

# EVOLVING STRATEGIZING PRACTICES

Case: Rakennustoimisto Soinu KY

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Tämän opinnäytetyön tavoitteena on tutkia nykyisiä strategiointikäytäntöjä tapausyrityksessä, jotta tutkija voisi paikantaa mahdollisia puutteita tai ongelmia näissä käytännöissä. Löytöjä käytetään perustana käytäntöjen parannusehdotuksille. Parannusehdotuksilla pyritään tapausyrityksen toiminnan tehostamiseen. Työn tavoitteena on myös tutkia tapausyrityksen tuotteita ja palveluita, jotta tutkija voisi päätellä mitkä tuotteet ja palvelut pitäisivät olla keskiössä, kun tutkija esittää tapausyritykselle tehokkaampaa liiketoimintamallia. Tapausyritys on pieni rakennusyritys, joka toimii Etelä-Suomessa, Laitilassa.

Työn teoreettinen viitekehys perustuu hallitsevan logiikan käsitteeseen, jonka esitteli Prahalad ja Bettis ja palvelukeskeiseen logiikkaan, jonka alun perin esitteli Vargo ja Lusch. Työ nojautuu myös paljon Mintzbergin teorioimaan niin sanottuun kehkeytyvään strategianluomismalliin, jossa strategia kumpuaa jonkun henkilön tietoisuudesta tarkoituksella tai tahattomasti.

Tutkimusmenetelmänä tälle kvalitatiiviselle opinnäytetyölle on eksplanatiivinen yksittäistapaustutkimus. Empiirinen aineisto tälle työlle kerättiin haastattelulla. Työtä varten haastateltiin tapausyrityksen omistajaa ja pitkäaikaisinta työntekijää. Työssä käytetään myös havainnointia tiedonkeruussa. Empiiristä aineistoa verrataan aiheeseen liittyvään teoreettiseen kirjallisuuteen, jotta tutkija voi esittää tapausyritykselle kehityssuosituksia.

Työn tulokset osoittavat että tapausyrityksessä ei ole käytössä minkäänlaisia muodollisia tai systemaattisia strategiointikäytäntöjä. Strategiointi on erittäin intuitiivista ja perustuu periaatteessa kokonaan yrityksen omistajan hallitsevaan logiikkaan. Yritys voisi hyötyä, jos se valitsisi yleisesti palvelukeskeisemmän suuntauksen toiminnalleen ja strategiointiin.

Avainsanat: Palvelukeskeinen logiikka, hallitseva yleisjohdon logiikka, strategiointi, rakennusala, liiketoimintamalli

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The objective of this thesis work is to study the current strategizing practices in the case company in order to discover possible deficiencies or challenges. The findings are used as a basis for putting forward recommendations to improve the current practices. The recommendations are intended to improve the efficiency and profitability of the case company. The study also investigates what products or services in the case company's portfolio should be in an essential role in the strategizing and when recommending a more efficient business model for the case company. The case company is a small construction company located in Laitila south Finland.

The theoretical framework for this thesis work is based on the dominant logic concept introduced by Prahalad and Bettis and service-dominant logic that was originally introduced by Vargo and Lusch. The work also relies heavily on Mintzbergs work concerning emergent strategy crafting.

This qualitative thesis research uses the explanatory single case study as the research method. The empirical data for the study was collected through interviews with the owner and the most senior employee by employment of the case company. Observations were used as a tertiary source of information for triangulation purposes. The empirical data is reflected against relevant theoretical literature in order to be able to put forward recommendations for the case company.

The results of this thesis work indicate that the case company is not very systematic or organized in the company's strategizing practices. The strategizing is emergent and based almost entirely on the dominant logic of the owner/manager of the company. The company could benefit from aligning its mind-set and future strategizing practices with service-dominant logic.

Key words: Service-dominant logic, dominant logic, strategizing, construction industry, business model

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## FOREWORD

I would like to thank the whole staff of Rakennustoimisto Soinu Ky, for the effortless co-operation during this thesis work. I would also like to thank Ari Alm, for giving me new insights, ideas, criticism and support throughout this project. I owe my gratitude also to Lapland University of Applied Sciences for this opportunity to conduct this Master's degree. The teaching and the courses for this degree were interesting and educating.

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Matti Kanto

## SYMBOLS AND ABBREVIATIONS

G-D L      Goods-dominant logic

S-D L      Service-dominant logic

## 1 INTRODUCTION

The following chapter illuminates the reasons for the selection of this particular case company of this thesis work. Additionally, it gives a brief description of the case company, the industry it is currently operating in and some of the practical business problems the company is facing. The description of the structure of this thesis is also reviewed in this opening chapter. The motivation and background to this thesis work are explained by revealing information about the author's previous educational background and work experiences inside the construction industry.

### 1.1 Background and motivation

The construction industry is a very dynamic and versatile industry. In fact, the construction industry employs over a quarter of a million Finnish people directly. If the real estate and maintenance services are counted in, the number rises to over a half a million people. This makes the construction industry cluster the single biggest employer cluster in Finland. (Rakennusteollisuus RT ry 2015.)

Even though the construction industry has great importance on regional, national and global economic situations it has not been researched extensively. Most research is focused on new building techniques or technology, not on how they could be utilized to their fullest potential or in a novel form. The business model of most construction firms is very basic and transactional in nature. Very little research has been done to improve this situation. Similarly, the strategizing practices and the general management logic of construction companies has not been researched extensively and the research is focused only on very large companies. The general lack of scientific research of SME construction companies and their inner workings is one of the motivational factors for this research work.

The construction industry is very vulnerable to fluctuations in the regional, national and world economic situations. During economic recessions, the construction industry is among the most affected industries. When governments cut costs and reduce the amount of public spending, it directly affects the construction industry through reduced infrastructure building and renovating. The



same applies to the private sector. People tend to plan and implement less construction related projects if they lose their jobs because of a recession or they are generally worried about possible negative future events. This directly influences negatively on the decisions made on building new houses or contracting renovating works. The latest recession, which is still ongoing, has slowed down the building industry in Finland considerably. In fact, the construction industry in Finland has been recessive for several years in a row. The year 2015, the building industry is expected to reduce in size by approximately 1.5% (Jantunen 2014). In some estimates, the construction industry is expecting similar numbers that were in effect in the great recession in the early 1990's with the unemployment rate reaching twenty-five percent within the construction industry (Hänninen 2015).

The recent negative financial developments in the construction industry are forcing companies within the construction industry to rethink their strategies and business models. Companies need to streamline their organizations and create new or additional ways to create revenue. Same situation applies to the case company Rakennustoimisto Soinu Ky.

The case company's desire to investigate and further develop its operations is the main reason why this thesis work was conducted. Rakennustoimisto Soinu Ky is too reliant on building contracts, which have a very unstable cash flow. The company wants to have more stable and sustainable sources of revenue. The case company also wants to be more profitable and more efficient in its current operations. (Soinu 2015; Uusitalo 2015.)

The author of this thesis work graduated from Lapland University of Applied Sciences as a bachelor of business administration the year 2006. Since graduating, the author has been working in various positions inside the construction industry. During that period, the author has gathered a good insight in to the construction industry, especially in the house-building sector. The author has also worked in the case company for a brief period. During his working career in the construction industry, the author has witnessed similar problems in systematic strategizing in all the companies he has worked in. There is a notable shortage of strategic business expertise in the building industry especially in the

small and medium sized companies. However, many small and medium sized building companies have thrived or are doing well without any kind of formal long term planning or systematic strategizing. This spurred the author to investigate this phenomenon more deeply.

## 1.2 Rakennustoimisto Soinu Ky

The owner Petteri Soinu established Rakennustoimisto Soinu Ky in 2002. The company started as a one-man operation but has since grown to a company that employs four people regularly and temporary employees depending on the work situation. The company operates mostly in Laitila in south-west Finland. The head office of the company is also located in Laitila in a local industrial area. The company has other facilities for example storage space at other locations as well. The company operates solely inside Finland. However, it acquires varied kind of building material and machinery directly from abroad as well. (Soinu 2015; Uusitalo 2015.)

The case company has a broad range of expertise and machinery. This enables Rakennustoimisto Soinu Ky to provide many kinds of goods and services for private, agricultural and industrial customers. The services range from transporting of goods and excavating services to manufacturing furniture and kitchen cabinets. (Soinu 2015; Uusitalo 2015.) However, the main sources of income for the case company are varied kinds of building contracts and manufacturing of offsite wall-elements and roof-elements, which are the focal points for this thesis work.

## 1.3 Research objectives and questions

The case company wants to grow its operations and improve its financial performance. The reason why the company has not been able to improve its operational or economic performance in a satisfactory manner might be due to the lack of strategizing and the dominant mental models in the company. The first objective of this research is to get an understanding of the current state of the strategizing practices and the dominant mental models in the case company. The second objective of this research is to give informed recommendations to the case company on how to improve the strategizing practices and the dominant

mental models. The third objective of this research is to assess the current products and services to be able to give recommendations on how to improve the company's business model.

RQ 1. What is the current state of the strategizing practices in the case company and how could those practices be improved to induce better performance and growth?

The current state of the strategizing practices needs to be analyzed and understood before the author can give recommendations on how to improve the practices. The case company's internal and external factors need to be analyzed using established strategic management techniques to recognize possible challenges and to create recommendations on how the case company could improve its strategizing practices.

RQ 2. What kind of logic is influencing the strategizing practices in the case company and how should the logic be adjusted to support efficient strategizing?

The second research question investigates what kind of logic is dominant in the case company and how that logic influences the decision-making and strategizing practices in the case company. The case company's operations and strategizing practices are analyzed through the viewpoint of dominant logic, goods-dominant logic and service-dominant logic to establish what kind of logic is currently dominant and how the logic should be adjusted to enable effective strategizing.

RQ 3. What products and services should be central in the further development of the case company's business model?

The case company's internal and external environments will be analyzed using established strategic management tools such as PESTEL and TOWS. The purpose is to give recommendations for the case company on how to develop a more efficient and novel business model that would give the company competitive advantage.

#### 1.4 Structure of thesis

The first chapter gives general information about the industry the case company is operating in, the case company itself and the business problems it is facing. A short description of the author and the personal motivation for this thesis work is also included. The chapter also illuminates the objectives of this thesis work and the research question derived from those objectives.

The second chapter consist of the research methodology, strategy and techniques used in this thesis work. It describes the theoretical and practical aspects used. It also discusses the literature used for this study and the limitations, reliability and validity of this work.

Chapter three focuses on the analysis of the case company. The chapter also contributes to the theoretical aspects of this thesis work. The case company and its products and services are analysed using various methods and tools such as SWOT, TOWS, PESTEL. The case company is also analysed through the viewpoint of dominant general management logic, service-dominant logic and goods-dominant logic.

Chapter four and five consist of the results and findings of this thesis work. The results and findings were reflected against established strategic management theories, to be able to give recommendations for the case company.

Chapter six consist of the discussion about this thesis work. The works scientific validity is discussed and the chapter also discusses research topics, which should be investigated further. These topics came up during the course of this thesis work.

Last part of this thesis work consist of the bibliography used for this thesis work and the appendices.

## 2 RESEARCH METHODOLOGY, STRATEGY AND TECHNIQUES

The research methodology used in this thesis work is introduced in this chapter. This research strategy and the chosen research techniques are described also. This chapter also explains how the interviewees were chosen and how the interviews were carried out. Some discussion of the theoretical framework used in this study is also included. However, the theoretical framework is discussed in chapter 3 in detail. The data collection methods and the methods of analyzes are described. Lastly, issues concerning the reliability and validity of this thesis work are dealt with.

### 2.1 Research methodology

The qualitative method can be described as the counterpart of quantitative research. It is much easier to describe the differences between the methods than to try to capture their exact meaning in words. The quantitative methods are more common in business research and other social sciences. However, the quantitative methods cannot be used to study the social and cultural aspects of organizations. With the qualitative research method, one can more reliably investigate organizations' realities. The realities are produced and interpreted through social and cultural aspects such as the dominant logic of an organization. The qualitative method enables researches to "dig down" to the complexities of business related phenomena in their true context. The qualitative method is also a good way to produce new knowledge about how people and organizations work in real life, the reason why they operate in that fashion and what could be done to improve them. (Eriksson & Kovalainen 2015.) Human behavior is hard to isolate and explain. Organizations look different from the viewpoints of different stakeholders. Therefore, looking only at statistics or numerical facts is not enough to figure out what is going on within an organization (Greener & Martelli 2015, 101.)

All qualitative research is based on the grounded theory. It is based on evidence gathered from the topic or context under study. The information gathered for grounded research provides a sound basis for the reasoning and theory development. The main objective of this kind of research is to create theories for

understanding specific context and phenomena. The main emphasis is on theory creation, even though grounded theory research can be used to elaborate on and confirm existing theories. Grounded theory research questions usually start with the words `what` or `how`. Statistical or quantitative methods are seldom used in grounded theory research. (Hair, Celsi, Samouel & Page 2015, 147-148.)

The qualitative method was chosen for this thesis work for various reasons. This work investigates, among other things, the dominant logic in the strategizing practices of the case company. The qualitative method is suitable to record and capture real-world events as they are interpreted by the study Interviewees. (Yin 2011, 11.) Generally, when only little is known about the subject or the causes of a business problem, the qualitative method is the more preferred choice over the quantitative method. The qualitative method usually takes a more holistic approach compared to the quantitative method. (Hancock & Algozzine 2006, 7-8.) The qualitative method allows the usage of multiple sources and methods of information collection and the information collected can be analyzed with various methods. (Eriksson & Kovalainen. 2015.)

## 2.2 Research strategy

Research strategy in this case means the nature and focus of this thesis work. The chosen strategy for this thesis work is explanatory and the focus is on a single case study. The chosen method and focus has had great influence on the formulated research questions, the chosen information collection and analyses methods. The case study method was chosen for this thesis work. The choice was made because the method enables the investigator to get a holistic view of the real-life situation in the case company, in this case the behaviour and the managerial practices. The case study method is well suited for creating holistic and in-depth knowledge in its actual context by using multiple sources of information (Yin 2009, 26). The case study method attempts to accommodate diversity and simplicity and thus avoids overtly simplistic research designs. The case study method is many times introduced as a method to be used only when no other methods, e.g. quantitative methods, seem to be applicable. However the case study method is a stand-alone method that has its own merits and should

be the preferred strategy when trying to understand the logic of something, e.g. the dominant logic of the case organization. (Eriksson & Kovalainen 2015.)

The case study method is frequently used in business research. There is a long tradition in using real life cases when teaching business in schools. Several companies use case studies in assessing successful and failed business ventures. One of the biggest benefits of using the case study is its ability to illuminate many times complex and hard to understand business problems in a practical and easy to grasp format. (Eriksson & Kovalainen 2015.) This feature of the case study method is extremely useful for the management and employees of the case company because they are not familiar with business studies or most of the more complex concepts used in business research. Case studies can be used to help the managers or decision makers of an organization gain a more holistic understanding and control over their own business operations. The case study can also provide a better understanding or a contrasting view of the everyday and constantly changing business practices in their social context. (Eriksson & Kovalainen 2015.) The manager and employees of the case company have their own view of the company and its strategizing practices. It can be very helpful to offer an alternative view or method of seeing or doing things to bring perspective and raise awareness.

This thesis work is an intensive case study. It is focused on a single case. The single case study's background lies in the qualitative traditions. These traditions typically emphasise the understanding and interpretation of a case and also the elaboration of the cultural meanings and decision making processes in their specific contexts. The emphasis is on the understanding and exploring the case from within the organization using the perspectives of the people involved with the organization; in this case from the viewpoints of the manager and the most senior employee of the company. The case study can be used to elaborate on theories and to develop theory as well. However, the main focus will still always stay on the case itself and not on testing pre-given theoretical propositions. (Eriksson & Kovalainen 2015.)

This thesis work is an explanatory case study. Explanatory case studies are used to explain why and how something has happened or is happening. These kind of

real-life events are usually complex and happen over an extended period, e.g. the strategizing practices in the case company and the logic behind them. These kind of events justify the use of explanatory case study method over other methods, e.g. surveys. (Yin 2012, 89.) Explanatory case studies are often used for theory building in which they can be particularly useful. Usually a case study is a detailed exploration of a complex subject, organization or process. Therefore, they can produce significant theoretical insights that are closely bound to real-life context. These kind of case studies can produce theories that are novel by utilizing concepts strongly validated because of their close proximity to reality. (Thomas 2004, 127-128.)

Because all organizations and individuals are unique in many ways, the single case study is the preferred strategy to study them. The case company is facing problems that are universally applicable to most organizations. However, if the problems are considered in the specific context of the case company, the issues become less and less generally applicable. The main emphasis of the intensive single case studies is not to produce generally applicable knowledge that could be applied as is to another organizations or individuals. The main objective is on investigating and understanding a single case in its context. In single case studies, the cases are considered as unique in some way and it is the researcher's most important task to discover and present these unique features in an easily understandable fashion to the audience. (Eriksson & Kovalainen 2015.) In this context, the uniqueness of the case company is not a problem. It is one of the reasons why this case company is being studied in the first place and thus justifies the appropriateness and selection of the intensive single case study method.

### 2.3 Triangulation

Triangulation in short means the use of more than one method in a research. This means the researcher should use more than one research method, multiple sources, multiple ways of analysing data, or even combine qualitative and quantitative methods in the research. Triangulation is recommended when a researcher wants to look at a topic, organization or whatever happens to be under research from multiple angles.



Triangulation allows a more holistic and saturated view of a subject. In qualitative research it is fairly common to triangulate data using just one research method. Many qualitative methods even require triangulation to validate the research. (Myers 2013, 9.) In this thesis work the researcher triangulates data acquired from interviews with the manager and the most senior employee by employment of the case company with observations and from published documents.

## 2.4 Observations

Observations is one of the methods used in this thesis work to gather information about the case organization. The method for conducting the observations was observer-as-participant. In other words, the primary role of the researcher was that of an observer. However, the researcher participated in the actual construction work as well. The researcher worked in the case company over several periods before and during the case study. While working in the organization, all of the stakeholders were informed and aware of the researcher's observational capacity.

Because the researcher had worked in the company prior to this research and due to the casual nature of the relationship with the stakeholders, the researcher had no problem assuming the role of an insider. Thus, the researcher had no problem gaining access to information. The researcher did not observe any attempts to hide, exaggerate or distort information due to the observations. (Greener 2008, 87-88.) The observations are a tertiary source of information in this thesis work and used mainly for triangulation purposes.

## 2.5 Literature review

The researcher reviewed an extensive amount of literature from digital and traditional sources for this thesis work. The literature reviewed for this thesis work is presented in several chapters in this report. Eriksson and Kovalainen (2015) state that in qualitative research one does not have to present the literature used in a separate chapter. Instead, it can be incorporated in the body of the work and should be presented alongside the research in interaction or in a dialogue with the actual research. A researcher must discuss their own research and theories in relation with other researchers' works and theories.

An extensive literature review must be conducted prior to the actual research to be able to present the research questions in a specified manner. The literature review should be done in several cycles throughout the process in a deductive fashion to be able to develop the research idea and theories further all the while triangulating the findings and theories with other researches works and theories. The main idea of the literary review is to be able to summarize, compare and analyze what has been previously written about the researcher's topic by other researchers. (Eriksson & Kovalainen 2015.) The literature for this thesis work was initially selected by their general applicability to the research area. The selected sources were then gradually deducted throughout the process to literature that resonated the most with the gathered data from the case company and to the context of the case company.

## 2.6 Interviews

Interviews can be referred to as the most important tool for gathering data in qualitative research. This is why they are used in almost every kind of qualitative research. Interviews allow a researcher to gather rich data from people in all kinds of roles in organizations. (Myers 2013, 119-133.) One of the main reasons why interviews are used in business research is that they are an efficient way of gathering in-depth information that does not exist in published form. Another reason to use interviews is the way they can be used to capture people's experiences from their own point of view in a more vivid way. There are three types of qualitative interview studies. These types include the positivist, emotionalist and constructionist. The main difference between the types is the types of questions posed during the interviews. This research uses the constructionist approach and therefore, will focus on this type only. The constructionist approach uses mostly questions starting with the word `how`. However, the combination of `how` and `what` questions should be used to ensure that the researches gets enough data that will help answer the original research questions. The constructionist approach focuses on the interaction between the interviewer and interviewee and the meanings produced during this interaction. The interview can resemble an everyday conversation depending on how active participatory role does the interviewer take. The interviews conducted for this study were conducted in a conversational manner. Usually, in this types

of interviews, the interviewer is a more of an active participant than in the other types of interviews. However, the interviewer is not only a mere participant in a conversation. The interviewer directs the interview, the `conversation` through pre-designed questions that have been drawn up beforehand. The interviews in this study had a pre-designed question frame. The questions act as initiators of conversation, from where the conversation might flow in a number of different directions, depending on the interaction between the parties involved. (Eriksson & Kovalainen 2015.) This type of interview is called a semi-structured interview. In semi-structured interviews, the same questions are posed to all interviewees. All the interviews in this study used the same question frame. However, because the questions are open ended, the interviews can go on very different “paths”, compared to each other. This is not a problem. It is more of an opportunity to get deep insights from the interviewees. (Greener 2008, 89-92.)

The main focus of this thesis work is to analyse the current situation in regards to the strategizing practices in the case company, what is the cognitive perception of these processes and how they could be improved. The interviewees were selected accordingly; the owner/manager of the company, is at least in practise, solely responsible of the strategizing in the case company. Therefore, he was an obvious choice to be the main interviewee. However, because several factors, some of which may be hidden, influence the perception and decision making processes of individuals. Therefore, an interview of a second interviewee was also necessary. The most senior employee by employment time was selected as the other interviewee. The researcher had previous to this study observed that this employee has the most influence on the manager on a personal and professional level regarding strategizing practices. Thus, this employee might be, maybe even unknowingly, a participant in the strategizing of the case company. A second interview also helps broaden the view about the company as a whole and its strategizing practices and in the same time be a vital aspect in triangulating data. Both of the interviewees were asked to volunteer for the interview.

The interviews were conducted in Finnish, because it is the native language of the researcher and the both of the interviewees. The language skills of the interviewees, would not have been sufficient to comprehend the questions

properly and give insightful answers to the questions posed, if the interviews had been conducted in some other language than Finnish. The interview questions were kept as simple as possible. The reason for this was to facilitate the full understanding of the questions by the interviewees, as they both lack sufficient knowledge about many of the concepts or tools used in strategic management. However, the questions were still designed in a fashion that they would give as much reliable and insightful information as possible about the company and its strategizing practices. The questions were originally designed in English because the research and this master's degree as a whole is conducted in English. However also the Finnish translations of the questions are visible in parenthesis in the questionnaire to facilitate transparency and validity. The interview questions are presented in appendices as appendix 1. The answers given in the interviews are not visible in appendix 1. The answers might reveal confidential information about the company or somehow present the company in an unwanted manner. By the request of the interviewees the answers are kept confidential.

Both of the interviews were held and recorded via skype video call. The interviewer could not be present face to face with the interviewees, due to logistical and time constraint reasons. The interviews were conducted through video call, in order to enable the researcher to see the facial expressions of the interviewees while the questions were posed and answers given. A video call enables a more saturated view of the interviewee's reactions. The interviews were recorded with Evaer recorder. Evaer is a plugin for skype video call software. Evaer software was chosen to be used during the interviews, because skype does not provide a satisfactory solution for the recording of video calls. After the interviews were recorded, transcribed, analysed more thoroughly and summarized to get the general gist of the answers.

The researcher, deliberately directed the second interview to follow the general structure of the first interview in order to guarantee better comparability between the two interviews. This kind of minor manipulation is acceptable, because of the subjective nature of this research. The research is focusing only on certain areas of the case company and these matters were and should be the main topic in the interviews. The interview questions and the conversations during the interviews

were also guided by the selected theoretical framework drawn from the literature review, which adds to the comparability between the interviews.

## 2.7 Limitations, reliability and validity

A study will unavoidably adopt the views of the researcher because the researcher is the one who is filtering and interpreting the gathered information (Yin 2011, 11). This factor is of serious concern, because, in this study the researcher is the third informant of information from an observatory role. This is an obvious limitation because the views of the researcher may be over emphasized in this study.

The results of the thesis might not be applicable to other companies or even other SME's operating in the construction and manufacturing industries. The work assumes a resource based view and resources in most cases are very organization specific.

The timespan of the work is limited to the studies of the researcher in the Lapland University of Applied Sciences. The author can therefore put forward only recommendations based on the analysis of the company and cannot include the results on how effective were those recommendations.

According to the original authors themselves, S-D logic has not yet "graduated" to the level of a theory. Service-dominant logic is still more of a school of thought or a way of viewing things. It is a "pre-theoretic" lens or perspective for viewing the economic (and social) world differently from the traditional microeconomic view that is the G-D L. (Vargo 2011, 218.) The "theory" of Service-Dominant logic is still very fresh and developing in a rapid pace. The author could not find any scientific works about S-D L, which were directly linked with a SME construction company. This means that the viewpoints taken in this research work are totally novel and from the perspective of the author and could not be triangulated properly. The validity of this thesis work is discussed more thoroughly in chapter 6.

### 3 ANALYSIS OF CASE COMPANY

The following chapter analyzes various aspects of the case company, including the strategizing practices. The chapter also includes a short description and analysis of the business model of the case company based on the dominant logic framework. Brief reviews of the concepts of strategy and business models are included as well. A review of the internal and external factors influencing the case company are analyzed using various accomplished strategic management tools such as SWOT and TOWS. Information for this chapter was derived from interviews, observations and literature review. Information derived of the case company with the SWOT and TOWS analysis are analyzed using the PESTEL analysis and the six forces analysis. The PESTEL and six forces analysis are used to estimate the market potential for the most promising products chosen, from the case company's portfolio. The most promising products are chosen based on the TOWS and SWOT analysis.

#### 3.1 Strategy

Strategy is a very old concept. Strategizing has been around since the dawn of urban civilisation. The word strategy originates from the Greek word "stratos" roughly translated as the act of a general. Indeed, first implications of strategy were related to acts of war. Therefore first literatures about strategy are also about military tactics. Significant contributors to military strategy related literatures are for example Carl von Clausewitz and one of the most quoted writers of all time, Sun Tzu. (Ritson 2013, 8.)

During the ages the concept of strategy has been provided with a much broader meaning especially in commerce. The concept is used extensively in business planning. In business the concept of strategy is usually conceived as a plan for the future drawn up by senior levels of management. A strategy plan for a business, usually includes financial and operational plans for internal and external environments of an organization. These might include plans for new products, new markets, pricing issues, staff policies, collaborations with or acquisitions of competitors or complementors. (Ritson 2013, 9.)

The concept of strategy has many definitions. Throughout the years many authors have given their contribution to the definition of strategy. From the earliest definitions of strategy as the “art of war” by Sun Tzu to the more recent interpretation by Michael Porter of strategy being about “obtaining a competitive position or competitive positions that leads to superior and sustainable financial performance”. However, even though there are many definitions of strategy with varied points of emphasis, most of the definitions share one common nominator. All definitions of strategy are more or less about gaining advantage to the organization, over or even by the expense of another entity or organization. (Ritson 2013, 9.)

Strategic management is one of the most studied topics in business research. Extensive amount of literature is written on the subject. The literature can be classified in different schools of thought, on the basis how they approach the topic. The schools of thought can be classified into 10 different distinct sects. These 10 sects can be then compiled in to 3 separate main groups. These main groups conclude from the prescriptive school that includes the design, planning and positioning schools which emphasises how strategies should be created and not necessarily how they actually are being created. The descriptive school which includes the entrepreneurial, cognitive, learning, power, cultural and environmental schools focuses on describing how strategy is actually being made in reality. And finally, from the configurational school that has no subcategories. Instead, it is a hybrid between the other two categories. (Sadler 2003, 15-24.)

### 3.2 Strategizing in case company

There are no formal procedures in place in the case company for strategizing. Neither does the case company have a written down and systematic long term strategy. The company does not systematically analyze and utilize operational and financial data or information about the construction industry in the creation of plans for the future. (Soinu 2015; Uusitalo 2015.) Some might argue that this means that the case company does not have a strategy. The argument would be true if strategy could only be viewed as a “deliberate” plan for the future where competitive advantage is acquired by a very systematic approach. Among the most famous contributors to this “prescriptive” school of thought type of view on

strategizing, include such researchers as Selznick, Chandler, Ansoff, Steiner and Porter. (Sadler 2003, 19.) These authors have undoubtedly contributed immensely to the strategic management literature and their works certainly have a lot of merit. However, some authors, for example Mintzberg, maintain that the “prescriptive” view on strategy crafting is too narrow and does not take in to account the processes of incremental learning and the “emergence” of strategy. It fails to take in to account existing structure and culture of the particular organization. The roles of the executives is over emphasized in strategizing by suggesting that the strategizing practices always flow from up to down and there is also an artificial separation between the strategizing and the actual implementation of a that strategy. (Sadler 2003, 16.) “No one has ever developed a strategy through analytical technique. Fed useful information into the strategy-making process: yes. Extrapolated current strategies or copied those of a competitor: yes. But developed a strategy: never”. (Ahlstrand, Lampel & Mintzberg 1998, 112.) In real-life situations, there is never just one right response. Decision makers have to try to look for meanings and insight beyond numbers. Future events are never certain. A host of complex factors, including the irrationality of human behavior influence future events. The intuition and knowledge of a decision maker has a key role in this kind of speculation about the future. (Tovstiga 2015, 15.)

A strategy does not always have to mean a plan where deliberate decisions are made before actions are taken. A strategy can also be a pattern. Pattern, in this case meaning, some kind of consistency in behavior over time. A sequence of actions taken by decision makers or even employees on the bottom level that end up shaping the strategy of an organization. This type of strategizing is called emergent or a realized strategy. (Mintzberg 2007, 2.) The case company’s strategy is emergent. It is not deliberate and can only be seen after the occurrence of events, as a sequence of decisions made.

Strategy should not be approached in a systematic way. When strategizing, the decision maker has to take in to account all the facts that are derived from the analysis of the competitive external surroundings of an organization, as well as the intuition and the collective experience from the matter in question. This kind of strategy creation process is called ‘Strategy in practice’. (Tovstiga 2015, 18.)



The case company's strategizing is very practical and based on the intuition of the owner of the company.

The case company's type of strategizing belongs to the entrepreneurial school of thought. The entrepreneurial school of thought is located somewhere in between the prescriptive and descriptive schools of thought (Ahlstrand, Lampel & Mintzberg 1998, 126-127). The strategizing in the case company is almost solely based on the intuition and vision of the owner of the case company. This type of strategizing is almost never collective or cultural. The strategy is not usually written down or articulated properly using words or numbers. The strategy is more of an image or a goal in the "leaders" mind. The upside of this type of strategizing is that it is very flexible and can be adapted to current circumstances easily. It is a very practical approach to strategizing. However, the downside is that the company is totally under the whims of the sole decision maker. Usually, the decision-making is not totally conscious or "deliberate". The plan or strategy comes from the intuition of the decision maker, whether; it is a self-conceived plan, an imitation or an adaptation of someone else's strategy or business plan. (Ahlstrand, Lampel & Mintzberg 1998, 126-128.)

Organizations need two kind of capabilities for effective strategizing, ordinary capabilities and dynamic capabilities. Ordinary capabilities are deeply rooted in the routines and culture of an organization. They help organizations deal with "usual" situations and take care of everyday business. However, the most important strategizing capabilities stem from dynamic capabilities. Dynamic capabilities are the competencies that an organization or a person possesses, which determine and organizations ability to react to change. Dynamic capabilities are also in a key role when assessing new business opportunities, innovations and co-operation possibilities. Dynamic capabilities work best when they are combined with an effective strategy. (Teece 2012, 1400.) Dynamic capabilities are also essential in successful creation and implementation of a novel business model (Afuah 2014, 135). They are a source of superior performance and competitive advantage. Dynamic capabilities are especially important in small enterprises, such as the case company, because they have to be more agile as organizations. The role and the dependence on the founder's dynamic capabilities usually reduces a lot after the 5-10 years of operating.

(Teece 2012, 1396.) The case company is still dependent on the dynamic capabilities of the owner, even though the company has been operational for over 10 years. The owner of the company has the ability to see and assess new opportunities. However, there are problems moving from the idea face through the planning face to the execution face.

Even though the case company does not have a formal, written down or articulated strategy plan, it does not mean the company does not have a strategy. The “strategic” decisions made in the past seem unrelated to each other. However, there is a clear pattern in the past strategic decisions of the company. The owner of the case company founded Rakennustoimisto Soinu Ky by himself the year 2002. Since then the owner has been trying to grow the business by acquiring new machines or production equipment and by initiating new products or services that would serve customers in a more holistic way.

A production line for off-site building wall-elements became available due to the bankruptcy of another firm, which was specialized in off-site wall-elements. The owner made the decision to acquire the production line. The decision made sense to the owner because the line became available in an unusually cheap price. The bankrupt firm’s assets were auctioned out to the highest bidder. The decision to acquire the production line was deliberate and emergent based on the intuition of the owner. The owner has since then acquired machines and equipment in a similar fashion e.g. an excavator, a telehandler, a truck with a lifting crane and a cherry picker. All the procurements have the same end goal. The machines enable the company to carry out more diversified operations and provide a more holistic service to the customer, with the emphasis on quality.

The latest addition to the company’s product portfolio, the off-site roof-element production line has a similar story. The production line was offered to the owner to be purchased by the previous owner and creator of the product SPU Oy. SPU was looking to sell the product line, even though it was profitable, because the company wanted to focus on its core product, which is the actual insulation material used in the roof-element product. It can be assumed that SPU Oy saw in Rakennustoimisto Soinu Ky a loyal customer for their insulation material, because SPU Oy is the only producer of this particular insulation material in

Finland. A business savvy and strategic move by SPU. However, SPU's plan backfired on the company. After the purchase of the line from SPU by the case company, the sales of the roof product have dropped drastically. SPU was selling tens of roofs per year before the selling of the production line. Currently the sales of the roof product are practically down to zero. The owner of the case company purchased the roof-element line because it was made available to him with a reasonable price and it seemed like a good addition to the case company's product portfolio by providing the company the means to build whole houses including the roof off-site. The roof products superior insulation qualities were a decisive factor. The owner of the case company sees the future of construction in the more eco-friendly solutions and the roof product can give the case company significant competitive advantage over its rivals. There is a reoccurring pattern. The intuition of the owner guided him to purchase the roof-product line after the opportunity emerged because it seemed as a logical and good investment. The most likely answer to the "failure" of the roof product lies in the dominant management logic or in short `dominant logic`, a concept coined by Bettis and Prahalad (1986). The concept of dominant logic is explored more extensively in the next segment of this chapter.

### 3.3 Dominant logic

Prahalad and Bettis were trying to find linkages between diversification and performance in the 1980's. They wanted to know why firms performed so differently in different business segments. The authors came up with the concept of dominant general management logic, hence forth dominant logic. (Bettis & Prahalad 1986.) Dominant logic resides in the individual cognitive orientation of decision makers in organizations. Central aspects of dominant logic are the information processing and knowledge management capabilities of the decision makers (Brännback & Wiklund 2001, 1-2). In this case, in the cognitive capabilities of the sole decision maker in the case company, the owner of the company. The concept is linked mostly to strategic change in organizations and industries. The dominant logic concept is more applicable on the corporate level than on the operational level. (Grant 1988, 642.) This aspect does not have significant impact on the case company; the company has only one level of management. This fact makes the corporate and operational decisions almost

synonymous. The core idea of the dominant logic lies in the theory that managers tend to apply the same dominant logic to diversified fields of business. When organizations diversify to other fields of business, the management applies the same logic, which worked for their core business, to the new field of products or services that may not be suitable for that particular new business. (Bettis & Prahalad 1986.) The same situation applies to the case company as well. The owner of the case company has been relatively successful in the construction contracts business, which is currently the core business of Rakennustoimisto Soinu Ky. However, the intuition/dominant logic of the owner has proven to be unsuitable for the roof-element business. The roof-element business is relatively different from the other products and services the company has in its portfolio currently. The owner is lacking the experience and expertise for the type of strategizing what would be needed for the roof-element business, which very similar to the manufacturing industry. The owner has no experience in marketing, positioning, pricing or selling this kind of products.

Since their original (1986) article about dominant logic Prahalad and Bettis developed the dominant logic concept further. They placed more emphasis on environmental-driven change instead of diversification-driven change. The management is on the forefront in reacting to environmental change. A manager must be a bit of a visionary to foresee coming changes in the environment of the company to be able to react accordingly and timely to the occurring or forthcoming changes. Bettis and Prahalad (1995) refer mostly to changes brought by the information technology explosion. However, this concept can be adapted to the changes in the construction industry. The construction industry is on the brink of a “green revolution”, where eco-friendly solutions are the ideal. The owner of the case company has reacted to this recent development by offering energy efficient solutions to the customers through their wall-element products and with the purchase of the eco-friendly roof-element production line.

The dominant logic of a decision maker plays a key role in how he or she interprets the vast amount of data coming in. The decision makers use their dominant logic to scan and select the data that seems critical for them. The decision makers then use the data to make decisions on matters. More concisely put, dominant logic can be seen as a filter through which an individual first

receives, then interprets and reacts to any given scenario. Dominant logic as a filter is illustrated in the figure below (Figure 1). The image illustrates how a vast amount of data that is available is filtered through the dominant logic of an individual. Factors that influence the dominant logic of an individual includes values, expectations, how they measure performance, how they choose to compete, the reinforced behavior of the organization they are involved in and the behavior of individuals around them. (Bettis & Prahalad 1995, 6-8.)

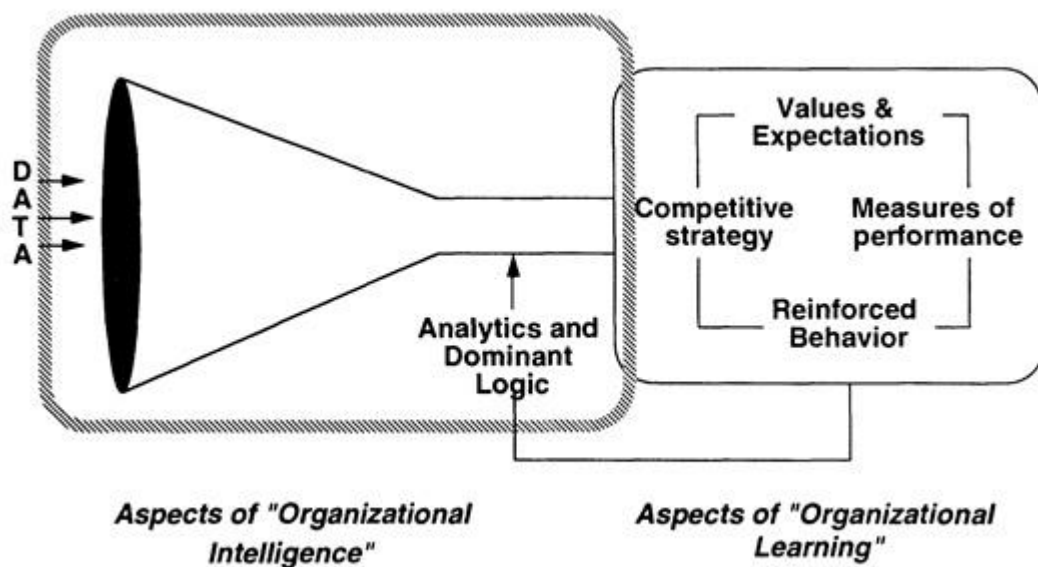


Figure 1. The dominant logic (Bettis & Prahalad 1995, 7)

In 2004, Prahalad (2004) returned to the concept of dominant logic. He expanded the concept to include value creation activities in organizations. Dominant logic, in essence, is the DNA of an organization or an individual. It is embedded in all procedures that guide the behavior of entities. It shapes the way organizations and individuals think and act. Dominant logic is resonating from the past of the company e.g. what worked before so well must therefore also work well in the future. The dominant logic of an individual or the "joint" dominant logic of an organization can act like blinders on a horse. However, dominant logic can also help companies to keep the status quo and carry on business as usual. Lessons learned in the past can help entities to deal with emerging similar situations that are already embedded in their dominant logic. However, it can also hinder finding

different and/or creative solutions for challenges. It can also limit the ability to innovate and see new opportunities and threats. (Prahalad 2004, 172.) The owner of the case company failed to see any outside threats during the interviews. He could not envision any scenario that would be extremely harmful for the company. This is most likely due to the blinders of dominant logic. The owner, has not as of yet, encountered anything disruptive in his business and maybe never will. However, failure to recognize any threats is of some concern.

### 3.4 Goods-dominant logic and service-dominant logic

Since the original articles on dominant logic in the midway of the 1980`s by Prahalad and Bettis (1986), the concept has gotten wide acceptance and support. The paradigm has been evolved further by the original authors Prahalad and Bettis and a host of other author`s as well. (Prahalad 2004.) However, with more scholars contributing to the paradigm, the original framework has been extended substantially. Vargo and Lusch (2004) suggested an extension to the framework in their award winning article on Service-dominant logic and how it differs from the “old” goods-dominant logic. The service-dominant logic has also been developed further by the original authors and a multitude of other scholars. Currently, S-D Logic includes viewpoints on value creation, marketing & markets, brands, networking, supply chain management, education and customer relationship management (Lusch 2011, 14).

#### 3.4.1 Goods-dominant logic

Goods-dominant logic is the “old and traditional” way of viewing commerce. It focuses on the units of output as central commodities of exchange. This way of thinking about commerce dates all the way back to Smith`s famous work in 1776. His theories related to the creation of national wealth through efficient production of goods and exporting the goods to create surplus. G-D L is the basis of modern economics, where value is measured in terms of price and value-in-exchange. Goods-dominant logic is one of the main reasons why economic science is one of the most common ways to measure or engineer a nations or a firm`s financial performance. (Lusch, Vargo & O`Brien 2007, 6.) The goods-dominant logic is relatable mostly to operand resources e.g. manufactured goods. The whole

purpose of commerce is to make goods, extract natural resources or to grow produce to be sold for profit. These outputs should be refined further, in order to extract a better price and create superior offerings compared to the competitor's offerings. The goal for a national economy or a firm is to use all methods possible to maximize the profit received from the output. All products should be standardized, in order to reach maximum production efficiency and better profit margins. The goods should be manufactured beforehand, stored and then delivered to the customer at a profit. (Vargo & Lusch 2004, 6-7.)

In goods-dominant logic, a company is seen as a member of a value chain, which adds the company's value input and then passes the products on as output to the next step of the value chain or the end customer. According to G-D L, the value chain always ends when the product or service is passed on to the customer. This means that, value creation happens almost totally within the company, with little or no interaction with customers, or any other outside parties. (Ojansalo & Ojansalo 2015, 309.)

G-D L leaves the customer, competition and most other market related variables "out of the loop" of value creation. The leading literature until very recently relied on manipulating the four P's successfully to gain competitive advantage. Service, through the lens of goods-dominant logic is a mere add on, another product or figuratively a "fifth P", just something to gain further competitive advantage over the competition. (Lusch, Vargo & O'Brien 2007, 6.)

The G-D L is very much present in most construction companies. Projects are seen as separate "products" and not as a continuum of services provided where all projects affect future projects directly or indirectly through reputation and other factors. In the case company service is seen as an important factor and one of the strong suits of the company. However, it is clearly more of a means to an end, for example to make a sale. Short term profit maximization is very much emphasized which can be very hazardous for relationship management with customer, supplies and co-operators.

### 3.4.2 Service dominant logic

Vargo and Lusch (2004) originally proposed the S-D L concept in their award-winning article in 2004. The authors originally intended the service-dominant logic as a framework for viewing the microeconomic world, from both economic and social perspectives. Since the original article, S-D logic has developed in to a paradigm or even on a theory level on marketing and markets, with multiple authors contributing to hundreds of articles written about the subject. (Vargo 2011, 217-218.)

When service-dominant logic was originally introduced, it was based on eight foundational premises. (Vargo & Lusch 2004, 6-12.) A couple of years later, the premises were revised and extended, based on critique from other scholars to include nine foundational premises. (Vargo & Lusch 2008, 7.) From then on, the work has continued on S-D L, by multiple scholars to include a large variety of different viewpoints on the subject. The work contributed by other scholars and by the continued work on S-D L by the original authors themselves, spurred Vargo and Lusch to revise and extend the foundational premises yet again. The latest evolution of the foundational premises conclude from 10 foundational premises which are as follows:

FP1: Service is the fundamental basis of exchange

FP2: Indirect exchange masks the fundamental basis of exchange

FP3: Goods are a distribution mechanism for service provision

FP4: Operant resources are the fundamental source of competitive advantage

FP5: All economies are service economies

FP6: The customer is always a co-creator of value

FP7: The enterprise cannot deliver value, but only offer value propositions

FP8: A service-centered view is inherently customer oriented and relational

FP9: All social and economic actors are resource integrators

FP10: Value is always uniquely and phenomenologically determined by the beneficiary. (Lusch 2011, 14.)

These foundational premises are not all self-explanatory and require further elaboration. Firstly, it is important to know that S-D L is not just about services



and intangibles. Goods and tangible resources are in a key position, as they are many times the “vessel” how the service is delivered to the customer (FP 3). Goods are a part of a “supply chain” where the product or service is passed on to the customer, who then creates further value (value-in-use), by integrating other resources with the product e.g. knowledge (FP 9). The operand resources themselves are practically worthless without the proper application of operant resources to manipulate them, thus making operant resources the main source of competitive advantage (FP 4). (Lusch 2011, 14-15.) For example, the various components of a smartphone are not valuable by themselves or even as a smartphone, if they are not first assembled in the correct way and then integrated to a communication network, with various software systems and applications. (Chandler & Lusch 2014, 2.)

Service-dominant logic does not disregard the economic importance of value-in-exchange for a firm’s survival. However, it is more focused on value-in-use. The focus is on entities capabilities to use marketplace offerings, in order to create further value by integrating the offering with other resources. This means that the customer is always in some form or function a co-creator of value (FP 6). The sixth foundational premise has received a lot of criticism for its too broad and simplistic view of value creation and value co-creation. In some sense, this foundational premise is accurate. The service or commodity purchased does create value for the customer and for the provider. The provider can be invited to create value with the customer, by the customer. However, this is not the case most of the time. The main creator for value-in-use for the customer is the customer itself, as a user or integrator of the service. Hence, the providers role in most cases is to facilitate the customers own value creation and this does not make the firm automatically a value co-creator. (Grönroos 2011, 280.)

Firms can only offer value propositions to the customer to act upon (FP 7) and only the end user or beneficiary can determine the value received (FP 10). (Lusch 2011 14-15.) Value, can be measured also in functional or physical dimensions, instead of the usual economic terms. Value, continues to exist as a service appliance for the customer until the value is “used up” (sold further or scrapped). The beneficiary’s assessment of value is made with direct interaction with the supplier and interaction with the commodities in question. (Kowalkowski 2010.)

Effective competition through service, can only be achieved, if the whole organization, intentionally aligns both itself and its view of the market through service-dominant logic. (Lusch, Vargo & O'Brien 2007, 14.) S-D L, views the process of services as the application of operant resources such as skills and knowledge. These operant competencies are needed to produce effects in other resources e.g. tangible goods to benefit another party. Service-dominant logic inverts the typical importance order from services being the ad-on to tangible goods, to being the superior component related to the tangible resource in question. (Lusch, Vargo & O'Brien 2007, 6.)

Even though, S-D L focuses on services, this still does not mean that, tangible goods are somehow inferior in importance or value. In the end, it is the customer that determines the value of something. A distinction between tangibles and intangibles is not even necessary in S-D L. Both of them deliver service, which creates value. According to S-D L, all businesses are essentially service businesses. When a customer buys commodities, for example raw materials or machine parts, the customer is actually buying a service. This means that the customer is buying the in use service ability of the commodity. Thus, all businesses are service enablers. (Kowalkowski 2010.) The service can be applied to another network or entity directly or through produced goods (Lusch, Vargo & O'Brien 2007, 8).

For a long time, the lion share of manufacturing companies business was dependent on producing mere products and then selling them forward. Later on, manufacturing companies have started to focus more on services. With incorporating various services around their products, manufacturing companies are trying to tap in to the vast amount of economic activity that occurs "downstream" throughout the lifetime of the product. This means, companies are moving away from the traditional product centric logic, to a more customer centric logic. For many businesses, the focus has shifted towards value co-creation, not only with the customers and their networks, but also with suppliers and their networks. (Cova & Salle 2008, 271.) It is easy to confuse this shift to S-D L from the traditional G-D L, with the shift from the industrial manufacturing era to the service era, which occurs when the service sector generates more wealth than the manufacturing sector of an economy. S-D L treats all services and products

as service. The word 'service' in S-D L indicates the act of doing something for someone and is not to be confused with the word 'services', which is in plural that implies some kind of measurable units of output. (Lusch & Vargo 2006, 282.)

A shift to S-D L from G-D L means the alignment of the purpose and functions of a firm to a more collaborative form of value creation. The G-D L mentality is deeply embedded in the mentality of managers in most manufacturing and construction firms. This means that a gradual shift to S-D L from G-D L is likely and the most viable option. A shift to S-D L is most easily achieved, through intentionally moving the focus of the company to a more service orientated way of operating. A company, with no or little experience in services, will have significant difficulties in adjusting their business logic. Companies, which are considered as service firms, are not automatically orientated with the S-D L either and can have equal difficulties shifting their focus from G-D L to S-D L way of thinking. Firms should focus on offering solutions instead of goods and services. (Kowalkowski 2010.)

Several studies have shown that a company can benefit from involving the customer in its innovation and value creation processes. A customer can give companies vision to identify problems and the need for innovation. The customer themselves are naturally best aware of their own needs and requirements. The customers can also help companies reach and design innovations, even though they may lack the necessary technical knowledge. For example, they can still give a "fresh" alternative view. The customer will also receive a sense of empowerment and further value-in-use with being involved in the implementation, innovation and value creation processes. The active role of the customer in the value creation process is a central theme in S-D L. (Sivunen 2015.)

There are several managerial implications in trying to shift the firm's mindset to a more value co-creational focus. 1. The company should be as transparent as possible in its information sharing in order to enable effective and mutually beneficial value co-creation. Naturally, this is quite difficult, because the customer or co-operator might have restrictions in how much information they are willing to share. 2. The company should assume a position where it is committed to a long-term perspective in its value creation process. In S-D L, time orientation is open

ended. This should mean that the customer gets superior value-in-use from the service. The same applies to co-operators. The focus should be in creating long-term relationships. The company needs to take a holistic approach on value creation and relationships and should not view all service sold as separate transactions. Creating long lasting and mutually beneficial relationships might be difficult if the customer or co-operator has a deeply embedded G-D L orientation.

3. Companies should view goods sold as vessels of operant resources. The company needs to focus on selling solutions and service flows. All customers and suppliers are possible co-innovators or co-value creators, even the passive ones. Companies can learn from patterns of behavior and improve their offerings. Purchase history or usage of a product can offer invaluable information to companies.

4. Companies should invest time and money into developing specialized skills and knowledge, which are essential for economic growth and competitive advantage. Most managers fail to see the benefits in especially the long-term investment in skills and knowledge, because in most cases the benefit received from them is almost impossible to measure in economic terms. (Kowalkowski 2010.)

The construction industry in itself is very compatible with S-D L. There are numerous possibilities to co-create value and co-innovate with customers, co-operators or suppliers. The service provided, e.g. a building, is very well compatible with the value-in-use concept. The lifespan of a building with renovations and maintenance is virtually infinite. However, the case company does not currently exploit the possibilities downstream or upstream in their value chain. The company does not co-ordinate its operations with its main suppliers; neither does it systematically exploit the service possibilities after the original transaction. Naturally, the customer is usually involved in some way or form in the designing of a building. However, the relationship is very transactional from both sides and thus aligned with the G-D L not S-D L. The case company has a network of suppliers. However, they are viewed more like a list of suppliers, which are contacted only when a transaction is required. Thus, naturally there is no co-innovation. The company does not have a system in place to record and analyze gathered information for intelligence and competitive advantage. The company does not systematically train its employees. Employees of the company are

trained by the company, or by an outside party, when there is a necessity for a specific skill. Information sharing is a general problem within the company. The specific skills of certain key employees are not transferred to other employees, unless seen as a necessity. This is a huge risk. If a key employee resigns, is fired, is absent or perishes, there is no one who can fill the void left behind with ease. The company is not very transparent with its customers or employees. This can be a major issue building trust with customers and within the company itself.

### 3.5 SWOT analysis of Rakennustoimisto Soinu Ky

This subchapter includes a short review of the history of SWOT analysis and its positive and negative aspects. It also includes a justification why the tool is used in this thesis work. The subchapter continues with the actual SWOT analysis of the case company and concludes with a detailed analysis on the aspects that were drawn from the SWOT analysis.

The SWOT analysis origin can be tracked all the way to the year 1965 to a paper by Learned, et al. That was the first time the basis of business strategy formulation was described by matching organizational competence and resources to environmental opportunities and risks. Since then, the SWOT-analysis has become one of the most popular and widely used analytical tools in strategic management. (Everett & Duval 2010.)

Environmental analysis, including both internal and external environments, is an essential part of the strategizing practices. The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis framework is proposed by many to be a great analytical tool, which can be used to categorize significant internal and external environmental factors. (Pickton & Wright 1998, 102-105.) SWOT analysis has been the subject of praise because it is simple, easy to use and easy to understand. It focuses on the key issues that could influence business development and growth. SWOT is a good tool to identify the factors and variables that could influence the company's strategy and possible success. (Pickton & Wright 1998, 102-105.)

However useful the SWOT analysis may be, it has also received a lot of criticism. Some researchers have even called for the abandonment of the tool altogether.

Valentin (2005, 91-92) is one of the speakers against SWOT. He has compiled a list of problems with the tool. The list goes as follows.

- It yields banal or misleading results
- It has a weak theoretical basis
- It implies that organizational factors can be “neatly” categorized as positive or negative
- It encourages “superficial scanning and impromptu categorization”
- It promotes list building as opposed to thoughtful consideration
- It does not look at tradeoff among factors
- It promotes muddles conceptualizations, particularly between accomplishments and strengths.

However, the real problem is not with the SWOT itself. The problem lies in how it is taught to be used in classrooms and in real life situations. The tool is many times oversimplified and misused. The power of the SWOT analysis should not be overestimated. The tool does not give any ready answers and that is why it should be used in unison with other means to derive the best results. (Everett & Duval 2010.)

The SWOT analysis is used in this work only to categorize and describe the main strength, weaknesses, opportunities and threats that are most likely to affect the case company’s performance and to create a situational analysis. Other tools will be used later in this chapter to analyze further the points derived from the SWOT-analysis. The points raised in the SWOT analysis on the next page (Table 1.) are derived from the interviews with the most senior employee and the owner of Rakennustoimisto Soinu Ky. The observations of the researcher are used as a source as well. Only the most significant aspects for strategizing and performance of the company were selected for this SWOT analysis.

Table 1. SWOT analysis of Rakennustoimisto Soinu Ky

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> <li>• The wide competencies of the employees</li> <li>• A vast selection of tools and machines</li> <li>• Good reputation</li> </ul>	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> <li>• A lack of sufficient production facilities</li> <li>• Low understanding of strategizing</li> <li>• A dependency on building contracts</li> </ul>
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> <li>• A proprietary roof product</li> <li>• The demand for more eco-friendly buildings</li> <li>• Off-site building components</li> </ul>	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> <li>• Loss of key employees</li> <li>• Lack of orders/contracts</li> <li>• Some key resources have just one supplier in Finland</li> </ul>

### 3.5.1 Strengths

The wide construction related competencies of the current employees can be considered as one of the biggest strengths of the company. The employees have the ability to carry out versatile tasks on top of the “usual” building related activities for example:

- They can drive a lorry, with which they can carry equipment and building material straight to the job site
- They can drive an excavator, with which they can do the foundation work themselves for buildings
- They can do all the required metalwork for different projects
- They can build custom fitted kitchen cabinets.

These are just examples of the competencies possessed by the employees of Rakennustoimisto Soinu Ky. What makes these competencies significant is the fact that usually SME sized building companies have to hire outside help to carry out these kind of tasks. This strength was the first mentioned by both interviewees (Soinu 2015; Uusitalo 2015). This is a significant strength of the company. However there is no evidence that this strength provides any competitive advantage to the case company.

The case company possesses an impressive selection of tools and equipment. This wide selection is usually found in building companies that are much larger than the case company. For example, the case company owns a lorry dedicated to carrying building materials and equipment for the company. The lorry also has a lifting crane for heavy lifting. The case company also owns an excavator. The amount of hand tools is also vast. The tools and equipment enable the case company to perform a wide variety of tasks with their own tools. Both of the interviewees mentioned this as a strength. (Soinu 2015; Uusitalo 2015.) This is not necessarily a strength as such. Rival companies can hire someone else to do specific tasks or rent the tools that they need thus saving in storage, maintenance and in the actual purchase cost. This “strength” is not a source of competitive advantage either.

The case company’s reputation is the biggest strength of the company. Rakennustoimisto Soinu Ky does not advertise the company in any media. However, the company is contacted weekly to quote on building contracts. This can only be the result of handling its previous project properly and timely. So it is safe to assume the case company has developed some brand equity during its years of operating. Brand of a company is one of the most valuable intangible assets of a firm (Kotler 2012, 241.) The case company’s good reputation is a competitive advantage and something the company can build on.

### 3.5.2 Weaknesses

The interviewees stated that the company currently has insufficient facilities. There is a lack of storage space and also production/working space (Soinu 2015; Uusitalo 2015). This is a major weakness. The company can barely manage to fit its operations to the current facilities. This is a major hinder for the plans to grow the business. However, the company has the opportunity to expand its current facilities quite extensively. The company owns the lands around the headquarters of the company and the properties have sufficient amount of building rights on the lands. However, expanding the premises is a time consuming and expensive prospect and there is urgent need for more floor space.



Another weakness for the company can be seen in the lack of strategizing. The owner of the company makes all the major decisions by himself, based on his dominant logic. The company does not have any short or long term planning that expands over the project at hand at that moment. There is no one in the company who has any business or management education. The owner confessed to not having enough competencies in strategic management processes. (Soinu 2015.)

### 3.5.3 Opportunities

The biggest opportunity to expand the case company's operations lies in their proprietary roof-element product. Rakennustoimisto Soinu Ky bought all the manufacturing machinery and the patent along with all the rights to manufacture this product from SPU oy (Nowadays Kingspan oy). The product is a self-supporting, eco-friendly, off-site roof element, which can be used both in commercial and residential buildings. This product has several advantages compared to the "traditional" roof building styles. It has an excellent heat/cold insulation capacity, a much thinner structure compared to other similar solutions thus saving space, it cuts down the building time of the roof with at least week and it is easy to customize still on site. (Sanoma Media Finland Oy 2009.)

The EU is going to set new guidelines and laws regarding buildings energy consumption levels. These changes should be in effect latest in 2017. These new regulations require all new building to be as close as possible to zero energy consumed. The building should only use the amount of energy it is producing. (Ympäristöministeriö 2015.) In order to reach this goal, buildings need to be very well insulated, especially in cold climate countries. Taking to account all the above mentioned factors, this product should have many competitive advantages.

However, since purchasing this product from SPU oy, the case company has not utilized the product potential at all. The lack of expertise in this kind of product, marketing and strategic planning has resulted in dwindling sales of the product to practically zero during the case company's ownership of this product. As a comparison, the previous owner of the product sold 30-50 roof solutions annually. (Soinu 2015; Uusitalo 2015.)

Another opportunity for the case company is the wall-element product it manufactures. The product is a perfect match with the roof-element product. The wall elements can easily be built in a way that it meets the insulation requirements that are forthcoming latest in 2017. With the roof-element and wall-elements, the company has an opportunity to sell these products separate or it can offer a comprehensive solution, by supplying the whole building as components for the customer.

#### 3.5.4 Threats

The case company has only 3 regular employees. All of the employees have vast competencies in various elements in the construction industry. However, only one employee has the competency to operate the roof-element manufacturing machinery properly. (Soinu 2015; Uusitalo 2015.) A loss of any of the employees would be a major setback for the company.

The company does not advertise in any media. Rakennustoimisto Soinu Ky receives practically all of its contracts through informal contacts. (Soinu 2015; Uusitalo 2015.) The failure of a project could be devastating for the reputation of the company and directly affect the company's ability to win new contracts. The company is currently totally dependent on building contracts. They represent practically all of its revenue. If the company does not win new building contracts regularly it will stagnate and have to declare bankruptcy.

Another threat for the case company is the monopoly of a couple of suppliers on some key resources. The company's most attractive future prospects, the roof-elements and the wall-elements, have just one supplier in Finland for the insulation material used in the production of these products. Additionally, there is only one supplier in Finland, which can supply the particular type of wood products, which are used in the manufacturing of the roof product. (Soinu 2015.) Rakennustoimisto Soinu Ky is in a disadvantaged bargaining position with its key suppliers.

### 3.6 TOWS analysis of Rakennustoimisto Soinu Ky

This subchapter begins with a short review of the history of TOWS analysis. It also explains what kind of components are included in the TOWS analysis and how it is supposed to be used. The subchapter continues with the actual TOWS analysis of the case company and concludes with an extensive analysis of the aspects that were derived from the TOWS analysis.

The roots of the TOWS analysis lead to an article by Weinrich (1982). He was the first one to suggest matching systematically the elements derived from the SWOT analysis with each other. He envisioned the TOWS matrix as a tool to create alternative strategies. "The TOWS matrix identifies four conceptually distinct strategic groups: Strength- Opportunity (SO), Strength-Threats (ST), Weaknesses-Opportunities (WO), and Weaknesses- Threats (WT), for creating the alternative strategies" (Ravanavar & Charantimath 2012). The TOWS matrix tool is illustrated in the table below (Table 2.)

Table 2. The TOWS matrix tool for situational analysis (Weinrich 1982, 60)

	Internal strengths (S)	Internal weaknesses (W)
External opportunities (O)	SO: "Maxi-Maxi" Strategy. Strategies that use strengths to maximize opportunities	WO: "Mini-Maxi" Strategy. Strategies that minimize weaknesses by taking advantage of opportunities
External threats (T)	ST: "Maxi-Mini" Strategy. Strategies that use strengths to minimize threats	WT: "Mini-Mini" Strategy. Strategies that minimize weaknesses and avoid threats

The TOWS-analysis is a more evolved and sophisticated version of the SWOT-analysis. The traditional SWOT-analysis does not have any means to form any meanings of each SWOT factor (Ravanavar & Charantimath 2012). Therefore, it does not really help in the strategizing by itself. This is where the TOWS-analysis is useful. The TOWS-analysis is a useful way to combine internal strengths and weaknesses with external opportunities and threats in order to develop a strategy for an organization. The biggest problems with the TOWS matrix is that it does

not cover all the combinations such as strengths to weaknesses and opportunities to threats. (Ravanavar & Charantimath 2012.)

In the table below (Table 3.) the strengths of the case company are matched to its opportunities and threats and the company's weaknesses are matched to its opportunities and threats in order to create alternative strategy recommendations for the case company. All the element for the TOWS analysis are drawn from the SWOT analysis conducted previously in this chapter.

Table 3. TOWS matrix of Rakennustoimisto Soinu Ky

	<u>Strengths</u>	<u>Weaknesses</u>
	<ol style="list-style-type: none"> <li>1. The wide competencies of the employees</li> <li>2. A vast selection of tools and machines</li> <li>3. Good reputation</li> </ol>	<ol style="list-style-type: none"> <li>1. A lack of sufficient production facilities</li> <li>2. Low understanding of formal planning</li> <li>3. A dependency on building contracts</li> </ol>
<u>Opportunities</u> <ol style="list-style-type: none"> <li>1. A proprietary roof product</li> <li>2. The demand for more eco-friendly buildings</li> <li>3. off-site building components</li> </ol>	Use the competencies of the employees to make and develop eco-friendly off-site components.(O1 O2 O3 S1 S2) Utilize the company's good reputation with the off-site eco-friendly products. (O1 O2 O3 S3)	Even out the cash flow fluctuation with the off-site element products. (O1 O2 O3 W3) Hire a person with strategizing and marketing experience to sell and promote the off-site products. (O1 O2 O3 W2) Expand facilities utilizing own off-site products for marketing purposes.(O1 O3 W1)
<u>Threats</u> <ol style="list-style-type: none"> <li>1. loss of key employees</li> <li>2. Lack of orders/contracts</li> <li>3. Some key resources have just one supplier in Finland</li> </ol>	Transfer the roof-element competencies to other employees also. (T1 S1) Engage in marketing activities and build the company's brand to a more eco-friendly direction. (T2 S3 S1) Try to locate alternative suppliers for key resources domestically and abroad. (T3 S3)	Invest resources to the off-site building components facilities and staff. (T1 T2 W1 W3) Search for partners to sell and market the off-site products to distribute risk. (T1 T2 T3 W1 W2 W3)

### 3.6.1 Strengths-Opportunities

The case company has a proprietary product in its portfolio. This product is an eco-friendly roof-element product. This product is an innovative product and ahead of its time, when it comes to heat and cold insulation capabilities. However, the product could and should be developed further in many aspects. For example,

the product is not water resistant as is. If the product would be water resistant, it would have broader usage opportunities. The wide competencies of the employees should be utilized to further develop the roof-element product and make the product even more competitive.

Rakennustoimisto Soinu Ky has a good reputation in the area it is operating in South-West Finland. However, it is not known for its eco-friendly solutions. Instead, the company is known for its timely completion of projects and good quality. (Soinu 2015.) Customers, which are seeking to find providers for eco-friendly solutions for their projects, have little means to find the case company, if they do not have previous information about Rakennustoimisto Soinu Ky. The case company should use its good reputation to promote its eco-friendly solutions as well.

### 3.6.2 Strengths-Threats

The employees of the case company have very wide competencies in the construction industry. However, some of the competencies lie with just one or two of the employees. One of these competencies is the manufacturing of the roof elements. Only one of the employees has had formal training at the previous owner's facilities and the case company has only manufactured three roof solutions altogether so far. Therefore, there has not been many opportunities to transfer this competency to other employees. This is a major threat for the company and especially this particular product. The company should immediately transfer this roof-element building competency to other employees as well. If the employee with the roof-element building competency would be lost for some reason, with him would also go the roof-element building competency.

The case company should consider engaging in marketing activities to promote its off-site eco-friendly products. The company needs to raise the awareness of the products it has in its portfolio and the benefits that would come with them to the end customer. The company could build its brand towards an environmentally conscious and reliable supplier of eco-friendly off-site solutions. These activities could get the sales figures up to more steady numbers and thus combat the threat of not winning new building contracts.

The monopoly in Finland on certain key resources is a serious threat. This directly affects the bargaining power of the case company. The company should utilize its good reputation to ensure favorable terms with these suppliers. However, as a contingency plan the case company should scan the environment for alternative suppliers or alternative solutions for these key resources.

### 3.6.3 Weaknesses-Opportunities

The case company is too reliant on its construction contracts. The biggest problem with construction contracts is their greatly fluctuating revenue flow, especially if there are some problems, for example delays. The bigger the contract, the bigger usually are the fluctuations and the uncertainty factors. The roof and wall-elements could be a good solution for this weakness, if the company can manage to create steady sales for these products.

There are no people employed currently in the company who have sufficient marketing competency or experience. This is a weakness. The biggest problem with the roof and wall element products seems to lie in the positioning of products and in the marketing functions. The company should consider hiring someone who has competencies in marketing and strategizing. Acquiring these competencies through educating the current staff or by trial and error method could be time consuming and costly.

The company is in dire need of more floor space to manufacture and storage its products and raw materials. This problem could be solved with their own capabilities. The company has planning and construction competencies, and a vacant lot next to their headquarters, which they already own. The company could design, plan and build the extended facilities with their own roof and wall element products to display the products themselves and get this added benefit on top of the added floor space.

### 3.6.4 Weaknesses-Threats

The case company should prepare for the worse case scenarios and react quickly to the biggest threats. Loss of key employees or failure to win new construction contracts would be disastrous for the case company. The roof building

competencies should be transferred to other employees and the company should invest more resources towards the roof and wall-element products, which could be a more stable source of income.

The case company should immediately start to look for partners or co-operators for the roof and wall-element products, in order to counter the biggest weaknesses and threats of the company, while utilizing its strengths and opportunities. The company could benefit from co-operating with one or multiple major players in the construction markets. The case company could receive assistance in processes in which it does not have expertise currently for example in marketing and strategizing. The case company could seek a position in these companies' value chain, in which it would produce the roof and wall element products for the co-operating firms. The co-operating firms in turn could add these great products to their portfolio of solutions they offer to the end customers. This kind of co-operation could alleviate the marketing and manufacturing costs of the case company significantly. The co-operation would create more direct sales for the case company and increase brand recognition.

### 3.7 Six forces analysis of roof-element and wall-element products

This subchapter begins with a short history review of the six forces analysis. It also explains why this work uses the six forces instead of the usual five forces. The subchapter includes also an illustration of the six forces. Why only certain products were chosen for the six forces analysis is explained. The subchapter concludes with the six forces analyses of the case company's external environment.

The original five forces analysis was created and introduced by Michael Porter (1998) in his book *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. The tool was created to measure the state of competition in an industry or among products. Porter argued that the five forces determine the ultimate profit potential in an industry. The configuration and power of the competitive forces vary industry to industry. The strongest competitive force or forces determine profitability of an industry. Companies should only focus on the

most important ones for strategizing in their industry. However, many times determining the strongest forces can be very problematic. (Porter 2008, 25.)

Some scholars argue that there should be a sixth force, which influences the competitive position of a company or a product. Porter argues that the sixth force is more of a factor than a force but still recognizes its importance (Porter 2008, 34). The sixth force is complementors. Wilkinson's (2013) definition of complementors is as follows. "Complementors, Porter's sixth force, are companies or entities that sell or offer goods or services that are compatible with, or complementary to, the goods or services produced and sold in a given industry. Complementary goods offer more value to the consumer together than apart". Suppliers and distributors are not the only ones that affect company's profitability. Companies that provide complementary products to other company's products, which enhance the value of the original product, have a direct influence to the general size of the pie and how that pie is divided among the players. (Kwak & Yoffie 2006.)

The sixth force is used in this analysis of the chosen two products because the products are compatible with other companies offerings, as well as used independently. The six forces analysis is illustrated in the figure below (Figure 2). It depicts the forces that affect the wall-elements and the roof-elements competitive environment.

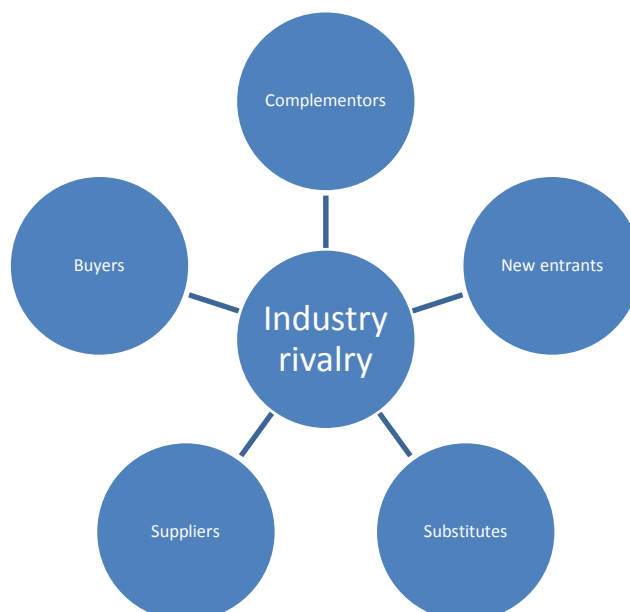


Figure 2. Illustration of the six forces analysis



Only the roof-element and the wall-element product were chosen for the 6 forces analysis. These products seem the most prominent ones from the case company's product portfolio. This conclusion was made after the SWOT and TOWS analyzes. These analyzes are explained and illustrated earlier in this chapter. Both the roof-element and the wall-element product utilize the core competencies of the company and they have the biggest growth potential from the case company's products. The roof product even has proprietary qualities.

### 3.7.1 Buyers

The bargaining power of the buyer is determined by how many customers there are compared to the amount of sellers and how many options they have for a similar product (Arlin 2015). The case company is the only supplier for this kind of roof product. However, there are companies that offer products, which have similar insulation capabilities. The market for eco-friendly solutions is growing all the time, due to the rising standards and regulations for energy consumption of buildings. Multiple companies offer a wall solution, which has as effective insulation capabilities as the case company's wall product. It can be concluded that the bargaining power of the customer is high with the wall-elements and low with the roof-element product.

### 3.7.2 Suppliers

The bargaining power of suppliers is determined on how much the suppliers of goods or services have potential to raise their prices. The less suppliers there are, the bigger price they can demand and by doing so affect the profitability of the company directly. (Arlin 2015.) The roof products situation is unsatisfactory when it comes to the bargaining power of the suppliers. There are only one producer for two key raw materials for the roof product. The insulation material (SPU) and the wood material used for the product (Finn Forest). This is a concern. However, there are not many industrial customers for these two products in Finland. It should make the bargaining power slightly higher for the company as a customer for these two products. The wall-element product has many options, both for the wood products and for the insulation materials. The bargaining power

of the supplier is low for the wall-element product and high for the roof-element product.

### 3.7.3 Substitutes

The power of substitutes examines how easy it is for customers to find a better product or a product with better value for the customer compared to the case company's product (Makos 2015). Many companies offer a wall solution that is a similar product or a product with equal value compared to the case company's wall product. This means it is easily substitutable. The roof-element does not have any substitutes that offer similar value. No other company is able to match the combined advantage of the compact size and lightweight, the speed and ease to install the product accompanied with the great insulation capability. This makes the value proposition of the roof-product hard to substitute.

### 3.7.4 New entrants

The threat of new entrants should be assessed by how difficult it is to join in the industry or a certain product market. For, how much time and resources has to be spent to enter the competition and the amount of protection on technologies. (Makos 2015.) The entry barriers to enter the eco-friendly off-site wall-element industry are relatively low for existing producers of wall-elements. They most likely have the required expertise and machinery already in place. Additionally, the case company's wall solution is easily copied and the raw materials used for it are easily accessible to anyone. The threat of new entrants for the wall product is high.

To enter the industry of the off-site eco-friendly roof-element product is difficult. Most existing construction firms use "traditional" solutions for their roofs, which are assembled manually onsite. They do not possess the expertise or machinery that is used to make the case company's roof solution. The Machinery and the product are patented and very difficult to copy. This still does not mean that the product could not be copied and some other company would not start to manufacture similar products. However, it does mean that to develop, test and get the VTT (Valtion teknillinen tutkimuskeskus – Finland government technical research center) certificate for a company's product is a slow and costly venture.

There are only a few companies in Finland, which have the resources for this kind of ventures. The threat of new entrants for the roof-product is low.

### 3.7.5 Complementors

Complements are products within an industry that enhance the value of a product when used together instead of separately. Nowadays the role of complementors plays an ever-increasing role in the profitability of products. (Porter 2008, 33.) Both the wall-element and roof-element products can be used together or combined with complementors' products. A customer can order just the wall-elements from the case company and organize a roof solution to the building by some other means. The roof product can be used separately as well, just like the wall-elements. However, the roof-element product is compatible with many more structural choices than the wall-element product. For example, the roof-elements can be installed to buildings with wooden, concrete or brick frames without difficulties. Both the wall-element and the roof-element can be used as complementary products and other products can complement them.

### 3.7.6 Industry rivalry

The industry rivalry force examines how intense is the rivalry currently in the chosen industry. Industry rivalry is high when just a few companies sell products that are relatively equal value to the customer, making shifting between products easy. (Arlin 2015.) Changes in an industry provides many opportunities for a company to gain an advantage in the rivalry setting within an industry (Porter 2008, 35.) There is a change happening in the construction industry. Companies are moving towards more energy efficient solutions for buildings. This change is brought on by new tighter energy regulations for new building, where insulation plays a key role. The case company is in the forefront of this change with its wall and roof products. Many companies offer low-energy solutions already. However, the market is quite new and still growing rapidly. There is competition in the eco-friendly offsite building component market. However, it is not yet fierce. The market is still far from saturated making industry rivalry low.

### 3.8 PESTEL analysis of roof-element product

This subchapter begins with a short history review of the PESTEL analysis. The tools purpose and usefulness are explained. The reason why only one product was chosen for the PESTEL analysis is explained. The subchapter continues with the PESTEL analysis. The subchapter is concluded with a review on the importance of successful business model selection and a short analysis of the case company's business model.

The PESTEL analysis is a useful managerial tool to assess the macro environment of a company. The origins of the macro environmental analysis can be traced all the way to 1967, when Francis Aguilar used ETPS as a mnemonic. The four sectors of his taxonomy of the macro environment include economic, technical, political, and social factors. Since then, multitudes of authors have contributed to the development of the tool. The "golden age" of the development of the macro environmental analysis was the 1980's, where many authors, including Porter, developed many variations of the mnemonic tool. Additional elements were added to the analysis, e.g. environmental and legal. The PESTEL mnemonic has appeared in literature in many variations, for example PEST, STEP PESTLE and STEEPLE. (Morrison 2012.)

It is extremely important that the decision makers, who are involved in the company's strategizing practices, understand the macro environment and the industry trends in the field they are operating in and the effects these factors may have on their business. (Kaplan & Norton 2008, 47-48.) The PESTEL analysis has two major functions, it allows the identification of the environment it operates in and it helps entities to predict the future to some extent. The biggest problem with PESTEL is that the factors used have a qualitative nature and thus are hard to measure qualitatively and objectively. (Yüksel 2012, 53.)

The PESTEL analysis in this thesis work is limited to the previously selected product of the case company, the off-site eco-friendly roof-element components. This product was chosen after the SWOT, TOWS and six forces analysis conducted earlier in this chapter. These analyses revealed that this product is the most prominent one from the case company's products and services portfolio by

sales potential. The PESTEL analysis is illustrated in the figure below. (Figure 3.) It illustrates the forces that affect the roof-product in various ways.

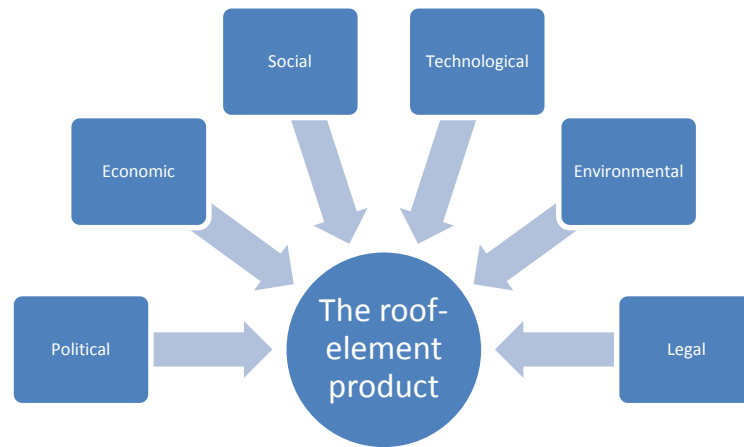


Figure 3. PESTEL analysis illustration

### 3.8.1 Political

Political factors have a significant in the construction industry. Recent developments in the political climate have been extremely favorable towards eco-friendly building styles. One good example of this is the green party. The green party received its record support of all time in Finland's 2015 parliament election (Yle 2015). The green party is a big advocate of "green values". They support renewable energy solutions and more sustainable building styles that use the "green energy" more efficiently or even produce the energy they consume themselves. The green party is not alone in this matter. Many other political parties are committed to these same values as well. There is also a lot of political "buzz" about using more domestic technology and raw materials for construction, mainly Finnish wood. Finland has an abundance of forest. Finland is the most heavily forested country in Europe. Seventy-eight percent of Finland's land area is forestry land (Metla 2015). In the political light, the future looks very bright for the roof-element product. The roof-element product is extremely suitable for energy efficient buildings and one of the roof-element main components is Finnish wood.

### 3.8.2 Economic

The economic situation in Finland is currently quite poor. The recession that has been plaguing Finland and the world for several years, does not show many signs of reversal. (Hänninen 2015.) During recession times, the construction industry is one of the first to suffer. Economic instability reduces private and commercial investments in to new projects. However, there has been a major increase in renovating building activity. The first time renovating activity surpassed the new buildings sector in Finland was 2014 (Talouselämä 2014). The general macro-economic situation for the roof-product is currently quite poor. People are careful of starting new expensive projects, for example building a house. However, the product can be installed on buildings being renovated as well. This is a segment worth looking in to.

### 3.8.3 Social

People are increasingly aware of environmental factors and are eager to promote more eco-friendly solutions. Energy saving methods are not only for the environmentally conscious, they are also for people with a fiscal point of view. More efficient and sustainable solutions bring down long-term costs for heating or cooling buildings. The eco-friendly movement has gotten more and more “traction” as of late due to the political movement as well. The green party of Finland has been increasingly popular. The party received eight and half percent of votes in the parliament election the year 2015 (Yle 2015). People want to support more environmental solutions for which the green party is an adamant advocate. These recent developments in the social and political environment of Finland is a positive thing for the eco-friendly roof solution of the case company. People are looking for more environmental solutions for their construction needs. Many are even willing to pay a price premium for those solutions. Increasing the products brand awareness is a key factor for the success of the case company’s roof product.

#### 3.8.4 Technological

There have not been many significant technological breakthroughs in the construction industry recently. Most innovations are just slight improvements to old techniques. This is usual for the construction industry. Change happens slowly and gradually. The case company's roof-product does not have any new technology. The proprietary factor for the product comes from the way it is assembled. Wood, which is the main structural component for the roof product, has been used in construction since urbanization. Polyurethane, which is the main component in the roof-product, has been around since 1940's. By 1950's, it already had multiple applications. Otto Bayer invented polyurethane (American chemistry council 2015). The proprietary assembly method of the case company's roof product is very hard to copy, because it requires specialized machines and a specialized assembly line. However, this is most likely a temporary competitive advantage. The growing interest and business opportunities in the eco-friendly construction industry are bound to attract big construction companies, which have the resources to copy the product or to create a product with a similar value proposition. The case company should try to capture value now. The product still has first mover advantage, technology wise.

#### 3.8.5 Environmental

Almost half of the energy produced in the world is used for cooling, lighting or heating of buildings and half of the available natural resources are used to construct structures and buildings. The environmentally sustainable trend is gaining more popularity not only in the western countries but also in developing economies like China. This trend is calling out for more cost-saving and environmentally responsible solutions. (Finpro 2015.) There is a great need for better insulation methods and the usage of renewable building material, for example Finnish wood products. The case company's roof-product, with its exceptional insulation capabilities, is a perfect product for cold climates. Heating is a major contributor to buildings maintenance cost. However, the product could work equally well in warm climates, where cooling buildings is typical. There is market potential for the case company's roof product in all climates. However,

due to the relatively expensive price of the roof product, the market is restricted to developed countries.

### 3.8.6 Legal

The construction industry is one of the most regulated industries in Finland. Many government agencies are directly involved in monitoring or regulating the construction industry. New laws and regulations are supposed to come in to effect no later than 2017. These regulations will impose much greater requirements for buildings energy efficiency. These changes will require the use of better insulation methods and will favor domestic wood as material used to construct new or renovate existing buildings. (Ympäristöministeriö 2015.) These coming legal changes will be favorable for the case company's roof-product.

### 3.8.7 PESTEL analysis conclusion

The biggest factors that drive consumer behavior look very favorable for the case company's roof product. The current situation is already good because of the political and social factors, which are calling out for more eco-friendly solutions. The situation should only improve after the new laws and regulations come in to affect the year 2017 and when Finland recovers from the recession. The legal and improved economic factors combined should provide a needed boost for the sales of the product. This is only possible, if the case company manages to raise the brand awareness of the product and really highlight the environmental and long-term cost saving benefits of the roof product.

## 3.9 Business model

A great product can fail if the product does not have a suitable business model to support it. This is one of the reasons business model innovation is a "hot topic" in business literature (Nenonen & Storbacka 2009, 3). There are several definitions of business models and what a business model should include. However, all of the definitions share a few key characteristics. A business model should include explanations on what is the value proposition, how does the company create and capture value from the interaction with the customer and what are the distinct resources and capabilities of the company. (Schneckenberg, Velamuri, Comberg



& Spieth 2015, 3.) Successful selection and implementation of a business model is the single most important factor in gaining competitive advantage and superior financial performance. Business model innovation is driven mostly by changing customer preferences, introduction of new technologies or by new laws & regulations being implemented. (Eurich, Grimpe, Poetz & Waldner 2016, 5.)

The understanding of business model innovation is limited in the case company. The company currently has a traditional and simple business model. This is usual in the construction industry, especially among SME's. The company performs a contracted task and collects revenue from that action. There are no real differentiating factors in the company's business model, which would distinguish it from its competitors. There has not been any efforts to innovate the current business model. The current business model is efficient enough for the construction contract business. However, the case company's roof-element product requires a different kind of approach. As a business the manufacturing and selling of the roof-elements is many ways different from the traditional construction industry business. The roof-product needs a clear and enticing value proposition, which would capture the superior technical qualities that come with the product. The customer segment for the roof-product is narrower than the construction contract business and requires an informed approach. The roof-product also enables the case company to position itself in other companies' value networks by co-operation or by merely selling the product to other off-site building component manufacturers.

## 4 RESULTS

The results of this research work are discussed in this chapter. The results are based on the empirical findings derived from the case company through interviews and observations. The results reveal the current state of the strategizing practices in the case company. It also illuminates what kind of logic is driving the strategizing in the case company. The strategizing practices and the logic behind the strategizing was scrutinized using established strategic management literature.

The investigation of the company and its strategizing practices began with certain assumptions based on previous knowledge about the company and theoretical literature. The assumptions were that the case company similar to most SME construction companies is not engaged in sophisticated strategizing practices and the strategizing is based mostly on intuition of the owner. However, the researcher did not expect to find out that the case company is not engaged in any kind of formal strategizing practices. The current strategy is emergent and opportunist in nature, in all of the company's business practices. This includes project procurement, project planning and scheduling, material procurement, logistics and after project completion assessment processes. The case company lacks any kind of long-term planning and even the short-term planning only extends past the current project in hand. In many instances, planning does not even extend to the whole length of the project. Matters are addressed as they come up and there are no pre-determined processes to handle rising problems. The lack of formal planning can create uncertainty between the management, employees and customers and thus deteriorates trust between the different stakeholders. It can also extend project completion time and can have a negative influence on customer satisfaction.

The budgeting is inconsistent. The case company does not analyze financial or operational data quarterly or annually, except in terms of financial loss or profit. No financial or operational goals are set for distinct periods of time. Setting goals and targets would be very useful for the case company to enable them to monitor the company's performance thoroughly. The case company does not budget resources to processes such as marketing. Marketing is seen as a mandatory

function, not as an opportunity to stand out from the competition. To some extent, this is true. The case company has had a decent amount of building contracts coming in and some projects have had to be turned down because of lack of time to take them on. The case company has relied mostly on word of mouth marketing. This kind of marketing has been somewhat successful in the construction contract segment. However, the manufacturing of the eco-friendly roof and wall-element business has been more unfortunate. The almost total lack of marketing of these products has resulted in sales amounts dropping to zero building elements sold in 2015. The lack of marketing is a result of the lack of understanding this core function of any business and the failure to recognize its importance. The so-called blinders of dominant logic of the management are clearly at work here.

The concept of a business model is not very well understood in the company. The functions a business model includes are familiar to the management and employees of the company. However, they are seen as separate functions, which are not interconnected with each other. The company is clearly operating according to goods-dominant logic. Building projects, customer and supplier connections are seen merely as transactional functions. The concept of service is connected only with customer service and not seen as holistically as it should be.

The construction industry in many ways is the epitome of service-dominant logic. The provider-customer connection begins long before the initial contact between the two parties. Here the word of mouth marketing is key. The customer has a broad network of entities from where they seek consciously or unconsciously knowledge and help for provider selection. This makes all customer interactions with the company extremely important. After the provider selection, the customer and the provider have an excellent opportunity of value co-creation. This opportunity extends throughout the whole project and even after the project completion, through maintenance and eventual renovation. However, in the case company the customer is not seen as a value co-creator. The customer is just a customer. Customer satisfaction is seen as extremely important and it is emphasized. However, the interaction with the customer is almost completely transactional.

The owner of the company has ambitions to expand the company's current operations. However, the vision and the means to carry out the expansions could not be clearly stated during the interview. The company does not have a stated out or even a thought out mission or vision statements. The owner wants to grow the building element business and wants it to become a significant revenue stream for the case company. However, self-confessed by the owner, the company does not have the required sales or marketing experience and skills to make it happen. The company's core competencies are in construction and manufacturing. The roof and wall-elements could provide a significant opportunity to co-create value with the customer or with possible co-operators.

The case company has a broad network of suppliers. In the construction industry, the building projects vary considerably from each other. Therefore, a myriad of very different suppliers are needed. Naturally, some products and thus, some suppliers are more utilized than others. The case company manages its communication and material procurements in a very transactional manner. The company does not leverage its position in its value network, other than in efforts to get a reduced price for materials. The communication with the most important suppliers is not constantly ongoing and occurs only during quoting or transactions. There are no efforts to co-create value with suppliers, nor does the company have any co-operators per se. The company has many opportunities to co-create value with and to customers, with its most important suppliers and with other off-site house component manufacturers. However, these opportunities have not been utilized as of yet.

The most prominent products and services from the case company's portfolio are its off-site wall and roof-element products. The company has a proprietary product in its roof-element product and it is very difficult to copy. Together with the company's wall-elements, they form a complete eco-friendly building package that is highly competitive. The roof and wall-elements can be sold separately to an end-customer or to a third party, to be sold to an end-customer. The wall and roof- element products are also very prominent, because of the social and political climates that are currently prevalent, which demand more energy efficient solutions and the usage of more domestic building materials. The wall and roof-element products are built completely from domestic materials, with domestic

wood materials in an essential role. The future changes in the legislation concerning the construction industry can be seen as an opportunity. Further improvements for energy efficiency of buildings are not only going to be recommended, but also required. The case company could and should be in the forefront in utilizing these opportunities brought about by these changes.

## 5 CONCLUSION AND RECOMENDATIONS

Conclusions are drawn and recommendations are provided for the case company in this chapter. The recommendations are based on the findings from the interviews, observations, assessment of the case company's product portfolio, the company's environments, strategizing practices and the logic of the management practices. The findings are converged with established strategic management theories that are drawn from relevant literature to create realistic and achievable recommendations for the case company, to comply with the objectives of this thesis work.

### *Short-term strategy:*

The case company should urgently assume a more long term approach to their operations. When asked about the vision for the company, the answer was uncertain and hesitant. The owner has a general vision for the company, in that he wants to grow the business in turnover and profit. He also wants to gain more sales for the company's element products. However, the vision how to induce the growth and increased sales was not articulated or clear. The manager should have a clear vision in which direction he wants to take the company and think critically about the means how to achieve his vision. It would be beneficial to have a long term vision that would set the general outline for the company's strategizing. Even though the vision and mission statements are not articulated in written form, the manager should have a clear vision for the company's future at least in his mind.

The case company has been relatively successful with its construction contract operations by following an emergent strategy where strategic decisions are made when matters come up. The decisions are made solely by the manager of the company which has led to micromanaging many processes that could he managed on site by the employees of the company. This kind of strategizing does not include much pre-planning before decisions are made or analysing how successful the decision made was in the aftermath of the contracts. There is no reason why this kind of strategy could not be successful in the future as well with the construction contract operations. However, the strategy would require some

alterations and adjustments to be more effective. Almost all construction projects are relatively short in their duration and they vary immensely from each other. Crafting a very systematic and meticulous strategy for these kind of operations is extremely difficult and might prove hard to follow. However, having a general outline strategy for the construction contract operations would be useful.

The company should lay down a general outline for the core strategizing practices in which the employees could operate in increasingly independently. This would make the emergent strategy crafting more fluid and thus more efficient. This would facilitate faster project completion times and reduce uncertainty and confusion between the stakeholders. The added independence and responsibility would most likely have a positive motivational influence on the employees. The company should also consider implementing a reward system for the employees based on the financial performance of the company. This kind of system is in place in many SME's and it has been proven to increase motivation and employee satisfaction. The system would also facilitate further employee involvement in decision making and taking responsibility.

All of the short-term recommendations are hinging on the fact that the case company implements a system for monitoring its financial and operational performance. The company would also have to take a holistic and systematic approach to strategizing. The company could keep its emergent strategy. However, the company should record their processes and the decisions made. The company should also analyse their successfulness. Currently, the company does not have systems in place to measure its performance outside of the financial figures, which are not thoroughly analysed either. Implementing a more thorough monitoring system would naturally have positive impacts, mostly in the long-term. However, it would be essential to implement these systems immediately. The reward system for the employees cannot be set up if the company is not setting targets to be achieved. The reward system would also require much more transparency from the company.

*Medium-term strategy:*

It would be necessary for the case company to start to focus on growing its element business and assume a more service-dominant logic guided mind-set as a whole. The eco-friendly wall and roof-elements are clearly the most prominent products in the case company's portfolio. The prevalent current and imminent conditions for these products look most favourable from the political, social, environmental and legal aspects. These products also utilize the core competencies of the company and could provide a competitive advantage over rivaling companies. The products are very hard to copy and the products qualities are vastly superior when compared to similar products. Granted, the products are more expensive than traditional solutions. However, it is primarily a value proposition problem. With increased sales, the company could achieve better economies of scale and possibly decrease the products price, while still maintaining desirable margins. The company would most likely have to place further investments in personnel, manufacturing facilities and storage capabilities.

The lack of marketing and business expertise in the case company has resulted in several challenges. Firstly, the company has not been able to get the product recognition to a desirable level and craft a resounding value proposition for the element products. These products are not for everyone. The selection of the correct market segments to target is essential. There are no shortcuts to acquiring personal marketing experience. Therefore, the company should hire a person who has the required knowledge to handle the element-products sales and marketing. Alternatively, the case company could co-operate with another company, which has the required functions already in place. Both actions could be taken in tandem as well.

The element business offers a multitude of possibilities to co-create value with customers and with possible co-operators. The case company's off-site element business is more aligned with manufacturing than construction and thus would require a substantially more systematic approach to strategizing. Co-operating with another established off-site element manufacturer would help in creating a product strategy for the element products and would provide the case company



with a learning opportunity to acquire the required expertise in strategizing and marketing.

The case company's products do not directly compete with the products of a co-operating firm. The product has a divergent value-proposition and would be welcomed to be sold among many companies' own solution offerings. The companies would then literally co-create value for the customer. Value co-creation requires a high degree or even total transparency between parties. The case company has to make a decision on how much information about the element products manufacturing they wish to divulge and if they want to truly assume the S-D logic in this aspect. Nevertheless, even if the co-operation would be mostly transactional, it would still benefit the case company, in added sales and increased product recognition.

*Long-term strategy:*

The construction industry is fiercely competitive and it is increasingly hard to differentiate from other construction companies, because the services rendered are almost identical. The only differentiating factor is usually price. Price warfare pushes the construction industry companies to look for employees from poorer EU countries or even outside of the EU, because labour is usually the most costly single expense in a construction project. These employees often lack required training or skills for certain tasks, which translates to reduced quality. Reduced quality through price warfare is not an avenue the case company should pursue, because the manager of the case company is adamant on sustaining the current standards quality-wise. The construction project business of the case company can only grow up to a point where they unavoidably have to start facing off with big building companies for bigger and the most lucrative building contract projects. Facing off with the biggest building companies is not in the best interests of the case company.

The solution is to specialize in certain services and solutions that would enable the case company to sell to other companies regardless of how big or small they are. The case company could of course service straight the end customer as well. The case company should see the eco-friendly off-site building element business

as the focal point in their long-term strategy. The company should strive to make the element business its most important, if not the only solution that the company offers. The company should build the future strategy and business model around these products. The manufacturing and installing of the eco-friendly building elements is a core competence in the case company. With this expertise and these products, the company has a competitive advantage and this advantage should be utilized, before some other company launches a similar product and the window of opportunity will close for good.

It is recommended that the company assumes a holistic service-dominant logic view of their business operations and design a business model that also would account for the aftermarket possibilities for these element products. With a building, the customer gets exactly a solution or service, which depicts value-in-use. However, this value-in-use could be further enhanced with solutions, which would connect the customer to the company, even indefinitely. For example, the company could generate renovating or maintenance contracts with the customer, which would reduce the original purchase price, but would be then more than compensated through the after-market operations.

The case company could also develop the building elements further and start embedding sensors to the elements, which would produce valuable information for the customer and also for the case company. These sensors could monitor such information as, noise decibels, draft of air, heat, motion, water consumption, electricity consumption and waste, among other things. This information could be even room-specified and would be available for the customer in clear and statistical form, which would enable the customer to take action accordingly. The customer could check this information through the case company's website and the company could charge a monthly fee for the services rendered. The company and the customer would literally co-create value-in-use. This kind of technology already exists and could be applied in this novel form. The ability to be able to measure practically anything in one's building, with a practical and compact solution, would give enormous value to people who are environmentally conscious or want to save in their energy bill. This information produced would be faceless, and therefore, could be sold to a third party, thus providing the case company yet another source of revenue.

## 6 DISCUSSION

This last chapter of this thesis work will discuss the scientific validity of this thesis work and its usefulness for the case company. This chapter will also feature discussion about topics that were left out or not covered extensively in this thesis work because of time constraints and because the topics did not fit in to the scope of this thesis work. These topics and concerns revealed themselves during the development of this thesis work. These topics are very relevant for the company's further development and would require further research.

The usage of SME construction firms as a scientific research case is not usual. Additionally the theory of service-dominant logic has not been applied to SME construction firms. This thesis work provides a novel viewpoint on service-dominant literature. The theory of dominant general management logic has not been investigated using a small business as a case company. The previous literature on this topic is all based on big organizations and how dominant logic affects their decision making processes. This thesis work provides a novel viewpoint on dominant logic and its influence on a SME construction firms strategizing practices.

This thesis work is useful for the case company. It is the first time the organization has been investigated in any aspect. The work revealed many issues that should be taken in to account in the case company's strategizing practices. The work also produced valid recommendations for the case company, in how to improve their strategizing practices and which products should be in the core when crafting future strategy.

This thesis work touched on marketing, but only from a strategic function point of view. The case company lacks direction in how to carry out this vital function. Marketing is a key element in the eco-friendly construction market. If customers do not know the product exists, they cannot even consider it. However, due to the limited resources of the case company the marketing should be carried out cost efficient as possible. How the marketing of the roof-product and marketing of the company as a whole should be carried out is a valid topic for further research.

The use of business intelligence methods is not understood well in the case company. Business intelligence methods are not utilized in the construction industry at all, to their full potential, especially in SME construction companies. Business intelligence tools and methods could be a vital tool in helping the case company in its strategizing practices. Additionally, if the recommendations of this thesis work are implemented to their full extent, the case company is going to start gathering big data. The collection, usage and analyses of big data in the construction industry as well as in the case company should be researched further.

The world is developing at a rapid pace and so is the eco-friendly market. The case company's eco-friendly product is a good opportunity for the case company to be a part of this development, or even be in the forefront of it. The roof-product is superior to similar products. However, the situation might change rapidly. The case company's products need to be developed further. The case company could move from the mere eco-friendly market, to offering smart solutions for buildings. How, and to what direction, the case company's product should be developed needs to be researched further. Naturally, the research would be more technical in nature. The case company should utilize the knowhow of the technical universities in its vicinity.

The case company's roof and wall-element products are bulky, but still relatively lightweight. The case company could look into exporting these products, at least to the neighboring countries, e.g. Sweden and Norway. The climate in these countries is very similar to Finland and these countries have customers who have the desire and means to pay a price premium for a superior product. Currently, the case company does not have expertise in exporting products and the company does not have the required language skills to carry out complex business deals abroad. However, the possibility of exporting the case company's products should be researched further.

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APPENDICES

Appendix 1. Interview structure for the interviews

1. Could you give me a short general description of Rakennustoimisto Soinu?

(Voisitteko antaa minulle lyhyen yleiskuvauksen yhtiö Rakennustoimisto Soinusta?)

2. Could you describe me your value proposition? For example, what value you are bringing to the customers, what kind of problems you are trying to resolve and what kind of products do you sell?

(Voisitteko kuvailla yrityksen arvoehdotusta? esimerkiksi minkäläistä arvoa tuotte asiakkailleen, minkälaisia asiakkaiden ongelmia yritätte ratkaista ja minkälaisia tuotteita yhtiönne myy?)

3. Who are your key customers or customer segments?

(Ketkä ovat tärkeimpiä asiakkaitanne tai tärkeimmät asiakas segmentit?)

4. How do you market the company and find new customers?

(Miten markkinoitte yritystänne ja löydätte uusia asiakkaita?)

5. How do you handle communication with customers and customer satisfaction?

(Miten hoidatte kommunikaation asiakkaittenne kanssa ja asiakastyytyväisyys asiat?)

6. What are your key activities and main sources of revenue?

(Mitkä ovat pääasialliset toimenne ja tulolähteenne?)

7. How do you price your products and services?

(Miten hinnoittelette tuotteenne ja palvelunne?)

8. What are the key resources for the company's key activities?

(Mitkä resurssit ovat avainasemassa pääasiallisissa toimissanne?)

9. Who are your main co-operators and suppliers?

(Ketkä ovat pääasialliset yhteistyökumppaninne ja tavaran toimittajat?)

10. How do you handle the co-operation and communication with your key partners and suppliers?

(Miten hoidatte kommunikaation tärkeimpien yhteistyökumppaneiden ja tavaran toimittajien kanssa?)

11. What would you say are your biggest internal strengths and weaknesses in the company?

(Mitkä ovat suurimmat sisäiset vahvuutenne ja heikkoutenne yhtiössä?)

12. What would you say are the biggest external opportunities and threats for the company?

(Mitkä ovat suurimmat ulkoiset mahdollisuutenne ja uhkanne yhtiölle?)

13. How is the company financed? Does the company use some or multiple sources of financing or merely own equity?

(Miten yhtiön toimintaa rahoitetaan? Käyttääkö yhtiö jotain vai useampia rahoitus lähteitä vai rahoitetaanko toiminta pelkästään omalla pääomalla?)

14. Does the company have a concise short and/or long term strategy? If so how are these strategies created and implemented and do they show in day to day activities?

(Onko yhtiöllä ytimekäs strategia lyhyelle ja/tai pitkälle tähtäimelle. Jos on miten strategia luodaan ja pannaan täytäntöön ja näkykö strategiat päivittäisessä toiminnassa?)

15. What is your vision for the company?

(Mikä on visiosi yhtiölle?)

16. Why did the company purchase the roof element product line from SPU oy?

(Miksi yhtiö osti kattoelementti linjaston SPU oy:ltä?)

17. How do you see the strategic fit between the old product line and this new roof element product?

(Kuinka hyvin sinun mielestäsi tämä uusi tuote sopii strategisesti yhteen jo olemassa olevan tuote valikoiman kanssa?)

18. Is the roof element product handled with the same logic as the rest of the company's operations?

(Hoidetaanko kattoelementtituotetta samalla logiikalla kuin yhtiön muita toimintoja?)

19. What is the value proposition for this roof element product?  
(Mikä on arvoehdotus tälle kattoelementtituotteelle?)
20. Who are the key customers/ customer segments for this roof element product?  
(Ketkä ovat tärkeimmät asiakkaat/asiakas segmentit tälle kattoelementti tuotteelle?)
21. On what premise do you do the pricing for this product?  
(Millä periaatteella/ miten tuote hinnoitellaan?)
22. Does the customer have multiple payment options?  
(Onko asiakkaalla monenlaisia maksuvaihtoehtoja?)
23. Through what channels is the roof element being sold?  
(Mitä myyntikanavia käytätte kattoelementtituotteen myyntiin?)
24. How do you market this roof element product?  
(Miten markkinoitte kattoelementti tuotetta?)
25. Who are the key partners or suppliers for this roof element product and how are these relationships handled?  
(Ketkä kumppanit tai tavarantoimittajat ovat avainasemassa tälle kattoelementti tuotteelle ja miten näitä suhteita hoidetaan?)
26. What resources are in key position for this roof element product?  
(Mitkä resurssit ovat avainasemassa kattoelementtituotetta ajatellen?)

27. Does the company have a clear short or a long term strategy for this roof element product? If so how is it created and implemented?

(Onko yhtiöllä selvä strategia lyhyelle tai pitkälle tähtäimelle kattoelementtituotteelle? )

28. What is the company's vision for the roof element product?

(Mikä on yhtiön visio kattoelementtituotteelle?)