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Development of Market Entry Strategies
An Initial Blueprint for Consulting Processes
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ABSTRACT

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Ever since globalisation has started to connect nations all over the globe companies have been offered great amounts of opportunities such as the distribution of risks towards several countries or the access to a greater customer base. However it seems that Finnish small and medium-sized enterprises (SMEs) face troubles when entering foreign markets which establishes a need for practical support and guidance.

For this purpose the following will introduce an initial consulting process representing a base for fostering Finnish SMEs to enter international markets. The result will be utilised by the commissioner 1Step, a consulting start-up company located in Oulu (Finland) supporting the internationalisation process of Finnish enterprises to Germany.

In order to develop the desired consulting blueprint the following structure has been chosen: The first part will present the theoretical foundation including chapters dealing with basics of consulting, the creation and consumption of services as well as strategy development for foreign markets.

In addition to that empirical research will solve the research problem of lacking crucial information about the commissioner’s potential clients – Finnish SMEs. In order to solve this issue qualitative data in form of expert interviews has been collected due to the assumption that broader information concerning the research problem are needed. The results cover the topics of general data about Finnish SMEs, their problems concerning a market entry to Germany as well as the relationship between consultant and client.

Lastly, the developed consulting process will be introduced based on the findings of the previous two parts. In order to present the blueprint the process modelling language UML (Unified Modelling Language) has been used which enables the commissioner to improve the consulting process continuously in the future.

Summarizing, the commissioner will receive a comprehensive document describing how it is possible to consult market entry strategies to Finnish SMEs. However it should be mentioned that the developed consulting process should be seen as an initial base since it has to be adapted to individual needs of every client. By doing so it should be possible to foster internationalisation processes of Finnish SMEs in order to support their growth potentials and ensure a sustainable future development.

Keywords: Internationalisation; Consulting; SMEs; Services; Strategy; Germany
1. Introduction

Due to the continuous process of globalization the world’s economy is nowadays characterized by Free-trade areas such as the probably upcoming TTIP agreement (Transatlantic Trade and Investment Partnership), strong interdependencies of national economies referring to the financial crisis in 2008, an increasing amount of international trade and several other characteristics (World Trade Organisation, 2013.). These circumstances can obviously offer opportunities for companies. For example the utilization of foreign country’s production factors and the distribution of risks towards several nations or the access to a greater customer base. These advantages of doing business globally are reasons why nowadays there is a need for many enterprises to operate in an international environment in order to ensure growth potential and competitiveness.

In particular big enterprises have identified the advantages of internationalization and seized the opportunity. Nowadays companies such as Adidas, Coca-Cola, Volkswagen or McDonalds have well-known images and their products are available in almost every part of the world. That is one reason why they are called global players, meaning that they have an important or superior position within their field of business and are able to influence markets and competitors in a considerable way (Wirtschaftslexikon24.com(a) 2015).

But not every company needs to become a global player in order to seize internationalisation opportunities. Small and medium-sized enterprises (SMEs) can benefit from entering new markets by releasing growth potentials and ensuring a sustainable future development. The possibility of internationalisation should therefore be seen as a considerably option of every company nowadays, independently of their size or origin.

Fostering SMEs in going international can also have beneficial effects for a nation’s economy. In Germany for example small and medium-sized enterprises are called “the backbone of economy” (Mittelstandsverbund 2015) describing their major role as employers and creators of value added\(^1\).

In order to foster the internationalisation process of Finnish SMEs a consulting company called 1Step helps to develop market entry strategies to Germany. At the moment this company is lacking practical information how its product should be created and offered. In order to solve this lack

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\(^1\) In Germany more than 57 percent of employee work for SMEs. Additionally less than one percent of all registered enterprises are categorised as big enterprises.
of knowledge the following will develop a consulting process enabling the commissioner 1Step to successfully develop market entry strategies for its clients.

Therefore this work will consist of several parts. Firstly, the theoretical foundation will aim to give a general introduction to the topic of consulting followed by an extensive chapter about service creation and design. The last theoretical chapter will introduce an initial strategy development process representing the core service of the commissioner’s offer.

The second part presents the results of the empirical research. The basic research problem of lacking crucial information about Finnish SMEs should be answered by interviewing business experts related to internationalisation to Germany as well as questioning enterprises experienced with in the latter mentioned topic. The research questions are structured as the following: Firstly, a general overview of the current situation of SMEs should be gained followed by a specific analysis concerning problems and obstacles of the internationalisation process to Germany. The last research question aims to identify key factors establishing a successful consulting relationship between a consultant and a Finnish SME.

The last part introduced the developed consulting process visualised in the process modelling language UML (Unified Modelling Language). Due to clarity reasons the whole process has been split into several figures. However it should be possible to understand connections and relations. All in all the visualisation of the consulting process will enable the commissioner to constantly develop and improve its processes in order to offer superior service performance and foster Finnish SMEs to enter German markets.
2. Situation Analysis of the Commissioner

1Step Oy Business Development Service is a start-up company located in the city of Oulu in Northern-Finland. It was founded in 2014 by the German Jan Schmidt currently representing the only employee. The product offer includes business consulting services as well as several business trainings. (1Step 2015)

The company’s mission\(^2\) is to become a solution provider by offering other businesses the possibility for a short term investment with long term returns. Therefore the company’s main goal is to grow steadily and establish a consulting services known in Finland for its excellent quality and expertise. (Schmidt 2013)

In order to give a more detailed overview of 1Step’s current situation the so called extended marketing mix will be applied in the following. This concept complements the mostly known idea of McCarthy from 1960 by adding three more elements to the already existing four Ps. The extended marketing mix seems to be more adequate for service providers due to the special nature of services discussed in chapter 3.1. (Freeman 2005)

Figure 1. An overview of the extended marketing mix (Freeman 2005)

\[^2\text{An organisation’s mission can be seen as the reason why it exists and what it should do (Jeyarathmm 2008, 6).}\]
As can be seen from above the extended marketing mix is based on the traditional one. Additionally it should be mentioned that the seven elements show mutual dependencies and need to be adapted to each other in an adequate way. The following will briefly explain each element followed by an application to the commissioner 1Step:

**Product (Service)**
The element product can be seen as “anything for attention, acquisition, use or consumption [...] to satisfy a need or want” (Gilaninia, Taleghani & Azizi 2013). Consequently the term product might be misleading since not only physical goods but also services are included. Thus, the term “offer” might be more suitable in order to describe every value provided for customers to satisfy their needs and wishes.

The service offer of 1Step can be divided into three categories: Firstly, research services concentrate on giving customers information about particular German markets. Therefore clients can chose between two packages differing in accuracy and amount of information delivered. On top of that an assessment of the current situation as well as instructions for a market entry are included. (1Step brochure)

The next product category are consulting activities helping customers to enter the German market based on previous research. That is why normally the previous service offer is included. The minimum time frame for this service is at least six month and there are three options the client can choose for determining the communication to 1Step. The available communication means are e-mail support with a guaranteed 48 response time, monthly support either on customer's premises or via Voice over IP (VOIP) or weekly assistance on client’s facilities or VOIP. (1Step brochure)

The third product offer focuses on training for businesses. Since this service can be considered as employee development and is hardly connected to the topic of strategic consulting. That is why it will not be further explained or discussed in the following. (1Step brochure)
Price
The element price can be investigated from two perspectives: From a seller’s point of view it describes the demanded money for a certain offer. In contrast to that for a buyer all costs included in a purchase can be seen as a price. That is why the total costs of ownership (TCO)\(^3\) should be respected. The element price should be considered as a crucial part of the marketing mix since it influences the perceived quality of buyers (Yoo; Donthu; Lee 2000, 198).

The pricing of 1Step is mainly based on involved expenditures. So far the company has calculated hourly rates based on its cost structure and desired margins. For determining the price of a specific service these rates will be multiplied by the estimated amount of hours involved and added by project specific costs, e.g. for traveling. This estimations finally lead to a set price. For customers this might be a big advantage since 1Step assumes the risk of carrying additional costs occurring during a consulting project. (Schmidt 2015)

In addition to cost-based pricing the company also investigates and compares competitor offers. Unfortunately it is not possible to give more detailed information about the company’s price finding since it should not be known by the public. (Schmidt 2015)

Place
This element of the marketing mix focuses on the question how an organisation makes its offers available for its target customers (Khan 2014). Therefore companies can generally sell directly to customers or use the help of distributors (Gilaninia; Taleghani; Azizi 2013)

1Step’s service delivery is split into two parts. Created reports and documents for customers will be delivered through electronic means such as e-mail. The consulting and discussions with clients will take place on their premises or via VOIP. (Schmidt 2013, 6)

Promotion
Promotion can be seen as a company’s communication with its stakeholders, especially with (potential) customers. It can be seen as a very critical part within the marketing mix since even “a successful product or service means nothing unless the benefit […] can be communicated clearly

\(^3\) Total costs of ownership (TCO) describe all costs involved in a purchase of a product or service (Business Wissen Information Service 2015). In other words TCO include purchase price increased by expenditures for using a product or service. This can be for example electricity costs for running a machine.
to the target market” (Khan 2014). Therefore promotion should fulfill three main functions: provide necessary information for the target audience, persuade them of product or service benefits and stimulate to take desired actions at a specific time. In order to achieve these functions there are several tools available, such as advertising, sales promotion, personal selling, public relations and direct marketing. (Khan 2014)

Key elements of 1Step’s communication include personal selling, advertising, events and networking as well as online marketing. Each of these channels is intended to fulfill a specific goal: Personal selling is the main communication mean in order to close deals and drive sales. In contrast to that 1Step’s online marketing, especially the webpage, presents the company and its services and provide potential customers with necessary information. By using events and networking 1Step aims to increase its reputation and level of awareness as well as meeting businesses being potential future customers. Consequently Word-of-Mouth communication\(^4\) is an important element for the commissioner’s communication. (Schmidt 2013, 9.)

**Participations**\(^5\)

Participations can be seen as all personnel of an organisation. Especially employees that are in direct contact with customers are considered to be the most important part of this element. Due to the situation that in services mostly people are involved, the dimension participants focuses on skills and competences of personnel. That is why a company should consider human beings as the most critical resource and therefore spend effort in employee recruitment, talent retaining as well as development and training. (Freeman 2005; Hoepner 2015)

As heard in the beginning the only person involved in 1Step’s activities is the founder. Consequently key competences are limited on his personal knowledge and experience. Therefore Mr. Schmidt has worked more than 30 years in the area of sales and customer service not only giving him deep expertise but also developing his personal network in Germany and several other countries. On top of that German and English language skills should be considered as one more valuable asset. According to Mr. Schmidt (2015) his understanding and ability of applying cultural dif-

\(^4\) Word-of-Mouth (WOM) communication describes a direct and influencing communication between consumers about companies, brands, products or company related topics in a positive or negative manner. (Gabler Wirtschaftslexikon(a) 2015)

\(^5\) Initially the creators of the extended marketing mix Booms and Bitner named this element “People”. However Freemans approach seems to be more adequate since also other creatures might participate.
ferences between Finland and Germany should be mentioned as his unique selling proposition\(^6\). (Schmidt 2013, 1.; 1Step 2015)

Physical Evidence

Physical evidence refers to a company's facilities. In contrast to manufacturing companies service providers need to be aware that customers will expire their working-environment such as the area the business is located, the organisation's buildings and other related circumstances. Because of that there is a need to design the environment in an adequate way for target customers. A delicious lunch for example might not be satisfactory if the ambience is insufficient. That is why facilities are an important part of the extended marketing mix influencing the perception of service quality. (Freeman 2005; Hoepner 2015)

Currently 1Step rents an office in the building of Njetworkin, a company offering premises for start-up enterprises. This facility can be seen as crucial since potential customers are located at the same place and the open-minded atmosphere can support networking. On top of that operations are managed at the founder’s domestic premises (Schmidt 2013; 6).

Process

The last additional element is called process. Due to the fact that services are produced differently compared to physical goods it is necessary to a process based approach (see chapter 3.1). In order to standardise and control processes it is useful to develop a so called blueprint. This term describes a schematic description of a service process and can be seen as a base for the production and related topics. (Freeman 2005; Hoepner 2015)

At the moment 1Step is missing a documented process in order to provide their customers with adequate business consulting. This can lead to the problem that the production outcome of the offered services might vary in a considerable way and quality control as well as error detection cannot be established. For that purpose a service blueprint tailored and adapted to the other elements of the marketing mix will be created in the following. Figure 2 summarizes the current marketing mix of 1Step with its seven elements again.

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\(^6\) The unique selling proposition (USP) can be seen as a promise of a company which is valued by customers but cannot be delivered by competitors. (Wirtschaftslexikon24.com(b) 2015)
Figure 2: The application of the extended marketing mix (based on Schmidt 2013; 1Step 2015)
3. Basics of Consulting

This chapter will deal with the topic of consulting as the first main topic involved in the creation of a consulting process. Therefore typical characteristics of business consulting activities will be introduced followed by an analysis of client expectations. At the end of this chapter an initial process will be introduced explaining symptomatic phases during a consulting relationship.

3.1 Key Characteristics

Consulting services are normally characterised by several typical attributes. Since the creation of a consulting blueprint requires at least a basic understanding of how business consultants operate the following characteristics will help to approach this topic.

Knowledge
A major element involved in the business of consulting is the transfer of knowledge. Therefore this term should be seen very broad consisting not only of a theoretical framework but also of “experiences, expertise, skills, know-how, and competencies” (Kubr 2002, 4). That leads to the conclusion that consulting does not only require a well-grounded theoretical understanding but should additionally provide possibilities for effective application and implementation.

In this context Kubr (2002, 5-7) asks for distinguishing between technical and human-being related knowledge. The latter term is more focused on people and interpersonal relationships such as motivational aspects and team work abilities. In contrast to that technical knowledge focuses on all tangible and quantifiable issues related to management. However a consultant should be able to provide both types of knowledge transfer.

Advice and assistance
A consulting service can be seen as a service of advice or assistance. Consequently Kubr (2002, 7) argues that consultants are mainly responsible for the quality of their advice while the client’s managers take responsibilities for the outcome. Although this situation is almost free of risk for consultants it implicates their biggest problem: No power for applying the advice. That is why it seems necessary not only to give correct advice but also to address the right people at the right time (Kubr 2002, 7).
However consulting can sometimes be extended. By offering additional application services for the advice given consultants can actively participate in the implementation. Examples could be the participation in negotiations or employee training. By doing so the customer does not only receive advice anymore but also assistance in application. (Kubr 2002, 7.)

**Independency**

A consultant’s independence should be considered as a further characteristic. It is essential in order to provide high quality analyses and give correct advice autonomous of own or the client’s interests. However this tends to be rather difficult. Therefore Kubr (2002, 7-8) describes four types of independencies to survey:

Technical independency on the one hand describes formulating an independent technical opinion and offering uncommitted advice and assistance on a client’s issue. On the other hand administrative independency describes a situation in which a consultant is not affected by a client’s administrative decisions. Political independency respects that a client has no power to influence the consulting relationship due to political party membership, the personal network or similar effects. Lastly, emotional independence means that consultants avoid the involvement of personal feelings such as friendship, empathy, or other emotional affinities with clients. (Kubr 2002, 7-8.)

The number of different independencies clearly shows that an objective and autonomous consulting process can be very challenging. Nevertheless it should be every consultant’s goal in order to ensure high-quality consulting services. (Kubr 2002, 4-5.)

**Time limitations**

Consulting is always limited in terms of time. This characteristic is strongly connected with the previous attribute. A client normally turns to a consultant in order to solve a particular issue. As long as this problem is unsolved the relationship of customer and consulting provider continues. But once the issue is solved the consultant will leave the client’s organisation. However a customer retains the right to quit the relationship at any point. (Kubr 2002, 8-9.)

3.2 **Client Expecations in the Business of Consulting**

The previous chapter gave an overview of key characteristics of consulting services. Therefore the perspective has been mainly based on the service provider’s point of view while the client has been neglected. But since customers are crucial for every service provider this chapter will exam-
ine their expectations when contacting a consultant and therefore complete the basic investigation of consulting services.

Normally organisations have particular motivation for contacting consulting providers since this service is not free of charge. Consequently consultants being able to identify and understand reasons and expectations of a client will have a greater chance of being successful in customer satisfaction. For that purpose Kubr (2002, 11) presents initial reasons for contacting consulting providers shown in figure 3.

Figure 3: Clients’ generic purposes when turning to consulting companies (adapted from Kubr 2002, 11)

It can be seen that the overall expectation of clients is the achievement of their individual organisational purposes and objectives. Examples could be excellent customer satisfaction, sectorial leadership or continuous innovations. It is of high importance that consultants appreciate and understand these goals. Based on this the core of a consulting process should focus on adding tangible and measurable value to the client’s organisation. It might be possible that the overall goal is not defined yet by the client which offers the possibility for a consultant to assist. (Kubr 2002, 11-12)
Furthermore the achievement of the overall organisational purpose can be divided into four sub-expectations. Probably the most frequent reason for using consulting services is the identification, diagnosis and solution of problems. Therefore the term problem can be seen as the gap between a desired situation and the current state. (Kubr 2002, 12-13)

In this context the wrong interpretation of a client’s problem should be considered as a major issue of consulting. Kubr (2002, 13) warns that simply accepting a customer’s problem definition can lead into a trap and an unsatisfactory outcome of the consulting service. That is why problem detection and definition should play a crucial role.

The next sub-expectation is the implementation of change. The main task is to understand, cope and accept it as necessary for successful activities “in an environment where continuous change is the only constant” (Kubr 2002, 16). Especially the development of recent years referring to the impact of information technology, increased employee expectations in terms of flexibility and motivation and globalisation leading to new threats and opportunities are reasons for the high importance of an implementation of change offer.

A further element concerning expectation in consulting is the transfer of knowledge. In best practice this transfer should not only be temporary as the consulting service itself but lead to an acquisition of skills. Therefore the aim of consulting is not limited on problem solution but also to enhance the client’s learning ability. However this learning framework is not limited on the customer perspective. Also a client can teach the consultant by offering the possibility to apply knowledge and skills to new situations creating new experiences which can be utilized for future consultant services and quality improvements. (Kubr 2002, 15-16)

Lastly, the identification and seizing of new opportunities can be an expectation of clients. The three previous expectations have mainly targeted situations which companies are facing troubles or challenges focussing on the past and present situation. But also successful companies can use consultants for future developments such as product improvements, quality enhancements and sources of information in order to strengthen their business for the future challenges. (Kubr 2002, 15)
For the commissioner 1Step the last sub-expectation might be the most applicable one since internationalisation and the entry of new markets in Germany offers new opportunities for 1Step’s clients. For that purpose this sub-expectation is highlighted in figure 3.

### 3.3 Phases of Consulting Relationships

After key characteristics of business consulting and client expectations have been discussed in previous chapters it seems necessary to investigate how a consulting service is normally executed and how the relationship between consultant and client develops.

For this purpose the consulting process is an adequate tool presenting a systematically ordered “set of activates required for achieving the desired purposes and changes” (Kubr 2002, 21). This process consist of five generic phases presented in the following figure.

**Figure 4: The consulting process (adapted from Kubr 2002, 21)**

The figure shows the five sequential phases of the consulting process. Additionally key elements of each phase are shown below. Although the above presented approach might seem logic it should be mentioned that it is of initial nature and its order might change due to unforeseen issues during the consulting relationship. Nevertheless the presented consulting model will be considered as a major framework in the following. Therefore the following will describe each element of figure 4 more detailed.

The first phase is called entry. At this point the consulting relationship starts by determining the client’s wishes and the consultant’s role for achieving the desired purpose. Additionally a preliminary problem diagnosis takes place, mainly based on a description of the client. After that several
assignments\(^7\) will be agreed on including the elements shown in figure 23. At the end of this phase negotiations concerning the consulting contract begin.

Figure 5: Typical topics discussed for a consulting assignment (adapted from Kubr 2002, 24)

![Diagram of consulting assignment](image)

All in all the entry phase is mainly about planning and the consultant’s main goal is to acquire a signed consulting contract. Kubr (2002, 22) argues that the entry phase can be seen as a fundament of the consulting process since it will significantly influence following activities.

After the agreement on a consulting contract an in-depth diagnosis begins. In contrast to the previous phase the client’s purpose will be defined very detailed as well as a more carefully conducted problem analysis. Key areas of investigation might be the current performance, available resources or the employee’s attitude towards change. Additionally, fact-finding and analysis can play a crucial role for deciding which data to investigate, which to skip and which area a problem might be caused by.

Summarizing, the second phase of the consulting process can be compared to a patient looking for medical help. Before a doctor can help it is necessary to carefully investigate the cause of the problem. For a consultant it seems similar. Before solving a certain business issue it is necessary to understand the client’s organisation and identify the source of a problem.

\(^7\) Assignment is the term for a particular work done by a consultant. The final outcome of a consultancy project is normally structured and organised in several smaller assignments. Synonyms for the term are engagements, cases, consultancies or client accounts. (Kubr 2002, 24)
The third phase of the consulting process is called action planning. The problem and its cause have been identified previously. Now steps have to be planned to solve the stated issues. Therefore the consultant should develop several alternatives for the solution, evaluate them in the next step and elaborate a possible implementation plan for the most suitable ones. After that a proposal has to be presented to the client for determining the best possible alternative. Lastly, a detailed implementation plan needs to be created in co-operation of consultant and customer. Especially human problems, possible resistance and gaining support should be key areas to respect.

Generally the phase of action planning is about choosing the right approach in order to sort out problems and obstacles analysed during the in-depth diagnosis. Following the above example in this phase the doctor will present possible solutions to the patient. Both parties will give their opinion but the final decision will be made by the patient. After that the planning for implementation will start, e.g. by arranging an appointment for a surgery.

Consequently the next step is called implementation. It aims to turn the changes proposed into reality according to the plan developed before. Though unforeseen problems might occur and plans often have to be adapted. That is why implementation managing and monitoring are key elements within this phase. However the consultant might not be needed for the implementation if the client is able and keen on handling this phase without any help. In this case a consultant is not involved with the actual implementation of previously developed actions and plans.

Referring to the doctor and patient example the implementation would be a surgery. Although the diagnosis and action planning has been executed very carefully it could happen that during the surgery new problems arise and the previous developed plan has to be adapted. This example shows that an action plan should take complications into account and develop alternative plans for unforeseen problems.

The final phase of the consulting process is called termination. It includes the evaluation of the consultant’s performance, a summary of the changes made and the question if the desired outcome was achieved. The client normally receives a final report concluding most important elements during the consulting process. If desired a continuing relationship might be established and follow-up contracts can be negotiated about. After the accomplishment of these activities the consultant withdraws from the client’s company and the project is terminated.
Although the discussed consulting process might be applicable in many cases it should be applied very flexibly. Firstly, it might happen that phases change their order, start at the same time or overlap. This can be seen for example when implementation of change starts before the action planning is fully completed.

On top of that it might be the case that several phases have to be repeated and it has to be taken one step back. A scenario therefore could be the failed implementation due to unforeseen reasons leading to the situation that a new action planning is required.

These considerations should be taken into account when applying the consulting process. Nevertheless the basic sequence shown in figure 4 can be used as a base for structuring the activities of developing strategies for a German market entry.
4. Successful Service Creation

The previous chapter has dealt with the topic of consulting representing the overall framework for the creation of a strategic consulting process. In addition to that the following will focus more detailed on how services are created and consumed by customers. Therefore firstly the nature of services will be explained. After that it will be determined what characteristics lead to successful services followed by a detailed investigation describing their productions and consumption as well as value creation for customers. At the end a model for analysing service processes will be introduced representing a crucial element for the creation of a strategic consulting process.

4.1 The Nature of Services

In today’s highly developed economies the sector of services is of great importance. In the United States of America for example services have been responsible for more almost 79 percent of the country’s GDP (Statista 2015). Despite this high importance Grönroos claims that services are far from being fully investigated and that a “service is a complicated phenomenon” (2007, 51).

This can be seen when trying to define the term service. Gummerson, referring to an unknown source, describes a service as “something which can be bought and sold but which cannot drop on your feet”. This definition tends to be simplified in a considerable way but is definitely true. Another definition was formulated by Kotler describing a service as “an act of performance – that is essentially intangible and does not result in ownership of anything” (1997, 467).

Both definitions tend to be true but include several differences. For that reasons the following will focus on presenting common attributes represented by services instead of trying to find one valid definition for the term.

The basic assumption therefore is that the origin of services is “an act of performance” (compare Kotler’s definition). This implicates a process approach towards the formation of services meaning that sequenced activities are combined with different resources such as employees, information or machines. Based on the process approach it is possible to convey four further attributes. (Grönroos 2007, 54).

The first one is called variability. It describes a service’s dependency of its performer, place and time of delivery. One example therefore can be a surgery. Critical influences for the outcome are the doctors performing it, the location with its equipment and the right time for executing it.
Consequently service providers are confronted with the problem of uncertainty concerning the outcome of their services. Therefore Kotler (1997, 470) suggests three principles in order to minimize variability: Firstly, companies should invest in Human Capital. Employees are directly confronted with customers and involved in the production of services. That is why a constant performance is required by them. (Kotler 1997, 470)

Secondly, standardization, e.g. by using flow charts or other visualization means will reduce variability and produce a uniform service. This principle is not only essential for a unique outcome but also for process improvements and training for new employees. (Kotler 1997, 470)

Lastly, it is necessary to establish monitoring and control systems of customer satisfaction playing a crucial role since services are perceived only in a subjective way. The topic of quality and customer satisfaction will be discussed more detailed in a following chapter. (Kotler 1997, 470)

The next characteristic of services is their intangible nature. This means that they cannot be expired in terms of feeling, smelling or tasting. Although tangible parts such as food in a restaurant or a flight ticket might be included the core task the customer is paying will be intangible. A person getting a haircut for example cannot expire the actual core service although he can feel the barber’s actions. (Grönroos 2007, 53)

The intangibility attribute leads to a high degree of uncertainty compared to physical products because services cannot be tested before a purchase. In order to overcome this disadvantage service providers have to persuade customers with other argument in order to determine uncertainty. Referring to the hair cutting example, hairdresser shops try to attract customers with nice salon, good customer care, e.g. tea and newspapers during the haircut, or professional dressed employees. These arrangements will help customers to feel more comfortable and might let them forget uncertainty involved in the service purchase. (Kotler 1997, 469; Grönroos 2007, 54)

Furthermore inseparability is connected with services. This means that services are consumed at the same time they are produced. When investigating the above mentioned hairdresser example again, the production and consumption are definitely simultaneously. Physical products in contrast are normally produced and consumed afterwards. This attribute will be a crucial element for further investigations in chapter 4.3 and should be remembered by the reader.
The implication of this characteristic is the customer-provider interaction, meaning that the client actively influences the outcome of a service since he or she is present during the production process. A haircut of a client sitting quietly will likely be more sufficient compared to a customer dithering continuously. On top of customers’ influence on the outcome of service processes a simultaneous consumption and production denies service providers to establish controls before a purchase. This can lead to quality issues since error correction is only possible after the actual consumption. (Kotler 1997, 469; Grönroos 2007, 55-56)

The last common attribute of services is perishability. It describes the fact that services cannot be stored for future customers. This is strongly connected to the attribute of intangibility. Referring to the example of the barber it becomes clear that a haircut cannot be stored for future customer or the next day.

This attribute may lead to capacity problems. In contrast to physical products it is not possible to balance fluctuating demand for example by using the production method make-to-stock.\(^8\) This would mean that in periods of low demand capacities have to be reduced while in periods of high demand they would have to be increased.

In order to solve such fluctuation issues there are several options available: Firstly, different pricing can lead to a better allocation of orders. When lowering the price in off-peak periods demand will tend to grow while an increase will lead to a shrinking number of potential customers. In addition to that a reservation system can be very useful since it allows clients and service providers a better way of planning. Another efficient method can be the hiring of part-time-employees supporting during peak periods. Moreover cooperation with other companies of similar fields of business can help to reduce the workload. Also the outsourcing of activities for a certain period might be considerable. (Kotler 1997, 471)

Summarizing services show certain common characteristics. In comparison to physical products a different approach in several situations might be required such as the handling of demand fluctuations. On top of that the nature of services requires a special approach in order determine successful service.

\(^8\) The production method make-to-stock (MTS) describes the idea to produce and store product for future demands by using demand forecasts. By doing so it is possible to establish a constant degree of capacity utilisation. Especially in industries with highly fluctuating demands this methods can be useful (Investopedia(a) 2015)
4.2 Service Success Factors

After the previous chapter gave a brief introduction to the nature of services the following will aim to determine crucial factors leading to successful service offers. This seems to be crucial not only for customer satisfaction but also for competitiveness compared to other service providers.

Therefore Kotler (1997, 474-483) has identified three crucial elements involved in the service production which are called success factors in the following. The following figure gives an overview.

Figure 6: Service Success Factors (Kotler 1997, 474-483)

- **Quality**
  The first and probably most important factor is quality which can be defined as the degree of conformity of customer expectations and the delivered service (BusinessDictionary.com(b) 2015). It should be considered as a major influence for the value perception of services discussed in a subsequent chapter. In that context the value creation is disrupted when customer expectations are not met by the service provider. In order to avoid such problems there are six major determinants in order to ensure quality. (Parasuraman, Zeithaml & Berry L. 1985; Kotler 1997, 474-483)
The above shown determinants of service quality will be briefly explained in the following: Reliability refers to the ability of a service to perform its made promises in a solid and accurate way whereas responsiveness can be seen as the willingness of a service provider to deliver a certain service offer quickly and to adapt to the client’s wishes and needs. (Parasuraman et al. 1985, 7)

Customer friendly competences summarize skills and knowledge of a service provider, easy accessibility of provided services and a polite and respectful handling of patrons. Individualization can be seen as the tailored communication for each customer and the understanding and caring for distinct problems. (Parasuraman et al. 1985, 7)

Credibility and security represent the absence of danger or risks and the company’s honesty and trustworthiness. In this context the characteristic of intangibility described before should be mentioned again since it is a major source of uncertainty. Lastly, empathy describes how facilities, personnel or tools and equipment are experienced by customers. (Parasuraman et al. 1985, 7)

After the explanation of quality determinants the question might arise how these factors can be measured. Therefore evaluating the above mentioned factors based on customer feedback seems to be the most adequate source of information. In order to do so the service provider firstly needs to identify most important elements involved in the quality perception of clients. After these factors have been identified, for example by questionnaires, customers should be asked for evaluation of these quality determinants. By selecting most important elements and evaluating them it is possible to categorise according to the following model.
The above two-dimensional diagram consists of four different fields the quality determinants will be categorised in. The first one is called “Concentrate here” and describes parts of the service which are of high importance for customer but performed poorly by the company. Therefore the name already suggests that the service provider should concentrate on these elements in order to improve them due to the high importance for customers. (Kotler 1997, 481)

“Keep up the good word” refers to quality characteristics that are performed well and have high importance to customers. The name of the field already explains recommended actions. (Kotler 1997, 481)

The field “Low priority” consists of elements which can be neglected since they do not have a great importance to customers and are not performed well by the service provider. Consequently a performance improvement would not be valued by customers. (Kotler 1997, 481)

In contrast to that “Possible Overkills” need corrections. Since the importance to customers is low but the performance high a company can reduce these elements and save capabilities. These savings can be used for focussing on elements categorised in the “Concentrate here” field. (Kotler 1997, 481)
In addition to a customer feedback system Kotler points out the importance of a so called “service recovery program” (1997, 482) for unsatisfied customers. Therefore three steps are needed: Firstly, service providers should make it as easy as possible for their customers to complain. In order to do so there is a variety of different tools, e.g. a complaint hotline free of charge or a guaranteed problem solution within a certain time period. Next, employees receiving complaints must be well-trained since it is crucial to solve customers’ problems quickly as well as satisfactorily. (Kotler 1997, 482). Lastly, the cause of complaints has to be investigated. Not only received performance feedback of customers should influence design and enhancement of processes but also the analysis of failures and problems.

By following both service performance feedback and service recovery programs it should be possible for service providers to utilize quality as a service success factor leading to a competitive advantage. (Kotler 1997, 482)

Differentiation

Another major success factor is differentiation. It can be defined as efforts of organisations to make their brands, products or services stand out in comparison with competitors (BusinessDictionary.com(a) 2015). In order to differentiate services there are three major elements which have to be investigated. (Kotler 1997, 474)

Firstly, the offer might include features that differ from competitors. Therefore the primary service package tends to be hard to differentiate. That is why companies should mainly focus on the secondary service feature which consists of additional services or actions in order to complete the primary one. The hairdresser’s primary task for example is to offer a high quality haircut but features such as magazines or tea and coffee during the actual service delivery let the customer feel well and therefore create additional value. (Kotler 1997, 475)

The next element is the actual delivery referring to the controllable environment the service is performed in. By designing it in a superior way, for example through better contact personnel or welcoming facilities, service providers are able to differentiate themselves from competitors (Kotler 1997, 475). This can be seen when investigating airlines. While in cheaper airlines customers

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9 A competitive advantage is an advantage a company has in comparison with its competitors. It allows the firm to generate for example greater profits or increase its market share.

10 The primary service package can be seen as the equivalent to the core product.
might have less space and often less board personnel is available, premium airlines try to offer a more comfortable environment, e.g. with larger seats and additional customer service.

Another way of distinguishing from competitors is by establishing a certain image, often done with symbols and brands. The goal should be to develop a unanimous impression of a certain company. This will not only lead to customer loyalty but will additionally help to expand the business. However the achievement of this goal is more related to marketing of services rather than process development. However it should been mentioned in order to conduct further research by the commissioner. (Kotler 1997, 475)

Productivity
As almost every company involved in competition service providers should continuously monitor and improve productivity. For this purpose the following will introduce several possible ways applicable for a consulting service.

As already mentioned employees are a key production factor for service providers. Consequently productivity can increase by a careful selection of candidates and improved training methods. Again this implicates the enormous importance of human resource departments compared to manufacturers of physical goods. (Kotler 1997, 482)

A second way can be the increase of quantity at the expanse of quality. This might contradict with the previous discussion about the importance of quality but service attributes such as “Overkills” or “Low importance” (see Figure 8) could be replaced at a low level of quality loss. (Kotler 1997, 482)

Next productivity can be increase by adding equipment and standardise production processes. An example therefore is the self-check-in at airports or the booking of seats via the internet. By using these standardised procedures service personnel can be reduced which will lead to cost savings. (Kotler 1997, 482-483)

Lastly, one more way to increase productivity is to foster the client’s involvement in the production process. By outsourcing tasks to clients which are normally performed by the service provider the workload can be decrease. In order to motivate clients to do this outsourced work incentives or
discounts might be possible. In restaurants for example buffets decrease the service work of waiters and waitresses while customers can eat as much as they want. (Kotler 1997, 483)

Summarizing, the factors differentiation, quality and productivity can ensure a successful service offer and therefore are should be seen as key evaluation criteria for the consulting process designed in chapter seven. However the trade-off between quality and productivity should be highlighted again since it is needed to find a suitable compromise between these two competing success factors.

4.3 Production and Consumption of Services

Normally manufacturers of physical goods are not interested in how customers consume their products as long as the value delivered is convincing for a purchase. In contrast to that Grönroos argues that service providers need to take a different approach: They should be able to understand production, consumption as well as value creation connected to services (2007, 57-58). This seems logic since it has already been shown that service differ significantly in comparison to physical products (compare chapter 4.1).

In order to understand the topic of production and consumption of services Grönroos focusses on a more detailed investigation of the inseparability attribute. As already heard production and consumption of services cannot be separated. Since the production of services is based on a process approach (compare chapter 4.1), Grönroos argues that also the consumption of services should be considered as a "process consumption rather than outcome consumption" (2007, 58).

Based on that assumption not only the outcome of services is consumed. The service consumption already starts simultaneously with the production (Grönroos 2007, 58; Abilla 2011). That is why Grönroos distinguishes between an outcome and a process consumption shown in figure 9.
Figure 9: The consumption of physical goods compared with services (adapted from Grönroos p. 59)

Outcome consumption

Production  Marketing  Consumption

Process consumption

Production

Consumption

Marketing needs to be used differently

It can be seen that in the first consumption type production and consumption are separated. Marketing therefore is needed to connect those while a process consumption combines these two elements simultaneously. For that reason Grönroos (2007, 59) argues that marketing in service organisations has to focus on matching production and consumption processes.

After the consumption of services has been explained it is necessary to investigate the strongly connected value creation of services. Therefore the above described consumption types will be compared more detailed:

As heard companies based on an outcome consumption make products available for customers by using their distribution channels. After a purchase these clients consume them without the involvement of the manufacturer (see figure 9). Consequently the single creator of value is the customer since value is normally formed through consumption. That means that manufacturers act as a sole producer of goods whereas the client takes the role of the sole value creator. Production, consumption and value creation are separated. (Grönroos 2007, 55)
In contrast to that services are produced and consumed through an interaction between service providers and their client. Therefore the production, consumption, value creation cannot be isolated from each other. Consequently a service provider as well as its client act as co-creators of value (Grönroos 2007, 56). The down-mentioned figure illustrates this interaction of production, consumption and value creation in detail.

Figure 10: The value creation of services (adapted from Kotler 1997, 470)

As explained it can be seen that the two participants customer and service provider are co-creators of value. Value for the client is especially created at the points of interaction (PoI) when the client is directly involved in the service production. But also the final outcome delivery is a major source of value. Additionally the line of visibility can be seen in the above figure separating visible activities (PoI) from invisible ones, the so called backoffice operations which are only performed by the service provider. (Riverside association 2003; Grönroos 2007, 55, 365)

The above understanding of service production, consumption and value creation can be transferred to consulting services: The two actors, consultant and client, cooperate together in order to develop the final outcome, in this case a strategy for entering the German market. The value creation takes place at different stages (PoI) when the consultant will deliver advise and information. The final outcome will be the successful establishment of business operation in Germany.
4.4 Service Process Environment

After previous chapters presented crucial topics for the creation of a service blueprint this chapter will conclude the topic of services by presenting two connected models describing the process production of services. In contrast to previous chapters the approach will only focus on a service provider's point of view.

Figure 10 has presented a general illustration of the inseparability of production and consumption of services. However factors influencing this process have been neglected. These influences can obviously origin from a client but also factors being not directly involved in the service process should be taken into account. Examples can be the service provider's physical environment or even the weather.

It can be seen that some of these influences can be controlled by service providers while other variables cannot. However Grönroos (2007, 370) recommends to monitor as many of those variables as possible in order to control production and consumption processes. The down-mentioned model shows key influences during the production process of services.

Figure 11: The extended Servicescape Model (Hanken Swedish School of Economics Finland. 2006)

The above mentioned model includes the actors customer and service provider (employee). Both have personal experiences such as former contact to consulting firms and perceive the physical dimensions of the environment they are interacting in, e.g. a conference room. Additionally the spatial context such as personal feelings should be respected as well. (Grönroos 2007, 373-374)
All together these influences of both interactors form the internal response consisting of cognitive aspects such as beliefs, categorization or symbolic meaning, emotional elements, e.g. mood and attitude, as well as physiological factors including feelings such as pain, comfort or physical fit. (Grönroos 2007, 373-374)

Based on the internal response employee and customer perceive the service landscape which will crucially influence their behaviors. While in the model “approach” describes desirable behaviors such as commitment, affiliation or exploration “avoid” refers to the opposite of these examples. (Grönroos 2007, 373-374)

Finally, the interaction is formed. It can be distinguished between physical interaction describing the relation of physical environment and the customer as well as social interaction referring to the customer and employee. The final outcome will be the perceived service quality which should be seen as highly individual since customer expectations might differ significantly (compare definition of service quality in chapter 4.2).

The servicescape model can be a useful tool in order to analyse the environment a service production process takes place. However this approach is rather based on a broad perspective not specifically focusing on the actual interaction between customer and service provider. For that purpose the servicescape model can be complemented with the service system model shown on the next page.
The above shown figure contains several sections which will be explained in the following: Similar to the servicescape model customer and service provider are included since both are involved in the value creation process. Therefore the base for the service provider is its mission and service concept; for customers there are values, previous experiences or a company’s marketing communication influencing their expectations. (Grönroos 2007, 363-365)
In the centre of the model can be seen the actual service production, consumption and value creation surrounded by the organisation’s corporate culture being a major influence. Additionally, there is a division between support and interactive part according to the line of visibility explained in a previous chapter. (Grönroos 2007, 363-365)

The interactive or visible part includes all parts of the service process customer and service provider directly interact with each other. One major characteristic during this phase is the occurrence of the so called “moments of truth” (Grönroos 2007, 365) which can be defined as the situation when the company’s promise is delivered to a client. That is why the interactive phase is of essential importance for value creation and customer satisfaction and should be a major focus of every service provider. (Grönroos 2007, 363-365)

Within the interactive part the company provides several resources such as contact employees. This term describes staff directly interacting with clients through different forms of communication such as e-mail, telephone or face-to-face meetings. These contact persons should be considered as most valuable assets of service providers since they have major influence on service quality perception and the client’s value creation. Major tasks of these employees are the observation and identification of client wishes, recognition of customer demands during moments of truth as well as the quality control and corrective actions if necessary.

Another part of the company’s provided resources are systems and routines. Examples therefore can be call centres, payment routines or queuing systems. In contrast to manufacturers of physical goods these routines and systems interact with customers in considerable way and therefore must be designed service-oriented. That is why this type of a company’s resource influences the service quality significantly: Firstly, systems and routines directly impact the perception of quality. That means that if customers feel uncomfortable with certain systems previously delivered quality can be damaged. Additionally, systems and routines impact contact employees. If they are not satisfied with certain routines it can negatively influence their motivation and spirit which will decrease quality delivered by their interaction with customers. Consequently systems and routines must be satisfactory for external customers (clients) as well as internal ones (employees) in order to guarantee a high level of service quality.
The last element of the interactive part are physical resources and equipment. These include all types of used resources in the service system such as computers, paper or printers. Similar to systems and routines there are two different ways this element influences quality. On the one hand customers might interact with equipment of the company creating a good impression if the equipment works efficient. On the other hand employees use physical resources in their everyday work and therefore a well-equipped working environment can boost their motivation. Physical resources and equipment is therefore comparable to physical dimensions of the environment explained in the servicescape model.

As already mentioned there is also the support part of service processes. It composes all actions performed behind the so called line of visibility. That is why the support part can also be described as back office operations since not recognised by clients.

Also the support part consists of three important elements. The most crucial one might be an organisation’s management. It can be seen as a framework provided by managers which has to support a service production process in different ways. On the one hand it has to be ensured that the corporate culture is aligned with a so called service logic which can be defined as the consequent focus of a company on processes supporting clients’ value creation in all daily operations and actions. On the other hand managers also have to act as role model for a service logic. Although the corporate culture might support the production of services management should also support it in their decision-making and way of thinking in order to create a unanimous impression of the company, internally as well as externally.

Next, physical support can be seen as all departments and functions involved in in the process creation behind the line of visibility. It might happen that support employees perform major parts of the service production. Consequently service orientation of support employee indirectly influences perceived quality of external customers in a significant way. For that purpose contact personnel should be seen as an internal customer of physical support.

Lastly, system support can be seen as the environment surrounding the service production. Buildings, IT, cars, tools or offices belong to this category. In contrast to physical resources and equipment they do not interact with customers but can have a significant influence on perceived quality. For example if a logistic organisation invests in slow trucks it might happen that deliveries will be late and the service quality is decreasing. Moreover rules and regulations of a service pro-
vider are also part of system support since they might limit contact employee’s abilities if too strict and inflexible.

All in all supporting tasks are invisible for customers which can lead to two major problems: Firstly, back office operations often are the base for good quality. Although it has been claimed that the consumption and value creation takes place by customer involvement (interactive part) great preparation for contact employees is needed. Consequently service providers also need to spend a considerable amount of effort in the development of back office employees increasing costs significantly. The second problem resulting from the support part is related to the price of a service. Because customers do not see tasks performed behind the line of visibility they might wonder about the amount of money charged. This can lead to significant issues and should not be underestimated.

Summarizing, the combination of servicescape and servicesystem model represents a great base for the analysis of consumption, production and value creation of services. While the latter model focusses on the actual service process the servicescape approach takes a broader approach respecting a wider range of factors influencing the production and consumption of services. Therefore both models should be respected for the design of a consulting blueprint.
5. Development of Market Entry Strategies

The previous chapter discussed the production, consumption and value creation of services and presented two complementary models for analysing purposes. In order to present the actual content of the consulting process this chapter will answer the question how companies can enter international markets being the final service outcome for clients of the commissioner.

Therefore the following will firstly introduce the nature of strategy by presenting five different approaches. After that sequential steps for developing market entry strategies will be discussed based on a generic strategy development process. Additionally, several selected strategic support tools are explained in the appendix complementing the theoretical framework developed.

5.1 The Complex Nature of Strategy

The term ‘strategy’ is widely used in today’s business world and often defined as some kind of plan or path in order to achieve a desired future state while respecting an organization’s mission and goals (compare Jeyarathm 2008, 4; Oxford Dictionaries(a) 2015). This view might not be false but it implicates that strategy is always intended and focusing on planning the future. When thinking about these characteristics carefully it seems that this definition narrows down strategy too intensively and that its nature is far more complicated than simply developing plans.

Mintzberg (2012, 25) shares this attitude. He claims that strategy can be seen from different angles and there is no general valid definition for the term. In his opinion strategy can only be analysed by understanding its different perspectives. He uses a illustrative example in order to underline this assumption:

Strategy can be seen as an elephant being investigated by six blind men. No one of them is able to see the great picture of the animal but each touches different parts of it. After that each of the men thinks that he has understood the look and nature of the elephant. But since every blind has only touched on part of the elephant a vivid discussion develops who of them has understood the nature of the elephant. Thereby the problem is that each of the men is right about what he has touched but the real nature of an elephant can only be explained by combing all six experiences made. In this context Mintzberg argues that strategy can only be understood by investigating and combining different perspectives. (Mintzberg 2012, 16)
These different views are represented by five major theories representing the blind men introduced in the tale (Mintzberg 2012, 26). Each of them focuses on a specific part of the “animal strategy” with some similarities as well as differences. For the purpose of understanding the nature of strategy these different views will be investigated in the following: (Mintzberg 2012, 26)

First, strategy can be seen as a plan as stated in the definition presented at the beginning of this chapter. Organizations plan where they want to go in the future and how to achieve a certain desired state, summarized in different strategic documents. That is why this definition emphasizes the intended and future oriented nature of strategy. (Mintzberg 2012, 26)

But strategy can also be seen as a pattern developed through certain actions in the past. By investigating the behaviour of a company during a certain time period it might be possible to identify a strategic direction. Consequently this perspective is more past oriented and focuses on the realized part of strategy. (Mintzberg 2012, 26)

These two definitions of strategy mainly focus on the development of strategy rather than its actual content. The following figure illustrates this proposition.

Figure 13: Strategy development considering intended and emergent strategies (adapted from Mintzberg 2012, 29)
As can be seen both views on strategy are present in the above model. On the one hand strategies develop by planning which presents the first definition. Additionally, parts of these plans, that are not utilized by an organisation drop out and are called non-realised strategies in the figure. The final result are deliberate strategies. (Mintzberg 2012, 29-30)

On the other hand emergent strategies, also called patterns according to the second definition, influence the strategy in a considerable way. Combining both, deliberate and emerged ones, will lead to realised strategies which are actually executed by an organisation. (Mintzberg 2012, 29-30)

After the first two views of strategy concentrated on its development the following definitions will focus more specific on the content. For this purpose another understanding of strategy is that it can be seen as the way an organization positions its specific products within a market. That means that a company focuses on a certain kind of customer and his way of experiencing the organisation’s product. (Mintzberg 2012, 30)

Moreover strategy can also be seen as an organisation’s perspective. In contrast to the definition of strategy as a pattern this view focuses more on the way of thinking rather than the way of taking actions. Organisational culture should be mentioned as a key term in this context. (Mintzberg 2012, 31)

Lastly, strategy can also be defined as a ploy; an action or behaviour in order to outsmart a competitor or enemy (Mintzberg 2012, 31). An organisation for example could sell unnecessary real estate in order to make competitors believe that it drives back its capacities due to the assumption that demand is expected to shrink. Since business rivals do not know that the sold land is not needed for production purposes they might also cut investments in order to prepare for a future shrinking market. This will offer the organisation an opportunity to gain market shares since competitors are not able to satisfy customer demand anymore.

The above discussion of different views concludes that strategy might not be described with one general definition. However it is possible to identify common characteristics based on the introduced definitions. These are shown in table 1 representing a summary for the nature of strategy.
Table 1: Common characteristics of strategy (Chafee 1995, 89-90)

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy respects organisations and their environ-</td>
<td>Strategies cannot be developed without respecting the organisation and its environment. Strategies help to deal with the changing environment.</td>
</tr>
<tr>
<td>ment</td>
<td></td>
</tr>
<tr>
<td>The nature of strategy is complex</td>
<td>Due to the changing environment organisations have to deal with new and unknown situations. This means that the nature of strategy is unstructured and cannot be repeated.</td>
</tr>
<tr>
<td>An organisation’s success is influenced by strategy</td>
<td>Strategic decisions have enough influence to change an organisation’s success.</td>
</tr>
<tr>
<td>Strategy consists of its content as well as the way it develops</td>
<td>Investigating strategy means to analyse the way it develops as well as its contents and taken actions.</td>
</tr>
<tr>
<td>Strategy cannot be completely intended</td>
<td>It is possible to distinguish planned, emergent and realized strategies.</td>
</tr>
<tr>
<td>Different levels of strategy can be distinguished</td>
<td>Companies can have corporate strategies as well as business strategies(^{11})</td>
</tr>
<tr>
<td>Strategy composes analytical and conceptual parts</td>
<td>Strategy includes analytical work as well as creating concepts. By focussing only on one part strategy will not be complete.</td>
</tr>
</tbody>
</table>

5.2 The Initial Strategy Development Process

Although one general definition of strategy would be much easier to work with the following will use Mintzberg’s approach of combing different views. Because of the broader understanding gained through this concept it should be possible to generate a superior strategy development processes which might be the first step for differentiating the commissioner’s service from others (compare service success factors).

Figure 14 introduces the approach taken towards the development of market entry strategies for Germany. Therefore a generic strategy development process for domestic markets has been taken and combined with a Mintzberg’s approach as well as a major internationalisation theory explained in the following.

\(^{11}\) Corporate and business level strategy are complementary and influence each other. While business strategies mainly focus on achieving and maintaining competitive advantages corporate strategy concerns the overall business including decisions about diversification and the administration of business units. (Smith 2015)
Figure 14: The strategic development process for entering international markets (adapted from Jeyarathmm 2008, 4)

It can be seen that the figure is divided into two main areas: First, learning environment for internationalisation describes a learning environment for organisations which is based on the innovation-related internationalisation model (Andersen 1993, 212). This theory claims that the internationalisation of organisations is based on a “learning sequence in connection with adopting an innovation” (Anderson 1993, 2012). The basic idea is that companies explore different stages of internationalisation by learning.

For that purpose the initial strategy development process will utilize this idea and foster an organisation’s learning in order to increase its internationalisation process. For example the foreign organisational analysis will support learning about a foreign country while the investigation of the current position of the organisation will help to learn about the company itself. Nevertheless careful focus on a continuous learning process needs to be established. Therefore some principles should be respected in order to form a successful learning environment. For that purpose table 5 has been included in the appendix.
The second area in figure 14 shows the actual strategy development process. As can be seen the core of it is the definition of an organisation’s mission and goals. As mentioned earlier mission can be seen as the reason why a company exists and what it wants to do while goals are desired states the company wants to achieve (Jeyarathmm 2008, 6). That means that an organisation should clarify these two elements before developing strategies.

This actual development of strategies consists of six sequential elements. Their initial order is presented in figure 14 but it should be mentioned that these steps can change during the actual execution. This can be caused for example by changes in a country’s business environment leading to a necessary adaption of the strategic choice. The following will explain each of the six steps. Again it should be mentioned that the appendix includes several tools for transferring the discussed topics into practice.

**Foreign Environment Analysis**

The foreign environmental analysis can be considered as an element of the planned approach towards strategy (Mintzberg 2012, 44). The aim is to scan international circumstances an organisation has to deal with when entering a new market. Therefore it can be split into two main investigations: The Macro environment, containing political, economic, social and technological factors, as well as the industrial environment the organisation will operate in (Jeyarathmm 2008, 7). The result of the foreign environmental analysis is the identification of chances and threats provides by the foreign country.

**Current Position of the Organisation**

Similar to the foreign environment analysis this phase can be considered as a planned approach towards strategy. But at this point it is necessary to conduct detailed investigations of the organisation itself. Therefore this phase composes the following parts: The first analysis includes the identification of potential strengths and weaknesses of an organisation. In other words it needs to be identified what a company does well and what needs to be improved.

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12 In literature about strategy development this element is often called external analysis (compare Mintzberg 2012 45, Jeyarathmm 2008, 7). For the purpose of finding entry strategies to international markets the name has been adapted.

13 In literature this element is often called internal analysis (compare Mintzberg 2012 45, Jeyarathmm 2008, 8). For the purpose of finding entry strategies to international markets the name has been adapted.
Next strategic capabilities must be determined presenting “resources and competences of an organisation needed for it to survive and prosper” (Johnson 2010, 61). This will be of special importance for the phase of strategy decision.

Finally, it should be respected that an organisation might already have an existing strategy for its domestic market. In order to avoid conflicting strategic directions the domestic strategy has to be known and understood. Therefore it should be possible to utilize the idea of integrated marketing communication (IMC)$^{14}$ which has been transferred to strategy development in figure 15.

Figure 15: Integration of domestic and international strategy (Own development)

It can be seen that market entry strategies should be connected to the already existing strategy. This can be done by adapting of both elements. The goal should be the alignment of both strategies ensuring suitability and consistency. The ideal case would be that both strategies utilize advantages of each other and merge.

**Situation Assessment**

This step includes the analysis and assessment of gathered information of previous investigations. Strength and weaknesses as well as opportunity and treats have been identified and should be evaluated carefully before making the decision of entering an international market. Additionally, strategic capabilities and the pursued domestic strategy can be indicators if a company is suitable for a market entry to Germany. Again this step can be considered as a planned approach towards strategy since it is based on the previous investigations.

$^{14}$ This terms describes a combination of marketing communication tools which are combined through integration in order to achieve clarity, consistency and a maximum communication outcome (Kotler 2007, 14).
Strategic Decisions

In contrast to previous presented elements this phase contains elements of Mintzberg’s strategic definition as a perspective as well as a plan. That means it combines both understandings of strategy in order to achieve superior results.

The first step of strategic decisions is the generation of several strategic alternatives. Therefore four fundamental questions have to be answered: “What product? Which country? Where to locate? How to organise?” (Collis 2014, 120).

These above questions can be used to generate international strategies. Therefore they will be explained in the following and slight adaptions will be taken: Firstly the term product will be substituted by marketing mix. Collis (214, 186) argues that it has to be decided if a product should be offered standardised or adapted to local differences. Since the marketing mix shows strong interdependencies among its elements a change of the product would necessarily cause changes in other elements such as price or promotion (compare marketing mix in chapter 2). That is why it has to be decided if the whole marketing mix will be adapted or standardised when entering an international market.

The selection of the country additionally includes the mode and time of entry. The actual decision which country to enter by a company has already been answered since the commissioner only offers consulting services for a German market. That is why only time and mode of entry will be respected in the following.

The decision of location determines where activities are performed and coordinated. Companies operating in a domestic environment are centralised in one single country whereas international enterprises might spread their activities among several nations. Consequently it has to be decided if activities are performed and coordinated centralised or decentralised.

The last fundamental question concern the overall organisation of a company. Responsibilities and organisational structure need to be determined in order to administrate activities. Therefore each of the previous decisions has great influence on the requirements for a company’s organisational structure.
After these fundamental decisions have been answered the second step is the evaluation of the developed strategic alternatives. The goal is to identify the most suitable strategy being implemented during the next step. This procedure of testing and evaluating alternatives is based on Mintzberg’s planned approach towards strategy. The final outcome is the formulation of an organisation’s strategic direction leading to the next step of the development process.

Implementation
After selecting a strategic alternative followed by its final formulation the next step is called implementation. It aims to transform the theoretical work from previous steps into practice in order to receive the strategy’s future benefits. However this often seems to be a great problem since a great number of CEOs fail in strategy implementation (Niven 2009). That is why Raps (2005, 141) suggests a ”shift of emphasis” from strategy formulation to strategy implementation. For this purpose he summarized key aspects of strategy implementation in the following checklist.

Table 2: Checklist for strategy implementation (Raps 2005, 145)

<table>
<thead>
<tr>
<th>1. Commitment of top management</th>
<th>2. Involve middle manager’s valuable knowledge</th>
</tr>
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<tbody>
<tr>
<td>3. Communication is what implementation is all about</td>
<td>4. Integrative point of view</td>
</tr>
<tr>
<td>5. Clear assignment of responsibilities</td>
<td>6. Preventive measures against change barriers</td>
</tr>
<tr>
<td>7. Emphasize team work activities</td>
<td>8. Respect the individuals’ different character</td>
</tr>
<tr>
<td>9. Take advantage of supportive implementation instruments</td>
<td>10. Calculate buffer time for unexpected incidents</td>
</tr>
</tbody>
</table>

These ten point mentioned in the above table tend to be self-explanatory and should be considered when implementing strategies. Especially the supportive implementation instruments can be a valuable help. That is why one available tool will be presented in the appendix.

Monitoring
The final element of the designed strategy development process is monitoring and control. The aim is to identify weaknesses and errors in order to take corrective actions and avoid their recurrence (Subba 2010, 156). In other words it has to be controlled if the strategy developed will deliverer the desired outcome: A successful entry of a foreign market and the achievement of previous set goals.
Generally monitoring includes four major steps which are applicable for most situations (Subba 2010, 156): The establishment of standards followed by a measurement of the current performance. After that a comparison between standards and current performance has to be conducted leading to the decision if corrective actions have to be taken. This process is summarized in the below-mentioned figure.

Figure 16: A typical monitoring process (Certo 1994, 436)

The above described general monitoring process should be applied on two questions concerning strategy: Firstly, the external and internal environment investigated during the first elements of the strategic development process have to be controlled. If they change it has to be analysed if the strategic choice and subsequent steps need to be adapted. (Subba 2010, 269-270)

The second area of control refers to strategy implementation. As already heard many organisations face problems in transforming their strategic choice into practise. Consequently it has to be monitored if strategy implementation is in line with the developed plan. (Subba 2010, 271)

All in all the strategic development process shown in figure 14 consists of several strategic approaches of Mintzberg. The overall approach taken is based on a plan whereas other elements refer to a different view of strategy. Especially the learning environment supported by the designed process should be considered as a valuable asset for organisations since it can increase the pace of internationalisation. In order to execute the strategic development process an extensive presentation of supporting tools has been attached in the chapter Appendix.
6. Empirical Research

As stated in the introduction empirical research is a crucial element of this work due to the lack of information about Finnish SMEs. Therefore this chapter will firstly introduce the approach taken for planning the research followed by the presentation of findings. Especially the latter chapter will considerably influence the creating of the consulting blueprint for the commissioner.

6.1 Research Planning

In order to conduct research delivering valid and reliable data it should be carefully planned. Therefore the following is based on the marketing research mix developed by Bradley in 2004. It is comparable to the concept of marketing mix explained earlier but focuses on conducting research. The basic steps are shown in the following figure.

Figure 17: The marketing research mix and traditional stages in research planning (Bradley 2013, 36)

![Diagram of marketing research mix]

It can be seen that the marketing research mix consists of four sequential steps easy to remember while at the same time it includes all important elements of traditional research planning. That is why the marketing research mix will be used and explained in the following.
Purpose
Purpose describes the overall research problem, objectives to be achieved and if necessary sub-objectives. In other words this element describes reasons for carrying out research and the results it should provide. (Bradley 2013, 36)

As already stated the overall empirical research problem is the lack of knowledge about Finnish SMEs. These missing information must be gathered in order to create a suitable consulting process for them.

Based on that the overall research objective is divided into three parts: First a general understanding of the current situation of Finnish SME and their crucial problems needs to be gained. Furthermore issues of internationalisation must be verified if applicable for Finnish SMEs. Lastly, it should be found out how a good consulting service for Finnish SMEs is characterised.

The time frame for data gathering is from the beginning of May 2015 to the end of June 2015. The analysis of results starts in July 2015.

Population
Population has to make considerations about the target audience the research should deliver information for. After that it should be determined whom to select and how to selected respondents since normally it is not possible to question the whole target audience. (Bradley 2013, 39)

For the commissioner the target audience the consulting process has to be tailored for are SMEs from Finland which aim to expand their business activities to Germany (compare chapter 2). However it does not seem useful to use this target group as research respondents since it can be assumed that they do not have any relevant expertise about internationalisation yet.

Following this logic the research should focus on two respondent groups. First, independent experts should be able to deliver needed data in order to solve the research problem. Therefore the selection criteria focuses on their knowledge about German as well as Finnish markets and degree of being familiar with Finnish SMEs and their internationalisation.
The other respondent group should be Finnish SMEs which have (successfully) tried to enter the German market. Since they have already gained expertise in entering foreign markets they can deliver valuable data about problems and needs during their internationalisation.

After identifying the population the research will target it is important to determine selection criteria. Therefore the group of experts should regularly be in contact with Finnish SMEs and familiar with the German and Finnish business environment. Therefore the experts should have at least three years of experience in this field. Suitable would be independent business development managers, consultants, academic researchers or employees of governmental or private organisations focusing on internationalisation and Finnish SMEs.

The group of previously experienced Finnish SMEs should have gained deep experiences in Finnish markets and have actively tried to enter a German one within the past five years. Preferably they have been successful in their internationalisation activities with an export intensity\(^{15}\) higher than 10 percent in order to ensure their commitment for international activities.

Procedure
This element of the marketing research mix will determine the ways of data capture, data processing and analysis. Key decisions concern the selection of primary or secondary data, qualitative or quantitative data, and the way of receiving answers, involvement of interviewers, and the use of equipment. (Bradley 2013, 39)

In this research the data will be based on primary data since it has not been possible to identify suitable and accurate secondary data. Moreover a qualitative approach seems to be adequate in order to gain a broader understanding about Finnish SMEs and their current problems (compare research objective). Therefore interviews seem to be the most appropriate data collection method.

The interviews will be conducted either personally or via Skype since the nature of questions can be complex and might require additional explanations. Additionally, the personal opinion of experts should be respected which favours interviewing with a personal presence. In order to ensure the quality of interview questions the following will explain more detailed what elements have been respected and considered.

\(^{15}\) Export intensity to Germany is the revenue earned in Germany in relation to the overall revenue.
The interview questions need to be standardised meaning that questions and their order for all respondents are fixed. Moreover the interviewer is only allowed to give comments and explanations according to a plan designed in advance. The overall goal of this standardisation is to create equal circumstances for all participants making their answers comparable and more accurate. Consequently any action disrupting this goal should be avoided.

In order to achieve standardisation during interviews the following guidelines shown in figure 18 have been applied.

Figure 18: Important rules for standardised interviews (Prüfer & Stiegler 2002, 3-14)

| Adequate preparation in order to guarantee consistent performance | • The interview questions were tested by a self-conducted interview  
| Reading each question word by word | • Notes were added to questionnaire  
| Question should be read slowly and pronounced carefully | • Notes were added to questionnaire  
| Every question must be read completely before an answer is given | • Notes were added to questionnaire  
| Every question on the questionnaire must be read and asked | • Notes were added to the questionnaire  
| All interviewer instructions must be carefully followed | • Interview instructions were added and highlighted  
| Instructions for skipping questions must be carefully followed | • Highlighted in the questionnaire |

On the left handside of the figure there are the rules which should be considered when conducting standardised interviews. On the other side it can be seen how these rules have been applied in this research.
Presentation
For presenting qualitative data Bradley (2013, 306) proposes a simplified approach: First the data collected needs to be reduced in order to organise and categorise it. After that displaying is needed in order to create texts, charts or diagrams. Lastly, a conclusion should be drawn in order to describe patterns and give explanations. In addition to that the use of direct quotes and tools such as word clouds can be used to present qualitative research (Bradley 2013, 347).

In this research the findings will be published as a written report in the next chapter. Therefore the structure will be based on the order of research questions which will be shortly concluded at the end. In order to support the visualisation of findings several word clouds have been included. Before the actual presentation of findings there will be general information about the research conducted.

6.2 Results
This chapter will present the results of the empirical research. It will be a major influence for the development of the consulting process created in chapter 7. That is why the reader should be able to remember key findings summarized after each research question.

General information about the research
All in all seven experts and ten companies have been contacted with a request for research participation during the beginning of April. Five persons of the expert group confirmed their participation. Unfortunately no Finnish SME was willing to answer the request. That is why the following findings will be based only on the opinions of expert interviews.

Therefore the following will avoid the use of names in order to respect the expert’s protection of privacy. However it was agreed to mention the participant’s workplace in order to show their suitability as an expert. The participants work at various organisations being in contact with Finnish SMEs and their internationalisation in their every day’s activities: CPS Pekka Stuckert Consulting, Oulu University Business School, FinPro, Business and Information Management department of University of Applied Science Oulu as well as Osborne Clarke.

The time frame has been in accordance to the introduced plan from May 2015 to June 2015.
Current Situation of Finnish SMEs

The current atmosphere within the sector of SMEs has been described rather pessimistic by the experts. Besides external factors such as the economic crisis in Europe or sanctions against Russia which have hit the Finnish economy considerably the respondents concluded that there are several internal problems of SMEs. The following gives an overview.

Figure 19: Internal problems of Finnish SMEs mentioned by experts (Respondent’s answers)

It can be seen that according to the experts Finnish SMEs tend to focus too much on the technological part of their business rather than selling and customer service. This might be one reason for the mentioned bad competitiveness. Additionally, the dependency of governmental grants leads to the problem that “many SMEs exist although they have no chance of surviving without grants in the future” (Expert E). This may be an indicator that the government artificially helps to survive although the potential of being successful is missing.

The dependency of big enterprises and the inability of entering international markets could be connected problems. Firstly, Expert E argued that Finnish SMEs have only relied on being supplier of big international enterprises. These companies brought money from foreign markets and distributed it toward their Finnish suppliers (Expert B). Because of the continuous globalisation and the increased competitive pressure big companies have started to implement worldwide sourcing strategies. The result was that today many suppliers origin from emerging countries
being able to offer cheaper prices. Because of that Finnish SMEs lost supplier contracts and the inability of entering new and international markets lead to a bad performance.

In addition to the current atmosphere and problems of SMEs the research seems to identify the low importance of strategic planning. This might result from the finding that engineers dominate in management positions of SMEs tending to lack important business knowledge.

**Conclusion**

A consultant should establish a trustful and motivational atmosphere from the beginning to the end of the consulting relationship. Expert C argued that “Finns are hunters. Therefore it is important to identify their loot.” This might be one approach in order to ensure commitment and motivation which might be low due to the currently bad atmosphere. On top of that mind-sets of managers might need to be changed establishing a need for customer service, sales activities and strategic planning for successful domestic and international operations. The insufficient distribution of governmental grants shows the importance of a careful organisational scanning in order to distinguish promising companies from ones without successful prospects.

**Issues concerning a market entry to Germany**

At the beginning the experts has been asked what they think about the perception of German markets by Finnish SMEs. The respondents answered based on their experience that in general Germany tends to be very attractive in terms of market size and buying power. However there are also major concerns such as the high competitiveness and demanding customers in Germany. Additionally the foreign business culture is seen as an issue as it tends to be very systematic compared the Finnish pragmatism (Expert C).

In the next step it should be checked if typical problems related to internationalisation are applicable for Finnish SMEs. Therefore the experts rated ten given problems according to their relevance. These potential internationalisation issues have been selected based on previous research of the OECD (2009) and Toulova, Votoupalova & Kubickova (2015). The result is shown in the following table.
Table 3: The greatest problems of Finnish SMEs when entering German markets (Respondent’s answers)

<table>
<thead>
<tr>
<th>Importance</th>
<th>Problem</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Limited access to information about foreign markets</td>
<td>Experts agreed that Finnish SMEs often fail in information gathering. Thereby different language and the identification of valid and up-to-date data cause difficulties.</td>
</tr>
<tr>
<td>2.</td>
<td>Identification of key persons</td>
<td>Finnish SMEs are facing crucial problems when trying to establish a link to Germany. They tend to fail in identifying key persons (e.g. distributors) and establish relations inappropriate for the distribution of their products or business model.</td>
</tr>
<tr>
<td>3.</td>
<td>Lack of (financial) resources</td>
<td>Resources of Finnish SMEs are limited. Especially funds are rare but needed in order to enter international markets.</td>
</tr>
<tr>
<td>4.</td>
<td>Inability in contacting possible customers</td>
<td>This problems concerns difficulties in contacting foreign customers due to language barriers or the fact that key persons of an industry are not known (compare problem 2).</td>
</tr>
<tr>
<td>5.</td>
<td>Lack of managerial skills</td>
<td>This problem might be strongly connected with the finding that engineers dominate management positions of SMEs. This would be one explanation why the experts uncovered a lack of managerial skills.</td>
</tr>
</tbody>
</table>

The above table shows the five most relevant problem of Finnish SMEs according to the experts. Other problems might be language skills, lack of support by institutions, high risks, administrative problems, geographical distance and lack of commitment by management or cultural differences. However these mentioned problems tend to be of low importance based on the experts’ opinion.

**Conclusion**

Finnish SMEs might already have a realistic impression of German markets. However a consulting service should honestly show risks and opportunities and identify the need of a systematic approach towards a market entry. Problems such as the access to information about German

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16 The importance describes the relevance of the mentioned problem. Therefore number 1 shows the most applicable issue.
markets, the identification of key persons as well as contacting them might require a native such as the founder of 1Step (compare chapter 2). The lack of managerial skills should be solved not only by taking over management tasks by the consultant but also by teaching in order to foster organisational learning.

**Consulting to Finnish SMEs**

The last part of the research focused on how the actual consulting should be executed. In general, Expert A pointed out that consulting services in Finland make promises they cannot keep. This leads to the assumption that Finnish SMEs are additionally distrustful not only because of the pessimistic atmosphere (compare previous result) but also because of bad experiences with consulting providers.

In order to successfully consult Finnish SMEs the experts have been asked how they would characterise successful consulting services supporting German market entries. The following shows key attributes.

**Figure 20: Factors establishing a successful consulting relationship with Finnish SMEs (Respondent’s answers)**

- Long-term relationship
- Inspire clients
- Little theory
- Act as market opener
- Consultant’s experience
- “Hands-on” philosophy
- Push if necessary
- Partner
- Balance problems related to (business) culture
- Establish trustful relationship
- Foster client’s learning
In addition to the above mentioned attributes for successful consulting services, the research additionally intended to identify the most important phases of the consulting service (compare chapter 3.3). Therefore the suggested attributes align with the following answers.

The experts propose to emphasise the entry and implementation phase. At the beginning of the consulting relationship, it is essential to build a trustful atmosphere and to interact in partnership. The implementation phase reflects the characteristic of little theory as well as organisational learning and the "hands-on" philosophy.

In addition to entry and implementation phase, Expert C suggested additional tasks for Finnish SMEs, similar to homework. On the one hand, this could foster organisational learning of SMEs, while on the other hand, it could lower the consultants' amount of capacity utilisation (compare productivity in chapter 4.2).

**Conclusion**

A native and business experienced German might be able to establish a trustful and cooperative relationship more easily than Finnish consultants. The emphasis of the consulting service should be the initialisation and implementation phase. However, organisational learning should be fostered in order to transfer managerial knowledge to SMEs which can be continuously utilised after the termination of the consulting relationship.

Summarizing, Finnish SMEs currently are confronted with a difficult situation. Consultant should not only focus on establishing trustful and cooperative relationships but also foster organisational learning in order to improve general performance in addition to successful market entries. This can be seen as a challenging task but can help to achieve differentiation and additional value for Finnish SMEs (compare chapter 4.2). However, there are problems the consultant will hardly be able to solve such as limited financial resources.

The presented findings will be applied in the following in order to design the desired consulting process for the commissioner 1Step.
7. Development of the Consulting Blueprint

After the chapters concerning consulting, service creation as well as the development of market entry strategies have been supported by additional information of experts this chapter will present the final consulting blueprint for the commissioner 1Step.

The blueprint will be visualized by the process modelling language UML (Unified Modelling Language). Therefore the notion type activity diagram will be applied. The symbols used are shown in table 4 including a description as well as a short explanation.

Table 4: Used symbols for the visualisation of the consulting blueprint (adapted from University department of computer science, University of Applied Science Darmstadt 2013)

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Description</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="action_1.png" alt="Action 1" /></td>
<td>Action</td>
<td>Action is a basic element of an activity diagram. It basically describes what has to be done.</td>
</tr>
<tr>
<td><img src="call_behavior_action.png" alt="Call Behaviour Action" /></td>
<td>Call Behaviour Action</td>
<td>An activity which includes several sub-activities shown in separate activity diagram.</td>
</tr>
<tr>
<td><img src="initial_node.png" alt="Initial Node" /></td>
<td>Initial Node</td>
<td>Shows the beginning of an activity</td>
</tr>
<tr>
<td><img src="activity_final_node.png" alt="Activity Final Node" /></td>
<td>Activity Final Node</td>
<td>Shows the end of an activity</td>
</tr>
<tr>
<td><img src="flow_final_node.png" alt="Flow Final Node" /></td>
<td>Flow Final Node</td>
<td>Shows the end of a specific part of the activity. The activity itself continues.</td>
</tr>
<tr>
<td><img src="control_flow.png" alt="Control Flow" /></td>
<td>Control Flow</td>
<td>Shows the direction of the flow of the activity. Additionally a requirement can support a control flow.</td>
</tr>
<tr>
<td><img src="splitting_synchronisation_node.png" alt="Splitting/ Synchronisation Node" /></td>
<td>Splitting/ Synchronisation Node</td>
<td>A splitting node splits in two different simultaneous activities. A synchronisation node unites two simulations activates again.</td>
</tr>
<tr>
<td><img src="decision_merge_node.png" alt="Decision/ Merge Node" /></td>
<td>Decision/ Merge Node</td>
<td>A decision node requires a decision before a certain activity is performed. A merge node reunites after a decision again.</td>
</tr>
</tbody>
</table>
After the above table introduced the symbols used in the blueprint the following will show the visualisation. Therefore the consulting process will be shown in seven figures. While the first one will give an overview of activates performed and a possible new structure for the product offer the other six will describe detailed which activates to perform.

Therefore the new product offer is indicated by different colours. The first product package will consist of the situation diagnosis as module one as well as the strategic action planning as module 2. However the client might only choose one of the modules explained.

The second product package includes the implementation assistance as well as the monitoring service. These two activities will not be separated since they are strongly connected and show strong interdependencies.
Figure 21: An overview of the consulting process (Designed with Astah Community)
Figure 22: Process Entry (Designed with Astah Community)
Figure 25: Execute Implementation Assistance (Designed with Astah Community)
Figure 26: Execute Monitoring Service (Designed with Astah Community)
Figure 27: Terminate the Consulting Relationship (Designed with Astah Community)
8. Evaluation and Conclusion

This final chapter will firstly evaluate the developed consulting process by applying the explained service success factors presented before (compare chapter 4.2). Additionally, recommendations based on the empirical research and the development of the consulting process will be summarized and explained.

Service quality
Service quality has been established by including customer satisfaction measurements as stated in chapter 4.2. Independently of the products purchased by the client there will be an evaluation of performance delivered. This can be seen as a monitoring system which can be possible connected with a future data base enabling the commissioner to control service quality and to take adequate corrective actions.

Moreover quality has been established by an intensive expectation analysis. By investigating each customer’s individual needs and wishes it should be possible to offer adequate and adapted service performance. However the purpose analysis should be seen as a major tools needing special attention since accidentally wrong interpreted expectations of clients can lead to an insufficient quality delivery.

Several consensus finding elements included in the developed consulting process can also support its service quality. By negotiating with clients about major decisions and actions to take it is possible to influence customers’ expectations and therefore change it in accordance of performance intended to deliver.

The last element concerning quality is the situation assessment. By conducting this step during a strategy development process it should be possible to identify unsuitable customers being not able to enter German markets. This will support service quality by avoiding unrealistic expectations about a successful market entry.

Differentiation
The next element of successful services has been differentiation. On the one hand it has been applied by the extended product offer. In comparison to other consulting businesses the designed process involves the consultant’s assistance in strategy implementation and monitoring. This ac-
tive participation in phases in which customers might be often left alone can definitely distinguish the commissioner from competitors.

On top of that the underlying strategic understanding of Mintzberg can be a factor of differentiation. While according to Mintzberg most strategic investigations are based on the planned approach the designed process utilizes all different perspectives. Therefore superior strategy development can be achieved.

Another considerable element of the consulting process is the offer of workshops and the active participation of the client in the strategy development. Hereby organisational learning can be fostered offering a client the base for developing future strategies by his or her own. This can be seen as one more major differentiation factor.

Productivity

The last element of successful services has been productivity. Therefore the consulting process shows several sections called “Homework”. This means that these tasks are performed by the client itself and therefore the consultant can simultaneously execute other work. The number of these homework can be varied increasing or decreasing the workload. However it should be mentioned at this point that the commissioner should establish some co-operations with other businesses in order to outsource activities having too little knowledge about. For example it might be needed to conduct marketing research about a specific industry in Germany. For that purpose a co-operation agreement with a local research company could be helpful.

Additionally, the whole visualisation of the consulting process can be categorised as an element of productivity. By using the modelling language UML weaknesses of the process can easily be analysed and changed by the commissioner. Moreover potential future employees can quickly be familiarised with the structure of the consulting service. Therefore the visualisation of the process can be seen as a base for future productivity improvements.

Although all service success factors have been respected and included in the designed consulting process it should be mentioned that it can only be seen as an initial draft. Firstly, as already heard the nature of customers defers making it impossible to create a detailed and generally valid consulting process.
On top of that the designed process is of initial nature. That means that it should be seen as a first base for future development and corrections. Since the commissioner's situation can change quickly adaptations might be needed.

In this context it should be pointed out that the commissioner might need to change several elements of the marketing mix described in chapter 2. Therefore the first recommendation is the new service structure indicated in figure 21.

Additionally, the commissioner should select a more accurate customer target group. This could be for example done by specialising on certain industry sectors. For Finnish SMEs a technology related focus might be a useful approach.

Summarizing, the commissioner has received comprehensive instructions about a structured consulting process concerning market entry strategies to Germany. The thesis does not only deliver information about the current situation but also enables further development of the process and continuously improvements as well as adaptations for an adequate service delivery can be executed.
Appendix: Strategic Support Tools

When reading chapter 5 introducing the development of market entry strategies the question might rise how it is possible to transform this theoretical content into practice. In order to solve this ambiguity this chapter will present selected tools supporting the described development process of market entry strategies according figure 14.

1. **Forming a learning environment**

As heard in the previous chapter the strategy development process should be integrated into an environment of learning (compare figure 14). Thereby the goal should be to establish “an organisation being able to learn cumulatively and to renew itself continuously” (Mintzberg 2012, 304).

For this purpose there are several principles which can help to achieve this objective. They are summarized in the above table.

Table 5: Principles for establishing a learning organisation (Mintzberg 2012, 304 – 306)

<table>
<thead>
<tr>
<th>Principle</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning from failures</td>
<td>Failures and mistakes should not be forgotten immediately or even displaced. Learning organisations have understood that improvement start by carefully analysing failures and mistakes whereat accusations have to be avoided.</td>
</tr>
<tr>
<td>Continuously Revision</td>
<td>Learning organisations continuously monitor their effectivity and efficiency. They know that even well-working processes can be improved and are able to generate new knowledge from improvement which can also be applied for enhancing other processes.</td>
</tr>
<tr>
<td>Learning from first-hand knowledge</td>
<td>Learning organisation realize that employees involved in the day to day business often have the best understanding of their business processes. Therefore it seems logic to utilize their knowledge, for example by visiting them in their working environment by encouraging employees to report problems to the manage-</td>
</tr>
</tbody>
</table>
Keeping knowledge flexible

Normally knowledge is accumulated in separate business divisions not communicating with other departments. In learning organisations knowledge should be limited to a particular department but should be shared through informal meetings, the establishment of multifunctional teams or employee rotation. By doing so knowledge will be shared among department boarders and employees will not be limited by seeing their organisation from their division’s point of view.

Seeking for external knowledge

Learning organisations realize that it is necessary to seek for knowledge outside their own boarders. Therefore customers and suppliers can be seen as partners giving valuable feedback or being integrated in the production process. Also competitors can be a valuable source of information by conducting comparisons.

Although the mentioned principles for establishing a learning organisation seem simple it might be difficult to implement them (Mintzberg 2012, 305). Nevertheless the key point is that strategies based on learning are able to deal with unexpected situations (Mintzberg 2012, 306) which will likely occur when entering foreign markets. That is also why the learning approach can be understood as a pattern (emergent strategy) in respect of Mintzergs’s strategy approach.

2. Foreign Environment Analysis

In order to gain necessary information about foreign countries and markets there is a great amount of sources available. Especially the internet has simplified data gathering enormously. However organisations might face the issue of distinguishing between relevant and unnecessary information. Therefore the following will present several selected tools for conducting a successful foreign environment analysis.
Macro environment

In order to analyse the needed information for a country’s macro environment there are several useful tools available. Probably one of the most famous ones is the so called PEST- analysis. It investigates factors concerning politics, economy, socio-cultural aspects and technology (Halík 2012, 14). Therefore only data impacting the organisation the tool is used for will be respected. A bike producer for example is not interested in knowing about dining habits whereas a restaurant chain definitely is. The following figure shows a model of the PEST-analysis.

In can be seen that the layout of the PEST- analysis can help to structure gathered data and present it clearly arranged (Halík 2012, 15). In the figure are some examples for the factors concerning the dimensions of the analysis.

Figure 28: A model of the PEST- analysis (Halík 2012, 15)

<table>
<thead>
<tr>
<th>Political factors</th>
<th>Economic factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. information about</td>
<td>e.g. information about</td>
</tr>
<tr>
<td>• Elections</td>
<td>• Economic growth</td>
</tr>
<tr>
<td>• Employment law,</td>
<td>• Government spending levels,</td>
</tr>
<tr>
<td>• Consumer protection,</td>
<td>• Level of unemployment</td>
</tr>
<tr>
<td>• Environmental regulations,</td>
<td>• Exchange rates</td>
</tr>
<tr>
<td>• Industry-specific regulations,</td>
<td>• Inflation</td>
</tr>
<tr>
<td>• Inter-country relationships/attitudes</td>
<td>• Consumer confidence</td>
</tr>
<tr>
<td>• Taxes</td>
<td>• Import/export ratios</td>
</tr>
<tr>
<td>Etc.</td>
<td>Etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social factors</th>
<th>Technological factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. information about</td>
<td>e.g. information about</td>
</tr>
<tr>
<td>• Demographics</td>
<td>• Inventions</td>
</tr>
<tr>
<td>• Lifestyle changes,</td>
<td>• Research</td>
</tr>
<tr>
<td>• Population shifts</td>
<td>• Energy uses/sources/fuels</td>
</tr>
<tr>
<td>• Education</td>
<td>• Manufacturing advances,</td>
</tr>
<tr>
<td>• Immigration/emigration,</td>
<td>• Information technology,</td>
</tr>
<tr>
<td>• Health</td>
<td>• Internet</td>
</tr>
<tr>
<td>• Living standards</td>
<td>• Transportation</td>
</tr>
<tr>
<td>Etc.</td>
<td>Etc.</td>
</tr>
</tbody>
</table>

Based on the information gathered by using the PEST- analysis organisations might be interested in comparing these data to their home country. Therefore the so called CAGE distance framework can be applied. As its name implicates it investigates distances between two countries concerning culture, administration, geography and economy (Dai 2008). A model of the CAGE distance framework can be seen in Table 3.
Table 6: A model of the CAGE distance framework (New Charter University 2015)

<table>
<thead>
<tr>
<th>Distance dimensions</th>
<th>Cultural Distance</th>
<th>Administrative Distance</th>
<th>Geographical Distance</th>
<th>Economic Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different languages</td>
<td>Absence of colonial ties</td>
<td>Physical remoteness</td>
<td>Differences in consumer income</td>
<td></td>
</tr>
<tr>
<td>Different ethnicities: lack of connective ethnic or social network</td>
<td>Absence of shared monetary or political association</td>
<td>Lack of common boarder</td>
<td>Differences in costs and quality of the following:</td>
<td></td>
</tr>
<tr>
<td>Different religions</td>
<td>Political hostility</td>
<td>Lack of sea or river access</td>
<td>Natural resources</td>
<td></td>
</tr>
<tr>
<td>Different social norms</td>
<td>Government policies</td>
<td>Size of country</td>
<td>Financial resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Instutional weakness</td>
<td>Weak transportation or communication links</td>
<td>Human resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Intermediate inputs</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Information or technology</td>
<td></td>
</tr>
</tbody>
</table>

The model shows several examples for factors creating distances categorized by the framework’s four dimensions. Organisations can gather the information needed for applying the CAGE distance framework from the PEST(EL)- analysis. That is why it seems logic to connect both tools when analysing a country’s macro environment.

**Industry environment**

After a country’s macro environment has been investigated the next step should be the industry analysis. Therefore two different tools will be applied: Proter’s five forces model and the industry life cycle.

The five forces model is probably one of the most famous works of Michael J. Porter. It is a popular tools for strategic managers and helps to analyse an industry’s attractivness (managerwiki(a) 2015). The following figure shows an overview of the model’s elements.
As can be seen the model composes of five elements influencing an industry's attractiveness. Each of these elements depends on several factors shown above the headline. The following will briefly discuss each of them:

Supplier power is the influence of suppliers and subcontractors within the industry. If their power is high they might be able to claim high prices or deliver low-quality product. This situation would be harmful for an organisation depending on these suppliers leading to a less attractive industry. The supplier power depends for example on the number of available suppliers, their size, as well as the possibility to substitute their products. (managerwiki(a) 2015)

Similar to supplier power customers can have an major influence for organisations since they are determine a product's demand. If clients have high bargaining power they will be able to lower prices or require higher quality for the same price. Customer power depends for example on the number of customers, their size or their possibility to substitute a demanded product. (managerwiki(a) 2015)
Threat of new entry describes the likability of possible new competitors entering an organisation’s market. If this treat is high competition will increase leading to increasing marketing costs might and shrinking margins making an industry less attractive. The treat of new entry depends mainly on needed times and costs of entering a market or industry, economies of scale or entry barriers such as legal restrictions. (managerwiki(a) 2015)

Threat of substituion describes the risk of being substituted by another product. Music players for example have been widely substituted by mobile phones with integrated music player functions. A high threat of substituion will decrease an industry attractivness (managerwiki(a) 2015). Factors influencing this threat are the level of prices of substituion products or costs arising due to a change.

The last element in Porter's model is Competitive Rivalry. It is the intensity organisations within the industry compete with each other (managerwiki(a) 2015). Obviously little competition is favourable for an attractive industry since there will be less pressure on lowering prices or increasing product quality (leading normally to increased costs). Important influences on the competitive rivalry number of competitors, customer loyalty as well as costs for changing to a competitor’s product (for example from changing from a phone of Apple to competitors).

It can be seen that by investigating these three elements organisations can identify an industry’s attractiveness but are also able to gain insights in its structure. In addition to that the model of an industry’s life cycle can help to forecast this attractiveness.

The tool industry life cycle is useful to analyse an industry’s evolution and current attractivness and its future development. Therefore the tools is similar to the product life cycle showing similar phases. Figure 14 shows the industry lifecycle model.
It can be seen that the model represents two variables: Time and demand. The five different phases shown on the x-axis represent the usual path an industry sequentially passes. Therefore each phase shows several important characteristics explained in the following. (Jeyarathmm 2008, 79)

Embryonic industries are developing and unfamiliar to customers. They are characterised by slow growth rates, high prices due to the lack of economies of scale and low developed distribution channels. Organisations within such an industry normally focus on educating the customer and creating needs for the product. Entry barriers are low and mainly restricted to the access to technological know-how. (Jeyarathmm 2008, 80)

After the first stage has been past the industry normally moves to the growth phase. During that time customers are familiar with the products leading to high demands. Prices normally begin to shrink due to economies of scale and experience curve effects. The threat of new entrants reaches its peak during that phase. However organisations are able to generate adequate revenues due to market growth. (Jeyarathmm 2008, 80)

Following the industry lifecycle model the next stage is called shakeout. During this phase demand is almost saturated and mainly caused by replacement purchases rather than by first-time buyers. Consequently competitive rivalry is expected to grow during that phases, price pressure will increase and first competitors might exist the industry. Entry barriers will rise and the importance of marketing will increase. (Jeyarathmm 2008, 80)
During the maturity phase demand is saturated and stays at a constant level. Competition reaches its peak during this phase, price pressure is highest and organisations need to increase customer loyalty with the help of marketing activities. These factors lead to high entry barriers while more and more companies might exist the industry. (Jeyarathmm 2008, 81)

At the end of the model the industry reaches the phase of decline. The demand normally begins to shrink due to external causes, for example technological advances or changes in demographics. That means the threat of substitution is highest during this phase while the threat of new competitors is lowest. Additionally, exist barriers are high during this phase leading to a high obstacle for existing competitors. (Jeyarathmm 2008, 81)

Although the industry lifecycle model might be applicable for many industries it should only be seen as a framework since it might happen that some phases might be skipped. Additionally it is possible that organisations are able to avoid decline phase due to new technological advances or changes in the external environment. (Jeyarathmm 2008, 81)

Summarizing, it can be said that the industry environment can be analysed by comibing Porter’s five forces model with the industry lifecycle. The first model will deliver information about the current situation within an industry whereas the second model and give indications for future developments.


As heard during in the previous chapter the current position of the organisation composes three parts: The identification of organisational strengths and weaknesses, the identification of strategic capabilities as well as the analysis of the current strategic direction.

Before investigating the an organisation’s resources and competencies it might be useful to gain a first understanding of it through its business model which can be defined as a description of how an organisation want to create value for its customers and how to generate profits from that. (Gabler Wirtschaftslexikon(c) 2015). Since the business model might not be identifiable immideatly strategic management tool called business model canvas might be a useful help (Strategyzer 2015). It visualised the underlying business model of an organisation and helps to gain a basic understanding of it. Figure shows a business model canvas template.
It can be seen that the business model canvas is divided into nine different elements being crucial for every organisation (Strategyzer 2015). Under the headline of each area there are several questioned which can help to understand each element. Customer Segments for example describes all people an organisation is creating value for.

When using the model is it useful to follow a set guideline. Therefore behind each headline of the nine elements there are numbers giving the order of working on the template. Additionally it should be considered not to answer each question extensively. The should be to fill the template with key information giving a quick and structured overview of an organisation’s business model.

By applying the described business model canvas the following work on analysing the organisation should be simplified considerably. Additionally a basic understanding of the organisation’s functionality can be gained not only for internal employees or managers but also for external persons, e.g. consultants.
After the application of the business model canvas has created a basic understanding of an organisation’s activities further investigations are needed in order to develop strategies. Therefore strategic capabilities should be investigated. For this purpose Porter’s value chain seems to be most suitable.

**Figure 31: The business model canvas (Strategyzer 2015)**

<table>
<thead>
<tr>
<th>Customer Segments</th>
<th>Value Proposition</th>
<th>Key Partners</th>
<th>Channels</th>
<th>Key Resources</th>
<th>Cost Structure</th>
<th>Revenue Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who are the profitable customers?</td>
<td>Value derived from the customer</td>
<td>Who are the key partners?</td>
<td>How do the customer interfaces with the organisation?</td>
<td>What are the key resources?</td>
<td>How do the costs get paid?</td>
<td>How do the value streams contribute to overall revenue?</td>
</tr>
<tr>
<td>Which key activities are most expensive?</td>
<td>How do the customer interfaces with the organisation?</td>
<td>Who are the key partners?</td>
<td>How do the customer interfaces with the organisation?</td>
<td>What are the key resources?</td>
<td>How do the costs get paid?</td>
<td>How do the value streams contribute to overall revenue?</td>
</tr>
<tr>
<td>Which key resources are most important?</td>
<td>Which key activities are most important?</td>
<td>Through which channels do the customer interfaces with the organisation?</td>
<td>Which key activities are most expensive?</td>
<td>Which key resources are most expensive?</td>
<td>How do the costs get paid?</td>
<td>How do the value streams contribute to overall revenue?</td>
</tr>
<tr>
<td>What are the most important cost drivers?</td>
<td>How do the customers interfaces with the organisation?</td>
<td>Who are the key partners?</td>
<td>Which key activities are most expensive?</td>
<td>Which key resources are most expensive?</td>
<td>How do the costs get paid?</td>
<td>How do the value streams contribute to overall revenue?</td>
</tr>
<tr>
<td>How much does an outcome stream contribute to overall revenue?</td>
<td>Which key activities are most important?</td>
<td>Through which channels do the customer interfaces with the organisation?</td>
<td>Which key activities are most expensive?</td>
<td>Which key resources are most expensive?</td>
<td>How do the costs get paid?</td>
<td>How do the value streams contribute to overall revenue?</td>
</tr>
</tbody>
</table>
The tool presents typical organisation’s activities and allows to understand the value creation process helping to uncover potential strength and weaknesses. In his model Porter distinguishes between primary and support activities. Primary are the ones that are directly involved in the production of a product or service while support activities are not directly involved but needed to assist the primary ones (managerwiki(b) 2015). At the end there is the profit margin which can be defined as the value created – cost of creating that value. The following figure shows Porter’s value chain model.

Figure 32: The value chain model (Jeyarathmm 2008, 98)

Before describing how Porter’s value chain can be used it should be mentioned that not all elements in the value chain model are applicable for each organisation. Software companies for example might not have inbound logistics.

Porter’s value chain can be applied in several steps: First, the value creation process of one product line\textsuperscript{17} can be simulated by following the proposed structure above. Thereby strength and weaknesses can be uncovered. Next linkages\textsuperscript{18} between each product line have to be identified and analysed. Finally, synergies between linkages of different production lines have to be found and investigated in order to uncover potentials for economy of scope\textsuperscript{19}. (Jeyarathmm 2008, 98-99)

\textsuperscript{17} Product line is a “group of related products manufactured by a single company” (Investopedia(b) 2015).

\textsuperscript{18} Jeyarathmm (2008, 99) describes linkages as connections between primary and secondary activities.

\textsuperscript{19} Economy of scope can be defined as the opposite of economy of scale. That means that a company can produce two products cheaper than other companies specializing on one of these product (The Economist 2008).
After the value chain analysis has been conducted it should be possible to determine an organisation’s strategic capabilities. These can be categorized according to the following figure.

Figure 33: Elements of an organisation’s strategic capability (Johnsson 2010, 61)

<table>
<thead>
<tr>
<th>Resources</th>
<th>Competences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold capabilities</td>
<td></td>
</tr>
<tr>
<td>Threshold resources</td>
<td></td>
</tr>
<tr>
<td>- Tangible</td>
<td>Threshold competences</td>
</tr>
<tr>
<td>- Intangible</td>
<td></td>
</tr>
<tr>
<td>Capabilities for</td>
<td></td>
</tr>
<tr>
<td>competitive advantage</td>
<td></td>
</tr>
<tr>
<td>Unique resources</td>
<td>Core competences</td>
</tr>
<tr>
<td>- Tangible</td>
<td></td>
</tr>
<tr>
<td>- Intangible</td>
<td></td>
</tr>
</tbody>
</table>

As seen above strategic capabilities found during the value chain analysis can be divided into threshold capabilities and capabilities for competitive advantage. The first terms related to all capabilities which are needed in order to be able to compete for an organisation. In contrast to that capabilities for competitive advantage create the ability of superior performance (Johnsson 2010, 63). They can be considered as an organisation’s strength.

Both, threshold and competitive advantage capabilities, can be differentiated further: Firstly, resources can be seen as one of a company’s production factors helping to accomplish an activity or to achieve a desired outcome (BusinessDictionary(c) 2015). Jonsson (2010, 61) claims that there are generally four categories of resources: physical resources such as machines or plants; financial resources including capital, suppliers of money or cash; human resources as the skills and knowledge of employees; and intellectual capital such as brand names, trademarks or patents. They can be categorized by the tangible or intangible criteria.

Secondly, competencies can be seen as the skills and abilities to use resources effectively in an organisation’s activities. This is of high importance for strategic capability since great amounts of resources are useless if not used efficiently. (Johnsson 2010, 62)
The final step in analysing the current position of the organisation is to identify its current strategic direction. It might seem difficult to do so but Mintzberg’s approach discussed in chapter 5.1 can be a valuable help. Consequently an organisation’s strategy has to be investigated from five different views summarized in the below-mentioned figure.

Figure 34: Mintzberg’s five views of strategy (adapted from Mintzberg 2015)

As seen above Mintzberg’s views of strategy are shown with possible tools or sources for analysing each of them: Strategy as a plan might be the easiest option to analyse an organisation’s strategy. If there are strategic documents or documented procedures for finding strategies these are the most valuable source of information. Also tools discussed earlier such as the PEST- or SWOT- analysis can be utilized. All of these tools or documents are evidence for intended strategies which could be identified easily.

Emergent strategies on the other hand (strategy as a pattern) seem to be hardly identifiable since they are not documented but appear uncontrolled (compare chapter 5.1). Therefore it might be useful to investigate a company’s key happenings in the past and how the organisation has reacted. This seems to be the only way to identify a pattern in actions.

Strategy as a perspective tries to look inside the heads of an organisation (compare chapter 5.1). Since this is obviously not realizable an investigation of the members of an organisation seems to be most suitable for this view of strategy. Therefore the tool cultural web can be used being explained shortly in the following.
How the tool’s name already indicates it will investigate an organisation’s culture. For this purpose several elements should be investigated shown in the following figure.

Figure 35: The Cultural Web (Johnson et al. 2009, 134-135)

The figure shows six relevant elements needed to investigate in order to analyse the so-called paradigm. This term related to the working environment (Smith 2015) and the thinking of an organisation. Next to each element a short explanation is mentioned helping the reader to understand why and what needs to be investigated.
Strategy as a position has been explained as the way an organisation positions itself in a certain market. In order to analyse this position Bowman (1997) has presented initial strategies which can be summarized in the following figure.

Figure 36: Bowman’s strategic clock (adapted from Manktelow(b) 2015)

It can be seen that strategies differ in value delivered to the customer and price. Based on that there are eight initial strategies whereas only five are relevant shown on the right side of the figure. Strategy (6), (7) and (8) are not suitable for any organisation since they deliver low value to high prices. Consequently they are in an inferior position compared to strategies (1) to (5).

The final element of figure 26 is strategy as a ploy. This term can be defined as a “cunning plan or action designed to turn a situation to one’s own advantage” (Oxford Dictionaries(b) 2015). This explanation already indicated that a ploy is intended. Consequently it should be possible to analyse it similar to a plan by investigating strategic documents or ask decision makers.

Summarizing, by applying the tools business model canvas, porter’s value chain and a categorisation of strategic capabilities it should be possible to gain crucial insights of an organisation and its activities. At the end the categorisation of strategic capabilities can help to identify strengths while weaknesses should be uncovered during the value chain analysis.
In addition to that the current strategic position must be taken into account when developing market entry strategies. Therefore several tools have been presented for understanding an organisation’s current strategy.

4. **Situation assessment**

The previous tool presented various tools in order to gather and present a great amount of information related to the business environment an organisation is acting in. After this a decision has to be made whether to go to a particular international market or not. Therefore this chapter will one possibility how the decision-making process can be supported.

As presented the foreign environment analysis delivers data about a country’s macro environment as well as information about a specific industry. In contrast to through the investigation of an organisation’s current position specific data about the internal environment can be analysed.

In order to assess the current situation the following assumption will be applied: Since external influences (macro and industry environment) cannot be influences by an organisation it has to adapt its internal factors in order to be able to excel. Therefore it is favourable if organisations have to change their internal environment as less as possible.

Based on this assumption it is necessary to combine external and internal factors and compare them. Therefore one of the most famous tools of Mintzberg’s strategy as a plan theory will be used. While Mintzberg’s argues that the SWOT- analysis is mainly used for creating strategies and checklists (2012,77) in the following it will be applied as an assessment framework. Figure 18 shows the structure of the SWOT model.
Figure 37: The SWOT analysis (adapted from Wikipedia 2015)

<table>
<thead>
<tr>
<th>Helpful in achieving the objective</th>
<th>Harmful in achieving the objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal origin</td>
<td>Strengths</td>
</tr>
<tr>
<td>External origin</td>
<td>Opportunities</td>
</tr>
</tbody>
</table>

The model is separated into four parts which are self-explanatory: Strength, weaknesses, opportunities and threats. The origin of information is also mentioned in the figure (Internal origin = Organisation’s position; External origin = Foreign environment analysis).

By combining and summarizing key information from the conducted analyses it is possible to create an assessment framework. Therefore the author has developed a simple model (compare appendix for the figure): The idea is to identify most important strengths, weaknesses, opportunities and threats and rate them according to their impact for a market entry. After that each of these factors will be assigned a score according to their likability. Lastly the score of likability will be multiplied with the score of importance leading to an overall score.

After that the scores of each element will be added. Thereby a final score for each area of the SWOT model (strength, weakness, opportunity, threat) will be generated which can be an indicator in which areas the market entry is supported.

At the end the scores of all areas will be added leading to a final result. This result can be used as a help to decide if a market entry is supported or if the external environment does not fit to an organisation’s internal environment. However it should be mentioned that this tool can only be seen as a help and that the final result can only be seen as a direction rather than a fixed number.
Summarizing the situation assessment should be respected as an important step for the development of market entry strategies. By comparing the foreign external environment with the organisation’s internal environment it is possible to make a decision if a market entry is favoured or not. Therefore the developed assessment framework based on the SWOT-analysis can be a useful tool. However it cannot give an ultimate decision but supports the decision making process by presenting clearly-structured information.
5. **Strategic Choice**

As already mentioned the first step included in the strategic choice is the development of strategic alternatives. Therefore Collis (2014, 121) has presented archetypes of international strategies answering the fundamental questions explained earlier. However he argues that these prototypes are ideal-type strategies simplifying and highlighting their differences (Collis 2014, 120). That means that companies should not blindly adopt them but form their own unique international strategy suitable for them.

Figure 39: Generic international strategies (adapted from Collis 2014, 121)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Local</td>
<td>-</td>
<td>All activities domestically located</td>
<td>Highly adapted to local needs, even regionally</td>
<td>Functional</td>
<td>Satisfaction of specific markets</td>
</tr>
<tr>
<td>Export</td>
<td>Contractual/ Late</td>
<td>All activities (except some selling domestically located)</td>
<td>Domestic marketing mix</td>
<td>International</td>
<td>Arbitrage Factor Costs</td>
</tr>
<tr>
<td>Multidomestic</td>
<td>Country specific/ depends on first mover advantage</td>
<td>Most activities dispersed</td>
<td>Adapts to each country</td>
<td>Geographic</td>
<td>Augment Product Set</td>
</tr>
<tr>
<td>Global</td>
<td>High Control/ Early</td>
<td>Each activity located centralised in most efficient country</td>
<td>Highly standardised marketing mix</td>
<td>Business Unit</td>
<td>Aggregate for scale and Efficiency</td>
</tr>
<tr>
<td>Transnational</td>
<td>High Control/ Early</td>
<td>Each activity located dispersed and flexible</td>
<td>Continuous adoption of every country's marketing mix</td>
<td>Purpose, People, Process</td>
<td>Agglomerate for dynamic efficiency</td>
</tr>
</tbody>
</table>

The figure shows five generic international strategies combined with the fundamental questions discussed earlier. Additionally the international advantage of each strategy is shown. As stated before each strategy favours several decisions for the fundamental questions. However this should rather be seen as a proposal rather than a fact. Each company should develop the most suitable combination of strategic decisions to generate the most suitable one. Nevertheless the following explanations will follow the proposals shown in the above figure.
Local
This type is actually no international strategy. As it name indicates a company pursuing a local strategy does not have any activities in foreign countries. Collis (2014, 121) argues that for some organisations it might be better to avoid the international arena.

Consequently the question of favoured entry mode is not applicable while the time of entry is rather late (Collis 2014, 254). The location of all activities is concentrated in the domestic market while the organisation is mainly based on a functional structure. The company’s marketing mix is highly adapted to local or even regional needs and wishes. This strategy works best “when there is some form of impediment to trade” (Collis 2014, 122) or some kind of protection for local companies. This could be for example a relatively small demand for special products which does not seem to be profitable to satisfy for a big international enterprise.

Export
Also this strategy type is not an international one since it does not include any activities in a foreign country (Collis 2014, 124). Companies using the export strategy sell products through third parties taking on the complexities of international trade.

The export strategy favours a late entry mode based on contracts. The companies’ activities are located domestically, except some selling operations. The marketing mix is barely adapted to the needs of international customers. Export activities are normally organised in a separated international department, which is little connected to domestic activities. The international advantage is achieved by exploiting the domestic country’s comparative advantage. (Collis 2014, 124; 254-255; 301; 342)

For completes the complement of export should also be mentioned at this point: Import. This strategy describes companies competing only in the domestic market but uses an international sourcing strategy. It can be said that the export strategy concentrates on the demand side while import focuses on supply. The advantage can be the utilization of foreign comparative advantages. (Collis 2014, 128)
Multidomestic
The multidomestic strategy involves actual operations across borders. The idea is to transfer a company’s competitive advantage and rebuilt it in other countries. Therefore knowhow is initially transferred from the domestic headquarter to the new location. After that the new established entity is given “the autonomy and full range of activities to adapt its offerings to meet local market requirements” (Collis 2014, 130). However innovations normally flow from the headquarters to new entities since R&D is normally kept domestic (Collis 2014, 134).

There is no favoured entry mode since companies should choose the one which seems most suitable for the target country. The time of entry should be realised when it is possible to utilize the first-mover-advantage at its best and to keep the competitive advantage as long as possible. Activities of organisations pursuing a multidomestic strategy are dispersed. This is necessary to adapt the marketing mix to local demands (Collis 2014; 132). The overall organisation is structured according to their geography. The advantage of this strategy is the utilisation of domestic competitive advantages adapted to local habits and wishes. (Collis 2014, 254-255; 301; 342)

Global
The multidomestic approach focused on local adaption causing inefficiency through the location of activities in each country. In contrast to that the global strategy favours “global efficiency over local responsiveness” (Collis 2014, 137). Therefore standardisation allows organisations pursuing this strategy to develop economies of scale.

Global strategies favour an entry mode with high control, such as foreign direct investment. This seems logic since business entities are strongly connected and an active coordination of activities is needed. The favoured entry time is early. Every activity is centralised at the location offering the most favourable factor costs (Collis 2014, 141). The marketing mix is highly standardised and hardly adapted to local characteristics. The organisational structure is based on business units. Due to the standardisation and the utilization of country specific advantages for each activity the global strategy can succeed through efficiency and low costs.

Transnational
The transnational strategy tries to overcome the trade-off between inefficiency of multidomestic strategies and lack of adaption of global strategies. The basic assumption is to build a network of business entities which gain efficiency by exploiting low-cost locations (global approach) and
sharing knowledge and competencies among each other (multidomestic approach). However there is no hierarchical structure which headquarters dominate in. (Collis 2014, 142; 144-145)

The entry mode and time are similar to the global approach: High control and early. The coordination of activities cannot be generalised for this international strategy. According to Collis (2014, 344-345) transnational companies are faced with enormous management challenges since the organisational structure needs to be designed according to people, processes and purpose. This might require complex structures which might be changed constantly. The marketing mix is confronted with a continuous trade-off between standardisation seizing the efficiency of global strategies and the responsiveness of multidomestic ones. Therefore a worldwide platform sharing product innovations might be required. On top of that the core marketing mix should be standardised while additional elements can be adapted according to local customer needs. All in all the transnational strategy would be the ideal type of an international strategy. However it seems to be highly difficult to implement it. (Collis 2014, 214, 301, 344-345)

After deciding about the main areas for market entry strategies there might be several favoured market entry strategies. In order to identify the most suitable one Rumelt (1980, 2) has developed four criteria for strategy evaluation shown in the following table.

Table 8: Evaluation criteria for strategies (adapted from Rumelt 1980, 2)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistency</td>
<td>The strategy must avoid inconsistent goals and policies</td>
</tr>
<tr>
<td>Consonance</td>
<td>The strategy must represent an adequate response to the external environment</td>
</tr>
<tr>
<td>Advantage</td>
<td>The strategy must generate and maintain a competitive advantage</td>
</tr>
<tr>
<td>Feasibility</td>
<td>The strategy must be implementable within available resources and avoid unsolvable sub problems</td>
</tr>
</tbody>
</table>

By applying the above criteria as a filter it should be possible to identify the most suitable strategy for an organisation leading to the next step of the strategy development process.
6. **Implementation**

As heard strategy implementation is a critical problem. As presented Raps has developed a checklist in order to help solving this issue. He argues that strategy implementation should be supported by tools. For that reason the following will present and explaining one instrument shortly.

Niven (2009) introduces such a tool called Balanced Scorecard. This instrument has multiple functions such as communication help, performance measurement as well as strategy implementation (Niven 2009, 40).

Especially the latter function will be of high interest. For this purpose the Balanced Scorecard divides a formulated strategy into four initial components. Niven argues that this division can be seen as a translation of strategy into a new and understandable language (Niven 2009, 136). The four initial components are shown in the following figure.

Figure 40: The Balanced Scorecard (Niven 2009, 38-40)

![Balanced Scorecard Diagram](image)

The figure shows the four initial perspectives of the Balanced Scorecard which are normally influenced by an organisation’s strategy. Therefore the basic idea is to define goals for each perspective needed in order to successfully implement strategies. (Niven 2009, 38-39).
For the customer perspectives it is especially important to identify a company’s target group as well as the value offered for them. Based on that it should be possible to establish goals. An example could be an increased customer loyalty. This could be measured by the number of customers purchasing the company’s products more than three times a month. The connected action could be an increase in sales promotion, e.g. by granting ten percent discount after the third purchase.

The internal business process perspective targets all actions and processes of an organisation needed to increase value of all stakeholders (Nieven 2009, 42). Especially capabilities for competitive advantage investigated during the step current position of the organisation should be carefully investigated and continuously improved. Based on the previous example it might be useful to improve quality management process as a goal in order to increase customer satisfaction. Therefore the number of customer complaint might be an adequate ratio, the target value should be less than ten percent and an adequate action could be the certification of the quality management process by an independent organisation.

The learning and growth perspective, also called employee development perspective, can be seen as “the base the Balanced Scorecard is built on” (Niven 2009, 43). All goals established for customers or internal business processes resort to the development of employees. The improvement of quality management for example might require training for employees in order to implement the changes. Or the launch of a new IT-system might require schooling. That is why the learning and growth perspective is normally developed at the end after all other perspectives have been worked on (Niven 2009, 43).

The last perspective is an organisation’s financial situation which the Balanced Scorecard flow together (Niven 2009, 44). All in all this perspective will identify the success of an organisation’s strategy and its formulated goals. If financial ratios are not sufficient it has to be investigated if the actions has been taken in other perspectives or if the strategy has failed and needs to be adapted.

As stated in the beginning the explained perspectives are of initial nature. That means that it is possible that companies add or remove several element of the Balanced Scorecard (Niven 2009, 41) in order to adapt the tool to the organisation’s attributes and its strategy.
After each perspective has been edited and adequate goals, ratios, target values as well as actions have been decided the Balanced Scorecard can be visualized in order to fulfill two important functions: On the one hand it could be seen that there are several connections between the perspectives which could be arranged in a way showing cause and effect (the quality improvement needed schooling of employees). On the other hand it has been stated that the balanced scorecard can be used as a communication tool. These two functions are summarized in the tools strategy maps which is based on the Balanced Scorecard (Niven 2009, 45-46; 139-141).

Figure 41: An example for a strategic map (adapted from Niven 2009, 47)

The figure above shown an example of a strategic map. It can be seen that the elements of the Balanced Scorecard have been used to develop it. Within each perspective the goals are shown and also the relations between the goal are shown with arrows (Niven 2009, 146). This strategic map does not only show cause and effect realtions it also gives a clearly-structured overview of the strategy implementation and can be a useful help for developing an action plan.

All in the balanced scorecard and the related tool strategic map can be a useful help for implementing strategies. At this point should be mentioned that the presentation of both instruments has been shortened considerably since it would be possible to write entire books about these topics (compare Niven 2009).
Monitoring

Strategic monitoring can be divided into four tools. The first one is focusing on the information gathered and called premise control. A great amount of information about internal and external environment has been gathered as a base for strategy formulation. Since there might be a time gap between strategy formulation and implementation these information should be reviewed and evaluated if they are still valid. (Jeyarathmm 2008, 269).

The above described premises control includes three major steps: Firstly, factors for controlling have to be identified. They should be chosen according to their likeliness of changing during the time between strategy formulation and implementation. The next step is the assignment of responsibilities. It has to be selected who monitors which factors and who receives related reports. Finally, if crucial changes have been identified it has to be decided if the strategy has to be adapted. (Jeyarathmm 2008, 270)

The next tool concentrates on strategy implementation. Therefore two major areas have to be investigated: Firstly, strategic thrusts should be controlled. As shown before strategies have to be split into several projects and actions (done before by the Balanced Scorecard). These thrusts are the base for subsequent actions and tasks (Jeyarathmm 2008, 271). The development of a customer service in India for example might requires language skills before customer contact is possible. These thrusts have to be controlled in order to grand a logic order of activities.

A method to control these strategic thrusts might be the application of stop/go assessments. This can be connected with a strategic map introduced before. Referring to figure 100 it might be logic that the first step is an investment of new customer-relationship software (learning and growth perspective). After that talented employees are trained using the new software. This example shows that the sub-sequential project of employee development requires the purchase of technology first. (Jeyarathmm 2008, 271; Adams 2015)

The second tool for implementation control is called milestone review. Milestones are critical point during the strategy implementation such as the acquisition of a required factory. The milestone review allows to overview the overall progress of strategy implementation and can help to meet certain budgets and time requirements (Jeyarathmm 2008, 271; Adams 2015). Milestones can be taken from strategic maps based on the balanced scorecard.
In addition to implementation and premise control there is strategic surveillance. This term describes “a generalized and overarching control” (Jeyarathmm 2008, 272) based on the idea to identify information not respected before. Strategic surveillance aims to continuously uncover new opportunities which might influence an organisation’s direction. For this purpose it can be seen as an addition to foreign environment and current position of the organisation analyses. Sources for strategic surveillance can be for example trade magazines or conferences, conversations or observations (Adams 2015).

Lastly, strategic monitoring is completed by special alert control. This type of monitoring aims to reassess the strategic direction due to a sudden and crucial change in the organisation’s environment. An example for special alert control can be the beginning of a war or trade sanctions against a country. These unforeseen events require immediate actions of a crisis management team in order to control possible damage and recovery. Managing special alert control and handling crises also leads to organisational learning desired for the accelerated internationalisation process described in the previous chapter. (Jeyarathmm 2008, 272; Adams 2015)
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