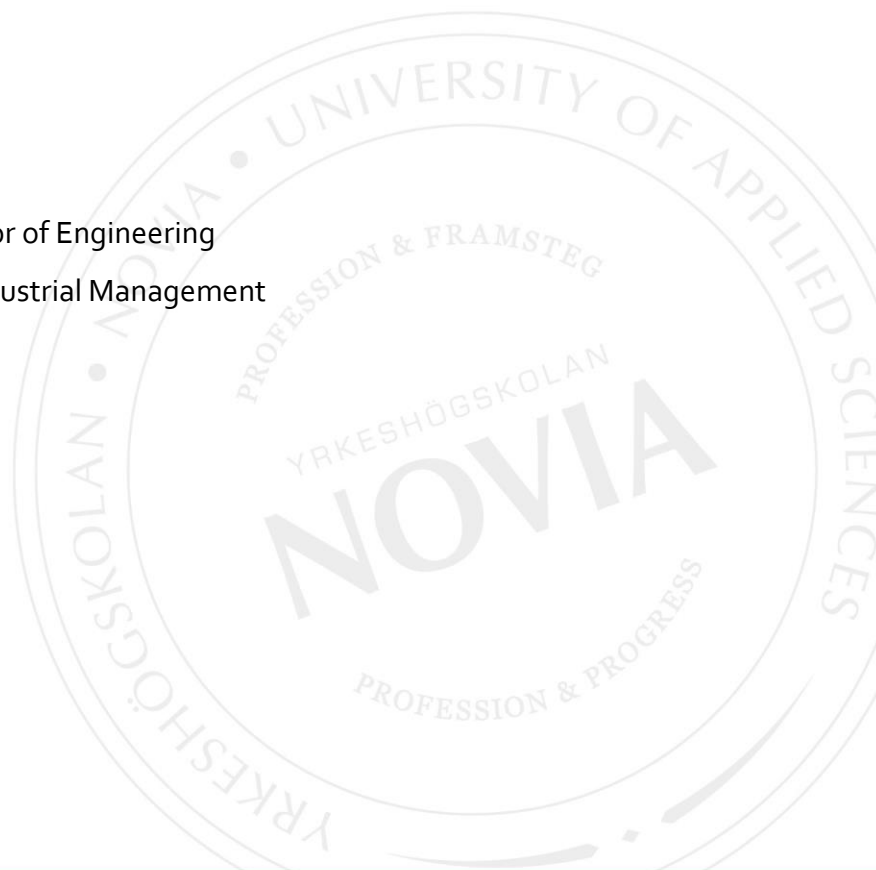


Towards Value Orientation in Wärtsilä

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BACHELOR'S THESIS

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Abstract

This thesis is about customer expectations within different product lifecycle stages in Wärtsilä, Finland. My **main purpose** was to make a map of the product lifecycle stages and to find out the external expectations within each lifecycle stage. The external expectations were mapped based on deep interviews with employees at Wärtsilä Marine Solutions and Wärtsilä Services.

My **method** can be characterized as a qualitative method with deep interviews. Despite that, I have also made a thorough literature inventory, journal inventory and I have had conversations with Wärtsilä employees for this study.

The **result** in this thesis is presented in both words and figures where you can see different customer expectations that Wärtsilä faces and have to handle. I am also presenting a list consisting of six points that is aimed to help Wärtsilä become a company that can call themselves a value oriented company.

Language: English Key words: Value Orientation, Customer Centricity, Product Lifecycle, Business Development, Strategy.

EXAMENSARBETE

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Abstrakt

Detta lärdomsprov behandlar kundförväntningar inom olika produkt livscykelkedan vid Wärtsilä, Finland. Mitt **huvudsyfte** var att göra upp en karta på produkternas livscykelkedan och även att ta reda på externa förväntningar inom respektive livscykelkede. De externa förväntningarna kartlades genom djupintervjuer med anställda inom Wärtsilä Marine Solutions och Wärtsilä Services.

Min **metod** kan karakteriseras som en kvalitativ metod med djupintervjuer. I studien har jag därtill genomfört en grundläggande litteraturinventering, journalinventering samt samtal med anställda vid Wärtsilä.

Resultatet i detta lärdomsprov presenteras i både ord och figurer där man kan se olika kundförväntningar som Wärtsilä ställs mot och ska hantera. Jag presenterar också en sex punkts lista som är menad att hjälpa Wärtsilä bli ett företag som kan kalla sig ett värde orienterat företag.

Språk: Engelska

Nyckelord: Värde Orientering, Kundfokus, Produkt Livscykel, Affärsutveckling, Strategi.

CONTENT

1	INTRODUCTION.....	1
1.1	Background.....	2
1.2	The problem area	2
1.3	My purpose	3
1.4	The research context – Wärtsilä.....	4
1.4.1	Marine Solutions.....	5
1.4.2	Energy Solutions.....	5
1.4.3	Services.....	5
1.4.4	Product Management, Marine Solutions.....	6
1.5	Limitations.....	6
1.6	My thesis.....	6
1.7	Central terminology	7
1.8	Disposition.....	7
2	THEORY BUILDING	9
2.1	Market orientation in general.....	9
2.2	Customer centricity – the approach	10
2.2.1	Customer Relationship Management	11
2.2.2	Insight selling.....	12
2.2.3	Customer centricity and resonating focus.....	13
2.2.4	Customer Lifetime Value.....	14
2.2.5	Customer Needs Management	15
2.3	Conclusion	16
3	MY THEORETICAL FRAME OF REFERENCE.....	17
4	METHOD.....	18
4.1	My choice of methods with arguments.....	18
4.2	The interviews.....	19
4.3	The question battery with criteria	19
4.4	Validity	20
4.5	Reliability.....	21
5	RESULTS OF MY STUDY.....	22
5.1	What did we find from the interviews?.....	22
5.2	Categorized results.....	24
5.2.1	Product lifecycle map	24
5.2.2	External expectations	27
5.2.3	Customers feedback.....	28

5.3	My six major points for improvements.....	29
5.4	What can Wärtsilä use this for?	29
6	CONCLUSION	30
6.1	How did I reach my purpose?	30
6.2	My theoretical contribution.....	30
6.3	My practical contribution.....	31
6.4	Proposals for further research	31
7	REFERENCES.....	32
APPENDICES		

FIGURES

Figure 1.	Wärtsiläs vision and mission (Wärtsilä, 2017).	4
Figure 2.	Three building stones that relates to customer centricity (de Clerck, 2015).....	10
Figure 3.	Customer Lifetime Value is a part of becoming customer centric (de Clerck, 2015).....	14
Figure 4.	According to Gartner CNM has to have a place and Gartner is also recommending that the field of CNM has to be recognized (ProductLifeCycleManagement.com, 2013).	15
Figure 5.	My theoretical frame of reference (Snickars, 2017).....	17
Figure 6.	The internal map of the product lifecycle stages (Snickars, 2017).	24
Figure 7.	The product lifecycle stage map from an external view (Snickars, 2017).....	25
Figure 8.	How the internal and external product lifecycles are linked to each other (Snickars, 2017).....	26

TABLES

Table 1.	External expectations within different product lifecycle stages (Snickars, 2017).27
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1 INTRODUCTION

The journey of a thousand miles begins with a single step.

-Lao Tzu

This thesis is going to process the product lifecycle management and customer need management in a world leading company within marine and power solutions. This assignment was given to me on behalf of Product Management that is a newly founded organization within Wärtsilä Finland, Marine Solutions.

During the last decade firms have more and more fought with a fact that price is the only crucial parameter in the companies “weapon arsenal”. More than five years ago, the researchers together with practitioners fortunately realized another way to go, i.e. to start to underline what customers value. It was the start of the era that we today call the value orientation era (compare Fader, 2012, Lancaster and Jobber, 2014, Manning, Reece and Ahearne, 2014).

The last ten years customer needs have been in focus. Every successful company strives for knowledge of how their customer acts and also how the customers customer act. It seems like the customer centricity strategy has come to stay on the market today. The customer centricity strategy is also in a continuous development since it has become so popular today and many firms are willing to contribute with new insights to the strategy.

Entrepreneurial drive, customer centricity and understanding the customer lifecycle and customer acting are words that are in focus when Wärtsilä presents the company vision, mission and values (Wärtsilä, 2017). The bolded words are often brought up in company presentations because it’s words that describe what Wärtsilä strives for as a company. This means that this thesis touches a field that is current today, at least in big international firms. I have understood that value orientation is an important initiative supporting the company strategy.

1.1 Background

This study is made for Product Management – Product Company Medium Bore – Wärtsilä Finland. Product Management, Marine Solutions, is a newly founded organization within Wärtsilä that has the assignment to plan, forecast, develop and market the Wärtsilä products at different lifecycle stages (Wärtsilä internal, 2017).

In the development process of the organization Product Management, Marine Solutions, noticed that they were missing a clear overview of the product lifecycle and all the stages that it contains. Product Management was also missing documentation of external expectations in each product lifecycle stage. These two parts leads to that decision-making isn't optimized and there is a reason to develop it and become even better.

Initially Product Management gave me the assignment to create a map over the product lifecycle so that they can have a clear overview of the lifecycle and each stage in it. The assignment also contains collecting data over external expectations in each phase of the lifecycle.

During the writing process is the target to keep to the initial assignment. But since this is a development assignment I am aware of that the assignment even can become more clear and encircled during the process (My own reflection).

1.2 The problem area

In the last couple of years the customer focus have become a more considerable part in the companies. Because of the harsh market situation the companies around the world have to listen to their customers, make customized solutions and develop the products continuously so that they don't lose their customers.

Wärtsilä is a company that listens to and values their customers and they want to focus on customer centricity. The current problem for Product Management is that they don't have gathered documentation of customers' expectations in each stage of the product lifecycle.

In my study I am going to put focus on the customers and what they are expecting of the Wärtsilä engines in each stage of the product lifecycle. In order to do this I have to start with a timeline of the product lifecycle and definitions what each stage means. This can in a way be seen as a work behind the plough but I will during my journey more and more try

to find out what the buying customer is expecting and wanting from Wärtsilä (compare Fader, 2012).

All in all it's about profitability both in short and long term. If you are confident when working with customers and in the work of finding good customers it is larger possibility to do good business. Every company wants to have and to work with high valuable customers.

1.3 My purpose

My main purpose is to *create a map over the lifecycle stages for engines in the segment Wärtsilä 4-stroke engines*. I will focus on both the external expectations in each phase and to map the product lifecycle stages. This way of acting will hopefully give Wärtsilä an excellent possibility to match the customer needs to the company deliveries when executing the company's important sales activities.

My secondary purpose is to present such a model that can be put into use directly or in a modified version.

This thesis is to be seen as a pilot version of the product lifecycle map, the product lifecycle stages and customers expectations underlining the requirements of what customer centricity is about. In this digital era I think this kind of research has to be seen as fundamental activity before starting deeper customer analytics for decision-making in both smaller and bigger companies.

One more thing is that they have said to me in Wärtsilä that they have searched for so many fixed and finish versions of lifecycle stages. This is a try to map the Wärtsilä product lifecycle stages together with external expectations and my study will hopefully contribute to Wärtsilä so that they can use it and also develop it in the future if needed.

1.4 The research context – Wärtsilä

Wärtsilä is a multi-international company that operates in more than 70 countries around the globe. Wärtsilä was founded year 1834 and have for a long time been in the frontline of engineering innovation. Advanced technology and competence lifecycle solutions in the marine and energy market are the strengths that Wärtsilä have and they are a global leader within these fields (Wärtsilä, 2017).

In Wärtsiläs strategy we can find the explanation ‘‘Wärtsilä aims at a profitable growth by providing advanced technologies and lifecycle solutions to its marine and energy market customers’’. Wärtsilä puts their focus on high quality, cost effective, innovation, safety and committed people, to name a few examples (Wärtsilä, 2017). These are factors that drive Wärtsilä forward and make them a leader in their market.

Figure 1 shows Wärtsiläs *Vision, Mission and Values*. As mentioned above there are some key words in their strategy that they are following and these key words makes them successful in their market. In Figure 1 we can note key words such as *Entrepreneurial drive, Customer centricity and Passion for doing right*, these are parts that Wärtsilä puts value into. *Energy, Excellence and Excitement* are also values that are important for Wärtsilä and these are reached via the entrepreneurial drive, customer centricity and passion for doing right.



Figure 1. Wärtsiläs vision and mission (Wärtsilä, 2017).

Wärtsilä is shared into three different business areas, these are Marie Solutions, Energy Solutions and Services. More information about these departments is presented in sections 1.4.1, 1.4.2 and 1.4.3.

1.4.1 Marine Solutions

Wärtsilä is shared into three different business areas. Marine solutions is one of those and they are focusing on the marine business market. In the corporate presentation video it's stated that every 3rd ship in the world has a Wärtsilä solution onboard. Marine solutions are providing ship machinery, propulsion and maneuvering solutions (Wärtsilä, 2017).

Within the marine and oil & gas industry Wärtsilä is a leading provider of innovative products and integrated solutions. Wärtsilä are able to provide its customers with customized solutions so that the customers benefits from buying Wärtsiläs products. This is possible since Wärtsilä Marine solutions have experience, know-how and dedicated personnel (Wärtsilä, 2017).

1.4.2 Energy Solutions

Energy solutions is the business area at Wärtsilä that focuses on the Energy market. Energy solutions are designing and building power plants operating on gaseous and liquid fuels. The power plants can have the capacity up to 600 MW and has a very flexible design. Energy solutions have delivered power plants to over 170 countries in the world (Wärtsilä, 2017).

Energy solutions offer a wide range of environmentally sound solutions and they are supplying ultra flexible internal combustion engines, LNG terminals and distribution systems. This gives the customers a unique value and helps them with a energy system that is developed and sustainable (Wärtsilä, 2017).

Today Wärtsilä have 63 GW installed power plant capacity in 176 different countries in the world (Wärtsilä, 2017).

1.4.3 Services

Services is the third business area that Wärtsilä consists of. Services is the department that supports all of Wärtsiläs customers. The support is there through the whole installation lifecycle. Sevices are serving more than 12,000 customers every year and they have about 11,000 professionals in 160 countries around the globe. The service portfolio consists of spare parts, maintenance, optimization services and so on. The portfolio is constantly in the process of being developed. Wärtsilä services are offering the broadest service network compared to their competitors (Wärtsilä, 2017).

1.4.4 Product Management, Marine Solutions

Product Management is one department at Wärtsilä, Marine Solutions. This thesis is made for Product Management and that is why I chose to present a brief explanation of the organization. Product Management within Wärtsilä, Marine Solutions, is an organizational lifecycle function. Their work is to plan, forecast, develop and market Wärtsilä products at different stages of the product lifecycle. Product management are building bridges between teams and different expertise areas, they integrate people, data processes and business systems. Product Management, Marine Solutions and Product Management, Services, are connected to each other in order to connect the products operational phase (Wärtsilä internal, 2017).

1.5 Limitations

Product lifecycle management, customer need management and customer centricity gathers very wide fields and because lack of time I had to limit the assignment and focus on limited parts of all these fields.

My focus have partly been pointed to find out what customer centricity is about and then later on trying to implement that into my result. The study can be developed further and further but since this was to be seen as a pilot version I had to limit my study.

The study is limited to a short theory study, but big enough to cover the most important parts for this thesis. Looking at the method I had some limitations that I'm also presenting in chapter four. Because of the limitations in the method that I have used, the result is a limited version that can in the future become more developed and deeper than the version I am presenting in my result in chapter five.

1.6 My thesis

My thesis is that Wärtsilä today has begun to orient the business into a more customer centric approach. According to my opinion this is a right way to go based on both earlier research and storytelling from the business life. I mean that Customer Needs Management is popular today and also has a promising future. I also hope that results from my study can contribute to the customer centricity field.

1.7 Central terminology

In this session I am presenting central terminology as a meanings of difficult terms, abbreviations and in general specific domain language as follows:

Customer centricity is a strategy where you choose a set of customers to put your focus and resources on (Fader, 2012).

Value Orientation means that instead of focusing on the price of your products you move the focus to the value of your products or services.

PLM Product Lifecycle Management is a way of working with the product through its' total lifecycle. From the beginning where the product is manufactured to the usage of it and at last when the product is disposed (Wikipedia, 2017).

CRM Customer Relationship Management is the companys system of collecting customer data (Fader, 2012).

CLV Customer Lifetime Value is an estimated value that a specific customer will bring to your business in the future (Fader, 2012).

1.8 Disposition

The setup of my Bachelor's thesis is as follows:

In the second chapter I am presenting basic theory and earlier research from fields that my Bachelor's thesis relates to. Relevant information is brought up and helps the reader get a basic knowledge of subjects that I have used as a base for my own research for this study.

In chapter three I am presenting my own theoretical frame of reference. I am showing what my thoughts are about the changes on the battlefield.

In the fourth chapter I'm presenting which method I have used to gather material in order to reach my result in this study. I am also explaining how I have built up the question battery. The validity and reliability of this study is also presented in the fourth chapter.

Chapter five in this Bachelor's thesis shows the results I have reached in this study. I am presenting the result in both words and figures and explaining how I've reached the specific results in the study.

Chapter six is the conclusion where I am writing about how I have reached my purpose and also giving proposals for further research. I'm also showing my theoretical and practical contribution with this thesis.

2 THEORY BUILDING

In this chapter I am shortly presenting findings from earlier research within the field of market orientation and customer analytics. This theory chapter is a short theory study of journals, books and internal information within a company. I have found that market orientation linked to PLM, value orientation and customer centricity is both young and unharmed. There are building stones lying as findings from each area but the linkage is somewhat lacking. I think that this fact depends on a still lacking match between theory building and the dialogue with empery.

Section 2.1 is about market orientation, section 2.2 is about the customer centricity approach and fields that are a part of customer centricity and at last you can find a short conclusion in section 2.3.

2.1 Market orientation in general

When looking at definitions of market orientation there can be several different definitions. One definition can be "a business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of customers" (Businessdictionary, 2017). Another definition is "Market orientation is a company philosophy focused on discovering and meeting the needs and desires of its customers through its product mix" (Investopedia, 2017). However, it can also be as simple as "market orientation focuses on providing products that respond to both the needs and wants of a target audience" (Investinganswers, 2017).

What we can see from these three definitions is that some keywords are recurrent, for example philosophy, meet, needs and customer. Market orientation is therefore a philosophy that has its focus on finding and meeting the customer needs. When you have found those needs and want to meet them you can have a great advantage into becoming a customer centric company. It is here customer centricity, insight selling and resonating focus comes into the picture.

2.2 Customer centricity – the approach

Customer centricity is an expression that has existed for a while but the expression has got even more focus during the last couple of years. Customer centricity is about the customer and always to have the customer in focus, **but it is not as simple as that**. To make your business customer centric you have to integrate the customer into your business and make sure that the customer gets a good experience of your company (de Clerck, 2015).

According to Peter Fader 2012 customer centricity is ‘‘a strategy that aligns a company’s development and delivery of its products and services with the current and future needs of a select set of customers in order to maximize their long-term financial value to the firm’’ (Fader, 2012, p. 39). With that said we can note that customer centricity is about to focus on the most important customers for your company and put value into them and let them help you develop your company together with you. Fader 2012 is categorizing and using the word high valuable customers to explain and separate the best customer from the average customer (Fader, 2012).

Here follows figure 2, describing the area of what the related building stones of customer centricity are.

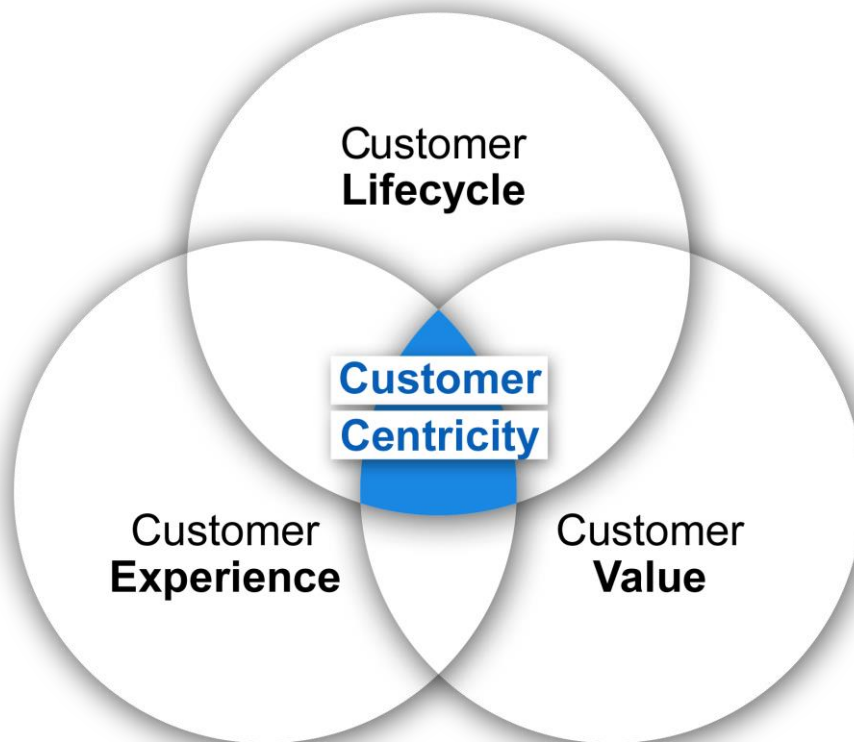


Figure 2. Three building stones that relates to customer centricity (de Clerck, 2015).

In the process of making your business customer centric you have to include employees and get them to understand the meaning of being a customer centric company. If the employees are committed to this strategy, then it will be easier to become customer centric and make your customers happy and satisfied (Drummond-Dunn, 2015).

Today many companies say they are customer centric but the fact is that they just say it and do not think any more about the meaning of it. The gap between companies perceptions and their customers perceptions if the companies are customer centric is huge today. In order to eliminate this gap the companies have to make customer centricity a part of their mission and not just see it as a concept that the company stands for (de Clerck, 2015).

2.2.1 Customer Relationship Management

The expression “customer centricity” was in the beginning mainly used within Customer Relationship Management, shortly CRM. CRM is according to Fader 2012 “a direct manifestation of the customer centricity business philosophy, CRM represents a firm’s front-line efforts to gather data about and better understand the unique characteristics and expected value of its focal customers and to use that information to appropriately allocate resources” (Fader, 2012, pp. 96-97).

To become customer centric the company has to have a CRM system. The CRM system helps the company gather information about their customers but that’s not enough to become customer centric. After the company has the CRM system, they can start collecting data about the customer, and after this the more challenging part takes over. The company needs to know which kind of data is relevant and they have to know how to use the customer data (Fader, 2012).

CRM is at many companies just a system that collects data of the customers. In companies who truly understand the meaning of and are able to use CRM correctly, it is a database that helps the company point out their key customers. CRM should be referred as a *customer database* not just a system that collects customer information or being a customer register (compare Fader, 2012 and Prof. Parvinen, 2017).

2.2.2 Insight selling

According to Schultz and Doerr 2014 ‘‘insight selling is the process of creating and winning sales opportunities, and driving change, with ideas that matter’’ (Schultz & Doerr, 2014, p. 30).

Insight selling is a concept that puts the focus in selling on the benefits of a product and mapping how a product can solve a customer need. Insight selling is about showing the value of a product so that the company’s products don’t become replaceable on the market (Schultz & Doerr, 2014, p. 25).

The meaning with insight selling is that you make the buyer aware of how the product or service changes their everyday-life. The seller should present the benefits and values to the buyer in such a way so that they are convinced they need the product or service you are offering (Schultz & Doerr, 2014, p. 29).

Schultz and Doerr 2014 are presenting *three different levels, the 3 C’s*, that top-sellers are using and these three levels are **connect, convince and collaborate**. These three levels can help you become a top-seller and win battles against your competitors. **Level 1**, connect, is about connecting the customer needs to your company’s product. You should also connect with people, they can be your future customers. **Level 2**, convince, is about convincing your customer that your product is the best and that they gain the most if they buy from you and not your competitors. **Level 3**, collaborate, is about finding a way together with the buyer so that you both reach a mutual goal. These three levels are used of top-sellers, or if you want to call them sales winners, and the 3 C’s helps them reach their goals (Schultz & Doerr, 2014, pp. 5-23).

The insight sellers have to know the meaning of values and value propositions. They have to know it because that’s what they should do in their selling, present values and value propositions to the buyers. Schultz and Doerr 2014 are defining value as ‘‘the monetary worth of something, that is, whether and how much someone will pay for something’’ and value proposition is defined as ‘‘the collection of reasons why a buyer buys, in essence, the factors that affect their decision to purchase and from whom’’ (Schultz & Doerr, 2014, pp. 40-41). With that said we can point out that value based selling with value proposition models is a part of insight selling.

2.2.3 Customer centricity and resonating focus

In the process of becoming customer centric value propositions can be to your help. In the article “Customer value propositions in business markets” you can find three different types of value propositions. These are **all benefits, favorable points of difference and resonating focus** (Anderson, Narus, & van Rossum, 2006).

According to Anderson, Narus and van Rossum 2006 “one striking discovery is that it is exceptionally difficult to find examples of value propositions that resonate with customers” (Anderson, Narus, & van Rossum, 2006). With that quote let us take a closer look to the resonating focus and how this should be implemented in the value propositions so that the value propositions becomes more customer friendly. The outcome of that may be that the business becomes more customer centric.

Resonating focus is about choosing the information you put into your value proposition carefully. You should resonate about what is the most essential to the customer and what are the most important features for them. In the value proposition that have resonating focus you have a few elements that the customer puts value into. You have to communicate this value proposition to the customer in a way so that the customer understands it and their interest in your products or services are woken up (Anderson, Narus, & van Rossum, 2006).

“**More is not better**” is a phrase that is presented in the article “Customer value propositions in business markets” and this means that with resonating focus you concentrate to maximum three points that will deliver the most value to your customer. According to Anderson, Narus and van Rossum 2006 “the resonating focus value proposition should be the gold standard” (Anderson, Narus, & van Rossum, 2006) and if you accomplish the gold standard you may be one step closer to be a customer centric company.

2.2.4 Customer Lifetime Value

Customer Lifetime Value, CLV, is one element of customer centricity. CLV is a way to measure how much value an individual customer will bring to your company in the future. According to Fader 2012 Customer Lifetime Value is “the present value of the future (net) cash flows associated with a particular customer” (Fader, 2012, pp. 71-89).



Figure 3. Customer Lifetime Value is a part of becoming customer centric (de Clerck, 2015).

It is important to know that CLV is not a way to show how much money a specific customer has brought to your company, it is a way of predicting how much money a specific customer will bring to your company in the future. If the CLV is correct calculated the values can help you categorize your customers, put a value on a specific customer and help you use your resources right on your customers (Fader, 2012, pp. 71-89).

CLV is a way to make calculations in order to be able to put your customer into different segments. CLV should not be calculated for “the average customer”, instead it should be calculated for every individual customer. Customer Lifetime Value is exactly as customer centricity, you have to look at the individual customer in order to receive the right information and point out your best customers (Fader, 2012, pp. 71-89).

2.2.5 Customer Needs Management

In this section I am presenting one approach that is on the edge at the moment, 2017. The Gartner researchers in the US are valorizing both researchers and the business life on a term called Customer Needs Management. Gartner 2017 means that we have to expand the Customer Needs Management field on the battlefield. This also means that Customer Needs Management is perhaps going to fight earlier tried and experienced approaches such as PLM, CRM, SCM and so on. When Customer Needs Management is entering it also can be seen as a fight between new ISMs. I mean one ISM is torn out and another is in the loop (My own reflection).

In Figure 4 we can see how Gartner describes the battlefield at the moment.

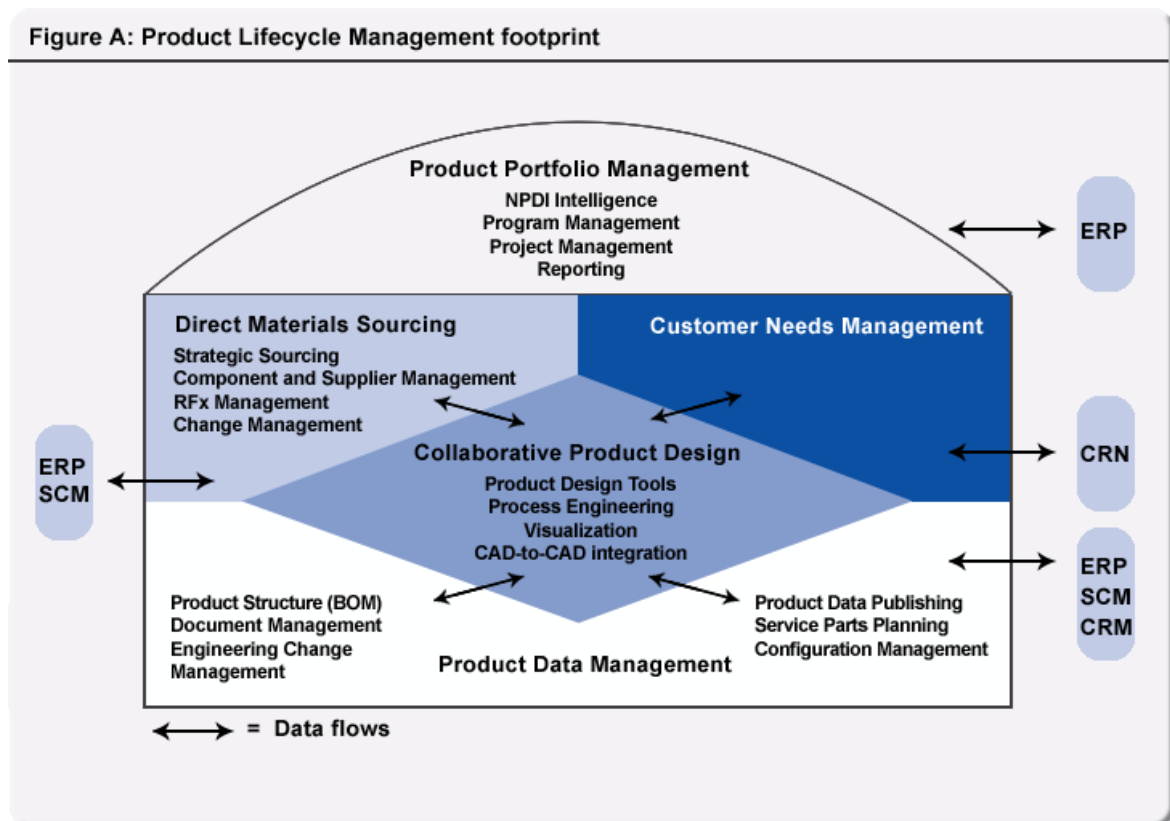


Figure 4. According to Gartner CNM has to have a place and Gartner is also recommending that the field of CNM has to be recognized (ProductLifeCycleManagement.com, 2013).

2.3 Conclusion

Based on this short theory study from books and journals I see that market orientation, customer centricity and Customer Needs Management are popular business models today. As a young researcher and with no long experience of the business field it is quite hard to say whether the value orientation paradigm is ultimately the right one.

I want to be careful and I see that this customer centricity approach is popular. It is also an extension of the confessed market orientation paradigm that Kotler and many other researchers together with business life have practiced for decades.

In the next chapter I am presenting my theoretical frame of reference regarding my thesis. The reference frame is based on my purpose and linkages to theory building.

3 MY THEORETICAL FRAME OF REFERENCE

In this chapter I present my theoretical frame of reference. The theoretical frame of reference means that the researcher presents an approach how he/she is aiming to tackle a research problem. This means that the frame of reference has building stones from theory and with dynamics of goal and purpose setting. Here is my theoretical frame of reference as follows:

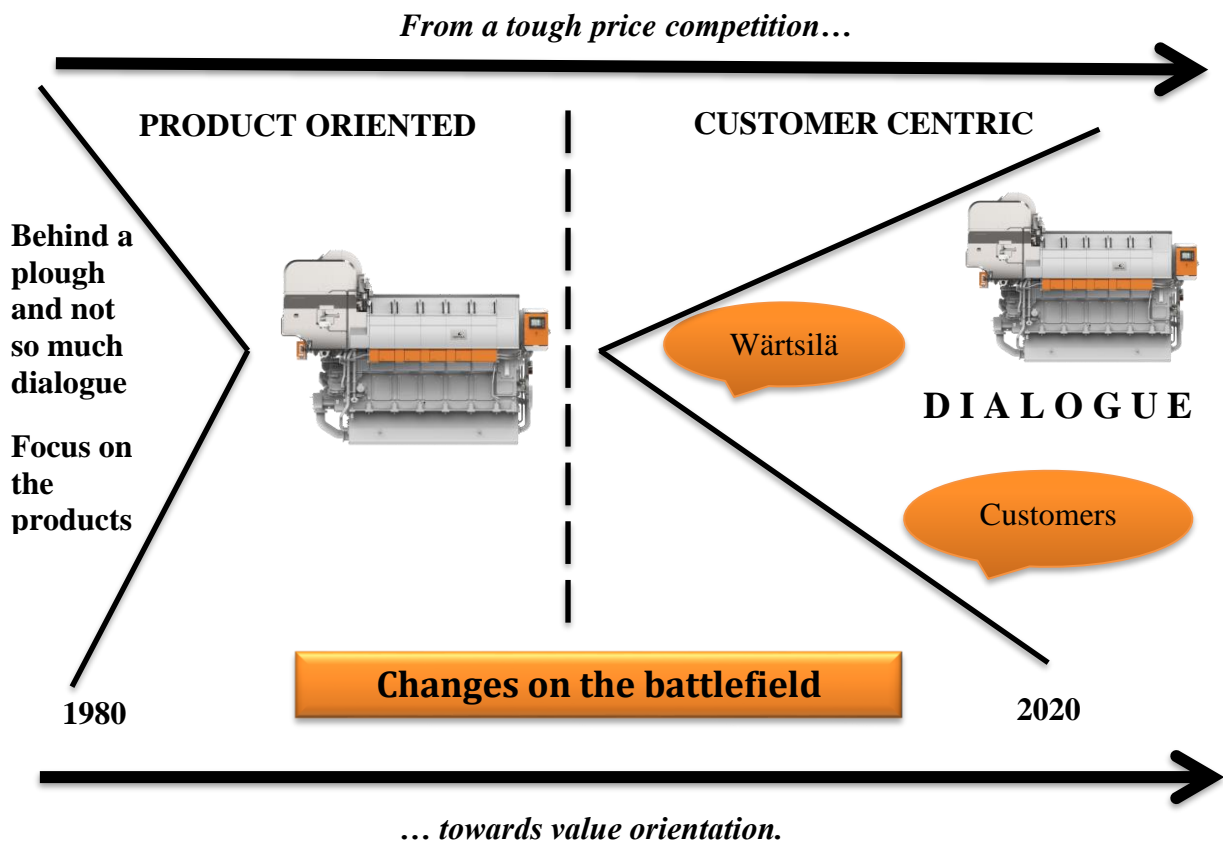


Figure 5. My theoretical frame of reference (Snickars, 2017).

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In Figure 5 my theoretical frame of reference is visualized. From the start Wärtsilä, as I see it, has been a product oriented company. The products and their development have been in focus and in front of the plough. As it is today it have become more important that Wärtsilä has to act like a customer centric company. The dialogue between Wärtsilä and their customers is a crucial part of having strong products that they can sell on the market. This means that Wärtsilä as a company, their products and their customers should be in front of the plough. The value orientation journey is perhaps in the very beginning at the moment but it has got a start and in the future it will hopefully be a way of working at Wärtsilä.

4 METHOD

In this chapter I present the research method of the empirical part of this Bachelor's thesis. In the process of gathering material for my result I have used a qualitative method. The method is chosen and presented in this chapter. The method is meant to help me reach my purpose and goals with this thesis. My method choice will help me solve both the scientific and practical purposes with this thesis.

In section 4.1 I am presenting my choice of method. In section 4.2 I am explaining the criteria for the interview subjects. In section 4.3 I present the question battery. At last in section 4.4 and 4.5 I present the validity and reliability of this study.

4.1 My choice of methods with arguments

My method of this thesis is interviews with a couple of handpicked employees at Wärtsilä. The interviews were held with experienced people within Wärtsilä Marine Solutions and Wärtsilä Services. Since this thesis is about customer centricity and my purpose is to find out the external expectations within different lifecycle stages of the Wärtsilä products I thought that interviews were the best fitted method to use.

Through deep interviews you get better contact with the respondent and the communication is easier. Misunderstandings are easier to avoid when you have face-2-face interviews and it is also bigger possibility that you get a more deeper and developed conversation regarding your questions. I formed out a question battery, see appendix 1, with help of my two supervisors and my literature studies. The question battery was served as a tool for the interviews that were held. All in all I agree with scientific findings that say it is important to listen to the customers when it comes to finding out what customers value and when a company goes for a more customer centric approach.

4.2 The interviews

The interview subjects were handpicked together with my supervisor at Wärtsilä and the requirements were as follows:

- Experienced in their work within Wärtsilä.
- Involved in many different projects within Wärtsilä.
- Experienced in working with Wärtsilä customers.

In the beginning of this study process, my supervisor sent out an e-mail to all the handpicked interview subjects. They got the information that I was writing my Bachelor's thesis for Product Management and that I will later on contact them to book an appointment for a face-2-face interview. They were also informed about that the interviews will be about the product lifecycle stages and what the external expectations are in the different lifecycle stages.

During February 2017 and March 2017 I held eight different interviews. These were held face-2-face with the handpicked interview subjects at Wärtsilä. I have interviewed employees from Wärtsilä Marine Solutions and Wärtsilä Services to find out the external expectations in different lifecycle stages of the Wärtsilä engines. The interviews will be compiled and based on that I will present my result.

4.3 The question battery with criteria

In appendix 1 you can see the question battery that was used as base for the interviews. The question battery consists of both **descriptive** and **core** questions. The question battery was sent out to the interview subjects before the interviews so that they could prepare their answers for the interview.

The questionnaire was built up together with both my supervisors in order to get as good answers as possible. The questions consist of a main question followed by a couple of answer alternatives in order to make the question clearer. The question battery was not developed from any earlier existing question battery. In order to reach the purpose of my thesis I made the question battery, consisting of 18 questions, quite broad and on a level that the interview subjects were able to easily understand the questions. I gave him or her also the possibility to comment each question and answer.

One criterion for the question battery was that it **shouldn't have too many questions** since many of the handpicked interview subjects have a lot in their calendar and they are often busy. Another guideline was that the interviews shouldn't take longer than 30 to 60 minutes.

The four first questions in the question battery were **descriptive questions** and gives a picture of the respondents experience in their work. Question numbers five to eighteen are the **core questions** of the question battery.

The **main question** was number seven that should give the answer of what the external expectations are within each lifecycle stage. To support the main question I also chose to include question eight and nine.

In order to get an idea of how Wärtsilä today manage to meet the external expectations I included question twelve and thirteen. Question fourteen, fifteen and sixteen are questions that should give a guideline to how Wärtsilä collects information from the customers and in which extension they are collecting the customer feedback to be able to develop their business.

Question eighteen is a question that is mostly pointed to Sales personnel and answers to in which way Wärtsilä uses different sales techniques in order to become a more value oriented company.

4.4 Validity

Validity means that you are measuring what you intend to measure. In this study I've done my best to reach my purpose and as mentioned earlier I've held interviews in order to get a result that answers to the purpose. I had a question battery formed out and this was done together with my superiors, both from Novia UAS and Wärtsilä, in order to get as good output as possible from the interviews. The questions in the question battery were based on both theory regarding the thesis subject and experiences and wishes from my Wärtsilä supervisor. I mean that the validity of my study is in order.

4.5 Reliability

The reliability of this study is, according to my opinion, good but the study cannot be generalized. It can't be generalized because the information that has been gathered is *case specific* since I've gathered information from employees within a specific company. The result I will present in chapter five can just be implemented at Wärtsilä since the result is based on information that has been gathered from Wärtsilä employees. At last I mean that the reliability is in order in this case study.

5 RESULTS OF MY STUDY

In this chapter I present the results of my study. I started with **studying literature** and I found out that this customer centricity approach is quite young. Both universities and the business life are well oriented in market orientation. Apart from that the new concept, value orientation, I see as young and not fully explored yet.

I also **conducted field interviews** with experienced employees at Wärtsilä in order to get information about what they see that the customers expect of Wärtsilä. The information was gathered and analyzed in order to fulfill my purpose so that Wärtsilä later on can see what the external expectations are and use this to develop other kind of material based on this study.

I present my results as followed: when I had done my eight interviews I begun to write down from each interview what every respondent answered. The collected answers from the interviews are sensitive company information and not included as an appendix in this thesis. I have picked out the most important parts from the interviews and that is presented in this result chapter.

After careful documentation I went on to get a collected picture of what the answers were. I started to check for patterns, similarities and also no patterns and no similarities. All in all I mean that those I have interviewed gave me answers that made it possible for me to categorize my results.

In sections 5.1 and 5.2 I present in both words and in simple tables what was the outcome of the interviews.

5.1 What did we find from the interviews?

When I had conducted my interviews I started to collect the answers in order to find patterns and important points that were said at the interviews. When I had put together all the answers I started to look for the most important parts of every question and pick out answers that will help me reach a result for this study.

As mentioned in chapter four I held eight different interviews with experienced employees. The majority of the respondents has contact with customers on a daily basis and has been employed in their position for several years. They have contributed with their expertise and

experience so that I got an understanding of which external expectations Wärtsilä faces. The interviews gave me a broad view of the subject and helped me gather material for my result.

Based on the interviews I found out that all of the respondents think that **Wärtsilä is very good at meeting the customer expectations** and that many customers choose Wärtsilä because of that. The respondents pointed out that the customers appreciate that even though Wärtsilä can face problems sometimes they always try their best to solve the problems in a fast and smooth way.

Wärtsilä as a company has **alignments for their customer on a higher level**, which means that the most important customers are classified within Wärtsilä. The lower you get in the customer structure within Wärtsilä they just partly have classification on their customers. This was pointed out of my supervisor for this thesis since the outcome of the interviews was that there was not any general classification that everybody within Wärtsilä uses. This shows that the classification is maybe not used that much within Wärtsilä even though they should be using one overtaking classification system.

Wärtsilä is a global company and they are following the business models that are trending today. Wärtsilä are moving towards becoming a value oriented company and according to the interview respondents they are today working with the movement from only be price focused when selling their products to selling with value based proposition models. **It became clear during the interviews that they are using the value based sales techniques but they could have been more developed within the field** than what they are today within the company. This means that they still have a journey to make before Wärtsilä are a total value oriented company.

Since I have held interviews with people from different departments of Wärtsilä I have got answers that differ from each other but there are also answers that are very similar. The answers will be categorized and presented in chapter 5.2.

5.2 Categorized results

In this section I'm presenting the result of my study in the way that I categorize what the respondents have answered. My purpose of the study was to create a map over the product lifecycle stages in the segment Wärtsilä 4-stroke engines. The map should consist of the lifecycle stages and the external expectations in different lifecycle stages.

In section 5.2.1 I present two different product lifecycle maps and explaining how they are linked to each other and in section 5.2.2 I show the external expectations within different lifecycle stages. At last in section 5.2.3 I present how Wärtsilä handles their customer feedback.

5.2.1 Product lifecycle map

From my interviews I have found out that **the lifecycle can be seen from two views**, one is the *internal view* and one is the *external view*. The internal product lifecycle consists of more stages than the external. The internal lifecycle stage map consists of eight actual steps but you can also define processes before and after. The internal product lifecycle map is shown in figure 6.



Figure 6. The internal map of the product lifecycle stages (Snickars, 2017).

In figure 6 the internal product lifecycle stages are presented. This map is developed from an earlier version that is made by Rasmus Teir, Product Manager, Product Management, Marine Solutions, Wärtsilä. (Wärtsilä internal, 2017).

One thing that was brought up during the interviews was before lifecycle stage 0 is a development phase. That is when Wärtsilä are researching and working on a new product. Also after lifecycle stage 7 comes a time where the products belong to Service Business Line. Service Business Line is serving every product as long as possible even though the product maybe is not produced anymore.

Another thing that was highlighted at the interviews was that these are the internal lifecycle stages and the customers don't see the product lifecycle map that specific. In figure 7 you can see a product lifecycle map based on the external view.



Figure 7. The product lifecycle stage map from an external view (Snickars, 2017).

When comparing figures six and seven they are quite the same, the difference is that the internal lifecycle map consists of more steps than the lifecycle map seen from an external view. The external view on the product lifecycle is as follows:

1. A pilot product that is new on the market.
2. A mature product that have been sold for a while on the market. The product is tested and reliable.
3. A product that isn't sold or produced anymore, only the possibility of service from now on.

Even though there are more steps in the internal than the external lifecycle the different maps are quite the same. In figure 8 you can see which of the external lifecycle stages that are linked to the internal and vice versa.

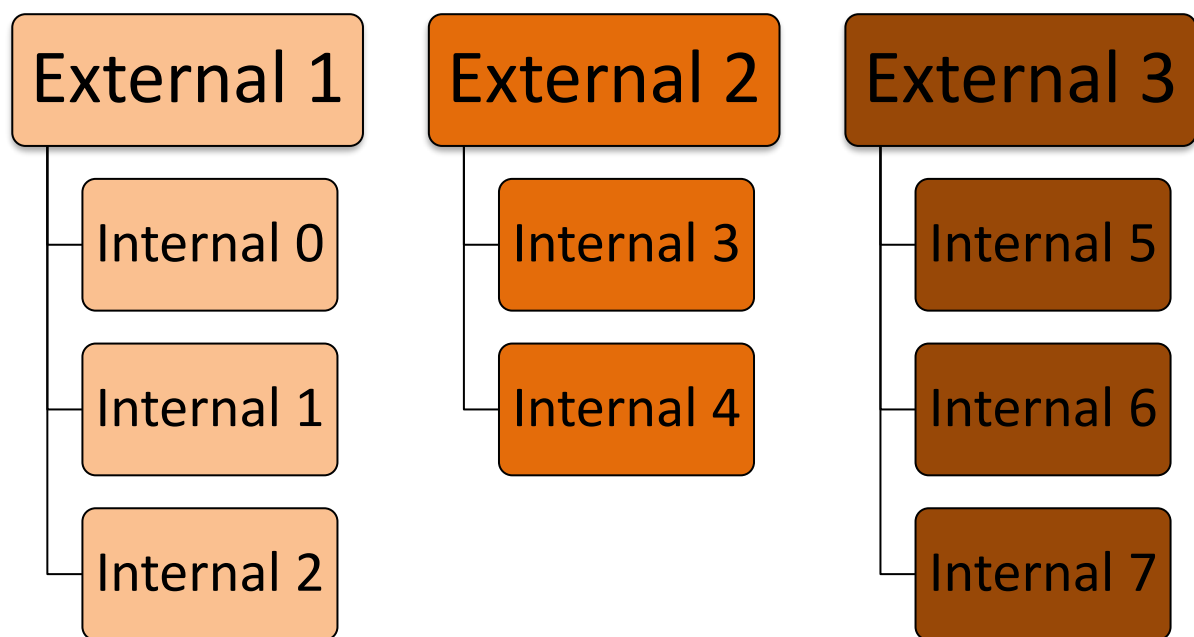


Figure 8. How the internal and external product lifecycles are linked to each other (Snickars, 2017).

During my interviews I got the understanding that this was the internal vs. the external view on the product lifecycle. The external view was that there was the pilot products, mature products and products that are no longer sold or manufactured. And from that I divided the internal lifecycle stages into three different external stages. The external lifecycle consisting of 3 steps is as mentioned based on the internal lifecycle that consists of eight steps.

The external product lifecycle map has been the base when I later on in the interviews tried to find out the external expectations in each lifecycle stage. The external expectations that I have mapped are presented in section 5.2.2.

5.2.2 External expectations

Based on the three different external lifecycle stages presented in figure 7 I have gathered material that shows the external expectations in each stage and also what the general external expectations are pointed at, see table 1.

External expectations in each product lifecycle stage.	
Based on the external lifecycle stages.	
Pilot product	Operational safety, minimum amount of problems, extra guarantee time, extra follow-up, lots of product information and documentation and full support from Wärtsilä.
Mature product	Operational safety, a lot of support and documentation, problem free, experienced personnel with knowledge of the product, handle possible quality problems quick, keep delivery times and to have service-men available.
Product that isn't sold/produced anymore	Operational safety, service and spare part availability.

Table 1. External expectations within different product lifecycle stages (Snickars, 2017).

As shown in table 1 the external expectations have variations depending on how mature the product is on the market but from the interviews I also noticed that there was some points that were important for the customer in every single lifecycle stage. These things were **operational safety, price, the customers' operational costs and product reliability**. The before mentioned features are things that were pointed out in the majority of the interviews. In some single interview things as environmental friendly and service predictability were pointed out to be important things for the customer.

Based on the answers from the interviews the external expectations doesn't really change that much depending on which lifecycle stage the product is in. Bigger **differences in the external expectations can be found depending on:**

- Which segment the customer belongs to (Marine customers).
- If it is a Marine customer or a Power customer.
- Geographic location to some part.

The external expectations come into Wärtsilä's knowledge during discussions, meetings and negotiations. Within project management they are receiving customer expectations within a specific project from day one to the last day that they are working with that specific project. Some respondents also said that the customer expectations are noticed in the customer satisfaction ratings but some thought that the customer satisfaction ratings only shows how satisfied the customers have been with the support from Wärtsilä's side and not how good the product have been.

Based on the interviews I can say that Wärtsilä has a hard time to fight their competitors on the market just based on the price that they have on their products. According to my opinion Wärtsilä should not put focus on getting the price level down. Instead they should focus on improving their value based sales. With that strategy they can be able to convince their customers that the price isn't the most important part and instead showing the customers the value they get buying Wärtsilä products.

5.2.3 Customers feedback

One thing that the majority had the same opinion about was that the customers feedback isn't collected anything else than via customer satisfaction ratings. The respondents thought that Wärtsilä should become better at gathering customer feedback and take learning from the feedback and mistakes in order to improve their business. Several of the ones that were interviewed said that Wärtsilä is a company that is process controlled and that they don't have any process for gathering customer feedback.

Another thing that also was brought up was that the company is product focused and separated into many small organizations. Because of that it is very hard to get the information through every department that should have the same information. This also makes the collaboration between the different departments suffer.

5.3 My six major points for improvements

Based on my findings in section 5.1 and 5.2 I will here sum up my results and present what I see have to be improved if the company is willing to go for a value orientation business approach.

1. **Wärtsilä has to follow the business field and implement the value orientation concept, in order to do this they have to think in new paths and also be willing to renew their way of looking at things.**
2. **Listen to their customers and together with the customers develop products that answers to the customer expectations.**
3. **Start to gather the customer feedback and take learning from it in order to improve the business. This means that Wärtsilä has to react to their customers' feedback.**
4. **Wärtsilä has to cooperate more internally. If the cooperation becomes better within the company it will automatically lead to more external cooperation, i.e. with the customer and the customers customer and so on.**
5. **Wärtsilä should encapsulate the customer centricity paradigm so that they are able to become more value oriented within the company.**
6. **Don't believe what is written in CRM to 100%. They are too static and filled with historical data that can lead to that we interpret things wrong.**

5.4 What can Wärtsilä use this for?

My result that I have reached in this study was meant to help Wärtsilä map the external expectation within the different product lifecycle stages. I have interviewed a couple of subjects that based on their expertise could help me find out Wärtsiläs customers' expectations. Their answers have been gathered, categorized and analyzed in order to find out the external expectations.

The external expectations and the product lifecycle maps will help Wärtsilä map the external expectations on their products in their different lifecycle stages. Wärtsilä can also use this thesis in the future, as a helping tool and it can be one step further to become a value oriented company.

6 CONCLUSION

In this chapter I'm presenting my conclusion of this study. In section 6.1 I present how I reached my purpose, in section 6.2 and 6.3 I present both my theoretical and practical contribution. At last in section 6.4 I present my proposals for further research.

6.1 How did I reach my purpose?

I have had a time consuming assignment that have been challenging but at the same time interesting. Since the subjects of this study are trending at the moment and not fully developed or tested it is an assignment that later on can be developed and become even more specific. The terms **value orientation**, **customer centricity** and **value based sales** are quite new strategies in the companies today and that makes it hard to reach a result that will point at one way that is right and straight forward.

But as it looks today I think I have reached my purpose quite well and I am pleased to be able to say that. This assignment have been interesting and given me a lot of new knowledge within different business areas and strategies that I've brought up in this study.

6.2 My theoretical contribution

The theory building that I've presented in this thesis can be seen in chapter 2. The theory building heavily relies upon earlier research, mostly in marketing and sales. I have come to an insight during my study that customer centricity is a path that can be seen as an evolution from the research findings in market orientation. So in a way everything goes back to Kotler, Keller, Brady, Goodman and Hansen but now it seems that we are turning their findings even more into practical business actions.

When checking the literature and journals within my subject we see that most of the writings are from 2010 up to now. My theoretical contribution is quite insignificant but what has impact is that I have **firstly** given insight to this area and **secondly** those I have interviewed have shown a genuine interest in these new thoughts. Summarized I mean that my theoretical contribution has to a certain extend come to some sort of awareness to those I have interviewed. We can say that in a way I have helped Wärtsilä, in a small extent, to implement the new paradigm in the company.

6.3 My practical contribution

My practical contributions based on this study are as follows:

1. The question battery that was worked out as a base for the deep interviews generally.
2. The product lifecycle maps, both the external and the internal.
3. Finding out the external expectations on the products within different lifecycle stages.
4. The six major points program that will hopefully help Wärtsilä on the journey of becoming a unique value oriented business company.

6.4 Proposals for further research

Since these trending subjects, **value orientation and customer centricity**, are on the wall today I think that Wärtsilä should follow the trend and develop the company in the same direction. If they want to develop the company in this direction I think that there are a few criteria that have to be fulfilled.

Firstly: you have to be working within the organization to be able to develop the company in this direction. Secondly: you have to work close to the customers and be in continuous contact with the customers. These criteria are essential for the one that is researching and trying to implement these strategies in the company.

The company also has to be willing to become a value oriented company if it should be possible to become it. The company has to believe in the concept to work as a customer centric and value based company before they can become it.

Finally I have only one concrete proposal to Wärtsilä when it's up to doing research and practicing value orientation: give it a go but do it step by step.

All in all I see that the company has a big challenge ahead which means that from now on the leadership has to actively try to implement this concept weekly, daily and hourly in the company.

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APPENDIX 1

Beskrivande frågor

1. Namn:
 2. Befattning:
 3. Hur länge / många år har du varit anställd i Wärtsilä i din nuvarande befattning:
 4. **Beskriv** hur din kontakt med kunden sker idag:
 - Genom personlig försäljning och förhandling med titeln försäljare
 - Jag är en försäljnings direktör / KAM / SAM
 - Produktansvarig, eller annat vad?
 - Jag är i direkt kontakt med kunden, lyssnar, förhandlar och lägger grunden för avslutning
 - Jag är back office och är inte med på slutrakan då affärer och avtal görs upp
 - Hur sker kontakten? Fysiska möten/mail/Skype möten/annat?
 - Ifall du inte kan kategorisera dig till något ovanstående, säg vad och hur du gör det!
-

Kärnfrågor

5. **Beskriv** spelplanen du jobbar på idag,
 - Produkt/tjänst
 - Område (land)
 - Vilka kunder har du att göra med
 - Djupet, hur involverad är du med kunden/kunderna
6. Ange vilken/vilkaav nedanstående livscykelkedan du är i kontakt med i din befattning?
 - LC 0 – Pilot marketing
 - LC 1 – Pilot Sales Release
 - LC 2 – First ExW, Pilot Configuration
 - LC 3 – Full Sales Release
 - LC 4 – Product Development Freeze
 - LC 5 – Sales Stop
 - LC 6 – Last ExW, End Of Manufacturing
 - LC 7 – Hand Over Engine BL to Service BL
7. **Inom de olika livscykelkedan där du är aktiv, beskriv vad har kunden för förväntningar på Wärtsilä inom respektive livscykelkede?**

8. Är det stora förändringar i kundförväntningarna,
 - beroende på vilket livscykel skede motorn befinner sig i?
 - mellan olika kunder?
 - mellan annat, vad?

9. Vad är kundens krav mest inriktade på?
 - Ekonomiska saker/Service/Garanti/Reservdelar/Annat?
 - Den egna riskhanteringen och kundens kunds risker
 - Kundernas operating costs
 - Kundernas bekymmer om att öka sina intäkter
 - Ändras detta beroende på vilket livscykelsskede motorn befinner sig i?

10. Ge ett specifikt exempel på hur kundens krav ändras från ett livscykelsskede till ett annat, förklara mätbart!

11. Hur och när kommer kundernas förväntningar till kännedom?
 - Under förhandlingar
 - I customer satisfaction ratings
 - I lösa diskussioner
 - Rykten
 - Via annat, vad?

12. Anser du att Wärtsilä klarar av att möta kundernas förväntningar?
 - Ja/Nej
 - Om nej, varför inte? Orimliga krav? Andra orsaker, vilka?

13. Anser Du att Wärtsilä håller vad som stipuleras i kontraktet?
 - Vad händer ifall det blir ändringar och man måste ändra i kontraktet?
 - Kundens reaktioner på dessa förändringar?

14. Tar ni i beaktande kundens förväntningar/krav för att i kommande projekt kunna prestera bättre och på så sätt förbättra businessen?

15. Hur samlas kundens feedback in på er avdelning?
 - Tar ni tillvara på kundfeedbacken?

16. Djupanalyserar ni kunddatabasen CRM och hur gör ni detta? Tar ni lärdom av detta?

17. Hur kategoriserar ni era kunder?

- AAA rating
- Bad customer – premium customers
- High value customers – low value customers
- Eller ingen kategorisering alls, kundantalet är få och det gäller att vara med på allt.

18. I vilken utsträckning stävar ni till att uttrycka det ni säljer i både ord och siffror då ni kommunicerar de värden som ni offererar och

- Använder ni er av genomtänkta value proposition models med parametrar och siffror.
- Använder ni någon form av grundläggande WIN blankett
- Berätta vad ni skulle behöva i form av instruktioner eller lärdom i frågan om detta med att gå över till värde orientering i företaget (the transition towards value orientation and adopting such a concept and leaving the traditional margin based sales with price as the toughest parameter).

Tack för era värdefulla svar!