CHALMERS

A Constantly Changing Future: How to Keep Strategies Competitive by Utilizing Trends in the Environment

Master of Science Thesis in the Management and Economics of Innovation Programme

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ABSTRACT

A company's environment is constantly changing and therefore companies have to be able to cope with the change to be able to stay competitive. If not, companies risk losing their competitiveness because their strategies are not consistent and the fit between a company's characteristics and the market may be lost. This study aims to investigate why and how top managers use methods to keep up with the change and staying competitive.

The study aims to develop practical and theoretical contributions by discussing the findings in relation to existing knowledge in the theoretical framework including strategy, decision-making and trends. The concept of strategy is broad and includes different perspectives. In this study many different perspectives of strategy are used from both top mangers and scholars but the perspective by Grant (2008), describing a successful strategy as a consistent link with strategic fit between the company and its environment, is used as a basis to describe the conflict that may appear in the strategies when the environment change. Decision-making theory and a broader description of trends are also used as a basis to understand and discuss the behavior and obstructs with this strategic matter.

The study is done as an interview-study in three different industries; telecom, technical consultants and media. Top managers in, or with strong relation to, top managers team were semi-structured interviewed. The interviews were later analyzed and the information was clustered to find different opinion, knowledge and methods that could be used to answer the research question. The companies that the interviewees represented are all described in the report to get a deeper knowledge and understanding for the three industries and the thirteen companies. The interview data that were relevant to answer the research question were presented as findings in different categorizes: how trend utilization is used as competitive advantage, different approaches to incorporate trends, barriers that managers may face, collaboration in relation to trend utilization and how to learn from and evaluate the methods for trend utilization.

The research question is divided in different sub-questions to structure the analysis and discussion and therefore, the following sub-questions are discussed: if managers incorporate trends, how formalized the methods are, if organizations act proactively or reactively and how the organizations structure and culture affect the companies' abilities to utilize trends. This discussion ended up in a model, *Framework to strategically manage trends,* consisting of six different aspects that all are important to successfully manage trends. The aspects concern the environment, the company's characteristic and strategy. Also, four different strategic considerations are presented to guide managers in decisions concerning trend utilization for the whole company or parts of the company.

SAMMANFATTNING

Ett företags omvärld är i ständig förändring och därför är det viktigt att företagen kan hantera förändringarna för att hålla sig konkurrenskraftiga. Annars riskerar företag att förlora sin konkurrenskraft då dess strategier inte är konsekventa och är strategiskt anpassade för att passa företaget och dess marknad. Denna studie syftar till att undersöka varför och hur höga företagsledare använder olika metoder för att kunna hänga med i förändringar och hålla sitt företag konkurrenskraftigt.

Studien syftar till att utveckla praktiska och teoretiska bidrag genom att diskutera upptäckter i relation till nuvarande kunskaper i det teoretiska ramverket som innefattar en bred beskrivning av strategi, beslutsfattande och trender. I denna studie används flertalet olika perspektiv på strategi från både företagsledare och forskare men det är den förklaring som Grant (2008) har, där framgångsrika strategier är en konsekvent länk som är strategiskt anpassad till företaget och omgivningen, som har använts som en grund för att beskriva den konflikt som riskerar att uppstå då omvärlden förändras. Teori om beslutsfattande och beskrivning av trender används också som grundläggande för att tolka och förstå beteenden och hinder som kan påverka företagsledares förmåga att hantera omvärldsförändringar.

Denna studie är en intervjustudie med tre olika branscher: telekom, teknikkonsulter och media. Under studiens gång hölls semistrukturerade intervjuer med företagsledare i, eller i nära koppling till, ledningsgrupper. Intervjuerna var sedan analyserade och informationen var då grupperad för att hitta olika åsikter, kunskaper och metoder som kunde användas för att svara på forskningsfrågan. De företag som de intervjuade företagsledarna representerade är beskrivna i rapporten för att presentera en djupare kunskap och förståelse för de tretton företag och tre branscher där de intervjuade personerna verkar. Den data som används för att svara på forskningsfrågan har kategoriserats i olika grupper: hur trendanvändning kan användas som en konkurrensfördel, olika approacher för att använda trender, barriärer som påverkar företagsledare när de använder trender, samarbeten när trender används samt lärande- och utvärderingsmetoder för trendanvändning.

Forskningsfrågan är uppdelad i fyra olika underfrågor för att strukturera insamling, analys och diskussionen. Dessa fyra frågor som används som struktur i diskussionen är: om företagsledare använder trender, hur formella metoder som används, om organisationen arbetar proaktivt eller reaktivt med trender och hur organisationsstruktur och kultur påverkar trendanvändningen. Diskussionen sammanfattas i slutsatserna i en modell, *Ramverk för att strategiskt hantera trender,* vilken består av 6 olika aspekter som rör omgivningen, företagets karaktär och strategi. Till detta sammanfattas även fyra olika strategiska överväganden för att guida företagsledare i beslut när det handlar om hur hela eller delar av företaget ska arbeta med trendanvändning.

NYCKELORD
Trender, omvärldsförändring, strategi, strategiskt beslutsfattande, VD, ledningsgrupp

Acknowledgement

TABLE OF CONTENTS

1 INTRODUCTION

This chapter aims to introduce to the subject of this thesis - strategy connected to trends and a changing environment - and in the same time present why further research is important. This chapter also defines the purpose of this research and the scope of the research question.

Everything around us is continuously changing – technology, social values, our economy and culture – and this affect our future society (Gordon, 2008; Day and Schoemaker, 2004). For example, the economy has transformed to be information-based, service-driven and knowledge-intensive, which implies changed prerequisites for companies worldwide since other valuable resources are needed (Bartlett & Ghoshal, 2002). The changing environment also makes it impossible to make exact and certain predictions about what happens tomorrow, in five years or a hundred years. Although the environment change enables our world to develop, its implications are rather complex for organizations to keep up with (Gordon, 2008; Courtney et al, 1997; Wiltbank et al, 2006).

Even if the world and direct environment to organizations are changing, decisions concerning the future have to be made even if it is uncertain how the future will turn out. The decisions every organization take today will affect the future and the success of the decisions are dependent on how the future turns out (Courtney et al, 1997; Wiltbank et al, 2006). A change from one state to another in the surrounding of an organization could be both an opportunity and a threat to a company's success and survival because a changing business environment prevents static markets and opens up for a dynamic competition. This implies that companies understanding and taking actions in a changing world can get competitive advantages in a new or existing market - and that those companies that not are reacting can loose their competitive advantage (Grant, 2008; Watkins and Bazerman, 2003). The changing business environment is present for everyone and demand companies to be proactive and create advantages of the occurred or created opportunities (Watkins and Bazerman, 2003).

This leads to the important question how companies can manage the situation with a constantly changing future in relation to their organization that is coordinated in structures, have predetermined processes and organizational culture to be able to deliver on their goals and objectives. The organization is working in a specific way to be efficient and the organizational characteristic and resources, both tangible and intangible, form the strategic capabilities that allow the company to create their competitive advantage (Grant, 2008).

This structures and cultures may create a conflict in relation to the constantly changing environment and the need for fit between a successful company and its environment. This complexity is shown in Figure 1.1 where the company with its processes and organizational structure [i] is shown in relation to the changing environment [ii]. Further, Grant (2008) describes strategies as links between the company and its environment [iii]. The company could be successful if the strategic link is consistent and the strategies create a competitive advantage between the company and its environment.

Though, if the company and the environment develop in different ways or if only one of them change, this may result in a conflict between the company and its environment, which risk compromising the strategic fit and the company's competitive advantage. This implies that if the environment changes from one point in time to another, the company needs to make sure that the strategies still are consistent to fit the environment and the organization. Otherwise the organization, strategy or environment needs to be revised. This potential conflict and the management to prepare and act upon these changes to avoid the negative effects of a conflict between the company and its organization have been in focus during this study.
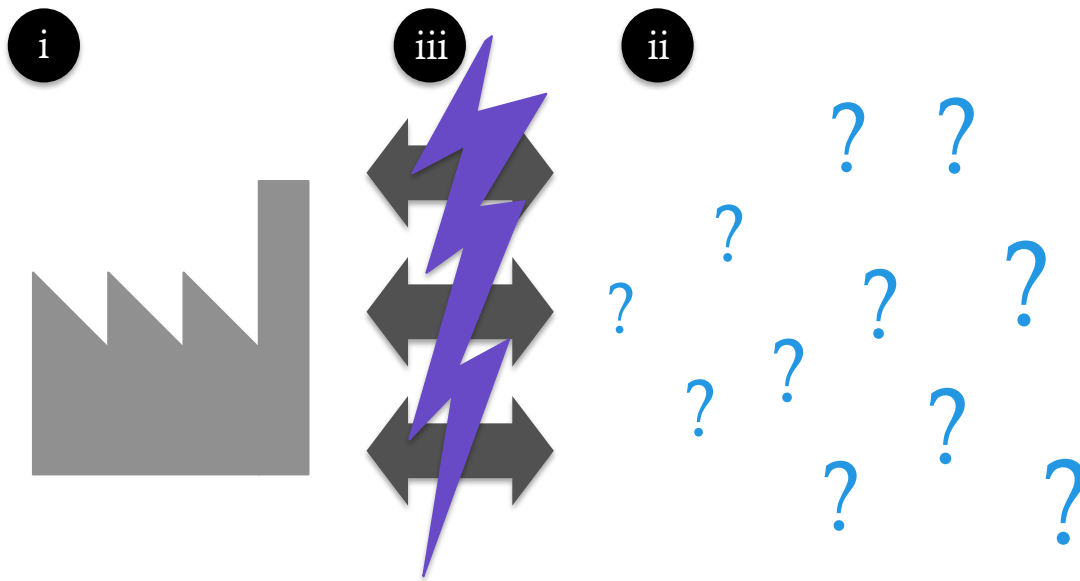
Figure 1.1: Basic schematic picture describing the potential conflict between the company and the environment when the strategic fit to create competitive advantage is missing.

This study emphasis to describe how companies in Sweden work to identify, analyze and exploit the endless change. A lot of research is conducted in the large field of strategy since the 1950's and research is also done on how to predict the future but this study focus on taking the processes and methods used in companies today and relate to the existing theory. More specifically, this study aims to provide a both theoretical and practical contribution by delivering a deeper case knowledge on how companies actually uses trends and a discussion about the practical use contra existing strategic theory and frameworks.

The study will focus on managers on a high level in the company work with the strategy on a corporate level. The CEO's importance is of particular interest since the CEO is the executive, together with the managers in the top management team, that most often are taking the strategic decisions at corporate level in their companies.

This study is initiated by Trendie, a strategy consultancy firm with a focus on trend spotting and business intelligence. After a study in 2009 the founders established Trendie because they identified that many executives were insecure and had a hard time to grasp how they should process changes in a thorough and methodical way. After 5 years in business they still recognize the confusion for managers knowing that they should cope with changing environment but do not know how.[1] Therefore, this master thesis where initiated to get deeper theoretical and practical knowledge in the subject for both researchers and people working with these questions in organizations or as consultants.

When studying and discussion a changing environment there are different concepts used to describe the different occurrences, and the meaning of those concepts could vary between people in different companies or industries. In this study the word *environment change* is defined as the ongoing development of for example the society, economy and technical knowledge. Even if anyone defines or notice the environment change it is present and causing a transformation in the society. A *trend* on the other side is a change, positive or negative, that is defined. According to Nationalencyklopedin (2014) a trend is defied as follows: *a steady, long-term change in the*

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[1] Interview 13 - Axel Darvik & Erik Staxäng, Trendie AB.

society regarding for example economics, demographics, values, interests and consumption patterns.

Therefore, as soon as trends are defined they also are affected because people and organizations change their behavior or taking actions that will modify the future projection of a trend. In contrast to trends, that are steady over a longer time period, *hypes* are used to describe changes that are present during short time periods and then disappear. Even if hypes and trends in the beginning of a evolution can look similar a trend keep on going for years while a hype do not yet has the foundation to keep on growing and develop as a trend (Gordon, 2008). For example, one of the most common use of the concept *trends* in our daily lives is regarding fashion, but in this definition most *fashion trends* would be defined as hypes.

1.1 PURPOSE

The purpose with this research is to expand the knowledge on how trends are used for keeping strategies up-to-date or taking strategic decisions by investigating which methods top mangers use and why. The study will gather practical methods for trend utilization to be able to set those in relation to existing knowledge and develop a model that could be used in theoretical and practical purposes.

1.2 RESEARCH QUESTION

The research question should guide the choice in research design and aims to be answered in the conclusions. The research question is formulated with the study's purpose as basis and by the researcher together with the supervisors at Chalmers and Trendie. This study aims to provide answers to the following question:

How do top managers incorporate trends and changes in their environment in decisions concerning strategies?

The research question is divided in following sub-questions to guide the research process and concretize the question to a legitimate conclusion to the research question:

1. *Do or do not managers work with incorporate trends into strategies? Why or why not?*
2. *How formalized is the methods used for the work with trends? What are their main challenges in this process?*
3. *Do organizations decide to act proactively or reactively at trends? Why?*
4. *How are the organization's structure and culture affecting the company's abilities to utilizing trends?*

1.3 DELIMITATIONS

The research and data collection have been focused on the highest top managers in Sweden for companies in the chosen industries: Telecom, Media and Technical consultants. This was mainly done to facilitate face-to-face interviews and because of practical and time constraints. This may imply that there is a Swedish cultural perspective on the study since all but one of the interviewees has grown up in Sweden.

2 THEORETICAL FRAMEWORK

This chapter outlines the theoretical knowledge in the area connected to the research question starting with the broad perspective on strategy moving on to strategic decision-making and finally describing the theoretical knowledge of trends and changes connected to strategy. Each sub-chapter will be followed by a short reflection on how the theory connects to the research question. The theoretical framework aims to build a platform for data collection and analysis.

2.1 THE BROAD PERSPECTIVE ON STRATEGY

The concept and definition of strategy is in many ways ambiguous since there are many different views and descriptions of what strategy in a company consist of and what purpose it fulfill. Grant (2008) describes one of the most basic frameworks for strategy and it illustrates "*strategy as the link between the firm and its environment*" (Grant, 2008, p. 12). As shown in Figure 2.1 the firm consist of different element such as goals & values, resources and capabilities and structures and those should through the strategy be consistent to the industry environment with elements such as competitors, customers and suppliers. The strategy itself can according to Grant (2008) be formulated as for example a company´s vision, mission, business model or strategic plan.

Figure 2.1: The strategy as a connection between the firm and their environment after Grant (2008)

Porter (1996) describes strategy in different step in this paper "*What is strategy?"* explaining the focus in strategy basically is about creating a sustainable competitive advantage. According to Porter (1996), this should be done by choosing the different activities carefully to create a fit between the activities making those the core of the company's strategy. The fit also determine the sustainability of the strategy and makes it even harder to copy for competitors. In this choice for activities Porter (1996) highlights the importance of making trade-offs in the activities and states that it is fundamental to a company's strategy to determine what not to do. The strategy should provide the company with a clear advantage making it possible to grasp a position in the market. Porter's (1996) view of strategy could broadly be described with this quote:

The success of a strategy depends on doing many things well - not just a few and integrating among them. If there is no fit among activities, there is no distinctive strategy and little sustainability. (Porter, 1996, p. 75)

Porter (1996) also defines the company's leadership as one of the important parts for creating and sustaining a competitive strategy. It does requires strong leaders to take decisions necessary to create a strategy and it has to be done on a high corporate level according to Porter (1996) since those are the people in the organization with the whole corporate perspective and the power to take large decisions.

Mintzberg, Ahlstrand and Lampel (1998) describe strategy in five different viewpoints and argue that people may see strategy in different ways and that these viewpoints though are connected and affect each other. The viewpoints are strategy as plan, pattern, position, perspective and ploy and the first four are illustrated in Figure 2.2. Strategy could be a plan describing what the company should do in the future as well as it could be a pattern that states what the company has

done in the past. Strategy could also be seen as a position on the market with services or products or as a perspective in how things are done in the company. The last viewpoint is strategy as a ploy that means that an action or communication is a maneuver that is done to affect or mislead other stakeholders, for example competitors (Mintzberg et al, 1998).
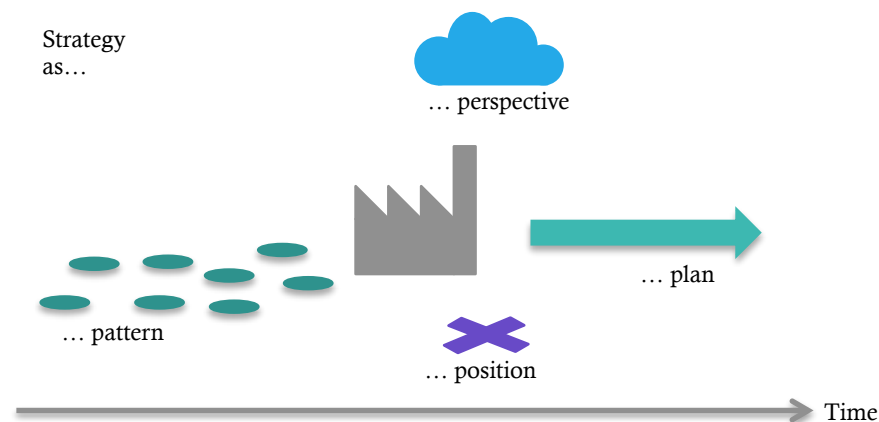
Figure 2.2: Strategy as a plan, pattern, perspective and position freely illustrated after Mintzberg et al (1998).

These three different approaches to what strategy is define a broad definition of the concept of strategy to managers. The next issue is what purpose strategy fulfill. In Porter's (1996) case it is rather clear that strategy is about focus the resources and creating a sustainable position at the market that fits the company's internal activities. He also argues that the strategy is important to communicate to all employees helping them take the right decisions in their daily work. Grant (2008) discusses similar purposes such as that strategy should be a decision support in the company, a coordinating devise for the employees or a way to focus on certain activities. Mintzberg et al (1998) also argues with and against both Porter (1996) and Grant (2008) but instead summarize the discussion in the book with the conclusion that strategy should solve the big issues in the organization so employees can focus on the details. Their explanation is that people should focus on helping customers instead of discussion which markets the company should be in. Since there is a lot written on strategy since during the last decades there are also a lot more different purposes with strategy and strategic planning.

Grant (2008) also outlines the four different components that a company have to have for a successful strategy: 1) simple, consistent and long-term goals, 2) Profound understanding of the competitive environment, 3) Objective appraisal of recourses and 4) Effective implementation, see Figure 2.3. Porter (1996) does argue with similar aspects with the goal that all activities internal have a fit among each other and with the surrounding environment for the company. Also, the market position supported by the activities should be different from competitors. Mintzberg et al (1998) also talk about fit but among the different viewpoints of strategy, for example a new market position by introducing a new product may be successful just if the position and product is consistent with the other viewpoints of the company's strategy.

Grant (2003) describes that the rapid changed business environment also affects the strategy's intent to be more short term and goal focused. The uncertainty in the future creates the need for flexibility in the strategies and therefore the focus on resource allocations and actions in the future become less useful. The strategy should be defining the company's direction for navigation in a changing environment and thereby define the fundamental goals, vision and missions.
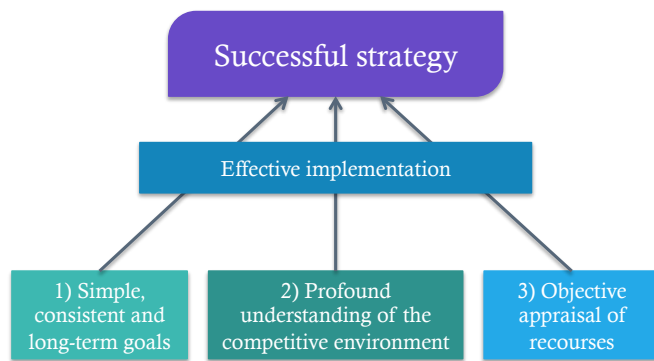
Figure 2.3: Grant's (2008) components for a successful strategy.

Bartlett & Ghoshal (2002) stresses the importance of employees as a fundamental part of a successful corporate strategy since, as they describe it, the changing environment towards a knowledge-intensive and service-driven economy making competence on of the most scarce resource. Also, the aggregated knowledge is one of the company's core competencies that is most difficult for competitors to copy. This implies according to Bartlett & Ghoshal (2002) that the strategic content are changing making human- recourses to one of the strategic resources and knowledge as one of the values that for real can create competitive advantage. This changes the game plan for some companies as knowledge no longer provide the zero-sum game as capital does and that the employees is the holder of the knowledge and not the shareholders.

Mintzberg et al (1998) also discuss the fact that planned strategies could be either realized or not realized. Also the executed strategy could embrace strategies not originally planned, called emergent strategies. The connection between these different strategies is shown in Figure 2.4. Often an organization's strategy pattern consists of both realized and emergent strategies. Mintzberg et al (1998) points out that it is important to have control over the organization's strategy and realizing it is a measure of control but it is also important to learn and realizing emergent strategies is a measure on learning. The scholars describe a mix as healthy, realized strategies are not good by default and emergent bad because they happen continuously and affect the plan. Rather, there is an advantage to be able to adjust for important changes in the environment.
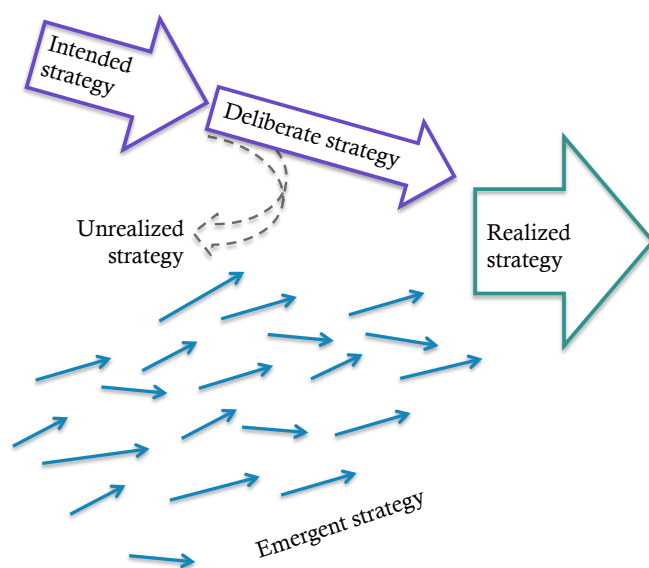
Figure 2.4: The connection between realized, unrealized and emergent strategies illustrated after Mintzberg et al (1998).

2.1.1 THE STRATEGY FORMULATION PROCESS

A lot of the strategic management theory has since it established in the 1960's been about the process for the formulation of a strategy. During the years the strategic management process has changed for both academic and practices. Already 1973 Mintzberg describes three different modes for creating strategies: the entrepreneurial mode focused on finding new opportunities and acting proactive, adaptive mode that focus on reacting to the environment and planning mode that focused on the analytic process for foresee the future (Mintzberg, 1973). The conclusion was that the different modes should be combined and use after the different situations a company appears in.

Mintzberg et al (1998) released a book 15 years later, which described ten different schools for the strategic process ranging from the planning school in the 1960-1970's and positioning school in the 1980's to different schools identified when the practical use of the strategy formulation process was considered, and not only the theoretical aspects. Those schools are for example the learning, strategy formation as an emergent process, environmental, strategy formation as a reactive process, power, strategy formation as a process of negotiating, and configuration, strategy formation as a process of transformation.

Strategic planning was one of the first large concepts in strategic management and the concept is still alive in the academia. Wilson (1994) describes that strategic management was a "have-to-have" strategic tool for CEOs in the 1970's and it was widely used until late 1970's when it was first questioned because even if a lot of companies used it there were few proofs of improved performance. After that the tool of strategic management was questioned in many aspects and developed to another type of tool taking for example the shifting environment and the visionary thoughts into account.

In 1996 Bonn & Christodoulou wrote a paper regarding as they called it the change from strategic planning to strategic management. One of the large issues was that the planning processes in many cases did not lead to an implementation in the organization making the strategy only a bureaucratized product rather than a direction for the employees. Bonn & Christodoulou (1996) argue the organizational culture as a crucial part of the formulation and implementation of strategy. Since a culture sets shared values and beliefs in the organization it will also according to Bonn & Christodoulou (1996) define appropriate behavior and decision support of managers. Thus, an execution of a strategy could be both enhanced or inhibited depending on the consistency between the culture and the strategy. Also Wilson (1994) had the similar concerns about strategy implementation and the emphasis on organization and culture to be successful. As he also discusses other changes in strategic management - from decentralization to increased attention for changing markets - but highlights the importance of culture as provocative in 1994.

Also, in their study Bonn & Christodoulou (1996) found that some organization's main purpose of their strategic planning process was to provide a forum for discussion about the corporates overall goals and strategies, not the outcome. Kaplan and Beinhocker (2003) drives those thoughts even longer in their paper on the subject of strategic planning in 2003 as they claimed that strategy itself is made in informal settings and not in the strategic planning process. Though, the strategic planning could instead produce other values. If the CEO perform the strategic planning process in a including way for the employees the process could lead to as they called it "prepared minds" for managers making it easier for management to take decisions and act in the direction of the corporate strategy. Or as Kaplan & Beinhocker (2003) describes this:

> As this analysis makes clear, real strategy is made in real time. It follows, then, that the goal of a formal strategic planning process is to make sure that key decision makers have a solid understanding of the business, share a common fact base, and agree on important assumptions. (Kaplan & Beinhocker, 2003, p. 72)

Therefore the success of the strategic planning process is according to Kaplan & Beinhocker (2003) not the strategy itself, but if the participants did get a better preparation for their position as managers or employees taking strategic decisions or not.

Grant (2003) argues that the theoretical grounds of formal strategic planning were unsolid since it assumed that the future could be forecasted. Because this is not the case the strategic planning process nowadays have other purposes. He describes the process of creating strategy as the reaction on opportunities and threats that every year gets incorporated in the strategic planning process, not the other way around.

As also described above Kaplan & Norton (2005) argues that the implementation of the strategy is a way to create performance improvements. In their study, they conclude that successful companies often have a specific department that helps the organization focus on strategy management and the implementation. The department should be located on a senior manager level and the department should be responsible for managing and coordinating the different stages in the strategic management process with the goal of creating and implementing strategies that builds on the common knowledge of the company.

2.1.2 STRATEGIC DECISION-MAKING

Eisenhardt & Zbaracki (1992) define a decision as: "*important, in terms of the actions taken, the resources committed, or the precedents set.*" (Eisenhardt & Zbaracki, 1992, p. 17). In their paper, they summarize and describe different paradigms in strategic decision-making and also the historical process for how some paradigms have developed during the years. Of those paradigms discussed in the paper by Eisenhardt & Zbaracki (1992) the following will be outlined below since those are most relevant to this study: *Rationality and bounded rationality* and *Power and politics*.

According to Eisenhardt & Zbaracki (1992) the concept of rationality is based on that people enters the decision with known factors that regulate the value of the action. It is then possible to gather all appropriate information and set up different alternatives. Then the most optimal alternative is chosen. The rationality principle has been criticized in many different ways and as Eisenhardt & Zbaracki (1992) discuss, one of the first limitations in rationality is the cognitive limitation. There is not possible to get all information and to be able to organize into optimal alternatives. Also since the cognitive interpretation is personal, every actor in a decision has in some way different understanding about the goals making the optimal decision for one person may not be optimal for another.

Beck and Wiersema (2013) have produced a framework for explaining how managers' dynamic capabilities affect strategic decisions and firm performance. In their framework the dynamic managerial capabilities are built from previous experiences of managers, human capital, social capital and managerial cognition. Therefore, Beck & Wiersema (2013) argues that a manger's previous experiences do affect decisions and is important to take in consideration when matching a CEO to the company. The recent more detailed research about the top executive in connection to decision making are for example also shown by Papadakis'& Lyriotaki (2013) that discuss how managers takes decision based on how it influences their future career. They showed a relationship but not a causal affection between the two factors.

If a decision-making is rational the process should be linear with first identification, then development and at last selection. Though, Eisenhardt & Zbaracki (1992) discuss the linear process and conclude that most decision-making processes are cyclic. To what degree the process is cycling is mainly due to the complexity of the decision and how political it is – the more complex and political the more sequences are needed in the decision making process. Mintzberg, Raisinghani and Theoret (1976) also reject that the process of decision-making is

linear, as studies have shown the decision process is divided in more phases with cyclic patterns. During the identification phase there are decision recognition and diagnosis routines, during development phase there are search and design routines and during the selection phase there are evaluation and authorization routines. The routines and phases could be repeated and also proceed in another order.

Hung, Huang and Gosling (2011) argue that rationality is restricted with the available constraints in every decision. Even with full information – not all decisions are able to implement due to constraints in for example technical or economic limitations. Since there are many limitations with a rational process, and especially in uncertain environments, Eisenhardt & Zbaracki (1992) discussed the concept of bounded rationality. Bounded rationality is a way of accepting the limitations of rational decisions and to take decisions with existing constraints but still keeping the approach used in rational decision-making.

Dean & Sharfman (1993) also found that the rationality of a decision is dependent and decreasing as decision is taken in threaten environments, high uncertainty and external control. That concludes that the environment do in fact determine the possibility to be rational. Nadkarni and Barr (2008) have also studied how environment and specific industry velocity affects managers attention focus and the speed of strategic actions. The study showed that managers in high velocity industries are more flexible about the future and also respond to changes in a faster way. Even Shepherd and Rudd (2014) acknowledge that contextual factors in different ways affects the strategic decision making process in different ways: the compound of the top management team, the firm characteristic, the external environment and the nature of the strategic decision all affects how the decision are taken.

Eisenhardt & Zbaracki (1992) states after their study that most researchers accept the fact that decision-making is affected by organizational political perspectives since the circumstance that people in organizations have conflicting interested in some points and that people with powerful positions in the organizations often gets what they want is accepted. Also Eisenhardt & Zbaracki (1992) points out that in strategic decision-making people do use different types of tactics to affect the decision in one way or another. Dean & Sharfman (1996) also points out that mangers do have the ability to change the process for decision-making and that the design of the process is important for success.
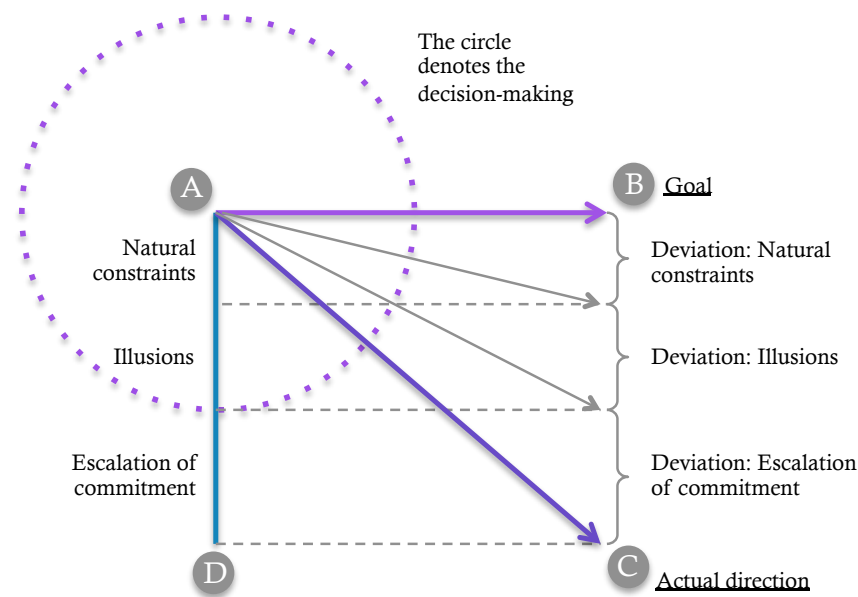
Figure 2.5: The model for deviation of decisions after Hung et al (2011)

As in other fields of research there are frameworks for handling the decision-making process and to understand the processes. Hung et al (2011) describes with their model how decisions are affected by different forces before and after the decision point. The framework, Figure 2.5, outlines the different deviations that are present and risk to force the outcome from the ideal direction and goal, point B, to another direction, point C. First of all when taking a decisions there are natural constraints that affects the decision result because it is not always possible to execute as predicated. Then there are also managers' illusions that affect deviation and since those are cognitive aspects, and described as looking through colored lenses, those are hard to predict and adjust for. There is also a source for deviation after the decision is taken, shown as outside the decision-making circle, and that connect to the implementation of the decisions in the organization. All three sources of deviation described above drive could be summarized as a dragging force in one direction, towards point D, that affects the forces created by the decision to create a ideal direction, point B. Together, the forces from the deviation and the decision constructing the actual direction towards another goal than expected in the decision, point C. The size of arrows, circles and angles are case specific but the model serves to create an awareness and facilitate to identify and work with the risks that arise because of sources for deviation before and after the decision is taken.

2.1.3 THE LEADERSHIP IN STRATEGY FORMULATION AND DECISION-MAKING

Almost every of the cited researcher in this theory background has in their paper pointed out the CEO and top managements importance for building a sustainable strategy and fitting organization and culture. Porter (1996) points out in the end of his paper the fundamental factor that leaders take on their role to create strategy and take tough decisions when needed. Wilson (1994) also points out that strategy is one of the CEO's main responsibilities by providing the leadership for change and the needed recourses. Also the CEO has the responsibility to get the board and senior management to identify the need for change (Randall, 2006).

As Bartlett & Ghoshal (2002) also stress the importance of employees as a competitive advantage. The CEO must know and understand how employees are valued and extend the knowledge in the company. This is especially important in a company where knowledge and expertise is important. The need for employer branding as one of the strategic parts for competitive advantage has increased, which also affects the top management team's strategic intent when one important strategic task is attract and retain high-competence and skilled people to the company.

Bonn & Christodoulou (1996) address the culture in the organization as one important part to implement a strategy successfully and Kaplan & Norton (2005) discuss the organizational structure in the organization. As pointed out when outlining strategy, that is a CEO and top management team responsibility and the CEO is also the organizational structure as well as the culture. Therefore, the CEO and top management team are also responsible for the consistency between strategy and the organizational structure and culture that are supportive in implementing strategy.

2.1.4 REFLECTION ON THE THEORY OF THE BROAD PERSPECTIVE ON STRATEGY

To be able to answer the research question about how trends and changes are incorporated into strategies it is important to know the broad concept and all those different types of views describing strategy. Especially, to know how strategy could be describe makes it easier to interpret the interviews to include similar descriptions as strategy even if the interviewee do not describe those actions or plans as strategy. The same argument represent the strategy formulation process, to be able to interpret the interviewees conceptions and descriptions of the actions taken it is important to be familiar with the different schools of strategy formulation.

The theory also includes one part focusing on strategic decision-making since in the process that this study investigate many decisions, that often are rather complex, are taken. It is not just about the decisions taken for what actions that should be applied as an reaction on a trend but also decision on how to design the process and how to choose the delimitations of the process. Since the study focus on trend incorporation from a top management perspective it is also essential to outline some theory about the different roles of top management in strategy processes and decision-making.

2.2 INCORPORATING TRENDS AND A CHANGING ENVIRONMENT INTO STRATEGIES

This part of the theory zooms in and focuses on how to deal with trends and changing environment that affect the company and its strategies, direct or indirect.

As mentioned by Grant (2003) theory in the subject of strategy does not always outline the fact that the future is continuously changing and will not be static. The future is uncertain and not possible to fully predict due to trends and the trends' causal factors that is changing the company's environment. Though, there is theory on the subject for how to incorporate changes into strategies by different theories and frameworks and a lot of theory do also focus just on trends and forecast predictions. Also, as Mintzberg et al (1998) quotes about strategy in a changing environment:

> *The problem with this is that eventually situations change - environments destabilize, niches disappear, and opportunities open up. Then all that is constructive and effective about an established strategy becomes a liability. That is why, even though the concept of strategy is rooted in stability, so much of the strategy focuses on change. (Mintzberg et al, 1998, p. 18)*

When describing strategy in the beginning of this chapter all three perspectives by Grant (2008), Porter (1996) and Mintzberg et al (1998) highlighted in one way or another the need for fit or consistency between the company and it's surrounding. This implies that the strategy need to be revised when the environment changing. Porter (1996) describes this view on strategy by explaining that major changes in the industrial environment may open up for new strategic positions on the market but if the company make the change it has to be driven by finding new trade-offs and activities that make the new position sustainable. This complexity that Porter (1996) discuss with the new set of activates do open up for new entrants since those easier could take a new position because the internal resistant to change may be lower than for established companies.

Watkins & Bazerman (2003) describes different types of resistance, or as they call it barriers, for companies to change their strategies due to a changing environment in their paper "*Predictable Surprises: The Disasters You Should Have Seen Coming*". In their research they found three main types of barriers for companies trying to adapt to trends and changing environment: organizational, psychological and political. The organizational barriers often concern the abilities to share information between departments and to coordinate the company for change. Companies must succeed to build networks to share information and also create a structure where activities are optimized for the whole companies and not after departments.

The psychological barrier is cognitive and related to the human brain and that we often see and interpret things in a way we like it to be rather than making us underestimate potential risks. Executives therefore have to encourage these types of discussion between employees and initiate preventively systems, for example risk assessment. The last barrier is political and concerns the power and decision-making structure in a company. If the power in a company is skewed some groups may have larger influence on decision-making other important aspects less considered (Watkins & Bazerman, 2003).

2.2.1 COMPLEXITY OF UNDERSTANDING TRENDS

Gordon (2008) stresses the importance to understand trends and their underlying factors, too many accept trends and extrapolate them into the future without fully understanding how trends affect other trends by enhancing or counteracting and how absurd a extrapolation could be if underlying factors change. Gordon (2008) emphasis four concepts that need to be understood: drivers, enablers, friction and blockers. The drivers are the force behind a trend that makes them exist. Every trend could be dependent on many different forces that could be e.g. environmental concerns or cheaper fast food. Enablers and friction affect drivers. An enabler is a factor that affects driver for example legislation that are positive for the trend or new funding and those are important for understanding when a trend breaks or if it changes. Instead friction is resistance for a change from example employees that have to learn or users. As friction can decrease the speed for a trend, blockers are instead factors that affect trends directly and oppose it, e.g. legislation, preventive buyouts.

A good prediction will include all those four factors that affect trends and not just a quantitative extrapolation. Gordon (2008) also mentions following categories for where usual drivers, enablers and blockers could be identified: technology, powerful individuals, ideas and social or moral values. Even if the world is changing it is possible that not all stakeholders of a company identify or notice the change, therefore it is also important to realize which groups that are at the current state and do not understand why they should change. This could be a risky blocker to the changes.

2.2.2 STRATEGY ADAPTING TO TRENDS AND DIFFERENT CIRCUMSTANCES

Courtney, Kirkland & Viguerie (1997) outline different views on strategy depending on how uncertain and unpredictable the business environment is due to change. They do highlight one risk with, as they call it, the traditional way of looking at the future as either stable or unpredictable not realizing the many degrees of uncertainty. As also discussed above Courtney et al (1997) explain that companies that do not act on change risk losing their competitive edge and not be able to harvest upcoming opportunities. It is also described that the companies' approach to strategy also depends on the executives, some decide to be just spontaneous in uncertain environments while other get paralyzed and do not know how to act.

Courtney et al (1997) describes four different levels of uncertainty; 1) a clear-enough future, 2) alternative futures, 3) range futures, and 4) true ambiguity, see Figure 2.6. In the clear-enough future it is possible to predict the future good enough to build a competitive strategy and the "traditional" tools used in strategy formulation could be used. One example is new entrants within other niches, e.g. Low-cost, on a definite market. If the future more likely depends upon different alternative scenarios the strategy is beneficially built upon decision analyses or game theory. Two examples are if the industry is facing legislation or if the market is an oligopoly depending on the competitors' action. If there is a range of futures this implies that the future is dependent on many components, which only are possible to predict in a broad span, e.g. Customers willingness to pay is between 10-30% over the production cost. In this case Courtney et al (1997) recommend using technology forecasting or scenario planning. One example is emerging markets and when companies enter into new markets. In the last level of uncertainty, true ambiguity, the direction of the future is almost impossible to predict and the potential outcomes cannot be predicted even in a range. Theses situations are rare but exist and are hard to even try to forecast, but analogies and pattern recognition may be two form of analysis that can be used. One example is when markets that are new to the company also facing other complexity such as new regulations or political instability. According to Courtney et al (1997) many executives think that the uncertainty in their market is binary and therefore act to the all strategy issues as level 1 or 4, but in fact most companies are dealing with level 2 or 3.

| 1) A Clear-Enough Future | 2) Alternative Futures | 3) A range of futures | 4) True Ambiguity |
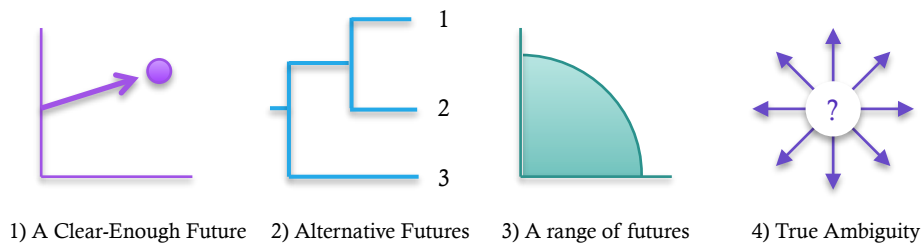
Figure 2.6: Different levels of uncertainty after Courtney et al (1997)

In their small case study Vecchiato & Roveda (2010) also draw the conclusion that companies with products in different maturity stages use different strategies and methods for identifying and acting on trends. The companies in more mature businesses used for example analysis methods that Courtney et al (1997) described for the second level of uncertainty, alternative futures, while companies in new and emergent markets used analysis methods described in the third stage, a range of futures.

Wiltbank et al (2006) have developed a framework that combines the executives' opportunity to predict their future with their ability to control their environment and outcome. This created a matrix shown in Figure 2.7 that also shows the four different approaches to strategy; planning, adaptive, visionary and transformative, that arises if putting the company's 'emphasis to predict' on one axis and 'emphasis to control' on the other. In previous research the prediction has been seen as one important factor but Wiltbank et al (2006) also adds the control aspect to the discussion. The Planning column to the left is therefore the classic view on strategy - either you try to predict to be able to plan your activities or strategies or you prepare your organization to be able to fast adapt to the changes. Both approaches to strategy built on the emphasis to position the company to an existing environment.

Figure 2.7: Framework for different strategy approaches (Wiltbank et al, 2006).

The column to the right in Figure 2.7 instead shows the approaches implying that the environment is possible to control and can be transformed. This could also according to Wiltbank et al (2006) be done with a high or low prediction. While the visionary approach is about setting up ambitious and creative goals for creating a new future in the market the transformative approach is more focused on starting with what you got and to create the business or development around the identity, knowledge and network that are existing.

2.2.3 FRAMEWORK FOR TREND UTILIZATION

Watkins and Bazerman (2003) discuss a framework in three stages to facilitate for companies to predict those environmental changes that are possible to predict - they also point out that some changes are unpredictable. The framework is supposed to guide the company to recognize different trends and changes in the environment, then prioritize what changes to act upon and as last mobilize the effort to grasp the opportunity or reduce a misfortune. Though, even if the framework is relevant, it proceeds from assumption to minimize unpredictable surprises rather than including the whole process and proactively actions that are relevant for this study.

Instead, using Watkins and Bazerman's (2006) framework as a basis, the following stages will be used in this study: 1) Identification, 2) Analysis, 3) Action. Identification is the stage where trends and changes are found or tracked for deviation. The analysis is the stage where data is analyzed to be able to specify what this means to the specific organization and the action stage is where the company act and implement the needed activities.

To be able to adapt to trends a company must first know what trends are present and affecting their business environment. Vecchiato & Roveda (2010) describe the broad outlook of identification in different perspectives; field, time and level of analysis, as described in Figure 2.8. The *field* trends are trends in the company's micro and macro environment, such as customers, competitors and other market specific factors in the microenvironment and economical and political environment or social evolution in the macro-environment. The other perspectives are *time,* identification could be done with short or long term views, and *level of analysis,* identification could be done on different levels in the company ranging from corporate down to operational level. Every identified trend has different parameters, to act on specific trend that will decrease the market due to a substitute, it is not just important to know the behavior of the customers but also if it is short-term and present on the corporate level or for just one operational unit.
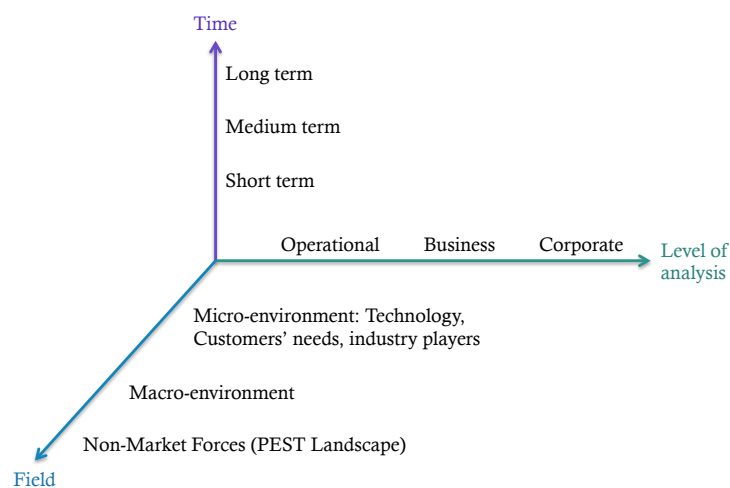
Figure 2.8: Different perspectives of identify trends by Vecchiato & Roveda (2010).

There are also other frameworks developed for analyzing trends and external change. The PEST-analysis is a common framework for identifying and searching for macro aspects such as political, economical, social and technological changes and threats. The PEST-analysis is a rough framework that aims to highlight broad perspectives that need to be taken into account (Grant, 2008). Grant also (2008) lines up the different sources for changes in microenvironment: e.g. market research, competitor analysis, stakeholder review, economical reports, and those are common in many strategy theories (Cf. Porter, 1996; Day & Schoemaker, 2004).

Day & Schoemaker (2004) argue that many companies do their environment identification but have a too small focus when looking on changes in their environment. They point out that it is important to also monitor the periphery of the organization's environment. As they admit, this is hard to do in an efficient way and the process is according to Day & Schoemaker (2004) more art than science. It is however important to compile those periphery trends because otherwise it is easy to miss out on indications showing a decline in the market or a new technology that arise. Gordon (2008) also highlights the importance for companies to scan broadly for changes, an activity he calls Horizon scanning. This is a pre-trend scanning for new ideas and changes, both opportunities and threats, in which you pay attention to media, talk to people and search for the new and unknown.

After identifying trends an analysis of the trend's drivers and implications can give suggestions on how the company can take advantage of the trend or the disadvantages the trend may imply. One of the key factors for the ability to analyze the identified data in an efficient way according to Vecchiato & Roveda (2010) is the importance of sharing the information collected in such a way that it is possible to summarize the information from many different parts in the organization.

Two frameworks for analysis that are commonly mentioned in literature are scenario planning and Porter's Five Forces (Cf. Courtney et al, 1997; Grant, 2003; Wilson, 1994). Scenario planning is about finding and visualizing different scenarios for more or less possible futures without the need to predict one certain future. By choosing key variables about the environment a combination of different values or low/high gives different scenarios. Building different scenarios creates flexibility in the strategies and creates different options. As for many other methods involved in strategic planning one of the main purposes about creating scenarios is to prepare the decision makers mental models to become better at taking decisions connected to the reality (Grant, 2003).

Porter's Five Forces, described by Porter (2008), is an analytical tool used to evaluate the business environment by describing current state and potential change in five different areas that affect the business climate: 1) Bargain power of suppliers, 2) Bargain power of customers, 3) Threats of new entrants, 4) Threats of substitute, 5) Rivalry in the industry. Understanding these five elements, that Porter (2008) call forces, is an indication on why and where the industry is profitable and therefore a starting point for developing strategies. But Porter (2008) also stresses that a new strategy built on the industry environment must be consistent with the company's internal capabilities.

Another framework for analysis that have been commonly used but also criticized is the SWOT-analysis that stands for Strength, Weakness, Opportunity and Threat (Helms & Nixon, 2010). This analytical tool builds on dividing the internal perspective from the external perspective and positive aspects from potential negative aspects. By mapping the company's activities in four quadrants, the SWOT-analysis provides a basis for strategy with internal and external perspectives combined. Helms and Nixon (2010) concluded in their study that a lot of research is done on SWOT-analysis and even if it is criticized for its simplicity it is also valued for the same reason and especially when it is used together with other frameworks.

Taking action is the step where the results of the analysis are implemented in the strategic management process by deciding how and when different actions should take place. Either this planning is done proactively in the planning process or decisions are taken and then incorporated into the plan in the next planning cycle. In this step of taking action Wilson (1994) argues that the most difficult challenges to overcome for a successful strategy are if the company's culture is overpowering the strategy and if the managers' commitment to change are too low. Dean & Sharfman (1996) also points out that decisions creates sub-decisions and tasks in the organization that have to be performed and tackled successfully to be able to harvest the

effects of the decision. Implementing a decision could be about communicating to the employees, customers or business environment but also to negotiate with suppliers and in some cases to change the organizational structure or culture. Even if implementation activities vary all decisions require successful implementation to be successful.

2.2.4 REFLECTION ON THE THEORY OF INCORPORATING TRENDS AND A CHANGING ENVIRONMENT INTO STRATEGIES

After describing strategy from a broader context in the first part of the theory this section is focused on trends and changes by first describing the complexity of trends and how they evolve as part of how a trend could be understood from a theoretical viewpoint.

The different perspectives of the environment are described with the purpose of giving a theoretical framework to proceed from when discussing how the incorporation could be analyzed in relation to the degree of uncertainty. Also those different environment-perspectives serve as a fundamental ground for describing and analyzing the next part with the different stages in the process: identification, analysis and action. The process description as is the last part of the theory should provide a framework for the different stages and describe how different tools could be used from a theoretical view. It is important to know which tools that could be used but more important how they are used and why because that help interpret the data from interviews.

3 METHODOLOGY

This chapter outlines the methodological considerations for this research and the used methodology for data collection and analysis. The chapter also includes a reflection upon the methodological choices and the identified opportunities and limitations of the research depending on the chosen methodology.

The choices regarding research methodologies are done based on the nature of the research question and the researcher's personal approach. The research question this study aims to answer is a *how* question on the executives view of the strategic considerations and decisions for incorporating trends into strategies. This implies an interpretive study where the researcher renders the interviewees' perspectives of trends and strategies. Therefore, the study is conducted with an interpretivism view on epistemological consideration, which indicates a view on the social world that differs from the objectivism of natural science. The interpretivism approach implies that people differ from objects studied in natural science and therefore, there could be many different views on the same truth because humans interpret the contexts in different ways. With the interpretivism approach other research strategies are used than in natural science because the aims is to grasp the subjective actions and their meaning in a social context (Bryman and Bell, 2011). An interpretivism view also focus on the understanding of people and their behavior, which connect to the chosen research question for this study.

During the data collection and analysis, the constructionism approach to ontological orientation was used. A constructionism approach implies that organization and culture affect and are affected by the people connected to the organization (Bryman and Bell, 2011). The research question, and especially the supporting questions about organizations, is designed to fit with the constructionism view of the researcher as it guides to answer how managers interact with organizational processes regarding strategic choices. Since the study also aimed to understand manager's influence on the culture regarding attitudes towards changes in the external environment, other ontological approach than constructionism had not been possible to use.

3.1 RESEARCH STRATEGY AND DESIGN

The research strategy used to conduct this research has been qualitative, and methods with focus on qualitative research were used for both data collection and analysis. According to Bryman and Bell (2011) a qualitative research strategy is commonly used when the research aim is to answer 'How' questions by understanding behavior and underlying facts. Since the research question for this study focused on understanding a qualitative research strategy appeared to be the most suitable strategy. The qualitative strategy is also connected well with the researcher's interpretivism view on epistemology and constructivism view on ontology described above. A qualitative research strategy implies, according to Bryman and Bell (2011) that the researcher attempts to interpret the reality and describe it, often with the objective to create theory rather than testing theory.

For this study, the used research design was interview study because of the flexible design to both collect and analyze data (Bryman & Bell, 2011). The same method was used to collect data in all companies participating and then the outcome of the interviews was used to compare and discuss the methods used by the companies. The focus in this interview study has been to collect and discuss many views and aspects of how management identify and use trends in their strategy creation. The study did not aim to draw generalizable conclusions about absolute differences between the companies or industries, it rather aimed to deliberate and include new perspectives into the knowledge existing before the study.

3.2 SELECTION OF RESEARCH CONTEXT

The research context was chosen in the service sector since it is a growing sector in Sweden and not as much research is done in the field as for manufacturing industry. Also, since the services are something intangible that is impossible to store and often customized to the customer the service sector has other ways to create services and also strategies (Jordahl, 2012). The service sector was therefore used as a broad categorization and then three industries within the sector were chosen to narrow the studies to three different industry contexts. The chosen industries are telecommunication, technical consultants and the media industry. The industries were chosen since they were interesting to understand and represent different types of environments within the sector.

When the industries were chosen the next step was to identify four to five companies within the industry for interviews. Most of the companies interviewed in the study are large companies that are an important player in the industry but in two of the industries one small company with the vision to grow was interviewed to get a different perspective. This was made to broaden the study but also to see how smaller companies with other organizational capabilities are able to react on trends and environmental changes. The industries and all participating companies are presented in the next chapter, Research context.

In almost every company chosen, the CEO or highest appointed manager in Sweden was contacted by an e-mail describing the study, why the company was contacted and suggestions for different dates to meet for an interview. If the email was not answered in reasonable time it was followed by a call to the targeted person in the email or the assistant. If the CEO could not meet for an interview, other people in the management team were suggested, sometimes by the researcher but also by the company. This resulted in the following distribution of positions on the interviewees; 8 CEOs, 3 from the top management team and 2 as worked as direct support to the CEO in issues connected to the research question. It has been important to interview people that have sufficient knowledge in the area and are strongly connected to the top management where the general strategies are determined. Anyhow, all interviewees have had their approach and knowledge in the field of connecting trends and environmental change into strategies, which has broaden the different perspectives on this study.

3.3 METHOD FOR DATA COLLECTION

The method used for collecting the empirical data was interviews. Bryman and Bell (2011) describes different types of interviews – from the structured more quantitative interviews with mainly closed questions to unstructured and open interviews more like a conversation. In this study, semi-structured interview was used as the method gave the advantage of the structured interview as it includes certain areas and questions but also the flexibility of unstructured interviews. The semi-structured interviews allowed the interviewer to design the interview more as a conversation and to ask question in different order, frame question differently and use follow up questions. This enabled the interviewer to investigate a subject deeper and to get broader understanding of behavior and thoughts than structured interviews had allowed. Therefore, semi-structured interviews were made during the study and used in the way described above.

The pursuit was to conduct all 13 interviews face-to-face because it according to Ryen (2004) facilitates the conversations and the interviewer's opportunity to note the interviewees' expressions and thereby increase understanding and the ability to distress interesting areas. In one case it was not possible to do the interview face-to-face due to time constraints and therefore one interview was done by phone.

All interviews besides one interview were made in Swedish since both the researcher and the interviewee have Swedish as their native language. Due to this, the quotes used in the report are translated into English and approved by the interviewee quoted. Even if the aspiration is to not change the content in the data it might be a risk since the translation implies descriptions with other words. The alternative to translation would be to have all the interviews in English but that may have affected the broad descriptions and the rich conversation between the interviewer and the interviewee, therefore the native language for the interviewee was chosen for all interviews.

All interviews, besides the phone interview, were tape-recorded. The phone interview was not recorded but during the interview extensive notes were taken. Ryen (2004) points out that recording interviews may affect to what extent the interviewees disclose their views. Since one interviewer conducted all interviews, this was done anyway to get all details. It is also easier for the interviewer to listen and be active in the interview if not everything has to be written down.

During the interview an interview guide was used as guidance for which areas that should be discussed. The questions in the interview guide were general and most questions were also followed by more specific sub-questions that allowed for more detailed answers and those sub-questions were asked if aspects was missing in answers on the general questions. Using sub-questions was a strategy to not disclose thoughts of the interviewer or lead in the interviewee in a certain way from the beginning. The interview guide was designed to start with questions on why it is important to monitor trends and environmental changes and which trends that are monitored. Then questions about the methods and tools for identification, analysis and action were asked and the interviews ended with inquiries about the degree of formalization of the work and the organization. All questions were not asked to all interviewees because some answered many questions in their answer of one single question. The interview guide changed slightly during the study because the interviewer learned for example vocabulary during the way. This may have affected the findings positively since the questions and concepts that needed explanation by the interviewer or interviewee decreased. The general interview guide is presented in Appendix.

3.4 METHOD FOR DATA ANALYSIS

After each interview a summarized reflection of the interview and the interviewer's view of the interviewee's perspective and approach were written down. As soon as possible after the interviews the recordings was listened to and interesting points was summarized and quotes written down to be able to use in the analysis.

When a few interviews were conducted a first review of the findings were made to see interesting patterns or if one company had a whole different approach than the others. These reflections were later used, together with a reflection after all interviews, when setting up different arguments used to either proof or reject during the analysis phase. This implies a partly iterative process during the data collection and the data analysis.

Overall, when all interviews were done, the data analysis followed the main parts of Bryman & Bell's (2011) steps for coding. First, the transactions were read, understand and summarize, then every interview was coded with specific labels for different themes and words. The labels used in the coding process were all developed when reading the transcripts and the reflection from the interview. Typical labels were either similar or very different perspectives or other surprising or specific quotes mentioned during the interview. After the reading and coding steps, the analysis within and between the interview results was made including interpretation of the different labels roughly as Bryman & Bell (2011) suggest. All interviews were analyzed in the same way but the niched companies were also to some extent compared with the other interviews of established firms.

When coding the data in the different steps described above the method of systematic combining, described by Dubois & Gadde (2002), was used in the last step. It proposes an abductive process going back and forth between theory and empirical data, rather used to *develop* theory than *generating* theory. Especially this approach to connect and stresses the interplay between theory and data during the analysis (Dubois & Gadde, 2002). This has been done during the analysis to make sure if new findings are existing or supported in the theory. Also, it has been important to view the data collected and interpret both from a theoretical perspective and an empirical perspective to not become blinded and miss perspectives. In the end of the analysis, it has also been important to connect the analysis process to the research question of the study with the aim to draw conclusions and synthetize the contributions from the study.

3.5 REFLECTIONS ON THE METHODLOGY

The quality of the study is considered from the theoretical and practical aspects of how it is performed. The quality measurements presented by Ryen (2004) are designed to be used in order to determine the quality of qualitative research and therefore, those are used in this study.

3.5.1 QUALITY OF THE STUDY

The quality of this study is measured by the dimensions described by Ryen (2004): credibility, transferability, dependability and conformability. *Credibility* concerns whether the results are believable or not. *Transferability* investigates if the findings are applicable to other contexts than the one researched and *dependability* investigates the applicability to other points in time. *Conformability* distresses the objectivity of the researcher and how, for example personal values, have influenced the analysis and findings (Ryen, 2004; Bryman & Bell, 2011).

The **credibility** of the study can be discussed in many different ways. In one aspect it is interesting to see how the results fit with previous research in the area. Many of the aspects in the findings and discussion but also the conclusions are not new to the world and many findings are consistent with the previous knowledge, though in many different fields. Hence, the creditability to previous theory is relatively high. Another aspect of the credibility is whether the data collection matched the reality. In the data collection there has been difficulties with the vocabulary since the concepts used in the interviews, by both the interviewer and the interviewees, may not be used in the same way.

Since the interviewer knew about this complication when designing the interview guide the use of very ambiguous words were not used and if some concepts were used by either the interviewer or interviewees the definition of the concept was discussed. Though, since the study aims to collect and interpret different views of the reality the discussions about different vocabulary during the interviews also highlighted even more perspectives and also concerns from the interviewees, which enhanced the findings. Since it is impossible to describe the whole reality in detail in an interview, it is also interesting to interpret the different prioritizations in details made by the interviewee during the interviews.

The direct **transferability** of the study's results to other context may be relatively low due to the low number of participating companies. Though, transferring the conclusions and generalizing over other industries or countries was not the main purpose of the study. Since the study provided a deeper understanding concerning the use of trends in strategies those may be used in a broader context and as a foundation of future research. The understanding could also in be used as hypothesizes in practical use to find another and complementing ways to for example developing existing strategies in a company. Therefore, the deep and understanding provided by this study could be used for both scholars and CEOs.

It is interesting to discuss the **dependability** of the study and how consistent the results are with time. This because many of the interviewees pointed out that the change in the environment will accelerate and become even faster. If that is true it may also affect some of the aspects in this study because it changes the business environment. As pointed out in the conclusions there is an ongoing learning process on how to better cope with trends in a changing environment which making the potential in the learning effects such large that it may affect the dependability of this study. Therefore, the dependability of the study is relatively high in the short perspective but low in the longer 5-10 years perspective. Though, this study provides an investigation for 2014, which may serve as a comparison to evaluate learning in the field.

Conformability is a measurement that refers to which degree the results of a qualitative study would be concluded by another researcher than the one conducted the study. It is therefore important to have an explicit process for the research and explain the different assumptions made along the study. This study is made with an interpretivism approach, which implies that the personal characteristics of the one researcher have affected the interpretation and therefore the result. One way to confirm the overall underlying arguments to in this study is to describe the interpretation and why different conclusions are made in an apparent way. Also, to broaden the study and collect more interpretations than the first one collected during the interviews, the recordings were used and when listening to those, new interpretations were uncovered.

4 RESEARCH CONTEXT

This chapter aims to give a background to the context of the industries and companies participating in the study. The study context will provide both an introduction but also a basis for the discussion and conclusions concerning different types of industry environments and companies.

A service is, according to Jordahl (2012), intangible, almost impossible to store and often customized to the each customer. The service sector is a growing sector in Sweden, and today it counts for 3 out of 4 employments. The private service sector counts for 48% of all employments and this study will focus on the private service sector since all chosen industries consist of mainly profit-making, public or private companies. From 1973 to 2013, the private service sector has increased by 1.7 million employments, which can be seen in Figure 4.1 (Jordahl, 2014; Konjunkturinstitutet, 2014).
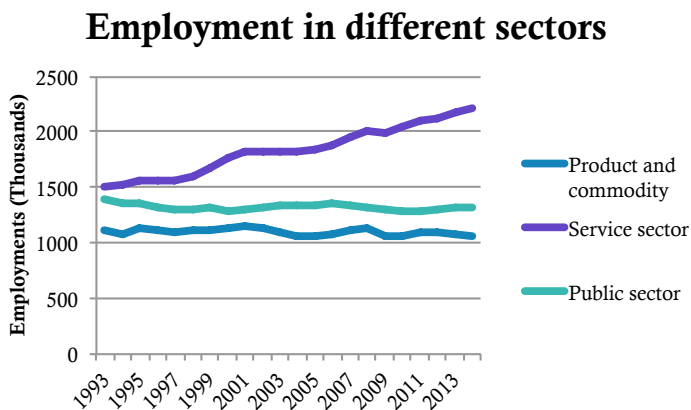
Figure 4.1: Employments in the different sectors in Sweden from 1993-2014

4.1 TELECOMMUNICATION

The telecom industry includes companies offering electronic communication such as voice calls, SMS, data service and TV by fixed-line or mobile communication. Some companies are offering both fixed-line and mobile communication while other specified in one of the infrastructures for communication. In 2013, the revenue of the retail market was 52.2 billion SEK, which was a small decrease from earlier years (Post- & Telestyrelsen (PTS), 2014a). In the industry there are many products in different maturity stages such as the declining fixed-line voice services, stable cell phone subscriptions and an increasing number of data service subscriptions, especially for mobile communication (PTS, 2014b). All the main players on the market are participating in this study except the giant, TeliaSonera, and the market consists of a few large players on the market and many very small actors. As for example mobile voice and data services TeliaSonera has 38% of the customers, Tele2 28%, Telenor 17,5% and 3 11,4%, which leaves 4,8% of the customers to other companies. The market shares are similar for broadband communication: TeliaSonera has 35,3% of the customers, Tele2 19,3%, Telenor 21,3%, 3 10,9% and ComHem 5,1% (PTS, 2014a).

The industry is faced with large investments in infrastructure to update the fixed-line and the mobile communication and in the same time the competition in the industry is high in the mature business units. The market has recently years shifted in mobile communication from voice and SMS driven business models to data services and fixed prices (PTS, 2014b). Also to differentiate themselves from each other new incentives in the customer offers and marketing of the services has been launched in in past months when Telenor first launched their Telenor change which allows the customer to switch phone during the agreement time (Telenor, 2014a) and just months after Tele2 answers by cutting the contract time for all customers (Tele2, 2014a).

There are a few challenges in the industry, for example the low customer satisfaction the past years due to too high promises to customers compared to what actually could be delivered. For some services as many as one out of three customers planned to change operator (Svenska Dagbladet, 2013). Besides the high competitions in the Swedish market causing prices to decrease the industry has also been exposed for regulations when the European Union decided to set a maximum cost for international services within Europe, which also decreased the income for the operators (NyTeknik, 2013).

4.1.1   3

3 was founded in 2000 as one of the new operators that did get a license to the new 3G technique. 3 is specialized in mobile communication and offers different types of mobile services. The company has about 27 million customers in 6 countries in Europe, about 1.7 million of them in Sweden. 3 is owned to 60% by Hutchison Whampoa and 40% by Investor AB (Hi3G, 2014a).

During 2013, the company launched their new subscriptions focused on data and not calls or SMS and continues to focus on smart phones. The company has the two brands 3 and Hallon to market their services to customers (Hi3G, 2014b).

4.1.2   COMHEM

ComHem is one of Sweden's largest providers of fixed-line television services, broadband and phone. The company was established 1983 and have approximately 1000 employees, all employed in Sweden. ComHem is listed on Nasdaq OMX Stockholm since June 2014. ComHem's infrastructure provides the opportunity for 39% of the households in Sweden to use their fixed-line services. From 2013, Com Hem also offers some mobile services to their business-to-business customers (ComHem, 2014a).

ComHem's growth strategy is to leverage their existing customers into more advanced and other services in ComHem's offer. They also continue to expand their offers and raise for example the broadband speed to attract more customers. In October 2013, ComHem also launched their new flexible TiVo ToGo which allows the customers to be more flexible watching TV content whenever they want and in their smart phones or other portable devices (ComHem, 2014a; ComHem 2014b).

4.1.3   TELE2

Tele2 was founded 1993 after the Swedish telecommunication market was deregulated and has 13 million customers in 9 countries. The company is listed on Nasdaq OMX Stockholm and in 2013, Tele2 had net sales at SEK 30 billion and an operating profit of SEK 6 billion Tele2 offers both mobile and fixed line service but with a focus on the mobile communication. Tele2 aims to be a fast changing challenger at the market and during the years accomplished one of the largest market shares behind TeliaSonera. Their mission is to "always offer our customers what they need for less" and the vision is "to be champions of customer value in everything we do." (Tele2, 2014b; Tele2, 2014c; Post- & Telestyrelsen, 2014a).

In the annual report Tele2 stated that the price competition will continue and that price innovation is needed (Tele2, 2014c). In November 2014, Tele2 changed their complete offer to customers going from agreement times and different types of subscriptions packaging to a new model allowing the customers to decide the components in their own subscription and whenever change their preferences or change operator from Tele2 (Tele2, 2014a).

4.1.4 TELENOR

Telenor is a global operator with a mobile market at 13 markets in Europe and Asia. Telenor describes themselves as international suppliers of communication service with about 176 million subscribers and 34 000 employees worldwide. The company's vision is: "We provide the power of digital communication, enabling everyone to improve their lives, build societies and secure a better future for all." Telenor is listed on the Oslo Stock Exchange with the Norwegian state as majority owner. Telenor has, besides the brand Telenor, a few other brands for marketing service in Sweden such as the broadband provider Bredbandsbolaget, TV-provider CanalDigital and low price sell phone provider Glocalnet (Telenor, 2014b; Telenor 2014c).

Telenor brand themselves as the flexible operator and during the summer of 2014 Telenor launched their Telenor change making it possible for customers to change their smart phones during the agreement time. This was a whole new offer to the Swedish customers that provided one type of flexibility to the customers (Telenor, 2014a; Telenor, 2014b).

4.1.5 TELIGOO

During the spring 2014, Teligoo launched its mobile services to customers and started as a rebel towards the established providers of cell phone communication. The founders thought that many firms at the market had low transparence about prices and different costs and the lack of flexibility. Teligoo rents the infrastructure from Telia and it therefore liberated from the large investment costs. Teligoo's services build on the principle of free choices – one fixed cost every month and no other hidden cost, in addition it is possible to change subscription or operator whenever you want. Teligoo is open for all customers but focus on students (Teligoo, 2014).

When Teligoo launched their services in early 2014 it was one of few companies at the market with that kind of freedom and no one of the large established firms had a similar offer. With Tele2 introducing a new similar offer to customers there will be new competition for Teligoo (Teligoo, 2014).

4.2 TECHNICAL CONSULTANTS

The industry will in this study be defined as consultants for civil engineering, technical consultants and industrial consultants. The industry has grown the last years as a result of increase demand for knowledge-intensive services. According to Svenska Teknik- och Designföretagen (2014), henceforth STD, the industry had revenue of SEK 62.5 billion 2013 and about 54 000 consultants are employed. The last ten years the revenue has grown approximately 200% from SEK 30.2 billion and increased employment by about 50%. The industry consists of about 10 600 companies and the 300 largest companies accounted for 90% of the revenue and employees (STD, 2014).

The industry has had a strong trend for consolidating the last years. Since 2010 the profit margins had decreased but during the last years the price competition at civil consultants decreased and STD (2014) foresee less price competition even at technical consultants. Another challenge for the industry discussed by STD (2014) is the increased need for recruitment and the risks for deficient competence as the lack of engineers may be obvious in the future. This may lead to competition for employees, which may increase in higher salaries that will affect the profit margins in the industry (STD, 2014).

4.2.1 SEMCON

Semcon is a consultancy company established in Sweden 1980 and as of 2013, about 3000 employees and SEK 2.5 billion in revenue. The company is present in many different countries and industries but 65% of the income is from the automotive industry. Semcon's vision is to "global partner in engineering services and product information." (Semcon, 2014).

Among others, Semcon's prioritized strategies for 2014-2015 are to build a stringer employer brand, create as much customer value as possible and prioritize increased profit margins. The long-term trends that Semcon thinks will affect their business are for example, lack of talented engineers, demographics is changing and the population becomes elder and higher demands on product information and traceability (Semcon, 2014).

4.2.2 SWECO

Sweco is a Nordic consultancy company with about 9000 employees. Revenue of 2013 was SEK 8.2 billion, a growth with 9 percent. About 40% of the business is civil engineering, 12 % energy and then the rest of the business in a variety of different industries. During 2013, about 42 000 projects was completed for 17 000 customers in about 70 countries. Sweco's vision is: "To become Europe's most respected knowledge company in engineering, environmental technology and architecture." (Sweco, 2014).

In 2013, Sweco grew with 1300 employees by organic growth and an acquisition of Ventura. The long-term goal is to continue to grow over-time and to have a profit margin at 12%. Sweco believes that the market will continue to consolidate and become even more international in the future and their strategy is continuous growth – both organically and by acquisition. Sweco points out that future trends from urbanization and sustainability will affect their business and focus today as well as in the future (Sweco, 2014).

4.2.3 WSP

WSP is an international analytic- and consultancy company that offers services for sustainable society development. The group are present 39 countries and 31 500 employees in the world, whereof 2 800 employees in Sweden. The company's vision is to "Always be the first choice for clients, partners and employees." and WSP aims to be solution-driven and with a high expertise. One of their five values in WSP is Innovative that is described as: "…must constantly look ahead, anticipating and responding to change with agility. …" (WSP, 2014).

WSP has identified two trends that will put pressure on a development for the future: rapid urbanization and the climate issue. WSP anticipate a growth in their service including sustainable aspects and have therefore worked with continuous development of the expertise in sustainability. The company also describes their strategy to always be a step ahead and lead the expertise in these areas (WSP, 2014).

4.2.4 ÅF

ÅF was founded in 1895 and offers consultancy services to three different industries: energy, civil engineering and other manufacturing companies. In 2013, ÅF had SEK 8.3 billion revenue and was present in 20 countries. According to Universum's survey, ÅF is number two of most popular employers after Google and has 7 000 employees. The company's share is listed on Nasdaq OMX Stockholm (ÅF, 2014).

The company aims towards the motto "innovation by experience". The long-term goals are to reach a €2 billion revenue by 2020 and to be the most profitable company in the industry. The strategies are to keep growing both organically and by acquisition. By 2012 ÅF acquired Epsilon, another consultancy company, making the company grow with 2000 employees (ÅF, 2014).

4.3 THE MEDIA INDUSTRY

The focus of the Media industry will be towards newspaper and magazines since those are participating in the study. The number of copies for printed media in Sweden each day has decreased from 4.1 million in 2000 to 3.0 million in 2013 since the number of readers has gone from 81% in 2000 to 66% of the population in 2013. Though, the digital platforms for newspaper have had about 17 million visits each week during 2014. Of the total SEK 31.2 billion advertising investments in Sweden 2013 about one third did go to newspapers or magazines. In contrast, the digital part of the advertising increased with 10% during 2013 (Tidningsutgivarna, 2014).

One of the challenges for the industry is that when the number of readers decreases, the advertisers willingness to pay also decreases. The printed newspapers have during the last years had a strong competitor in digital platforms, which has decreased the number of copies printed. But the digital platforms have also have a strong competitor in other types of media for advertising such as social media or ad word search (TT Nyhetsbyrå, 2011; Tidningsutgivarna 2014). Many newspapers and media houses are also reducing employees, during 2012 cut backs were made by for example Svenska Dagbladet, Stampen Media Group, Schibstedt, Expressen, many local newspaper with over 500 people (Borås tidning, 2012).

4.3.1 METRO

Metro was founded 1995 as a free challenger to the established newspaper which the customer had to pay for. Metro has today three different editions, one for each urban distribution area; Stockholm, Göteborg and Skåne including for example Malmö and Lund. Every day 1.3 million read Metro in Sweden and the newspaper is designed to take about 20 minutes to read. Metro is free for consumers and paid by advertisers. Besides that the newspaper is free, it also has a unique distribution with boxes in connection to public transports (Metro, 2014).

During the last years, Metro has expanded their printed and digital platform to more specific target groups. Metro has for example a printed magazine for students. But most of their diversification is done at digital platforms with different famous blogs, job searching site, fashion site and Studentkortet that offers student discounts online (Metro, 2014).

4.3.2 OFFSIDE PRESS

Offside Press was established in 1999 when Mattias Göransson and Tobias Regnell founded the magazine Offside. Then, Offside was a new type of magazine because it was about soccer and because it filled a gap Mattias and Tobias had seen on the market between the fast and short daily reporting and books. The longer and deeper articles about soccer in Offside were later followed about another magazine Filter that has the same concept but the subject is everything else that is not sport. In 2013, the group established one more magazine, Hunger, about the food industry. During the years Offside Press also releasing books and is now also publishing podcasts (Offside, 2014; Hunger, 2014). According to Orvesto's latest surveys about 65 000 read Offside, 28 000 Hunger and 114 000 read Filter (TNS Sifo, 2014).

4.3.3 STAMPEN MEDIA GROUP

Stampen is a media group with a number of printed and digital platforms and a printing house. In 2013, Stampen had a SEK 4.9 billion in revenue, a decrease with 7% from previous year, and 3800 employees, a decrease with 500 employments from 2012. The printed local newspapers are focused on a number of newspapers, both paid and free newspapers, in western Sweden and in mid-Sweden. Also, Stampen Media group owns a number of digital platforms such as the web meeting point familjeliv.se and the fashion and entertainment site devote.se (Stampen, 2014a; Stampen, 2014b).

During 2013, Stampen decreased their organization and worked to provide a more efficient organization with a new brand and more standardized ways to work gave SEK 460 million in cost savings (Stampen, 2014a).

4.3.4 TT NYHETSBYRÅ

TT Nyhetsbyrå is a national news agency in Sweden producing news with text, images, graphics and video to Swedish media companies and public authorities. TT was established in the 1920's and the agency's mission is to deliver fast and reliable news to the media market. The agency is privately owned by some of the largest media houses in Sweden with the aim to provide news free from government, religious and political aspects. The revenue for the company and their subsidiaries is approximately € 50 million and the group has about 360 employees (TT Nyhetsbyrå, 2014).

During the last years, the agency transformed from delivering news to be a full service supplier of all types of media according to the new 24-7 demands for digital platforms. To adjust the organization for digital and printed material has been a transformation the last years since it demands another type of continuous delivery of material (TT Nyhetsbyrå, 2014).

5 FINDINGS

This chapter presents the results from the data collection and aims to summarize and describe the different views and perspectives from the interviewees together with the observations done by the interviewer. The findings are in the following chapter analyzed and discussed in relation to the theoretical framework.

The findings from the interviews are concluded and categorized in different areas. The relevant information from the interview data is presented below, not all data from the interviews is elaborated. The interviewer's own interpretation of the interview situations is described as observations.

5.1 TREND UTILIZATION AS COMPETITIVE ADVANTAGE AT THE MARKET

The interviews started off by examining if the company uses trends and since everyone did, why and how the use of trends is important. Almost everyone had the same opinion about the importance of utilizing trends: it is vital to the company's survival. Otherwise the risk of losing customers to competitors, decrease the value of the brand or earn less revenue may increases. It was only one CEO who stated that their work with trends was medium important. Many of the respondents answered this question rather fast and were very clear in their answers while some reasoned about the many perspectives of why it is important –the answers often connected to challenges to stay competitive in the industry.

When talking to the smaller companies such as Offside and Teligoo trends in the markets were the main reasons for starting the companies. Offside started as a reaction of the gap between the slow process of producing books and a faster and shorter media climate. Offside aimed to fulfill the gap with a magazine with qualitative and longer articles with different aspect of soccer. Teligoo started as an operator that competes by providing the customers with the freedom of choice and no fixed or hidden costs. The strategy was formed as a reaction on the customer feedback given to other operators in the telecommunication industry.

Even if many respondents agreed the reasons for why trends and environmental changes was important was described in different ways which the following quotes show:

> *Obviously very important, and the old quote from Jack Welch, former CEO of General Electric, said: "If the rate of change on the outside exceeds the rate of change on the inside, the end is near."[2]*

> *If you do not perform business intelligence, it is difficult to work with strategy.[3]*

Many of the respondents discussed, as the first quote illustrate, that it is vital to understand the market and the market changes. The quotes also focus on is the importance to also adjust the own company to markets changes, otherwise you risk working with the planned business and in an organization which and no longer be reactive for changes in the market. That may risk the competitive advantages of your company or risk to miss new business opportunities. The market perspective could be divided into a few different components: the industry and broader surrounding, customer evolution and the possibility to create competitive advantage.

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[2] Interview 2 - Magnus Meyer, WSP.
[3] Interview 9 - Markus Granlund, Semcon.

5.1.1 TRACKING INDUSTRY TRENDS BUT ALSO MACRO TRENDS

All of the interviewees follow in one-way or another the industry trends and how their industry develops. One of the consultancy companies also expressed their work on monitor trends in all their customers industries because with a broad knowledge on how different market evolves they could use existing knowledge to foresee different changes. One of the important factors in the market that many interviewees mentioned was the tracking of competitors in the business, what they were doing and economic results. But also to track how the industry and market is developing in broader terms.

To understand the industry and the market many managers highlighted the importance of combining the micro trends in their direct environment with larger macro trends that may be drivers for how the industry will evolve in the future. When discussing this subject of different levels of trend all kinds of trends were mentioned - from local trends in the company's office in north Sweden to large and global mega trends affecting the whole world such as globalization, digitalization and urbanization. One manger deliberated the importance of looking on the whole span of different levels of trends - how the global trends affect the local environment in the same time as a local change can diffuse in the broader context. Another manager also pointed out that limited market trends could affect the global perspective and pointed out the example of Lehman Brothers that affected the global economy 2008.

By those respondents which mentioned mega trends as one type of environmental change all had the approach that those are impossible to form business strategy after, it just something that you have to consider when taking other trends into account. The trends connected to the industry and the markets was seen as the most important trends to follow in most companies since those affect the businesses directly and also were more tangible to influence or adopt to. Following quote describes these different levels of trends in a metaphoric way regarding how to predict different trends:

> *I tend to see this as a tree where drivers big mega driver/trends such as globalization and digitization, are the coarse roots that anchors and make up the foundation for the tree. You are unable to see the coarse roots, but they provide the tree with nutrition to grow. Combined they build up the tree's trunk. The branches of the tree represent a specific trend sprung from the trunk of the tree (the mega trends). You can cut off a branch, but new once will emerge in its place. Not identical but very similar. Gaming and gamification are examples of such kind of branches, which also bifurcates into many smaller branches for various themes. The leaves represents a specific implication of the trend, in this case an example could be Angry Birds. You can never predict what the leaf will be in color, size, etc., but you can predict that casual gaming is going to be huge and there will be a new Angry Birds leaf once the existing one has faded away.[4] ¨*

Especially in the consulting and telecom industries many of the executives talked about the importance of following technology trends since technology to a large extent influences the market and the competitive situation in the industry. Technology affects the customers' needs and demands of all three industries making the technology shift an essential part of the new prospects to change the business offer. In the consultant industry a few also, in addition to above changes in the market, mentioned that technology also changes the way they worked and how projects were delivered. One CEO even pointed out that new technology might even rivals with their own business if new software is able to partly or fully replace consultants. In the telecom business the infrastructure for setting up the 3G net or other generations of communication cost a lot in to install and the investment has to be able to afford in the long perspective.

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[4] Interview 4 - Urban Nyblom, 3.

5.1.2 UNDERSTANDING THE CUSTOMERS

The one most important change to monitor, according to the main part of the respondents, was trends concerning their customers. Almost everyone discussed this aspect but in different ways since the participated companies had consumers, customers or both. In the consumer market it is important to understand the customer, the customers behavior and the evolution of the behavior since it affects the services that are consumed. As a few, for example WSP and 3, of the respondents noted the behavior shift is not revolutionary; it is evolutionary and happens in small steps. Therefore it is important to understand the different steps to be able to foresee coming changes in the customers demand. Also as the respondent at Stampen Media group pointed out the signification of following people´s behavior instead of the technology, otherwise it is easy to make wrong decisions and bet on fancy new technology that later not will be used. Understanding customers behavior and the evolution will make sure that there is a higher chance to take winning business decisions, as one of the managers said:

> *Behaviors and rituals evolve through evolution and not by revolution. When looking in the review mirror it may look and feel like a revolution. But behaviors always transform in terms of evolutionary steps. Hence you can therefore predict the coming evolution by learning from history and prolong the natural evolution and predict the future behavior. We can learn more from history than we think because trends are archeology, to foresee a trend is to see what happened in the past and then forecast the future.[5]*

For those companies acting in a two-sided media market between advertisers and readers one CEO stressed the importance of tracking trends and changes even more in customers groups since, for example, an advertiser want to pay for the number of readers. But there is also other perspective like Offside's that builds their business and new investments on the own ideas and with their personal network as feedback rather than customers' input.

The companies with business-to-business highlighted changes of the customers need but also the importance to understand for example changed processes for purchasing or new technologies that affect the customers needs or use for a service.

For those companies that had, or planned to have, business is other countries pointed out the importance of understanding customers in many different countries since both consumers and business-to-business customers are affected by the culture and present changes in their countries. For example, one CEO told that he had closely monitored the election of a new president in one of the countries where the company has business.

5.1.3 CREATING COMPETIVITVE ADVANTAGE BY INFLUENCING TRENDS

During the interviews many of the respondents pointed out that trends are no just only something to follow and adjust after, but also something that often is possible to influence and sometimes even something you as a company can create. Just by reacting on a trend it is possible to create a change, for example by foretelling and communicating the increased volume of cars in a city people may change and use public transportation instead. This means that as soon as the trend is communicated it may be affected and thereby no longer predicting the future.

To be a trendsetter is also a way to create the future and to be able to compete with other advantages on the market as these two quotes illustrate:

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[5] Interview 4 - Urban Nyblom, 3.

There is only one way to properly predict the future, and that is to create it. That is actually the only way. It's about doing something and acting. If you sit passively and try and understand and analyze too much, you are always one step too far behind.[6]

Market concepts and technology concepts are different things. Switchboard in the cloud was a technical item that Telenor launched in 2008 and the competitors launch about now. […] The culture survey do not perceive Telenor as a trendsetter, but when we come out with a service we think it is important that it works well for our customers and has high quality.[7]

To be a trendsetter in the market is something that according to one CEO has been harder with a more global world where everything also changes in a faster and faster pace. As he states they try to make trends and has proven to create some trends in the past, though he points out that it may be harder in the future. As many of the respondents also pointed out, for example by respondents at WSP, Tele2, ÅF, TT and Telenor, a lot of trends start in USA and then spread to Europe and other parts of the world. Therefore, USA is in many aspects leading in creating trends and also a market that is important to follow. The smaller companies that participated in the study had another view on creating their own competitive advantage and about the importance of competition from other established companies:

We firmly believe in our idea so it is especially important that we do not check too much on others and incorporate a new trend, but instead hold on to our own track.[8]

In none of these launches [of other sport magazines], we have been able to see any negative effect, rather the contrary. When "Sportmagasinet" was launched the niche for sport magazine was created, instead of only us as an odd bird. If anything, it has probably been good with competition.[9]

The CEO of Semcon also described the importance of lobbing and being part of different organization for the industry and the sector as a tool to also influence coming changes in the industry. For example, new legislations could affect the competitive situation in an industry that buy consultancy services or influence the own ability to compete on the market.

As for the consultancy companies many CEOs point out their role as being in front edge of the knowledge as part of their offer to be able to help their customers achieve a competitive position. A few of the respondents in the consulting industry, especially at WSP and Semcon, talked about new knowledge as part of the offer to their customers. Understanding technology and other trends is part of the consulting services and what customers demand. Therefore, it is important for those companies to all the time learn about and develop the latest news in the front edge to use it as a part of the consulting to customers and to be able to challenge the customers own view. To be in the front edge is for consultant companies both a part of their own business offer and a way to create competitive solutions for their customers.

5.2 DIFFERENT APPROACHES TO INCORPORATING TRENDS INTO STRATEGIES

Already in the first part of the interview a few of the managers announced the importance of keeping the strategies up to date in the changing environment as an answer to why the utilization of trends is important. An observation is that it was interesting to compare the answers on how trends were used in the company connected to the answers about the importance of using trends.

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[6] Interview 5 - Mats Granryd, Tele2.
[7] Interview 11 - Mats Almgren, Telenor.
[8] Interview 12 - Lisa Axelberg, Teligoo.
[9] Interview 14 - Tobias Regnell, Offside org.

There were different approaches concerning the link between utilization of trends and strategies. About half of the interviewees connected their strategy process directly to the environmental scanning and saw it as intertwined processes. Also the companies seemed to define strategy in many different ways – from a more robust and comprehensive document to more general direction about the company's future. One company describe their strategy as following:

> *You have to decide where you think the world is going and what events that drive the changes. Then, the company need to state the idea it believes in and uses that belief as a railing to hold on to. After a number of years, you have to evaluate the idea and see if it still holds.[10]*

In all approaches on strategy many of the respondent pointed out that strategic decisions were taken each week and sometimes even each day. Therefore, some of the different approaches are outlined and described below. Note that many companies used one, two or three of these different approaches.

5.2.1 *TRENDS AS A SUPPORT IN STRATEGIC DECISION MAKING*

Respondents did talk about trends and changes as an input to the different strategic decisions that were taken in the company. If, for example, launching a new business unit focusing on a specific industry it is important to know the industry and the outlook coming years before the investment is made. To use trends and changes became an import part of preparing decisions and testing hypothesizes, or as one CEO said bout trends in connection to their business plan:

> *We check whether each activity leads up the objectives of the business plan - everything from acquiring new partners to rewrite the welcome letter to customers. This makes it very easy for us to make decisions [...] it is incredibly helpful to have a business plan that supports decision-making.[11]*

Strategic decisions could also be triggered by a trend. In one company an internal employee with the task to have an outside perspective identified trends that could be a risk for the company. The background and implications of the trends were then prepared as support to the top management team that discussed the trend and implications and then decided how the company should react.

5.2.2 *TRENDS AS AN INPUT TO THE STRATEGY FORMULATION*

A few executives saw the trend tracking as a part of their strategy formulation process. Those executives mentioned that they did not have a formal process for trend tracking but they did have a working process for their strategy and the aggregated knowledge from new trends is a part of the input when developing the strategy.

At Stampen Media Group their use of the Copenhagen method to work with environmental change did describe the process it terms of using the analysis and putting it directly into the decision and begin acting on it. This was a faster way of working than before that allowed the company to react fast on changes but did reduce the time spent on establishes the decisions in the organization. Or as the responsible at Stampen Media Group said:

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[10] Interview 2 - Magnus Meyer, WSP.
[11] Interview 12 - Lisa Axelberg, Teligoo.

I think it is common that the trends identified becomes a satellite that send impulses into the system but are not really fully integrated into the process which implies that you take the most interesting parts and ignores the other parts. We have done this at Stampen Media Group now – a change so everything from the process for identification and analysis goes directly into the strategies and then we relate to it.12

A few of the companies had other ways to react on trends. As a part of their strategies they did follow different plans or KPI and when the plan or KPI diverged from the forecast or key value the divergence was investigated with the goal to understand what action that were needed. Often trends and environmental changes were needed to understand why the KPI diverged and to formulate actions.

5.2.3   TRENDS AS A CONTRIBUTION TO A BROADER CORPORATE PERSPECTIVE

Some managers saw trend utilization as valuable in a broader picture outside their strategies for example, as part of their culture or as a part of the offer to customer, as described in the above section about competitive advantage. In this approach trends were a part of the strategy, but used also in more ways than to create strategies for the company. One way is when new front edge knowledge is a part of the offer to customers, for example:

The knowledge development within the company exists because we have a network of talented individuals with distributed responsibility, highly educated personnel and good opportunities to respond to the issues that arise. But we also have a process perspective and methodically work through global changes that we believe will affect us now and in the future.13

5.3   BARRIERS THAT CHALLENGE MANAGERS USE OF TRENDS

During the interviews different barriers for an efficient utilization of trends were discussed. The most obvious challenge that many points as status quo is that the future is not fully predictable and that is obviously the main issue that creates the other challenges. Those large barriers for an efficient use of trends are: accelerating speed of change, the information gathered and the organization.

5.3.1   AN ACCELERATING SPEED OF TRENDS AND ENVIRONMENTAL CHANGE

Not anyone of the interviewees thought that their surrounding was stable or static, in contrast the majority of the interviewees instead had the opinion that the change is accelerating in their markets making it progress even faster for each year. The main reasons mentioned for the accelerating speed was the accelerating trends depending on many new technologies and the speed of today's information. One quote that illustrate this faster change in the environment is the following quote from the respondent at Stampen Media Group:

The only thing we know about the world is that the processes continuously goes faster. This implies that if a company will survive over time it is important to have faith in your ability to quickly adapt to the changing environment. Some talks about the "survival of the paranoid" but the ability to adopt will determine your viability and the only thing certain is when everything will go faster it becomes even more important for companies – big and small – to identify and react to changes. 14

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[12] Interview 8 - Bosse Svensson, Stampen Media Group.
[13] Interview 2 - Magnus Meyer, WSP.
[14] Interview 8 - Bosse Svensson, Stampen Media Group.

As the CEO stated this will change how they work and prioritize their methods for collecting and analyzing trends. This knowledge of an accelerating pace of change makes it even harder for companies to take decisions and to predict for example their own income in a reasonable way, or as one CEO says in relation to the own business:

I have no idea how this will end.[15]

5.3.2 AN INFORMATION OVERFLOW BUT WITHOUT THE POSSIBILITY OF A CORRECT ANSWER

One large barrier for an efficient utilization of trends according to the respondents is connected to the enormous flow of information that is present and created all the time. To decide what type of information to monitor and how to choose the relevant channels or consignor is one of the most demanding problems according to respondents at Sweco, WSP, Metro and Telenor and there were many different approaches on how to manage the fact that there is too much information.

One CEO said that the top management team had a department responsible for aggregating data for the executives making it more relevant and compact while one CEO instead stated that this was a choice and you have to have time to also run the company and another executive said that everything boils down to how much time available. The managers that used KPI and plans to track their business did delimit the search to those KPI in the daily business. Even if many expressed the same problem there was many different ways to try to solve the problem:

You can make plentiful business intelligence, but to me it is more important to find the right level. Meaning the right level is when you identify enough critical insights upon which you can act upon. If there are 10 possibilities but the organization only have time or resources to react to two, it is better focusing on those than get paralyzed by the share amount of information – organizational information overload is a risk of organizational paralyzation. […] The trick question is more around which once we are most geared to handle and will provide the best end result for the business.[16]

Absolutely no idea. But I think that you can never have enough information, and that become an attitude.[17]

Another more structured way of deciding what channels to use and information to process is this attitude described by the respondent of Stampen Media Group:

I have the private perceive that pre-understanding from those who ask the questions that your trend tracking should answer when proceeding to developing the strategy are really essential to define what information they need. Because otherwise it will be too much safety and then you will take in everything. [18]

There were a few of the respondents that highlighted that one of the difficult aspects of analysis is that the collected data often are in different format and not complied in a way that is easy to analyze. For example long reports about financial forecasts, customer reactions on Facebook, competitors' new strategies and general media are presented in different ways and therefore it is harder to grasp the essential changes in the data.

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[15] Interview 10 - Jonas Eriksson, TT Nyhetsbyrå.
[16] Interview 4 - Urban Nyblom, 3.
[17] Interview 10 - Jonas Eriksson, TT Nyhetsbyrå.
[18] Interview 8 - Bosse Svensson, Stampen Media Group.

Even if there is too much information another risk is that the dependability of the information is low and not easy to evaluate. There were many different aspects on this question but according to one respondent a lot of different creators of information has hidden agendas with the information published, which make it hard to evaluate. Also as another pointed out forecasting and trend analysis are not a science and everyone got an opinion which makes up for a lot different opinions where no one is absolutely correct. One manager stated:

> *It's all about adding up the various pieces of the puzzle - although an investigation has a source of error and a report another source of error, it is the overall pattern that is the most interesting. Look what others conclude, what's the total sum of all your own research on the topic. If all add up and point in the same direction - Make a bet! [19]*

To be able to differ a trend from a hype is something a lot of the executives discussed as a problem. Many of the large companies take time and energy to change and if reacting wrongly at a hype it may be costly. The respondent at Stampen Media Group describes that hypes was the reason they took on a more formalized process of working because many inaccurate business decisions were made on hypes. Other points out that a hype may become a trend after a while, but it is important to wait until the trend is created for real, and that may take over 10 years. The solutions deliberated during the interviews were to follow user evaluation instead of technology and connect trends to their history and underlying factors as a way to judge the plausibility. Even if many of the companies saw many risks in hypes there is also a potential upside described by 3:

> *It depends on the purpose. A hype can be much better than a trend in an awesome campaign, to build brand and sales activity. Trend by definition is changing slowly but a hype creates a social phenomenon. If you want a sales activity in the consumer market or brand activity then a hype can be attractive. Should you build a business strategy or product strategy then perhaps a trend is more suitable.[20]*

5.3.3 ORGANIZATIONAL STRUCTURE AND CULTURE AS A BARRIER FOR CHANGE

The organizational challenges are, according to the respondents that discussed organizational problems, to adjust the organization to a new way of working. For example almost every company in the media industry had changed their organization to become more reactive and agile:

> *The biggest challenge for all organizations that work in a fast-changing world is to have an organization that is sufficiently agile, to use a popular expression that all throw around these days. If the organization is agile, it is populated with people who are open and willing to accommodate new trends and daring to act on those.[21]*

The importance of information and prioritization are discussed by the CEOs. Many managers talk about this task as hard to measure since results of the work is not easily evaluated; therefore it is more difficult to involve employees. Both respondents of Semcon and ComHem points out that it is important that all people with this responsibility commit time to this type of work, or as the CEO of Semcon express this:

> *Above all, you have to dedicate your time. It is easy to get stuck in the everyday tasks and continuing to work as we always have done. Anyone who has responsibility for strategic issues within a group has to raise their sights - that's the challenge.[22]*

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[19] Interview 4 - Urban Nyblom, 3.
[20] Interview 4 - Urban Nyblom, 3.
[21] Interview 10 - Jonas Eriksson, TT Nyhetsbyrå.
[22] Interview 9 - Markus Granlund, Semcon.

The manager at ComHem argues the communication between people as the main challenges because it is hard to get people to share the relevant information. The CEO of Semcon also talked about the significance of having a functioning communication throughout the whole company - Top-down as well as bottom-up. The last years they made an effort to increase the quality of communication to get relevant information to the consultants so they know where the company is going and thereby can take decisions aligned with the company's direction. Employees were also encouraged to talk about trends with their bosses.

5.4 DEGREES OF COLLABORATION

One interesting aspect of the interviewees' reflection was in relation to how the utilization of trends was organized within the company between managers and employees but also together with partners. Or in other words; how much the company involve the changing environment in utilization. This aspect will be elaborated upon by starting with the outsourcing or purchasing of services connected to trends, flowing by the use of networks and at last the own organization.

5.4.1 OUTSOURCING AND PURCHASING OF SERVICES CONNECTED TO TRENDS ARE LOW

In this area the respondents almost completely agreed with each other – there is only a small part of the process where services can be bought in and it is in the first stage when trends should be identified. During identification all participating companies, more or less, used external information such as reports published by other organization about, for example, economy, competitors, industry analysis, but this could vary greatly from company to company.

More than half of the respondents also bought other services such as consultant services for identifying or evaluating the company. The reasons for buying consultant services was for example to get an outside view of the brand, get new perspective that challenge our own or to make sure that the inside perspective do not blind some parts of the environment.

When discussion how the companies analyze or take action on different types of trends those activities were almost entirely done within the company since top management then had the task to take in all information gathered and decide what to do. In those cases external influences were used during analysis were when using moderators or speakers as a part to bring in different perspectives, though this could also be a part of identifying new perspectives and data. Or as one of the CEOs mentioned:

> *We are discussing this on a regular basis and invite people we think have something to say about it. We have had many exciting speakers from both Swedish and international companies who have an idea, because everyone's opinion is right here. And it is important to get as many ideas as possible and then create their own vision. We create our own vision in discussion with people from top management and the board.* [23]

5.4.2 CIRCLE OF CONTACTS ARE COMMONLY USED BY THE SMALLER COMPANIES

The smaller companies Teligoo and Offside with fewer resources, especially in employees, often used their circle of contacts as an important part concerning strategies and strategic decisions. Contacts were used as both an identification channel but also as analysis tool or part of an investigation. Often this was connected to a decision that should be evaluated or an opportunity that arises and had to be prioritized among all other aspects and projects. Some of the other participating companies in the study also mentioned the circle of contacts as important to get and understand information, often this was explain as "and of course I talk with people with insight and knowledge" or similar expressions. Offside and Teligoo talks about their network of people in the following way:

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[23] Interview 5 - Mats Granryd, Tele2.

When we have specific questions and we'll find out the answer. One way can be to gather information online but we usually contact a key person in the industry direct who can tell you what everyone says about for example e-books. [24]

We have a very good board and then we also have a network with coaches and mentors here at the office. [...] We have support from other people and we both know people who run their own businesses and that is helpful. Our student brand managers' gives good input and we ask them frequently because they are our target audience. [25]

A few CEOs talked about seminaries or workshops together with customers and other external people as a way to get new perspectives but also as a way to process the trends and learn from each other how trends could be used and will evolve. Especially this was common for the consulting firms.

One company used parts of their board that together with some of the highest responsible mangers to put together a group that was responsible for discussing trends and the potential affection to the company's business. The purpose with this group was to track new and larger trends that may affect the business in the future and discuss for example CSR, values or integrity, as a complement to the existing tracking of today's business.

5.4.3 TRENDS UTILIZATION AS A TASK FOR THE TOP MANAGEMENT – OR ALL EMPLOYEES

One area that was addressed in the interviews was the subject of the CEOs and top managements task in the companies work with trends. Most of the interviewees agreed that the team is responsible for taking in or assign someone to the task but some also put this even further and said that each person in the top management team has to take responsibility for his or hers own area. The CEO should according to for example CEO's of Sweco, Tele2 and TT be responsible for setting up a direction, working with the strategies and creating a fitting organization and culture to handle the changing environment. Also a few CEOs pointed out that following the environment and call for change is a part of the CEOs main task.

A few of the participating companies had a specific department for business development that took part of the identification and/or the analysis. Other rejected a specific department with the reasons that it would be too separated from the business and therefore has difficulties to contribute enough. Especially the consultancy companies were the ones not promoting a separated apartment. At TT they had a department for business development composed of employees that also worked in sales making them close to the companies core and therefore, according to the CEO, closer to the strategy. At Telenor the analysis department took in large national trends like GNP and other national trends that later was combined with the business areas own identification in the top management team. Both departments described above had a few people and was a small fraction of total number of employees.

The department holds together the strategy and check out the macro level: how competitors develop, the Swedish economy, how to develop the market. Then we have to balance from the business areas of how the various segments developing, who is doing what and what trends we believe will have impact. [26]

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[24] Interview 14 - Tobias Regnell, Offside org.
[25] Interview 12 - Lisa Axelberg, Teligoo.
[26] Interview 11 - Mats Almgren, Telenor.

In many of the organizations some of the responsibility for identification and analyze was distributed in the organizations – but an observation is that the responsibility was more or less formalized assigned in different companies. The decentralized responsibility could be to a specific market, business areas or both.

> *Since we have a decentralized business model, we give large responsibility and freedom to those who run the businesses to adapt locally - both geographically and within the technical areas. They handle trends in their different areas, because, for example architects, must be able to identify their industry trends themselves. The central questions for the top management team is about overall corporate strategic perspectives or if a decision requiring major investments.[27]*

Many methods for collaboration were expressed in more informal methods, for example "We discuss this on different meetings" or "We report changes to the board". There were also many different ways of organizing a collaborative approach in the companies. One CEO in the consulting industry had started a new ways of involving 100 of the top managers in the company. All managers were divided into teams and then had to work with different concerns connected to the market and the future. At one company in the telecommunication business they had a day for all employees where they discuss different changes and challenge with each other in different workshops as a way to involve a lot of the employees.

One common matter discussed was also the employees' role in working with trends with exception from those in charge. In the consulting industry it was rather usual that many consultants were interested and curious in their area and therefore do a lot of trend identification but also attend seminaries and such. It was more or less expressed in the different companies that this was a part of the employment. The CEOs saw a lot of potential in having all employees as tentacles in their market looking for trends and communicating through the organization. It was also a few of the other companies in media and telecom that expressed the potential of having employees as an identification channel but not as such a significant task as in the consulting business. For example, many of the consultants are curious as therefore what to investigate different areas and naturally are interested in their working areas. Sweco had one example with Stockholm 2070 that their employees done as an interesting project about Stockholm's future and WSP arranged continuously different seminaries and employees have different interesting groups in for example sustainability on their spare time.

Also many of the respondents in one way or another talked about the company's culture as a factor for how the company utilizes trends. The way the employees recognize trends as a part of their work and identify how it could affect the companies' strategies are described more as culture than an actual part of the employment agreement. Some also said in different parts of the interviews that "that is how we make business" and such an expression could be understood as a part of the culture. One example is one CEO that said:

> *It can go straight to hell 7 of 10 times but it might not matter so much because the 3 times that it goes right, it is significant enough for us to continue to make mistakes. It's really important to make errors when it is quite impossible to do the right things all the time. Though, it is extremely easy to say but crazy hard to do.[28]*

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[27] Interview 1 - Tomas Carlsson, Sweco.
[28] Interview 10 - Jonas Eriksson, TT Nyhetsbyrå.

That is a way of expressing the willingness for a culture based on testing different solutions but other respondent also argued that it is important to do more examination to not take the wrong decisions. Other examples on way to think and prioritize are the customer focus at 3 or the quality focus at Telenor. The way of working was also in a few cases linked to the company's profile, for example, as a challenger wishing to grow it is important to understand customers.

5.5 LEARNING AND EVALUATION THE METHODS FOR UTILIZATING TRENDS

Despite many of the challenges outlined about half the interviewees said that they were satisfied with their current methods but also said that it is always possible to develop the methods. The rest of the interviewees was not satisfied but with mainly two different reasons. Some had the reason that it is not in their culture to be satisfied and the others were unsatisfied because they thought that their process needed a lot of development to be good enough. Also as an answer from those where trends were incorporated to their strategy formulation process, many thought that the strategy process itself was good but more energy should be put on the changing environment. One example is that some of the stages in the process need to be better executed:

> *Yes we are satisfied with the identification. Very good picture of the demands placed on us but not satisfied with converting it into practice. We have to make it a lot faster and be closer with our users.* [29]

Though, what is most interesting it that the methods used for utilizing trends have, according to both the satisfied and not that satisfied executives, improved during the last years. Some companies added education for their employees in how to work with environmental change but also in the broader perspective of management and where trends are a part. Others, especially the large media companies, had changed their organizations to become more agile and to be able to change faster but also a more suitable organization. Or as one of the CEO's expressed:

> *It changes the need for what we produce, or no, I take that back. It does not change the need of what we produce but how we produce it.*[30]

One specific aspect mentioned by a few was the struggle to be proactive in some of the trends and not only be reactive to the trends. One executive argued that it is difficult to act proactive, instead the reaction becomes reactive which implies that the company always is the step behind. That is not only a part of being a trendsetter but also to recognize and in a deeper way understand trends. Or as one respondent says:

> *Good adoption is to have your ear to the ground, poor adoption is to see where the wind is blowing because then you're already late.* [31]

By letting the respondents reflect over the situation it was interesting to see what they learned during the last years but also their objectives in the future. At least two of the interviewees talked about the possibility of big data analyze and how that could affect the analysis to become deeper and process more data than is possible today. According to one CEO big data analysis, for example, connected to their customer data could help improve the business and understand behaviors.

An observation is that there was only one or a few talking about implementing the strategies after taking decisions to change the strategies. It may depend on the interviewer that did not stress that question, or other reasons.

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[29] Interview 8 - Bosse Svensson, Stampen Media Group.
[30] Interview 10 - Jonas Eriksson, TT Nyhetsbyrå.
[31] Interview 8 - Bosse Svensson, Stampen Media Group.

6 DISCUSSION

In this chapter the theoretical framework will be linked with the findings from previous chapter and then discussed with the purpose to outline perspectives to the conclusion. The discussion aims to provide adequate data to be able to answer the research question.

The analysis is based on a company level relating those with each other and discusses similarities and differences to the theoretical framework. The level of industry affiliation of a company will only be used in specific argumentation when trying to explain different aspects discussed. Since the discussion should add up to the conclusions and answer the research question the structure is formed after the sub-questions broken down from the research question.

6.1 WHY TRENDS ARE IMPORTANT TO INCORPORATE INTO STRATEGIES

As seen in the theoretical framework the definition of strategy is relatively spread across different scholars and the same counts for the respondents interviewed in this study. The concept of strategy and what strategy is was rather different in the companies ranging from only a strategy document called strategy to all different kinds of long-term and important aspects of the company's characteristic. Many of the executives had the strategic view similar to the one described by Grant (2008) that strategy is a link between a company and its environment but also similar to Porter (1996) as describe strategy as the set of activities chosen to provide the company with a competitive advantage. This view also connects to the *plan* and *position* perspective described by Mintzberg et al (1998). The executives with a broad view on strategy also had more of what Mintzberg et al (1998) called the *perspective* viewpoint of strategy since they include many different aspect of the product, company and employees in their strategic content. Bartlett & Ghoshal (2002) also introduce the employees and their competence as strategic since it is one of the scarcest resources in service-driven companies. This is making employees important to prioritize and to improve the employer brand. During the interviews some managers mentioned the importance of employees and knowledge.

The different views on strategy lead to a rather complex situation to analyze and therefore, a definition of strategy will be set. Strategy and strategic decisions will be broadly defined concluding the overall strategy, vision, mission and so on but also decisions concerning organization, employees and other important and long-term decisions affecting the company's overall appearance, for example entering new markets. In the research question the concept of strategy do not only connects to the document called strategy but also to the overall strategy the CEO and top management team have or could take decisions about.

6.1.1 THE ADVANTAGES OF USING TRENDS AND ENVIRONMENTAL CHANGE

The respondents in the study used in most cases the same reasons as the scholars Grant (2008), Porter (1996) and Mintzberg et al (1998) used to describe strategy and the need for fit and consistency between the company and it's surrounding. If the strategy should serve as a link between the company and the environment (Grant, 2008) and in the same time be able to provide a sustainable competitive advantage (Porter, 1998) the executives agreed that they also have to change and improve their strategies when the environment, and thereby the competitive landscape, changes. This was in many companies as fundamental for a company's survival as described in the theory and could be proved by the quote of an executive stating that there is a risk to be "*very inward looking and missing out on wider changes in the market.*" This seemed to be a common insight for most of the respondents.

Though, the managers described why trends were important with different arguments. This may depend on the different environments the company are surrounded with but also different mindsets in the companies. This can be viewed by two different cases. For example, the following

quote stating that trends changes "*how we produce it rather than what is produced*." This quote can, for example, highlight the fact that the customers have the same need but for example another willingness to pay for the service or another time frame on when the service is demanded. While instead another company, in another industry, talks about how important it is to always be one step ahead and assimilate the changes faster than it is happening. In this last case this may depend on the companies' offer to customers to always provide the customers with new information and updates about their business environment.

One of the, by respondents, commonly discussed purpose that also was pointed out by Grant (2008) as a part of a successful strategy was the deep understanding of the market. As for the managers in companies that had the ambition to grow on the market and increase their market shares, but also for one of the smaller companies, the importance of understanding the customers was pointed out as one of the most profound parts of the strategy to track and take action on. It was essential to understand how the behaviors evolve to be able to create services that fit the customers. The customers' transformation also sometimes create gaps between consumers needs and competitors offer to customers that could be formed to a competitive advantage by developing the companies' own offers, but it is important to understand the changes enough to be able to detect the gap and act. The smaller companies that participated in the study was also interesting evidence of how different opportunities arises from changes that opened up the market for both Offside and Teligoo to open their businesses.

Also, the interviewees agreed upon other shifts in connection to competition at the market such as competitor analysis, economy analysis, and trends affecting the whole environment. One of the complexities to use many different trends on many levels is to understand how the trends are affecting each other. This is also discussed by Gordon (2008) as different trends may increase each other and other may erase the effects of each other. But trends on different levels could also boost each other as the quote from one interviewer about the tree and Angry birds as a leaf visualize.

6.1.2 CREATING ADVANTAGES BY INFLUENCING TRENDS

The framework developed by Wiltbank et al (2006) includes the possibility for a company to either positioning at the market or to control part of the market by creating new opportunities. This last possibility of controlling the market was in the interviews described as being a trendsetter and thereby creating own trends and new offers on the market. A few of the respondents actually emphasized trendsetting as a part of their company's offer.

The interesting part is not the fact that those companies strive to be trendsetters but the argumentation behind why it is important. All companies highly interested in setting trends described the reasons as fundamental in their brand. This was exemplified as by being a challenger at the market it is important to also challenge with new offers, by being a knowledge company it is important to be in the front edge and by creating a own niche is it possible to compete on other terms.

Surprisingly, only one of the respondents mentioned lobbying as a part of driving and changing trends in the business environment. Either the other companies do not do this or those companies do not see this as a part of creating or blocking trends affecting themselves.

6.1.3 THE HYPOTHESIS OF AN ACCELERATING BUSINESS ENVIRONMENT

The hypothesis discussed by almost every manager interviewed, and that many of the scholars also argue for, is that the change in the environment is moving faster and faster. This seems to be a stressing truth for the managers responsible for act in this accelerating environment and as a part of managing trends this hypothesis may be questioned.

It is very interesting to deeper investigate what is going faster and faster to be able to specify the changes in the environment. Otherwise this may leads to a "false truth" or creating a binary truth that rather confuses and stress than helps executives deal with changes. In similar ways as Courtney et al (1997) argue for different levels of uncertainty in their framework, this hypothesis about an accelerating speed of change also has to be analyzed to be able to manage for executives.

The arguments behind the accelerating speed were mainly an increased speed of information and an accelerating speed of new technologies. By a short reflection upon these two reasons it may not appear as obvious anymore. In the case of information this may to some extent be true since the digitalization has given us new ways of spreading information out in seconds. Though that was some years ago and the information may not continuously increased the speed as much as the digitalization allowed. The speed of technologies is though even harder to adjust for since it is difficult to predict what the new types of technology will be and how it affects the company and its business. This was one of the most challenging trends for executives to track according to the interviews and may therefore be one of the most problematic types of trends to adjust strategies and strategic decisions after.

One of the factors that may evolve even faster and was discussed during the interviews but not in this context is customer evolution. There is always different categorize of people adopting in different steps of the s-curve for a new technology. For example, if visualizing the use and trust of smart phones for the overall population on a s-curve the acceptance become more mature for every day making the adaptation of new behaviors connected to smart phones easier and faster. That may still lead to evolution of customers' behavior, not revolution, but to a faster evolution since the foundation of the technologies no longer is questioned to the same extent.

To summarize, it may be important for each company to specify which factors in their business environment that are accelerating and what factors that are more stable and therefore easier to adjust to and mange in a successful way. This may imply less stress on the executives since it easier to manage some identified factors that are changing than coping with a completely uncertain and accelerating environment.

Grant (2003) also underlines that a rapid changing business environment may affect the strategic content to become more goal-focused and short-term which implies that a truth about faster changes also reverse the way executives set strategies. The implications on a faster business environment could also be connected to Mintzberg's et al (1998) description of realized, unrealized and emergent strategies. As the world is changing even faster the emergent strategies may be a greater part of the realized strategies since even more opportunities may appear continuously, which also affects the strategy formulation and the content of the strategy.

6.2 DEGREE OF FORMALIZATION OF THE METHODS AND PROCESSES USED TO INCORPOTATING TRENDS

It is important to identify how formalized processes are in connection to trends but even more important for processes to incorporating trends into strategies since it is in that point the trend is taken action on. As described in the theoretical framework there is a lot of different ways of modeling processes for strategy formulation and Mintzberg et al (1998) mentions ten different schools for creating strategies. The new versions connected to today's environment have emerged as a way to handle a shifting environment. When talking with the respondents in this study it is clear that everyone has their own process adapted for formulating strategy and some also had own processes, more or less connected to the strategy formulation process, for trend utilization.

Three of Mintzberg's et al (1998) most interesting schools for this study is *learning*, strategy formation as an emergent process, *environmental*, strategy formation as a reactive process, and *configuration*, strategy formation as a process of transformation. Those three do describe the different approaches to strategy that the interviewees have, more or less, described in their own description for how to incorporate trends into strategies. For learning there was those respondents that pointed out the importance of testing because you do not know the right answer until you tried, the future is too uncertain. Also, many used the environmental process since it is a way to react on what is happening in the environment. The respondents had a more or less environmental view when using the process to formulated strategies, and it could be described as a high degree of emergent strategies in the realizing strategies described by Mintzberg et al (1998). A few respondents were also using the configuration school to transform the company from one mode to another as the environment changed due to for example industry maturity. One example was a company that during the last years created whole new strategies and organization as a reaction to the environmental shift.

Both Bonn & Christodoulou (1996) and Kaplan & Beinhocker (2003) stress their opinion that strategies are made by informal processes and later are incorporate in the written strategies in the strategic formulation process. The executives interviewed did not express these thoughts. Instead the respondents in the study pointed out a change in the strategic intent to a more overall and general strategy which ought also affect the strategy formulation process to be less detailed making more decisions taken outside the strategy formulation process than inside.

One conclusion after the interviews was the differences in maturity in their trend utilization among the companies. Some of the participating companies had a great knowledge about the subject and had done considerations for their process, as other had a more immature process built on experience and past mistakes rather than strategic considerations. Experience is, as one manager point out, good for knowing what trends to use or what technologies that use to get successful, but in combined with strategic knowledge and well considerate processes it may become even stronger. However, this was a reflection from the interviewees' depth in their answer and the ability to reason about different choices.

6.2.1 DEFINING THE ENVIRONMENT BEFORE CHOOSING METHODS

As described above in the discussion about the accelerating speed of the environmental change it may facilitate to grasp and manage the changing surroundings if it is defined explicit. This is also what Courtney et al (1997) did by creating their framework for different levels of uncertainty in the environment. By the line up of four different levels of uncertainty and related tools for analysis Courtney et al (1997) describe the importance for using the right method for the different levels of uncertainty.

To be able to use the hammer and not a screwdriver when hitting a nail, it is important to identify the landscape and what type of environment the company and its industry is present in before deciding what tools to use. It has been obvious when interviewing respondents in different industry that the climate and change is completely different, though the companies describe it in similar ways. Also, many different methods are used to utilize trends but there are many intersections in methods by companies in different industries. This may to some extent also depend on the characteristics on the company, but one explicit example of a similar environment is in the media industry where it is notable that the industry is so unclear that all the established companies have reorganized the business with the objective to be agile to a changing environment.

By first defining the industry and environment the process for the continuously work with trends can be defined in suitable way that fits the problematic and difficult aspects in the industry. This is also shown in the theory by for example Vecchiato & Roveda (2010) when drawing the conclusion that companies with products in different maturity stages used different strategies and methods for identifying and act on trends.

6.2.2 A PART OF THE STRATEGY OR STRATEGY FORMULAION PROCESS

Depending on which approach, or approaches, the manager has to trends utilization in strategies such as support in decision-making, input to formalization or a broader perspective concerning the company, different methods are supposedly used. The use of process ought also be designed with regard to the type of environment as discussed in previous section.

By formulating a process the work became less ad-hoc and thereby many of the challenges that were discussed during the interviews could decrease by planning for mitigations. A few of the respondents mentioned that it often become hard to prioritize the work to identify trends because operational tasks often are done before strategic work and it is impossible to quantify the work of identifying or analyzing trends and how much it gives in return in short-term. A lot of the companies that had trends as an input to strategy formulation also incorporated the whole process for trend utilization in their strategy formulation process and/or the process for monitoring the business. For the other approaches it may be more difficult to include in a process but rather it should be a part of employees' tasks when for example preparing for decisions or creating new knowledge as an offer to customers.

For example, one of the most challenging problems was the collection of sufficient level of data and the non-uniform presentation of the data collected. Also some executives had the approach that there are things you will miss all the time. Though, after summarized the impressions of the interviews the most important aspect in this question seems to be to make conscious choices on what to collect and what to miss and not let this be ad-hoc, for example reading reports that are important as an conscious action. By using a process and having conscious choices on what information to collect there is less problems with the presentation of collecting different types of data since it is also easier to know how it should be used. By the respondent that had restrained the information collected one of the following two tools were used; KPI monitoring or to pinpoint a question set and only collect trends and changes in the market in connection to those questions. One interesting reflection about this is that there were four companies that had more or less successfully restrained their collecting information. Two in the media industry and two in telecom but there were one in each business using KPI and one in each business using the limits by having clear questions about what information to collect.

To summarize this discussion the trend utilization may be even more structured and well-reasoned if the work is summarized in a process in connection to the overall strategic process. Those respondent that had a process all had it more or less integrated in the strategy process and those were much more likely to be able to describe their process and the considerations done to formulate the process. Also, by connecting the process clearly to the strategy process the prioritization of the work will be higher and trend utilization will also be more visible.

6.2.3 A COMPLEMENTARY BROADER PERSPECIVE ON THE ENVIRONMENT

Even if the process for trend utilization is connected to the strategy process in order to increase its prioritization and visibility it may be important to not only tracking the daily business. There is a risk when connecting the processes too much and it has been discussed both by the respondents but also in the theory by for example Day & Schoemaker (2004) that pointing out the importance of reviewing the company's periphery. The risk is to be too focused on the

existing business and fail or neglect to notice the broader perspective. As one of the CEO's said "*sometime you also have to catch your breath, take a step back and evaluate* ".

This may be missed if focusing too much on the strategy of the business of today and as seen in the history and described by Bower & Christensen (1995) in their paper about disruptive technologies. In the paper they describes many large companies as Apple, Xerox, IBM that went from being leaders in their market and later get a hard time because they did not see the new technology coming. As Bower & Christensen (1995) point out as one of the mistakes is to follow the customers too close and not se the potential in the development or convenience in a new technology. Day & Schoemaker (2004) argue that seeing new technology or other changes in the periphery allows a company to act proactively and early instead of waiting until the change reaches the industry. As one respondent also highlights is how one change, for example Lehman Brothers, did send a economic crisis over the world concerning not only the banking sector.

To include these broader changes outside the company's closest environment other tools have to be applied. One example is the CEO that had a group that meet regularly with the aim to identify and discuss broader trends and social values. The group consisted of parts of the board and top management team. Other respondents said that these questions were discussed in the top management. One reflection made by Day & Schoemaker (2004) and Bower & Christensen (1995) is that the people with responsibility of the daily business may also be blinded for competing technologies or changes as it is easy to miss out on real threats by underestimate them in early phases. Therefore, it may be important to ensure the broader aspects by focusing on the large changes and trends outside the industry environment in a specific chosen group periodically during the year so the perspective wont become too narrow. This could then be seen as a complementary activity to monitoring the daily business.

6.2.4 *IMPLEMENTATION AS A WAY TO HARVEST ADVANTAGES FROM STRATEGIES*

One aspect that Grant (2008) describes in the theory as one of the important parts of a successful strategy is effective implementation. Also Bonn & Christodoulou (1996) point out implementation together with Dean & Sharfman (1996). In contrast there was no direct reflection of the implementation of the strategy during the interviews but that can partly be explained as no questions were asked on implementation. Though, there may be an important aspect to discuss what Grant (2008) meant with effective implementation. Bonn & Christodoulou (1996) stress that if the employees do not know about a new strategy they cannot use it as a direction for the company. If the employees do not know why a change is made and how it affects is daily work it is not easy to take decisions in line with company strategy. One of the respondents in the study talked about increased communication within the company as one way of directing the employees' decision to let them know the company's strategy. Dean & Sharfman (1996) also point out that strategic decisions creates sub-decisions and tasks in the organization that has to be performed successfully to be able to harvest the effects of the strategic decision. Therefore, the employees must not only know about the changed direction but also understand it enough to be able to apply the strategy in new contexts.

Kaplan's & Beinhocker's (2003) opinion is that the strategy formulation process is where the informal strategy becomes a strategy for the whole company. By involving the employees in the process the most important outcome of the strategic formulation process is employees with "prepared minds" to meet their daily tasks and decisions with the understanding of the new strategic direction. Therefore, the involvement of the employees could be an important part of the process discussed in previous parts of this chapter. By looking at the respondents' answers with this perspective a few companies are actually involving many of the top mangers or the whole companies in different analysis steps while other point out that the increased speed of change makes the time for involving and establishing strategy shorter.

6.3 WHEN DO ORGANIZATIONS DECIDES TO ACT PROACTIVELY OR REACTIVELY

When an organization reacts on a trend can partly be connected with the different schools Mintzberg et al (1998) described and that are elaborated in the section above; learning, environmental and configuration. In those schools the environmental school could be seen as the reactive process, learning as a process of trying new directions and therefore both reactive or proactive and configuration as a proactive process because the company set up strategies to develop to the next phase in the industry or business. The decision in which approach to use is therefore, together with other strategic decisions, fundamental about what type of company the managers strives to develop.

6.3.1 DECISION-MAKING IN A UNCERATIN BUSINESS ENVIRONMENT

As described in the theoretical framework about decision-making it is rather easy to confirm that decision in highly uncertainty environments is not rational as Eisenhardt & Zbaracki (1992) described because the alternatives in the decision has an unknown alternatives and the decision-making process is often iterative. Dean & Sharfman (1993) also showed that the rationality of a decision is dependent and decreasing as decision is taken in threaten environments, high uncertainty and external control. Therefore, it is interesting to understand what other aspects that affects the decision if the rationality is low in changing environments with high uncertainty.

For example Beck & Wiersema (2013) argue that the characteristics of the management including previous experiences is an important part of strategic decisions and Nadkarni and Barr (2008) partly confirm this theory in their study resulting in the conclusion that managers in high velocity industries are more flexible about the future and also respond to changes in a faster way which may be a interpreted as experience in the business. An addition is Eisenhardt & Zbaracki (1992) conclusion about the fact that top management as powerful people in the organizations often gets what they want and this is according to the authors an accepted conclusion already 1992.

Decision-making as a concept was not explicit addressed during the interviews. The discussion was instead focused on the managers' relationship to the data and information used when taking decisions. Especially the different managers' approaches towards taking high-risk decisions were exemplified with the conversation about trends versus hypes. Though, it is difficult to describe more explicit around the decision making since it was too altered between the different respondents that it is hard to decide if it in this case is manager specific, company specific or both. Shepherd & Rudd (2014) do in their conclusions outline both as contextual factors influencing decisions.

6.3.2 CHARACTERISTICS OF A COMPANY INFLUENCING RISK IN DEICISON MAKING

The managers had very different views on taking risks in decisions, in for example the discussion of trends vs. hypes a few managers tried and learned with the knowledge that the decision was risky while others did wait and gathered as much information possible to be able to have a more prepared decision basis. The two approaches were not connected to any industry but seemed more connected to the firm, or manager.

As also discussed in connection to trendsetters acting proactively may be a part of the company's identity and brand to be first with, for example, a new type of service or price innovation on the market. The choice to be either proactive, that usually means taking higher risks, or reactive may also depend on what change the decision concerning. As a few of the respondents outlined it is costly in both capital and energy to change a large organization, in the same time other market-related efforts may only affect the capital. Therefore, the risk taking may also depend on the characteristics of what the decision is changing.

6.4 ORGANIZATION STRUCTURE AND CULTURE AS ABILITIES – OR LIABILITIES - TO UTILIZING TRENDS

The organization's structure and the culture could be both a ability to be able to change and keep up with trends but also a way to conserve the efficient way of working in a way that prevent the company from making necessary changes. Therefore, the organization itself could be a barrier for change but also a huge asset.

A few of the managers did think the organizational structure was a challenge in their work with utilizing trends since it is strongly connected to how the company work. When the environment demands a change it may be hard to transform the way employees work without changing the organization. Surprisingly, all the established media companies recently changed their structure to be more agile. Also, all had a really hard time predicting the future income so it may be a part of decreasing the staff because of less income.

6.4.1 BARRIERS WITHIN THE ORGANIZATION TO IDENTIFY AND ACT ON TRENDS

Watkins & Bazerman (2003) describe different of types barriers for companies to change their strategies due to a changing environment: organization, psychological and political. The organizational barriers are also deliberated by the interviewees and especially concerning the ability to communicate in efficient ways within the company. But organizational barriers could also be about sub-optimization in the organization but those aspects were not discussed by any of the respondents. In organizations were the human capital can be seen as one of the most important strategic recourses (Bartlett & Ghoshal, 2002) the communication may be of bigger challenge since it is important that the employees when producing the services know the direction of the company's strategy.

The respondents neither discussed the psychological barriers during the interviews. Though, it is emphasized in the theory in both decision-making theory (Eisenhardt & Zbaracki, 1992) and knowledge about future threats (Watkins & Bazerman, 2003). This may be an aspect that is difficult to outline and notice but may, due to neglect, be a threat to the company's survival. As Watkins & Bazerman (2003) point out, it is important to involve many and discuss trends so many different perspectives are highlighted since it is the own brain that causes the limitations. When involving more people in the process and in the same time be open for different perspectives the psychological barriers can decrease.

The respondents did not discuss the last barrier of Watkins & Bazerman (2003), political, either but there were reflections close to this barrier in the interviews. Since this barrier concerns power and decision-making the challenge is for the top management team to include others' views and opinions in their decision-making. One organization had increased their communication within the company to make sure views came bottom-up to the top management. But other organizations had reorganized to be more agile and then the decision-making also become quicker which decreased the time for employee involvement. Though, it is important for managers to know this barrier and facilitate for and encourage groups of employees to give input on decisions.

Both Bonn & Christodoulou (1996) and Wilson (1994) argue that the organizational culture is a crucial part of the formulation and implementation of strategy. Not many of the respondents thought that the culture directly was connected to the definition of trends and changes in the environment. Though, many described the culture as a facilitator, if the culture was forward-looking, curious in relation to trends or open for change in the organization. Though, as Watkins & Bazerman (2003) point out the culture could also provide barriers to change if the culture is configured in a way that is not consistent with the strategy. This could be summarized in a quote by management thinker Peter Drucker that was quoted by one of the interviewees: "*Culture eats*

strategy for breakfast" symbolizing that strategy does not get far without being suitable with the culture. This was also known and discussed with about half the interviewees and the majority of those mentioned culture as an important part before the questions concerning culture was asked. A few also reflected that the culture in past changes of strategy, in one way or another, became a barrier than a facilitator.

6.4.2 PURCHASING INFORMATION AND SUPPORT OR COLLABORATING WITH TREND UTILIZATION

The purchasing of information and support concerning trend utilization was low, and especially the word outsourcing was never used to describe this process. The natural explanation may be that outsourcing often is done with commodity support, and strategy or trend identification is of a more complex nature. The summarized attitude concerning purchasing of information or support; the closer to the company's strategy the less involvement by others. Almost everyone took part of general reports produced by other and bought by the company in their identification and some also did buy an outside view of the company from consultants. Though, more respondents used their networks of suppliers, customers or their personal circle of contacts to get information and advices. This may depend on the to some extent secret information that is discussed since it may affect the company's future strategies. Also, since the information often is uncertain it affects the company's ability to know what to purchase.

One rather surprising aspect in the connection to the low purchasing is the different maturity of the processes and also the different level of knowledge. Maybe, more companies would need to increase their own competence and knowledge in how to use trends in connection to strategies to be able to develop their processes. Also, these competencies would need to develop in some companies to increase the awareness in the whole company and the maturity of the processes of the trend utilization. For companies not using external support or consultants and lack the competencies needed to build a mature process, this may be a barrier for development.

6.4.3 THE DISTRIBUTION OF RESPONSIBILITY

According to the scholars opinion described in the theoretical framework two important tasks for the top management team is to shape the organizational structure (Porter, 1996) and the ability to communicate, in this case, the strategy (Vecchiato & Roveda, 2010; Porter, 1996). These factors were also a topic during the interviews together with some additional factors. Most managers also agreed that the CEO, or top management, were responsible to call for change when needed. Though, how the responsibility for trend utilization in company should be distributed was not as clear.

Many managers agreed that it would not harm if more people were involved, but to what extent this was a task for employees varied. Often, higher management had the responsibility to be in charge over the own area of the business. This was most explicit in the consultancy companies decentralized models and in the other companies' top management team and if there was a special department for business development. However, a reflection from the interviews is that it may vary a lot how explicit this responsibility was given to those managers that the respondents indicated to be in charge for trend utilization. If the responsibility was distributed in the company it may be clear for all involved that this is the fact, otherwise the task may be missed or ignored.

In this case the consultancy companies did distinguish from the other companies in the study. The approach for all employees as tentacles in out from the organization was way more common in the consultancy industry than n the rest of the company and it may depend on the fact that the consultancy companies had front-edge knowledge as one of their business offers to customers.

As consultancy companies rejected specific departments for business development a few of the other respondents were satisfied with this way of working. According to Kaplan & Norton (2005) all companies that are successful in strategic management and implementation has a department for this type of job. Though the opinion from the interviewees were two-folded – some companies had a special department which took part in the trend incorporation and other did not. The common aspect for all companies were that the employees at the department were in some way or another involved in other processes of the company and/or had a strong connection to someone in the top management team.

7 CONCLUSIONS

This chapter aims to conclude this study by answer the research question and to provide the theoretical and practical contributions from this study together with ideas for further research.

The research question this study aims to answer has guided this research. To analyze the question from many different perspectives the research questions was followed up by four sub-questions and the findings were in the discussion connected to the relevant theory in each of the sub questions. The research questions is formulated as follows:

How do top managers incorporate trends and changes in their surroundings in decisions concerning strategies?

The conclusions connected to the research question are summarized and described in the model below in Figure 7.1 that was developed during the research. The picture was shown in the introduction with the aim to schematically show the conflict between the structured company and the changing environment. The same picture is now used as a basis for the model *Framework to strategically manage trends.* Hereafter, the letters in the text provides a reference to different parts of the model in Figure 7.1.

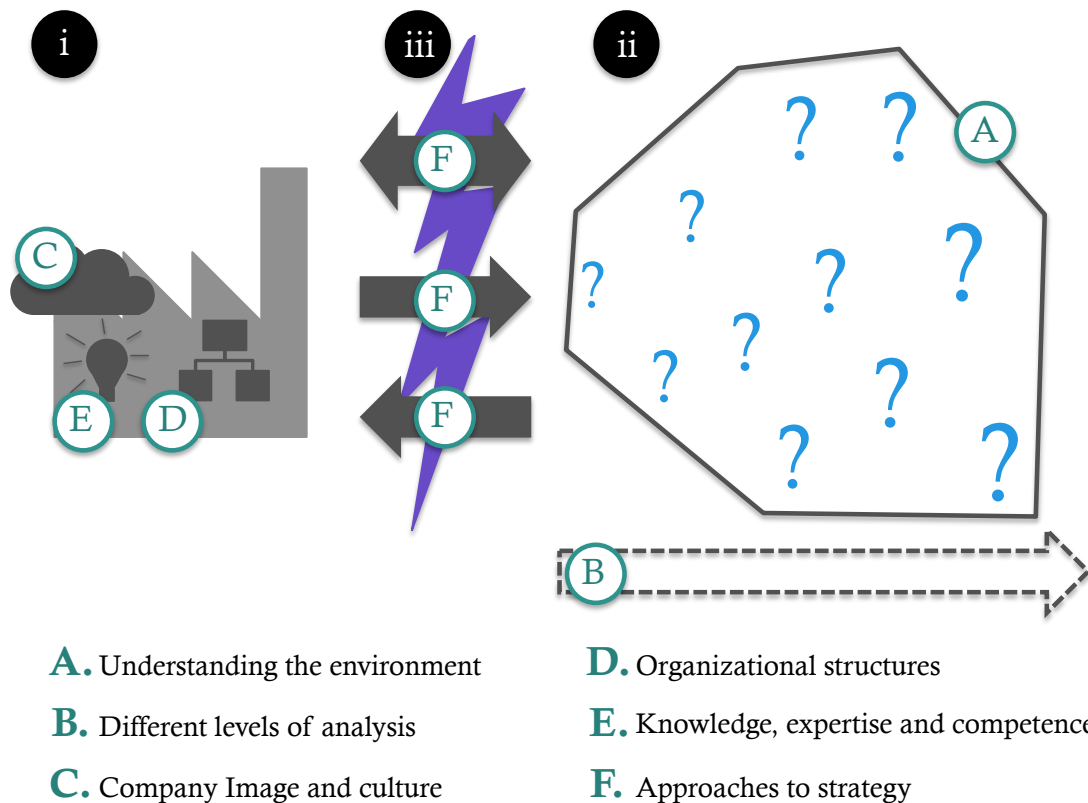|	
A. Understanding the environment	**D.** Organizational structures
B. Different levels of analysis	**E.** Knowledge, expertise and competence
C. Company Image and culture	**F.** Approaches to strategy

Figure 7.1: A schematic picture over the different methods and tools managers used to manage the conflict between the company and the changing environment.

Scholars and managers both agree on the importance to keep strategies up to date by using trends and environmental change. This is an assignment that is important since the company's competitiveness lies in the strategic decisions and the company's strategic fit between the environment and the organization. Though, it is important to understand the environment by knowing what parts of it that is changing and to understand how uncertain the future is for the company (A). If the environment is not completely understood, it may be difficult for the mangers to choose the right methods and tools to manage and utilizing trends in an efficient way.

The speed of change also affect how managers formulate strategies and organize the organization since the companies' need to be agile is dependent on the coming speed of the change and the level of uncertainty (A). This implies a change to less detailed strategies and a more common realization of emergent strategies that are managed and decided upon when it appears. Therefore, the use of strategy formulation processes may change to become more adaptive and use of for example learning as a way to manage the uncertainties of the future (F).

One of the challenges in efficient trend utilization is to be able to cope with trends on all different levels and all different types of trends, such as trends from micro to macro and customer, technology and market trends. Many scholars cited in this study, for example Grant (2008), Vecchiato & Roveda (2010) and Day & Schoemaker (2004) also pointed out the importance to look out for different levels of trends. Therefore, it is not only important to understand the environment but also to construct methods to manage the different trends and levels without being blinded or hampered by different barriers (B). Since many companies focuses on the needs and wants of today's customers, it is likely to be blinded into what those want in the future and thereby miss out on trends affecting the customers in the coming year. Therefore, as one manager did, it may be beneficial to use to different forums for the business of today and for coming threats to not let any barriers blind the foresight (D).

The organizational structure, and particularly the barriers for change within the organization, has been discussed with every executive in this study. It is important to use the knowledge of those barriers to decrease their implications and to create a culture were employees are ready to change and develop the organization. This has been pointed out as vital by those executives trying to transform how the company is doing its business or what the company is creating, and also pointed out by many of the scholars used in this study. One way of creating involvement and implementation is by creating opportunities for many employees to be a part of the strategic process (C).

Even if the barriers during the interviews were more or less described they are important to recognize and have sufficient knowledge about to manage and minimize the affection on the strategy realization (D). Two barriers noticed in the theory, political and psychological, were less discussion about during the interviews. Though, it may be important for managers to accept the existence of barriers and encourage people to share information and tell their own perspective. The organizational barrier were in most cases discussed together with the culture's ability to stronger a transformation if the culture is consistent with the strategy but also hinder if the strategy is compelling to the culture (C). The organizational barrier also connects with the implementation of strategies, if employees get the right communication and involvement in the processes the implementation easier succeeds and the organizational barriers decrease due to increased knowledge and understanding. Therefore, it is also important to delegate the responsibility for trend utilization in a clear and explicit way as all other tasks (D).

The processes or methods used for utilizing strategies are more or less formalized, and also more or less developed and mature across the companies studied. The different approaches for how trends are utilized in strategies also convey for different use of methods and processes (F). Nevertheless, the used of explicit defined methods together with experience and knowledge about trend utilization and strategy formulation seem to have provided the respondents in the study with the most mature processes and methods. The respondents that showed the deepest insight and knowledge also had deliberated considerations and used their knowledge to manage many of the challenges (E). Enough competence, within the company or as an external resource, is although important when developing and creating methods for trend utilization (E).

When managers decide to act on different changes and take strategic decision are not completely comprehended in this study but there are many connecting theories. If seen from the strategic decision-making perspective, the decisions are far from rational since there is a great portion of uncertainty and unclear futures. Therefore, the decision-making process may depend on the firm characteristics or mangers capabilities or past experience. The respondents decided to act differently on strategic decisions described, some had high risks and the approach of trial and error while other wanted to investigate the options deeper wishing the decision would be right. This may therefore fully be a strategic when to act and may depend on the company's visions and goals on what to accomplish and brand them. If seen from a strategy perspective, this may depend on the different approaches companies used to formulate strategy, which may be chosen because of the overall company strategy or managers preferences (F). However, if seen from a marketing perspective, the decisions on when to act may also be connected to the company's brand and image as it may be a part of the values to always be first on the market, to serve customers with high quality or other important statements within the company's brand (C).

To summarize, it is important for managers to make decisions regarding trend utilization and what methods to use. An existing strategy for how to work with trends are important, otherwise this non-decision may lead to an ad-hoc management of trends which may risk the company's survival. The strategic considerations for how trend utilization should be done in a company is vital for how the managers will act in the organization and within the connection between the company and the environment. Those strategic decisions can be done in many different levels – from corporate to department – but also in different functions of the company. For example, distribution may have other strategic consideration than product development. Though, those considerations should be done upon a clear and deep understanding of the environment (A-B), the company's characteristics (C-E) and the existing strategy (F). The main strategic considerations that may be done for each part of the company is shown in Figure 7.2 and those are connected to the properties of the company and the environment of the company.
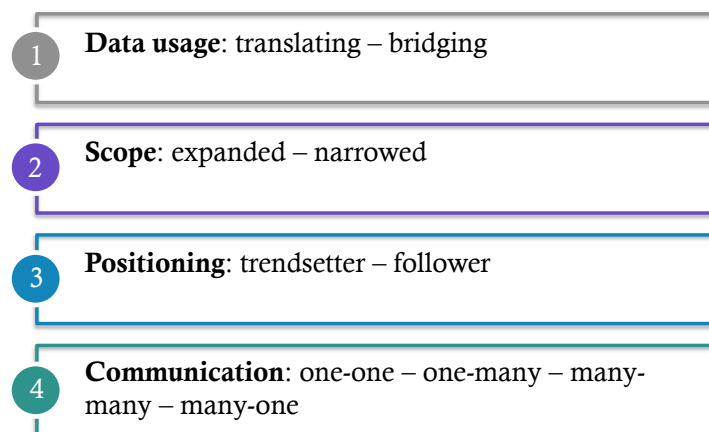
1. **Data usage**: translating – bridging

2. **Scope**: expanded – narrowed

3. **Positioning**: trendsetter – follower

4. **Communication**: one-one – one-many – many-many – many-one

Figure 7.2: Strategic consideration that guide the methods and objectives for trend utilization

The use of data could be made by translating all information collected to understand the underlying facts and how this may affect the business of the own company or industry. Another strategic consideration is to bridge all information and use the knowledge and projections as background to take decisions. Translating is more demanding seen to needed competence and resources. Also, this strategic consideration is closely related to the next consideration about the scope. It could be narrow which means only collecting trends and data that fulfill certain criteria, which are important and selected to give specific information about an area, or it could be expanded and thereby taking in all types of information within the subject.

The positioning is a strategic consideration that was described above and concerns how and when the company should act, and also what resources to use. If being a trendsetter it is important to strive to be the first acting on or set a trend while followers could copy others products or behavior. It is also a strategic consideration to decide whom to include in the strategy for trend utilization – from responsible to participation in screening for new trends, analyzing them and taking action.

7.1 FURTHER RESEARCH

The subject of strategy and strategic formulation is well developed and research has been going on for decades. Also the approaches on decision-making are broad and have developed during the past years focusing on the psychological and cognitive aspects of decision-making. Though, there is a need to increase the understanding deeper among different factors influencing the processes and methods used for identifying trends and changes in the business environment and both comparative and longitudinal cases could be necessary to expand the knowledge. Since the founders of Trendie, Staxäng and Darvik, did their study in 2009 the executives' knowledge has increased but the impression is that the increase is dependent on experience rather than cooperation between academia and business.

The developed model is suited to use for further research because it may be interesting to go even deeper into the different aspects in the model and investigate the use to develop the knowledge around those aspects and their use. For example, this qualitative study can be used as a bass for quantitative studies. Further research could be made to reinforce the implications of this study and measure the use of the different areas discussed during this study.

As a few of the respondents noticed the concepts and analysis of *big data* could increase the company's deep analyses and understanding for customers revolutionary. Therefore, the opportunities and risks of using big data ought to be investigated to continue the development of big data in strategy issues.

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8.2 INTERVIEWS

Interview 1 (2014) Tomas Carlsson, Group CEO, Sweco. Interviewed by Johanna Svensson [in person] Sweco's office, Gothenburg, Sweden, 2014-09-29.

Interview 2 (2014) Magnus Meyer, CEO Sweden, WSP. Interviewed by Johanna Svensson [in person] WSP's office, Stockholm, Sweden, 2014-10-10.

Interview 3 (2014) Asanga Gunatillaka, Chief Product Officer, ComHem. Interviewed by Johanna Svensson [in person] ComHem's office, Stockholm, Sweden, 2014-10-10.

Interview 4 (2014) Urban Nyblom, Market analyst, 3. Interviewed by Johanna Svensson [in person] 3's office, Stockholm, Sweden, 2014-10-15.

Interview 5 (2014) Mats Granryd, Group CEO, Tele2. Interviewed by Johanna Svensson [in person] Tele2's office, Stockholm, Sweden, 2014-10-15.

Interview 6 (2014) Jonas Wiström, Group CEO, ÅF. Interviewed by Johanna Svensson [in person] ÅF's office, Stockholm, Sweden, 2014-10-15.

Interview 7 (2014) Andreas Ohlson, CEO, Metro. Interviewed by Johanna Svensson [by phone] Lindholmen, Göteborg, Sweden, 2014-10-20.

Interview 8 (2014) Bosse Svensson, Consultant to top management and board in business intelligence, Stampen Media Group. Interviewed by Johanna Svensson [in person] Stampens's office, Gothenburg, Sweden, 2014-10-21.

Interview 9 (2014) Markus Granlund, Group CEO, Semcon. Interviewed by Johanna Svensson [in person] Semcon's office, Gothenburg, Sweden, 2014-10-27.

Interview 10 (2014) Jonas Eriksson, CEO, TT Nyhetsbyrå. Interviewed by Johanna Svensson [in person] TT's office, Stockholm, Sweden, 2014-10-28.

Interview 11 (2014) Mats Almgren, Business area manager for Company services, Telenor. Interviewed by Johanna Svensson [in person] Telenor's office, Stockholm, Sweden, 2014-10-29.

Interview 12 (2014) Lisa Axelberg, Founder, Teligoo. Interviewed by Johanna Svensson [in person] Teligoo's office, Gothenburg, Sweden, 2014-11-13.

Interview 13 (2014) Axel Darvik & Erik Staxäng, Founders & CEO/CFO, Trendie AB. Interviewed by Johanna Svensson [in person] Trendie's office, Gothenburg, Sweden, 2014-11-18.

Interview 14 (2014) Tobias Regnell, Founder and CEO, Offside org. Interviewed by Johanna Svensson [in person] Sushi Mamaya, Gothenburg, Sweden, 2014-11-18.

APPENDIX: Interview guide

The following questions were part of the general interview guide used during the data collection. Since the interviews were unstructured the questions could be formulated in different ways and also the order of the questions changed depending on the interviewees answers and how the interview advanced. Note that all but one interview was held in Swedish with the Swedish interview guide.

Why and What

Purpose with questions: Competitiveness / avoiding risks / being first to the ball / etc. Also: which trends are used

- How important is it for you to monitor and capture the trends and changes in the world?
    - Why is it important?
- What are the biggest challenges of working with trends and business environment changes?
    - Why?
- What types of trends and changes are especially important for you to identify?
    - Marco/Micro vs Technology, Economy, Social, customer changes, legal, etc.
    - Trend vs hype - how do you know the difference?

Methods and tools used

Purpose with questions: How to identify / analyse / safeguard. The formalization of tools. The depth of understanding the trends.

IDENTIFICATION
- How do you identify trends and changes in the world?
    - Own process, meetings, reports, consultants, etc.
- What channels do you use to listen to changes in your business environment and the world?
    - In house, purchase of knowledge or outsourcing.
        - How competitive advantage if they have the same information?
    - How do you know that the info is reliable enough to use in future decisions?
    - How do you determine a "moderate" level of identification in order to not miss important changes or have too much information to analyse?
- Time? Connected continuously, or something that is done per quarter / year, etc.?

ANALYSIS
- How do you exploit on the different changes that you identify?
- Do you use different tools for analysis and discussion?
- Who is it that examines the trends that you capture? Is it in-house or outsourced?
    - Are trends viewed as qualitative information and quantitative data?
- How do you take in this work, with analysis, in your strategies?
    - Is this done continuously or at certain intervals?

Purpose with questions: Connecting to the organization and the broader perspective.

- Is this work to identify and analyse formalized in a process or similar?
- Where in the organization is this work done? Different identification, analysis and exploitation?
  - What is your role? What is the role of the management team?
  - How is information about trends and analysis spread in the organization?
- Is the trend and change work a part of your culture, or is it a person who is responsible for this work?
- Are you satisfied with your approach that you use today? How long have you been working as you do today? Changed recently?