



CHALMERS

Strategic Alignment in Servitization Transformation: A Retrospective Case Study

A Processual Understanding of the Interplay Between
Deliberate and Emergent Strategy

Bachelor's thesis in Industrial Engineering and Management

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Strategisk samstämmighet i servitiseringstransformationer: En retrospektiv fallstudie

En processuell förståelse av samspelet mellan avsiktlig
och framväxande strategi

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Abstract

Problem

Despite the extensive body of servitization research, there remains a limited understanding of how transformation processes unfold over time within firms. Prior studies have primarily emphasised the importance of deliberate strategic efforts for enabling successful servitization. More recent research, however, increasingly suggests that servitization also unfolds through emergent organisational adaptation over time. Nevertheless, how deliberate and emergent strategy interact in practice, and how this interplay shapes strategic alignment throughout the transformation process, remains insufficiently understood in the literature.

Aim

The aim of this study is to explore how deliberate and emergent strategy interact over time within a servitization transformation, and how associated alignment processes shape the transformation trajectory. In doing so, the study seeks to address the identified research gap regarding processual dynamics of servitization transformation.

Theoretical framework

This study draws on servitization literature and a strategy process perspective, where transformation is understood as the interplay between deliberate and emergent strategies and where strategic alignment constitutes a central mechanism. It further applies dynamic capabilities theory to explain how organisations adapt over time through sensing, seizing, and reconfiguring activities. These perspectives are integrated into an adapted theoretical framework illustrating how the strategy process unfolds in a servitization transformation.

Method

The study adopts a qualitative and exploratory research design, conducted as a single-case study of a division within a manufacturing firm. Data was primarily collected through semi-structured interviews with respondents from multiple organisational levels and functions, complemented by secondary data. The findings were first analysed using an adjusted thematic analysis and subsequently interpreted through the adapted theoretical framework, following an abductive process where theory and empirical data are iteratively linked.

Results and implications

The study shows that the servitization transformation unfolded through an ongoing interplay between deliberate and emergent strategy, where the relative influence of each varied depending on contextual conditions. Emergent developments, particularly driven by customer demand, played a central role in shaping the realised strategy throughout the transformation. At the same time, deliberate strategy remained important for enabling coordinated reconfiguring and sustaining strategic alignment between intended and realised strategy over time. Rather than developing through stable implementation processes, alignment evolves unevenly through periods of disruption, partial alignment and broader realignment.

The study contributes to existing servitization literature by providing a more process-oriented understanding of how deliberate and emergent developments interact over time and shape strategic alignment throughout the transformation process. The findings further suggest that a high degree of customer involvement may intensify the role of emergent strategy within servitization contexts. From a managerial perspective, the study highlights the importance of enabling continuous organisational adaptation and developing reconfiguring capabilities.

Keywords: servitization, strategy processes, strategic alignment, dynamic capabilities, transformation, deliberate strategy, emergent strategy.

Sammandrag

Problem

Trots den omfattande forskningen om servitiserings saknas fortfarande en djupare förståelse för hur transformationsprocesser utvecklas över tid inom organisationer. Tidigare studier har främst betonat betydelsen av avsiktliga strategiska insatser för att möjliggöra framgångsrik servitisering. Nyare forskning indikerar dock i allt högre grad att servitisering även utvecklas genom framväxande organisatorisk anpassning över tid. Trots detta är förståelsen fortfarande begränsad kring hur avsiktlig och framväxande strategi interagerar i praktiken, samt hur detta samspel formar strategisk samstämmighet genom transformationsprocessen.

Syfte

Syftet med studien är att undersöka hur avsiktlig och framväxande strategi interagerar över tid inom en servitiseringstransformation, samt hur tillhörande processer för strategisk samstämmighet formar transformationens utveckling. Genom detta avser studien att adressera det identifierade forskningsgapet gällande processuella dynamiker i servitiseringstransformationer.

Teoretiskt ramverk

Studien bygger på servitiserings teori samt ett processperspektiv på strategi, där transformation förstås som ett samspel mellan avsiktliga och framväxande strategier och där strategisk samstämmighet utgör en central mekanism. Vidare används teorier om dynamiska förmågor för att förklara hur organisationer anpassar sig över tid genom *sensing*, *seizing* och *reconfiguring*. Dessa perspektiv integreras i ett anpassat teoretiskt ramverk som illustrerar hur strategiprocessen utvecklas i en servitiseringstransformation.

Metod

Studien genomfördes genom en kvalitativ och explorativ forskningsdesign i form av en fallstudie av ett affärsområde inom ett industriföretag. Datainsamlingen byggde främst på semistrukturerade intervjuer med respondenter från olika organisatoriska nivåer och funktioner, kompletterat med sekundärdata. Resultatet analyserades först genom en anpassad tematisk analys och tolkades därefter med hjälp av det anpassade teoretiska ramverket i en abduktiv process där teori och empiri iterativt kopplades samman.

Resultat och implikationer

Studien visar att servitiseringstransformationen utvecklades genom ett kontinuerligt samspel mellan avsiktlig och framväxande strategi, där det relativa inflytandet från respektive dimension varierade beroende på kontextuella förhållanden. Framväxande utvecklingar, särskilt drivna av kundefterfrågan, spelade en central roll i att forma den realiserade strategin genom hela transformationen. Samtidigt förblev avsiktlig strategi viktig för att möjliggöra koordinerad omkonfigurering och upprätthålla strategisk samstämmighet mellan avsedd och realiserad strategi över tid. Snarare än att utvecklas genom stabila implementeringsprocesser utvecklades samstämmigheten ojämnt genom perioder av störningar, partiell samstämmighet och bredare omställningar.

Studien bidrar till den befintliga servitiseringslitteraturen genom att erbjuda en mer processororienterad förståelse för hur avsiktliga och framväxande utvecklingar samverkar över tid och formar strategisk samstämmighet genom transformationsprocessen. Resultaten indikerar vidare att hög grad av kundinvolvering kan förstärka betydelsen av framväxande strategi i servitiseringskontexter. Ur ett ledningsperspektiv betonar studien vikten av att möjliggöra kontinuerlig organisatorisk anpassning och utveckla omkonfigureringsförmågor.

Nyckelord: servitisering, strategiprocesser, strategisk samstämmighet, dynamiska förmågor, transformation, avsiktlig strategi, framväxande strategi.

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1. Introduction

This chapter introduces the background and context of the study, followed by a problem analysis that identifies key gaps in the literature, particularly concerning the interplay between deliberate and emergent strategy and the role of strategic alignment over time. Based on this, the purpose and research question are formulated, followed by a presentation of the study's delimitations.

1.1. Background

Modern manufacturing firms increasingly operate in competitive environments where value creation extends beyond the delivery of standalone products. Rather than competing solely on product performance, firms are expected to provide integrated solutions that combine products, services, and system-level offerings tailored to customer needs. This development has given rise to the concept of servitization, referring to the strategic shift from product-centric offerings toward integrated product–service solutions (Vandermerwe & Rada, 1988).

Since its introduction, servitization has evolved into a substantial research field examining how manufacturing firms transform toward service-led growth and solution provision. Modern research emphasises that this transformation entails more than simply adding services to an existing product portfolio. Instead, it involves reconfiguration of organisational capabilities, coordination mechanisms, internal structures, and business logic to support integrated value creation (Andersen & Bering, 2023; Huikkola et al., 2022). Servitization transformations are often complex and demanding for manufacturing firms (Zhang & Banerji, 2017). Firms must develop new capabilities, coordinate across previously separated functions, and manage increased financial and operational risks associated with long-term service offerings. As a result, multiple organisational and strategic challenges can hinder the realisation of expected servitization benefits and may negatively affect performance if not properly managed.

Transformation processes rarely unfold in a purely planned manner, as realised strategy typically reflects a combination of deliberate and emergent elements (Kohtamäki et al., 2021; Mintzberg & Waters, 1985). While intended strategy reflects management's planned and articulated direction, deliberate strategy refers to the portion of these intentions that is realised as planned. On the other hand, emergent strategy develops gradually through patterns of action that arise in response to evolving circumstances. Together, these two dimensions shape the realised strategy reflected in organisational structures, processes and capabilities. In a

servitization context, organisations often face substantial organisational reconfiguration related to these dimensions (Kowalkowski et al., 2017). Such transformations may therefore create challenges in maintaining coherence between the intended and realised strategy, a coherence commonly referred to as strategic alignment. More specifically, strategic alignment refers to the degree to which an organisation's intended strategy is supported by its structures, processes, and capabilities (Henderson & Venkatraman, 1994).

To broaden the understanding of how strategic alignment is developed and sustained over time in a servitization process, this thesis examines a specific division of a European manufacturing firm in the later stages of servitization through a qualitative analysis. By examining a division that has undergone several phases of servitization, the study seeks to explore how the transformation process has unfolded over time, with attention to the interplay between deliberate and emergent strategic elements and the varying degrees of alignment.

1.2. Problem analysis

Despite the rapid expansion of servitization literature, several comprehensive reviews identify a persistent theoretical limitation: the insufficient understanding of servitization as a dynamic and unfolding transformation process. Baines et al. (2017) argue that the process dimension remains fragmented and underdeveloped, with limited attention devoted to how change actually occurs within firms over time. Consequently, although servitization is widely recognised as a major strategic shift, we still lack insight into how servitization transformation processes unfold within firms.

At the same time, servitization literature has developed increasingly refined descriptions of service strategies and the organisational configurations and capabilities required to support such offerings (Baines et al., 2017). However, comparatively less attention has been devoted to understanding how firms gradually and dynamically transform toward these configurations. In their multi-case study, Castka et al. (2024) show that the development of dynamic capabilities occurs gradually through iterative processes shaped by evolving organisational conditions. These findings suggest that analytically defined service configurations, while valuable for clarifying organisational requirements, provide only partial insight into the dynamics through which firms transform toward such arrangements.

Strategy process research offers a relevant theoretical lens for understanding such dynamics. This perspective conceptualises strategy as emerging through the interplay between deliberate

actions and emergent organisational responses (Mintzberg & Waters, 1985). From this standpoint, transformation is not solely the execution of managerial design, but an evolving process shaped through ongoing organisational activity. More recent empirical studies within the servitization domain reflect this understanding. Kohtamäki et al. (2021) explicitly argue for understanding servitization change as a process characterised by both intentional and emergent elements, reinforcing the iterative and non-linear nature of change. Prior research further emphasises that successful implementation of servitization requires systematic and deliberate strategic efforts (Baines et al., 2009; Lexutt, 2020; Oliva & Kallenberg, 2003).

However, while some studies (Castka et al., 2024; Kohtamäki et al., 2021) acknowledge the interplay between deliberate and emergent elements, the broader literature has not systematically integrated strategy process perspectives to explain how servitization transformation unfolds over time. As a result, transformation is frequently framed either in terms of strategic repositioning and capability development or in terms of emergent organisational adaptation, without fully explicating how these dimensions interact and evolve together.

In this context, strategic alignment becomes central in understanding how intended strategy is translated into realised organisational implementation and development over time (Henderson & Venkatraman, 1994). Alignment thus functions as a critical link between strategy formulation and implementation, enabling coordinated organisational action (Iskandar & Ardianto, 2024). Empirical research highlights that a low degree of alignment between intended servitization strategies and emergent responses constitutes a recurring challenge (Khanra et al., 2021). Despite its importance, however, strategic alignment remains underexplored in the literature, with limited attention devoted to understanding how alignment is developed and stabilised over time (Iskandar & Ardianto, 2024; Sabherwal et al., 2001). Consequently, alignment is often treated as a static outcome of strategic design and structural adjustments rather than as a dynamic and continuously constructed process shaped by the interaction between strategic intent and evolving organisational practices.

Ultimately, prior research argues that without strategic alignment, strategy formulation fails to translate into effective implementation (Iskandar & Ardianto, 2024). This provides an explanation for why servitization may remain unrealised despite formal strategic commitment (Löfberg et al., 2025), emphasising the importance of understanding strategic alignment in servitization transformations.

These limitations carry important practical implications. Servitization transformations often require system-wide organisational change involving adjustments to organisational structures, processes and ways of working (Martinez et al., 2017). Consequently, firms pursuing servitization may encounter organisational tensions and challenges in sustaining alignment between strategic ambitions and realised organisational development over time. When strategic intent and organisational dimensions evolve at different speeds or in different directions, strategic alignment may become difficult to maintain. Without a clearer understanding of how alignment develops and is sustained within the interplay of deliberate and emergent processes, managerial efforts to steer servitization risk remaining partial or inconsistent over time.

Taken together, these observations indicate that servitization is increasingly understood as a complex and emergent transformation (Castka et al., 2024; Kohtamäki et al., 2021). At the same time, prior research emphasises that successful implementation requires systematic and deliberate strategic efforts (Baines et al., 2009; Lexutt, 2020; Oliva & Kallenberg, 2003). However, how these deliberate efforts interact with emergent developments in practice, and how this interplay shapes strategic alignment and consequently the transformation over time, remain insufficiently understood in the literature. Addressing this gap is essential both for advancing theoretical insight into servitization transformation and for supporting firms seeking to navigate the complexities of solution-oriented change.

1.3. Purpose and Research Question

This thesis aims to examine how deliberate strategic actions and emergent developments interact over time within a servitization context. By analysing a division of a manufacturing firm undergoing the later stages of a servitization transformation, the study seeks to understand how strategic alignment is developed, maintained, and challenged as the interaction unfolds.

In doing so, the thesis sets out to advance the understanding of how strategy and alignment processes influence the trajectory of servitization transformations, including how they enable or constrain progress, as well as key factors shaping these dynamics. By examining these dynamics, the thesis sets out to answer the following research question:

How does the interplay between deliberate and emergent strategies and the associated alignment processes shape servitization transformations?

1.4. Delimitations

This study is delimited to a single case firm and focuses on a specific division within the organisation. The case has been purposefully selected to enable retrospective examination of servitization, allowing the study to analyse the transformation process over time. As such, the analysis reflects a division-level perspective within a specific organisational context. Furthermore, the study does not aim to capture the full life cycle of servitization, nor to predict or prescribe future developments.

The study adopts a provider perspective and does not include the customer perspective. Consequently, the analysis focuses on how customer demand is interpreted and acted upon within the organisation, and the analysis therefore primarily examines emergent strategy in relation to customer demand. Other emergent factors, such as internal efficiency improvements, are outside the scope of the analysis.

Finally, the study does not aim to evaluate the financial outcomes of servitization efforts. Instead, the focus is on understanding the strategy processes and dynamics through which alignment emerge over time.

2. Theoretical Framework

This chapter presents the theoretical foundations of the study and outlines key concepts related to servitization, strategy processes, and organisational transformation. It further introduces perspectives on deliberate and emergent strategy, dynamic capabilities, and strategic alignment dynamics, which together form the basis for the analysis. The chapter concludes with an adapted theoretical framework that integrates these perspectives within the context of servitization transformations.

2.1. Servitization and solution-oriented transformation

Servitization is commonly defined as the shift from selling standalone products to offering integrated combinations of products and services that deliver value through customer use (Baines et al., 2009; Oliva & Kallenberg, 2003). It is often described as a gradual transformation process that requires systematic and deliberate strategic efforts for successful implementation (Oliva & Kallenberg, 2003). Such transformations involve significant organisational changes, often centred around developing a service-oriented culture. Prior research suggests that some firms may concretise this aspect by creating separate service organisations to support the transformation (Baines et al., 2009; Oliva & Kallenberg, 2003).

2.1.1. Customer involvement in servitization

Customer co-creation is often thought of as an essential part of servitization. Smith et al. (2014) emphasise this by introducing the concept of contextual variety, which highlights how products and services are used differently across customers and usage contexts. As a result, value is not embedded in the offering itself but is realised through the customer's specific context of use. This perspective positions the customer as a key factor in determining value outcomes, as their activities, capabilities, and environment directly influence how value is created. Consequently, Smith et al. (2014) suggest that effective servitization requires engaging with and understanding the customer's role in use, as value is created through interaction rather than delivered unilaterally.

Building on this perspective, Morgan et al. (2024) extend the role of the customer beyond value creation in use by also emphasising customer involvement in service development. Their study highlights how customer participation in new service development allows firms to access valuable knowledge regarding operational needs, usage conditions and service expectations.

By incorporating this input, firms are better equipped to design service offerings that align with real usage contexts, thereby supporting the servitization transformation.

This increased emphasis on customer involvement is also reflected in a shift in how responsibilities are distributed between providers and customers. As servitization moves from product provision towards outcomes-based offerings, responsibility for operating, maintaining and ensuring the performance of the offering increasingly shifts from the customer to the provider (Baines & Lightfoot, 2012). In advanced service models, providers may assume accountability for outcomes such as availability and reliability, which further reinforces the need for closer interaction with the customers, as value becomes dependent on both parties' activities and coordination.

2.1.2. Transformational challenges for servitization

Servitization transformations often entail significant challenges regarding organisational changes. Martinez et al. (2017) highlight that this transformation may require system-wide organisational change, involving adjustments to organisational structures, processes, and ways of working. This includes a need for increased coordination and collaboration across functions compared to traditional product-oriented operations. Consequently, firms could face significant organisational barriers during the transformation process, which may in turn influence transformation outcomes.

Additional literature by Fang et al. (2008) highlights the importance of sufficient resources when implementing servitization strategies. Their study shows that the financial benefits of servitization do not emerge immediately. Instead, the relationship between service activity and firm value becomes significantly positive only once service sales reach a critical mass, estimated by the authors at roughly 20–30% of total sales. Prior to reaching this level, firms may experience limited or even negative financial effects. This suggests that firms must invest substantial resources in developing new service capabilities before realising the financial benefits of servitization, potentially reducing market valuation and financial performance during the transformation period.

Servitization transformations are also characterised by tensions between established product-oriented business models and emerging service-oriented practices. Palo et al. (2019) explain that dominant business models tend to stabilise existing organisational practices, structures, and routines, while emerging servitization-oriented business models introduce disruption and contestation of these established ways of operating. As organisations attempt to manage both

business logics simultaneously, tensions may arise between traditional product delivery priorities and emerging service-oriented approaches. Servitization therefore entails the challenge of balancing and managing competing business logics simultaneously throughout the transformation process.

2.2. Deliberate and emergent strategy

Mintzberg and Waters (1985) introduced the concepts of deliberate and emergent strategy to explain how strategies develop in organisations. They argue that strategy should not only be understood as something planned in advance, but also as patterns that become visible in organisational actions over time. They distinguish between intended strategy, referring to managerial plans and intentions, and realised strategy, which reflects what is implemented in practice. A realised strategy can be deliberate when planned intentions are successfully implemented, or emergent when it develops gradually through responses to changing conditions. Fully deliberate strategies require clear intentions and a stable environment and are therefore rarely realised exactly as planned. Instead, most strategies evolve through a combination of deliberate and emergent strategies over time.

Extending this perspective to a servitization context, previous research explains the drivers of servitization transformations in different ways. Traditional literature such as Oliva & Kallenberg (2003) emphasize the role of clear strategic action to successfully support the servitization transformation. More recent studies also support this view, with some arguing that deliberate actions are critical for overall success in the servitization transformations (Lexutt, 2020). Other articles nuance this view such as Kohtamäki et al. (2021), who argue that servitization should be understood as an ongoing interplay between deliberate and emergent strategy. Rather than unfolding linearly, the transformation evolves through continuous adjustments in practice. Furthermore, Löfberg et al. (2025) argues that servitization transformations may remain unrealised when deliberate strategic ambitions are not effectively translated into realised organisational practices.

Whilst not attributing the process to emergent and deliberate drivers, Ulaga & Kowalkowski (2022) also describes the process of servitization as one that might change gradually or more suddenly in larger steps. They argue that such processes could be results of organic growth but also by acquiring new capabilities through mergers and acquisitions.

2.3. Organisational dynamics in transformation

The concept of dynamic capabilities was introduced by Teece et al. (1997) to explain how firms achieve and sustain competitive advantage in rapidly changing environments. They define dynamic capabilities as the firm's ability to integrate, build, and reconfigure internal and external competences in response to changing conditions. Teece et al. (1997) argue that competitive success depends not only on resource possession but on the processes through which resources are renewed and recombined over time. They further describe that such capabilities are embedded in organisational routines, managerial processes, and paths shaped by prior investments. This makes them central to understand how firms adapt and transform in dynamic markets.

Building on the dynamic capabilities framework, Teece (2007) conceptualises organisational adaptation as rooted in three core capabilities: sensing, seizing, and reconfiguring. These capabilities are underpinned by microfoundations in the form of organisational processes, managerial decisions, routines, and structures that enable them to be enacted in practice.

Sensing refers to the firm's ability to identify, interpret, and shape opportunities and threats in its environment. This involves activities such as scanning, learning, and interpreting developments across markets and technologies. According to Teece (2007), sensing requires firms to continuously explore both internal and external sources of knowledge, including customers, suppliers, and broader technological developments. The microfoundations of sensing include, for example, organisational processes for gathering and filtering information, as well as routines for understanding evolving customer needs and technical trajectories.

Seizing concerns the firm's ability to mobilise resources and make strategic decisions to capture value from identified opportunities. Seizing therefore involves selecting business models, making investment decisions, and designing products and services aligned with market demands. Teece (2007) emphasises that seizing is not only about technological choices, but also organisational and managerial decisions regarding how value is created and captured. Its microfoundations include decision-making processes, investment routines, business model design, and mechanisms for aligning resources and incentives to support chosen strategic directions.

Reconfiguring refers to the firm's ability to transform and renew its asset base by recombining, restructuring, and reallocating resources and organisational structures. This capability is essential for maintaining competitiveness over time, particularly in dynamic environments

where existing configurations become misaligned with evolving conditions. Teece (2007) highlights that reconfiguring involves the continuous orchestration and realignment of assets, processes, and organisational structures. The microfoundations of reconfiguring include organisational restructuring, processes for resource reallocation, integration mechanisms, and routines for modifying existing capabilities and practices.

Taken together, sensing, seizing and, reconfiguring provides a processual understanding of how firms adapt over time. However, the extent to which these capabilities are realised in practice depends on the strength and development of their underlying microfoundations. As such, differences in organisational processes, decision-making structures, and resource allocation mechanisms can explain differences in firms' ability to respond to changing conditions.

Recent research reinforces the continued relevance of the dynamic capabilities framework in servitization transformations. Castka et al. (2024) highlight that servitization is a transformation process in which firms must develop dynamic capabilities to overcome emerging challenges over time. More specifically, they mention reconfiguring capabilities as particularly important.

2.4. Alignment dynamics

Strategic alignment refers to the degree to which an organisation's intended strategy is supported by its structures, processes, and capabilities (Henderson & Venkatraman, 1994). Research increasingly suggests that strategic alignment should be understood as a dynamic and evolving process rather than a static state (Baker et al., 2011; Sabherwal et al., 2001). Baker et al. (2011) explicitly argue that strategic alignment can be viewed not only as an end state, but also as a process. They note that much of the earlier research has treated alignment in static or cross-sectional terms, rather than examining how it is sustained over time. Similarly, Sabherwal et al. (2001) emphasise that limited attention has been devoted to the dynamics of strategic alignment and how it evolves over time. Taken together, these studies suggest that alignment should not be understood as something that is achieved once and then maintained unchanged, but rather as something that is continuously constructed, stabilised, challenged, and adjusted over time (Baker et al., 2011; Sabherwal et al., 2001).

Even when strategic alignment has been constructed, the organisation faces the challenge of maintaining it over time. Baker et al. (2011) argue that alignment sustained over time can be understood as a dynamic organisational capability. They emphasise that a historical pattern of

repeatedly achieving alignment is not merely a temporary fit but rather reflects an underlying organisational capability to continuously create and sustain alignment. Furthermore, Baker et al. (2011) note that sustaining alignment over time can strengthen the firm's ability to achieve a high level of strategic alignment.

Sabherwal et al. (2001) show that strategic alignment evolves through identifiable patterns over time rather than being constant. They argue that organisations often experience extended periods in which the level of alignment remains relatively stable, either because alignment is already high or because managers do not perceive low levels of alignment as sufficiently problematic to require major organisational change. During such periods, alignment may persist through incremental adjustments and gradual adaptations. More substantial or “radical” realignment typically occurs only when low alignment becomes sufficiently visible or problematic.

Strategic alignment can further function as the mechanism linking intended strategy with organisational implementation. In this sense, alignment enables coordination between organisational structures, processes, and capabilities to support strategic objectives (Iskandar & Ardianto, 2024). In servitization contexts, maintaining alignment is likely to be especially difficult since organisations must sustain coherence across a broader set of activities than before (Kohtamäki et al., 2021). To support an intended strategy towards servitization, firms must coordinate organisational structures, routines, incentives, and capabilities. From a dynamic capabilities perspective, this coordination requires the ongoing integration and reconfiguration of organisational assets and capabilities in response to changing conditions (Teece, 2007).

When alignment can no longer be sustained through incremental adjustments, organisations may need to re-align. Sabherwal et al. (2001) show that such shifts often occur during short periods with a high rate of change, so-called revolutionary periods. During these periods, multiple dimensions of the organisational profile are adjusted simultaneously, including more substantial changes in strategies, structures, or systems compared to the more stable evolutionary periods. Re-alignment can therefore be understood not as a return to a previous state, but as a transformation to a different organisational configuration following periods of more substantial change.

2.5. Adapted theoretical framework

This adapted theoretical framework builds upon strategy and servitization research presented in the theoretical framework (Baines & Lightfoot, 2012; Henderson & Venkatraman, 1994; Iskandar & Ardianto, 2024; Löfberg et al., 2025; Martinez et al., 2017; Mintzberg & Waters, 1985; Teece, 2007). It illustrates how the strategy process unfolds within the context of a servitization transformation by conceptualising these theoretical perspectives within this specific setting, where firms transition from product-centric offerings to more solution-based offerings.

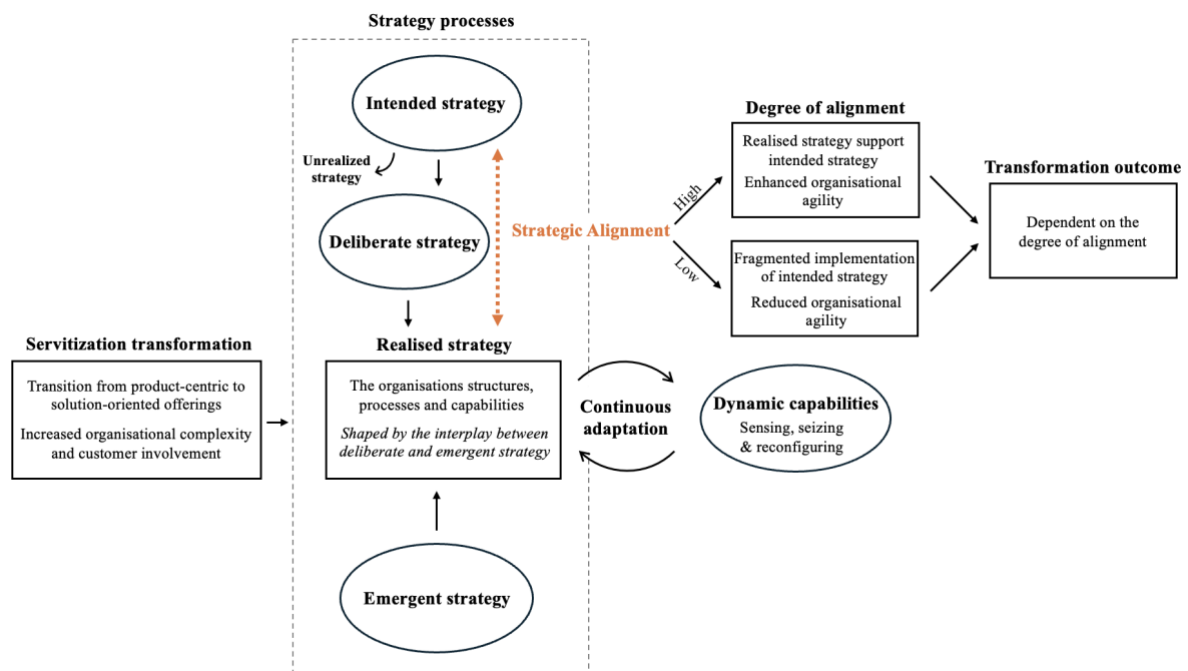


Figure 1. Adapted theoretical framework.

A servitization transformation increases organisational complexity and requires closer integration between functions, as well as more customer involvement (Baines & Lightfoot, 2012; Martinez et al., 2017). At the core of the framework is the strategy process which, as described by Mintzberg & Waters (1985), includes intended, unrealised, deliberate, emergent, and realised strategy. Intended strategy represents the organisation's planned ambitions and goals, which in this case corresponds to the firm's corporate strategy. However, not all intended strategies are fully realised due to changing conditions, internal constraints, or shifting priorities. The portion of the intended strategy that is successfully realised constitutes the deliberate strategy. In parallel, emergent strategy captures patterns of action that arise over time as the organisation responds to evolving customer demands and operational realities. At the

centre of the framework is the ongoing interplay between deliberate and emergent strategy shaping the realised strategy. In this sense, realised strategy refers to what is implemented in practice over time and is reflected in how organisational structures, processes and capabilities evolve. Strategy development can therefore be understood as a continuous and adaptive process.

Moreover, the degree of strategic alignment is a key mechanism in the framework. As previously described, strategic alignment refers to the degree to which an organisation's intended strategy is supported by its structures, processes, and capabilities (Henderson & Venkatraman, 1994). In this sense, strategic alignment captures the extent to which the organisation's realised strategy, reflected in its structures, processes, and capabilities, remains consistent with and supports the intended strategic direction over time. In a servitization context, strategic alignment becomes critical for transformation outcomes, since low alignment might result in unrealised servitization efforts (Iskandar & Ardianto, 2024; Löfberg et al., 2025).

Within this process, the role of dynamic capabilities becomes central. Dynamic capabilities are defined as the organisation's ability to sense opportunities and threats, seize opportunities, and reconfigure resources accordingly (Teece, 2007). These capabilities explain how firms continuously adapt and evolve their structures, processes, and capabilities in response to internal and external changes, thereby shaping how realised strategy develops over time. The development of these organisational aspects thus influences the degree of strategic alignment.

To conclude, the framework emphasises that the transformation outcome emerges through a dynamic process shaped by the interplay between deliberate and emergent strategy. In this process, dynamic capabilities play a critical role by enabling firms to adapt and respond to changing conditions. Ultimately, the effectiveness of the transformation depends on the organisation's ability to sustain alignment between intended and realised strategy over time.

3. Methodology

This chapter outlines the methodology used in the study. The thesis used a qualitative, exploratory research design to develop an in-depth understanding of how deliberate and emergent strategy and its associated alignment process have shaped the servitization transformation within the studied division. The study followed an abductive approach and is conducted as a case study, with semi-structured interviews as the primary method of data collection.

3.1. Research design and strategy

A qualitative approach was considered appropriate as the study focuses on organisational processes and strategy, which require a rich and detailed understanding (Saunders et al., 2009). Within the division, such processes and strategic activities are embedded in cross-functional work, projects, and long-term customer engagements, making them difficult to capture through quantitative measures.

To examine how strategic processes unfold and interact over time within the specific organisational setting, an exploratory single-case study was employed. According to Saunders et al. (2009) and Denscombe (2014), such a design is considered appropriate when the aim is to gain an in-depth understanding of complex phenomena within their real-life context. Yin (2009) further emphasises that case studies are particularly suitable in contexts where existing knowledge is limited and where “how” and “why” questions are central. This makes the approach well suited for capturing the dynamics within the case division and addressing the study’s research question. Furthermore, the study aims for analytical rather than statistical generalisation (Yin, 2009). The findings are thus intended to contribute to theoretical understanding and may be transferable to similar contexts.

The study followed an abductive approach in which theory and empirical data were gathered iteratively to be compared and interpreted in relation to each other. This iterative movement between theory and data enabled the identification of patterns and explanations that may not have been evident from either perspective alone. The process aligns with the concept of systematic combining described by Dubois and Gadde (2002).

In line with this research design, semi-structured interviews were used as the primary method of data collection. This method enables the collection of in-depth insights into organisational processes and decision-making, which aligns with the qualitative and exploratory nature of the

study. Furthermore, the flexible structure of semi-structured interviews supports the abductive approach, allowing emerging insights to inform subsequent data collection (Saunders et al., 2009).

3.2. Case context

The firm studied for the thesis is a multinational industrial firm operating in capital equipment manufacturing. More specifically, the study focuses on a particular division responsible for the engineering, manufacturing, and installation of large-scale machinery used in continuous production environments. For most of the transformation period, this division was not an independent business area but operated within a larger business area. However, it functioned in practice as a distinct division and was later formalised as an independent business area. The case was purposefully selected to enable retrospective examination of servitization transformation within a well-established servitization context.

Over time, the division has progressively expanded its offering from standalone products toward integrated solutions that combine products, services and digital support throughout the life cycle of customer operations. While this development reflects a broader trend toward servitization, it also raises questions regarding how this transformation has been shaped in practice. In particular, it remains unclear to what extent the transformation has been driven by deliberate strategic initiatives or by emergent responses to evolving customer demands and operational realities.

Accordingly, the study analyses how the interplay between deliberate and emergent strategy has developed over time in relation to the expansion of the division's level of servitization. It further examines how the varying degrees of strategic alignment between the intended strategy and the realised strategy have shaped this transformation in practice. The unit of analysis is thus the firm's strategy, examined retrospectively.

3.3. Data collection

The empirical data collection mainly consisted of primary data gathered through semi-structured interviews. This format provides a clear framework of topics while allowing flexibility in how questions are asked and explored (Saunders et al., 2009). This approach also enables participants to elaborate on their ideas more freely and give more detailed, open-ended responses than in a structured interview. Additionally, it allows the interview process to evolve

over time, where insights from earlier interviews can shape subsequent questions for upcoming interviews (Denscombe, 2014).

A general interview guide was developed and is presented in Appendix A. In line with Morris (2015), the interview guide was structured around key themes to address the research questions, progressing from non-threatening and general questions to more complex issues. The interviews were structured around the following themes: background questions, current value offering, changes over time, organisational adjustments, personal impact, and strategic alignment. Each theme included a main question and a set of potential sub-questions, which were used flexibly in response to the interviewees' answers to the main question and preceding discussion. Together, these themes break down the research focus into more manageable subtopics, enabling a structured exploration of how deliberate strategy and emerging practices have interacted throughout the servitization transformation.

To ensure that relevant insights could be captured for answering the research question, selection criteria for the interviewees were developed, and purposive sampling was adopted. As described by Saunders et al. (2009), this approach enables the intentional selection of participants who are particularly suited to contribute to the study's objectives. The selection was guided by the need to include individuals who could provide insights into both deliberate strategic intentions and the operational realities from which emergent responses arise. Therefore, the aim was to include interviewees from different organisational levels and functional areas. Additionally, given the study's focus on development over time, particular emphasis was placed on including individuals with long tenure in the division.

In total, thirteen potential interviewees were identified and contacted via email, resulting in eleven interviews. Most of the respondents had worked at the firm for at least 20 years, fulfilling the criterion of long tenure. Furthermore, the selected respondents represented a wide range of functional areas within the division, as well as other parts of the organisation with strong insight into it. The respondents worked in areas such as sales, strategy, project management, engineering, and procurement, and represented both managerial and non-managerial positions. This way, data was provided from multiple perspectives, contributing to a nuanced understanding of the transformation.

All respondents have been anonymised in this report and are referred to as Respondent 1, Respondent 2, and so forth. An overview of all interviews is presented in Table 1 below, including slightly adjusted job positions to further ensure the respondents' anonymity.

Table 1. Overview of interview respondents.

Respondent	Description	Manager*	Date	Place	Length
Respondent 1	Capital Equipment Sales	Yes	2026-03-10	Digital	~45 min
Respondent 2	Strategy & Business Development	Yes	2026-03-16	Digital	~40 min
Respondent 3	Strategy & Business Development	Senior	2026-03-24	Digital	~40 min
Respondent 4	Project Management	No	2026-03-25	Digital	~40 min
Respondent 5	Procurement	Yes	2026-03-25	Digital	~35 min
Respondent 6	Application & Concept Owner	Yes	2026-03-27	In Person	~50 min
Respondent 7	Engineering	Yes	2026-03-27	In Person	~40 min
Respondent 8	Process Control	No	2026-03-27	In Person	~50 min
Respondent 9	Aftermarket Sales	No	2026-03-31	Digital	~40 min
Respondent 10	Operations	Yes	2026-03-31	Digital	~40 min
Respondent 11	Commercial & Sales Development	Senior	2026-04-02	Digital	~30 min

**The manager column indicates whether the respondent holds a formal managerial role. Respondents labelled as Senior hold higher-level managerial positions within the organisational hierarchy.*

The interviews were mainly conducted via video calls, as this was generally the most feasible option. Given that most respondents were Swedish speaking, the interviews were primarily conducted in Swedish to obtain as rich and accurate information as possible. A translated version of the interview guide was thus created and used during the interviews. Each interview involved at least two members of the research team to enable simultaneous interviewing and note-taking, as well as to reduce the risk of subjective interpretations. When consent was obtained, interviews were audio recorded and automatically transcribed using an in-built transcription tool, allowing all the interviewing researchers to actively engage in the interview. Following each interview, the notes and transcripts were reviewed and summarised in order to extract the most relevant insights.

In addition to the interviews, secondary data consisting of annual reports and press releases from the case firm were used to map how the intended strategy has evolved over time. Together with the interview material, these sources enabled the identification of three phases of the servitization transformation. The empirical findings are therefore presented and analysed according to these phases.

3.4. Literature search

A literature search was conducted to build the theoretical foundation of the study by identifying and synthesising relevant literature within the study's core areas, including servitization, strategic alignment, strategy processes, and organisational transformation. The reviewed literature was used to guide the design of the interview guide and to develop the adapted

theoretical framework, which provided a basis for interpreting and analysing the empirical findings.

The literature was primarily collected through academic databases, with Scopus and Google Scholar as the main sources, complemented by the Chalmers University of Technology library databases. These sources were selected due to their extensive coverage of peer-reviewed publications and academic research. Searches were conducted using keywords such as *servitization*, *product-service systems*, *strategic alignment*, *dynamic capabilities*, and *deliberate and emergent strategy*.

To ensure credibility of the sources for the literature search, Chalmers Library's source evaluation method, the CRAAPP test (Granström, n.d.), was used as a guiding principle throughout the literature selection process. Rather than being applied as a strict checklist, the CRAAPP criteria of currency, relevance, authority, accuracy, purpose, and publication context were kept in mind when identifying and evaluating sources. The selection of sources was therefore guided by these criteria, ensuring that all included literature demonstrates sufficient academic rigor and contributes meaningfully to the research purpose. The sources mainly consist of peer-reviewed journal articles complemented by academic books. In terms of currency, most of the sources used in this study are published in the 21st century. However, earlier publications have also been included when they are considered seminal and highly cited, as they provide the theoretical foundation for key concepts.

3.5. Data analysis

The empirical material was analysed using a thematic analysis approach, following the guidelines outlined by Braun & Clarke (2006). The first part of the analysis involved familiarisation with the data. For each interview, two or three researchers were responsible for conducting the interview, transcribing the recording, and producing an interview summary. As the composition of interviewers varied across interviews, the remaining researchers familiarised themselves with the material by listening to the recordings and complementing the summaries with additional relevant insights.

The second part consisted of coding the interview data. In line with Braun & Clarke (2006), this process entailed systematically identifying and labelling meaningful codes. This was carried out in both the full interview transcriptions and the summaries. The generated codes were then compared, refined, and grouped into broader categories, which eventually formed

overarching themes. The identification of themes followed an abductive approach, combining theoretically derived themes, such as *Realised strategy*, with emergent themes from the empirical data, such as *Strategic and operational consensus*. Finally, the themes were reviewed and defined to accurately reflect the underlying patterns in the data and ensure their relevance to the aim of the study.

Given the study's focus on developments over time, a slight adaptation of the thematic analysis was made. Rather than presenting the empirical material strictly according to the themes, it was further organised into phases that reflect a progression over time. The identified themes were then applied across the phases, with their relevance varying across different stages of the process. The complete data structure consisting of the codes, themes, and phases is presented in Figure 2 below.

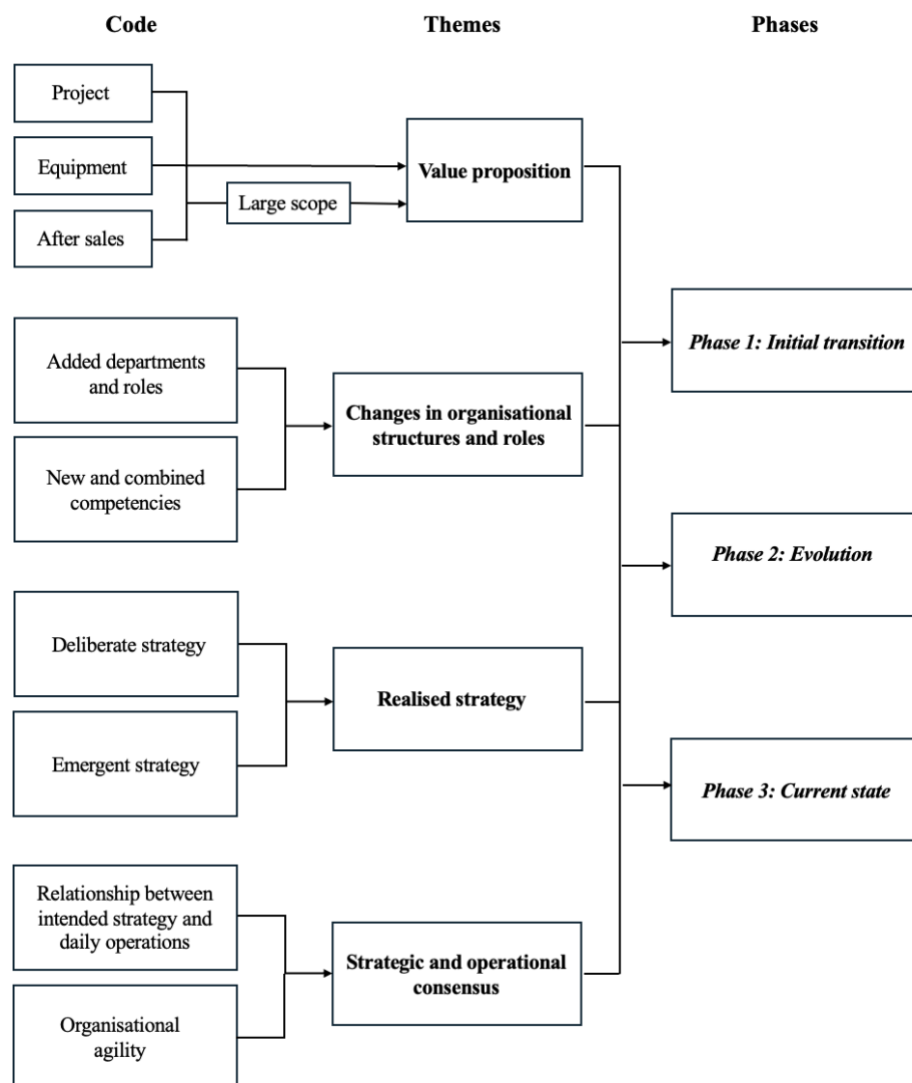


Figure 2. Data structure.

Alongside the thematic analysis, an adapted theoretical framework was developed to integrate the key theoretical perspectives and concepts. Following the abductive approach, elements of the theoretical framework that had been developed early in the process were removed, while additional theory was incorporated as needed. The framework was then used to guide the analysis, linking and synthesising the empirical findings with the relevant theoretical concepts.

3.6. Considerations, limitations, and ethics

As the primary data consists of semi-structured interviews, the study relies on participants' retrospective accounts, which may introduce response bias as certain aspects may be emphasised, omitted, or forgotten. To mitigate this risk, the study includes respondents from multiple organisational levels and functional areas, thereby enabling the comparison of perspectives across roles. This broad range of perspectives contributes to a more nuanced understanding of the phenomenon and strengthens the credibility of the findings.

Furthermore, Saunders et al. (2009) highlight the risk that respondents may adjust their answers due to concerns about potential consequences or how their responses may be perceived by managers and colleagues. This was mitigated by ensuring anonymity, which aimed to encourage more open and honest responses.

From the researchers' perspective, however, there is also an inherent risk of observer bias due to the subjective nature of qualitative analysis (Saunders et al., 2009). This was mitigated by involving two or more researchers in the interview process, while the remaining members reviewed the interview material by listening to recordings and reading transcripts. Furthermore, the material was analysed collectively, where observations and interpretations were discussed among the researchers to ensure that the findings did not rely on a single individual's perspective, but rather reflected a shared understanding. Direct quotations from respondents were also included to strengthen the connection between the data and the interpretations.

The collective data analysis also contributed to ensuring accurate translation of the interviews conducted in Swedish, thereby reducing the risk of misinterpretations or loss of nuance. By jointly reviewing and discussing translations, the researchers were able to cross-check meanings and clarify ambiguous expressions, which helped preserve the original intent of the respondents.

Regarding ethics, the study entailed several considerations related to data collection, handling, and the presentation of empirical findings. As primary data was collected through recorded semi-structured interviews, all participants were informed about their anonymity, the purpose

of the study, how the data would be used, and their rights as participants. Participation was voluntary, and respondents were able to withdraw at any point without consequence. All collected data was securely stored on password-protected devices and handled in accordance with confidentiality requirements. The study also involved access to confidential firm information, for which a non-disclosure agreement was signed.

An additional ethical consideration concerns the relationship between the researchers and the studied organisation, as one member of the project group previously has been employed by the firm under study. This creates a potential risk of researcher bias. To address this, the research process was conducted with a clear emphasis on objectivity and academic integrity. Furthermore, the analysis and interpretation of the empirical material were carried out jointly within the project group to reduce the influence of individual bias.

4. Results

This chapter presents the findings of the study. First, the evolution of the formal corporate strategy, in this text referred to as intended strategy, is presented based on annual reports and press releases. The interview findings are then presented in relation to how the intended strategy developed, capturing how strategy evolved and was operationalised over time.

4.1. Intended strategy

Corporate management establishes an intended strategy to provide an overarching direction for the firm as a whole. While some decisions may be specifically related to the analysed division, the intended strategy applies to all business areas across all geographic locations. In the analysis, the intended strategy is divided into two periods: a historical and a current period. The historical period covers the three decades leading up to the strategic revision presented in 2025, whereas the current period reflects the strategy following this revision.

4.1.1. Historical intended strategy

Over the last three decades, strategic priorities, market conditions, and organisational structures have evolved significantly. This includes, but is not limited to, demergers, strategic acquisitions, and reorganisations. Multiple efforts have been made to broaden service offerings, expand project scope, and integrate automation, although these efforts have been framed differently over time. Initially, service offerings, such as spare parts and field services, were treated as separate from machine offerings. Service was organised as an independent business area, with a focus on providing a full range of services throughout the life cycle of the machines, but still as a distinct and separate offering rather than an integrated solution.

In parallel to the service offering, automation has been a key strategic focus. Through demergers and subsequent re-integration, automation capabilities were established as an additional business area. By focusing on automation, the firm increased attention on solutions that also applied to area beyond the core equipment. Over time, additional capabilities have been incorporated as part of a strategic effort to increase the scope of the firm's offerings. Through acquisitions targeting downstream and after-production activities, the foundation for a more integrated, end-to-end offering has gradually been established.

Overall, the historical strategy reflects efforts to integrate additional value offerings, besides core machine equipment. The focus has been to provide additional products to the customer throughout the equipment life cycle, but with limited focus on integrated full scope solutions.

4.1.2. Current intended strategy

The firm introduced its updated intended strategy in 2025. The new strategy reflects a shift toward a broader role in industrial value creation. Rather than focusing primarily on delivering equipment and technologies, the firm increasingly emphasises integrated solutions and life cycle services. The strategy is built around two main focus areas, one being the advancement of circular production systems, the other being the improvement of efficiency and reliability in industrial processes.

Across both focus areas, the firm highlights long-term customer partnerships and service-based offerings as key drivers of value. This indicates an expanded strategic scope where the firm not only provides products but also wants to optimise and maintain customers' processes over time. Sustainability is framed as a central strategic theme, with the firm aiming to help industries improve resource efficiency, reduce emissions, and support circular systems. In this sense, sustainability is treated not only as an internal responsibility but also as part of the value delivered through its solutions and services.

The strategy is supported by organisational priorities such as customer success, life cycle commitment, and global competitiveness which reinforce a stronger service orientation. Financially, the strategy is linked to growth and profitability targets, suggesting that solution-based offerings are expected to drive long-term performance. To conclude, the strategy signals a broader strategic scope in which the firm positions itself as a long-term partner in industrial transformation.

Lastly, a significant implication of the revised strategy concerned organisational restructuring. For the analysed division, this entailed its transformation into an independent business area. Prior to this change, the division was not an independent business area, although it was still responsible for the same type of projects as part of a larger business area. Following the restructuring process, the service business area was split and integrated into the newly formed business areas. Consequently, the service operations associated with the case division were incorporated and became part of the division's independent business area.

4.2. Interview findings

While the section above presents the firm's overall formal strategy, this section provides interview findings on how strategy has developed and been carried out over time. The interview findings are organised into three periods: the initial phase in which changing conditions

initiated the transformation, the subsequent period of evolutionary development leading up to the recent strategic revision, and the current state following that revision.

4.2.1. Phase 1: Initial transition

The interviews reveal strong consensus that the initial transition towards a servitized offering was driven by changes in the customers' capabilities. Historically, the division had a sole focus on serving a limited number of large-scale customers, actively rejecting other customers. These customers would purchase, install and operate all the machinery needed to create a full production line using their own engineering capabilities, specifying to the firm how they wanted the machine to be configured. As respondent 1 describes:

“[before the initial transition] The customer had enormous engineering departments. They basically told us how they wanted the machines to be built.”

(Respondent 1)

This way of operating was changed when the customers started downscaling their engineering departments due to financial rationalising. For the division, it caused a gap between them and its customers, where the customer stopped giving specifications and the division lacked the internal knowledge of how to optimise the machine operation and processes to achieve specific production outcomes. In parallel to the reduction of the customers' capabilities, the demand from the key customers also decreased. Faced with a new reality, the division felt forced to reformulate its value proposition. This triggered internal initiatives to create more standardised and optimised machine offerings, where the operations and processes instead were specified by the firm. The result was a new range of model offerings.

These two key shifts caused the division to broaden the customer base, moving away from only the largest customers, as well as establishing a platform from which further large scope concepts could be derived. Respondent 3 summarises the shifts in responsibilities as:

“They [the customer] lost their ability to innovate on the core equipment. As a result, the equipment suppliers [the division] have instead become developers of the concept.”

(Respondent 3)

4.2.2. Phase 2: Evolution

During the evolution phase, the division's value proposition gradually expanded from smaller scopes towards more integrated solutions. Several respondents describe how additional components were successively added to the core offering, as exemplified by Respondent 6:

“Gradually, this [value proposition] has been supplemented with electrical packages, detail engineering services, installation materials, [...] and complete installations.”

(Respondent 6)

Over time, this development resulted in what is referred to as large scope projects, where project delivery, equipment, and after-sales services are more interconnected. The respondents highlight customer demand as the major reason for this development. As customers increasingly requested broader and more integrated solutions from a single supplier, the division adapted its offering accordingly.

This development was, according to several respondents, not fully aligned across the organisation. At this time, the division operated within a broader organisational context as part of a larger business area which primarily served customers who preferred more product-focused deliveries rather than large scope solutions. Since this division constituted a much smaller share of the organisation, it had to actively justify and motivate the pursuit of large scope projects. Some respondents described it as if the division fell under the shadow of its bigger counterpart. At the same time, they also point out that during this period delivering large scope solutions was increasingly seen as a “hygiene factor”, as reflected in the following statement:

“Customers more or less demanded these types of [large scope] projects, and if we said no then our competitors would take them instead.”

(Respondent 10)

Several respondents mentioned risk reduction as a key reason why customers increasingly requested larger scopes of delivery. With larger scopes, responsibility for coordination, delivery and major investments is transferred to the firm. While this was perceived as beneficial for customers, it increased the firm’s risk exposure. This resulted in internal discussions which in some cases led to hesitation from management, particularly following costly experiences with large scope projects in other divisions within the firm.

“[project in other division] ... went badly wrong. This cost a significant amount of money and led to a scepticism from top management.”

(Respondent 2)

As a result of the expanding scope, the organisation has gradually adjusted to support the increasing complexity of the offering. Respondent 3 describes how the firm moved away from

more siloed structures towards a more integrated organisation. Previously, delivering larger scope projects required involvement from multiple separate organisational functions, where no single function had an overall responsibility, which was described as administratively complex and lacking coordination.

“[[for a sales project] ... there was a busload of people coming to negotiate for the deal.”

(Respondent 3)

This rearrangement required establishment of new roles and departments, as well as increased coordination across organisational boundaries. For example, a dedicated function for broader project scopes was established to connect different parts of the offering and to handle larger scopes. Several respondents describe how collaboration between functions, such as engineering, sales, and strategy, became more closely integrated.

Respondents describe that the expansion toward larger scope projects required knowledge that had not previously existed within the organisation, leading to both internal development of capabilities and external acquisitions. Rather than relying extensively on new hires, several respondents describe how the organisation primarily focused on building competencies among existing employees. In addition to internal capability development, several respondents describe how acquisitions were used to complement the current offering. These acquisitions enabled the firm to add missing competencies and expand its scope, which was described as a prerequisite for delivering what is described as “end-to-end” solutions.

Despite these improvements, respondents point out that the organisation did not always fully keep pace with the increasing complexity of the offering. Limitations in staffing and resources were mentioned, particularly in supporting larger and more integrated solutions. In some cases, this resulted in imbalances in workload, where certain functions were described as understaffed.

These constraints also affected how work was carried out in practice. Several respondents describe how time pressure and a strong focus on ongoing project delivery limited opportunities for development and improvement activities. For example, Respondent 4 describes that there was often limited time for “lessons-learned” discussions in between projects. Respondents also highlighted that there was limited capacity to dedicate personnel to continuous improvement or development roles, meaning such activities were often deprioritised.

4.2.3. Phase 3: Current state

Today, the studied division of the case firm delivers everything from a single machine to a complete factory, except for the construction of the surrounding facility. Many respondents point out that the majority of the machines sold today are delivered as part of large scope projects, often in the form of complete production lines. Today customers specify what type of product they want to produce, and the firm is then expected to deliver the solution to enable that. Respondent 1 describes it as:

“When I started 25 years ago, we delivered a machine. Today, we deliver a factory.”

(Respondent 1)

The division today offers services across the entire life cycle of the machinery, according to Respondent 11. Several respondents further describe that the division offers a complete scope of what customers need, including solutions from input material to final product, referred to as end-to-end solutions. Respondent 2 highlights that the business area now has two specified focus areas: end-to-end solutions and life cycle. They explain that life cycle is currently the strongest driver and describes what life cycle means:

“Life cycle involves generating revenue not only from sales of machinery, but also across the entire life cycle of the machine. This can include selling service packages, different types of agreements, and developing consumables.”

(Respondent 2)

Respondent 1 further explains:

“What we want to do is sell agreements and services, etc., so that we can continue to support the customer over time, and it is mainly those services that we are working a lot with right now.”

(Respondent 1)

Several respondents state that their work today aligns well with the intended strategy of selling more services. Furthermore, some respondents also state that there is now a clearly expressed strategic direction that aligns with how they have worked and wanted to work prior to the strategic shift. This new strategic reconfiguration can according to Respondent 3 be described as a necessary “fix” to ensure better alignment between daily operations and the overall strategic intent. Respondent 10 describes that this improved alignment makes it easier to build the competencies and capabilities needed. Regarding alignment, Respondent 1 says:

“We know that if we don’t sell any machines, we don’t sell any service. But if we don’t sell any service, when we are able to deliver service, we also won’t sell any machines in the long run, because customers also see that there is no support when they need support.

[...] The strategy today is definitely aligned with these aspects.”

(Respondent 1)

Some respondents describe that, since becoming an independent business area, the division is no longer operating under the shadow of larger divisions, as was the case when it formed part of a larger business area. The previous resistance from top management toward selling large scope projects has also diminished and respondents indicate that they now perceive improved conditions for delivering value. However, these changes have yet to be fully realised in practice and there is still no consensus regarding the outcome.

Respondents describe that customer contact and relationship-building have become increasingly important and more frequent, and that a higher degree of direct interaction is associated with increased sales. Respondent 9 further explains that there are now more spontaneous digital meetings and increased face-to-face contact. However, they emphasise that this remains an area with potential for further improvement, and that ongoing efforts are being made to enhance it.

5. Analysis

This section applies the adapted theoretical framework to connect the findings from the intended strategy and the interviews with the previously reviewed literature. By analysing the results in relation to the literature, the section aims to establish the foundation for the subsequent conclusions.

5.1. Strategy processes

To understand how the transformation has unfolded in practice, this section builds on the strategy process perspective from the adapted theoretical framework. At the core of this perspective, Mintzberg and Waters (1985) distinguish between intended strategy, reflecting the organisation's planned ambitions, and deliberate strategy, referring to the part of these intentions that is realised in practice. In parallel, emergent strategy develops through organisational adaptations in response to customer demands.

The findings suggest that servitization within the studied division was not necessarily hindered by a lack of strategic intent at the corporate level. On the contrary, the intended strategy of the firm appears to have increasingly supported a transformation towards broader, more integrated solutions. An increased life cycle focus suggests a stronger emphasis on customer collaboration, reflected in an intention to deliver broadened scopes and more services throughout the machine's life cycle. However, this strategic intent was only partially realised within the studied division. This indicates that the key challenge was not one of intended strategy formulation, but of realising that strategy. From a strategy process perspective, this suggests that the deliberate strategy deviated from the intended.

A potential explanation for this partial realisation can be found in the organisational context of the division. During phase 1 and 2, the studied division operated as part of a larger, more product-oriented business area, serving customers with other needs. As a result, the strategic direction towards servitization was not equally prioritised across organisational levels. This created a situation in which the division's realised strategy developed in the "shadow" of a broader organisational logic more oriented towards traditional product deliveries. Such conditions reflect how servitization transformations often involve tensions between competing business logics, where emerging service-oriented approaches are constrained by the established business model and associated organisational practices (Palo et al., 2019).

In addition, prior unsuccessful and costly projects within the larger business area contributed to increased risk aversion at the organisational level, which also influenced the division. The findings indicate that the risk aversion constrained resource allocation and limited the organisation's ability to fully align intended strategy with structures, processes and capabilities. Since servitization requires substantial investments before financial returns are realised (Fang et al., 2008), the deliberate action to constrain resource allocation may have delayed the transformation.

While the intended and emergent strategies pointed in a similar direction, the transformation was largely described as emergent in practice. This reflects how the translation of intended strategy into deliberate action remained constrained, resulting in a gap between intended strategic direction and how the organisation developed over time. In this context, emergent developments became the primary driver over time.

5.2. Alignment dynamics from a processual perspective

To better understand how alignment has continuously developed and at times constrained servitization over time, the findings are analysed from a processual perspective. Overall, the findings suggest that alignment within the studied division evolved through alternating phases of disruption, relative stability, and realignment. These periods are closely tied to the empirically identified phases presented in the findings and consistent with the dynamics described by Baker et al. (2011) and Sabherwal et al. (2001). From a dynamic capabilities perspective, the alternating periods of alignment can be understood through variations in the organisation's ability to sense, seize and reconfigure the realised strategy in response to changing conditions over time (Teece, 2007). These abilities depend on underlying organisational microfoundations such as routines, decision-making structures, and coordination processes. Variations in how these developed therefore help explain differences in alignment across phases.

The initial transition phase was characterised by a fundamental disruption in the division's operating context, triggered by major changes in customer capabilities and market conditions. As customers reduced their engineering capacity, the existing distribution of responsibilities between the customer and the supplier became increasingly unsustainable. This fundamentally altered how value was created and delivered, requiring the division to take greater responsibility for specifying, optimising, and integrating solutions. This transfer of responsibility aligns with Baines and Lightfoot's (2012) description of how servitization

involves an increasing shift of responsibilities from customer to provider, which indicates that this may have been an early trigger for the broader servitization transformation.

From a dynamic capabilities perspective (Teece, 2007), this indicates that the reconfiguration was initiated but remained primarily focused on the offering rather than the broader organisational structure. The microfoundations enabling sensing and seizing, such as customer interaction and decision-making processes, appear relatively strong, while those required for more extensive organisational reconfiguration, such as resource reallocation and structural change, remained underdeveloped. This suggests that while the organisation initiated adaptation towards a new operating context, both the intended strategic direction and the supporting structures, processes, and capabilities remained under development.

As a result, the fundamental changes in customer capabilities and the surrounding environment disrupted the existing alignment, prompting the organisation to begin adjusting its offering and way of operating. However, these adjustments remained partial, and in combination with a continuously evolving environment, alignment was not yet stabilised. From an alignment perspective, this indicates that the organisation had not yet established a stable degree of alignment. In line with Sabherwal et al. (2001), this phase can therefore be interpreted as the onset of a more revolutionary period, where major environmental changes disrupted the previously established alignment and initiated a broader transformation process.

The evolution phase can be understood as a period of partial and continuously constructed alignment, characterised by ongoing adaptation to the increased complexity of the offering. Sensing and seizing capabilities remained strong, driven by increased customer involvement and the progressive expansion of the value proposition towards larger scope and more integrated solutions. These developments are also seen in previous research, (Morgan et al., 2024; Smith et al., 2014), highlighting the customer's role in value creation during servitization. At the same time, the findings clearly indicate that reconfiguring activities were present throughout this phase. The introduction of new roles, the establishment of dedicated functions, the shift towards more integrated ways of working, and the use of acquisitions to complement internal capabilities all reflect ongoing efforts to transform the organisation's asset base. However, these reconfiguring activities were largely incremental, fragmented, and locally driven, rather than coordinated at a broader organisational level. From a microfoundations perspective (Teece, 2007), this suggests that while mechanisms for organisational change existed, they were constrained by limited resources, organisational dependencies, and decision-

making structures. The division's position within a larger, product-oriented business area, combined with heightened risk aversion, limited the extent to which more fundamental restructuring could be implemented. Taken together, this suggests that despite constrained reconfiguration capabilities, the realised strategy gradually moved in a servitization direction.

At the same time, the intended strategy increasingly stabilised around broader and more integrated solutions. As a result, alignment improved but remained uneven and continuously challenged. The organisation was able to adapt its offering and partially adjust its structures, but not to fully realign its resources, priorities, and organisational logic with the evolving strategic direction. In line with Castka et al. (2024), this indicates that reconfiguring capabilities, while present, were not yet sufficiently developed to overcome the emerging challenges associated with the transformation. This suggests that while the division was actively adapting, the lack of coordinated reconfiguring limited its ability to achieve sustained alignment.

The current phase can be interpreted as a period of more substantial realignment, where previously constrained reconfiguring capabilities became more developed, coordinated and strategically anchored. In line with Sabherwal et al. (2001), this phase can be understood as a "revolutionary period", where the organisation moves beyond incremental adjustments and implements more fundamental changes across multiple organisational dimensions. The findings suggest that this phase was perceived as a form of "fix", indicating that organisational changes were implemented to address the low degree of strategic alignment that had accumulated during earlier phases. This resonates with Sabherwal et al. (2001), who suggest that organisations may continue operating under reduced alignment during evolutionary periods, until accumulated tensions eventually make realignment necessary. In contrast to the evolution phase, where reconfiguring was largely incremental and locally driven within the division, this phase reflects a more deliberate and organisation-wide effort to realign structures, priorities, and resource allocation with the evolving strategic direction. The transition to an independent business area, combined with a clearer strategic focus on life cycle and end-to-end solutions, indicates that reconfiguring was no longer limited to isolated adjustments, but instead became more strategically anchored. Furthermore, Castka et al. (2024) highlight that reconfiguring capabilities are critical for overcoming accumulated changes and enables the continued progression of the servitization transformation. This suggests that while sensing and seizing continued to support the identification of opportunities and the expansion of the offering, the firm's increased ability to reconfigure its structures, resources, and ways of

working was critical for facilitating alignment between intended and realised strategy, thereby enabling the continued progression of the transformation (Castka et al., 2024; Teece, 2007).

Taken together, the findings suggest that the servitization transformation evolved through uneven and continuously shifting patterns of alignment between intended and realised strategy rather than through a linear implementation process. This aligns with Ulaga and Kowalkowski (2022) who argue that servitization transformations often unfold through gradual developments accompanied by more substantial and sporadic shifts. In the studied context, this pattern was reflected in the identified evolutionary and revolutionary periods, where longer phases of incremental and emergent development were followed by more coordinated and strategically anchored realignment efforts. While the intended strategic direction increasingly stabilised around broader scopes and more integrated solutions, realised strategy evolved unevenly across phases through varying combinations of deliberate and emergent strategy.

In line with Kohtamäki et al. (2021), the findings further indicate that servitization developed through an ongoing interplay between deliberate and emergent strategy, where the relative influence of each varied across phases of the transformation. During the evolution phase in particular, realised strategy primarily evolved through emergent developments driven by changing customer demands. Although these emergent developments enabled gradual movement towards servitization, alignment remained partial and unstable due to fragmented and locally driven reconfiguration. This nuances prior servitization research emphasising deliberate and clearly implemented strategy as a primary driver of servitization transformation (Baines et al., 2009; Lexutt, 2020; Oliva & Kallenberg, 2003), by suggesting that transformation may continue through emergent adaptations.

The findings also indicate that the progression of the transformation increasingly depend on the organisation's ability to coordinate reconfiguration across organisational dimensions over time. While sensing and seizing enabled the organisation to continuously adapt its offering and respond to changing customer demands, the later phases of the transformation indicate that more coordinated and strategically anchored reconfiguring became increasingly important for facilitating alignment between intended and realised strategy. This aligns with Castka et al. (2024) who emphasise the importance of reconfiguring capabilities in overcoming emerging challenges during servitization transformations, as well as Sabherwal et al. (2001), who argue that broader organisational realignment often becomes necessary following longer periods of fragmented adaptation and reduced alignment. In line with previous research, this further

highlights how insufficient strategic alignment can prevent intended strategy from being effectively implemented (Iskandar & Ardianto, 2024). At the same time, this supports recent servitization research showing that servitization may remain unrealised despite formal strategic commitment when supporting organisational practices and priorities do not evolve accordingly (Löfberg et al., 2025).

Overall, the findings suggest that servitization transformation is not primarily constrained by the absence of adaptation, but rather by the organisation's ability to coordinate and anchor reconfiguration across organisational dimensions over time. While emergent strategy may sustain gradual movement towards servitization by continuously shaping realised strategy in response to changing customer demands, increasingly coordinated reconfiguration becomes critical for facilitating closer alignment between intended and realised strategy and thereby enabling a more coordinated and strategically coherent transformation over time.

5.3. Dynamics shaping servitization transformations

The findings provide a more nuanced understanding of how servitization transformations unfold in practice, particularly in relation to the interplay between deliberate and emergent strategy processes and the role of alignment over time. While the prior literature often emphasises the importance of clearly defined and deliberately implemented strategies for successful servitization (Baines et al., 2009; Lexutt, 2020; Oliva & Kallenberg, 2003), the findings indicate a more complex reality. Despite the presence of an intended strategy generally supporting servitization, its translation into deliberate action remained constrained, limiting its direct impact on the transformation process. Instead, the transformation was largely driven by emergent developments, particularly changing customer demands, which continuously pushed the organisation in the same direction outlined by the intended strategy.

One possible explanation for this can be found in the high degree of customer involvement characterising the studied context. As highlighted in prior research, servitization involves close interaction with customers, where value is co-created and shaped by the customer's specific context and usage (Morgan et al., 2024; Smith et al., 2014). Furthermore, reduced customer capabilities shifted responsibility from the customer to the provider, consistent with the servitization logic described by Baines and Lightfoot (2012). In such environments, changing customer needs, capabilities, and operating conditions continuously generate new demands and opportunities. This creates an environment in which adaptation cannot be fully predefined but must instead emerge through ongoing interaction.

In this context, the ability to sense and seize emerging demands and opportunities becomes increasingly important. As realised strategy to a greater extent is shaped through emergent responses to changing customer demands, the role of deliberate strategy changes. Rather than being the primary driver of servitization, deliberate strategy instead becomes increasingly important for enabling coordinated reconfiguration and sustaining alignment as realised strategy evolves over time. This becomes particularly important as servitization often requires more fundamental organisational changes (Martinez et al., 2017), increasing the need to continuously coordinate structures, resources, and capabilities with the evolving realised strategy. Rather than functioning as competing explanations of servitization transformation, the findings therefore suggest that deliberate and emergent strategy may influence the transformation through different roles in shaping realised strategy over time and sustaining alignment over time.

This provides a more processual view of servitization transformation, by illustrating how the interplay between deliberate and emergent strategy may vary depending on contextual conditions characterising the transformation process. While previous research has acknowledged both deliberate and emergent elements of servitization (Kohtamäki et al., 2021), the finding suggest that a high degree of customer involvement may intensify the role of emergent strategy by continuously influencing the direction of realised strategy over time. This contributes to existing literature by not only emphasising the importance of strategy processes and alignment but also providing a contextual explanation for how and why the relative influence of deliberate and emergent strategy may shift throughout the transformation.

6. Conclusion

This thesis set out to examine how deliberate strategic actions and emergent developments interact over time within a servitization context, and how associated alignment processes shape the trajectory of the transformation. By conducting a qualitative case study of a manufacturing firm in the later stages of servitization, the study shows that servitization transformation unfolds through an ongoing interplay between deliberate and emergent strategy, where the relative influence of each may vary depending on contextual conditions.

The findings demonstrate that emergent developments, particularly changing customer demands and evolving customer capabilities, played a central role in shaping realised strategy throughout the transformation. At the same time, deliberate strategy remained important for enabling coordinated reconfiguration and sustaining alignment between intended and realised strategy over time. Rather than developing through stable implementation processes, alignment evolved unevenly through periods of disruption, partial alignment and broader realignment.

The study thereby responds to prior calls for a more process-oriented understanding of servitization transformations (Baines et al., 2017; Castka et al., 2024). While previous research has acknowledged both deliberate and emergent elements of servitization (Kohtamäki et al., 2021), the study contributes by showing that high degrees of customer involvement may intensify the role of emergent strategy by continuously shaping realised strategy over time. This suggests that the relative importance of deliberate and emergent strategy may vary across different servitization contexts.

For managers, the study suggests that successful servitization requires more than the implementation of predefined strategies. Instead, organisations need to continuously coordinate structures, resources and capabilities with evolving customer demands and organisational development over time. This highlights the importance of treating alignment as an ongoing process, where reconfiguring and organisational adaptation become critical for enabling more coordinated and strategically coherent transformation.

Finally, the study is limited by its qualitative single-case design and focus on a manufacturing division in the later stages of servitization. Future research could therefore further examine how varying degrees of customer involvement influence the relative importance of deliberate and emergent strategy across different servitization contexts and stages of transformation.

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Appendix A

A.1 Interview guide

1. Interview Information

This interview is conducted as part of a bachelor's thesis at Chalmers University of Technology. The purpose of the study is to explore how organisations develop their value offerings over time and how strategic priorities relate to operational ways of working and customer needs.

Your participation in this interview is voluntary. You may decline to answer any question, and you may withdraw from the interview at any time without giving a reason.

The interview will be anonymised, and no personally identifiable information will be included in the final thesis. Any personal data will be handled in accordance with the General Data Protection Regulation (GDPR).

With your consent, this interview will be audio recorded for transcription and analysis purposes only. The recording will not be shared outside the research team and will be deleted after transcription and completion of the thesis.

Do you have any questions before we begin?

2. Consent Confirmation

Do you consent to:

- ☐ Participating in this interview?
- ☐ The interview being audio recorded?
- ☐ Your anonymised responses being used in the thesis?

3. Background Questions

Main Question

- Could you please describe your current role within the organisation?

Follow-up

- What is your current position?
- How long have you worked at the company?
- What responsibilities does your role involve?
- Have you held other roles within the organisation?

4. Current Value Offering

Main Question

- How would you describe what your division currently offers to customers?

Follow-up

- What types of products and/or services are included?
- On a scale from 1 to 10, where 1 represents purely product-based offerings and 10 represents completely integrated service or solution-based offerings, where would you place your division today?
- What does the company “sell” in practice, from your perspective?

5. Changes Over Time

Main Question

- Have you experienced any changes in how the company develops and delivers its customer offering during your time here?

Follow-up

- When did you first notice these changes?
- What factors influenced these developments?
- Has there been clear roadmaps and directives of ways of working or has the activities changed to adjust to what customers were asking for?
- How were these changes communicated internally?

6. Organisational Adjustments

Main Question

- Were any organisational changes made to support these developments?

Follow-up

- Changes in structure, roles, or responsibilities?
- Introduction of new processes or ways of working?
- Were new capabilities or competencies required?
- How were capability gaps addressed?

7. Personal Impact (Micro-Level)

Main Question

- How, if at all, have these developments affected your day-to-day work?

Follow-up

- Has cross-functional collaboration changed over time?
- Have working methods changed in response to customer needs?

- How often do strategic priorities change?
- How do changes in priorities affect your work practices?

8. Strategic Alignment

Main Question

- Have there ever been situations where the broader strategy and day-to-day operations did not fully align?

Follow-up

- Could you provide an example?
- What caused this misalignment?
- How was it addressed?
- Have there been situations where operations were developed beyond strategy?

9. Closing Question

- Is there anything else you would like to add that we have not discussed?



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