Going International?
- Recommendations for SMEs in early stages of internationalization

Master thesis in Entrepreneurial Management
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Executive summary

In a world where the Internet and good communications accelerates the globalization, having connections across borders becomes a competitive advantage. The easy access to a constant stream of information is making the opportunities countless, adding to the equation that the Internet and supplementary techniques such as different types of software are still very young, the opportunities will keep on emerge. At the moment there are still great gaps in terms of technology between countries, which enables fast growing companies such as Lintner to fill a niche and gain new market shares due to their technological lead and managerial practices. But how should they enter the new markets and reach the new customers? This research has put the emphasis on creating a guiding discussion on how an international expansion strategy could be formulated.

We have found that organizations can lower the risk and increase their profit potential by combining several strategies, that they start by expanding with a low-risk strategy and then increase the investments on the market to enable higher profitability. The benefits with this approach is that a small computer software company can take advantage from the simplicity and low needs for capital and then gradually increase the investment as they get market knowledge and a solid customer base. They need to work around challenges such as cultural differences by allowing the due diligence to take time and the targeted company to become familiar with the intentions of the collaboration. It is important that the organization prepares itself for the internationalization; this is done by the creation of slack resources. The strategy they choose must be formulated and incorporated in the overall business strategy.

To successfully describe the alternatives to expansion currently available to Lintner, an extensive literature review has been conducted. But to fully understand the surrounding environment and the challenges with international expansion, we have conducted several interviews within Lintner, but also with three organizations that have previously found themselves where Lintner is today. The findings from these interviews were interpreted and placed in context to Lintner’s and to companies in their specific situation. This has been done in order for us to create a meaningful contribution to Lintner’s future growth.
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1 Introduction

The introduction is aimed at increasing the understanding of Lintner as a company, surrounding factors in the industry and internationalization patterns. There will also be a section for discussing the structure of the thesis.

The company in focus has been made anonymous and will be called Lintner. All other companies have also been made anonymous and fictive names are used.

Lintner was launched by five owner-entrepreneurs in 1998 with the intention to serve an existing customer base, as well as to fill an earlier unexploited niche in the Internet content management industry. The five entrepreneurs had experience with IT-consulting and also a developed network of customers. Lintner was formed as a common platform around these customers in order to better serve their needs by combining resources and experiences of the five entrepreneurs.

During the nine years Lintner has been active on the market, the company has experienced substantial growth in terms of financial results, number of employees, and product portfolio. Since its founding, Lintner has grown both internally and externally by developing or acquiring new products. Two years after the launch of Lintner, ‘Slow Partner AB’ made investments that enabled Lintner to further develop and refine its product portfolio. During the following years, Lintner started to gain momentum by acquiring ‘Lex Industries AB’ and a number of licensed software technologies. In late 90s Lex Industries AB exploited the possibility of a joint venture with an Italian company in Milan with a costly failure as the result. The focus was again emphasized on the Swedish market. Furthermore, outside staff was recruited in order to form the foundation of the company’s consulting division. In 2005, substantial investments were made in to a new product platform, which today forms the ground for Lintner’s product portfolio. At the start of Lintner’s business in 1998, many other companies started similar projects. Today, most of the competition has either gone bankrupt or been merged in to a few organizations in an industry where Lintner is known as number two in Sweden (personal communication, 2007-04-14). This has enabled them in to invest in new projects and expand their business portfolio.

Today, Lintner consists of four core business areas, content management, web solutions, mobile applications, and project management. The four areas have grown through internal development and external acquisition of new technologies.

As described, Lintner has experienced substantial growth during the nine years that the company has been active. From starting out as an entrepreneurial team of five, Lintner today has evolved into an entrepreneurial firm of some 40 employees at two locations, headquarters in Jönköping and an office of equal size in Stockholm. Globalization now enables them to target markets outside of Sweden and by doing this finding synergies in opportunity exposure and economies of scale.
1.1 Company presentation

Lintner is a company that develops, sells and provides consultancy functions in the content management industry. They are working with “enterprise content management” with the business idea formulated as “Lintner AB säljer, utvecklar och anpassar webb- och mobila applikationer” (Lintner, date N/A). Translated to English it says “Lintner Affärskommunikation AB sells, develops and adapts web- and mobile application”. The company also has a newly developed product in their business area mobile applications, and a recently bought and ongoing development product in project management. Their employees can be divided into four “major groups”; namely management, consultants, developers and sales people. They have offices in Jönköping where they were founded, and Stockholm where they first opened a sales office in 2002 and now employ about the same amount of people as in Jönköping. Figure 1-1 shows a timeline of the development of Lintner and the different business areas. This figure has been created after reviewing Lintner’s history section on their website (Lintner.se, N/A) and discussing with Lintner representatives.

As the figure shows, Lintner now operates on two geographical markets in four different business areas and has made an attempt to enter a third geographical market i.e. their first international market in Italy. There is a larger version of the timeline in appendix A.

Before they were founded in 1998, the five founders each operated their own company and had a network of customers. Today, Lintner shows profit and is looking to expand in all business areas. Content management is their biggest business area which as mentioned also was where they started. It is where they develop their content management system that they also consult in or make totally tailored solutions in web-solutions. Mobile applications is a unit that develops mobile software solutions just as the name implies. Project management is an area where Lintner purchased knowledge and a system and now tries to finalize the development to take it to the market. Web solutions used to be a part of content management but as time passed, it has developed in to a more specialized unit focusing on tailored solutions.
According to statistics gathered by Lintner 70% of their sales are made within 20 kilometers from one of their offices, another geographical branch should therefore allow them to increase their sales even further. Lintner also aims at reaching a turnover of SEK 50 Million in 2007 and SEK 100 Million in 2009. This means that they need to somehow strengthen their market and expand their existing businesses.

The acquisitions Lintner have made so far have been successful much thanks to the due diligence skills of the management team (personal communication, 2007-04-12). Successful means that the acquired company has been integrated into Lintner and they have made use of the resources bought (personal communication, 2007-04-12). They managed to make use of the management skills and the technology.

Although Lintner in legal terms did not make the attempt to enter a foreign market, they played a great part of the activities through the company that they later acquired, Lex Industries AB. Explaining further the activities with the Italian company in Milan, Lex Industries AB were in the belief that their products had great potential on the Italian market. Negotiations followed through with hesitations from both parts, however a joint venture was established between Lex Industries AB and the Italian company. Differences in product development, ambitions and intentions from both sides of the partnership drew the two companies apart. This attempt to establish a joint venture internationally will be considered as in-house experience rather than an actual activity concerning Lintner’s current organization.

1.2 Three cases of internationalization

As a complement to the theory this study includes aspects and knowledge gathered from three case studies of companies having experience from different types of entry modes and the internationalization process. Below a short description of each company and respondent working for each company is presented.

Company Alpha is a supplier of IT with services in management, engineering, business systems, systems development, integration and infrastructure and operation. They can satisfy the needs for small and large companies due to their outsourcing and specialist capabilities. Company Alpha aims at taking full responsibility of the customers’ IT-services, from analysis to support. They do this by using their size and organizational knowledge. Company Alpha was about to go public in 2006 but was instead bought by a Norwegian company, which further increased their organizational capabilities. Today Company Alpha employ around 1000 persons and if needed has access to an additional work force of 2200 persons from their Norwegian owner.

Respondent A, Controller at Company Alpha AB

- Respondent A has been working for Company Alpha for seven years and is now working as a controller with special insights into acquisitions. Company Alpha has been very active in their internationalization and is well represented in Sweden, Norway, Finland as well as with a few Swedish consultants in Denmark.

Company Beta works with consultancy in IT and business development. They have divided their services into three business unit where strategy is one, business integration another and technology the third. This enables them to take on large customers and help them not
only in developing their IT environment, but also to ensure high reliability so that the customers can focus on their core competence. They are partly owned by a Finnish venture capital firm, which works on trying to find suitable partners and possible acquisitions. Today, Company Beta employs approximately 200 persons at seven locations in Sweden, Finland and Norway. Sweden is the home country with offices at five geographical locations.

Respondent B, Business Unit Manager technology, Company Beta AB

- Respondent B has been working with Company Beta for one year. He is involved in creating value for his business unit as well as contributing to the overall business value through commissions involving work with internationalization and looking for suitable opportunities.

Company Gamma was founded in 1994 and has since then been working with developing tools for content management and portal management on the Internet. Today, they are the largest supplier of these services in the Nordic countries, hosting more than 2000 sites. The development of their software product is done in Stockholm and they have own personnel in Sweden, India, England, Norway and Denmark. These offices are responsible for finding suitable partners in their home country and also ensuring that the partners live up to the partnering deal. They are active in their internationalization via license partner’s 22 countries.

Respondent C, Knowledge management Manager

- Respondent C has been working at Company Gamma for 6 years and is responsible for training, support and consultancy services. This means that Respondent C is active in questions regarding training of foreign internationals and cross-border management.

A summary of the empirical findings of these case studies is displayed in chapter three in Table 1.

1.3 Problem and background

As mentioned, 70% of Lintner’s customers are situated within twenty kilometers of a Lintner office (personal communication, 2007-03-16/-04-19). In order to expand their market share, Lintner would benefit from entering new geographical areas. Moen, Gavlen & En-dresen (2003) argue that small computer software developers must seize the opportunity of expanding internationally fast since their technology in time without developments become obsolete and loses its competitive advantage. This implies that Lintner should try to find a suitable strategy and exploit this as soon as possible.

Through initial conversation, we have found that Lintner has previous experience of internationalization and is at the moment considering several expansion alternatives as well as currently working with growth in several ways. This thesis however, will focus on growth through internationalization. Luostarinen (1989) classified the different growth alternatives for a firm (figure 1-2). Lintner are at the moment working with growth in old market segments and growth through product diversification. We have therefore together with the CEO of Lintner chosen to focus on the highlighted path (personal communication, 2007-04-12) (figure 1-1), “internationalization through geographical expansion”. This path is especially useful for companies operating in small countries (Luostarinen, 1989), which we must con-
Consider Sweden to be in comparison to alternatives interesting for Lintner such as England and Germany (personal communication, 2007-04-12).

According to their strategic document “Strategi 09” they are to reach a turnover of 100 million SEK in the year 2009. In 2006 the turnover was close to 40 million SEK. In order to reach the intended turnover they need to expand their business and reach more potential customers. One way of doing this is to establish themselves in a new market such as a new geographical location. However, when establishing an existing business at a new site there are considerations that need to be understood and accepted upon in order to be successful. Therefore, issues related to new market entry such as barriers to entry should be investigated. The theory related to international acquisitions by SMEs is limited (Agndal, 2004). Therefore one suitable method for finding trustworthy material is to research similar companies that have chosen or are planning an international expansion, and the reasons for this.

When entering a new market, Lintner can choose to merge with another firm, acquire a smaller firm, establish some kind of cooperation with a firm, or establish a completely new business at a foreign location. After discussing with the CEO of Lintner and reviewing the company history, acquisitions have been highlighted as most interesting expansion mode. Although this does not imply that we should only focus on acquisitions, we will pay extra attention to this strategy. Once the mode of entry has been decided, strategy and challenges that commonly are associated with this must be researched. By expanding internationally, companies try to find synergies and beneficial circumstances that can further improve the business performance. What are the major benefits Lintner could gain by entering a foreign market? That the market is foreign also implies cultural clashes and we need to understand how to adapt to these. How can Lintner socialize people into accepting the current company culture and values or somehow develop a new one that suits a larger organization?
We have therefore found two major paths, challenges and potential winnings of working with an international expansion strategy.

We have chosen to focus our research on international expansion. For this reason we need to understand the dynamics driving an international expansion strategy. How can Lintner enter a new geographical market in the best way and how can they master potential challenges. We can investigate this by learning and applying theory regarding modes of market entry and barriers to market entry.

The research questions will therefore be:

• Which mode of entry is best suited for Lintner?
• What are the potential winnings and main internal and external challenges Lintner is likely to face with plans of an international expansion?
• How can Lintner identify and cope with these potential barriers to entry on the international market?

1.4 Purpose

The purpose of the thesis is to conduct a study that will help Lintner as well as companies in situations similar that of Lintner in understanding the nature of the process of an international expansion strategy, and opportunities both internally and externally.

1.5 Limitations

There has only been a limited amount of research been conducted in the field of SME international acquisition strategy. Therefore it has not been possible for us to draw conclusions based solely on previously developed theory. We have therefore been placed with the opportunity to find a way to formulate a creative oriented action plan. This has been done through interviews with companies that have been in a similar situation as Lintner is now. The companies examined, are all computer software companies with additional services that are comparable with Lintner.

1.6 Structure of the Thesis

The thesis is divided in to four major parts. These are introduction, methodology, empirical findings and analysis, and conclusive discussion. This structure has been chosen in order to increase the accessibility of our research for the researched company and possible academic readers.

The introducing part contained a brief company description of Lintner, which serves as the foundation for the reasoning through the whole thesis together with the complementing case studies of three similar companies with different strategies and size. This first part also included problem formulation, limitations and purpose of the thesis.

The second part consists of an explanation of the methods for information gathering in terms of interviews, article research and literature studies as well as how we have chosen to process this and present it.
The third part involves what in an original thesis would be called, theoretical framework, empirical findings and analysis, considering an original structure departing, theory, empirical findings and analysis. These are bundled together in order to create a more purposeful contribution to the area of interest, and make the thesis more accessible to non-academic readers, specifically for the company in question. In the part called, “findings and analysis”, the common literature on international expansion strategy has been used as a framework and findings from the interviews have been used to form a discussion based on the theory. The theoretical part deals with the most common modes of international entry and will be discussed as options for Lintner’s internationalization.

Last, in the fourth part, there is a discussion with recommendations and conclusions as to how Lintner should approach the international expansion strategy and how they can get the most benefits as well as how to avoid potential barriers and challenges. The structure is visualized in figure 1-3.
2 Method

In this section, the method used for creating a realistic thesis are discussed and presented. Furthermore, an explanation of the methods for information gathering in terms of interviews, article research and literature studies will be presented together with how we have chosen to process this and present it.

Companies looking into the internationalization process are facing a complex reality. The customer needs to understand the supplier and have realistic expectations of the suppliers’ offering (Edvardsson, Edvinsson & Nordström, 1992). Edvardsson et al. (1992) further claim that it is the personal relationship between the buyer and the supplier for example the perception of the offering that enables international deals. According to Gooderham and Nordhaug (2003), one of the most critical factors of success is related to how the expanding company succeeds in adapting to the foreign culture. Therefore, we have researched on how Lintner can limit the possible challenges by reviewing current theory on the topic and relating that to the findings from the interviews with our respondents.

According to Gooderham and Nordhaug (2003), we can learn a lot by looking at similar companies when deciding how to adopt what strategy. Therefore we have looked for companies comparable to Lintner that have already taken the step to becoming international. These companies have then been interviewed regarding the process of internationalization and the challenges and benefits they experienced. But even with comparable companies, no internationalization process will exactly match Litum’s or as Edvardsson et al. (1992) argue, each case of internationalization in companies needs to be treated as unique in the sense that no general success factors can be given. Therefore we were forced to understand the specific details about Lintner and their strategy in order to present useful and credible recommendations.

Interviews have been conducted with respondents that would play a major role in the internationalization of Lintner on a regular basis in order to understand and portrait the reality of the business and industry in a trustworthy and valid way. These interviews are listed in Appendix B.

2.1 Literature study

Since the aim has been to provide information helpful for this specific company’s organizations’ international expansion, theory was gathered and reviewed in order to strengthen our understanding of the internationalization process. The international expansion serves as a basis for how we approached the theoretical investigation. Documents handed to us, written by Lintner have been of a strategic character and have only been used for guiding our analysis and recommendations.

In the literature study we have looked for scientific articles and published books that match search-phrases such as:

- International expansion
- Barriers to entry
• Cultural differences
• Acquisitions
• Partnership

The literature of interest was both academic research and practical case descriptions.

2.2 Information gathering

Interviews have been held continuously with Lintner in order to achieve a high validity of our study. The interviews have provided the research with both explorative materials in the sense that we investigated events we did not know about before the interview, and explanatory in the sense that we could guide the interview to understand aspects not previously understood. Since we used interviews to understand a specific situation in a specific company, we acknowledge the fact that interviews are interpretive (Stake, 1995) meaning that the findings where interpreted by us and we must rely on our understanding. This should not be a challenge though, since the study’s aim was not mainly to provide generalizable knowledge, but the value of our findings will be based on the value it provides to Lintner.

In order to successfully describe and analyze the case of Lintner’s international expansion strategy, we examined other organizations using interviews in order to find the complexity surrounding the internationalization. This gave us little room for creating a general knowledge applicable to companies in similar situation just as Stake (1995) states, but it allowed us to understand possible ways of avoiding obstacles that may be found in Lintner’s future. And also the information found can be used for other organizations in an international expansion-planning phase. These since the conclusions are formulated in a general way, which should make them interesting for all companies in the same phase as Lintner.

We have been able to reach a high degree of reliability since we have had the opportunity to conduct several interviews (Björklund & Paulsson, 2003) with Lintner. We also conducted telephone interviews with companies we believed could be of use for Lintner’s future endeavors. The telephone interviews were conducted in Swedish since we have only been focusing on examining Swedish companies. We, the authors, have translated all quotations to English. The interviews that took between 20-30 minutes each were recorded. Afterwards we analyzed them in order to relate them to each of the research questions. In order to avoid misunderstandings we sent out protocols for admission by the respondents. Just as Stake (1995) states, in case studies, it is the individuals and their perceptions that are important. A semi-structured approach on each interview was conducted using the questions found in appendix C as base for our questioning. In addition to these questions we tried to develop a discussion with the respondents so that we could find information previously not considered by us. The examine companies have been made anonymous and their names has been replaced with the fictive names; Alpha, Beta, Gamma. The respondents have also been kept anonymous and named respondent A, B and C. This should ensure the anonymity we agreed upon before and during the interview was conducted.

With the information gathered during the interviews, we created an interview for Lintner in order to see how well prepared they are in accordance to our findings. The questions asked can be found in Appendix D; on these we base our recommendations and conclusions.
The results from our interviews have been analyzed and put in context to the literature available. After the interview, our written document of the findings has been sent to the respondent in order for them to add more facts and get the possibility to correct misinterpretations.

In Appendix B, all the interviews are listed with dates and respondents that we have had. We have also listed the purpose of each meeting/interview.
This third chapter is the first of two where the intention is to present and elaborate the connection between theory and the empirical findings of SMEs’ internationalization process. These two parts is what in a traditional thesis would be called theoretical framework, empirical findings and analysis. These are bundled together in order to create a more purposeful contribution to the area of interest, and make the thesis more accessible to non-academic readers, specifically for the company in question.

A reappearing theory model when reading research on the subject of international expansion is the Uppsala-model (figure 3-1), which describes the internationalization process (Johanson & Vahlne, 1977). It has been described as a process of gradual international involvement of firms in terms of how their learning affects their investment behavior (Forsgren, 2001). The concept of the model is that the process takes place in sequential stages, with increasing interests and involvement in cross-border markets. It also suggests that companies often choose to try out physical close foreign market at the beginning of internationalization and then gradually going further away from the home market. This is the case for company Alpha: today they have a total focus on their neighboring countries in order to avoid setbacks due to poor market knowledge. Respondent A states:

“A lesson learned is that we have not been close enough to the organization outside of Sweden, geographically. That we are not present on the location. Organizations outside of Sweden must be supported in another way, it is a different culture” (Personal communication, 2007-05-14).

With this being said, internationalization is the result of a relationship between increasing knowledge and commitment in the market. (Kjellman, Sundnäs & Ramström, 2004). This became evident from our respondents, where company Alpha that has the longest and most international experience also seemed to know most about the international markets and also invest most. Company Beta tried to use their existing network to scout for suitable partner candidates while company Gamma decreased the amount of risk taken by using a licensing deal structure with partners, and thereby also decreased the amount of commitment invested.
The state aspects that are considered in the Uppsala-model are resource commitment towards the foreign market i.e. market commitment and the knowledge about those operations and markets. The change aspects are decisions to the commitment of the resources and the performance of the current activates within the company (Johanson & Vahlne, 1977). This proposes a situation where the company becomes gradually more involved in the foreign market. Supported by all respondents in the way that they feel that established network and market knowledge is critical for the company’s success on any market.

Another complementing assumption is that the internationalization process preferably starts close to the home markets in small scale and then increases in both scale and distance to location. Starting with irregular exporting, some sort of sales agent activities, establishing sales subsidiaries is followed by a manufacturing and sales unit (Kjellman, et al, 2004). According to respondent B this could of course be dealt with by working on developing solid networks with the right connections so that the geographical distance becomes less important.

The strength of the Uppsala model is its simplicity; therefore with very few variables within the model it has shown to be useful when explaining the internationalization process in significant amount of occasions (Forsgren, 2001). But it is just because of its simplicity that the model has shown not to be appropriate to large multinational enterprises but rather to firms like Lintner for example and thereby feasible for explaining how their internationalization process could precede. However there has been some critique towards this model besides being mainly applicable to SMEs and the fact that that the empirical study on which the ideas are based has been conducted within SMEs, due to the linear flow of activities it implies and continuous increase of commitment over time (Agndal, 2004).

### 3.1 Objectives for internationalization

The objectives for an international expansion may differ concerning the company and the industry it is operating in. However Barringer & Ireland (2006) mention some specific objectives that we chose to present in figure 3-2 below. This figure has been created in the purpose of visualizing the different objectives by us.
During the interviews we found that all these objectives, as in figure 3-2, were to some extent in line with the examined companies. Company Alpha and company Beta were motivated by all these objectives, while company Gamma mainly wanted to expand the company’s geographical reach, achieve economies of scale and gain access to new distribution channels. Conclusively we can say, based on the study, that the objectives may differ but objectives found in figure 3-2 has shown to be the most applicable and common ones.

### 3.2 Expansion vs. Risk in SMEs

According to Kjellman, et al, (2004) direct investments such as acquisitions carry the highest risk of all entry strategies but also the highest profit potential. Company Gamma that has chosen to increase their market reach mainly by finding and developing partners with license deal arrangements corresponds to this. This has allowed them to rapidly, without larger risk, enter new markets and sell licenses, reaching economies of scale. All three respondents also point out that it is much harder to succeed on a foreign market without local presence and an existing network of (potential) customers. Figure 3-3 shows a graphical representation of how risk and potential profits are related to internationalization strategies. The y-axis represents the amount of risk and potential profits of these different alternatives. This further increases the importance of considering several different strategies for an international expansion.
This implies that an acquisition strategy falls into the category of direct investment and carries a high risk, requiring commitment and control but also has the highest profit potential. This is something that all respondents are very much aware of and are working around in different ways. Nonetheless, Lintner has as mentioned before experienced the high risk of joint venture and suffered the consequences of that failure. Company Alpha exhibits extensive due diligence where they try to assure the value of their investment, company Beta also uses due diligence for assurance but first tries to collaborate for a while in order for the organizations to get to know each other. Company Gamma works around this by avoiding large investments on foreign markets before the need emerges.

3.3 Challenges and benefits with internationalization

Theories concerning challenges often have different focus, starting with Buckley (2006) who states that SMEs run a higher degree of risk than larger organizations in international expansion. This is probably due to the limited resources of organizations currently undergoing development (Buckley, 2006). But there are also different risk levels depending on what sort of expansion strategy chosen.

There are some general challenges with companies that are adapting an international strategy. Gooderham and Nordhaug (2003) have identified one of the most common as the challenge of information sharing. Other challenges could be that it is hard to adapt to another national identity that could be devastating since we need to know the market in which we operate. Another common challenge is that international expansion could lead to rigidity in operations and an increased amount of bureaucracy. When we go international, we need to understand the market and people in the new market otherwise we will fail in gaining the benefits from the economies of scale that can be achieved, or seizing the new opportunities that is being exposed (Gooderham & Nordhaug, 2003). These challenges can
be avoided to some extent by conducting a well developed due diligence, where full transparency of the organizations are shown, which leads to a closer connection (Respondent A & Respondent B, personal communication 2007-05-14).

SMEs need well-developed internal routines in terms of financial systems, an organization that supports transparency and clear decision-making (Edvardsson et. al 1992) if they are to be successful in the development of an international organization. This is accomplished through open dialogues and mutual trust both internal and also towards partners or prospective acquisitions. Barringer and Ireland (2006) refer to challenges related to SMEs as they identify issues that concern management, organization, product and distribution and financial and risk management aspects. The managerial and organizational challenge concerns primarily the commitment of the management and suggests that decisions and strategic actions need to be supported by the top management. Thirdly, the international expansion cannot counteract with other initiatives within the company, it has to be possible in relation to the current company strategy (Barringer & Ireland 2006 p. 337). Respondent A and B who claim that the strategy has to be formulated so that the international expansion is a natural step and up on the agenda also support this. Respondent B explains:

“We have an expansion strategy, and part of the company’s vision and strategy is to become what we call a challenger in our industry on the Nordic market. With challenger we mean challenger to the large and very large organizations in the consultancy business, IT and management consulting” (Personal communication, 2007-05-14).

Further he explains one of the synergies of their strategy:

“… then in accordance to the strategy, we receive new sales thanks to acquired company’s existing customers. There is a cross-breed” (Personal communication, 2007-05-14).

Then of course the feasibility of the product on the new market needs to be examined, whether the product is suitable for the new market and if there is a need for it. In relation to the feasibility issues, the distribution issues come in second hand. In this case of software companies, the distribution will never be a cost-driving factor since the product is transferred easily via the Internet (Respondent A & Respondent C, personal communication 2007-05-14). A more pressing issue is where the production should be situated, should it be produced in Sweden or in the intended country closer to the new market? The financial issues are also important, and the issues of how this expansion should be financed, what are the benefits and how the new costumer will pay the company and with which currency and what are the risks of exchange rates and fluctuations. This is how company Gamma has formed their strategy, they do minor local adaptation and then without much expense they try them on new markets. This is typical for software products, and Moen et al. argue that the window of opportunity is brief so that the opportunity must be exploited before someone else makes the technology available.

Salvato, Lassini & Wiklund, (2006) also found that trust between people in the acquiring organization is of absolute necessity since people need to take different roles in the analysis of a potential acquisition. These “roles” are found specifically in company Alpha where several persons work on measuring and obtaining knowledge about the potential acquisition. According to respondent A, it is also very important that the two companies shows full transparency and create mutual agreements between the both parties. This is seen as a great importance for successful internationalization. If the companies are not completely open with their intentions and visions, a mistrust situation can destroy the collaboration and diminish the progress the two parties have made.
There is no one best strategy suitable for all companies in a certain sector, but we need to analyze and understand each individual company in order to find the strategy most suitable in accordance to their current operations (Edvardsson et al. 1992). The findings from our study indicate this since our respondents have all chosen more or less different strategies when pursuing internationalization. Company Alpha uses partners and networks to find suitable acquisitions or licensees, company Beta uses a strategy comprising partnering up with organization with similar interests, cooperating with them and only then, if everything fits an acquisition becomes interesting. Company Gamma has a partnering strategy where they arrange deals with sales organizations to get a wider market reach for their existing products.

3.4 Internal growth strategies

The internal growth strategies form the base around which external growth strategies are made possible (Salvato et al. 2006). This is supported by company Alpha that bases their company strategy on having 50 percent organic growth, and 50 percent acquired growth as a company motto. Without the resources or commitment to growth, no expansion is possible (Penrose, 1955). Therefore, the internal growth is considered in this thesis as an important enabling strategy for international expansion.

In order for a company to grow, certain measures and actions need to be taken under consideration. Some companies rely on internal resources and apply their strategies accordingly to those in what can be categorized as internal growth strategies. Penrose (1955) argues that companies need slack resources in order to grow. This implies that companies need to control excessive resources to be able to grow. These resources can be created by training or acquisitions (Penrose, 1955) and this further introduces acquisitions as a possibly profitable strategy. Internal growth could perhaps better be described as generated efforts that are being produced within the company. Internal growth can also be described as organic growth and refers to aspects such as new product development, other product related strategies or international expansion (Barringer & Ireland 2006 p. 330). According to Salvato et al. (2006) the resources enabling expansion must be available to the growing company. Management with experience of for example acquisitions makes up the resources. If these resources are not currently available, they should be made available before the internationalization process starts. McKelvie, Wiklund and Davidsson (2006) found that the larger the organization, the more likely the organization is to acquire growth instead of growing internally. They also discuss the reasons for this as being a lack of organizational capabilities in terms of management and experience.

This reasoning becomes important to consider when looking into international expansion since the potential cultural differences call for sufficient management resources and a well-planned internationalization process (Edvardsson et al. 1992). Respondents A and B deal with this in the way that their both organizations put high emphasis on cultural issues, mainly to look for suitable partners but also to become aware of what needs to be changed. Respondent A states; that this also makes two companies aware of each other so both companies in the agreement feel secure in the collaboration. This is applicable disregarding what sort of collaboration we are talking about.

New product development is related to new sales created by new products produced by the company, in some industries this strategy is natural and crucial for success, perhaps especially for software companies when referring to the literature that says that the average product lifecycle in the computer software industry is not more than 14 – 16 months (Bar-
However together with new product development other related strategies should be taken in consideration such as upgrading and improvements of the ones that already exist and are being produced. The internal expansion strategy refers to the company having sales activities outside the country. Even though the opportunities may appear to be greater when entering new markets in other countries, this kind of growth strategy is complex (Barringer & Ireland 2006 p. 336).

### 3.4.1 Green-field operation

When Lintner will explore the opportunities of their internationalization, they will as this thesis shows have several different modes of entry to choose from, and starting up a new venture a so called green-field operation is one of them (Brouters & Brouters 2000). Company Beta, whose business strategy allows them to explore several kinds of entry strategy modes, has a track record that involves Green-field operations and foreign direct investments. At the initial stage in each market, they start with two or three consultants with the ambition to expand fast. Respondent B explains that it is important to create the critical mass of consultants at an early stage on the new market.

There are general perceptions that takeovers and other forms of partnership relations are less risky than green field operations, which on the other hand yield a lower rate of return. This would in other words mean that more companies and organizations would be more willing to perform Green-field operations (Andersson & Svensson, 1994). The benefits with establishing a new venture, a green-field operation, are that the new unit can be developed in alignment with the objectives and properties of the investing company from the foundation. Although a new venture requires more finance at the initial stage, they can however avoid the often costly and difficult task of harmonizing with an already existing organization (Andersson & Svensson, 1994).

The challenges that the respondents mentions and reason why some of them would advise software companies not to perform Greenfield operations is that they demand a large amount of investment in terms of capital and time, considering that the company have to start up a business from scratch, establish a new customer base, an organization and totally new routines for the whole business, all this and at the same time dealing with the increased complexity of being in another country.

### 3.5 External growth strategies

When we, in this research, refer to external growth strategies we refer to common external growth strategies that consider how a company can acquire growth and become profitable by using already existing resources instead of creating new.

#### 3.5.1 Partnership

All of our respondents have used partners in different ways in order to establish themselves on the international market. The partnership has in the initial stage been a way to get to know the new company and the foreign market with as little risk as possible. According to Wallace (2004) the strategy of partnering often provides the company with the opportunity to offer new products and services to existing customers, with the possibility to exchange products and services to new customers through the partner company. Together the two companies combine their capabilities and have the ability to create something new for new customers. Finding the right partner can give synergy effects like new networks and new
markets (Moen, 2002). Similar with all three respondents is that they have found their partner companies through networks. Company Alpha for instance, which has an extensive network of consultants, partners and subsidiaries receives tips from business brokers on how and where to establish new partnership relations as a way to accelerate their growth rate and market share. Company Beta on the other hand relies on one of the owners as the part that is assigned to actively search for potential partner companies, whether they are feasible for acquisitions or other kinds of arrangements.

“It is not impossible to be successful on a foreign market without local contacts. However, the model that we have chosen is that we always work through others. To find a partner company in a foreign country is easier to accomplish if your company has had activities there before”. (Personal communication 2007-05-16, Respondent C)

Gamma relies solely on the strategy of partnership companies as the mode of entry in their internationalization. They have chosen this strategy primarily because of the low risk and the limited amount of money that these kinds of arrangements involve.

3.5.1.1 Licensing

By defining licensing as the “granting of permission by one company to another company to use a specific form of its intellectual property under clearly defined condition” (Barringer & Ireland, 2006, p 348) it could most definitely be feasible from a software developer’s viewpoint in its strategy to gain international market shares. It has been shown to be a natural step in the internationalization process referring to Kjellman’s (2004) model (Figure 3-1). Referring to the empirical findings of the interviews, licensing is a common strategy for all the respondents. In practice this means that a license is established through a license-agreement between the licensee and the licensor. The license can be exclusive, non exclusive for a specific area or for a specific purpose. Common with most license agreements is that the licensee pays an initial fee followed by an ongoing royalty for the right to use the product continuously. More specifically, small entrepreneurial firms commonly strive for a relatively large initial fee as a way to generate cash for their ongoing operations.

In practice, Gamma sells their licenses through partner companies and consultants, who in turn have certain sales goals to obtain that Gamma continuously supervises and tries to influence. Licensing has shown to be effective for in particular intellectual property-rich firms, such as computer software companies (Barringer & Ireland, 2006). Together with both generating immediate income together with continuous income the license agreement also contributes with the benefits of spreading the risks and the costs for the development of new products (Barringer & Ireland. 2006). For the partner company, it offers a source for income without them having to invest in research and development. The disadvantages with license agreements, just as for other external growth strategies, is that it could cause clashes in the top-management in making the implementation of the initiative difficult (Barringer & Ireland, 2006). Company Alpha on the other hand mentions problems with clashes in managerial issues and intention differences between the subsidiaries and the top management. The other respondents Beta and Gamma do not mention that they have experienced any major managerial difficulties and differences concerning these license agreements. When asked if the company has experienced any positive effect of using the strategy of licensing as a way to enter a foreign market Gamma mentioned that:

"The positive effect is that you enter with a low amount of risk which means that it is not so dangerous to enter a new country, compared to if where to enter on your own and employ staff” (personal communication 2007-05-14, Gamma)
The low risk factor and the little amount of resources that licensing involves is something that the respondents A, B and C mention at several occasions. These specific characteristics can also be verified in the literature by Barringer and Ireland (2006), and Kjellman (2004) and previous studies, which also is visualized in figure 3-3.

3.5.1.2 Joint venture and strategic alliances

A strategic partnership could be a way for two companies to get to know each other before starting more complex exchanges and business relations. The trend of companies using expansion strategies like joint ventures and similar strategic alliances are according to Barringer & Ireland (2006) based on the increasing awareness of being alone against all competitors is harder than competing together with a company having complementary services. More specifically; a “Joint venture is an entity created when two or more firms pool a portion of their resources to create a separate, jointly owned organization” (Barringer & Ireland 2006 p. 347). Another definition by Wallace (2004, p.8) is that a Joint venture “includes multiple independent companies, who has a clearly defined business purpose”. This strategy is quite widespread within the technological industry and companies such as IBM, AOL, Apple and Microsoft have used this strategy to increase their market shares and solidifying those markets that they already dominate (Wallace 2004).

The most common form of alliances is technological alliances, namely those created between manufacturing, R & D and engineering companies with the initiative to pool different techniques together. Alliances created with the ambition to create new distribution channels through so called marketing alliances can also be seen as one of the most common partnership strategies (Barringer & Ireland, 2006). Since Alpha’s strategy has been to identify companies with interesting complementary products within the field of IT- and business systems/solutions their products and product range is constantly evolving. Although the company has no previous experiences of joint ventures, the strategic alliances are many and have shown to be successful.

Although the preparation for entering a partnership like a strategic alliance or joint venture is similar to later mentioned strategies such as mergers and acquisitions, the cooperation issues are different; perhaps the main issue concerns the decision balance between the two partners, whether all parts will benefit from this joint venture and what legal issues should be recognized (Wallace 2004). Company Alpha has experienced problems of this character at different occasions, due to both the geographical and the managerial distance of the partner company, which in turn has resulted in the two partners terminating their collaboration. The respondent stresses this importance of communication and keeping a close relationship with the partner company. Other disadvantages and complications with joint ventures and strategic alliances partnership mentioned by Barringer & Ireland (2006, p. 345) that confirm Wallace’s (2004) thesis are management complexities, the risk of becoming too dependent on your partner and the loss of the companies’ flexibility.

3.5.2 Mergers and acquisitions

Linttner has on previous occasions chosen the growth strategy of obtaining another company in what is called Mergers and Acquisitions (M&A). To further explain the actual meaning of this combination of words, we need to elaborate with definitions given in the theory. Barringer & Ireland (2006) describe a merger as “the pooling of interests to combine two or more firms into one” while the word acquisition is referred to as the “outright purchase of one firm by another”. More specifically this means that the buying company is called the acquirer
while the acquired company is called the target (Barringer & Ireland 2006 p. 340). With this in mind, this part of the research will focus on the relevant strategy of cross-border mergers and acquisitions. According to statistics these cross-border mergers and acquisitions are increasing rapidly and in 2005 the growth rate of these kinds of deals in Europe was 58% (Firstbrook, 2007). Reasons for this boom are several; companies are cash-rich and confident now as a result of several years of restructuring. And obtaining finance by credit is relatively cheap and easy to acquire. Another reason why companies are looking abroad for new potential targets or acquirers are the increase of consolidation of the industry at the local market which reduces the number of potential mergers and acquisitions at home market place (Firstbrook, 2007).

So why choose M&A as an expansion strategy? Many authors state different reasons, however Barringer & Ireland (2006) list some of the most common ones. The major benefits mentioned in theory are of course to overcome many of the entry barriers that otherwise are associated with entering a new market (Gooderham & Nordhaug, 2003). By acquiring a company on the new market, the acquirer automatically reduces the competition with one company. Other benefits that M&A involve are receiving access to proprietary products and markets previously obtained by the target company. As mentioned above regarding knowledge such as technical expertise is a great resource that should be included in the equation in M&A. Not only does the acquirer acquire the company with all its content but also its goodwill and soft resource values like an established brand name (Barney (1991). It is also important to mention the benefits of the economies of scale and diversification of business risks that M&As contribute to the acquirer (Barringer & Ireland, 2006).

The respondents can verify these advantages; the benefits according to them are that the companies obtain new products and new customers in a short period of time. Respondent A mentions that Alpha’s strategy is to acquire a company for its products and its resources and believes that it brings more benefits than challenges.

One of the first challenges that could be recognized is on the management level in terms of incompatibility, caused by clashes between both parties. Similar clashes can also occur concerning the corporate cultures.

Although Company Alpha acquires companies with different types of products; all acquisitions fall in the category of being information technology companies so they are somewhat similar. Nevertheless, the company has an integration group processing the work with implementing the targeted company into company Alpha’s organizational culture. This is done through interviews and information sessions about company Alpha and their specific cultural elements. Company Beta on the other hand prefers to rearrange the organization in the acquired company as little as possible but works very hard on making it feel like they are being part of the “family”.

Barringer & Ireland (2006) state that by acquiring a similar company, the organization could reduce the risk of operational challenges. There are however disadvantages that should be considered although operational challenges are more related to M&A that concern acquisitions of firms within dissimilar industries. Depending on the magnitude of the M&A it could lead to an increased business complexity and loss of organizational flexibility due to the expansion of the organization (Barringer & Ireland, 2006).
3.5.3 Due diligence

For companies interested in acquiring another firm, a due diligence is performed as a process for understanding the content of the purchase. Commonly when referring to the aspects of due diligence, people associate with the research of a prospective company’s profit and loss statement and its balance sheet, some aspects of its market presence as well as legal issues (Papadikis, 2007). The information gathered through this process will be used to forecast the future of the acquired company, as the acquiring company will operate it (Green & Carroll 2000). It is important to mention that it is close to impossible to be certain of the future business conditions and operations; the process is instead aiming at obtaining the most accurate information as possible. However, when comparing financial, legal and “soft” aspects, the financial are the easiest to research and are probably the reason for managers to often solely rely on financial reports in order to make their decisions without extended research of other factors (Papadikis, 2007). The purpose of this is to create a merger without taking considerably high risks (Green & Carroll 2000). Company Alpha with its larger organization’s great experience of due diligence have a framework which they use when analyzing potential targets. Alpha benefits much from their strategy of having a transparent approach towards their partners and customers so the initial stage starts with instituting a good communication with the targeted company. If the decision is to proceed, a project group from Alpha carries out a thorough analysis of the organization, financial track record, that they fit regarding culture and values, company potential, potential customers and then of course that the company is healthy.

Dimensions that need to be examined during the exercise of due diligence according to Green & Carroll (2000: pp.163-168)

- Business description
- Capital structure and ownership
- Management issues
- Markets, competition and customers
- Marketing
- Scope of business
- Long term assets
- Short-term assets
- Intellectual property as well as
- Insurance and liability concerns

The due diligence is a two-way process, where the acquiring company commonly should have a due diligence team that includes people with knowledge about the aspects mentioned above. Similar to the acquiring company, the acquired company has a selected group of people that will assist and cooperate with the new partners (Ashkenas, DeMonaco & Francis, 1998). Respondent A mentions that the main reason for their acquisitions gone wrong was that the due diligence process was not done correctly and thorough enough and the intentions for both parties of the merger differed substantially.
3.6 Cultural aspects

“While strategic costs and revenue issues drive most deals, it is cultural issues that determine their success” (Papadakis, 2007, p. 48)

Company culture is considered a major issue in terms of organizational theory as well as in management practice. Even in small organizations where the cultural issues receive little attention the aspects are still important. Company culture can be referred to as “the way people think, feel, their values, how they act, are guided by ideas, meanings and beliefs of a cultural nature” (Alvesson, 2003). In other words beliefs and assumptions shared by members of an organization (Nahavandi & Malekzadeh, 1988 pp. 80). According to respondent A, it is very important to find partners that match these values and norms. Therefore company Alpha does not only work on understanding their own culture and the specific values that influence the organization and how they do business, but they always work on measuring and understanding the culture of the collaboration partners. If they then find that the other company is far away from them in terms of culture, they will not go further in their arrangements. The reason why company Alpha is looking for targets with similar cultures is that they have found that the deals are more successful when the changes in terms of culture and how to do business are minimized. These measurements are gathered during interviews with key employees from the acquired companies staff.

Respondent B points out that they are looking at soft values such as norms and culture when looking in to acquisitions and partners, they focus mainly on top management. However, there are several different variations of definitions being mentioned in the literature, besides what is mentioned above; conclusively the behavior and norms of the company and its organization can be categorized as contributing the major part of the company culture (Choueke, R & Armstrong, R 2000). Company culture should be considered in all sorts of collaborations companies have, companies must feel that they can work together and that both parties are contributing to their combined efforts. This is achieved by having similar culture already present (Respondent A, personal communication, 2007-04-15).

There is a general discussion whether the acquired company should be similar to the acquiring one, which could be looked as a related acquisition. Even though studies have shown that so called unrelated acquisitions can be successful, the ones that in fact are related to each other seem to be more successful (Nahavandi & Malekzadeh, 1988). But of course this is also related to the motive and the strategy of the acquisition in terms of diversification. Relatedness is a concept describing the relationship between the two cultures and how similar they are. In unrelated mergers, the objective is normally to achieve financial synergies and therefore very little effort is invested in the integration between the two firms and minimal contact between the workforces in the two companies (Nahavandi & Malekzadeh, 1988). Research has shown that as the relatedness decreases the enthusiasm by the managers to intervene in the business of the acquired company also decreases. On the other hand, when considering related acquisitions the acquirer is more likely to impose its own company culture and practices on the targeted company and thereby extending the interaction process further among the staff in the two firms. In these situations problems like managerial differences, compensation systems, resistance by the members of the two companies, differences in employee characteristics and their willingness to adapt become more evident (Lubatkin, 1983). Company Alpha tries to change as little as possible in their acquired companies, this has two reasons. First, the company they buy is already healthy and working, secondly, they have experienced problems when trying to adjust an organization with a very different culture to their own. They have not been able to cope with the differences found.
Nahavandi & Malekzadeh (1988) describe the cultural clashes and the underlying elements that are involved in these kinds of processes in their acculturation model (figure 3-4). Acculturation could be described as the changes occurring in two cultural systems as a result of diffusion of cultural elements in both companies (Nahavandi & Malekzadeh, 1988 pp. 81). The basic idea behind the model is that both companies do not have the same preferences regarding the mode of acculturation, in other words the degree of agreement (congruence) regarding each ones preferences for a mode of acculturation will be a crucial factor to consider in order to succeed in the implementation of the merger. With this being said it is proposed that two organizations with an agreed mode of acculturation will produce less acculturative stress and bad behavior within the organization.

Congruence can occur even though the organizations are substantially different (Nahavandi & Malekzadeh, 1988). Incongruence however is more likely to occur between two organizations that do not agree on a mode of acculturation. Conclusively the model is illustrating the relationship between the companies’ desire and tolerance in terms of company culture and their perception of which mode of acculturation should be used. The next step in the model shows the congruence between the two companies that could lead to acculturative stress, this would be the period when both companies process all the differences, certain employees leave the company resistant to adopting to new organization. A high degree of acculturative stress is the result of an indication of a bad resolution of the conflict occurring in a merger. The last step in the model is the result in the successful implementation of a merger. However the model also suggests that the modes of acculturation may change as the integration between the two companies increases (Nahavandi & Malekzadeh, 1988). The model proposed by Nahavandi and Malakzadeh (1988) is found in figure 3-4 where the acquired firm and acquiring firm are put at two different sides and the goal is to balance their interests.
3.7 Summary of important interview findings

In table 1, company alpha, beta and gamma are listed with the major findings of their internationalization experience. This is meant as a summary before chapter 4 starts with the analysis of Lintners specific circumstances.
<table>
<thead>
<tr>
<th>Company</th>
<th>Number of employees</th>
<th>Internationalization experience</th>
<th>Challenges experienced in the internationalization process</th>
<th>Benefits and opportunities experienced from internationalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
<td>≈1000 (additional 2200 from owner’s organization)</td>
<td>Extensive experience with over 50 acquisitions in Scandinavia. Failures outside of Scandinavia. Also uses partner strategy. Uses brokers and networks to look for suitable partners and acquisitions. Always looking at 10-20 companies for possible collaboration. Has in-house expertise working with internationalization issues. In this study the company with most internationalization experience.</td>
<td>Their failures have come from limited transparency between the acquired and acquirer. Expectations from both parts were not completely established before the deal. This led to misunderstanding and misinterpretations. Must make sure that all internationalization processes are aligned with current company strategy. Geographical and cultural distances have been hard to handle.</td>
<td>More sales from acquired companies as well as new offerings to existing customers. Increased knowledge in the organization. Possibility to take on larger undertakings.</td>
</tr>
<tr>
<td>Beta</td>
<td>≈200</td>
<td>Established in Norway and Finland. Uses partnering as a starting point to welcome companies to the organization. Acquisitions are made when the collaboration has proven to be working. In an expansion phase right now, looking for possible partners and acquisitions.</td>
<td>Language problems, English is the company groups main language, but a lot of information need to be made available on several languages. An increased amount of administrative work.</td>
<td>An increased amount of knowledge resources enabling company Beta to take on larger customers and larger undertakings for existing customers. The internationalization has worked as a</td>
</tr>
<tr>
<td><strong>Gamma</strong></td>
<td>≈50 with additional sales force in the form of partners. 10 out of the 50 works with finding, recruiting and following up partners.</td>
<td>Uses a partnership strategy to increase their market reach and sales. Have partners in 22 countries that sell licenses, and own offices in England, Norway, India and Denmark. Internationalization is made possible through license deals.</td>
<td>Just because a product fits the Swedish market, it does not mean it suits a neighboring market. Has had to change/modify offerings after experiencing that their current product did not work outside of Sweden.</td>
<td>Have been able to apply economies of scale. Increased sales with little extra costs.</td>
</tr>
</tbody>
</table>
Lintner’s internationalization

In this fourth chapter, an analysis of the empirical material is presented in relation to how Lintner could proceed with their internationalization. The common theories of international expansion strategy that have been described in chapter three will here be used as a framework for the findings from the interviews.

Lintner has by independent indications and recommendations identified the window of opportunity of their products to be 2 to 3 years on the foreign markets outside Sweden within Europe. Lintner is for this reason aiming at taking the step to becoming an international company within a two year period from now (personal communication, 2007-04-12). This could be done through the development and implementation of an international expansion strategy. The products that Lintner prioritize to export is their core product in the Content Management department and Mobile applications.

Gooderham and Nordhaug (2003) define a multinational company as “actively managed substantial foreign direct investment made by firms that have a long term commitment to operating internationally” (Gooderham & Nordhaug, 2003, p 22). Agndal (2004) argues that international activities are made up by two characteristics, it promotes activities that force the limits of how political and cultural forces affect the firm, and it makes the firm dependent on more than one set of environmental factors. This means that Lintner must somehow become aware of the cultural and environmental differences between their Swedish organization and their prospective international organization.

Lintner’s core product has been their content management software which easily can be modified to fit several markets (Personal communication, 2007-04-19) allowing them to without larger investments extend the potential market reach of their products, thus taking the leap to international business. Lintner perceive themselves to be a product company with additional services (personal communication, 2007-04-19). They are not a production company in the sense that they need an assembly line in order to function, but rather developers of software which they later help implement in other organization without too much customization. In other words, the product is their main competitive advantage, and their consultants increase the value of the product by customizing it to fit other processes. One of the demands from Lintner in their international expansion plan is that the company in their host country is a fully owned subsidiary (personal communication, 2007-04-12). Since the aim for this research has been to provide information valuable to Lintner in their future decision regarding international expansion, the research has been adapted to this requirement and to support this idea. However, we have also considered other alternatives since an acquisition must not be the only considerable option. All respondents support this reasoning since they have used a mixture of strategies in their internationalization, using a mixture of direct investment, partnership and licensing.

Start-ups are known for carrying the highest risk and taking the longest time before becoming profitable (Gooderham & Nordhaug, 2003). We also know that Lintner has a perception of having a history of successful due diligence (personal communication, 2007-04-12). This could mean that if the right candidate can be found, an acquisition would be the best strategy, with the intention to acquire a network and local costumer base rather than just increase in size. However, respondent A and respondent B point out the increased com-
plexity of the due diligence process due to the increased amount of soft measurements that need to be considered.

Company Alpha measures cultural aspects in their prospective organization in order to successfully integrate them in the organization while Company Beta tries collaborating with their prospective organization first to see if they fit in the current company culture. For Lintner, this means that they need to understand first their own company culture, but then also become aware of their prospective organization’s culture and the differences between them. Salvato et al. (2006) found that the staff within the acquiring company became increasingly involved in the planning and analysis phase of the acquisition as time progressed and they became more and more successful with their strategy. This could be incorporated in the strategy from the beginning in order to promote employees to look for and understand the potentially beneficial acquisitions.

From a holistic perspective, an organization’s strategy is either in change or in stability. Agndal (2004) calls these two counterparts transformation or equilibrium. Further Agndal (2004) states that the periods of change are long while the stable periods are comparatively short. Although this is not a preferred situation, Agndal (2004) has found information supporting that strategic development usually work like this. For Lintner, this means that they have to work mainly on creating a feasible international strategy and probably adjust this strategy after a short period of trial. This is however a simplified picture of strategic development implying that a sequential development of strategic plans could be helpful.

Types of changes that will inevitably occur for Lintner are changes that occur due to working at a foreign market. For instance, cross-national cultural issues become more important and have to be dealt with. Cross-border management structures will have to be developed. Training programs for foreign nationals will have to be developed and carried out if Lintner chooses to establish own offices (by acquisitions, or start-ups). Respondent A argues that the strategy must contain information about how they are to internationalize their business, and the carrying out of the plan must be aligned with the strategy. The strategy should also answer what sort of expansion they are looking at and how they will grow.

4.1 Strategies

The strategies that should be of interest for Lintner are either a completely new start-up, a partnership of some sort or an acquisition of an already existing business. These strategic choices can co-exist and be combined.

Lintner are already working with internal and external growth in Sweden, now they need an international expansion strategy. As suggested earlier, many companies use each other to exploit new opportunities in partnership relations, risks are shared and the strategy can be formulated differently than the strategy for the home market. In Lintner’s case, this would mean that the company reassures its position on the local market by keeping their regular operations protected, but also mean that the key for international relations and the internationalization process could be by partnering with a company in Sweden who already has good connections internationally. It would mean that they could find a strategic partner and enter a foreign market together, to spread the risk, or get help when entering the strategic partner’s home market. This joint venture could be in the form of a sales department set up by Lintner and a company with similar but complementing services, previously not present on the market.
A license strategy could also be an alternative due to its low-risk nature as a first step to enter a market. This does not exclude other alternatives since they could either choose to acquire these partners or start up new businesses if they find the product to be working. No matter what strategy Lintner choose to work with, they will need some sort of due diligence to understand and analyze their collaboration partner. Today, Lintner is looking at several factors in their due diligence, both hard financial and soft human capital issues.

4.1.1 Green-field operations

Considering that Lintner has got previous experience of green-field-operations on the local market from establishing the office in Stockholm 1999, the expertise is in the company already and could therefore be a suitable strategy, however the lack of network connections abroad increases the risks with this approach. Referring to what respondent C explained concerning entering foreign markets;

“I do not believe that you could send Swedish staff to another country to start up a new business I think that you would need local personnel that knows the market and knows the customers to succeed”;

It would perhaps not be wise for Lintner to precede their internationalization plans with direct investments and green-field operations as the only strategy, but rather that being one of all other options. The green-field approach demands heavy investments and the payback period is longer and more uncertain than for any other strategy.

4.1.2 Partnership - Licensing and Joint Ventures

To initiate a partnership could be either to form some sort of joint venture, finding a licensing partner or a way to “getting to know” a potential target company. These strategies can contribute greatly to an evolving organization such as Lintner. Referring to Lintner’s history, by entering a joint venture, the risks are spread and the total investment can be large without Lintner having to invest all the money themselves. Included in this discussion, it should be mentioned that the experience from Lex Industries AB’s attempt to establish a joint venture with an Italian company in the late 90s has added to their experience of international expansion knowledge and could be an incentive to consider other strategies before entering a joint venture again. On the other hand, this time Lintner is stronger in terms of capital and other financial resources enabling the company to handle a similar situation with better durance. Nevertheless when mentioning investments, licensing is also especially interesting since it carries the opportunity to limit the risks and the investment needed. As earlier discussed, a licensing strategy can be a great first move for organizations that have a product that can be protected so that the company holds the intellectual property. Lintner falls within this category of companies quite easily, based on the fact that the company’s core products are based on different types of software products that are copyrighted and would thereby also be categorized as an organization that is IP-rich. This would enable them to use a strategic partnership strategy either through license deals or even closer collaborations without risking losing their competitive advantage on the markets where they are already present.

By using a licensing strategy, Lintner can take part of an already existing business without having to invest large sums of capital and resources. Lintner would in other words gain access to well-developed networks and an easier entry to the foreign market. Comparing our respondent’s modes of entry, the partnership strategy has shown to be successful at the ini-
tial stage as a way to get to know the new market, and its potential. This is something to think about, taking incremental steps on the internationalization process and having an evolving strategy combining several elements to grow as much as possible.

4.1.3 Mergers & Acquisitions

Looking at the timeline in figure 1-1 it is displayed that Lintner in fact has previous experience of acquisitions. The fist one took place in 2002 when they merged with Lex Industries, the second was when they acquired Bluemill Consulting in 2004 and the third was when they acquired Nipoint in 2006. Amongst others, this was one of the reasons why the CEO expressed an interest of acquisition as a way for the company to enter a foreign market. However, when searching for potential acquisitions, our respondents from the interviews indicated that it can be important to use current networks in order to find the right candidate. Finding the right candidate is complicated and often hard for SMEs since many of them cannot afford having personnel working on finding suitable candidates. Company Beta elaborates on how they find prospective acquisitions:

“Our owners have both people and organizations that have, as their main task to know about this industry and which companies that could be interesting for us as a potential collaboration partner. One owner, a Finish investment company has a great number of companies like us in their portfolio, they are always scanning the market for candidates. With their size and good name, it is not unlikely that companies approach them since they want to be part of this organization” (Respondent B).

A combination of two strategies that seem to work for Alpha and Beta is acquiring a similar but smaller company that they have worked with through licensing agreements earlier. This could be a feasible strategy for Lintner in order for them to keep control over the acquired company without any larger investments into the acculturation process. If Lintner were to acquire a company it could give them synergy effects enabling them to have better control over the market with the help of an already established company and know-how of the local costumer’s expectations and needs.

However, even if Lintner were to acquire a company as similar as possible to their own organization, there would most definitely be differences in culture that need to be dealt with.

“We need to support organizations outside of Sweden in other ways, it is another culture (Respondent A).”

This quote from Respondent A reveals much since they today are only acquiring companies within the Nordic countries and still have to deal with cultural differences.

4.2 Objectives for expansion

As earlier stated, Lintner is aiming at internationalization through geographical expansion (figure 1-2). Expanding internationally is risky in itself, but the amount of risk increases together with the amount of money and responsibility invested in the venture. Figure 3-3 shows how the risk increases in relation to the intensity of the relationship an organization has to its international venture. These findings are especially applicable to organizations that are making their first international move. Lintner’s considered strategy as of today is found in the last category, the direct investment. This means that they will run the highest possible risk of failing in the international venture, but also that they have the highest possible return if successful. Perhaps this is not the only suitable strategy for Lintner. If we
look at figure 3-2 and first establish what sort of objectives are driving the internationalization. All objectives are within reach for what Lintner can possibly achieve with their expansion, although certain strategies suit certain motivations better. We know that they are looking to achieve economies of scale, expand the geographical reach and gain access to new distribution channels. These objectives can be fulfilled by finding a partner, either for a joint venture or just as a sales force (like the strategy chosen by company Gamma) for Lintner’s products. This would decrease the amount of risk they need to take and also help them in creating a valuable network on the more or less unknown market before they invest in it.

Respondent A elaborates on critical success factors in internationalization of SMEs:

“The tips I can give for an organization thinking about going international is that the deal must follow the company vision and business idea, this is very important, that the organization has decided that they are doing this, ‘we are going international’, and have thought it through, that they know where they are going, that is step one. Step two is to do a thorough analysis of the prospective organization, that they fit regarding culture, values etc. And then of course that the company is healthy, this information is gathered during due diligence.”

This calls for Lintner to expand their strategy to dealing more with how they are approaching the internationalization and what they want to achieve by doing so. Their internationalization strategy must be further developed before making any further moves.

Salvato et al. (2006) found when researching acquisition patterns that a president of a company that has been very active in acquisitions that they were looking for one out of three critical variables in order for the acquisition to be of interest.

“I believe that in preparing a plan, you first have to identify the critical variables… For us a possible acquisition target must have at least one of the following three characteristics: It has to give us a new country, synergies in a country in which we are already present or it has to expand our portfolio and we have to be able to manage it with our current business model. This is what we have learned from our business and our acquisition experience. It would be folly to go through with an acquisition that doesn’t give you one of these three things; if you did, you would end up with an expensive object you don’t know how to manage. It would lose value the minute you purchase it” (Salvato et al., 2006, p. 248)

This gives us guidelines as to how Lintner should approach possible acquisition. These three “critical variables”; access to new country, synergies in a country or expanding the portfolio could become part of Lintner’s long-term strategy planning. Although it may just be “access to a new country” that is applicable to the current situation.

### 4.3 Preparing the organization

In order for Lintner to establish a “healthy” partnership or acquisition the targeted company should be examined thoroughly. Since Lintner is a computer-software company there will be an extensive exchange of knowledge-based resources in terms of intellectual property (IP) that will be transferred through the due diligence process. Therefore the aspects of IP, which in this case foremost are copyrights, license agreements and related rights, should be considered with a higher degree than in other cases (Ghelfi, 2004)

At Lintner, we have found, in accordance to the findings of McKelvie et al. (2006), management resources capable of understanding the acquired firm’s potential value and how it
can be aligned to the acquiring organization. However, if Lintner failed to understand the desires of the acquired company they might experience difficulties in the adoption process or reluctance to the adjustment. Both respondent A and B, who have been working with acquisitions, stress the importance of making deals where both parts become satisfied. This is done by thoroughly going through expectations and visions with the deal. Company Alpha always try to preserve as much of the acquired company’s culture as possible, since they buy healthy organizations, which they believe to be working. Salvato et al. (2006) have found proof in that adaptability to the acquired company’s desires is a key issue in becoming successful in a longer perspective.

“We don’t believe that who pays 1 Euro more is the winner in acquisitions. There is obviously a minimum amount beneath which you lose. But, once the expectation level of the seller has been met, what really counts is the soft side, except in the case of true auctions where the last dollar wins. The contract, the way of approaching the deal, the way it is structured… When we were doing our third acquisition, some competitors offered more, but they would have dismantled the organization this 70-year old man had created and wanted to preserve. I realize this may sound strange, but for this 70-year old man without heirs, 400 or 500 million dollars would have been the same because it’s only a number written in a bank account. In the end, we won by offering 400 million dollars, coupled with the option of keeping his creation alive and remaining involved in the organization – in fact we kept him on board for three years with puts and calls… We always try to build something we feel might be more appealing to the seller” (Salvato et al. 2006, p. 245).

Although this quote implies that we are speaking of larger acquisitions than the one Lintner may be looking for, it gives us an idea that other aspects than strictly financial ones have to be considered in order to create a win-win situation. If the previous owner is satisfied with the terms and prospective future, this person will likely be of greater importance for the feasibility of the operations. Respondent A and B also point out the fact that they are not acquiring companies only in order to gain access of their resources, but rather to gain access to a healthy organization that can generate profit in itself and contribute to the overall well-being of their respective company group. This approach is also perceived to be working well for them. Respondent A explains their approach as:

“We are working hard on trying to preserve the values of every single company, this because we perceive to be buying people. It is very important that these people are comfortable in our organization, if we make to dramatic changes there is a risk that they leave. Then of course there are a few fundamental issues that they have to accept in order to fit in the organization, but we try to create awareness of these early in the process so that they are aware of the pros and cons when becoming part of our organization. Then we try to understand each other and if the different cultures go together.”

If Lintner instead disregard the desires of the previous owner and his/her employees, they risk losing an important asset in terms of human capital, networks and market knowledge in the adaptation to the new situation. Lintner should also find a way to assess their own culture and become more aware of these aspects. This would allow them to better understand what they are looking for in a prospective partner organization. Also, they could use a measurement that is directly applicable to other organizations so that they can use the data to compare and make adjustments if needed, and if it is profitable. Also they should try to make sure that both parts share the same ideas of what their collaboration should result in so that no part enters an agreement with false hopes. Such false hopes, disregarding the size of them could make the collaboration expensive and hard. Also they risk losing important staff and network partners.
McKelvie, Wiklund and Davidsson (2006) found that a company of Lintner’s size is not common to expand through acquisitions; this is not a restraining factor but rather another call for that the resources need to be there. However, the strategy needs to be well developed and top management and owners must be comfortable with it and support the internationalization. This is evidently the case in Lintner, as it is an initiative taken from top management who also represent the owners, and the CEO of Lintner stresses that all major decisions are made by himself, the top-management group and the and the owners. This in his opinion will, if not eliminate, reduce these implications that could be devastating as the company grows. The expansion phase Lintner is in requires delegation and formalization of the structure. This discussion has been brought up in an earlier paper based on Flamholtz’ (1990) “growing pains” at Lintner, with the recommendation that the organization needs to formalize the structure and become confident in delegating responsibilities so that top management can start focusing more on the strategic development instead of everyday issues.

Then the company needs to look towards its own expertise of an international expansion - does the expertise exist within the company or does it need to be acquired? All respondents in the study have extensive expertise relating to how to execute their internationalization strategy, whether it is someone specialized in acquisitions with brokers and other stakeholders gathering information of prospective organizations or as in company Gamma where respondent C says;

“Today we have around 50 employees, and ten persons are working full-time on developing our partner agreements in different countries. This does however not imply that they are “selling”, since it is mainly our partners that are working with sales.”

It could be a good idea for Lintner to start with a strategy that carries a lower risk and needs less investment to succeed and then gradually increase their commitment to the market as their knowledge increases. Looking for a suitable partner that can help them to enter the market could be part of this. Later this partner could be either purchased or perhaps they can help in finding another company interesting for an acquisition. Lintner is exporting products today, so they are building market knowledge. An extension of this strategy could help them to build valuable networks and gain better insights regarding how business is made on that particular market.

Lintner, with their own company culture must, as mentioned, become more aware of the signifying elements of this, and also the differences toward other companies and then especially companies they intend to collaborate with. It could be solved by appointing someone to deal with all internationalization issues that can learn to know other cultures and understand whether they would match Lintner or not.

Lintner is already experiencing growth through new product development and increased sales on current target markets (personal communication, 2007-04-19). By acquiring another company, Lintner will gain control over resources that can be used to achieve further growth. However, if they do not currently possess the resources needed to make the deal successful, these resources will never provide its potential value. Therefore Lintner should make sure that they have sufficient slack resources to handle the acquired growth in a good way. This is well in line with what Lintner is doing, since they have specified growth strategies stating how much they are supposed to grow - the internationalization strategy could however be further developed and more closely incorporated in the overall growth strategy.
5 Conclusive discussion

The first part of this section deals with concluding thoughts regarding our findings. These will later be used in the recommendations section in order for us to create hands-on recommendations as to how Lintner can approach and deal with the potential issues of internationalization.

Since Lintner has the intention to be established on two foreign markets in the nearby future, they have to include and document this in their overall company strategy. More specifically, this document should include:

• What strategy to use, what mode of entry.
• What kind of company they are looking for.
• How much they are willing to invest in terms of finance and time,
• How they plan to assess potential collaboration partners.

Which mode of entry is best suited for Lintner?

One thing Lintner could do when entering a foreign market is to try to find a way to establish a network on the market. This could be done by the use of existing networks and find suitable collaboration partners through these channels, or through actively searching for a partner or customer. Then start with exporting and partnerships. This would lower the risk substantially and as the network grows, investments can be made to increase the profit potential. Also, Lintner should try to look into what sort of experience they already possess. For instance, they should try to verbalize the learning’s from the Italian failure and then make sure to use the knowledge from this endeavor in their future internationalization.

It could also be a good idea to look for a company with completing services/products in Sweden or abroad that can together with Lintner start up a business or acquire a sales office. This would allow them to share the risk and share learning’s with internationalization. Lintner must be flexible and look for opportunities when approaching internationalization.

What are the potential benefits and main internal and external challenges Lintner is likely to face with plans of an international expansion?

The most obvious winnings are increased sales due to an increased market reach and the possibility to reach economies of scale, which would allow them to spend even more money at developing their product. They would also experience that they gain knowledge and valuable experience for future internationalization.

However, they could profit from acquiring some sort of management resources with experience from similar activities. They already possess some but need to invent and see exactly what they have and what they are missing.

How can Lintner identify and cope with these potential barriers to entry on the international market?

The challenges, as discussed with our respondents and the CEO of Lintner are mainly that they find a healthy company to collaborate with internationally. That they can allow per-
sonnel to drop their everyday work and focus on how and when they are going international. Our respondents however, have experienced challenges with for example;

- Geographical distance, it is often easier to collaborate with someone in the nearby region, so two of our respondents recommended starting in a neighboring country.

- Cultural differences, with too large cultural differences Lintner could find it hard to adapt to the new set of circumstances even though the CEO of Lintner clearly states that they are willing to change their company culture.

- That the collaborative partners do not share the same intentions with the deal. This happened for Lintner in Italy and that is what made the deal a failure. However, they seem to be more experienced now, from collaborations in Sweden and Italy. Experience from these ventures should be used to foster and promote future successful growth.

- There most be transparency and open communication between the collaborative companies so that a mistrust situation can be avoided.

Also, Lintner would benefit from taking some time to understand the nature of their own company and exactly how their company culture affects how they do business, and also how it will affect a partner that they are interested in collaborating with. This would allow them to become pro-active in the implementation of a new market strategy and also help them in their sense-making process toward other companies. This could also potentially allow them to become more equipped for their due diligence since this is information they can easily re-use in all due diligences.

Their due diligence competency appears solid and well developed for a company with Lintner’s size. However, they should make sure that they include even more soft aspects in their due diligence such as culture, norms and values. This would allow them to decrease the risk of the venture.

### 5.1 Recommendation

The recommendations are written in table 2, where the event is meant to describe the action that should be taken by Lintner, we have also listed different alternatives to the events and written explanations with some background to the events.

Table 2, Table of recommendations

<table>
<thead>
<tr>
<th>Event</th>
<th>Alternatives</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish networks!</td>
<td>Find partner</td>
<td>Before entering a market, it appears a good idea to know about how business is done and enter a market where you have a strong network.</td>
</tr>
<tr>
<td></td>
<td>Invent current customers and supplier networks find connections</td>
<td>By having a strong network, profitability could be reached earlier and the risks would decrease.</td>
</tr>
<tr>
<td></td>
<td>Speak to investor and see if they can find match.</td>
<td></td>
</tr>
<tr>
<td>Write strategic do-</td>
<td>Incorporate it in</td>
<td>Which strategy to use, what mode of en-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-----------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Overall company strategy</td>
<td>Write a specific document for internationalization.</td>
<td>What kind of company that would be interesting.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Willingness to invest in relation to risks willing to take.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>How is the assessment of potential collaboration partners going to be handled?</td>
</tr>
<tr>
<td>Strategy selection!</td>
<td>Green-field operations, Partnership, Licensing, Joint venture and M&amp;A</td>
<td>Remain flexible in the choice of mode of entry, but tough on the main intentions and core values of the actions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Things to consider are time, risks and profit potential. Find a strategy that suits company vision and window of opportunity.</td>
</tr>
<tr>
<td>Choice of region!</td>
<td>Nearby markets (Nordic countries).</td>
<td>In terms of reach and acculturation aspects, it could be better to establish the company activities in a nearby Nordic country.</td>
</tr>
<tr>
<td></td>
<td>Regions with high profit potential.</td>
<td>In terms of networks, choose a country were the company has the best connections and customer base potential.</td>
</tr>
<tr>
<td></td>
<td>Regions with an already established network.</td>
<td>Base the choice on market knowledge and local networks.</td>
</tr>
<tr>
<td>Prepare the organization!</td>
<td>Develop routines</td>
<td>In terms of structure, who is doing what and who is not, general routines</td>
</tr>
<tr>
<td></td>
<td>Develop international job descriptions</td>
<td>Create new job descriptions and information (if necessary).</td>
</tr>
<tr>
<td></td>
<td>Develop information systems that support international transactions of information</td>
<td>Formal and informal delegation has to be planned.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Company information and documents has to be translated.</td>
</tr>
<tr>
<td>Create slack resources to foster growth!</td>
<td>Management training Acquisition Change job descriptions</td>
<td>Slack resources form an important base on which we can allow growth. Without slack resources, growth is more difficult. Therefore we need a certain amount of slack resources in order for a company to experience growth.</td>
</tr>
<tr>
<td>Develop cross-border management structures!</td>
<td>Create international routines</td>
<td>Align the company so that it supports activities cross boarders. This regards laws, currency, routines and taxes.</td>
</tr>
<tr>
<td>Develop training programs for foreign nationals!</td>
<td>Complex and well developed training programs. Less complex and faster to implement and run training programs.</td>
<td>Depending on what strategy is chosen, the training program will be subject for customization. If there is an acquisition, the foreign nationals will have to be trained in to understanding and knowing about Lintner and their products.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>Analyze own company culture</td>
<td>By survey By interviews from external part.</td>
<td>This is done to assure that the perception of the culture is in line with the actual culture. In other words insurance for the other company in the collaboration so that they know exactly what to expect.</td>
</tr>
</tbody>
</table>
Reference list


## Interview schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Respondent</th>
<th>Respondent function</th>
<th>Purpose of interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 12, 2007</td>
<td>XX, YY</td>
<td>CEO Lintner, CFO Lintner</td>
<td>To learn about Lintner’s strategy and understand the fundamentals of how they work and how the industry works.</td>
</tr>
<tr>
<td>April 19, 2007</td>
<td>XX</td>
<td>CEO Lintner</td>
<td>To follow up our interpretation of the company’s strategy find suitable candidates for interviews when researching barriers and challenges with international expansion.</td>
</tr>
<tr>
<td>May 14, 2007</td>
<td>Respondent C</td>
<td>Knowledge management manager, Company Gamma AB</td>
<td>To learn about and understand the internationalization process of Company Gamma.</td>
</tr>
<tr>
<td>May 14, 2007</td>
<td>Respondent A</td>
<td>Controller with acquisition responsibilities, Company Alpha AB</td>
<td>To learn about and understand the internationalization process of Company Alpha and how they have been able to improve the internationalization process.</td>
</tr>
<tr>
<td>May 14, 2007</td>
<td>Respondent B</td>
<td>Business Area Manager, Company Beta AB</td>
<td>To learn about and understand the internationalization process of Company Beta and how they are working to improve their internationalization processes.</td>
</tr>
<tr>
<td>May 21, 2007</td>
<td>XX</td>
<td>CEO Lintner</td>
<td>To discuss our findings and understand the potential benefits of our paper to Lintner. To understand how well we have understood the problem and how our recommendations should be formed.</td>
</tr>
</tbody>
</table>

Appendix B, Interview schedule
Appendix C, Questions for telephone interviews

What is your current function?

What function did you have during the start of the internationalization process?

Why did you want to establish your company internationally?

How was the internationalization process? (Did you look into pros/cons?)

How did you identify

- Acquired companies
- Market
- Opportunity

Why country X?

What strategy have you used to establish your company internationally?

- Acquisitions, partnership, licensing
- How did you reason?
- How do you share/divide resources?
- Integration?

Did you look in to any other expansion strategy?

Have you experienced any hinders?

Have you experienced any benefits? (Synergies)

How has your employees reacted to the internationalization?

Learning’s from the internationalization?

- To other countries?
- To the headquarters?

What type of development has the international business experienced?

How have you helped you international offices?

Do you have written contracts that regulates the agreement with your international partners?

- Do you follow-up these agreements?
- Have you sent people there?
Appendix D, Questions for final interview with Lintner

How well do you know your own company culture?

Have you ever measured, researched the company culture?

Another description of how the Stockholm branch was started. (Lex industries)

Go through the time line and see if the company presentation is true.

How can your investor/owner help you with international contacts?

What is your core motivation for international expansion?

What sort of international networks do you currently have?

What is your experience from international failure?

How well do you think you know your own company culture?

What sort of experience do you possess in international business collaborations?

What factors are considered in your due diligence?

What do you consider to be the most important hinder to consider in your international expansion?

In addition to these questions, a discussion took place with its basis around our thesis and findings.