

Born Globals

Seven rules for a successful international startup

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Preface

This thesis has been written for NTNU (Norwegian University of Science and Technology), and the work was carried out from August 2012 until March 2013. The thesis is part of the Master of Technology Management executive study at the Department of Industrial Economics and Technology Management at NTNU.

The topic of this dissertation is international startups, and focuses on the different areas that may influence the probability of success for such ventures. Theoretical literature is combined with case analysis to develop propositions to guide future global entrepreneurs.

I would like to thank my advisor, Professor Roger Sørheim, for clear input, guidance, and support. I would also like to extend my gratitude to all the case respondents for providing candid and valuable insight: Truls Brataas, Tom L. Hansen, Per H. Kogstad, and Gisle Østereng. Finally, I would like to thank my wife and daughter for coming along to spend a semester with me at the Massachusetts Institute of Technology in Cambridge, MA, as part of this study.

Oslo, April 12th, 2013

Amund Frislie

“There are no foreign lands. It is the traveler only who is foreign.”

Robert Louis Stevenson, *The Silverado Squatters*, 1883

Abstract

A growing number of startups enter a global market in their founding phase, and successfully compete against large, established incumbents. These firms are “born global” and the founders are typically highly educated, well connected, and able to form dynamic, high performing teams. They also typically perform better than traditional exporters, but there is nevertheless a need to increase the probability of success in this vulnerable period of a firm’s life. The Born Global field of study is a young one, and offers little in terms of practical advice or guidance for entrepreneurs with international ambitions. This intensive study uses an inductive approach to develop propositions that will help bridge this gap.

Empirical data is collected through individual interviews of the founders of four Norwegian Born Global firms. Elements from global, entrepreneurial and Born Global strategy theory are combined with the case analysis. Although these are four distinct Born Globals, the literature and the analysis reveals common points when compared to each other. It also uncovers certain important factors to reduce the risk of failure. Seven concrete criteria are identified in the fields of corporate vision, strategy execution, market selection, management resources and organization, and foreign market entry modes.

Implications of this study show that policy makers and Export Promotion Organizations need to develop an increased understanding of Born Globals’ needs versus those of traditional firms. They should identify prospective Born Globals within high potential industries, and provide contacts and financial funding to encourage additional growth for such firms.

This study only analyzes successful Born Globals, and further research could examine the reasons why other fail. It would also be beneficial to investigate more the different industries where Born Globals operate and develop a structuring framework for these.

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1 Introduction

1.1 Background

Companies are now more than ever in need of a global strategy from inception. Today's entrepreneurs face strong globalizing trends that have gained momentum over the last few decades. Lower trade barriers and better and less expensive communication technology are factors driving these trends. At the same time, consumer tastes are increasingly demanding more specialized and customized products, making niche-markets highly attractive for small firms. Particularly firms in the high-tech sector benefit from cheap and simple transfer of knowledge, but other types of companies do also take advantage of progress in technology and collaboration. This makes it increasingly attractive to discard geographical boundaries when launching a new product or service. However, startup firms are usually short on resources and experience, and strategic decisions made early therefore become particularly critical.

Born Globals are firms that from the very beginning have a global focus and commit their resources to international ventures. Despite the fact that more and more startups fall into this category, there is little research done in this area to provide guidance and a certain level of "best practice" in this vulnerable and risky period of a company's life.

This thesis focuses on Born Globals in general and those involved in high-tech in particular, and searches for the key success criteria for building a successful and profitable multinational organization. Three core domains are identified as essential in this respect: the company's global vision and high-level strategy, HR and culture, and foreign market entry modes.

A theoretical framework is developed that, together with interviews of founders of four Norwegian Born Globals, will help to shed more light to this area of research. Based on this, seven key success factors are derived to provide concrete direction for future entrepreneurs on how to improve the probability of success for "their" Born Global enterprise.

1.2 Research question

Being a manager for any startup firm is normally a challenging task. The introduction of a global playing field escalates this further. This thesis investigates what challenges are particularly critical, and what the Born Global entrepreneur should focus on in the founding phase. It combines the theory produced around Born Globals, as well as global and entrepreneurial strategies, with analysis of actual cases. Three distinct areas have been identified, containing the core to better understand what results in a highest possible success rate:

1. Vision. How is the ambition level of becoming a Born Global reflected in the company's vision? What are the strategic decisions taken to support this?
2. Human resources and culture. What is the effect of international experience and network, and how is the global goal incorporated in the company culture?
3. Foreign market entry modes. What are the most effective internationalization choices, considering company objective and access to resources?

A theoretical framework has been developed, exploring the literature surrounding three main concepts: global, entrepreneurial, and born global strategies. Combining these three areas provides a solid theoretical platform. From the *global strategy theory*, a key contribution is the different models that guide a firm's geographical footprint. *Entrepreneurial strategy* highlights the need for an agile and pragmatic view on the strategy process and implementation. It joins the objective and goals of a startup firm with internal coherence and external position. A cornerstone of *Born Global theory* is the resource-based view as basis for competitive advantage, particularly underlining the importance of the background and network of the management team, and this will be the main focus of the theoretical framework. The resource-based view defines a firm's value through its assets and capabilities, and its ability to combine these. Intangible assets, e.g. trust and reputation, and capabilities like knowledge and skills of employees, as well as the firm's culture, are particularly important for a new startup.

A considerable part of this investigation is exploring the experiences and views of different Born Global entrepreneurs from selected case firms. The firms have been chosen based on their background as a significant new entrant in their particular market niche. Two of these cases have a known outcome, and can be considered successes. The thesis looks into the results of key strategic decisions and explores the internal activities established to support the overall objective. All the cases originate in Norway, and are initially managed by Norwegians. They all have physical presence internationally, either through local representatives, distributors, or subsidiaries.

The thesis will not consider challenges in cross-border product development or investigate global innovation processes as contributing factors to a Born Global's success. In addition, any detailed studies of where geographically a Norwegian entrepreneur with aspirations of becoming a Born Global should establish presence is considered out of scope.

The thesis will, however, establish a model to support future Born Global entrepreneurs when defining their strategy and increase their likelihood of success, while adding empirical data to a field with limited existing literature.

2 Theoretical context

The first part of this chapter introduces the current and fundamental research on Born Globals, how these are formed, and to establish a definition and naming convention to be used in this study. It proceeds to describe the traditional internationalization models and why it is a challenge to apply these to Born Globals.

The second part investigates literature from three related frameworks on strategy: i) traditional global strategies, ii) entrepreneurial strategies, and iii) and Born Global strategies. The first two are discussed with respect to their relevance for Born Globals.

2.1 The Born Global definition and naming

There is no single definition in the literature of firms that expand internationally more or less from inception. An influential article by Rennie (1993) introduced the term ‘Born Globals’ and refers to an Australian study where the firms falling under this label began exporting on average only two years after their establishment and achieved 76% of their total sales through exports.

McDougall (1989) first uses the label ‘International New Ventures’ and Oviatt and McDougall (1994) define this as “...*a business organization that, from inception, seeks to derive significant competitive advantage from the use of resources and the sale of outputs in multiple countries*”.

‘Instant internationals’ (Preece, Miles, & Baetz, 1999) and ‘Global startups’ (Jolly, Alahuhta, & Jeannet, 1992; Oviatt & McDougall, 1994) are also terms used for firms with similar aspirations and characteristics.

For consistency, this thesis applies the term ‘Born Globals’.

2.2 Traditional models

The theory surrounding Born Globals is mainly based on ideas from international business, resource-based strategic management, and entrepreneurial strategy. In particular, the theory investigates the founders of Born Global firms, their rationale for becoming international at an early age, and the structural mechanisms with which

such firms pursue international opportunities (McDougall, Shane, & Oviatt, 1994). This is profoundly different from the traditional theories describing more mature companies and their globalization process. Of these, the *stage model* theories have been the most influential tradition for the last two decades (Moen, Gavlen, & Endresen, 2004) and found support in the 1970s and 1980s through international research in countries like Australia, Germany, USA, Japan, and Sweden. The basis of the theories suggests that firms first establish themselves in their home countries and depend on a gradually increasing international commitment to keep growing until the firm finally establishes a local subsidiary in the foreign market (Johanson & Vahlne, 1977).

According to this theory, the internationalization process, once initiated, will continue regardless of strategic decisions and firms will enter markets with successively greater psychic distance. This is the basis of the ‘establishment chain model’ (Figure 1), also known as the Uppsala model (Johanson & Vahlne, 1990).

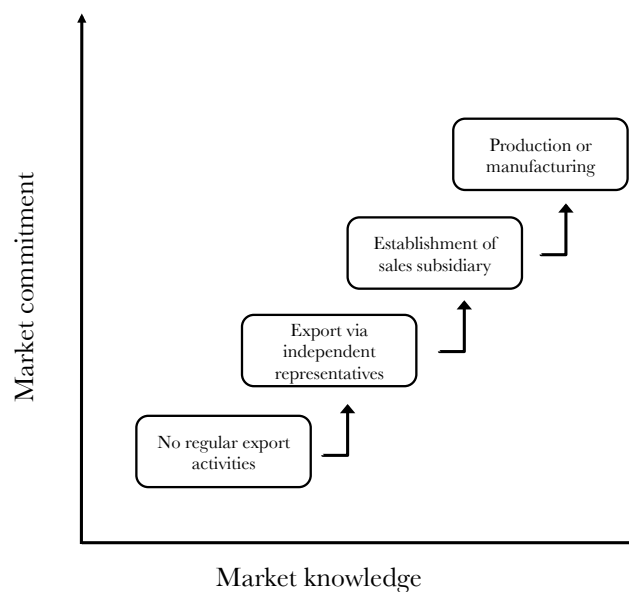


Figure 1 - The establishment chain model

According to Johanson and Vahlne (1990), there are two main patterns observed using the Uppsala model:

1. *“The firm's engagement in the specific country market develops according to an establishment chain, i.e. at the start no regular export activities are performed in the market, then export takes place via independent representatives, later through a sales subsidiary, and eventually manufacturing may follow. In terms of the process model, this sequence of stages indicates an increasing commitment of resources to the market.”*

and,

2. *“Firms enter new markets with successively greater psychic distance. Psychic distance is defined in terms of factors such as differences in language, culture, political systems, etc., which disturb the flow of information between the firm and the market. Thus firms start internationalization by going to those markets they can most easily understand. There they will see opportunities, and there the perceived market uncertainty is low.”*

(p. 13)

The Uppsala model therefore predicts a process in which the enterprise gradually increases its international involvement. I.e. increased knowledge about foreign markets and operations leads to increasing commitment of resources to these markets (Johanson & Vahlne, 1990).

However, later studies have shown that Born Globals have the capability to internationalize much faster and become global shortly after inception (e.g. (Rennie, 1993)). In particular, seminal works by McDougall et al. (1994) argue that the traditional approaches assume firms only become international long after they have formed, thus focus merely on large, mature firms. They also do not take into consideration entrepreneurially based firms and the role of the entrepreneur, believed to be of key importance for Born Globals (Preece et al., 1999). The thinking of the founding entrepreneur is critical in understanding the inception of Born Globals and particularly how the initial strategy differ from the traditional models.

“The concept of gradual involvement, as described in the original Uppsala process model and innovation-related models, does not seem to be able to explain the export behavior of the Born Global firms at the time of the firms' formation.” (Moen, 2002, p. 170)

It needs to be mentioned that Johanson and Vahlne (2009) recognize much has changed since their influential article in 1977 when the model was first described. Because of this, they agree that the traditional Uppsala model should be revised and further developed, particularly looking at the importance of networks in the internationalization of firms. Nonetheless, and in contrast to e.g. Oviatt and McDougall (1994), they claim that their model *does apply* to Born Globals, but view these as “born regionals” that do not span the globe in any significant way. The model does not indicate that internationalization cannot happen quickly, as is normally the case with Born Globals. However, they suspect that the relation between the order in which a firm enters foreign markets and psychic distance to those markets has weakened over the last three to four decades.

2.3 Why and how Born Globals form

Early business literature has sought to understand which firms engage in international business and why they choose to compete internationally, with the additional risks this introduces, instead of just in their domestic markets. A number of theories have therefore been developed to aid in this, e.g. monopolistic advantage theory, product cycle theory, stage theory, oligopolistic reaction theory, and internationalization theory to name a few. These have the large, mature firm as a starting point and do not consider specifically startup firms that are international from inception. One therefore has to look elsewhere for an explanation to the formation of such firms. McDougall et al. (1994) argue that the founders of Born Globals are the key to understand the pattern of international activity for these firms: First, such entrepreneurs see opportunities missed by others due to competencies (e.g. networks, knowledge, and background) that are unique to them. Second, the founders recognize the need to engage in international business activities from inception in order to build competencies in this area and avoid creating a path-dependence on domestic activities that eventually would make it difficult to later shift focus to the global market. Given the limited resources Born Globals experience in the formation period, a third point is the ability to leverage hybrid governance structures (strategic alliances, agents, and partners) for international activities to preserve valuable assets.

Studies also suggest a higher density of Born Globals in technology intensive industries (Keeble et al., 1998). One reason for this is a combination of the relative ease of

imitability and being in a fast-moving industry, where the windows of opportunity are shorter and one needs to seek rapid market penetration. Preece et al. (1999) expand on this to provide three conditions that propel early-stage technology-based firms into international expansion:

1. Operation within a narrowly defined market niche. The potential domestic customer base is simply too small, making it crucial to quickly reach a larger market to support their activities.
2. High development costs. These front-end commitments will most likely result in an early termination for a resource-strained startup unless a sufficient growth rate is achieved.
3. Speed of competition and product obsolescence. When operating in intense dynamic environments where technological changes are swift, the startup firm must focus on fast product penetration, targeting both a domestic and an international audience.

2.4 Global strategies

“If we look at the potential for competitive advantage through globalization from a strategic perspective, all of the value-adding activities of a business, not just the delivery of the product to the customer, may benefit dramatically from a ‘one world’ view.”

(Tallman & Fladmoe-Lindquist, 2002, p. 116)

The benefits to “go global”, or at least international, are many: adding volume and growth, economies of scale, to differentiate and increase willingness to pay, increase industry attractiveness, reduce risk, build competence, and learn, to name but a few. However, for a Born Global the motivation for international expansion are in most cases reactive, i.e. either a limited domestic market or to follow customers. A limited domestic market is particularly relevant for small markets like the Scandinavian ones. But even Born Globals originating in the UK, the sixth-largest economy of the world, state the lack of a sufficient domestic market as a main driver for venturing abroad,

indicating a niche specialization. Also, the need to serve global customers, usually very common in high-tech industries, is another important element.

But how sustainable are these early globalization benefits? Looking at the major home appliance manufacturers, the first ones to start globalizing in the mid-1980s (e.g. Electrolux, GE, and Whirlpool) do not seem to have tapped into, and retained, early-mover advantages. I.e. their performance does not exceed other manufacturers when comparing operating profits and revenue growth between 2002 and 2004 (Ghemawat P., 2007). Having a suitably broad conception of *how*, not only why, crossing borders might add value is therefore an important step towards maximizing the potential.

2.4.1 Models

Many of the strategy models developed to aid firms in their quest for global scale and international successes assume an already established organization with a solid customer base, i.e. in many instances a multinational corporation (MNC). The resources available, and most likely also the goals and objectives, of such firms will differ significantly from those of a Born Global. Hence, the models are not directly transferable, but will have to be used with caution and a certain degree of pragmatism. For example, a much-cited article by Ghoshal (1987) classifies the ultimate goals of a multinational, and of any organization for that matter, into three categories: efficiency in current activities, managing risks, and developing internal learning capabilities. These are key to be able to innovate and adapt to future changes. However, research shows that a Born Global ventures abroad mainly to access a bigger market or to follow an existing customer (Kudina, Yip, & Barkema, 2008). This thesis will therefore only consider a few of the global strategy models, and view these in the light of being relevant to a Born Global firm.

CAGE framework

When defining a strategy to aid in the internationalization process, the most common approach is to start with a 'Country Portfolio Analysis' (CPA) to judge international investments. However, the CPA puts all emphasis on potential sales and market size, while ignoring the costs and risks of doing business in other markets. Any such additional cost and risk should result in a discount of attractiveness. As an improved extension to this, Ghemawat (2007) therefore introduces the *CAGE distance framework* to

identify potential “psychic distances” of certain markets. Johanson and Vahlne (1977) define psychic distance as “the sum of factors preventing the flow of information from and to the market” (p. 24). Examples are differences in language, education, business practices, culture, and industrial development.

The CAGE framework analyses four dimensions:

1. Cultural
Considers elements like language, tradition, identity, tastes, designs, and standards.
2. Administrative
Considers any discrimination against foreign products and firms in the abroad market. (Particularly relevant for health care, security, and infrastructure.)
3. Geographic
Considers for example transport costs and is applicable for products with a low value to weight ratio.
4. Economic
Considers cost disadvantages (e.g. labor resources or managers), or know-how disadvantages with respect to e.g. suppliers, channels or regulations.

There are ways to mitigate or work around these distances. One approach, and maybe the most widely used, is to hire local resources to bridge cultural gaps (Andersson & Wictor, 2003). But the main objective of the CAGE framework is to bring awareness and structure to the analysis of dimensions of doing business in other countries, and one should not ignore the potential impact these disadvantages have for the firm. For example, Figure 2 shows that the most profitable countries for Wal-Mart tend to resemble the US along all four dimensions: cultural, administrative, geographical, and economic, whereas the unprofitable ones do not (Ghemawat P., 2007). The area of the circles is proportional to Wal-Mart’s revenue in the different countries.

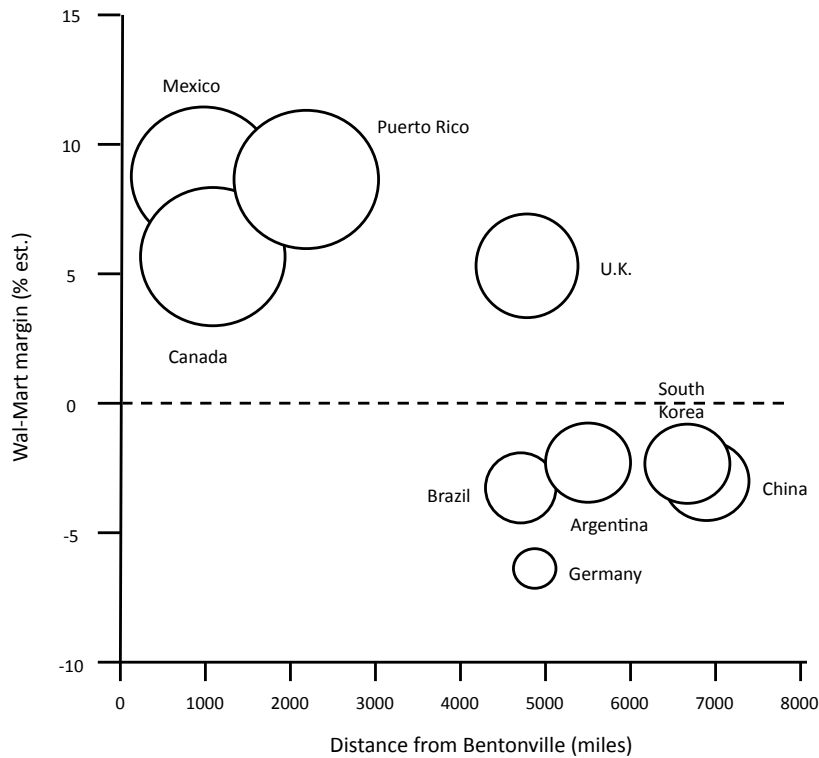


Figure 2 - Wal-Mart's international operating margin by country, 2004

Although Norway only has a fraction of the domestic market compared to the US, a study by Moen (2002) done on Norwegian Born Globals reveals that 74% find the most important market located outside the Nordics, i.e. outside the area that is closest both geographically and culturally. Key markets are the US, Italy, the Netherlands, Brazil, Germany, Sweden, Saudi Arabia, and Russia. However, closer investigation reveals that these Born Globals typically operate in highly internationalized industrial sectors and are often part of a cluster with long traditions of servicing customers worldwide, e.g. the shipping industry. The background and history of the firm and industry therefore has to be taken into consideration. Earlier research on small software firms indicates that 50 – 70% of firms in Finland, Ireland, and Norway entered markets with short psychic distance (Bell, 1995).

The integration-responsiveness framework

The integration-responsiveness framework, originally proposed by Prahalad (1975), identifies two basic strategic approaches: i) to integrate value chain activities on a global level, or ii) to create products, services, and processes that are responsive to local market requirements. This is shown in Figure 3. *Global integration* means coordinating the firm's value chain activities across many markets and countries to achieve worldwide efficiency and synergy to take advantage of similarities across countries. *Local responsiveness* refers to meeting the specific needs of buyers in individual countries. It requires a firm to adapt locally to customer needs, the competitive environment, and the distribution structure. However, and according to Ghemawat (2007), few companies can operate on either a completely localized or completely standardized basis across borders, and usually find an area of compromise where one can adjust to a specific market.

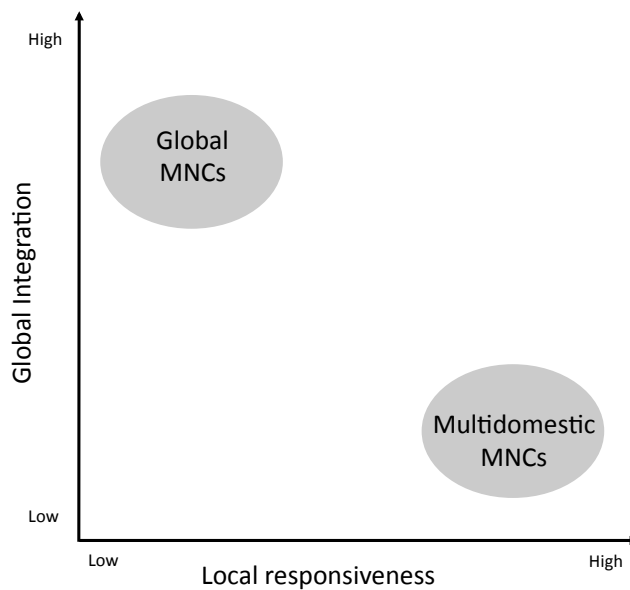


Figure 3 - Integration-responsiveness framework

2.5 Entrepreneurial strategy

The views are abound on the type of strategy a startup firm requires, some even indicating that a strategy only muddles an already a disorganized adventure. This chapter investigates to what extent do an entrepreneur need a strategy, and how this may differentiate from methods employed by more mature firms. It then explores how to select and execute a suitable strategy to establish a highest possible competitive advantage.

2.5.1 Do entrepreneurs need strategy?

“There are claims that strategy does not apply for startups, but only gets in the way of agile navigation and managing the chaos that surrounds the startup experience.

[...]

Our central contention is that the fundamental challenge of entrepreneurship involves not so much the identification of a good “idea” (though this is important) but instead acquiring the information and resources necessary to commercialize that idea in the most effective way”

(Gans, Murray, & Stern, 2012, p. 2)

A full-scale analytical approach to planning does not suit many startups.

Entrepreneurs building a new business have neither the time nor the resources to deep-dive into analyzing substitutes, reconstructing competitor’s cost structures, or project alternative technology scenarios. In fact, founders who spend a long time in study, reflection, and planning are no more likely to survive their first three years than those who seized the opportunity without planning. Quite the opposite, firms in fast moving markets are more likely to fail due to lack in design, production, or ability to sell a timely and cost-effective product than because they followed a poor strategy. This shows that analysis can delay entry until it is too late or kill ideas by identifying numerous problems. Entrepreneurs therefore need to find a compromise between “planning paralysis” and no planning at all. Operational planning needs to take priority before strategic planning (Bhide, 1994).

“I come from an environment where, if you see a snake, you kill it. At GM, if you see a snake, the first thing you do is hiring a consultant on snakes. Then you get a committee on snakes, and then you discuss it for a couple of years. The most likely course of action is... nothing. You figure, the snake hasn't bitten anybody yet, so you just let him crawl around on the factory floor.”

- Ross Perot

Discussions with the founders of 100 of Inc.'s “500” list of fastest growing companies in 1989 showed little emphasis on analysis and planning: Only 28% wrote a full business plan:

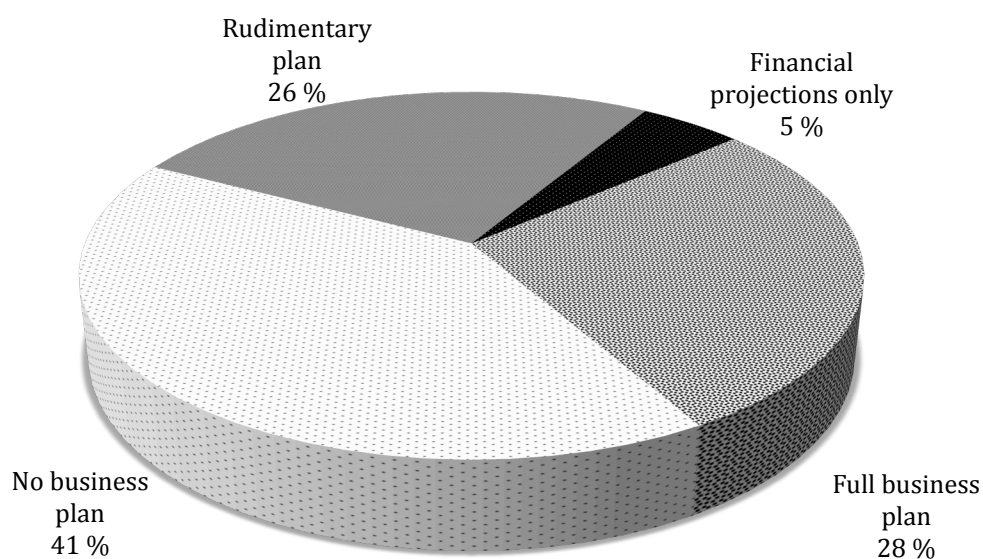


Figure 4 – Fast growing companies and business planning (Source: Inc)

The question still remains: Why do some startups earn exceptional returns, while others struggle to survive? The problem is not coming up with ideas, but commercializing the idea in a way that creates unique value for a customer while allowing the entrepreneur to capture value on an ongoing basis. Strategy, therefore, involves making informed trade-offs about the most effective route towards competitive advantage (Stern, 2012). However, there is a paradox faced by entrepreneurs in that startup firms have their greatest flexibility at the time of founding, but can only earn returns by limiting their range of choices through strategic prioritization. If this prioritization is not made, the startup is unable to build

an internally coherent and cohesive organization that creates unique capabilities and a competitive positioning (Gans et al., 2012).

Figure 5 provides a basic framework by Kacperczyk and Yin (2012) to identify and evaluate a firm's strategy:

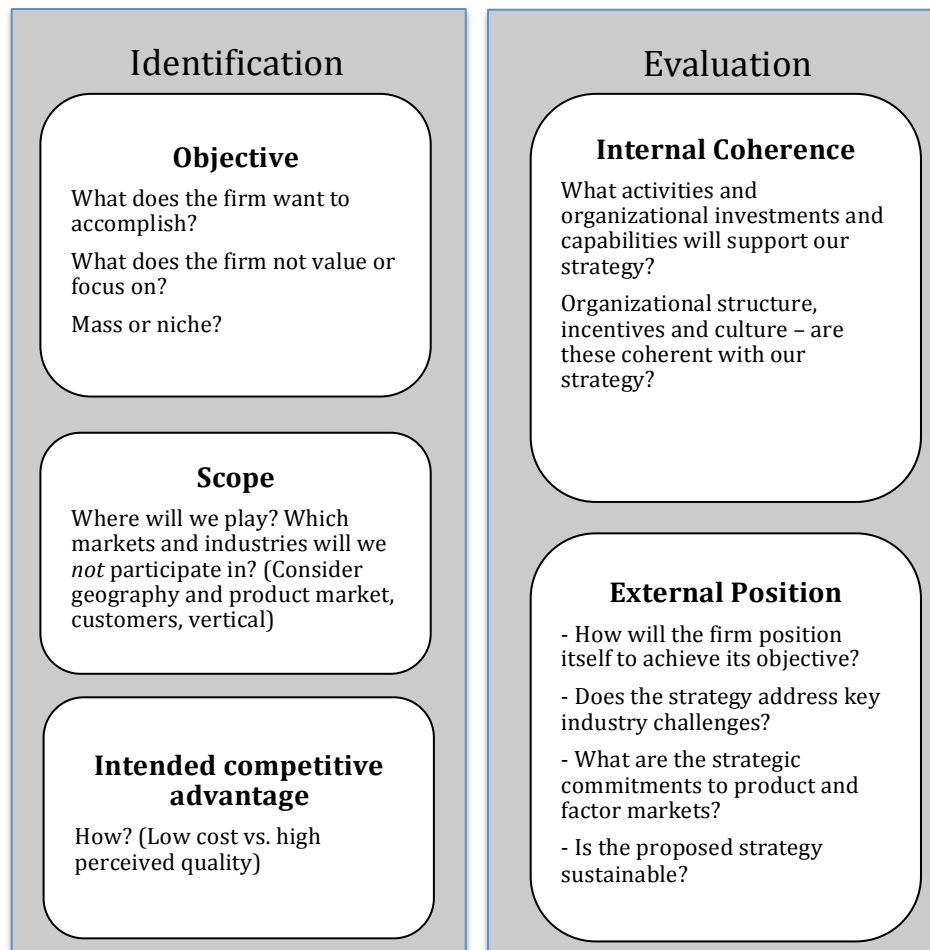


Figure 5 – Framework for strategy identification and evaluation

A coherent business strategy has a clear statement of...

- Objective: Where are we going? Are we e.g. targeting a mass or niche market?
- Scope: What do we do to get there, including identifying customers (and non-customers), what products/services to make (and not to make), which part of the value chain do we do, and where, geographically, do we compete?

- Competitive advantage: How will we make our products/services more attractive and become more efficient at producing these than our real or potential competitors?

The strategy's logic is then evaluated by querying its...

- Internal coherence: Does the firm's various activities cohere with one another and with the intended competitive advantage?
- External position: How successfully do the intended competitive advantages and supported internal activities address key environmental challenges? Does the firm really achieve a competitive advantage, and to what extent will this advantage survive imitation or other threats?

On the other side, there are a surprisingly large number of very successful companies that energetically practice a different belief. These don't have a long-term strategic plan and a focus on rivalry. They concentrate on operating details, on doing things well, and simply being close to their customers. However, the traditional literature almost systematically ignores the importance of urge and energy. This "hustle as strategy" is particularly relevant for software firms, as software is potentially cheap to produce, easy to ship, but also simple to copy or imitate (Bhide, 1986).

2.5.2 Execution

Superior execution can compensate for a suboptimal concept in emerging and rapidly growing industries where doing it quickly and right are more important than a brilliant strategy. At the same time, the value of execution is higher when guided by strategic priorities and consistency of internal activities.

Startups have little resources and it is therefore important to establish an effective implementation of a strategy. A certain level of pragmatism is required. Bhide (1994) provides the following three guidelines:

1. Screen opportunities quickly to isolate unpromising ventures. This requires judgment and reflection, not new data, aided by the experience of a solid management team.
2. Analyze ideas frugally and focus on a few important issues.
3. Integrate action and analysis; don't wait for all the answers. And be ready to pivot when needed.

In other words: The entrepreneur only does as much planning and analysis as seems useful and makes subjective judgment calls when necessary.

It is important to avoid considering strategy as a linear process, as this hinders incorporating new information into action. Instead one should view it as an iterative loop. One example by Sull (2007) can be seen in Figure 6:

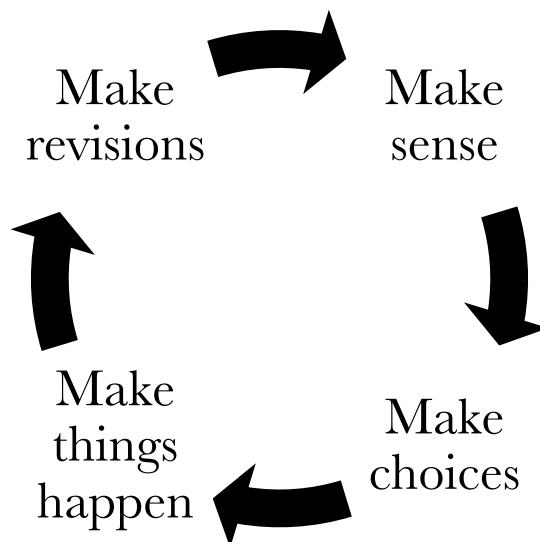


Figure 6 - The strategy loop

The goal of this exercise is not a long-term prediction, but instead strive for just enough clarity to proceed through one iteration of the strategy loop (Sull, 2007).

Learning and experimenting are necessarily key factors to guide entrepreneurs through a successful strategy execution. It is absolutely fundamental for acquiring the knowledge necessary to evaluate alternative commercialization paths and establish competitive advantage. The whole process of value capturing requires obtaining information by trial and error in the market place. Hence, engaging with a customer segment, and ideally early adopters who are willing to collaborate on new technology becomes critical. Establishing a systematic program for learning and experimentation, and using that learning to make choices about what not to do are the most important activities that a founding team makes as it explores new opportunities. This has to be structured, focused, and based on priorities, as one is unable to test all markets and scenarios. Ideally, the experiments should be designed to test out key hypotheses underlying the company's business plan (Gans et al., 2012).

2.6 Born Global strategies

This chapter investigates the research on Born Global strategies, describing the competitive advantages of such firms, as well as defining common themes related to securing a successful venture.

2.6.1 Sources of competitive advantage

McDougall and Oviatt (1996) state that one should carefully consider one's options and initiate a clear strategic direction from an early stage:

“The period while a venture is new or very young may be critical for strategic change. Routines, structures, investments and relationships characterize mature organizations and create age and size related inertia that inhibits strategic change. Therefore, the time of inception, or soon thereafter, may be the best opportunity to set or to change a venture's strategy so that it is consistent with the needs of the international environment”
(p. 27)

The literature emphasizes the importance of strategic decisions taken at the founding for the future success of the Born Global firm, but few have studied *how* this occurs. However, there is a general agreement on the importance of internal resources. One study found that firms' internal strengths and resources can be more important than

the firms' environment (Barney, 1991), and this seems particularly true for Born Globals. Hence, the resource-based view as a basis for competitive advantage is stressed. McDougall et al. (1994) also state that the ability to internationalize early and succeed in foreign markets is a function of the internal capabilities of the firm. In addition to this, Born Globals have flexible structures and an ability of rapid assimilation and reaction to information that makes it possible to compete with already established and larger firms on international markets. Zahra (2004) defines this as "learning advantages of newness".

It is important that the insights gained from this learning process forces the founding team to reconsider core assumptions and premises of their business (resulting in a strategic pivot that hopefully occurs sooner rather than later). However, the more general point is that the very process of learning and experimentation is not simply "trial-and-error", but used to test the foundation of the firm's business plan (Gans et al., 2012). Therefore, equally critical as the strategic decisions taken early, is the ability to constantly revise own strategy and react to changes in the environment and own venture.

To recognize the different *liabilities* of being a Born Global is also something that needs to be considered as part of the strategic decision process. According to Zahra S. (2004), a Born Global typically encounters three types of liability:

1. The liability of newness. This introduces a lack of trust and viability in an unknown company and restricts the access to resources and existing networks.
2. The liability of size. As most such ventures are small, there is limited resource slack should there be unforeseen challenges with the internationalization.
3. The liability of foreignness. Born Globals typically have to work harder than domestic competitors to overcome barriers to entry, and to build networks with suppliers and customers.

2.6.2 Management, networks and organization

Management and corporate vision

The literature on Born Globals generally agrees on the significance of the founders and managers of the firms. Andersson and Wictor (2003) emphasizes that in Born Global firms, the main factor is the entrepreneurs, and what distinguishes these entrepreneurs is their interest and motivation to do business abroad. Financial and organizational resources are not crucial (as they usually are with more mature firms), but human resources are, and then especially the entrepreneurs themselves.

McDougall et al. (1994) add that the Born Global founders see opportunities that other do not see due to their competencies, and implement these using own networks (both local and global). This is in contrast to the traditional models, where organizational learning is the main factor explaining the increased international development.

One therefore needs to carefully evaluate the attitude of the top management and the CEOs of Born Globals. There is a real difference between firms that pursue international markets due only to outside pressure and those that do this as a primary means of developing their business. According to Austrade (2002), managers of Born Global firms were “very willing to respond to customer service requests and travel across time zones to satisfy customer demands” (p. 38). In order to succeed as a Born Global, it is not sufficient to focus on e.g. technology or building an organization only, the international perspective needs to be incorporated into all plans and operations (Preece et al., 1999).

Above all, the manager needs to have a global vision, and a strong drive and attitude to take the firm from merely a ‘new and local’ to a Born Global. Managers of such firms view the world as their marketplace, communicate the importance of their export activities to all employees, and focus on developing resources for their internationalization efforts (Moen, 2002). Without this, the entrepreneur cannot convince other actors, such as investors to take part and support the venture (Andersson & Wictor, 2003). The vision usually incorporates stretch targets, forcing the company to compete in innovative ways. This is not restricted to Born Globals only. Hamel and Prahalad (1989) found that *most leading global companies* started with

ambitions that were far bigger than their resources and capabilities. But they created an obsession with winning in all parts of the organization and sustained that obsession for decades. For example, Steve Job's vague vision and relentless strive to make "amazing products" and, although not literally, "make a dent in the universe" helped to take Apple to where it is today, one of the world's most valuable companies. Similarly, when Honda Motorcycles looked at expanding internationally after World War II, the founder, Soichiro Honda, did not follow his advisors and started with a plant in Europe or Southern Asia. Instead, he set directly for the biggest market, the US. There were significant negative associations for a Japanese brand this early after the war, and motorbikes like Harley Davidson were ingrained as part of American culture. However, this bold move paid off and Honda was able to transform the American market (Christiansen & Pascale, 2011). One last example is Sun Microsystems that started by competing directly with industry leaders (e.g. IBM and Digital) and established own after-sales and sales forces under the motto "the moon or bust". (Obviously, this goal could only have been materialized through considerable venture capital.) Big visions often necessitate big money and strong organizations. Successful entrepreneurs therefore require a great ability to attract, retain, and balance the interests of investors, customers, employees, and suppliers, as well as the organizational and leadership skills to build a large, complex organization quickly (Bhide, 1994).

Looking at factors closer to home, Scandinavian management culture fits surprisingly well into the context of Born Global startups. Based on trust and little hierarchy, it provides an efficient way to build an entrepreneurial business with scarce resources. This works best in environments with a high level of knowledge and innovation. Grenness (2012) also finds that Norwegian managers take their leadership style abroad and provides an example from Telenor in Asia indicating that the local employees appreciate this. It may even provide a competitive advantage when fighting for local talent in certain areas.

The background of the management team is also an important factor when considering the likelihood of forming a successful Born Global. Both international work experience and industry experience increases this significantly and can compensate for lack of a organizationally embedded experience (McDougall, Oviatt,

& Shrader, 2003). In a study by Garbrielsson (2005) it is found, not surprisingly, that Born Globals with more experienced, motivated, and recognized founders and key personnel will be more likely to achieve global brand recognition than those that lack such qualities.

Personal and corporate networks

To further emphasize the importance of the founder and the top management team of a Born Global, Zahra, Matherne, and Carleton (2003) investigated new software startups and concluded that it is not the technology or R&D spending per se that positively impacts the internationalization process, but rather the network and R&D reputation embedded in the management team. Research networks and network to major players will increase the credibility for an unknown company.

Traditional business network studies focus on established players and on processes, routines, and systems (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009). However, for Born Globals the personal networks are the main networks, and the entrepreneurs' networks are considered critical assets (Andersson & Wictor, 2003). It is therefore more specifically the personal and corporate networks that are fundamental when assessing the significance of the top management. Such networks are necessary for profitable internationalization and offer potential for learning and for building trust and commitment. A firm needs to be well established in at least one network to be successful, according to Johanson and Vahlne (2009).

The firm's network relations are determinant when a Born Global decides which foreign entry forms to use and, to some extent, which markets to enter. Johanson and Vahlne (2009) state that the larger the psychic distance, the more difficult it will become to build new relationships. This is what is deemed 'the liability of foreignness', as described by Zahra (2004). The first international effort is therefore usually made through a network partner in a psychically close market (later market choices are less influenced by psychic distance). In a study of small software firms by Moen et al. (2004), none of the firms investigated had made serious commitments in markets where they did not have any relationships in advance. The relationships were not necessarily very profound and historically old, but could e.g. be that the firm had

“encountered a very competent distributor” or knew a person with great skills that wanted to start a foreign subsidiary.

As the internationalization progresses, a challenge for the Born Global manager in his quest for suitable partners will be to balance the assignment of resources between the expansion of a network with current relationships and a focus on initiating new relationships independent of existing networks (Moen et al., 2004).

Organizational structure

Born Global firms often involve highly educated people with an ability to form dynamic teams and to operate in a non-bureaucratic manner, thus making the firm well-suited for internationalization (Boter & Holmquist, 1996).

However, few entrepreneurs start out with both a well-defined strategy and a plan for developing an organization. One can even argue whether many Born Globals in their founding phase can be called organizations at all. No formal control systems, decision-making processes or clear roles for employees result in a high degree of improvisation for managers (Bhide, 1996). Although there is a need to improvise, McDougall et al. (1994) argue that policies, procedures, and cultures should be international from inception to fight against path dependencies created by purely domestic activities and thereby a risk of low performance. As part of the overall organizational strategy the founder should also ensure that terms for offering equity for later employees, performance measurement criteria, and bonus plans are thought through before launch, rather than hastily improvised later on. These are important determinants for future success (Bhide, 1994).

2.6.3 Market selection and focus

An important part of the initial strategic decisions for a Born Global is selecting geographical markets and the level of focus on these. Although research shows that when it comes to market selection in practice, personal networks and managers' experience has a strong influence and limited importance is put on psychic and geographical distance (Aspelund et al., 2007), the firm's objective needs to be considered. Building market share may be one goal. Google's initial attempts to do this in Russia with own resources and managed from the US had limited success due

to the cultural gaps (mainly linguistic complexities, and missing credit card and online payment infrastructure). This resulted in the company setting up a physical presence and hiring engineers locally (Ghemawat P., 2007). Another target may be to differentiate and increase the willingness to pay through innovative products. Logitech, the global provider of personal computer accessories from Switzerland, quickly realized the need for close proximity to the high tech hub of Silicon Valley and in 1982 set up joint offices both in Apples, Switzerland and Palo Alto, USA. The California-based office was responsible for innovation and R&D, and not long after a manufacturing facility was opened in Taiwan (and later moved to China). This is an example of exploiting differences across borders and to treat these differences as opportunities, not constraints. Although traditional literature on innovation management focuses on internal competencies, Porter and Stern (2001) claim that the external environment is at least as important. R&D locational choices are particularly critical for companies that aspire to global strategies. Instead of allowing these decisions to be driven by input costs, taxes, subsidies or even engineer wages, R&D investments should flow to the most fertile locations for innovation, which are disproportionately in and around clusters. (Well-known clusters exist in Sweden/Finland and Israel for wireless communication technology, Norway for shipping, and the US (MA.) for biotechnology to name a few.)

The Born Global should also decide whether their main focus is on a few important foreign markets or to spread over a broad range of markets, i.e. choose a strategy based on ‘international intensity’ or ‘global diversity’. This is not necessarily an either/or question, as many successful firms rely on a combination of the two (Aspelund, Madsen, & Moen, 2007). However, a strategy based on global diversity is more resource demanding, hence Born Globals commonly pursue international intensity, while globally diverse firms tend to be older and larger, and have greater access to resources for international expansion. Limited resources may therefore dictate a need to target early efforts towards specific geographic areas with the greatest potential (Preece et al., 1999). Actually, the strategy of several profitable Born Globals is to gain success in key or lead markets at an early stage and use it as a learning experience for other markets. This is a brave (but risky) move. Many traditional startups would rather grow in a protected niche market, master their niche, and build the business before rolling out gradually (Jolly et al., 1992). This way, learning effects

are more easily gained, as well as cheaper (Burgel & Murray, 2000). Bhide (1994) also adds to this and states that “...dominating a neglected market segment is sometimes more profitable than intellectually stimulating or glamorous” (p. 157).

Although there are examples of different strategies, a study by Aspelund et al. (2007) suggests Born Globals will normally follow a niche focus strategy, partly as a way to reduce their size disadvantage. This disadvantage is particularly seen when it comes to export performance where small firms are normally less successful than larger incumbents. Competition from global players is less intense in niches, whereas opportunities for profit can be significant. Over the last decades, one has also seen how consumer preferences have shifted away from standardized products and over to more customized ones. Born Globals follow these trends and are therefore often very specialized (Rennie, 1993). However, this strategy also carries a higher risk. One weakness of the niche focus is that changes in the priorities of the market actors or other developments linked to external forces may heavily influence the competitive positioning of the Born Global (Moen, 2000). This makes it even more important to be close to and understand the customers well.

2.6.4 Growth rate

To avoid inertia Born Globals should engage in internationalization from inception (McDougall et al., 1994), as the “destiny” of the Born Global seems to be determined around the establishment juncture. This is when the future trajectory of the firm is defined: either a high-involvement or low-scale exporter (Moen & Servais, 2002). The rate of growth in this initial phase depends on several factors, in addition to capturing and generating market share. Access to money and talent, and also the growth of competitors needs to be considered. The customers’ tolerance level is another aspect that will influence the growth rate. Is the product in an initial phase, and are the customers early adopters with a high degree of understanding when the firm releases products with minor (and sometimes major) faults? In e.g. the computer games industry, such situations can many times be tolerated. However, is the Born Global a producer of more critical control systems, this will result in a slower growth rate in order not to introduce bugs (Bhide, 1996; Burgel & Murray, 2000). One therefore has to combine the vision with timing and also consider the industry.

2.6.5 Foreign market entry modes

Born Globals tend to use specially accommodated entry modes, often in interaction with larger MNCs and industrial networks (Aspelund et al., 2007). Entry forms differ between markets, depending on the options available and the network relationships. Even though a wholly owned subsidiary may in some situations be preferred as it provides most control over the business, this is a costly option and not very realistic for many Born Globals. Entry strategies for Born Globals are therefore characterized by low commitment, often with attention to identifying and establishing agreements with partners where possible to overcome both resource constraints and to deal with risk (Aspelund et al., 2007). However, a niche venture that cannot support a direct sales force may not even generate enough commission to attract a distributor. The entrepreneur should therefore make sure that everyone who contributes can expect a high, quick, or sustainable return even if the firm's total profits are small (Bhide, 1994). The main disadvantage of choosing a low commitment (and low cost/control) entry mode is the reduced learning effects, which may inhibit further internationalization (Aspelund et al., 2007).

The most relevant entry modes for a Born Global in the initial phase are direct export and distribution, licensing, and foreign direct investments. The first two are considered low-cost and low-commitment, whereas foreign direct investments, e.g. establishing a wholly owned subsidiary, can carry considerable costs. All three entry modes are described in more detail below.

Direct export and distribution

The most common of the low-commitment entry modes is exporting, either direct or indirect. According to research by Bell (1995), small Norwegian software firms carry out more than 80% of all sales transactions through direct export or intermediaries. Indirect exporting through domestically based export intermediaries is a fast way to access a market. It comes with little or no financial commitment, but also carries a higher risk and results in the exporter having no control over its product in the foreign market. Direct exporting, used for smaller volumes, provides better control and is typically combined with the use of either local sales representatives or distributors, or a combination of the two. However, Burgel and Murray (2000) found that managers

with international experience, and thereby good knowledge of the local market, are more likely to sell direct and without intermediaries.

Depending on their role and agreement with the manufacturer, the distributors can be labeled as e.g. Reseller, Value Added Reseller (VAR), System Integrator (SI), Original Equipment Manufacturer (OEM), Technology Partner, or simply Distributor. The last example denotes a wholesale distributor selling to multiple other distributors, also known as a ‘two-tier distribution’.

If the firm plans to introduce a new and technologically advanced product into the market, one should seriously consider collaboration to exploit the track record and reputation of an established intermediary. The “liability of newness”, or reluctance of customers to rely on small, untested, and foreign suppliers, is particularly important when products carry a high cost or risk (e.g. health care, IT security). For buyers of these products it is not acceptable to exclusively depend on a young company.

Introducing e.g. a VAR therefore becomes the only effective solution. This particularly applies between markets with large cultural disparities (Burgel & Murray, 2000). Martin Adams, CEO of Lochard, a high-tech company in the airport systems market, emphasizes the partnerships and alliances as a key success factor: “with a strong partnership, adversity becomes much easier to manage” (Austrade, 2002, p. 38).

Small firms are less able to respond effectively to the customer requirements in export markets, and it can be difficult to obtain an in-depth understanding of customer needs in various foreign markets (Moen, 2000). Increased personal selling has the potential to bridge this, but often comes with an inhibiting cost for a small firm, especially at low volumes. In many cases, to establish truly global market reach a high tech manufacturer will need to benefit from the experience and organizational impacts of a larger and more experienced distributor to deal with the complexity associated with presence in a foreign market. Andersson and Wictor (2003) states that one should, where possible, choose distributors instead of subsidiaries in order to expand more quickly. However, in doing so the Born Global is sub-contracting a part of its growth strategy to an agent (Burgel & Murray, 2000). Although exporting and the use of distributors provide a low cost and relatively low risk access to an external market,

and also certain opportunities to gain knowledge about that market, there are potential challenges with such an approach. Building a distribution network takes considerable time and focus from internal resources. There will be differences in motivation to become a distributor, which may lead to opportunism, hence personal relationships become very important (McDougall et al., 1994). Aspelund, Sørheim, and Berg (2009) approach this through the notion of 'relational social capital', a goodwill defined by social relations. Together with e.g. shared language, codes, and narratives, and, most importantly, a shared vision, this is necessary for the establishment of solid and sustainable partnerships. Social capital is therefore a key resource for internationalization of Born Globals and must be managed effectively. Managers should put considerable resources into identifying suitable partners, strengthening relationships and developing their attractiveness as a partner for their different counterparts (Moen et al., 2004).

As the Born Global firm is typically one of many providers, there is the risk of not getting attention and, consequently, a low bargaining power. From the distributor's point of view, this is understandable, especially if the manufacturer is an unknown firm. The distributor will then in most cases need to build specialist competence, a sunk cost, and may negotiate to mitigate this risk. The projected sales volume then becomes an important factor in this scenario (Burgel & Murray, 2000). However, maybe the most profound challenge for an indirect exporting Born Global is the distance one puts between the firm and the customer, and the resulting difficulty in identifying market needs. Mistakes can therefore be costly, and with restricted resources there is an increased importance to succeed. Targeting these scarce resources on a failed export strategy may result in dangerous consequences (Moen, 2000). Therefore, making an early decision of an appropriate mode of exporting is not a trivial activity, but has significant strategic importance and results in long-term implications.

Licensing

Licensing is a less common approach, but will also keep both costs and risks down. Little resources are needed in order to open and develop a foreign market and the firm can leverage learning effects. However, a licensing entry mode creates a significant distance between the Born Global and the customer, and makes it more

difficult to establish a valuable brand name. A Born Global wishing to utilize a licensing strategy will have to pay particular attention to its intellectual property rights, both at home and abroad, or may create a future competitor in the process. Done right, however, this strategy can provide an effective and flexible way to implement and commercialize an innovation on a global scale.

Born Global firms in young and high-growth industries experience a short product life cycle and need to get quick acceptance for new technology. These markets are characterized by low barriers to entry and disloyal customers who seek functionality. It would be sensible in such situations to consider pursuing an aggressive licensing strategy to promote the technology. An example of this is Sun Microsystems which licensed its SPARC RISC to 21 partners in 1989. After introducing Java in 1995, Sun made 32 licensing agreements in two years. In the first 16 months that MS-DOS was on the market, it was licensed to 50 hardware manufacturers (Roberts & Liu, 2001).

Foreign direct investment and wholly owned subsidiaries

Most firms would like to be in charge of their own destiny and chose a direct export mode or take a greenfield approach by establishing a wholly owned subsidiary. The latter is, together with acquisitions (brownfield), usually outside the reach of a cash-strapped Born Global (Burgel & Murray, 2000). However, for the startups with sufficient financial backing, a foreign direct investment will provide more control and quicker market adoption. There is also the option of going into a joint venture (JV) and benefit from local knowledge this way. For certain geographic areas, e.g. China, this may be the most effective entry mode due to governmental or other restrictions. Also the structure of the Japanese industry drives foreign firms entering the market towards local partnerships rather than creating wholly owned subsidiaries (Johanson & Vahlne, 2009).

2.6.6 Marketing and branding strategy

Branding is an important method to give strength to relationships and creating value for partners, and it has typically taken decades for existing incumbents to establish a considerable branding recognition. An active brand strategy based on private labeling is therefore mainly for Born Globals that have already achieved international expansion, and not earlier. Given the significant resources required for intensive

marketing and brand building, Knight (as cited in Gabrielsson, 2005) found that Born Globals typically differentiate through product innovation or leverage the resources of MNCs by using their channels and marketing efforts in global expansion. The entrepreneur must therefore be able to secure others' resources on favorable terms and make do with less, building brand awareness through "guerilla marketing" and word of mouth (Bhide, 1994).

There are particularly two factors driving a higher investment in branding:

1. Increased competition and through this a need to secure a global position, and
2. Broader user groups. The newness of technology is not sufficient to convince the consumers that are more conservative.

Born Globals that want to implement a successful marketing strategy first need to decide about their core objective and choose either a push or pull strategy. Business-to-business (B2B) firms rely more on push, whereas business-to-consumer (B2C) firms need to create demand-pull by use of innovative and often new low-cost marketing techniques. Research by Gabrielsson (2005) finds that Born Globals often form alliances with large distributors to benefit from their ready-built sales channels, reputation, and brands. This co-branding is more likely to be used by B2B Born Globals and can be a sound strategy in an early phase, but may become problematic later due to price negotiations and channel conflicts. It may in addition result in the firm losing control of its own brand, with further implications for brand value and attracting investors.

Most of the successful firms investigated by Gabrielsson (2005) had a clear global brand and developed significant brand awareness. B2C Born Globals are more likely to select a standardized global brand from inception across countries. B2B Born Globals, on the other hand, often utilize multiple brands, ranging from OEMs, private labels and brands of their own. This would depend on the segment and market in question. It is also a more challenging strategy as it may create conflicts and devaluation of its own brand.

2.7 Overview of theoretical findings

Combining the main theories of global, entrepreneurial, and born global strategies earlier in this chapter, there are three core areas that to a high degree seem to determine the success or failure of a Born Global startup: Vision and high-level strategy, HR and culture, and foreign market entry modes. These areas will form the basis when analyzing the result of the cases: Starting with a vision, one explores the initial goal of the company and how this is reflected in the first key strategic decisions made. The human resources that make up the organization, together with the company culture, are also extremely important domains. These determine how the Born Global firm approaches its vision and decides on the route towards this. Finally, the foreign market entry modes define the most effective and rational choices for internationalization, based on the overall target and availability of resources.

2.7.1 Vision and high-level strategy

The successful Born Global requires a global vision from inception. This vision needs to be driven by a genuine aspiration to build a global business, and not as a result of external coercion. Together with the vision, any policies, processes, and cultures should share the same goal of constructing an international venture.

When defining and implementing the strategic platform for the global vision, it is important that this is subject to frequent and regular revision. One should adopt an iterative strategy implementation, analyzing the outcome of choices and quickly incorporate this into the next set of decision-making. The analysis needs to be “good enough”, and great care should be taken not to lose traction through a too extensive study of the market, competitors, and the like. More important for a resource-limited startup than paying attention to what other actors in the industry are doing is the focus on urge and energy, of delivering value to the customers, and the next sale.

There is also a need for learning and experimenting in the domestic market, and to attract early adopters as customers to make this as effective as possible. This activity should be systematic and test the current strategy, and the outcome used to guide decisions concerning direction in other markets.

However, when moving beyond this and selecting the key markets, Born Globals will target countries that meet both the market needs and are close, both in psychic and geographic distance. A strategy of ‘international intensity’ where the firm focus on a few important niche markets first, typically the ones with the most potential, increases the probability of a favorable outcome. This then needs to be balanced against the managers’ networks and experience, as explained in 2.7.2.

2.7.2 HR and culture

The previous experience and network of the founder and management team plays an essential role in the outcome of the Born Global venture. Any previous experience from international work, including the personal network and reputation developed as a result of this, determines the future trajectory and probability of success for the firm. A Born Global is not likely to enter a market without any existing relationships in advance. The network is therefore of great consequence for a profitable internationalization as it directly influences not only the building of trust and commitment with partners and other actors, but also the market selection. In addition to this, it is important for the entrepreneur and the top management to have a strong motivation to do business abroad.

Looking further into the company, the Born Global firm also needs to “act as a startup”. There has to be a great degree of flexibility in the organization, and the people involved should share a strong passion for the product, the industry, and the overall vision of building a global company. Particularly decisive is a focus on cost, of running an effective operation, and to stay close to the customer. The members typically contribute to many different parts of the organization and are not limited to a few exclusive tasks as may be the case in larger corporations.

2.7.3 Foreign market entry modes

When setting out to build a global venture with limited resources, it becomes pivotal to leverage partners and strategic alliances. Not just any type of partner will be suitable for this. They have to be able to provide appropriate access to the market and also to share the same vision as the Born Global in order to secure a healthy and sustainable relationship. This will help to avoid the ‘liability of newness’ that a young firm usually experiences. However, finding and maintaining the right partners require

significant resources, hence the managers' networks are crucial in order to make this as effective as possible. Working through partners will create a distance between the firm and the end-user that needs to be taken into consideration. Although wholly owned subsidiaries and other more direct approaches will provide increased control, this will normally be outside the financial reach of new ventures.

3 Method

This chapter describes the process used for this research, and the different methods selected.

Jacobsen (2005) refers to seven distinct phases in the research process:

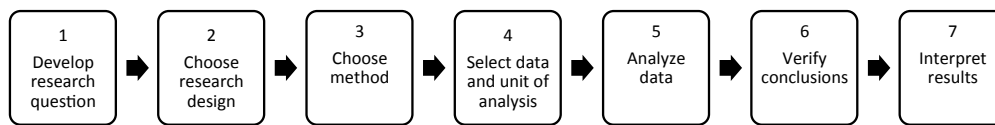


Figure 7 - Phases of the research process

The first four are described in this chapter, whereas phases five through seven are addressed in chapters five and six.

3.1 Developing the research question

The objective of this thesis is to investigate the key success criteria that will directly and positively affect the outcome of a Born Global venture. Although some research has been made in this area, the findings are fragmented, and do not typically combine Born Global theories with those of global and entrepreneurial strategies. The conclusions should assist future Born Global founders to more efficiently plan their enterprise and secure a favorable result.

To develop a general research question, Jacobsen (2005) considers three main dimensions:

1. Is the question clear or unclear? Concrete and clear research questions require significant knowledge about a phenomenon in order to create an initial hypothesis.
2. Is the question descriptive or exploratory? A descriptive question seeks to describe differences and similarities at a given point in time, whereas an explorative question tries to explain why there are differences and similarities. The explorative research will also examine which variables are relevant, although this may not be evident in all cases.

3. Does one want to generalize over a larger population?

In this thesis, the combination of limited existing literature and an unclear research question results in a need for a more explorative approach where we can learn from the interview subjects on the performance of their Born Global ventures. The objective of this study is to arrive at certain general conclusions applicable for a specific audience. A generalization over a large population is, however, not realistic, given the scope of this study, and the time and cost such an approach would require.

3.2 Choosing a research design and method

3.2.1 Intensive vs. extensive

The difference between an intensive and an extensive research design can be described as the difference between i) the number of variables and nuances included in a survey and ii) the amount of units to be investigated. As incorporating both dimensions will be too resource demanding, one has to choose the most suitable method based on the research question.

An extensive design approaches a research question broadly and surveys many units, but will be limited in the number of variables included in the survey. It seeks to reach a large enough number of respondents to make it possible to generalize the conclusions to the broader population.

The objective of an intensive study is to reveal as many details and nuances about the subject as possible. This is a useful, albeit time consuming, method when there is an open question and no clear hypothesis, as there is a greater possibility that also new information will surface. An important motivation in this thesis is to learn more about the issue from the respondents, so that the conclusions will be solid and applicable. Hence, an intensive study is appropriate and will be used.

3.2.2 Inductive vs. deductive

This study uses an inductive approach and thus starts with specific observations revealed in interviews. These observations are then analyzed to identify patterns and

determine whether there is any transferability that may or may not result in a hypothesis and theory. Compared to the deductive approach, where one starts with a theory and either rejects or confirms this with observations, the inductive method is typically more open to new information. This is an important aspect when, as in this thesis, investigating unclear research questions and there is a particular interest in a phenomenon's nuances.

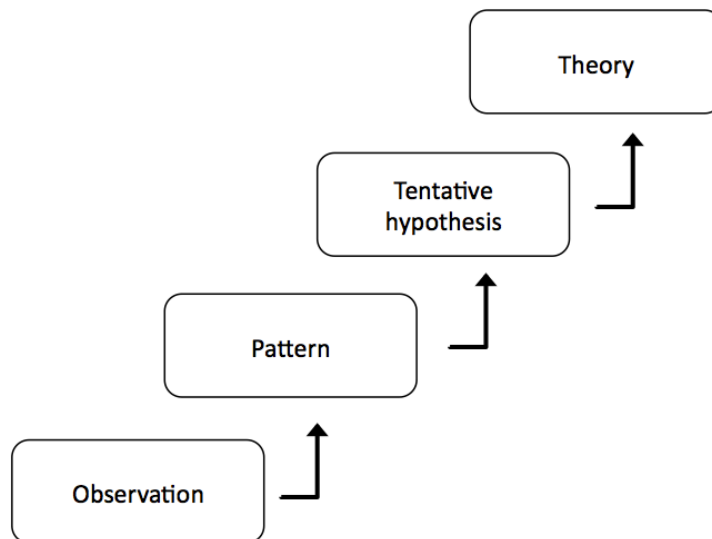


Figure 8 - Inductive approach to the method of reasoning

3.2.3 Qualitative vs. quantitative

The difference between qualitative and quantitative data can, simplistically, be viewed as information in the form of words and sentences that provides a meaning (qualitative) and information in the form of numbers (quantitative). The latter is suitable in extensive designs when describing the extent or frequency of a phenomenon, or when the objective is to survey many objects to generalize for a larger population (Jacobsen, 2005).

In an inductive study like this, however, where an intensive research design is used, a qualitative approach is normally a lot more practical. In order to identify the key success criteria for a Born Global firm, one depends on descriptions containing nuances on how the interview subjects have understood and experienced various situations. These are difficult to quantify and the interpretation of such facts therefore requires an open and flexible approach as provided by the qualitative method.

Qualitative data are normally collected by individual interviews, group interviews, observations, and document examination. In this thesis the individual interview is selected. Group interviews would be both impractical and complex, as the goal was to gather data for single firms. Interviewing several key stakeholders pr. organization could have been possible, but getting access to single contributors was complicated enough, hence the open individual interview provided the best tradeoff between effort and results. The individual interview also has the benefit of creating additional trust between the two parties as compared to group interviews. This may therefore improve the reliability and quality of the data gathered.

3.3 Selecting data and unit of analysis

3.3.1 Unit of analysis

This research will focus on key stakeholders in the organization, either the founder or CEO, as one expects these to have the most relevant information on company vision and strategy development, as well as the responsibility for their implementation. These are the core areas where the Born Global success criteria are expected to belong.

One challenge, and shortcoming, with this study is the limited time and resources at hand, as well as availability of the respondents. This results in a restricted sample size of only one key stakeholder pr. case and may introduce bias into the data. Ideally, one should have the input from several people in the upper management or board of directors in order to arrive at a more holistic result. One can also assume that the answers are reflecting the respondents' involvement in defining the specific aspects investigated, introducing another argument to interview several stakeholders from the organization.

3.3.2 Population

The population defines the limits of the set from where the sample data is drawn, in addition to creating boundaries for generalizing findings. This study has been limited to Norwegian Born Global firms, specializing either in high-tech products or products requiring a high level of competence. Although companies with Born Global

characteristics are found worldwide, also in countries with a large home market, the geographical constraint ensures that any findings related to culture will be more easily generalized back to other similar organizations in Norway.

3.3.3 Sampling

“Sampling is the process of selecting units (e.g. people, organizations) from a population of interest so that by studying the sample we may fairly generalize our results back to the population from which they were chosen” (Trochim and Donnelly, 2006)

In order to avoid systematic bias one can argue that the cases should ideally be a random sample of all possible Born Global firms in Norway. This is impractical and not possible given the resources available. According to Eisenhardt (1989) it may also not be preferable. Given the small amount of samples, the goal of theoretical sampling in a case study context is to select cases that are expected to either replicate or extend the developing theory in question, i.e. the cases should therefore be extreme, as this will increase the probability of the process of interest being “transparently observable”.

The four cases selected are all regarded as Born Globals, and originate in Norway. Two of these, TANDBERG and Dynamic Rock Support, have a known outcome and can be considered success cases. The cases are all in different industries, but have in common a complex product or system that requires high competence and skills to develop. This will provide a broad base on which a possible theory can evolve.

3.3.4 External validity

The external validity represents the extent to which a study’s results can be generalized to a broader population in other locations and at other times. However, the objective of a qualitative study (like this one) is usually not to generalize to the broader population, but to better understand and expand on phenomena. It is regardless difficult to generalize as only a few samples are made. The limited number of samples is a resource requirement in order to be able to make deep analysis of each case. It is also important to maintain objectivity, a challenge when using only one interview source pr. case. This is somewhat mitigated through the use of additional information in reports, articles, web pages, and similar.

The cases in this study are selected based on the criteria that they are examples of a successful entry into a specific industry, as well as all being available to provide relevant information. The argument that these cases are fully representative for a broader population is therefore relatively weak, as one would expect a more random sample to also contain failures and less successful cases. However, if the study reveals certain data points repeated in several cases and interview subjects, one can argue that this is a general characteristic. It is important to emphasize that it is not possible to *prove* this generalization of a result, only indicate its probability (Jacobsen, 2005). Based on the above, this study does not adhere to the requirements of being externally valid. A more extensive research would have to be conducted, something that would require considerable resources. One can, however, expect that the research is able to develop certain general observations and conclusions that are valuable for similar organizations in similar settings.

3.3.5 The Interview

This thesis seeks to investigate relationships between a Born Global's strategic choices and the successful or unsuccessful outcomes of these, and to use this to test aspects in the existing literature. As found by Eisenhardt (1989), case studies are used to both test existing and to generate new theories and are therefore suitable for this research.

The interviews were all conducted in Norwegian and lasted from one to two hours. The locations were all different, but with quiet surroundings. The interviews were recorded, to facilitate an open discussion with minimal focus on documenting the answers. This method was agreed with the subjects prior to the interview.

The interview topics and questions were structured in the following way and sequence:

1. Introduction to the company and the subject.
2. Vision and overall strategy of company.
3. Internal aspects: culture, team, management, and organization
4. Internationalization, go-to-market, and entry mode strategies
5. Reflections

Topics two through four (vision and overall strategy, HR and culture, and foreign market entry modes) are considered core. These were extracted from the theoretical framework as being particularly valid when investigating the success criteria for a Born Global. Consequently, the core topics would drive the interview's focus and act as an underlying guide. Even though the informal nature of the interview would result in a drift between subjects and themes, the core topics would color the discussion and ensure that they gained sufficient attention.

APPENDIX A contains the interview questions. The subjects received these a few days before the interview to be able to prepare. One important detail is that the questions are open and encourage further discussion for new information to appear. These were also used as a starting point to enter a topic. The order of topics was approached in a flexible manner, as this depended on the flow of the dialogue.

Shortly after the interview, and maximum one day later, the interview was transcribed. This was done in two separate steps, first outlined via a 'mind map', and then written into a document form. As informal interviews are quite unstructured, resulting in the same topic being revisited multiple times, a mind map simplifies the arrangements of the data and creates an easy-to-navigate diagram outlining the whole interview. One can then move blocks of data into categories and subcategories, while ensuring that the context is maintained. Once in a standard document, the transcription was sent to the subject with an encouragement to make any modifications that would better communicate their views. Some added information to existing answers and thereby made these more complete. Others used the opportunity to censor names and expressions that were not meant for a wider audience, while still maintaining the message. These changes are not called out specifically, but implemented into the interview reference text in the appendix.

Jacobsen (2005) lists three basic ethical requirements defining the relationship between the researcher and the research subject:

1. Informed consent

The participation should be voluntarily and the subject should be cognizant of all benefits and drawbacks of the engagement.

2. Privacy

The identification of individuals in a data set is a hazard to the privacy. One should in such cases strive for discretion and consider actions to make these individuals anonymous.

3. Correct representation of data

Results are to be represented completely and in the right context.

This study adheres to the ethical requirements above. The subjects were informed about the objective of the study and who can access the data. They were also given full opportunity to revise and verify their input, and to make any modifications should they wish to do so.

3.3.6 Validity and reliability

Eisenhardt (1989) identifies both strengths and weaknesses using cases to build theory. One benefit is a higher probability to develop a novel theory, as the case approach includes information across multiple interviews and cases, as well as existing literature. This increases the possibility of recomposing a new theoretical vision. The novel theory may also contain testable elements, e.g. a verifiable hypothesis, as these have already undergone repeated verification during the theory-building phase. Finally, the concluding hypothesis has a high probability of being empirically valid as the theory-building phase is closely integrated with evidence and therefore consistent with verifiable inspection.

However, the use of empirical evidence may also result in an overly complex theory, one that is very exhaustive, but because of this lacks a manageable aspect and an overall perspective. Selecting a few cases that are not representative for a larger population also increases the risk of introducing eccentricity and an idiosyncratic theory, and one that is difficult to generalize.

Internal validity

Internal validity represents the extent to which a study is able to explain or generalize a phenomenon, i.e. whether the results found in one setting is transferable to a

different setting. This is a reflection of how well the study was run and whether the results are correct.

The interview subjects in this study are all key stakeholders in their respective organizations. They also hold relevant information on the cases. One can therefore assume that the correct sources are used. However, to validate this information through e.g. other researchers or empirical experience is beyond the scope of this study.

Reliability

A reliable study should allow a different researcher come to the same conclusions using the same methods. Hence, this study strives to document the process as accurately as possible in this chapter. Full records of the interviews can be found in APPENDIX B. One also has to consider the effect the interview environment may have on interview subjects. Controlling these effects is extremely difficult. To weaken the impact, though, one made an effort to create an interview setting as informal and natural as possible.

3.4 Analyzing findings and developing propositions

Analyzing the findings from the cases was a two-step process: first to investigate the within-case data, then to search for cross-case patterns. I worked for TANDBERG, one of the cases, from 2002 until its acquisition in 2010. Here, I held various positions in Norway, Germany, China and Singapore and continue to work for the acquirer, Cisco Systems. Although this may introduce some bias into the analysis, the professional background also provides firsthand experience of certain aspects to the case.

3.4.1 Analyzing within-case data

One of the challenges with case studies is the potentially large amount of data that may lead to exhaustion if not approached in a structured manner. There are a number of different methods to perform within-case data analysis, but the overall goal is to become extremely familiar with each individual case (Eisenhardt, 1989). This will make the cross-case pattern analysis phase more efficient and ensure that any unique patterns of each case are identified before focusing on generalizing more across groups

of cases. In this study, each within-case analysis was separate in time and completed before starting with a new case. This included not only analyzing the interview data, but also research other relevant sources, e.g. newspaper articles and other reports. Given the resources available for this study, this was an effective way to achieve the required level of understanding.

3.4.2 Searching for cross-case patterns

People are in general quite poor to process information and frequently leap to conclusions, are influenced by the more strongly expressed views or elite respondents, and omit disconfirming evidence. The result is often a premature or wrong conclusion. The main benefit of step two, to search for cross-case patterns, is to avoid this, and to increase the probability of identifying novel findings (Eisenhardt, 1989). One of several tactics is to create categories and search for within-group similarities or differences. For this study, the main categories were obtained by the research problem: Vision and high-level strategy, HR and culture, and foreign market entry modes. Using these dimensions, the four cases were compared to each other in pairs, and then in groups, introducing multiple angles from where there might be observations of correspondence or variance.

3.4.3 Developing propositions

Developing propositions is a highly iterative exercise where theory and data is repeatedly compared, until one approaches a theory that closely fits the data (Eisenhardt, 1989). During this process, one should sharpen and refine the constructs. The main constructs in this study are the key Born Global success criteria. When initially constructed, and based only on the theoretical framework, these were more restricted in content and number (five). As the case data developed and was matched with theory, the constructs became more focused. The result was increased to a set of seven criteria, where the wording was modified to more closely align with the case details.

3.5 Limitations

The study used only one representative from each Born Global case. As discussed in 3.3.1, this can easily introduce bias into the data and may affect the overall outcome. Also, due to availability of respondents and study resources, each representative was

only interviewed once, with additional follow-up questions handled via short phone or videoconference conversations. Multiple interviews could have resulted in a more complete picture of each case, particularly useful to drill further into specific areas that surfaced as part of the analyzing phase.

4 Empirical findings

This chapter presents the empirical findings from the cases investigated in this study. The findings are based on interviews with key people (APPENDIX B) and information drawn from public sources (e.g. newspaper articles). The below table introduces the four cases and lists key company data.

	Case 1: TANDBERG	Case 2: Db Equipment	Case 3: Dynamic Rock Support	Case 4: Promon
Industry	Video conferencing	Sports equipment	Rock bolts for underground structures	IT security
Market	B2B. Private and government customers on a global basis	Global B2C mass sports apparel market	B2B. Customers in mining and tunnel development and operation	B2B. OEM to IT firms with a need to secure own application.
Size (employees)	1800	2	8	15
Age (years)	31	2	4	6
Status	Acquired by Cisco Systems for 1.3 billion USD in 2010.	2 products launched. Further products in the pipeline.	Product proved in 3 key markets. Sold to Switzerland-based Normet for 90 million NOK in February 2013.	Developing the core technology and taking the first steps to establish a more permanent international presence.

Table 1 - Cases

4.1 TANDBERG

TANDBERG (ASA) was founded in 1979 to continue parts of the business from the bankrupt Tandbergs Radiofabrikk. After several minor initiatives and projects, a program at the main Norwegian telephone operator, Televerket (Telenor), led to the development of products for video conferencing and TANDBERG launched the first fully integrated system (Vision H.320) in 1993. From the end of the 1990s, TANDBERG and Polycom, its main competitor, enjoyed a booming video conferencing market with significant growth each quarter. Considerable emphasis was placed on innovation and TANDBERG was seen as a technology leader in this industry. It had the most complete product portfolio, further enhanced through the acquisitions of Ridgeway (2004) and Codian (2007), both located in the UK. The focus was at all times to provide customers with the most user-friendly and reliable systems. In 2010, TANDBERG had more than 1500 employees, R&D centers in Oslo, UK, and New Zealand, and an extensive partner network helping to deploy systems in more than 90 countries around the globe. Cisco Systems formally acquired the company for 3.4 billion USD on April 19th, 2010.

4.1.1 Vision and high-level strategy

“The global vision needs to be there from day one. Building something is difficult. But changing the course after you have started is even more difficult. By then you have hired the wrong people and established the wrong expectations.”

- Per H. Kogstad

TANDBERG had the vision to create a global company from day one. The video conferencing business being, by definition, global¹, made this a natural target. Customers would not accept a provider of video conferencing equipment not to be able to serve its main offices around the world; this would in practice be a barrier to entry. In addition to building an international business, the founders had a vision that

¹ With video conferencing, the more global the installed base becomes, the more return on investments the customers can expect through increased productivity and reduced travel expenses. Video conferencing, like normal telephony, also relies on network effects to increase its value, further emphasizing a global perspective.

TANDBERG should be exceptional and stand out, and not be similar to the other competitors in the market. This had significant impact on the whole organization, and in particular how human resources and innovation were handled.

“We were building a new industry, and our customers had no precondition to know exactly what they needed. Hence, in order to make something unique and disruptive, we had to trust ourselves.”

- Per H. Kogstad

4.1.2 HR and culture

The company culture is considered one of the contributors to TANDBERG’s success, and it was widely recognized in the industry. The aim was to be able to operate as a dynamic and small company, including short reporting lines, decentralized teams, and a high degree of trust and responsibility given to individuals.

“Our main competitive advantage was the culture, and all the consequences thereof.”

- Per H. Kogstad

In order to create the right global trajectory from the very beginning, TANDBERG only hired people with international experience and installed English as corporate language from day one. Considerable efforts were made to establish a strong culture centered on disruptive innovation and business acumen in all parts of the organization.

“We took the culture extremely serious. It was based on a solid business understanding in all parts of the organization. By building a high degree of trust and moving decisions out into the regions, we were able to grow as a company, while still operate as a small enterprise. Our flat structure and lack of hierarchy helped to maintain a dynamic organization.”

- Per H. Kogstad

To ensure that one ended up with teams of people that were both passionate and motivated, and fit well together and with the company, the priority was “to hire for attitude and train for skills”. To secure an agile and dynamic organization there were no formal job descriptions. An employee was expected to wear many hats and had great flexibility to initiate and participate in any activity that brought the company in

the right direction, independent of what one's original role was. Engineering and sales were considered core functions, and all other roles provided support to these two (many such support roles were outsourced to external companies). This resulted in a very lean set-up, ensuring TANDBERG's ability to focus on its core competence: developing and selling high quality video conferencing systems.

4.1.3 Foreign market entry modes

“One of the biggest mistakes Born Globals make is to hire local resources too early and in locations too far away. This stops vital information from reaching the main office. You need your own people on the ground, people with international experience who know the area.”

- Per H. Kogstad

When setting out to become a global company, TANDBERG started with the largest markets that were culturally and geographically close. In effect, this was the UK, where 10% of the global video conferencing market was located. Later, Western Europe, the US and larger markets in Asia were also targeted. One wanted to “go for the best”, and also be close both to markets and customers through a model based on own resources and local partners.

Until a market reached a given revenue stream, it would be supported by sales representatives travelling out from the Oslo office. These would be resources that had had some international exposure and, in many instances, also knew the local market well. Once a sufficient sales volume was in place, TANDBERG would hire a local salesperson.

Channel partners were signed up for TANDBERG to get increased and better access to end-users, as well as to scale the sales force and to provide after-sales support. These partners provided in-depth regional knowledge and experience. Despite extensive use of partners, TANDBERG maintained control of the end-user market by defining clear business plans for each partner, as well as in some areas following a ‘one tier’ distribution system, i.e. the partner would only sell to end-users, not other distributors.

TANDBERG would be very clear on not setting up any formal subsidiaries unless absolutely required by local authorities. This was considered an unnecessary cost, and the same objective could easily be achieved by establishing a local sales office that, together with a local accounting firm, would operate *as if* it was a subsidiary. The accounting firm would ensure that all required taxes and invoices were paid and that the operation was in accordance with local rules and regulations.

“Subsidiaries are a waste of money and add no value whatsoever.”

- Per H. Kogstad

4.2 Db Equipment AS

Douchebags, the main product from Db Equipment AS, is the result of an entrepreneur, Truls Brataas, meeting twin-tip legend and giant slalom skier Jon Olsson in 2009. They both shared a passion for action-sports, traveling, and creating outstanding products. This resulted in the Douchebag, an innovative travel bag for skis. During the first week of the launch in January 2012, the Douchebags received a finalist award for Innovation of the Year at ISPO (the world’s largest sporting goods trade show) and the product was then sold in 9 different countries. One year later, the team is still only three people, and they are selling their popular bag in more than 45 countries via distributors and a web shop. With a focus on low weight and innovative design, the product has become highly popular among enthusiastic skiers and adventurers worldwide.

4.2.1 Vision and high-level strategy

The Douchebags product range is to become for sports bags what Samsonite is for suitcases, it will become the *innovative* sports travel bag. The company should within five years deliver bags for all sorts of sports. This ambitious goal underlines a distinct focus on global brand awareness and brand building, as well as product innovation. This is also a vision that will require considerable resources and a powerful distribution network.

“In five years we will have surpassed Samsonite and become the innovative travel bag.”

- Truls Brataas

In order to reach its vision of becoming a “modern Samsonite”, to deliver travel bags for all sorts of sports, Db Equipment will gradually build their product portfolio. The focus during this period is brand development and innovative products. The first product, Douchebags, is also the result of collaboration between skiers, designers, engineers and a technical university (Olsson, 2012), further emphasizing the intent to bring a novel creation to the market.

Production has been outsourced to the booming Hangzhou province in China, but increasing costs have also made the firm look elsewhere in the country for a more economical alternative.

4.2.2 HR and culture

The overarching cultural component for Db Equipment is *passion*, and is something that the 2-man small team depends on when building a Born Global from scratch. They are set on becoming a global brand in the hyper-competitive sports apparel market. To reach this goal they combine their exceptional passion for extreme sports, and ski sports in particular, with hard work and dedication. The limited resources drive a definite attention to costs, and combined with a wish to fully control the product development, the founders do most of the work themselves. This is also something that Truls Brataas strongly emphasizes: the value of and need for persistent and diligent work.

“Since it is such a small team, describing the culture is like describing the personalities of Erling and myself.”

- Truls Brataas

Jon Olsson, a prominent free-skier and alpine ski racer, as well as an avid ambassador for the product, is on the Board of Directors for the firm, offering invaluable support and visibility for a resource-strapped startup. This strength in branding and attention also secures credibility in the skiing domain. Jon’s blog where he describes his different adventures, including his experiences with the Douchebag, is well known and read by thousands. Morten Borgersen, the founder of a well-known sports equipment chain in Norway, is Chairman of the Board.

“People will see the product on Jon’s blog, then come to us to buy it. Jon makes us think global. He has an amazing standing and impacts the whole world within this market segment.”

- Truls Brataas

4.2.3 Foreign market entry modes

Db Equipment started selling the Douchebag in Norway and Sweden. These are the closest markets, both geographically and culturally. A web shop for the EU was also set up quickly, covering demand from early adopters in the region. After this initial phase, sales volume is created through distributors. The contact with the first two distributors, located in Australia and England, happened at ISPO, and was based on the agents’ enthusiasm for the product. Today, distributors represent the products in 15 countries, including the US. Given the established name in a relatively narrow market, other agents are knocking on the door to sell Douchebags. The brand recognition is mainly developed through favorable mentions in Jon Olsson’s blog and word of mouth in the extreme ski scene.

“That Australia and the UK became the first main markets was a coincidence more than anything. We met a couple of enthusiastic guys from these countries that were keen to start immediately.”

- Truls Brataas

Subsidiaries have so far not been created, but the founder is clear that this will be the case for key markets once sales justify the investment. There are mainly two arguments supporting this strategy, according to Truls Brataas: to ensure control over the brand and increase margins by avoiding commissions to distributors.

4.3 Dynamic Rock Support

Dynamic Rock Support was founded in 2008 and is a spin-off from NTNU (Norwegian University of Science and Technology). The company develops one product, the D-Bolt, invented by the company’s CTO, Professor Charlie C. Li. The D-Bolt increases the safety and provides cost savings for mines, tunnels, and other underground structures. Dynamic Rock Support maintains a head office in Trondheim and successfully sells their product in three key markets: Sweden, Canada, and Australia.

A significant problem is the relative ease at which the D-Bolt can be imitated, something that has resulted in a strong focus on IPR and even brought the company into patent infringement conflicts. The mining industry, described as a business where the right connections are critical to generate sales and have access to talent, is another challenge the company has had to overcome.

The overall goal for the investors was to reach an exit within the next 4-5 years. On February 1st, the media announced that Swiss-based Normet bought Dynamic Rock Support for 90 million NOK (dn.no, 2013).

4.3.1 Vision and high-level strategy

The owners of Dynamic Rock Support set out to create a professional and fast expanding bolt company, focusing on high-end products. The product should deliver clear value to its customers by increasing productivity and safety, and a higher ROI. As the mining industry is a very specialized business with a few key markets across the world, and there is no natural market in Norway, a Born Global firm was the only option.

“We probably should have stayed within the boundaries of the university for a longer time before creating a formal company. After this, we were considered a competitor and it became more difficult to gather market information.”

- Gisle Østereng

From an early phase, focus was set to make the company attractive for seed investors. After this decision was made, Dynamic Rock Support has concentrated on a few key geographical markets in order to generate revenue and prove the product. Given the relative ease of imitation, the company had a strong priority on protecting the D-Bolt through patents and promptly handling any violations to these.

Dynamic Rock Support maintains a head office in Norway to keep a strong link with the CTO and investors, although there is no natural domestic market for the product.

“The mining business is very unique. Not many investors in Norway have experience with it, making it a challenge to find capital.”

- Gisle Østereng

The company studied the world’s mining equipment markets in order to determine where the product may create most value, as well as identified areas where there are sufficient funds and willingness to pay a premium for added security and up-time. Based on this, one decided to follow the customer into three key areas: Sweden, Canada, and Australia. South Africa and Mongolia, both significant markets, were rejected as the price level is too low and there are challenges with corruption.

4.3.2 HR and culture

The CEO considers himself a “serial entrepreneur” and emphasizes the importance of acting like a startup. For the CEO, this means in practice to not restrict one’s responsibilities by job descriptions, but recognize the necessity of hard work and utilizing the resources so that all employees can contribute to all areas of the business. The organization is very lean, and includes people with strong international experience.

“As the mining industry is relatively “dirty” and has its challenges with corruption, it was important for us to have own sales people locally and not rely on external agents.”

- Gisle Østereng

The location of the head office and the management in Norway poses a certain challenge all the time the value capturing happens in the local markets, and mainly through people that are typically used to more support than what can be expected at a startup. The company employs two sales resources in Canada and Australia, both hired locally from large multinational mining companies. Communication takes place via telephone and Skype, and there are regular meetings involving all employees 3-4 times a year. The CEO acknowledges that the corporate culture has not had sufficient focus within the organization.

“It has been a challenge to get sales resources hired from large corporations to sell a novel product for a small startup. The expectations are different with respect to sales support, processes, and the time it takes to generate a revenue stream.”

- Gisle Østereng

The inventor of the D-bolt and the firm’s CTO, Charlie C. Li, has built a solid network that the company leverages to gain access to the industry and key resources more efficiently. One of the main challenges is the ‘liability of newness’ and lack of brand awareness in the market for the D-Bolt, making the CTO’s contacts a critical asset.

The mining business has a very local focus. The mines are typically located in small, remote communities where personal relationships are important, making it critical to maintain own and dedicated sales resources with good knowledge of the region. At the same time, the CEO recognizes that this has not been extremely successful and points towards the hiring of account managers from large mining corporations as one contributing factor. Such resources are typically used to longer sales cycles and a different sales support organization than a regular startup would be able to provide.

4.3.3 Foreign market entry modes

“We selected our markets based on size, willingness to pay, and risk aversion, i.e. whether we thought our product could solve a problem locally.”

- Gisle Østereng

Due to geographical closeness, previous familiarity, and funding constraints, the company started with sales in Sweden and Canada. For these two countries the company hired sales representatives from larger mining corporations.

Throughout this period there was little focus on setting up distribution partners. The D-Bolt would carry a smaller margin than competitors’ products, and Dynamic Rock Support had concerns that channel partners would not give the D-Bolt sufficient attention. The decision was therefore to sell using a direct sales force. Despite this, one partner has been signed up in Sweden, and the results are encouraging. However, as

there continues to be difficulties in finding suitable partners and new owners are entering, further activities to set up channels have been put on hold.

“Mining communities are small and difficult to penetrate. Local buyers and sellers meet at the pub or at the soccer field.”

- Gisle Østereng

As the mining industry can be hazardous, Dynamic Rock Support utilizes subsidiaries in key markets to minimize risks towards the holding company in the case of accidents.

4.4 Promon

Promon has its origins in the research environments at SINTEF and the University of Oslo. It is based on the patented technology invented by Tom L. Hansen, to detect and prevent attacks against computer systems. The company was established in 2006 to commercialize Hansen’s technology and the formal product launch was at CeBIT, the world’s largest IT expo, in 2009. Jan Søgaaard, an experienced manager from companies like Bay Networks and Nortel, took over the role as CEO from founder Tom L. Hansen in 2012. Hansen then became CTO. Promon currently has 15 employees, the majority at the company’s main site in Oslo, but also a few test resources in Pune, India. Main financing is provided by venture capital funds Kistefos and Springfondet. Although the founding years have required significant investments, and the financial results have so far been negative, the owners expect the company to deliver profits within the next couple of years.

Promon’s technology is about protecting the individual application, not every single physical unit or PC. This platform-independent approach is particularly relevant for cloud CRM, finance applications, and email.

So far, markets have been found in Norway, Germany, and, to a certain extent, the US. After signing a deal with their first customer, Star Finanz, Germany’s largest financial software house, Promon went from zero to half a million users within a very short timeframe.

4.4.1 Vision and high-level strategy

“Our vision has been to develop the best possible technology, not a large, global company.”

- Tom L. Hansen

The founder’s ambition with Promon is to develop the greatest security software technology in the world, not necessarily to create a large global company. This relative lack of a commercial vision is substituted by a strong drive to solve a real problem for their customers, providing these with a unique competitive advantage. The founder recognized the potential for a profitable venture after witnessing a similar project at the Massachusetts Institute of Technology. Here, inferior technology was used, but it still resulted in a successful exit. However, Promon was never meant to be a domestic company serving only the Norwegian market. This would be too limited to support the high up-front investments in developing the product.

The focus on a technology objective ensures a certain attention to intellectual property rights, and the founder secured his invention by patents at the earliest possible time. These patents still remain the core of the company’s products.

4.4.2 HR and culture

The founder describes the company culture as hard working, informal, and enthusiastic. There is a great emphasis on being the best engineers in the security industry and to display a dedication for the technology. When hiring new resources, the main criterion, also for sales and administration roles, is expertise in specific technology fields rather than e.g. an international background. This strategy has nevertheless resulted in a company with engineers relocating from many different countries in Europe to its head office in Oslo, Norway.

“Our focus has always been to hire the best engineers. This principle has come before any international experience.”

- Tom L. Hansen

The management team is relatively international, but this is also a result of coincidence rather than a particularly conscious strategy.

In addition to having an international employee base that is technologically astute, Promon is able to leverage both the networks and the names of board members with considerable experience from the international IT security industry.

4.4.3 Foreign market entry modes

Due to the immaturity of the technology, the founder states that a direct sales model has to be a key part of the entry mode for the time being. The product requires complex configuration and after-sales support, resulting in a close collaboration with the customer. This is not a long-term, nor a scalable solution, and the plan is to move to a full channel partner model once the technology becomes more standardized. As the company is still in the process of building the business, one also has to develop reference cases and success stories to attract the best partners. In the mean time, Promon entertains a hybrid model and sets up partners as they become ready to take on the product.

“We have a novel technology and need to stay very close to the customer. Working through partners is not so practical at this time.”

- Tom L. Hansen

So far, the majority of the partners can be found in Norway. Norway thereby becomes in effect a test site where one plans to copy the most successful activities and deploy globally.

The largest market for Promon today is Germany. It was chosen as it is closer to Norway than the US, both culturally and geographically. A single visit to CeBIT, the world's largest and most international IT trade fair, secured a deal with Star Finanz, Germany's largest producer of online bank solutions. Star Finanz can be characterized as an ideal customer for a start up like Promon: an early adopter and eager to try new technology, extremely demanding, provides concrete feedback, and driven by a genuine interest to improve the product. Given the size of this customer (half a million users), Promon handles the account directly without any partner in between. For 2013, the plans for Germany are to set up a local team and create a subsidiary. The subsidiary is required for an IT security firm to build trust and be

perceived as a serious actor with local government agencies, according to Tom L. Hansen.

OEM is also a strategy pursued by Promon, as they approach relevant security software firms and other key players in the market. An initial step in this direction has already been made in the US with one actor, SafeNet. However, such large organizations not only have higher expectations of the technology, but also of the overall market and corporate processes, something which puts a lot of strain on a resource-strapped startup. Promon has in addition identified a significant manufacturer of network equipment, but finds being a small unknown business make it difficult to get the required attention. The strategy then becomes to build relationships through partners of this manufacturer, where Promon already has access and personal networks.

“The biggest challenge for Promon in the next phase will be to scale and succeed commercially.”

- Tom L. Hansen

Future expansion into the US and rest of the world is less concrete, but the CTO signals that there are plans for this. It will be carried out through leveraging existing partners' networks and by attending expos. Which countries and areas therefore becomes more a result of these two factors.

5 Analysis and discussion

In this chapter the empirical findings are discussed in light of the theoretical framework. Both the theory and case findings show *three core areas* to be the main contributors to the potential success of a Born Global firm and will therefore be discussed in more depth: vision and high-level strategy, HR and culture, and foreign market entry modes. Seven *success criteria* are derived from these core areas, and are thereby a product of the combined theoretical and empirical findings.

5.1 Vision and high-level strategy

5.1.1 Vision

Success criterion #1: Establish a distinct global goal from the beginning

Consistent with other studies on Born Globals, this one also uncovers the importance of having a global vision from the very inception. McDougall et al. (1994) found that the Born Global founders recognize the need for internationalization from day one. This is in line with all the cases in this study, with the exception of Promon, which focus more on the technology than the global market. For Promon one can argue that the IT security industry is a unique example where it is particularly important to have a credible product, and this should be given priority. Due to this attention to the technology, one of Germany's most respected customers for IT security trusted the small startup enough to make a considerable investment in its product. Also, there might be considerable value in having a vision that resonates with the employees and becomes something they can align with, rather than what the exact objective may be. Nevertheless, the lack of a global vision may eventually create challenges as Promon's focus turns towards internationalization.

TANDBERG defined the global vision as a key principle from the start, ensuring that all communication was conducted in English and rejecting any talent without an international background. This is in accordance with Preece et al. (1999) and their conclusion that the international perspective needs to be incorporated into all aspects of the business operations. It is not adequate to focus on just single components, like a product, the sales model, or the organization only.

TANDBERG's goal was also to build an extraordinary global company and become a key player with a significant market share in the video conferencing business, aiming for end-users among all of the Fortune 500s. This has considerable implications on investments into creating an innovative R&D organization, a solid sales force, a competent channel partner network, and other parts of the supply chain.

Comparing this to Dynamic Rock Support, a company basing its existence on a single, easy-to-imitate (but protected by patents) product, targeting a narrow market segment in an industry focusing on a few key areas in the world, one can appreciate the different routes required to build a successful company. This also depends on ambition level and industry. Dynamic Rock Support was never built for continuous growth, but devoted its resources to proving the technology in the top markets and, in this process, securing a credible customer base.

5.1.2 Strategy execution

Success criterion #2: Concentrate on efficient execution, and revise your strategic direction regularly

The strategic execution should be subject to frequent and regular revision (Sull, 2007). One example of this comes from the earliest stages of TANDBERG's existence when a number of various products (e.g. applications for taxis, PABXs, etc.) were discontinued as the company investigated ways to generate revenue and moved towards video conferencing as the core system to develop and sell.

Bhide (1986) emphasizes the need for a startup to perform "just enough" analysis, and to rather concentrate on operating excellence and being close to the customers while establishing a client base. It is easy to lose sight of the end-goal and to become paralyzed if attempting to analyze all relevant (and irrelevant) market data in the founding phase. For TANDBERG, the essence is captured in the corporate motto "Simplify, focus, act!" Rather than extensive research on countries' GDP, market size, and similar, TANDBERG found the largest market (UK) with a single partner (BT) that was "close enough" to home as its starting point. The company would also focus on its core competencies, making and selling video conferencing equipment, and outsource as much as possible outside of this. This is in line with Hamel and Prahalad

(1990) who highlight the importance of building skills in a few core areas to sustain product leadership. Over time, however, as TANDBERG matured and settled into the market, there was a recognition that one should have established more structure at an earlier stage, particularly in the area of IT. This would have made it possible to strengthen the performance further by increased support of sales and development activities. The “hustle as strategy” therefore needs to be balanced with sufficient formal operational systems as the firm develops into a larger and more mature organization.

Bhide (1986) underlines the limited rewards of new product development in some industries due to ease of imitation and short lifecycles. This could influence the urgency of execution for a software firm like Promon. However, the IT security industry is particularly sensitive to high product quality and the negative impact of software bugs, resulting in a slower growth rate (Bhide, 1996; Burgel & Murray, 2000). Promon will also be more affected by the ‘liability of newness’, or hesitation to rely on a small and foreign provider, given the high risk the product potentially carries.

Success criterion #3: Utilize the domestic market for learning and experimenting

Learning and experimenting is a critical part of a startup’s existence in the initial phase. The results of this process should also drive reviews of the current strategy and its assumptions (Gans et al., 2012). When done right and treated as an iterative process, the outcome is a firm with good knowledge of the market it is in and a solid foundation for establishing a competitive advantage (Sull, 2007). All research cases acknowledged the need to test out concepts and prototypes in their domestic market prior to targeting larger, more critical markets. This is also in accordance with the study by Jolly et al. (1992), recommending initial growth in a protected niche market to reduce risk.

5.1.3 Market selection

Born Globals venture abroad mainly to follow a customer or to access a bigger market (Kudina et al., 2008). This holds true for all cases in this study, although a combination of the two is a more correct representation of their objective for building an international business. For TANDBERG, the nature of the videoconference business is global, and there was very limited value in providing such equipment only domestically. Promon had both an unproved technology and high upfront development costs requiring a customer with sufficient size and tolerance for working with the company to improve the product. Similarly, Db Equipment also needed a sizeable customer base to cover the costs of developing and manufacturing the ski bag. Lastly, Dynamic Rock Support targets a narrow niche industry with no customers in their domestic market.

Success criterion #4: Focus on a few close, high-potential markets

The Born Global literature underlines the advantages of first targeting countries that both meet the needs of the market and are close in terms of psychic distance. (The example case with Honda Motorcycles from chapter 2.6.2 providing a notable exception to this approach.) When looking at which markets the firms in this study first selected, they would initially aim at countries that are culturally and geographically close while offering a sizeable market. This makes sense given the importance of personal connections in these early stages. It is more difficult to build relationships when the psychic distance is large (Johanson & Vahlne, 2009). For example, Dynamic Rock Support would start with Sweden and Canada, and not venture into countries like Chile, South Africa, and Mongolia, due to the psychic distances, and mainly the cultural dimension, being too large. However, the company quickly added Australia to its list of markets after receiving the next round of funding. While not geographically close, the cultural, administrative, and economic distances are short. In the same way, TANDBERG first aimed at the UK before the US due to the “closeness” of the UK, both in geographical distance and culture.

It is also interesting to compare the different approaches Db Equipment and Promon will need to consider in their internationalization strategies relative to the integration-

responsiveness framework. Db Equipment, depending on building a widely renowned global brand in an industry with low margins and focus on operational efficiency, will most likely follow a global integration method and coordinate value chain activities in multiple markets. This increases effectiveness and leverages similarities across countries. Promon, on the other hand, has a technically complex, advanced, and slightly immature product, that both needs close follow-up and a certain adaptation to local regulations with regards IT security, and will therefore focus more on local responsiveness. Neither should, however, exclusively adopt only one approach, but keep both methods in mind when entering new markets.

5.2 HR and culture

Success criterion #5: Ensure the management team has substantial international experience and strong personal networks

Most literature (e.g. Barney (1991); Zahra (2005)) agree that for Born Global firms internal resources are the most important assets. In particular, personal networks are considered critical valuables (Andersson & Wictor, 2003). Dynamic Rock Support's CTO had developed this in the mining industry both through relevant work experience and his tenure as Professor at the Department of Geology and Mineral Resources Engineering at NTNU. The company's CEO considered this network a crucial door opener for the company. This is in accordance with Zahra et al., (2003) stressing the value of the network and R&D reputation embedded in the management team. Similarly, TANDBERG's management team brought with them many years of experience from doing business abroad, and could utilize this network in the founding years. While still challenged to convince skeptical customers, Promon successfully leveraged the position of its investors, the University of Oslo and SINTEF (Scandinavia's largest research organization) to add much vital credibility to their novel startup. For Db Equipment, the founders have limited international experience, but are receiving solid support by Jon Olsson's exceptional standing and brand on a global level.

McDougall et al. (1994) also state that entrepreneurs see opportunities missed by others due to competencies obtained through e.g. network or experience. All cases in this study saw a unique opportunity to create and capture value in a market niche

with significant potential. For example, Promon invested in a fresh and untested product requiring the sales revenue from an international market to justify development costs. Where many investors and potential customers saw this as impossible to deliver on a technical level and deemed it too high a risk, the firm went against this and secured a deal with Germany's largest manufacturer of financial software solutions.

Success criterion #6: Create a dynamic, lean, and customer-focused organization consisting of individuals with a passion for the business

Born Global entrepreneurs are driven by an ambition to build an international venture and to do business abroad (Andersson & Wictor, 2003). Although the entrepreneurs in the cases are all strong individuals with their own characteristics, they share the same passion for either building something global (TANDBERG, Dynamic Rock Support, Db Equipment) or the best product (Promon). Boter and Holmquist (1996) also distinguish Born Global teams as highly educated, flexible, and non-bureaucratic. In our cases, all the founders and key members came from strong academic backgrounds, either within business and engineering (TANDBERG), a Master's study in entrepreneurship (DB Equipment), PhD in IT security (Promon), or a professorship (Dynamic Rock Support).

The founders behind TANDBERG emphasized the importance of creating a company with no organizational charts or formal job descriptions to keep the culture dynamic and with limited hierarchy, while focusing on establishing an understanding for the business aspect into all parts of the firm. This culture of flexibility and business acumen was considered a key asset to the company. Db Equipment would leverage their hard work, frugal operation and passion for sports as a way to build the brand and gain trust by customers about their commitment to the business. All cases highlight the need for everyone to work hard to get the most out of limited resources. They also stress the importance that key resources bring with them passion, enthusiasm, and drive to the new venture.

Dynamic Rock Support experienced first-hand how business cultures may conflict when hiring sales resources from large corporations that were used to, and expecting,

more formality in processes, as well as a high level of support from the organization. In retrospect, the CEO of Dynamic Rock Support also acknowledges that more time could have been spent on building a corporate culture. Whether this would have made a sizeable impact on the financial outcome is impossible to determine. However, Heskett (2012) found that an effective culture could contribute to up to half of the difference in performance between organizations in the same business, and Eccles, Lanes, and Wilson (1999) saw that historic revenue growth is an important factor when negotiating an exit price. One can therefore speculate that spending resources to establish a strong culture might have had a positive effect on either the final valuation or the time it took to reach an exit.

One light-hearted example describing the culture at DB Equipment is how the team found the name for their first product, the Douchebag. In the spirit of the 'joie de vivre' of their typical young and exuberant customers, the founders would embark on an evening of "Rum & Development" (R&D) (Gjerde, 2012) and then test the resulting name candidates by crowdsourcing on Jon Olsson's popular blog. Ski star Olsson has a very high influence on the branding of the company, something that seems to work extremely well within the small sports segment the company is currently targeting. However, building a culture and brand honed in on a narrow area of the sports industry can also become a hindrance when reaching out to other markets to expand their business. For example, the name 'Douchebag' may create challenges when approaching more conservative sports, e.g. golf and tennis, particularly in English-speaking countries like the UK, US, and Canada. The cultural distance between youthful Scandinavian ski enthusiasts and mature American golf players may in this case become too wide.

5.3 Foreign market entry modes

It is not sufficient to consider why one should venture abroad, but also how as this will have significant impact on the value one is able to capture (Ghemawat, 2007). The four cases in this study all had different strategies for their entry modes into international markets, reflecting to a large extent the various industries they belong to and their ambition levels. The subsequent analysis covers the two main entry modes: distribution partners and subsidiaries.

5.3.1 Distribution partners

Success criterion #7: Develop a competent community of solid partners that all share your company's vision

Particularly in the high-tech industry where there is a specific need to support complex and sometimes business-critical systems, one has to leverage partners locally in order to scale rapidly, capture markets, and be successful in building a global business from scratch. It also helps to overcome the 'liability of newness' that all cases in this study would be disadvantaged by. These partners need to be competent, profitable, and share the same goals. However, both to maintain existing partners and to find new ones require investments. All the four cases showed varying commitment to leveraging partners, with TANDBERG and Db Equipment at the opposite ends of the spectrum. Db Equipment, being less in the high-tech sector, would not consider this much of an option, as the control of the brand would be at risk. TANDBERG, on the other hand, had a very clear objective in terms of investing resources to build a global partner community and saw this as the only alternative.

Burgel and Murray (2000) warn against the use of agents to represent one's products and services, both due to opportunism and the distance this creates between the firm and the market. However, TANDBERG was able to balance this by establishing a solid channel program to avoid partner conflicts, and by combining the use of partners with own local resources engaging in important accounts. It would define a clear business plan for each partner, ensuring the expectations to e.g. sales revenue, margin, and area of operation were documented and agreed on.

Promon could not initially allow much distance between itself and its customers. This was due to the immaturity of the product and the need to closely follow up the early adopters that were helping to improve it. As the product reliability and quality increased, a partner strategy was put on the road map. One of the entry modes the company is pursuing is an OEM approach with some of the larger actors in the IT security market. However, due to its 'liability of newness, size, and foreignness' as defined by Zahra S (2004), it is difficult to make direct advances towards large corporations without the necessary brand, trust, and established formal processes.

Promon will need to build these via smaller partners. Despite this, a clearer strategy in terms of what type of partner model to pursue could help the firm focus its resources more efficiently.

Also Dynamic Rock Support did not focus on partners in the first phase, but for a different reason: With a product generating less margin for the agent, they were concerned about not receiving necessary attention, and decided to solve this by employing own sales resources locally. One could argue that this strategy was not entirely successful due to the mismatch in expectation between the sales force's expectation and what a startup could deliver in terms of formal processes and support. A slightly more partner-centric approach could therefore have resulted in increased revenue (but reduced margins) at an earlier stage.

5.3.2 Subsidiaries

Creating subsidiaries is a standard approach to maintain control of own venture in an international environment. It is also a relatively costly strategy and TANDBERG considered setting up formal subsidiaries a waste of resources as one would achieve the same goals more cost-effectively by establishing a local sales team and using an external account firm to operate as a subsidiary. Promon, however, argues that the IT security market requires the added trust a formal subsidiary may offer, particularly towards public customers. Dynamic Rock Support had an alternative objective to establish formal subsidiaries: the mining industry can be hazardous, and the company used subsidiaries as a way to mitigate risk. Any accidents happening with their products could force the company into a costly and long-lasting legal dispute, and local wholly owned subsidiaries would ensure that such events were less likely to threaten the holding company. Separate from the other cases, Db Equipment's plan of building subsidiaries in key markets to keep control of the brand and avoid the cost of distributor's margins, signals a different strategic orientation. Whether this is actually realistic considering the financial resources required, remains to be seen. The cost of setting up subsidiaries could be significantly higher than maintaining a partner environment. Db Equipment may need to revise this plan and include ways for distributors to sell and profit from the bag, and at the same time maintain control of the brand.

5.4 Mapping of success criteria and own empirical observations

Even though the above analysis is derived from existing theory combined with an analysis limited to four relevant Born Global cases, one can assume there are numerous similar companies in Norway and elsewhere that meet comparable challenges. The below table maps the key success criteria to the analyzed cases, and describes whether they would meet each individual criterion. Obviously, this is a coarse simplification and does by no means capture all the nuances in the strategic execution of the respective cases. However, combined with the analysis it may provide some guidance to future Born Global entrepreneurs and highlight areas to pay particular attention when building own venture.

Key success criteria	TANDBERG	Db Equipment	Dynamic Rock Support	Promon
1. Establish a distinct global goal from the beginning	✓	✓	✓	
2. Concentrate on efficient execution, and revise your strategic direction regularly	✓	✓	✓	✓
3. Utilize the domestic market for learning and experimenting	✓	✓		✓
4. Focus on a few close, high-potential markets	✓	✓	✓	✓
5. Ensure the management team has substantial international experience and strong personal networks	✓	✓	✓	✓
6. Create a dynamic, lean, and customer-focused organization consisting of individuals with a passion for the business	✓	✓	✓	✓
7. Develop a competent community of solid partners that all share your company's vision	✓			✓

Table 2 - Mapping of success criteria

Although the seven criteria are all deemed important, and make up the core of the theoretical contribution to this subject, the case analysis reveals that two of these are more important than others: to have a global goal from inception (number 1) and a management team with sufficient international experience and networks (number 5). One can also argue that these two criteria are closely linked and one would naturally follow the other. These criteria are in line with e.g. Andersson and Wictor (2003) emphasizing the importance of the entrepreneurs and their motivation to develop a global business, Preece et al. (1999) arguing for the need to incorporate the international perspective into all plans and operations, and Moen (2002) underlying the seriousness of the founder's global vision and how this is communicated. Although these two criteria were stressed in the theory, the case analysis has further highlighted their significance.

The third criterion, to utilize a domestic market for learning and experimenting, may not be applicable for all new ventures as there may not be a domestic market to test in. This was the case for Dynamic Rock Support. As the main objective is to have access to a small market that is easier to monitor and understand, one may argue that Sweden could probably have served as Dynamic Rock Support's "test bed". Once the venture starts receiving feedback from the learning and experimenting, it is important to revise one's strategic direction, and continue to do so on a regular basis.

Criterion four, to start with a few close high-potential markets, is also important as these are less demanding and thereby also require fewer resources. One should note that 'close' in this context is not only related to distance in space, but also includes the remaining three dimensions of the CAGE framework, i.e. culture, administration, and economy. For Dynamic Rock Support, a close market was Australia, due to its cultural values, solid state governance, and strong purchasing power, but obviously not because of its geographic distance to Norway.

My own experience from working in countries like e.g. China and India does also support the strategy of focusing on close markets first. Venturing into regions that are too distant in terms of the CAGE dimensions increases the risk considerably and burns resources with potential little gain. Building trust, a critical asset in the early phase, becomes both time-consuming and more costly. This is easier obtained when

sharing cultural references and the collaboration boundaries are as low as possible. Therefore, if the Born Global wishes to operate in more challenging territories it should consider hiring a local manager with the necessary international and domestic experience. Albeit these resources can be relatively expensive, the international record ensures ease of communication with the head office, and the domestic background secures a valuable local network. In China for example, the so-called ABCs (American-Born Chinese) are therefore in high demand by MNCs wishing to set up a business in the country, as they do offer this duality. They then also usually meet criterion five, a reputable network and the right experience that can also bridge limited resources. This may accelerate deployment and revenue and build a solid partner ecosystem quicker. Managers with the right background have “seen the film before”, they can spend less time on analysis and observation and rely more on own gut feeling for guidance on strategic decisions.

TANDBERG would experience the importance of hiring the right local management in China after several failed attempts. One of the final efforts, and most successful, included a general manager originally from Hong Kong, with extensive experience from senior positions in other Western MNCs in China, as well as an MBA from Europe. This background secured a solid operation and provided the required trust towards the local partner community as well as with own colleagues located both in Asia and at the head quarters in Norway.

Criterion seven, to develop sustainable partner ecosystems and use this community as an extended sales force, is critical for a small startup to scale cost-effectively. However, it is imperative that partners have the same vision and share the same values as the Born Global. Dynamic Rock Support had concerns that existing partners in the mining industry would not promote their product, and decided to sell using own resources.

6 Conclusion, implications and further research

6.1 Conclusion

The main objective of this study was to investigate whether there could be any key success criteria to assist Born Globals in their critical early phase. This is a relatively vague problem description with a potentially immense scope. However, by combining theories in three discrete fields, as well as exploring the experiences of four Born Global founders, the conclusion is that there are some essential principles that will help increasing the probability of success for such startups. This study defines seven criteria, all associated to activities relevant for a Born Global firm:

1. Establish a distinct global goal from the beginning
2. Concentrate on efficient execution, and revise your strategic direction regularly
3. Utilize the domestic market for learning and experimenting
4. Focus on a few close, high-potential markets
5. Ensure the management team has substantial international experience and strong personal networks
6. Create a dynamic, lean, and customer-focused organization consisting of individuals with a passion for the business
7. Develop a competent community of solid partners that all share your company's vision

6.2 Implications

For policy makers, the rise in Born Globals has significant implications for how their Export Promotion Organizations (EPOs) work. These are typically designed to focus on the needs of “traditional” firms and therefore configured to back an incremental internationalization process. In order to support Born Global firms, they will need to revise their goals in terms of changed size of firms (smaller) and speed of internationalization (faster). I.e. they have to understand the firms’ needs relative to their export involvement and ensure they provide the right assistance at the right time. The pre-export phase is not as relevant for Born Globals. Neither is any standardized information on foreign markets. Born Globals are typically targeting smaller niches and will normally already have sufficient information about these through expert knowledge of the particular industry they are in. Policy makers need to provide faster responses towards Born Globals than to traditional firms and also prepare for providing support for concurrent entry to multiple markets (Bell & McNaughton, 2000). More concretely, the policy makers should define clear actions and goals to increase the number of Born Globals as these show a higher performance level than traditional exporters. One action should be for EPOs to analyze relevant markets and focus on specific, high potential industries, and identify prospective Born Globals within these. Export activities should be encouraged by providing contacts and opportunities through financial funding. Similar to other startups, capital is a challenge. In addition, Born Globals have typically higher upfront costs, and a more risky business model (Austrade, 2002).

Founders of new Born Global firms should consider their overall global objective from an early stage, how this is communicated towards potential investors, new hires, and management team. The storyline needs to have an element to it that conveys the vision of becoming a global enterprise. When in the process to attract financial funding, they should examine the types of firms that are already in the portfolio of the venture capital firm, and the type of support they can expect in terms of human resources. Previous international background and a relevant network should be prioritized. The same prioritization applies when hiring the first employees, particularly at a management level.

6.3 Further research

A valuable extension to this study would be to interview multiple stakeholders for each case, mainly in the upper management and with the Board of Directors, in order to get a more impartial assessment of the situation at the company.

The four cases investigated can all be characterized as relatively successful. Two have been acquired, and the remaining two both have sufficient funding, a product, and paying (and enthusiastic) customers. To arrive at a more complete picture, future research should also include examples of failures, startup firms with Born Global ambitions that never “made it”, to better understand the causes for this. Even though all cases are considered Born Globals, they are at the same time very different in terms of e.g. objectives, industry, and resources. Future research could analyze the differences between Born Globals, and develop a structuring framework around these.

A key takeaway from this study is the importance of a global vision. Supplementary research could inquire further into this area and investigate whether there is “one right vision” that is common for successful Born Globals. Further expansion related to how this vision is implemented and translates to concrete actions, as well as how the vision is communicated internally and externally, are other interesting topics.

One element highlighted from the case analysis is the importance of passion, enthusiasm, and drive, and how this positively affects the Born Global firm. An interesting aspect would be for a future study to investigate different incentive and ownership models, and to what extent these are motivational contributors for Born Global employees. This should include how to utilize equity, bonuses, and other types of non-financial compensation for a best possible result.

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APPENDIX A - Questions for interview

Below are the questions (in Norwegian) that were used to guide the open discussion. Not all questions were asked directly, but all topics were covered in greater or lesser detail.

Intro

1. Fortell kort om bedriftens historie, produkter og situasjon i dag.
2. Hva er din bakgrunn og hva er din rolle i firmaet?

Visjon

1. Hva er den initielle visjonen til firmaet?
2. I hvilken grad er det å "gå globalt" en del av målet, og når ble dette i så fall implementert?

Strategi

1. Hva er strategien for å nå dette målet?
2. Hvordan ble strategien utarbeidet?
3. Hva har firmaet valgt å ikke fokusere på?
4. Hva er konkurransefordelen?
5. Hvilke interne aktiviteter støtter opp under denne fordelene?

Finansiering

1. Hvordan blir internasjonaliseringen finansiert?
2. Hvordan er tilgangen til kapital?

Internationalization

1. Hvilke land gikk man til først og hvorfor?

Entry modes

1. Hvilke entry modes blir valgt og hvorfor?
2. Hvordan finner man partnere?
3. Hva med subsidiaries?

4. Hvordan påvirker ryktet (eller mangel på sådan) til firmaet entry modes?

Kultur

1. Hvordan vil du beskrive kulturen i firmaet?
2. Hvordan er målet om å bli en Born Global reflektert i kulturen til firmaet?
3. Er det andre aspekter ved kulturen du vil trekke frem som kan være relevant for å bli en suksessrik oppstartsbedrift?

Management team

1. Hvordan er management team'et satt sammen?
2. Hva er bakgrunnen til management teamet og hvordan bidrar dette til å gjøre firmaet globalt?

Organisasjon

1. Hvordan går firmaet frem for å ansette de riktige folkene som kan hjelpe til med å oppnå visjonen?
2. Hvordan er insentivordningene? Har dette endret seg underveis?

Refleksjoner

1. Hva har fungert spesielt bra?
2. Hva ville du gjort annerledes?

APPENDIX B – Interviews

The interviews were all conducted in Norwegian. They are kept in their original language in this thesis to maintain authenticity and reliability.

TANDBERG

Name: Per Haug Kogstad.

Background: Per joined TANDBERG in the founding days in January 1990, as MD and 2nd employee. He stayed on in various leading roles until October 2011.

Interviewed on November 27th, 2012.

Intro

Fortell kort om firmaets historie og din rolle i firmaet.

TANDBERG var på slutten av 1980-tallet et børsnotert selskap, hvor Tharald (Brøvig) var eneste aksjonær, men med ingen aktivitet og et akkumulert underskudd på over 100 millioner kroner. Han var også en av de største investorene i Tomra, hvor Jan (Chr. Opsahl) var sjef. Jan sluttet for deretter å begynne som visekonsernsjef i Aker, men det ble en kort karriere, og Tharald plukket han opp som sjef for TANDBERG. Selskapet hadde da to produktområder, 'broadcast' og 'video codec'. Video-divisjonen, eller 'Vision', ble så løftet opp under morselskapet.

Til å begynne med drev vi med mye rart. Vi vant en kontrakt for å selge ISDN-telefoner til Telenor, PABX'er, drosjesystemer og import av videotelefon. Vi måtte bare finne ut av ting, for vi visste jo ikke om video kom til å bli noen suksess. Det var heller ingen standard rundt videokonferanse før 1991, bare mange proprietære forsøk, og heller ikke noe helhetlig marked. Dette var da et utviklingsprosjekt og det var meg og fem ingeniører. Etter kort tid byttet vi ut ingeniørene, la på fem til og begynte på nytt med Telenor Forskning som hadde 55 utviklere. Her var Bengt (Thuresson) prosjektleder.

Samtidig startet de største nettverksoperatørene i Europa, BT, France Telecom, Deutsche Telekom, KPN og Televerket, et prosjekt rundt videokonferanse, European Videophone Experiment (EVE), for å drive etterspørselen av ISDN. Pga. politiske fraksjoner var Telenor den eneste akseptable nøytrale parten som kunne styre dette. Siden vi utviklet for Telenor, forpliktet operatørene seg så til å kjøpe 300 terminaler hver fra oss for å kick-starte markedet. Det kom også raskt noen konkurrenter på banen, men vi vant alle markedene uten nasjonale produsenter, altså de fleste i Europa bortsett fra Tyskland og Frankrike. Senere, etter at vi fikk vår første store kontrakt med BT ble jeg ”utenriksminister” og Bengt ”innenriksminister”. Vi jobbet som ’joint MD’, før jeg etter hvert tok rollen som visesjef.

Visjon

1. *Hva var visjonen til firmaet?*

Vi hadde helt klart ambisjoner om å lage et stort selskap. Det var ikke aktuelt å “rote bort tida” med aktiviteter i Norge. Vi hadde litt salg i Norge, men det var mest for å få førstehåndskunnskap og lære gjennom nærhet til sluttbrukere via Telenor. Det var ikke der vi mente å tjene pengene.

2. *I hvilken grad var det å “gå globalt” en del av målet, og når ble dette implementert?*

”The nature of this industry is global”. Fordi videokonferanse bringer folk som er lokalisert over hele verden sammen, er dette pr. definisjon en global bransje. Hadde den ikke vært det, hadde den heller ikke hatt noen verdi. Og hvis vi kun hadde hatt muligheten til å betjene små markeder, ville vi ikke fått kunder. Vi måtte være globale, det er en ”barrier to entry”, og denne globale visjonen var med fra dag én. Dette er viktig, siden det er vanskelig å konvertere når man først har begynt. Det er vanskelig å bygge opp noe, men det er enda vanskeligere å endre kursen når denne har satt seg. Da ender man opp med å ansette feil folk, utarbeide dokumentasjon på feil språk, og så videre. Det globale tankesettet må være med helt fra begynnelsen.

Strategi

Hva var strategien for å nå dette målet?

Vårt fokus var på de store markedene, og vi valgte å se helt bort fra små markeder. Samtidig ville vi være nærme markedene, sluttbrukerne og de som tar beslutningene. Man må altså finne seg et marked som er stort nok og som man har mulighet til å påvirke. Samtidig var det snakk om å brette opp ermene, krumme nakken og å gå på. Kontrakten med BT (British Telecom) var kun basert på 'persistence', ikke noe "vær så snill". Det var en kombinasjon av sterk målrettethet og naivitet.

Hva var konkurransefordelen og hvilke interne aktiviteter støttet opp under denne fordelene?

Kulturen, "and all the consequences thereof". For å ta et eksempel: Salgssjefene i Polycom driver kun med high-touch salg. Det betyr at de ikke har noen påvirkning på kanaler eller support. Ikke noe headcount til andre aktiviteter. I TANDBERG, derimot, tenkte vi mer vertikalt, og involverte alle de forskjellige avdelingene i salget. Alle guttene på laben visste hva produksjonskostnadene på produktet var og hvilket bidrag man hadde. Før man startet et nytt prosjekt hadde man en business case rundt hvorfor vi skulle lage de produktene, inkludert alle kostnader rundt utvikling, produksjon, salg og support. Og gutta på laben kjente til de detaljene: produktkostnader og egne bidrag. Vi hadde også krav om at hver eneste dag skulle det være et møte mellom en utviklingsingeniør, ikke -sjef, og en kunde. 200 møter i året, og utviklingssjefen rapporterte på dette kvartalsvis. Utviklerne var altså i daglige møter med kunder, og ble målt på dette. De skulle observere den daglige operasjonen og forstå hvordan systemene kunne utvikles for å gjøre denne mer effektiv. Det var snakk om en ny industri og teknologi og kundene hadde derfor få forutsetninger for å kunne vite hva de trengte selv. Ved å unngå at man hører for mye på kundene, kan man også lage noe unikt, altså 'disruptive' heller enn 'incremental' innovasjoner. Hele kulturen var altså forankret i en sterk forretningsforståelse i alle ledd. Dette var mulig siden vi var organisert med en flat struktur og ikke sektorielt, noe som sikret hurtige avgjørelser.

Finansiering

Hvordan ble internasjonaliseringen finansiert?

Vi har alltid tjent våre egne penger, fra første år. Dette var ikke alltid lett, og vi måtte jobbe hardt, men alle pengene var tjent. Samtidig var det et sterkt fokus på kostnader,

og vi satte tæring etter næring. Fordelen med dette var at vi dermed ikke sto til ansvar for andre enn styret og hadde større fleksibilitet og handlingsrom.

Internasjonalisering

Hvilke land gikk dere til først og hvorfor?

Min første tanke var å starte med hele verden, og analysere hvert enkelt relevant land, ut i fra GNP, markedsstørrelse, etc. Men fant fort ut at det var galskap med et slik presisjonsnivå, og overhodet ikke hensiktsmessig. Bor man i et land som er for lite for markedet man vil nå og for lite for ambisjonsnivået, må man finne noe annet. I 1992 definerte vi derfor hjemmemarkedet vårt til å være England, siden 10% av det globale markedet befant seg der. Samtidig var England nært Norge, både kulturelt og geografisk. Det var også en fordel at 50% av dette markedet, og dermed 5% av verdensmarkedet, ble dominert av en stor partner, BT. Hardware-produzentene holdt også til her. Strategien ble dermed å ”go for the best”. Vi dro til England for å være nærme sluttbrukere og for å ha et stort nok marked. Man kan si at vi lærte å kjøre i Norge, og ”råkjørte” i England. Det var der vi prøvde alt nytt.

Deretter delte vi opp verden i A-, B- og C-salgsland, de landene vi skulle selge til, og som kunne deploy'e i andre land (mottakerland). A-landene var der vi skulle satse, og det var i utgangspunktet veldig enkelt: Vest-Europa, Nord-Amerika og noen større øyer i Asia. B-landene definerte vi til å være de som hadde potensiale til å bli et A-land, mens C-landene ble ignorert med mindre de ringte oss og hadde penger i hånda. Vi tapte kanskje litt på at noen av Midtøsten-landene ikke ble definert som A-land, men så bygget vi opp mottakere over tid der, folk som kunne ta på seg å installere og supportere.

I 1995 så vi på industrien og konkluderte med at det kom til å bli en kraftig avskaling. Det var for lite marked og for mange aktører. Man måtte være stor nok for ikke å dø. 50% av det globale videokonferansemarkedet var nå i Nord-Amerika, men der brukte man videostandarden NTSC, og ikke den europeiske PAL som vi fokuserte på. Vi kastet derfor alle utviklingsressursene på NTSC, og stoppet videre produktutvikling av PAL inntil videre. I 1996 hadde åpnet vi vårt første kontor i USA, ei 8 kvadratmeter

stor ”kasse” inne på et lager i Connecticut. Etterhvert flyttet vi på oss, stengte det første kontoret og opprettet et nytt i ei leilighet i Kansas City.

Entry modes

Hvilke entry modes blir valgt og hvorfor?

“Handelsreisende”

I den første perioden definerte vi bare “handelsreisende”, folk ansatt i Oslo som reiste ut i Europa og verden. Her besøkte de potensielle kunder og viste hva vi kunne tilby. Nådde man en million i omsetning et bestemt område, ansatte vi en person lokalt, og vedkommende som hadde vært handelsreisende, ble da sjef for området.

Dette mener jeg er en av hovedfeilene “alle” gjør, og en årsak til at ingen norske firma så langt har “klart det” i USA: man ansetter lokale ressurser altfor tidlig, og i land som er langt unna. Dette er den ultimate løsningen for å stenge hovedkvarteret vekk fra informasjonen. Man må ha egne folk på bakken, folk som kan lære geografien og rapportere inn. Dette må være folk som har vært ute tidligere og som skjønner geografien de er ansvarlig for.

Salgs-/Kanalpartnere

Vi var tidlig ute med å etablere et partnersystem i de landene med høyest prioritering. Men det var vanskelig å få innpass siden TANDBERG ikke hadde noe navn. Jeg snakket med et hundretalls mennesker i BT, og laget en liste over navn og hvorfor de ikke ville snakke med meg. Etterhvert møtte jeg Graham Seabrook som syntes jeg var morsom å snakke med. Han hadde egentlig ikke noe med videokonferanse å gjøre, men satte meg i kontakt med de rette folkene. Det var mye jobb. Kontrakten med BT ble signert i juli 1992, og vi hadde da tilgang til 10% av det globale markedet, og 50% av markedet i UK. Første ordren kom inn under kostpris, men vi visste hvordan vi skulle få ned COGS'en. BT var den mest krevende kunden i industrien, men kan man levere til BT kan man levere til alle.

Hva med subsidiaries?

Subsidiaries er en raritet, og det har vi aldri drevet med. Min mening er at de som mener man trenger subsidiaries, er de samme idiotene som flyr business class fra Oslo til København. Bortkastede penger og no value added whatsoever. Å sette opp subsidiaries er en feil de fleste gjør: Man begynner å tenke at man må ha et selskap der man skal selge. I stedet burde man si: ”Vi har noen kunder vi skal selge så mye som mulig til, hva trengs?” Deretter er det å finne løsningen ved hjelp av et minimum av kostnader og folk. Men man må samtidig bruke hodet og gjøre det som er riktig. Vi ble for eksempel ”truet” til å ha et selskap i USA, Japan, og Singapore, samt kanskje noen få til da vi var et selskap på 600 mann.

For resterende land må man vite hva som er reglene i hvert enkelt land og operere som om det er et subsidiary. Bruk et lokal regnskapsbyrå, gjerne et lite, kompetent, et enkeltmannsforetak. Denne skal få beskjed om å operere som om han er administrerende direktør, økonomisjef og kontorsjef for selskapet i landet og sørge for at alt gjøres riktig. Skal ta seg av pengetransaksjoner, ansettelsespapirer, lønn og sørge for at skatt blir betalt. Slik opererte vi i alle land hvor vi hadde minst ett menneske. Vi hadde da et regnskapsbyrå som tok seg av all formalisme og alt vi måtte følge av lokale regler. Når man ikke setter opp et subsidiary må man oppføre seg overfor myndighetene som om man hadde et. Man slipper da styrer, egne bankkontoer og mye annet styr. Tyskland er et eksempel på et komplisert land i denne sammenhengen, med mange regler og sosiale goder, skatt og ansettelseskontrakter. Følg de.

Vår erfaring er følgende: er det snakk om under 5 mann i et land så gjør vi ingenting. Er det snakk om over 30 må man ha et offisielt kontor. Så har man alle gråsoner i mellom.

Kultur

Hvordan vil du beskrive kulturen i firmaet og hvordan var målet om å bli en Born Global reflektert i kulturen til firmaet?

Vi tok kulturen veldig seriøst, og hadde en tvers igjennom global kultur. Engelsk var offisielt språk fra vi var bare to mann.

Selv brukte jeg over 200 kvelder hvor jeg snakket kultur med små team på 2 til 4 personer. Ambisjonen var å gjøre det for alle, men det gikk ikke, vi ble for mange. Etterhvert fasiliterte vi det sentralt via en egen Chief Cultural Officer som deploy'et ute i regionene. Det må sitte i hodene til de som er ute, og dette er en vanskelig balansegang. Det må festes regionalt slik at det ikke blir noe som bare hovedkontoret tror på, og dermed hyklersk. Her er det forskjell mellom liv og lære.

Er det andre aspekter ved kulturen du vil trekke frem som kan være relevant for å bli en suksessrik oppstartsbedrift?

Jeg mener at man skal kunne bli en stor organisasjon og fortsatt kunne operere som da man var liten. Man må stole på folk og flytte avgjørelsene ut, desentralisere.

Etter en stund ble det for lite struktur, og vi trengte å få bedre kontroll på det operasjonelle. Andy Miller (CEO fra 2001 til 2005) introduserte dette, men gjorde samtidig til at vi ble "for lite gærne". Før Andy var vi nok litt *for* gærne, men det er viktig å finne den rette balansen. Det hadde heller ikke fungert å ha det som i begynnelsen etterhvert som vi vokste. Da hadde det blitt mytteri og høyrehånda ville ikke visst hva venstrehånda gjorde. Kostnadsfokuset gjorde at vi ikke investerte i IT, men det betydde også at vi mistet noe visibilitet etterhvert som regionenes tall kom på større og større Excel-ark. Dette ble bedre etter at Andy tok over. Men Andy ødela mye på kultursiden som vi ikke klarte å reparere. Det ble 'The American Way', og det sviktet fra toppen og nedover. Shame on us.

Etterhvert kom Fredrik Halvorsen (CEO fra 2005), og vi fikk tilbake et riktig fokus på kultur. Men samtidig var vi blitt en god del større og vi måtte organisere oss mer strukturert. Man greide å bygge kulturen litt opp igjen til tross for at vi ble et veldig stort selskap, og introduserte en mer prosessorientert måte å drifte på som likevel ikke ødela den.

Management team

Hva er bakgrunnen til management teamet og hvordan bidrar dette til å gjøre firmaet globalt?

Jan (Chr Opsahl) var født og oppvokst i Argentina, studerte i Skottland og flyttet til Norge da han var voksen. Jeg har MBA fra University of Wisconsin-Madison og etter studiene jobbet jeg utenfor Norge, bl.a. for Ericsson før jeg begynte som administrerende i TANDBERG i 1990. Bakgrunnen fra Ericsson ga meg kontakter i de viktigste landene. Det var riktignok “feil kontakter”, men det var ikke så farlig, siden de førte oss videre til de rette folkene.

Bengt er sivilingeniør og så ordentlig, grundig og detaljfokusert at det er en fryd. Terje (Rogne) hadde et vanvittig trykk, var operasjonell og veldig dyktig. Tharald (Brøvig), som var seed investor og styreformann til 1996, har en MBA fra Harvard, og jobbet først både i USA og Sveits.

Organisasjon

Hvordan går firmaet frem for å ansette de riktige folkene som kan hjelpe til med å oppnå visjonen?

Mange i Norge har en barriere som sier at når du er “utaskjærs” så er det farlig. Det betyr mye at man har den farligheten der, denne barrieren. I begynnelsen ansatte vi derfor ingen som ikke hadde studert i utlandet. Ikke engang ingeniører som hadde gått direkte fra videregående til NTNU. Kun de som hadde vært ute, og enten jobbet eller studert. Vi trengte også folk i Oslo som skjønte geografien der ute, slik at de som rapporterte inn kunne gjøre det til mennesker som selv hadde erfaring med landet.

Vi snakket engelsk selv om det bare var nordmenn til stede når vi intervjuet kandidaten. Det var også for å finne ut hvorvidt vedkommende kunne snakke engelsk bra nok. Dette ble tatt veldig seriøst.

Hvordan er insentivordningene? Har dette endret seg underveis?

I alle ansettelsesavtalene de første 10 årene sto følgende: “det er styrets intensjon at alle ansatte skal være aksjonærer”. Alle var med. Til å begynne med var opsjonsavtalene de samme for alle. Resepsjonisten hadde samme avtale som CEO. Etterhvert forsøkte vi forskjellige modeller, og endte til slutt opp med en tradisjonell modell som man finner hos mange andre firmaer med aksjeopsjoner som en del av kompensasjonen.

Refleksjoner

Hva ville du gjort annerledes?

Utvikling av lederteamet og intern struktur

Man må se på lederteamets utvikling som en stafett, og passe på å planlegge denne underveis. Ikke vente til ting blir gærent eller man er lei. Styret må passe på, og styrets rolle i Norge er å ansette sjefen og utvikle lederteamet. Dette gjelder forøvrig alle ansatte, det var ikke slik at man *hadde* eller *eide* en rolle, man *låner* en rolle eller posisjon. Det må være fleksibilitet og dynamikk. Man er ansvarlig for en region det ene året, det neste kan det være noe annet. Jobbeskrivelser og organisasjonskart har jeg aldri hatt noe forhold til. Jobbeskrivelser er meningsløst: I så fall skulle det tilsi at “har man gjort det som står i jobbeskrivelsen, så har man gjort jobben sin”, og det er ikke slik det fungerer i praksis. En ting er å bli enige om hva slags ansvarsområde man har, men å gå i detalj om hva det innebærer blir bare surr.

Dessuten burde vi “tatt en pust i bakken” underveis og introdusert mer struktur tidligere. Vi kunne gitt enda mer gass hvis vi hadde vært litt flinkere til å støtte aktivitetene med mer struktur. Bl.a. IT ble nedprioritert. Vi brukte ikke en krone på IT under mottoet “det går jo så bra likevel”. Dette førte til at vi mistet visibilitet.

Kina

Vi ansatte feil folk i ledelsen lokalt, og deretter fulgte en periode hvor vi hadde dårlig kontakt med management. Dette førte til aktiviteter som ikke var i firmaets beste interesse, noe vi ikke å rette helt opp igjen før vi byttet ut toppledelsen med noe mer etiske og vestlig-tenkende kinesere.

Complacemnt

Industrien var et duopol bestående TANDBERG og Polycom. Vi sloss mot hverandre, og glemte å se på markedet og new entrants. Vi mente vi hadde kontroll så lenge vi hadde kontroll på den andre parten. Desperasjonen ble borte. Vi kunne styre prisene i markedet, og vi visste nøyaktig hvordan Polycom ville reagere når vi annonserte nye produkter og nye priser. Så kom LifeSize med High Definition, og vi

burde ha sett at dette var noe ”alle ville ha”. Men så fort vi oppdaget hva som var i ferd med å skje, klarte vi å mobilisere slik at dette hadde minimal impact på salget.

Db Equipment AS

Name: Truls Brataas.

Background: Truls is founder and CEO of Db Equipment AS, the company behind Douchebags.

Interviewed on December 11th, 2012.

Intro

1. Hva er din bakgrunn og hva var din rolle i firmaet?

Jeg har egentlig ingen internasjonal erfaring. Jeg har hatt noen internships og under studietiden printet jeg t-skjorter i Tyskland som jeg solgte til NTNUI.

Visjon

1. Hva er visjonen til firmaet?

Vi hadde fra begynnelsen større ambisjoner enn å bare være i Norge. Om fem år har vi forhåpentligvis tatt over for Samsonite, og Douchebags har blitt en moderne Samsonite, den innovative reisebagen. Vi skal da kunne levere alle typer bager til alle forskjellige sporter. Dette går på to ting: merkevarebygging og å lage produkter som er bedre enn alle andre.

2. Hva er strategien for å nå dette målet?

Det har ikke vært noe formelt strategiløp overhodet. Vi har hatt forretningsplaner, men det vi har lært er at denne er en fin måte å få oversikt på i begynnelsen, som en business model canvas. Det har samme effekt. Men for oss har det vært naturlig å hele tiden tenke globalt.

Man kjører på distribusjonsmodellen en periode og bygger opp en større produktportefølje. Når dette er på plass, vil vi se på nye markeder. Det som er viktig nå er å bygge en solid merkevare, og få den posisjonen i markedet som vi vil ha. Det er det som er målet.

Når vi så kommer til stadiet hvor dette er mer en statisk bedrift er det kanskje ikke riktig at vi driver den fremover lenger. Da må man finne andre deler av bedriften hvor man kan være dynamisk og utvikle nye ting i stedet.

Finansiering

Det å ha råd til å bære kostnaden ved produksjon før distributørene betaler er tung, men alt i alt er det vår tid som er den knappe ressursen. Og er man allsidig kan man gjøre mye selv. Det har vi gjort hele veien.

Internasjonalisering

Det er få skiller mellom markedene i denne bransjen. Ski er stort i Norge, men også i andre land. Til å begynne var hovedfokus på Norge og Sverige, men vi hadde samtidig en nettbutikk som solgte til hele EU. Etterhvert kom vi også i gang med distributører, først til England og Australia siden disse var mest entusiastiske. Nå har vi distributører i 15 land, bl.a. USA.

I Kina, hvor bagene produseres, er det store kulturelle forskjeller. Og selv om det er mye jobb, er den gata gått såpass mange ganger før at det er greie gatelys. Produktet hadde kostet 6000,- om vi hadde produsert i Norge, så det er et kostnadsspørsmål å gjøre dette i Kina. Samtidig er det blitt dyrere å produsere i Shanghai, så vi vurderer Shenzhen, men er usikre på om vi klarer å holde den samme kvaliteten der.

Entry modes

1. Hvilke entry modes blir valgt og hvorfor?

Vi baserer salget på distributører, og det startet i februar 2011, da vi ble nominert til årets innovasjon på verdens største sportsmesse, ISPO. Vi fikk stand på messen og møtte mange distributører. Et par entusiastiske karer fra Australia og England var mest på hugget og ville starte med en gang, mens de andre ville vente til neste års kolleksjon. Dette er forståelig, siden det er skummelt å kjøpe ny-lanserte produkter midt i en sesong. Det var derfor tilfeldigheter at England og Australia var først ute og ble såpass store med en gang. I dag selger vi til 15 land gjennom distributører. Det er disse som gjør jobben i landene og bygger brand.

2. Hvordan finner man partnere og hvordan påvirker ryktet (eller mangel på sådan) til firmaet dette?

Vi finner hovedsakelig distributørene gjennom ISPO og andre messer. Siden vi har et produkt som er ettertraktet, kommer distributørene til oss. De har typisk hørt om produktet fra bl.a. Jons blogg som har stor 'standing' i ski- og vintersportmiljøet. Det gjelder også direkte salg gjennom nettbutikken. Folk ser det på Jons blogg og kommer til oss for å kjøpe. Vi når 30 land via nettbutikk, og dette har ingenting med salget ute i butikkene å gjøre. Nettbutikken er kun for å dekke etterspørselen til 'first movers'.

3. Hva med subsidiaries?

Planen er å opprette kontor i sentrale markeder i form av datterselskap. Dette er markeder vi ser som mest fordelaktige og har en riktig standing i forhold til markedsutvikling. Det vil være internasjonale salgskontor som skal jobbe kun med salgs- og markedsaktiviteter. Alt av materiell leveres globalt fra Norge, slik at man har kontroll på det som kommer ut og at det har en helhetlig profil. Se f.eks. på Stokke. De baserer seg på distributører, men oppretter datterselskap i de landene hvor de selger mest. Dermed unngår man å betale kommisjon til distributøren.

Kultur

Det er vanskelig å beskrive kulturen i firmaet, det blir som å beskrive personligheten til menneskene. Det er Erling (Magnus Solheim) og jeg. Det er vi som er firmaet, og det er veldig personlig på alle mulige måter. Når for eksempel Erling skal selge i Norge, så tar han med seg sovepose og sover i bilen. Dette gir også gode bilder og en god story overfor våre distributører. Det viser at vi virkelig vil dette over alt i verden.

Management team

1. Hva er bakgrunnen til management teamet og hvordan bidrar dette til å gjøre firmaet globalt?

Erling og jeg har ingen erfaring med dette. Den erfaringen vi har er å tilegne oss ny kunnskap, og det er det essensielle her. Vi merker at folk sier det ikke funker, og at vi blåser i det og så funker det likevel. Det at man har guts er den viktigste erfaringen vi har med oss. Det har mye med innstilling å gjøre. Tør man å tenke stort? Ser man muligheter eller ser man problemer? Det at Jon (Olsson) er med får oss til å tenke globalt. Han har en impact på hele verden i dette segmentet.

Organisasjon

Skulle vi ha ansatt noen nye nå, måtte første kriteria være at vedkommende er 'passionate'. Både Erling og jeg brenner for det vi gjør. Da funker det ikke med en som jobber fra 8 til 16. Det blir helt feil. Nå er vi i et stadier hvor vi er veldig personlige - kjemien mellom de som jobber må nødvendigvis være god. Ville sett etter en utadvendt person som kan gjøre mye forskjellig.

Refleksjoner

1. *Hva har fungert spesielt bra, og hva ville du gjort annerledes?*

Hadde vi visst hvor mye som kreves med tanke på importregler, toll og lignende hadde vi sikkert tenkt oss om to ganger før vi begynte. Men den naiviteten er også noe som gjorde det mulig å komme i gang.

Har tenkt over at det er egentlig ingen ting som har gått feil. Alt har fungert veldig godt. Det som har vært ekstra bra, er at det har samlet seg mange engasjerte folk rundt firmaet, fra styret til samarbeidspartnere. Man har funnet den samme 'passion' hos alle man jobber med. Det er en felles gnist, slik at alle er villige til å gjøre noe ekstra. Det er bra å finne den koblingen, og la det knytte folk sammen. Hardt arbeid er nøkkelen. Vi er samtidig veldig profesjonelle, tar alle henvendelser seriøst. Det er vår innstilling, at man må jobbe hardt.

Det er egentlig ingenting jeg ville ha gjort annerledes. Teamet er ekstremt viktig. Så lenge folk har det moro og brenner for dette, så er det noe som kommer til å skje.

Dynamic Rock Support

Name: Gisle Østereng

Background: Gisle is CEO of Dynamic Rock Support, and has been with the company since inception.

Interviewed on January 8th, 2013.

Intro

Jeg er seriegründer med bakgrunn fra siv.ing.-studiet på NTNU, og har i tillegg studert entreprenørskap. Mitt fokus og interesseområde er kommersialisering av teknologi. Jeg har typisk hjulpet universitetene å kommersialisere produkter, få investorer på plass, etablere det første teamet og de første kundene og å utvikle initiell global go-to-market strategi. Før Dynamic Rock Support gjorde jeg det samme med Secustream, som ble solgt etter bare halvannet år. Før dette jobbet jeg på NTNUs Technology Transfer Office.

Visjon

1. *Hva er den initielle visjonen til firmaet?*

Når man har ventureinvestorer som eiere så er man per definisjon til salgs. Eierne har hele tiden hatt exit som mål for firmaet, og dette kommer muligens til å skje i løpet av året, men er selvfølgelig avhengig av pris. Selskapet i seg selv har hatt ulike visjoner og mission statements gjennom årene, men nå fokuserer vi på slagord som ”Safety first” og ”Taking the stress out of mining” samtidig som vår interne misjon er å være et hurtigvoksende, profesjonelt bolteselskap som leverer produkter i verdensklasse globalt.

2. *I hvilken grad er det å ”gå globalt” en del av målet, og når ble dette i så fall implementert?*

Vårt eneste produkt (D-Bolt) er funnet opp med bakgrunn i problemer som spesielt finnes i dype gruver, og da spesielt i Sverige, Canada, Australia, Sør-Afrika, Chile etc. Dermed måtte vi fra dag en ta steget ut i verden for å kunne selge noe i det hele tatt. Man kan heller kanskje spørre om det var lurt å gjøre dette som et selskap basert i Norge, hvor det ikke finnes noe marked, men dette ble mest gjort av praktiske hensyn

med tanke på hvor ideen kom fra, nærhet til CTO samt mulighet til å få investorer. Fordelen med å gå på det internasjonale markedet fra dag en er at man med en gang får respons fra et globalt marked (man får nødvendig informasjon om prising, konkurrenter, produksjonsmessige ting samt hvilke produktendringer/-tilpasninger som må gjøres for å kunne være i posisjon til å selge noe.

Strategi

1. Hva er strategien for å nå dette målet?

Da prosjektet fortsatt var hos universitetet vurderte man lisensiering, men dette er veldig usikkert med tanke på oppside og inntekter. Men endte med å lage et selskap og gjorde dette attraktivt for såkorninvestorer. Vi har nå lyktes i tre viktige markeder, produktet er bevist, og nå trenger man et sterkere markedsapparat.

Produktet er veldig lett å kopiere, og vi har allerede hatt patentkonflikter som ble løst med forlik. Det koster dessverre noen millioner å kjøre slike saker. Men vi lar ikke dette være noen hindring i å se til land som f.eks. Kina. Vi fokuserer uansett på store, internasjonale gruvekonsern som våre kunder.

Hvis vi ser fremover må selskapet i løpet av 2 år få betydelig sterkere markedsapparat og robusthet mot kopiering. Det kan bety endret eierskap, men kan også bety alliansebygging i andre land. Kvalitet på dagens selgere må økes, salgssyklus må forkortes og logistikkutfordringer må løses.

2. Hva er konkurransefordelen?

Andre bolter får problemer når man går veldig dypt, da beveger fjellet seg mer, tunellene krymper og det er økt far for ras. Våre bolter hindrer dette og øker oppetiden, og dermed også inntjeningen. Selskapene sparer penger på mindre rehabilitering, færre dødsfall og ulykker.

Finansiering

1. Hvordan blir internasjonaliseringen finansiert og hvordan er tilgangen til kapital?

Eierskapet er fordelt mellom NTNU og to såkorninvestorer (Proventure Seed og Salvesen & Thams). Disse er trondheimsbasert, med begrenset internasjonal erfaring og nettverk innen gruvebransjen. Ellers kan det bemerkes at dette er en veldig spesiell

bransje, og det er ikke mange investorer i Norge som har erfaring med denne, noe som gir utfordringer med å finne kapital.

Internationalization

1. Hvilke land gikk man til først og hvorfor?

Det startet med at jeg og CTO kikket på markeder. Hvilke er store og har problemene vårt produkt kan løse? Er kundene betalingsvillige og -dyktige? Er sikkerhet noe man fokuserer på? Etter denne øvelsen sto vi igjen med 3 markeder: Sverige, Canada, Australia.

Vi valgte først Sverige og Canada med tanke på nærhet og kjennskap til disse markedene, og først og fremst fordi vi visste at problemet vårt produkt løser er stort i disse landene. Samtidig vet vi at markedet er betalingsdyktig og –villig i disse to landene. Dette er ikke tilfelle i for eksempel Sør-Afrika. Senere fikk vi en pris på 500.000 kr som gjorde at vi også kunne satse litt i Australia.

Det vi undervurderte i Sverige og Canada er at når man kjøper produkter, er de gjerne standardiserte, og noe man kjøper på butikken på hjørnet. Gruvesamfunn er små, og man møtes på mange arenaer: på fotballbanen, på puben og i butikken. Det er vanskelig å komme utenfra og bryte inn i dette.

Andre relevant markeder er Chile, Sør-Afrika og Mongolia. Men her snakker vi om helt andre kulturer, mer utfordringer knyttet til korrupsjon og andre problemer.

Entry modes

1. Hvilke entry modes blir valgt og hvorfor?

Egne ansatte/selgere

Vi valgte raskt å knytte til oss erfarne bolteselgere i Canada og Australia, mens vi fra hovedkontoret skulle betjene Sverige. Vi hadde CTO med på laget, og det hjalp veldig i Norden. Vi har i dag egne selgere i Australia og Canada (2 stk i hvert marked) mens vi i Sverige selger via en agent (Atlas Copco). Dedikerte selgere som er 100% ansatt hos oss har vært veldig viktig, men samtidig ikke gitt en fantastisk god effekt

heller. Det har vært vanskelig å få selgere fra større selskaper til å kunne selge et nytt produkt i et lite selskap som må ha raske resultater. Lokal produksjon har vært meget viktig både for kunder og får vår egen logistikk og arbeidskapital. Når det gjelder etikk er Australia, Canada og Sverige relativt like Norge, men gruveindustrien er generelt noe skitten med tanke på både korrupsjon og nærhet til lokale leverandører. Dette har vært en stor utfordring og har forsinket oss. P.g.a. relativt utbredt korrupsjon i bransjen, så valgte å gjøre dette med egne ansatte.

Agenter/Partnere

Det har generelt vært lite fokus på partnere. Nå vokser vi og konkurransen er større. Samtidig har vi ingen lokal fordel. Partneren i f.eks. Kiruna (Atlas Copco) har vært i bransjen i mange år og har en helt annen tilgang til kundene, samt kjenner markedet, andre produkter. Gjør det mye enklere å selge. Atlas Copco har tilgang til mulige kunder på alle nivåer, og kan lettere konkurrere i Sverige enn vi kan med egne ressurser. Vi ønsket i utgangspunktet ikke å bruke agenter da de fleste selskaper i markedet har konkurrerende produkter, og vi visste derfor ikke om de ville representere oss på en god måte. Vi har et lett kopiert produkt, men har valgt å sikre oss med patenter, NDA'er med alle potensielle partnere og har også valgt produksjonspartnere som ikke er i samme marked fra før. Mange potensielle partnere selger konkurrerende bolt med høyere pris. Ikke like bra bolt, men i en videresalgsavtale vil de ha bedre marginer på sine egne produkter enn på våre ettersom vi fortsatt ønsker å ha det meste av oppsiden. Har vurdert partnere i andre land også. Men er forsiktige med å inngå avtaler nå som vi sikter mot salg.

2. Hvordan finner man partnere?

Ikke lett å finne partnere. Den i Sverige kuttet ut å selge konkurrentens bolt, noe som åpnet opp for vårt partnerskap.

3. Hva med subsidiaries?

For å spre risiko ved f.eks. ulykker. Også p.g.a. skatt.

4. Hvordan påvirker ryktet (eller mangel på sådan) til firmaet entry modes?

Vel, ingen har fått sparken for å kjøpe Microsoft, for å si det sånn. Så, ja, det er en utfordring at vi er nye og ikke har etablert noe brand. Men CTO har mange kontakter og er en bra døråpner.

Kultur

1. Hvordan vil du beskrive kulturen i firmaet?

Vi er veldig "lean", og har noen med sterk internasjonal erfaring. Et problem er at det er vi i Norge som styrer kapitalen, og sitter og pisker. De som er ute i regionen er ikke vant i å være i en startup, og kommer fra store selskaper hvor de er vant til å få ting lagt til rette for seg. Vi har generelt jobbet lite med kultur – noe jeg angreer litt på i dag. Dette er en veldig spesiell bransje, og inkluderer noe korrupsjon som vi selvsagt holder oss unna. Dessverre møtes vi bare 3-4 ganger i året alle sammen, det blir for lite. Men vi snakkes på telefon og Skype ofte.

Management team

1. Hvordan er management teamet satt sammen?

Vi er en liten organisasjon, med bare 8 ansatte. Jeg som CEO, CTO er oppfinneren av D-Bolt, så har vi en senior person som ansvarlig for produksjon og logistikk. Vi har en innleid controller i Trondheim, og for øvrig 2 selgere i Canada og 2 i Australia.

2. Hva er bakgrunnen til management teamet og hvordan bidrar dette til å gjøre firmaet globalt?

CTO har mange kontakter i bransjen, og har vært en døråpner. Samtidig har produksjons/logistikkansvarlig mye erfaring, også internasjonalt. Han har bla. leder for 500 ansatte, og tar med seg mye derfra. Jeg er nok den i ledergruppen med minst erfaring. Vi har alle jobbet mye rundt salg. Bl.a. kjørte vi hele organisasjonen gjennom salgskurs, noe som var veldig nyttig.

Organisasjon

1. Hvordan går firmaet frem for å ansette de riktige folkene som kan hjelpe til med å oppnå visjonen?

I Canada benyttet vi ganske enkelt et rekrutteringsselskap og ansatte en som på papiret var bra. Neste person fant vi gjennom å kontakte kunder. Det fungerte bedre. Det er generelt veldig vanskelig å finne noen i bransjen vår. Det er ikke attraktivt å jobbe langt under jorda med en generelt "skitten" bransje. Mye grovarbeid. Men de vi har ansatt skjønnte hvor godt produktet vårt er og at de kunne selge det, men

undervurderte kanskje hvor lang salgsprosessen er. Samtidig visste de om risikoen med å jobbe i et lite firma, så de skjønte ansvaret med å selge og få en kontantstrøm. Ellers har jeg erfart hvor utrolig viktig det å ansette riktige folk er for et oppstartsfirma.

Som et oppstartsfirma er vi avhengige av at “alle gjør alt”. Dette er tilfellet for ledergruppen som sitter i Norge, mens selgerne kun fokuserer på salg.

Refleksjoner

Vi burde ha funnet ut mye mer om konkurrentenes prising og eksisterende kundeavtaler før vi brøt ut av universitetet og startet eget selskap. Før man starter selskap blir man ikke i like stor grad sett på som en konkurrent og det er lettere å få tak i informasjon.

Samtidig burde vi ha snakket mer med kundene i tidlig fase for å få raskere salgssyklus. Men den største tidstyven har nok vært at kundene har testet små partier av bolter i hver gruve, og det har tatt veldig lang tid å få resultater. Kunder var ikke villige til å ta en risky avgjørelse, så jeg skulle vært tøffere med å stille krav til disse.

Salgsapparatet kunne også vært kvalitetssikret bedre. Mennesker som lykkes i store selskaper lykkes ikke nødvendigvis i små. Burde også ha en annen kompensasjon for selgere hvor det var en større bonusandel, mindre grunnlønn.

Promon

Name: Tom L. Hansen

Background: Tom founded Promon and was CEO from inception until 2012. He currently serves as CTO.

Interviewed on January 23rd, 2013.

Intro

Kjerneteknologien til Promon er basert på min hovedoppgave fra Universitetet i Oslo. Siden dette var helt og holdent min idé, passet jeg på å få fullt eierskap til oppgaven før jeg startet. Helt på slutten av oppgaven oppdaget jeg et lignende prosjekt ved MIT. Her hadde de basert seg på en underlegen teknologi, men de fikk til en exit som jeg la merke til. Dette hadde altså en viss kommersiell interesse. Vi ansatte den første utvikleren på slutten av 2005 og opprettet et AS i 2006.

Visjon

1. *Hva er den initielle visjonen til firmaet?*

Visjonen var fra begynnelsen veldig teknisk. Vi ville lage et best mulig produkt på programmonitorering i et marked hvor "alle andre" fokuserte på å sikre hele enheten. Den gang var IT-sikkerhet rettet mot PC'en. Dette er en veldig reaktiv filosofi hvor man aldri kommer til å være på offensiven. Det er altfor mange variabler og ukjente som gjøre det umulig å få full oversikt over alle potensielle sikkerhetshull.

Jeg ville forsøke å angripe dette fra en helt annen vinkel, fra applikasjonen. Da vet vi på forhånd hva kriteriene er og har full kontroll. Fra å operere med en "black list" som tradisjonelt har vært tilnærmingen, introduserte vi i stedet en "white list" med oversikt over hva som faktisk er lov.

Vi hadde ikke en kommersiell visjon i begynnelsen. Det har ikke vært snakk om å bli rik for min del, men jeg så et kommersielt potensiale relativt tidlig. Derfor sørget jeg for at jeg fikk fullt eierskap over innholdet i hovedoppgaven. Veileder og universitetet

var dermed ikke deleiere, noe som er uvanlig. Jeg leverte også en patentsøknad samme dag som oppgaven ble levert, for å sikre ideen før den ble publisert. På dette tidspunktet var det fortsatt en høy usikkerhet relatert til hvorvidt ideen var teknisk gjennomførbar.

2. *I hvilken grad er det å "gå globalt" en del av målet, og når ble dette i så fall implementert?*

Vi hadde ingen visjon om å lage et nytt Symantec. Men ved å snakke med antivirusselskaper fant jeg ut at de hadde et reelt problem som jeg kunne løse. De ga veldig god feedback når jeg presenterte ideen, men samtidig at det ville være teknisk umulig.

Visjonen vår har derfor vært sentrert rundt det å lage et teknisk best mulig produkt, ikke et stort globalt firma.

Strategi

I 2007 og 2008 begynte vi å se at dette fungerte teknisk. Utviklingen var vanskeligere enn jeg først trodde, og det har tatt oss 5 år å utvikle teknologien. Vi er de første, og eneste på Windows, som kan tilby dette, så vi har et betydelig konkurransefortrinn. Selv om vi var ukjente visste andre aktører at vi hadde en løsning på et problem. Vår strategi har vært basert på fokus på IPR og det første patentet er fortsatt kjerneteknologien som firmaet er bygget rundt. Tidlig i startfasen vurderte vi også lisensiering til de store it-sikkerhetselskapene. Denne tanken har vi forøvrig tatt opp igjen i den senere tiden.

Vi inngikk også en OEM-avtale med Star Finanz i Tyskland, og måtte gå fra null til en halv million brukere i løpet av kort tid. Det var bare noe vi måtte få til - og det gjorde vi ekstremt godt. I begynnelsen benyttet vi oss av Innovasjon Norge og det norske konsulatet i Hamburg for å vise at vi hadde backing fra den norske stat selv om vi er små. Vi har også solide eiere gjennom SINTEF og Universitetet i Oslo. Dette er faktorer som skaper tillit og sender et viktig signal.

Jeg har ingen tro på 5-års planer. Man må ha en dynamisk prosess og hele tiden lære nye ting som benyttes til å justere planene.

Finansiering

Den første finansieringen kom fra Birkeland Innovasjon (ved Universitetet i Oslo). I 2007 fikk vi videre funding fra Springfondet og Arve Saghaug, CEO fra Ibas AS. Vi kunne da skalere opp utviklingsavdelingen.

Internationalization

Norge har vært et testområde. Tanken var at hvis vi fikk det til i Norge og lokalt, så kunne det skaleres internasjonalt etterhvert. Men det var aldri tenkt at det norske markedet skulle være tilstrekkelig for vårt produkt, til det er det for lite og begrenset.

Vi deltok også på CeBIT-messen i Tyskland og dette ble et vendepunkt for oss. Opprinnelig var planen å snakke med antivirusselskaper, men vi gikk derimot til "finans-hallen", snakket med aktørene der og fant ut hvilke problemer de hadde. Vi så tydelig at dette var noe vi kunne løse, så vi lagde da en story rundt dette som vi stadig forbedret etterhvert som vi snakket med nye firmaer. Etterhvert kom vi i snakk med det største tyske programvarehuset for økonomi, Star Finanz. Vår teknologi, Shield, passet veldig bra for denne applikasjonen. Vi løste en problem de hadde og som de ikke hadde klart å løse selv. Det at vi dro til CeBIT og Tyskland, og ikke f.eks. USA, var mer en tilfeldighet. Men Tyskland er nærmere Norge, både geografisk og kulturelt.

Vi fant også etterhvert ut at Star Finanz var den beste kunden man kan ha. Veldig konkret og direkte tilbakemelding som gjorde at vi kunne effektivt forbedre produktet. Samtidig har de også et veldig godt rykte i Tyskland og ble en viktig referanse for oss. Det er et uformelt firma som passet oss godt. Ambisjonen er etterhvert å vokse i Tyskland med et eget selskap, og vi ser for oss å etablere et team lokalt i løpet av året.

I USA har vi så langt bare en partner og andre land/områder vil utvikles i tråd med hvilke partnere vi får. Da blir det mer tilfeldig hvor vi begynner. Her benytter vi oss av messer og nettverket til eksisterende partnere

Vi har også satt opp et eget test-team i Pune, India. Dette er ikke for å spare kostnader, men for å kjøpe kompetanse. For sikkerhetsprodukter som vårt, er det

veldig viktig med mye og god testing. Dette er helt kritisk for å levere bra kvalitet. Pga teknologien vi jobber med, er det vanskelig å automatisere testingen, og man trenger å kjøre dette manuelt. Vi har også benyttet linken til India til å forsøke å rekruttere utviklere til Norge, men uten noen stor suksess på grunn av lang behandlingstid for visum til Norge. Har introdusert noen insentiver for å holde på folk, noe som kan være et problem i India.

Entry modes

Direkte salg

Vi er i en prosess hvor vi må selge en del direkte, og det henger sammen med teknologien. Siden den ikke er helt moden kreves mye tilpasning og vi må være nær kunden i større grad. Etter at teknologien blir mer standardisert er det lettere å bringe inn partnere for å selge. Neste skritt etter dette, etter enda mer standardisering kan være å benytte f.eks. resellers. Men der er vi langt fra enda.

Partnere

Vi trenger en direkte relasjon til nøkkelpkundene. Det er viktig og noe vi kommer til å fortsette med. Men for skalerbarheten må vi ha partnere og vi må kopiere suksessen vi har med de beste partnerne til nye områder. Jeg ser for meg at vi går direkte inntil vi har etablert et godt partnern miljø hvor vi ikke har partnere i dag. For så å jobbe mer indirekte via partnere etterhvert. Samtidig kan det være vanskelig å få en god partner uten å ha etablert en god kunde først.

OEM

Vi forsøker å gå mot aktører i sikkerhetsbransjen for å selge inn vårt produkt som OEM. SafeNet i USA er en av disse. Da er det typisk snakk om store aktører og det er mye som må på plass, ikke bare teknologisk, men også rundt marked, prosesser, o.l.

Juniper er en annen kandidat som vi fokuserer på. Vi kan gå til disse store aktørene fordi vi har et bra produkt, men kommersielt har vi en utfordring siden vi ikke har en stor etablert kundebase enda, vi er for usynlige. Så vi må ta noen omveier for å bygge suksess-historier, bl.a. gjennom Juniper-partnere som vi allerede har nær kontakt med. Det betyr at f.eks. den aktiviteten vi har med Juniper-partnere i Norge er en prosess for å etterhvert kunne etablere kontakt med Juniper-hovedkvarteret i USA.

Datterselskap (i Tyskland)

I Tyskland trenger vi et GmbH siden vi opererer mye i offentlig sektor og rundt IT-sikkerhet. Da kreves det en formell tilstedeværelse i større grad.

Kultur

Firmaet karakteriseres av ansatte med enorm entusiasme og et stort drive. Vi har en ekstrem spisskompetanse og en sterk interesse for teknologien.

Management team

Jeg er fra Danmark og var opprinnelig CEO. Jeg anser meg selv som "akademisk", men samtidig ikke for akademisk, det har alltid vært viktig for meg å kunne utvikle noe som har en verdi i den reelle verden. For meg ligger drivkraften i det å lage den beste teknologien, ikke eventuelle penger som skulle følge med.

Jan Søgaard startet som CEO nå i sommer og har bakgrunn fra management og salg i større nasjonale og internasjonale teknologiselskaper.

Arve Saghaug kom inn i styret og har et solid navn i it-sikkerhetsbransjen etter å ha bygget opp IBAS.

Videre har vi Stephan Gäbler, VP Business Management, som er tysk, og Folker den Braber, VP Product Management, fra Nederland. Begge bor i Norge.

Organisasjon

1. Hvordan går firmaet frem for å ansette de riktige folkene som kan hjelpe til med å oppnå visjonen?

I tillegg til Stephan og Folker i management-teamet, har vi utviklere fra "hele Europa". Dette kan være tilfeldig, men samtidig er det en fordel i og med at vi kan kommunisere med kunder på lokalt språk. Det gir en dynamikk og 'drive' i teamet som er viktig. Men vi har alltid fokusert på å ansette de beste teknologene, dette har gått foran internasjonal erfaring. Det gjelder også når vi ansatte Stephan på salgssiden. Selv om han er tysk og bosatt i Norge, var det internasjonale aspektet ikke

et krav. Det var da viktigere å ha erfaring fra IT og å være en god selger. I etterkant ser vi jo at det er en fordel når vi kan kommunisere med store kunder på lokalt språk.

2. Hvordan er insentivordningene? Har dette endret seg underveis?

Vi har alltid hatt en begrenset bruk av opsjoner siden fundingen hele veien har vært solid, og vi dermed har hatt nok til å betale en OK lønn.

Refleksjoner

Jeg er veldig stolt av hva vi har fått til på teknologi-siden. Vi er først og best i verden på vårt område og vi har klart å levere til kanskje den vanskeligste kunden i verden (Star Finanz).

På salgssiden har vi doblet eller triplet salget hvert år, så der har vi også gjort det bra. Problemet er at ved hver ny stor deal, så skalerer vi opp på utviklingssiden så vi er fortsatt ikke i pluss. Vi har fortsatt et stykke å gå, men dette mener jeg reflekterer et voldsomt potensiale. Å kunne skalere og lykkes kommersielt blir også den største utfordringen for Promon fremover.