 Jeg har lige været i Sverige nu her og besøge de forhandlere vi har deroppe og fået en hel masse med hjem. men så det er planen at vi skal. #00:09:10.7#
Og så var der det der EUROTIER som vi jo egentlig ville have været på for to år siden men så kom vores forsøringsanlæg så blev jeg enig med mig selv om at det var vi ikke klar til. så nu det har vi så meldt os til og det er vi så. Der kommer hende Tina der skal hjælpe os med noget med det udland der vi skal have en
50 masse ting oversat. så vil vi ned på EUROTIER og så vil vi se hvad det giver og så vil jeg ligesom tage det derfra. #00:09:40.1#
Fordi vi har slet ideer om, fordi når vi har fået så meget i gang ved at gøre ingenting så kan jeg godt blive bange for hvad der kan ske når jeg kommer derned. der kan det være at vi bliver nød til at skulle sortere i hvad det er af lande. #00:09:52.5#
55 A: Det som de så har solgt hidtil internationalt er det så også sådan en pakke løsning? #00:09:58.0#
K: Nej der er kun vores egne ting. der leverer vi jo ikke, fx her er vi jo forhandler af Elge og Emse, pumper, omrører, skrab anlæg og Olups og BM silo og sådan noget det sælger vi ikke derude det er kun vores egen produktion. Men der er jo så også de andre ting kan de jo selv købe i de lande der vores eget

- produktion der er jo en niche ting som vi kan sælge så det er kun vores egenproduktion der kommer til at ske der. #00:10:25.3#
- A: Ja, så det de produkter som i selv laver? #00:10:27.5#
- K: Ja #00:10:27.5#
- 5 A: og udvikler som i skal fokusere på. Det er ikke den rådgivningsmæssige #00:10:37.0#
- K: Nej #00:10:37.0#
- A: okay, det er fordi grunden til at jeg spørger er at øhm i den her sortering af hvilke lande det kunne være godt at fokusere på ikke så skal man også ind i overvejelsen hvor stort marked det er og hvor stor en mængde man skal sige for at det giver mening at gå ind på det marked og er det realistisk og sådan noget.
- 10 og der er det rart at have en ide om hvad det den her internationale del hvor hurtig skal det væksts og hvor stort skal det og hvad tidshorisonten på det er #00:11:23.9#
- K: jeg tror det er forskelligt for lande fordi for eksempel så vil der være nogle lande du kan sælge til og nogen lande da kan du ikke for eksempel forsørings anlæg i Tyskland tror jeg ikke så meget på fordi de har biogas og de får jo tilskud til deres egen biogas alle sammen så så der tror jeg ikke #00:11:46.0#
- 15 Men så kan der være nogle lande som Schweiz og Holland og hvor det kan have stor interesse. #00:12:01.6#
- Sverige det ved jeg ikke rigtig med forsøringsanlæg det kan os godt være det kunne være dem som jeg kan lige forestille mig man kunne gøre noget ved altså lige som jeg kender med de forhandler vi har og der kunne være nogle markeder. #00:12:14.6#
- 20 men strømaskiner det er jo så noget andet for der er et stort marked i Tyskland det er jeg ikke i tvivl om og Holland og Sverige det er nok dem hvor vi virkelig kan sparke nogle antal af sted hvis det bliver gjort ordenligt. #00:12:31.0#
- men altså der er jo os vi har jo solgt det til Norge og Finland men det vil blive i en hel anden mængde det er Holland, Tyskland og ... altså Holland, Sverige det ligner jo meget vores landbrug vi har her. der vil
- 25 den jo passe størrelsesmæssigt altså. #00:12:47.2#
- Jeg var lige oppe i Sverige her jeg tror jeg har fået ... jeg skal have regnet på det hvad det er vel for en to tre millioner eller så noget jeg skal have regnet på så skal jeg derop igen og det er jo så det vi ... nu hjælper jeg de forhandler som vi har deroppe og regner tilbud for dem og tager op til dem igen og vi tager ud til kunderne og så indtil de ligesom kommer i gang selv #00:13:07.6#
- 30 A: så der er i allerede i gang med opbygge #00:13:11.2#
- K: Ja ja det kører jeg på nuværende, næste uge kører jeg til Tyskland og skal ned og snakke med ... hjælpe med at starte en maske op nede i Bayern området og så skal jeg snakke med en forhandler dernede. #00:13:23.0#
- og vi har to forhandlere nye fra Østrig som vi skal snakke med. Så. Det har jeg aldrig rigtig gjort før det
- 35 er meget lidt i hvert fald. #00:13:33.6#
- fordi vi har jo 4, 8, 9, 10 vi har faktisk 11 forhandlere som sælger vores ting vores strømaskiner. forsuringen det har de ikke rigtig kunne begynde på endnu fordi der mangler vi det der sidste godkendelse. men den er jo den kommer her til sommer #00:13:54.0#
- A: Ja #00:13:54.0#
- 40 K: og det hele. og det er derfor vi tror nu regner vi med at vi er klar med sådan at når vi står dernede så kan vi starte det op så må vi se #00:14:09.5#
- A: Okay, men hvis vi så skal se på det på en anden måde altså hvad er hvis du nu har stømaskiner i Tyskland hvornår vil du så sige det var gået over al forventning på et års salg, snakker vi så ti maskiner eller snakker vi 20 eller #00:14:28.6#
- 45 K: Jamen jeg vil sige at øh til at starte med hvis vi ku øh det eksport hvis vi ku få startet et eller andet op i løbet af næste år hvor vi solgte måske tyve strømaskiner anlæg ud til andre lande og øh fem forsørings så vil det passe meget fint fordi med det vi har i forvejen så vil vi så vil det passe mig fint men det kunne sagtens blive mange flere men jeg kan blive bange for at hvis der bliver for mange at vi kan lige få det hele styret herfra #00:15:02.2#
- 50 A: Ja #00:15:14.4#
- K: men der er nogle ting for eksempel et forsørings anlæg i Holland får de 40% i tilskud hvis de køber et det er ikke noget de skal søge om det får de bare så det er klart der er nogen markeder der er mere attraktive end andre #00:15:31.2#
- A: ja det er klart #00:15:31.2#
- 55 K: men men så 20 strømaskine anlæg ude i Europa og så fem forsøringsanlæg det er jo ikke ret mange det kan jo blive mange flere. #00:15:40.2#
- Altså det vil passe mig fint nok hvis det var sådan #00:15:44.4#
- A: Ja det er jo også, man skal jo passe på at man ikke lader succesen vokse sig over hovedet #00:15:49.6#

- K: Det er lige præcis det #00:15:51.9#
A: Så ender folk jo med at gå et andet sted hen. #00:15:54.6#
K: det er lige præcis det. men vi har omsat for godt 3 millioner i udlandet sidste år og det mål vi bare har sat er at det vil jeg gøre igen i år. #00:16:05.4#
- 5 A: Ja #00:16:11.8#
K: så det er sådan cirka 10% af omsætningen hvis den næsten er 30 så det har været godt 10 % de har det har nok været 12 % #00:16:36.7#
A: Hvad med hvad har du gjort nogle overvejelser om hvad i vil binde af ressourcer i form af penge tid og medarbejder i det her internationale salg? #00:16:50.6#
- 10 K: Ja men nu ansætter jeg jo en som sådan set skal koncentrere sig om det og det er så en viden pilot som jeg har fået til den halve løn til det første år og jamen hvis der er det jo svært for mig at vide hvor meget der er i det men hvis der er i det så skal vi have en eksport sælger også det er jeg også villig til at binde penge i men der skal være noget til at få lavet og køre efter ellers så ... #00:17:23.7#
jeg har sådan ikke noget at sige at en eller anden grænse det har jeg ikke det skal bare være fornuftigt
- 15 ligesom alt det andet vi har lavet med det her #00:17:37.9#
Jeg har jo også ansat en ingeniør også det gjorde jeg også sidste år så nu kan vi jo tegne og lave og gøre en hel masse ting vi ikke kunne før så ... men vi laver jo så også noget her men det er da klart at vi binder da nogen penge i det hvis EUROTIER det koster jo også nogen 100.000 og få det ... vi kastede jo 300.000 ud i messer i år så #00:18:05.3#
- 20 A: Okay så øhm så er der selvfølgelig også en risiko ved at begynde og prøve at sælge udenlands. har du gjort nogen overvejelser omkring hvornår i vil forlade et marked igen hvis der for eksempel ikke er noget salg? #00:18:32.4#
K: Nej #00:18:33.8#
A: Okay #00:18:34.4#
- 25 K: Altså Finland dengang vi begyndte med udlandet for et stykke tid siden da var Finland jo faktisk nogen af dem der var helt ville og de ville faktisk have lavet en kontrakt og al mulige ting det lavet vi og så har jeg faktisk ikke hørt noget fra dem i fem år nu er de så kommet i gang det er så hvor det har stået stille og staldene ikke lige har passet men det kommer åbenbart i gang nu så jeg tror ikke at man skal droppe noget men jeg tror da man skal arbejde med altså sådan som jeg ser det så er det når vi kommer på
- 30 EUROTIER får vi en hel masse henvendelser og kontakter så må man sætte sig ned når man kommer hjem og sortere i hvad er hvad og hvad er det her og nogen steder har vi jo noget i forvejen fordi ellers så har du jo lige pludselig 25 lande der er nogen der spørge det det er jeg ikke interesseret i fordi der skal ventes på sprog og papir arbejde og alt muligt. #00:19:29.1#
Jeg tror vi vil fokusere på dem som vi arbejder på og udbygge der #00:19:35.0#
- 35 A: altså videre udvikle de lande i allerede er gået ind i. #00:19:46.0#
Skal vi ikke prøve og snakke lidt omkring de her produkter og det er så forsøringsanlægget og strørobotten ikke? Hvad er pris niveauet på dem? #00:20:00.6#
K: et anlæg, et anlæg, et forsørings anlæg til kvæg det koster en 5-600.000 en 5 til 600.000 og svin svineanlæg de koster over en million men det er bare hvis det er til eksport så vil der være nogle ting som
- 40 de selv gør som vi ikke vil levere men ja øhmm en million vil være et bud #00:20:37.6#
Der er så i Schweiz hvor vi så allerede har solgt et forsørings anlæg det blev så til en anden pris fordi det er en mindre udgave de kommer måske til at koste en 300.000 det er fordi vi er nød til at tilpasse det lidt de markeder vi går ind på i størrelses #00:20:57.6#
A: Ja er der meget behov for at øhh er det store tilpasninger? #00:21:02.5#
- 45 K: nej det er det er ikke noget der kræver ret meget af os. det er en større en anden tank. altså det er fordi jeg har sådan en mega stor tank som der bare kan udskiftes og bruges en mindre en. fordi hvis de sætter sådan en tank der op så har de, når de får den fyldt op, så har de til tre-fire år mere eller mindre. #00:21:29.5#
forsøringsanlæg det er bare nogle ting som vi ikke lever som de selv leverer det er sådan det eneste ellers.
- 50 #00:21:41.5#
A: Okay, hvad med robotten? #00:21:47.5#
K: det ligger fra 100.000 til 300 vil jeg sige. men der har vi jo så udviklet nogle større nogen så de koster noget mere. vi er ved at udvikle nogle større masker vi har solgt og skal ned til en kunde i Holland og det har sådan en maskine den koster måske 170-175.000 hvor de der anlæg jeg snakker om
- 55 der koster strømaskinen jo kun 78 men der er så de andre ting de skal have med også så så det vil jo nok blive større altså de 300.000 det vil jo nok blive når de større kommer med så er vi måske oppe på en 4-500.000 i stedet for #00:22:34.5#

- Men det er lidt svært at sige for så er der en eller anden land man så har han selv et magasin så er det bare en stømaskine og nogle ting de køber så er det måske nogle 100.000 og en anden gang skal han have det hele med og den ene der oppe i Sverige den skal vi selv op og lave fordi den ligger lige på den anden side af Malmø og der har vi ingen forhandler så er det jo 3-400.000. det er lidt forskelligt #00:23:10.3#
- 5 A: så hvad er det så, hvad er det kunden får ud af at købe sådan en... #00:23:23.0#
K: et forsøringsanlæg? #00:23:23.0#
A: Ja, et forsøringsanlæg og en strørobot #00:23:23.3#
K: Jamen et forsøringsanlæg der får han det ud af det at han opfylder en miljøkrav at han skåner miljøet #00:23:28.9#
- 10 A: er det ... krav eller? #00:23:33.0#
K: Jamen det er krav der gælder både i Danmark og som alle de andre lande også har nogen miljø krav med udledning af ammoniak, metan og alt det der er snak om det nedbringer man jo. Ammoniak med, vi har faktisk lige fået nogle test på vores forsøringsanlæg i Ensted der har vi 71% ammoniak reduktion, 32 % lugt reduktion #00:24:11.6#
- 15 32% lugt reduktion #00:24:11.6#
og 70% svovl brinte reduktion #00:24:15.7#
A: Ja, er det uafhængigt af hvilket anlæg det er... altså det det her er for der gælder stort set de samme ved andre type anlæg? #00:24:24.8#
K: det er ved svin #00:24:25.8#
- 20 A: altså det er ved svine anlæg #00:24:27.2#
K: ja, så har du en anden ting ved svine der er jo at inde klimaet, arbejdsmiljøet du mærker, det er jo helt anderledes at gå ind i sådan stald hvor du ikke har alt det ammoniak. og der er blevet lavet nogle forsøg med der viser at der er ingen metan udledning, det er noget de går meget op i, det er meget inde i øjeblikket men der ikke er noget krav om endnu. Og så får de jo en 10-15 % bedre udnyttelse på marken
- 25 fordi de får fuld svovl tilsætning #00:25:02.8#
K: Altså ved strømaskiner der får de gjort noget arbejde automatisk. Noget trælst manuelt arbejde hvor du har malkeroboter så er køerne der jo altid så er det ikke til at gå og strø inde i de det. Og man må helst heler ikke forstyrre køerne så der kører det her jo automatisk og strøer. Og det kan jo være strøning eller fordring eller ... hvad vi bruger dem til. #00:26:02.8#
- 30 A: Så men jeres det er jo ikke kun strøning jo #00:26:07.8#
K: Vi fodrer jo nogle økologiske høns også og der er nogle malke geder som det gør vi også, nogen svin fodrer vi også. så det gør vi også. Og det er jo så det der er smart det er nogen steder da strø og fodrer gør den maskine det samme. og det er den eneste maskine der findes i verden der gør det. Den kan begge dele. #00:26:33.7#
- 35 A: OG det giver så. det der ved køerne at det .. giver at det så bedre levevilkår for køerne? #00:26:44.6#
K: ja det er bedre det giver bedre dyre velfærd. fordi der bliver også strøet i weekenderne og sådan noget #00:26:50.6#
A: Ja #00:26:52.9#
- 40 Er der noget, det der forsøringsanlæg skal man bruge det i, hvis man skal opnå nogen former for godkendelser og? #00:27:12.0#
K: Ja der er mange, du kan faktisk ikke få lov til at bygge en stald med spalter i i dag uden at du har et forsøringsanlæg. eller du har skraber under. der er mange de vil ikke har et skraber anlæg under de vil så vil de have, når de har spalter, så vil de have et forsøringsanlæg. der ligger ekstremt mange her i Danmark på folk der venter, altså det er simpelthen kun på grund af den krise vi er i at ellers så solgte vi rigtig
- 45 mange af dem... det gjorde vi. men det passer mig sådan set fint nok fordi når du udvikler noget nyt er der altid nogen indkøring stænger når du skal finde ud af #00:27:51.9#
For mig har krisen passet fint, fordi det der. lige før krisen var det ved at gå helt over gevind lige før krisen med strømaskiner, da havde vi et halvt års leveringstid altså det var sådan at jeg kunne køre ud til en ny kunde jeg aldrig havde mødt så kunne jeg så kunne jeg skrive på et stykke papir inde i stalden, du skal have det og det og det og det og dét. Det bliver 500.000 eller sådan et eller andet. Og så siger han jamen øhh hvornår kan vi få det? #00:28:15.7#
- 50 Sådan gik det faktisk dengang så så det passede faktisk fint nok. og så også det forsuring at vi lige kan komme med fra bunden af så når der begynder at ske en hel masse at så har vi styr på og er gearet til. #00:28:35.1#
- 55 A: Øhh vi snakkede også om at der var nogle patenter på ... #00:28:39.4#
K: Ja på forsuringanlægget der har vi, vi har ikke fået det endnu men vi får et europæisk patent jeg ved ikke hvor meget det kommer til at dække men i hvert fald metoden, det ved jeg. og så ved jeg ikke lige, så

- arbejder de på at få noget på apparatet. det er delt op i noget der hedder metode og et apparat krav
#00:28:58.7#
- A: Ja. #00:28:58.3#
- 5 K: Metoden det ved jeg at vi får det har de sagt det får vi. Metoden det gør, hvis du ikke får på apparatet så kan folk egentlig lave selve forsuringsanlægget magen til sæt det ud til en kunde men de må ikke starte det fordi vi har på metoden så de må ikke gøre det sådan. #00:29:17.2#
- 10 men hvis du får noget på apparatet også så må de heller ikke lave det noget der ligner det. det så det får vi det tror jeg. og så på stømaskinen da har vi nogle brugsmodel beskyttelser på noget af det som jeg syntes var vigtigst som måske var nemme lige og kopiere. selve stømaskinen den er brugsmodel beskyttet og så har vi på en snitter da har vi en brugsmodel beskyttelse og den fornyr vi hele tiden. #00:29:57.7#
- A: okay så der er noget beskyttelse af jeres produkt så det ikke... #00:30:09.1#
- 15 K: Ja men men åhh så er der forsuringsanlægget der. en ting er at du skal lave det men en anden ting er nu er der jo også reglen at du skal igennem frygtelige godkendelses test. så så hvis der var nogen når de går i gang med at lave et forsuringsanlæg til de får det til at virke til at de er igennem alle de tests det vil gå flere år. fordi de der krav, og det er ikke kun i Danmark det er også i Holland, Tyskland og andre steder i Europa, det det er jo at du skal måle på fire anlæg i et helt år, og på svine anlæg da skal du også måle på to anlæg i et helt år. så det er sådan at fra du går i gang med det til du er færdig det er noget der tager flere år. så det er ikke bare lige noget der er nogen der gør. og slet ikke når det er noget der ligger nogle patenter på det det tror jeg slet ikke på. #00:30:56.8#
- 20 A: Ja det er helt sikkert at det er udemærket at der er sådan noget fordi det er det som man inden for marketing kalder adgangsbarriere til industrien der er. Fx patent beskyttelser er og også det at der skal nogle godkendelser til fra myndighederne som er lang tid om at opnå. det vil jo afholde nogen fra og gå ind simpelt hen fordi at de skal overkomme de her barriere først så det er jo positivt det kan jo holde konkurrenterne væk. #00:31:46.0#
- 25 Så hvis du nu ikke ville købe et forsuringsanlæg hvad har man så af alternativer? #00:31:49.1#
- K: Du kan købe luft rense anlæg. Det kan du bruge til svine stalde og med et luft rense anlæg da får du heller ikke ammoniak fordampningen ude i naturen men du har jo stadig ammoniakken inde stalden og du har jo stadig det gylle du har inde i stalden når du pumper det over i lager tanken det er jo ikke behandlet der har du jo også fordampning fra. Du har det jo også under udbringningen ud i marken, med et
- 30 forsuringsanlæg da får du det jo også både på lager tanken og på udbringningen da skåner du jo det hele der får du jo noget miljø for pengene. #00:32:27.0#
- Men der er luft rense anlæg pga. så er der ... så er der ikke mere, tror jeg ikke. #00:32:33.0#
- A: det er det eneste man kan gøre? #00:32:31.1#
- K: Ej dem er der jo forskellige mærker og fabrikanter af. #00:32:38.2#
- 35 A: Ja, jamen øhmm der er sådan set også mere bare den brede type altså hvis der er man står og vil og har en stald man skafferne eller ... Hvad har man så af muligheder. Det er det man kalder for nære og fjerne konkurrenter. Men det, men hvad så med på strøningen? er det kun manuelt arbejde? #00:33:08.2#
- K: Der har vi ikke noget, jo så er det sådan nogen de sidder på. Altså kører rundt med dem det er jo ikke det det er jo sådan set ikke en konkurrent til os fordi hvis du vil have noget. det er et spørgsmål om hvis
- 40 landmanden vil have noget der er automatiseret så findes der kun vores. Endnu! men der kommer da noget. hvert år så har jeg ikke kunnet forstå at der ikke er nogen andre der har lavet et eller andet. der skal nok komme noget, men det bliver kun inden for, det bliver jo garanteret kun inden for nogen ting. Altså så kan det blive i en kostald vi får en konkurrent. Der kommer ikke nogen der går i gang med at lave hele det alt det vi har været i gennem de sidste mange år. vi har jo 8 forskellige stømaskiner som kan laves i
- 45 forskellige variationer. og vi har jo, magasinet har vi jo, det ved jeg ikke, 10 forskellige og nu kører vi jo så separation hvor man separerer gyllen og kører det ind og kører det ind. Så det kommer der ikke bare lige noget, der heller ikke bare noget du laver bare lige på et år eller to det tager lang tid fordi de vil ramme en masse problemer med det der lige som vi har haft. men det kan være en fordel hvis der kom nogen fordi det kan give noget mere salg nogen gange fordi der er flere der tror på at det skal være sådan.
- 50 #00:34:24.1#
- A: ja det er klart. Øhm så hvad laver i så af videreudvikling af, på de her produkter? hvordan har i en proces for hvordan i forbedre dem eller laver nye versioner? #00:34:39.3#
- K: Jamen vi laver noget nyt hele tiden sådan set. Det der med udvikling det skal man jo selvfølgelig. Man kan jo udvikle sig selv ihjel men jeg siger ingen udvikling det er afvikling. så vi udvikler på det hele
- 55 tiden, jeg har lige, vi får, vi er ved at samle noget her nede hvor vi skal, det er økologiske grise dem bliver der flere af i Danmark det er der ingen tvivl om #00:35:05.9#

- der er der er sådan en slagte svine stald der er økologiske grise hvor vi skal fodre noget grov foder og så strø samtidig med. der har vi lige tegnet en hel ny model af en større model som han skal have så det er der det vi udvikler egentlig i øjeblikket det er nogle større, større modeller #00:35:28.0#
- 5 det er egentlig det vi arbejder på. og så roder vi en del med det der separationsanlæg os som vi har nogle anlæg ude at køre af nu. men da har jeg jo fået en ingeniør der sidder og tegner det og tager sig af det, altså det er mig der gør, det er mig der kommer med ideerne og finder ud af hvor det er vi skal hen af og hvad det måske er vi skal lave. og jeg kører også og har føling på hvad er det der kan sælge sig og hvad er det folk har behov for. #00:35:57.1#
- 10 A: Ja, det lyder som om at der... det er en proces der også meget involverer, altså i er ude ved kunden og høre at han har behov for det og det og det og det har i så måske ikke lige så går i gang med at se om i kan i kan lave noget. #00:36:12.2#
- 15 K: hvis det er noget jeg selv tror på at jeg kan se, okay det her det ku, det kan jeg sælge flere steder, ligesom den vi er ved at lave nu hvor jeg tror på, det ved jeg for vores økologiske høns det er en mindre maskine der kan det samme. og det er klart det vil der blive inden for svin for jeg ved man arbejder rimelig meget med noget alternativ fordring til de svin der så det er der ingen tvivl om. og en større strømaskine har vi egentlig altid manglet så. så derfor hvis det er noget jeg tror på så går vi i gang med det. men vi har så det der med man skal have nogle få ting af gangen vi skal ikke have for meget så, fordi jeg har så mange ideer vi ku give os til at lave så mange ting men vi skal have en ting gjort færdig af gangen #00:36:56.7#
- 20 A: så øhh #00:36:59.1#
- K: Så det er det vi arbejder med i øjeblikket det er større modeller på strømaskiner. på forsuring det er egentlig bare at og finpudse og finde ud af produktionen og få det har vi og det fungerer sådan noget det er det skal egentlig bare laves hvordan det skal produceres og hvor vi kan spare nogle penge og ... så det er egentlig ikke noget, det har jeg egentlig ikke meget med at gøre, det sidder han bare og laver dernede. #00:37:29.2#
- 25 A: men det er vel også noget kvalitetsforbedring i? #00:37:30.4#
- K: Ja ja, jamen det gør vi hele tiden. de første strømaskiner vi lavet der dem ... vi har hele tiden forbedringer. det kan man altid arbejde på. #00:37:41.2#
- 30 lige i øjeblikket. det eneste vi har tilbage på vores strømaskine som jeg kan se det er; vi har sådan et tyndt kabel der går fra bundprinter op til den anden, det var faktisk lige det jeg snakkede med en om da du kom, da er det at sommetider da kan forbindelsen være dårlig. og det er nok pga. ammoniak så der skal vi have lavet noget andet. alt andet fungerer bare sådan som det skal. #00:38:01.6#
- 35 Vi kan sende strømaskiner ud, de gamle altså dem vi har kørt med i mange år, der kan vi sende sådan en af sted som bliver sendt af sted til Canada og så starter de den op og så hører vi ikke fra dem der er ikke noget det går i stykker det kører bare. #00:38:13.4#
- det er der man skal hen, en det tager jo lang tid og få luget alle de der små ting væk. #00:38:21.9#
- A: Ja de småfejl der opstår som man ikke nødvendigvis lige kan forudse. Hvordan fungerer jeres nuværende markedsføring? altså er det meget opsøgende arbejde eller? #00:38:36.7#
- 40 K: Nej, vi har faktisk aldrig rigtig lavet opsøgende arbejde fordi det kommer selv. #00:38:44.2#
- A: okay, så det er simpel hen der er så stor en efterspørgsels på det. #00:38:45.7#
- K: jamen det må der være efter os altså vi får nye kunder hele tiden selv om at der bliver færre landmænd. vores kundekreds den vokser. og øhh men vi har rigtig mange altså vi har jo åbenbart eller vi har fået et godt navn og det er ved det min far. hans ide var jo at... han har jo altid haft den ide at når man skal lave noget så skal det være i orden og hvis det ikke er i orden så skal det bare rettes og den første tab det er
- 45 den billigste. altså det der med at trække det ud, hvis der er et eller andet du har lavet forkert eller ikke er i orden #00:39:20.2#
- det der med at trække det ud og prøve at slippe om ved det det duer ikke det er bare at få det lavet. så må man jo tage det. man kan jo ikke vinde hver gang. så det vil jeg nok sige det har vi egentlig fået et navn som, folk de ved selv om at det er noget ny vi kommer med... jamen så ved de at hvis vi har sagt at det
- 50 der det kan vi lave, så bliver det lavet. det kan godt være at det ikke virker lige når de får det men det bliver rettet. #00:39:47.6#
- A: Men altså i er altså et kendt navn i branchen? #00:39:52.9#
- K: i Danmark der tror jeg ikke at der er nogen der ikke kender os. #00:40:02.1#
- A: men så det virker som om at i er kendte og så må det være fordi at hvis der er en af landmændene der
- 55 snakker med en anden om at han har et problem så forslår han at han skal prøve og snakke med #00:40:19.0#
- K: lige præcis. Det er mund til mund metode. hvis du har nogle tilfredse kunder så kommer der nogle flere. #00:40:22.4#

- A: Ja #00:40:22.4#
- K: Det har vi altid. Vi har selv kunder som andre ikke kunne ha, kan vi godt ha. nogle vanskelige kunder dem vi har ikke nogen vi må sige farvel til. men selvfølgelig er der da nogen der ikke vil bruge os der skal da nok være nogen der er utilfredse om en eller anden ting sådan vil det altid være. #00:40:45.5#
- 5 A: Ja #00:40:45.5#
- K: men der er en grund til at der så mange der... vi ved ser du det var ikke så længe siden for en uge fjorten dage siden var der en der lige pludselig en der ringede fra ved Århus kanten. og så vi var ved at lave fremtidens staldbyggeri ovre i odder der har vi fået det hele med mekaniseringen og så kørte vi forbi og besøgte en det var så noget økologiske grise os. og så blev vi enige om at prøve og spørge om hvor
- 10 hun egentlig havde fået vores navn fra. #00:41:17.1#
- Men det var så fra en eller anden rådgiver, dem sidder der mange af, som siger at de skal prøve og ringe til os fordi, det sagde hun, hun havde fået at vide af hendes rådgiver at hun skulle prøve at ringe til os for di vi viste hvordan man skulle lave sådan noget. #00:41:26.3#
- A: hvad er det for nogle rådgivere? #00:41:27.7#
- 15 K: Det er nogen landbrugsrådgivere der sidder på forskellige steder det kan være i øhh landbrug foreningen og sådan nogle steder, det kan være nogen der bygger landbrugsbyggerier og sådan noget. #00:41:46.6#
- Så det der kommer der mange fra så har vi gjort noget andet i år som, vi plejer at have nogle annoncer og sådan noget i de der fagblade. Det har besluttet at det vil jeg slet ikke så dem har jeg sagt op alle sammen
- 20 og så satser vi på Internettet. og der har jeg en lillebror der har sådan en virksomhed hvor han kan få når du går ind og søger fx på forsøringsanlæg så kommer vi op på, eller det gør vi ikke endnu det vi begyndt med, så vil vi komme op på en masse af de der på den første side. #00:42:19.8#
- Så jeg havde egentlig lavet en aftale med ham og så hende som kommer her hun skal bl.a. også hjælpe med vores hjemmeside så det vil vi have gjort en hel masse vej. og så har jeg købt nogle bannere på nogle
- 25 af de der hvor jeg ved at der kommer mange ind på, det har jeg simpelthen købt den øverste banner og vi står der på og jeg har sagt jeg gider ikke være der en måned jeg vil være der en hel år og det kan jeg se at det har allerede givet noget. Fordi det jeg har lavet med ham der kan jeg se hvor folk de kommer ind fra. så jeg se hvor mange hits og alle de besøg hvor er det de kommer fra hvad er det for nogle sider de går ind på så det, vi satser hundrede procent på det Internet i år så ser vi hvad det giver. og vi kan se, vi har
- 30 ... det er stigende men vi ligger på de der 50 mellem 30 og 50 besøgende om dagen på den hjemmeside og det er ret godt synes jeg. #00:43:10.0#
- A: ja det er udmærket. Har du så nogen fornemmelse for hvor mange af dem der det så er der ringer og kontakt. #00:43:21.4#
- K: Nej men jeg snakker tit med nogen der har set på vores hjemmeside at de ikke kunne finde det på
- 35 vores hjemmeside altså dem her det er jo som han kalder dem besøgende vi har det er jo det kalder han et eller andet bestemt. det er ikke bare nogen der lige er klikket ind tilfældigt eller noget. altså det er nogen der har været inde og kigge på noget. men jeg vil sige kan bare en tiendedel af dem der ringer hver dag, fem af dem der ringer så vil det være vældig. #00:43:51.8#
- Det tror jeg giver noget mere end at have sådan en lille hjørne i et blad som ... jeg kan godt side og kigge
- 40 i et blad og det kan godt være jeg også ser nogle annoncer men det er ikke noget jeg kigger noget særligt på men når jeg skal købe noget så går jeg ikke hen og finder det blad. så sidder du foran din computer så slår du det op. og så tager de dem der kommer der. #00:44:12.2#
- A: Ja #00:44:12.2#
- K: Ellers så er det nogle helt bestemte du ved at du skal have fundet og så finder du dem også. så derfor
- 45 jeg tror ikke på det blad der det gør jeg ikke. #00:44:20.8#
- A: Hvordan er jeres online strategi? involverer den også andre markeder? #00:44:29.8#
- K: Ja det er bl.a. det hun kommer og skal lave forskellige sprog og alt muligt så'n at vi får søg, vi får allerede nu men det er ikke ret meget, vi får allerede nu fra forskellige lande af men øhh det skal
- 50 udbygges til forskellige sprog så at de kan komme ind. Tyskland de kan komme ind og finde på tysk og alle mulige ting der er vores egen. #00:44:51.8#
- A: Ja, det lyder jo spænde. #00:44:59.5#
- K: Ja #00:45:02.8#
- A: Okay kunne du fortælle noget, hvad er det der kendetegner dem som så er kunder på nuværende
- 55 tidspunkt er der sådan en eller anden bestemt størrelse af landbrug for at de henvender sig eller er det nogen der står for at skulle modernisere eller? #00:45:18.6#
- K: Det er alle slags. det er små landbrug det er ... og det er alle type af landbrug det er mink folk, det ko folk og det kan være nogen der skal bygge til det kan være nogen der bare skal have noget repareret eller ... #00:45:39.4#

- A: Så det der er egentlig ikke nogen grænser for hvor små de er #00:45:43.9#
K: det er der ikke #00:45:42.3#
K: vi siger ikke nej til noget vi har ikke ... vi laver alt inden for det. #00:45:59.7#
A: Ja men nu tænker jeg specielt på strømmaskinen og forsuringsanlægget. #00:46:06.3#
5 K: Nå nej lige dem det vil jeg sige det er udvidelse eller nybygning eller nogen, der er nogen der har fået et krav om at de skal have et forsuringsanlæg. de har ikke kunnet låne pengene eller et eller andet. og så kommer miljøtilsynet så bliver det opdaget og så skal det bare op nu. Så det er dem ellers det er jo klart at det ikke er nogen med 80 køer i en bætte stald. det er ikke sådan nogen. #00:46:38.5#
A: Nej #00:46:39.9#
10 K: så det er så #00:46:43.7#
A: Hvor store bedrifter er vi oppe på der for at de begynder at skulle bruge sådan nogen som forsuringsanlæg. #00:46:51.4#
K: strømmaskiner vil jeg sige lige så snart der er ude over 100 køer er det mest aktuelle. og ved svin ved strømmaskiner der er det for at opfylde nogle lovkrav om noget rodemateriale at de køber det. #00:47:24.3#
15 Forsuringsanlæg, det ved jeg ikke det er vel det ved jeg ikke et par hundrede dyr eller sådan noget. #00:47:57.7#
vil du have mere kaffe? #00:48:01.2#
A: øhhh ja tak #00:48:02.3#
Så hvordan er jeres produktionstid på for de her? #00:48:35.1#
20 K: vi siger vi har 6-8 ugers leveringstid, 6 uger plejer det men 6-8 uger vi at sige. og nogen gange så har de brug for det hurtigere så laver vi det, men det er noget f det som vi skal have noget mere styr på. det er noget vi skal bruge i år til at få styr på produktion og få hvordan vi helt præcis får det kørt i gennem med bestillinger og det hele så'n at. vi kan vi det har jo været lidt nemmer når vi bare har været os selv kunnet mingelere lidt rundt med det men det kan vi ikke når det er så bliver vi nød til at levere det når det er
25 lovet og sådan nogen ting. så det er nogen af vi skal. #00:49:12.2#
A: Øhh men, det der er vel for de der pakke løsninger og projekter? #00:49:17.4#
K: Det er for strømmaskine og forsuringsanlæg. #00:49:19.8#
A: det er simpelt hen så lang tid det tager at bygge den og så pakke den og sende den af sted #00:49:23.5#
K: ja. #00:49:31.1#
30 A: Hvad har i af omkostninger i produktionen og hvad er det for nogle ressourcer der indgår i. #00:49:41.8#
K: omkostninger hvad tænker du på det? #00:49:42.4#
A: Jamen mande timer og ... #00:49:47.2#
K: Det er forskelligt det er ... altså en strømmaskine den tager jo en to en halv dag at lave det kan så variere
35 lidt efter hvor stor den er. et forsuringsanlæg skulle gerne kunne samles på en uge her for en mand. #00:50:15.6#
Altså jeg plejer, jeg vil sige at med det vi har i dag med det vi har her der vil øhh 50 maskiner af halvanden dag, du har 52 uger og så tager de seks ugers ferie fra så har du 46 anlæg det vil vi sagtens kunne lave. #00:50:37.3#
40 A: det er så ligesom maks. kapaciteten #00:50:38.4#
K: ja og det vil vi kunne med forsuringsanlægget men derefter da skal vi nok til at gøre et eller andet. men der er så har vi også en helt anden omsætning. #00:50:53.3#
A: Ja #00:50:56.3#
K: så vi vil kunne lave et anlæg af hver i ugen det vil vi kan med sådan som vi er sat sammen nu så er det
45 bare med at finde leverandørende der kan levere det, men det kan findes. #00:51:11.5#
A: altså underleverandørende af de dele i skal bruge? #00:51:15.3#
K: Ja #00:51:16.7#
A: Det var så faktisk også ... men øhh nu har i selvfølgelig ikke solgt så mange forsurings anlæg endnu i mangler den der godkendelse men hvad har i af salg af de der strømmaskiner på sådan årsbasis?
50 #00:51:30.8#
K: Jamen foruringsanlæg har vi jo faktisk solgt nogen, vi har solgt 6-5 og vi har vi har jo jeg ved faktisk ikke hvor mange vi har ... har vi 10 jeg tror vi snart må være på 15 ... vi bliver på 15 nu her i løbet af foråret, 15 her i Danmark #00:51:55.5#
A: altså forsuringsanlæg? #00:51:55.5#
55 K: Ja #00:51:57.3#
Jeg tror vi har 6 i ordre i øjeblikket. #00:52:04.1#
A: Ja #00:52:02.9#

- K: strømmaskiner ... det år hvor vi lavede flest da lavede vi jo tæt ved 40, nogle og 30; 6, 7, 38 eller sådan noget. Vi er snart på, jeg ved ikke hvor langt vi har op til 200 anlæg men der er ikke så lagt. #00:52:23.5#
- A: Altså det er ... #00:52:23.5#
- K: Nej det er hvad vi har solgt i alt. #00:52:27.8#
- 5 A: okay så #00:52:26.9#
- K: men den gang i 2008 der da var vi på ... der var det 36 anlæg tror jeg at vi lavede den gang #00:52:38.4#
- A: Ja #00:52:38.4#
- K: Det for venter jeg i år vil der faktisk komme en del gang i det #00:52:43.7#
- 10 A: Ja #00:52:43.7#
- K: 20 anlæg hvis jeg kunne få 20 anlæg i år så vil det være fint nok #00:52:50.3#
- A: Ja #00:52:50.3#
- K: og dem tror jeg faktisk vi har det halve af allerede #00:52:57.8#
- A: Ja #00:52:57.8#
- 15 K: det tror jeg #00:53:03.4#
- A: Hvor mange hvad er det absolutte maks. af dem i kan producere på årsbasis? #00:53:11.6#
- K: det er 46 #00:53:11.9#
- A: det er 46 i #00:53:12.3#
- K: Ja altså så skal vi gøre et eller andet så skal vi udvide så kan vi lave mange flere men altså i det vi har
- 20 nu #00:53:20.5#
- A; men var det ikke forsuring? #00:53:20.5#
- K: det var begge dele. #00:53:23.1#
- A: nå var det begge dele? #00:53:23.1#
- K: ja det er fordi den del vi har til det der kan så en mand. der står en mand inde nu Der kan vi få en mand
- 25 i den anden ende. Så den ene kan lave et forsøringsanlæg og den anden kan lave en strømmaskine #00:53:34.6#
- Det kan vi gøre sådan at der er plads til det uden vi kommer op at slås med hinanden og ikke kan være her. når det er derefter så skal vi nok have lavet et eller andet så vi har noget mere plads. så kan vi jo lave flere. men det er nok det vi kan gøre uden at skulle gøre noget andet end at vi skal ansætte en mand
- 30 selvfølgelig. #00:53:51.7#
- A: øhmm, vi har egentlig snakket lidt om det men er der nogen sådan segmenter som i er særlig interesserede i at servicere med de her produkter eller? #00:54:12.5#
- K: nej altså det er jo landbrug selvfølge men jeg der er ingen rammer for. der er heller ingen rammer der siger at det kun skal være landbrug hvis man finder ud af at de her maskiner de ku. Jeg har før snakket
- 35 med ... en jeg kender nede ved skandinavisk tobak kompagni. han har før snakket om om de ikke ku køre tobak også rundt. så jeg har ikke nogen ... der siger det kun skal være sådan. for vi er egentlige ... strømmaskiner er egentlig vokset ved at vi har fundet en niche hvor der ikke var nogen andre der havde noget der kan bruges til, og den niche er faktisk stor, der er faktisk mange ting hvor der er lige pludselig er bleven, kan blive et behov. #00:54:58.6#
- 40 A: men nu snakker du jo også om at i er begyndt at lave det sådan at den også kan køre foder ud samtidig med. har man ikke tidligere haft automatiseret fodring? #00:55:09.2#
- K: jo jo men vi sælger også fodre anlæg fra et andet mærke fabrikat. #00:55:11.4#
- men det er jo til køer man har det, det er der #00:55:17.5#
- A: Men det er kun til køer man har det? #00:55:17.5#
- 45 K: Ja, jaa det ved jeg ikke det kan da også godt være det bliver brugt til noget andet men, men der er jo der findes måske en 5-6-7 mærker en i Danmark, en af de største, også er der nogen ... den i Danmark er så tysk eget nu. Men, men så er der jo flere rundt omkring som laver til kvæg fodring automatik store anlæg. Men, men det er sådan set ... der hvor vi bevæger os rundt det er sådan set der hvor de andre ikke har noget der passer til. jeg gider ikke at skulle til at lave en foder vogn og skal til at konkurrere med det
- 50 der er syv andre om det har jeg ikke noget ... det er der ingen ide i. #00:55:57.9#
- A: nej, nej det er der ikke #00:55:57.6#
- K: men der hvor den måske er for stor og for dyr hvor der skal ikke bruges så meget af noget andet det er der hvor vi er. #00:56:07.7#
- A: Okay #00:56:07.4#
- 55 #00:56:53.2#
- så øhmm det her den her øgede fokus på eksporten hvad øhh hvor øhh kommer ønsket egentlig af der? #00:57:00.2#

- Altså hvorfor er det i også vil til at også sælge udenlands eller er begyndt at sælge udenlands? er det simpelt hen bare... #00:57:09.7#
- 5 K: Jamen det er fordi efterspørgselen er kommet af sig selv og så sidder jeg og tænker på at med alt det som vi har kunne sælge og kontakter vi har fået uden at gøre noget så må der jo være et eller andet marked for ... det må jo være lige til at gå til. #00:57:26.2#
- A: Ja #00:57:28.5#
- 10 K: men det siger de jo også dem jeg snakker med de siger jo at de er sikker på at der er et stort marked for strømmaskiner for eksempel i Sverige. det er jeg slet ikke i tvivl om. og så det jo der har jo været godt nok i den i krisen der her i løbet af krisen der var, var det sidste år, ja sidste år der solgte vi jo faktisk for 3 millioner til udlandet eller det det gjorde vi ikke for 2,5 millioner i stømaskinen til udlandet ud af 4 millioner måske hvor vi kun solgte strømmaskiner på grund af krisen. så der tog det jo over ... det er godt nok. Jeg har det sådan at det er rart at have flere heste at ride på, når den ene den er syg så er der nok en anden en der løber eller... #00:58:12.0#
- 15 det har i hvert fald vist sig i al den tid vi har været her oppe også min far at når man har flere heste at spille på så er man ikke så sårbar #00:58:27.5#
- A: Nej der er helt klart en fordel i at have flere markeder der så kan ... hvis der sker noget på et marked så kan et andet måske kompensere lidt for det #00:58:38.0#
- K: lige præcis #00:58:41.4#
- A: eventuelle tab af omsætning der er der. #00:58:41.8#
- 20 K: og på den måde vi egentlig gør det, altså vi har jo ikke noget produktion ... altså vi har jo ikke en masse maskiner og folk til at stå her så vi er jo ikke ... hvis det lige pludselig går salg ned ... hvis vi nu siger at vi solgt, fik gang i en hel masse i udlandet og det så lige pludselig dykker jamen så bestiller vi jo bare ikke så meget. det er jo et spørgsmål om at hvis vi har ansat en mand mere at vi skal af med ham igen. #00:59:03.3#
- 25 men, men ellers er der jo ikke noget vi skal gøre vi binder jo ikke en masse penge i noget. #00:59:09.2#
- A: Nej altså i har ikke ... de store lagerbindinger #00:59:11.5#
- K: nej #00:59:12.9#
- A: og i har heller ikke så mange special maskiner... #00:59:15.7#
- K: vi har ingen. og vi producerer efter ordre. #00:59:19.9#
- 30 A: Ja, så det er rent og skær samle #00:59:20.7#
- K: ja ja, så dengang at krisen lige pludselig kom jamen så har vi bare ingenting på hylderne og så bestiller vi bare ingenting. #00:59:30.3#
- Så derfor hvis vi bare har styr på nogle leverandører så kan vi både ... jeg kan meget bedre få det til at ... altså selv hvis det går helt vildt stærkt det kan vi meget bedre følge med til for det er ikke os der skal til at
- 35 have nogle maskiner og flere folk og noget. #00:59:44.2#
- og kan en leverandør ikke, vi har tegningerne ik'. så kan en ikke lave det så finder vi en anden der kan lave det. og sprede det lidt så det ikke er ved den samme. #00:59:54.7#
- det er også en god ting. #01:00:00.2#
- A: helt sikkert #01:00:00.2#
- 40 Jeg tror ... vi snakkede egentlig også lidt om at i egentlig gerne vil fokusere på de markeder i allerede var begyndt med at sælge til. #01:00:13.2#
- K: Ja det er Norge, Finland og Sverige, Holland, Tyskland, Østrig, Schweiz og Canada. det er sådan dem vi har, det er dem vi har solgt til der kommer. #01:00:49.3#
- A: Ja ... men så det er også #01:00:55.4#
- 45 K: ja altså Canada er ikke noget vi fokuserer på men hvis de ringer nu her og bestiller noget mere nu her hvis det er noget der kører der er ikke noget. men det er selvfølgelig ikke noget vi siger nej til så det er jo. #01:01:07.8#
- A: men der er så også altså ikke de markeder i gerne vil ud på dem du nævner. Er det helst i europæisk regi i første omgang at det det er ikke nogen der ligger for langt væk og at det ikke er for anderledes? #01:01:20.8#
- 50 K: altså jeg tror Sverige vil jeg gøre rigtig meget ved, Tyskland og Holland. Sverige Tyskland og Holland fordi der tror jeg der er, eller der ved jeg der er nogle store muligheder. Norge, men det vil være et andet antal fordi det er nogen andre kvægbrug de har og landbrug de er slet ikke så store. Findland er heller ikke så stor der går nogen år inden de er. men Sverige har nogle store landbrug og begynder at få det.
- 55 Holland og Tyskland det er nok der hvor der skal sættes ind men strømmaskiner i hvert fald. #01:01:49.2#
- Forsuringsanlæg det tror jeg der er nogle andre lande. Jeg var lidt overrasket over Schweiz faktisk, det kunne jeg slet ikke forestille mig, men da jeg så kom ned og snakkede med ham så kunne jeg forstå at Schweiz er sådan et rimeligt aflangt land og der har man faktisk alle ammoniak udledningen det foregår

faktisk lige i midten, det er rimeligt hårdt belastet så da har de nogle krav. og der sagde han så ved at bruge vores forsursingsanlæg så kunne de lave de bygninger i svinestald, dem kunne de bygge meget billigere fordi de ikke behøvedes at skulle være lukkede og med luftreiser og alt muligt på #01:02:23.4# så så der burde efter hvad han siger så kunne jeg forestille mig at der kunne blive et stort marked men med et produkt som skal lige tilpasses. #01:02:39.9#

5

A: Ja okay. Så tror jeg sådan set vi er ved at have været igennem min lange liste her. #01:03:19.8#
Der var egentlig noget jeg kom til at tænke på, hvordan er stemningen omkring det her internationalisering i virksomheden generelt? altså du virker jo meget opsat på det men #01:03:25.5#
K: det tror jeg alle der synes at det er spændende #01:03:32.7#

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