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## **Timing of Strategic Actions in Internationalization Processes Involving Intermediaries-A Network Perspective**

### **ABSTRACT**

*When* a strategic action is committed during a firm's internationalization process is of importance because opportunities and restrictions change over time due to concurrent internationalization of other firms in its market context. The analytical problems and purpose of the paper are connected to this basic assumption. The paper discusses the timing issue in general and with reference to internationalization in a markets-as-networks perspective and to a case of internationalization of an intermediary in the electronic components industry. A conceptual framework for analysis of timing is developed and a research agenda is suggested.

Keywords: Internationalization, timing, strategy, intermediaries, networks

### **INTRODUCTION**

Management, over time, takes a series of specific strategic actions. We propose that *when* a strategic action is committed affects the outcome of the action. An important reason for this is that strategic actions over time can be regarded as interdependent *sequences* of actions. Timing and sequences may be more or less, or not at all, preplanned by an actor. In a network perspective a focal actor is dependent on other actors that commit strategic actions. This creates interdependencies that varies over

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time, which a focal actor influences in a proactive and/or a reactive way. The *timing* of strategic actions is a general, quite complex and elusive phenomenon to be handled in practice and theory. Despite its importance, very little research has been published.

We are in this paper concerned with *timing in a firm's internationalization process*, specifically with processes involving "intermediaries" between exporters and end-users. Internationalization for the exporter implies a combination of continuity and change in relationships to intermediaries. Initiatives to change relationships might come from the focal exporter or from a present or potential counterpart, and there are many combinations and sequences possible and found in real cases of internationalization. Timing issues enter for many types of strategic actions during such processes of internationalization. An example often mentioned in textbooks, is that a firm might enter a market by direct exports, then turn to an agent and later switch to sales subsidiary or to another agent. The timing of the switch between different modes of internationalization might be important, especially as the access to potential counterparts, at each point in time is limited and varies over time. In addition, the timing of such internationalization moves tend to be complex also because one needs to take into account the moves of existing and potential counterparts, and of other actors in the moving network context. As the context changes, it is assumed that the timing of the strategic actions need to be adapted. For the exporter, one aspect of this moving context is internationalization processes of the intermediaries themselves. Vice versa, for the intermediaries, internationalization of their suppliers (and their customers) are aspects of *their* moving context. The timing and internationalization processes of firms are in this article put into a dynamic context of connected firms' internationalization processes. We apply a "markets-as-networks" approach.

### ***Purpose and Disposition***

Our *purpose* is to discuss and analyse the timing concept and its role for understanding strategic actions that drive internationalization processes of firms and markets. As an empirical illustration we use a case describing internationalization of suppliers, intermediaries and users in the electronic components industry. The involvement of intermediaries in our analysis helps to put network interdependencies in focus. We also aim to generate a set of issues for future research on timing and internationalization.

The *disposition* of the paper is as follows. First, we discuss the timing issue and its problematic nature: Why is timing an important aspect of strategic management? Second, we briefly outline our network perspective on markets and how internationalization processes are an aspect of network dynamics. Third, we present our case on internationalization in the electronic components industry. Fourth, we identify a number of sequences of strategic actions committed by the focal firm *and* by other firms in the network and discuss their interdependence. Fifth, we identify and analyze timing issues with reference to the case and to network concepts. Finally, we offer ideas on how to study timing.

### **THE TIMING ISSUE AND ITS PROBLEMATIC NATURE**

In the business press comments on strategic moves by companies often concern timing. "The timing of the acquisition was perfect", "the timing of the introduction of the new extended product brand could have been better", "the company failed due to the bad timing of market entry" and similar evaluations are common.

Timing is sometimes described as a central management parameter open for any voluntaristic actions of management. But, reference to timing can also entail descriptions of "pure luck" etc., giving images of either determinism or stochastic processes. The apparently "good" timing can in a longer time perspective often be re-evaluated. Thus, in practice, timing seems to involve management in contradictions and paradoxes, and in considerable dilemmas.

Timing is obviously considered important, but few dare take it as starting-point for research. As stated by Albert (1995), "timing has been studied within management, including both strategy and marketing, in very limited and specific ways" (p.2).

### ***What is Timing, and Why and When Do We Need to Bother About It?***

Timing refers to when an act is performed, not in isolation but in a dynamic context. "When" matters for the outcome since conditions change over time. Timing refers to a number of points in time when an act could have been taken and actually was taken. Timing relates separate acts to each other in terms of a sequence of acts. A sequence might be more or less explicitly planned. Due to uncertainty about contextual interdependencies it can only be determined afterwards as realized sequences. Since strategic actions are aimed at affecting a firm's relations to its environment, or in our perspective its network connections, strategic actions by others need to be considered. It is, to further complicate the issue, also a matter of judgment what actions to include in a sequence.

Some sequences are reasonably well controlled by an actor or by a coordinating set of actors. An example of this is a planned logistic system where specific resources are committed to routinized behavior. Even if there are important timing issues to be resolved in routinized processes we do not consider them here. What we do consider however, in the case of e.g. logistics, are the strategic actions committed to establish and change relationships between actors to be involved in the development and implementation of a logistic system.

When do we need to bother about timing? If each action is independent of other actions by the focal actor and by others, that is if sequences are unimportant and if other actors' behavior are unimportant, then timing is of little importance. If acts are reversible, i.e. if commitments can be nullified, and if availability of specific resources does not change over time

then timing is of little importance. However, such conditions are atypical, given a network perspective.

To sum up, timing can be assumed to be important: 1) if an act commits and influences limited resources and/or serves to develop resources and thereby influences future resource availability, 2) if an act is aimed at committing other actors' resources and those resources change over time, 3) if timing and sequencing of interdependent complementary strategic actions will influence the effectiveness of the joint outcome, and 4) if acts imply irreversible resource commitments under uncertainty and competitive acts. We believe that such conditions are very common in internationalization processes.

### ***Timing In the Literature***

Every strategic action has its own particular *temporal profile*. When a particular action is performed in sequences of events is only one of the temporal aspects determining the impact and development of the change processes and the actual change contents, within the dynamic context (Sztompka, 1993). The sequential structure, the duration, the speed and the repeatedness/uniqueness of a strategic change episode will be part of the temporal characteristics, its temporal profile. We focus here on one such dimension, timing.

Several aspects or elements can be acknowledged as part of the diffuse concept of timing. While some organization and management researchers focus on the *principal components* or *theoretical terms* by which timing can be analyzed (e.g. Albert 1995), others categorize *the different types of strategies* associated with timing (e.g Grönmo and Ölander 1991; Pfeffer 1992)

One of the most in-depth, theoretical discussions on timing is provided by Albert (1995). Albert brings in both the context and its dynamic properties when he states that: "A reason for acting at a given time, ..., is a product of learning; that is, it depends on past context, and by definition

refers to some aspect of the continually unfolding context that defines the plot into which actions will be inserted" (p.7).

Hedaa and Törnroos (2002) proposes the term *kaiology* to denote the theory of appropriate timing for action in differentiated managerial situations and contexts. They refer to traditional management theory as dealing with autonomous actors working in a world of organizational routines. They propose a novel perspective "...concerned with heteronomous actors in a world of complexity and surprises embedded in a network of interdependencies"(p. 31). They acknowledge that timing is both an aspect of the orderly world of routines *and* of the complex world of unforeseen events.

In a similar type of reasoning, Tikkanen and Parvinen (2002), however not explicitly referring to timing aspects, discuss how in the "emerging network society" the opportunities to plan economic activity, due to advances in information and communication technology is related to a contrasting development, also related to these technology attributes, of spontaneous ordering of economic activity. They conclude that the network society reinforces neither planned nor spontaneous order but rather the *interplay* between the two.

Timing appears in mainstream marketing and international business literature in three different shapes. First, as noted by many researchers, timing is dominated by a *competitor oriented* perspective. Research on the advantages and disadvantages of so called "first mover" and "follower" strategies dominate the concept in several sub areas of marketing. For example, international marketing research on new market entry strategies (Lieberman and Montgomery,1998). In a similar fashion, order of entry assumptions form the basis for much research on new product and brand positioning in both established and new markets. There are examples also of how both these research traditions have been combined (E.g. Bowman and Gatignon, 1996; Delios and Makino 2003).

Second, timing can be found in the use of *sequence based models*, assuming that before one type of action can be taken one or several other

actions have to precede it in order to reach the best result. Especially textbook marketing is dominated by such sequential models, with its implicit timing assumptions e.g. in product development models. To this we can also add literature on logistic processes.

For our purpose it is interesting to note the sequential emphasis in literature on *internationalization*. The Uppsala model (Johanson and Vahlne, 1977) and how it is used to explain the increasing commitments of resources in intermediaries, the later research on knowledge development in the multinational firm, (e.g. Sharma and Blomstermo, 2003) and on the "born global" are examples of, at least implicitly, timing related research. Sharma and Blomstermo find that the literature treats knowledge accumulation over-simplistically as linear and continuous and argue that it should be seen as non-linear and discontinuous. Events disrupt, and cause tensions, contradictions and ambiguities (Andersson, 2002).

Third, timing issues are at least implicit in *markets-as-networks* research on industrial markets. A natural consequence and an important strategic managerial implication for a company being embedded in a dynamic, network context is the fact that the outcome of strategic actions and position changes will be dependent on *when* they are performed. While timing is present in many in-depth empirical case studies, timing is seldomly treated as a theoretical and conceptual issue. One exception is Törnroos (2003).

Trying to characterize the simplifications made about timing in the literature, three things stand out: First, timing is often made the dependent variable in relation to other aspects connected to it, how, why, what etc. Second, there is no mutual interdependence between the variables ("one sided arrows") and no successive feedback loops over time. Thus, timing is seldom treated as an ongoing process. Third, - timing is seldom viewed in relation to or in the context of more than one other variable. In addition, in the literature on timing, there are often strong assumptions made about the relationship between some of these questions and variables. Hence, *When* is often assumed to be the

dependent variable, determined by both *Why* and *What*. Actors decide both the purpose and the contents of an act and then decides when to do it.

### ***Putting When And Timing Decisions In Context***

Important for our assumptions about timing, is that strategic actions connected to the internationalization of firms are not likely to be smooth evolutions, characterized by a clear temporal linearity of the change processes.

Actors have different perceptions of time and the time dimension is in different ways included in the actors' cognitive models. The timing of strategic actions becomes connected to the change agents' perceptions of ongoing change processes in its context and of their readiness to act and to change (Andreasen 1991). They act with different *time horizons* and take different time perspectives when they make efforts to change relationships in the "moving context". The dynamics of strategic actions, including timing, evolve with actors with different time perspectives (Pieters and Verplanken, 1991). From the embeddedness of strategic actions follows also that a change agent's time perspective - *the vantage point and the viewing direction* (towards the past, present or future) - partly is determined by changes in the context.

Actions are perceived in different ways in different schools of thought. Pro-action is the implicit view of action permeating the “design schools” of e.g. strategic management and marketing management. Timing then becomes one of a set of choice and decision parameters open for the proactive management to use in planning, decision and implementation processes. At the other end of the voluntaristic-deterministic scale, the long-term development of the organization ultimately is determined by the environment and the evolutionary laws governing what organizations that will survive. – Reaction is the implicit way for the organization to handle this situation, and timing will presumably be restricted to the development of a preparedness to react on any environmental changes affecting the organization.

Our standpoint is *neither "overvoluntaristic" nor "overdeterministic"*. Strategic action is voluntary but its content and effects are determined by network conditions of which strategic actions by other actors are important. With a dynamic network perspective on markets presented next, timing will be part of the interactions taking place between actors. This will have implications for our view on timing.

### **A NETWORK VIEW OF MARKETS , STRATEGIC ACTIONS AND INTERNATIONALIZATION**

The market is an evolving, socially constructed institution characterized by both cooperation and competition. A market can be described in terms of connectivity, i.e. how actors are directly and indirectly connected to each other.

Strategic actions are aimed at influencing own and other actors’ network positions and by definition thereby also aimed at influencing the connectivity pattern and the relationship content in the network. A strategic action does not necessarily succeed in influencing the connectivity since this is obviously also dependent on actions and reactions by other actors.

There are two bases for strategic actions by a focal actor: its position in the network and its "network theory" (Johanson and Mattsson, 1992). The *position* is important, since an actor's ability to influence the network depends on how it is connected to other actors *and* the quantity and quality of its internal resources. The actor's *network theory*, is defined as the actor's set of systematic beliefs about market structure, processes and performance and the effects of its own and others' strategic actions. The network theory is important because it affects what strategic action is taken.

An important determinant of strategic action in a network context is the actor's *network horizon*, i.e. how far from its own position it perceives change processes to be relevant for its own actions. The network horizon may change over time, e.g from local to regional, from a specific industry to a wider constellation of substitute and complementary industrial activities.

Strategic actions are both constrained and facilitated by the market structure and by strategic actions by others. Strategic actions can, and we believe usually do, cause multiple, sequential and interrelated strategic actions in a market. Such sequences of actions can be analysed as caused by "domino effects" (Hertz,1998).

We believe also that the perceived interdependence between actors as regards their future network positions increases their sensitivity to the timing aspect of their strategic actions. An example of this is that during specific time periods a market experiences a merger and acquisitions "wave". The electronics industry case later presented is an example of this.

Our way to approach the complicated timing problem is that we consider each individual actor to more or less explicitly consider sequences of strategic actions (influenced by its time horizon and network horizon). This can be seen as an "imperfectly planned sequence". This sequence may be contingent upon changes in the context. For some such contingencies alternative actions may be planned. For others, that are

unexpected, the actor may react or stay inactive. The “planned order” and the “unplanned order” interact in the sense that a strategic action an individual actor plans (and commits) becomes an unplanned influence on another actor’s planned order. (Cf. Hedaa and Törnroos 2002; Tikkanen and Parvinen, 2003 that present similar ideas). The interaction between planned and unplanned orders functions as a coordinating mechanism in networks. This is in contrast to coordination by the “invisible hand” in a market according to microeconomic theory and to coordination by fiat in a hierarchy.

### ***Internationalization In A Markets As Networks Perspective***

International business studies in the network tradition (e.g Blankenburg-Holm and Johanson, 1997) is predominantly focused on internationalization processes within network structures. Johanson and Mattsson (1987) introduced a model of firms’ internationalization, differentiating internationalization situations. Based on earlier research on internationalization they distinguished between three central aspects of internationalization processes: extension, penetration and integration. They implied a sequence in the sense that extension to a specific country is a necessary phase before penetration of that country takes place and international integration becomes an important dimension only after extension and penetration had reached rather high levels.

The network view of the market implies that also the context of the firm can be regarded as being internationalized to a varying degree. This is of great importance for our analysis. The market in which the firm acts is changing over time. Thus each firm has to consider that they act strategically within a “moving context” (Andersson, 1996). According to Johanson and Mattsson (1988), the “Early Starter”, for whom both its own and the market’s internationalization is low faces quite different internationalization challenges compared to the “International Among Others” for whom both the firm and the market are highly international. This has also implications for timing. Mattsson (1998) introduced the

notion of *overlapping networks* to describe internationalization processes, e.g. when two firms merge, thereby changing the interconnections and interdependencies between the two networks in which the companies are positioned.

It has also been argued that when overlapping takes place in an international context, it means that spatial overlapping will be linked to the creation of "new" market regions (see also Chandler, Hagström & Sölvell 1998; Dunning 1998; and Enright 1998). We propose that timing of strategic actions are important for the outcome of these processes.

With specific reference to the case below we argue that internationalization implies a combination of continuity and change in relationships to intermediaries. Initiatives to change relationships might come from the exporter, from a present or potential intermediary or from the user. Other network actors might influence such decisions. Even if the textbook follows the sequence: "direct export- agent- own sales subsidiary- own manufacturing subsidiary", there are in reality many combinations and sequences possible. Internationalization, in which distribution activities play a major role, can be seen as *on-going, never-ending reorganization processes within dynamic network contexts* (Mattsson, 2003). It follows that timing of strategic actions aimed at (re)organizing distribution through intermediaries is an important and complicated issue.

## **THE INTERNATIONALIZATION OF AN ELECTRONIC COMPONENTS WHOLESALE**

This paper extracts one case from a study of seventeen wholesalers in various industries. (The case including methodology has earlier been described in Andersson 2002). The case describes internationalization in the electronic component industry, during the 1990s. The focal firm is Hatteland (JHE), a Norwegian wholesaler. This industry, where suppliers, wholesalers and buyers at the end of the studied period to a large extent are large, global actors, was characterized by intensified

internationalization during the 1990s. It was chosen to provide an illustration of timing issues during internationalization processes, but was not specifically focused on timing.

FIGURE 1 ABOUT HERE

### ***The Start of the Internationalization Process***

Impulses to start internationalizing came from JHE's big component suppliers. JHE had exclusive rights to distribute the components in Norway for some forty suppliers, but its supplier relationships were dominated by a set of big multinational companies, like Siemens, Hitachi, NEC, Philips, Motorola, SGS Thomson, Temic, and Texas Instruments. To sell outside JHE's own home market was difficult as the distribution rights for an individual manufacturer's components were spread among different wholesalers, and gave distributors exclusive rights in each country. However, suppliers increasingly centralized their marketing functions and created larger market regions, going from a national to a regional level. To be able to provide services to larger regions, most of the important suppliers were actively reducing the number of distributors in the late 1980s and early 1990s. To overcome the problem of exclusive distribution rights and to adapt to the suppliers developing a regional strategy, JHE expanded by buying wholesalers in the other Nordic countries. In 1991, a Swedish wholesaler, Deltron, was acquired, followed by the acquisition of Danish wholesaler P.Petersen. When entering Finland in 1993, a green field investment was the only option. The first phase of internationalization focused mainly on expanding into the national markets of the Nordic region. An important reason why major suppliers of components wanted to regionalize activities was the international reorganization of big international customers in the telecommunication, IT and electromechanical engineering industries (OEM such as Alcatel, ABB, and Siemens). Several of the largest global component suppliers continued to actively drive globalization and restructuring of distribution during the

1990s. For JHE and other internationalizing distributors, these ongoing internationalization processes required adaptations. The globalization trend drove suppliers to close co-operation agreements with globalizing distributors. The large, internationalizing customers using electronic components in their production were becoming important drivers of the distributors' continued internationalization. This was to an important extent related to these OEM firms intensified outsourcing of production and purchasing to other firms, the equally internationalizing, global contract manufacturers

### ***Meanwhile: Globalization Of Competing Wholesalers Through M&As And Alliances***

To meet this new situation and increased competition in the mid 1990s, JHE's large, international competitors engaged in intensified attempts to buy other distributors and to establish international alliances in North America, Europe and Asia. The two biggest American distributors Arrow and Avnet continued to buy smaller distributors in the three regions. While Arrow and Avnet led the charge overseas, predominantly through acquisitions, the big German conglomerate VEBA increased its presence in North America in 1997 by acquiring the USA based Wyle Electronics. The large central European distributor SEI established an alliance with the third big American wholesaler, Marshall. Many wholesalers defended their home region and expanded in this way, becoming part of international alliance networks of wholesalers connecting the three major regions. In Europe, there was increased competition from Arrow and Avnet. Their dominance towards the end of the decade was achieved through successive mergers, acquisitions and alliances. Avnet had a global strategy, according to which larger regions were covered by acquiring and integrating new companies into its global network of companies. Arrow approached Europe by recognizing that the region was made up of unique sectors requiring different customer adaptations (Electronic Buyers' News, Aug 21, 2000).

### ***JHE Continued Internationalization Through Strategic Alliances***

During this intensified internationalization of the industry came the second major step in JHE's internationalization. In 1995, JHE established a strategic alliance with SEI. It was a result of continued and increased pressures from competitors and from the companies' internationalizing suppliers, who in turn were driven by their internationalizing customers. The need to establish larger, more efficient sales regions was accentuated. Part of this process was also SEI's move to establish an alliance with the third big American wholesaler, Marshall Industries.

Driven by these processes, SEI and JHE began to co-ordinate and split the activities in Europe into a Northern and a Southern region. This was also due to the fact that their large suppliers were moving production internationally and were beginning to establish production in the Baltic countries. JHE continued to expand into the Baltic countries through green field investments. This paralleled the 1995-96 process to penetrate the Swedish and Danish markets by acquiring an additional wholesaler in each of the two countries.

JHE continued, step by step, to spread the distribution rights for a particular supplier's products that it had in one country to other countries in northern Europe. Having left most of the responsibility for the co-ordination process in northern Germany to SEI, JHE could concentrate on the Nordic and the Baltic countries. In some cases, where the company had the distribution rights for one manufacturer's components in one country (e.g. for Hitachi's components in Norway), JHE was able to get the same rights for Sweden, Denmark and Norway. In other cases, this was hindered by the fact that the supplier had *already* signed over the rights to a competing wholesaler in one or several of the countries.

JHE's internationalization processes were coupled with substantial reorganizations of wholesale functions. During the initial M&A-based expansion period, the inventory holding function was successively centralized to the company's original Norwegian home market organization. In the second, alliance based expansion period, internal

integration and co-ordination of inventory holding routines between alliance partners was initiated. This internal co-ordination was partly driven by the international sales contracts signed by SEI and JHE with large multinational customers like Alcatel, ABB, and Siemens. The integration and co-ordination phase meant that several activities had to be reorganized. Market overlaps between JHE and SEI had to be reduced, involving international transfers of distribution rights, centralization and internal co-ordination of purchasing, inventory holding and logistics, and co-ordination of the handling of international, key customer relationships.

### ***The Internationalization Processes Take New Directions***

The processes took radically new turns towards the end of the 1990s. In mid 1999, JHE's competitor Avnet, as part of its continued internationalization, acquired the US-based international competitor, Marshall Industries. Avnet assumed ownership interest in Marshall's European partner SEI, the major alliance partner of JHE. In connection with the deal, Avnet announced a second large deal, which was a continuation of its positioning process in Europe. Avnet acquired the remaining ownership interest in SEI. Through SEI, Avnet gained access to new markets including Belgium, the Netherlands, Portugal, and Spain, and boosted its presence in Austria and Switzerland. There emerged uncertainties about how to handle SEI's alliance partnerships, including JHE.

A few months after the deal, Arrow responded to Avnet's move by acquiring JHE, finalizing the break-up of the former alliance between JHE and SEI. Arrow continued to strengthen its European and already strong French position by acquiring the French based distributor Tekelec, which principally served France, but present also in Benelux, Denmark, Germany, Italy, and Spain.

The next big change in the internationalization processes came in mid-2000. European based VEBA was the third largest of the emerging global distributors. VEBA was broken up and sold to three companies: Arrow

acquired the three American operations, that VEBA had acquired during its intensified internationalization in 1997-98. Arrows' competitor, Avnet, acquired VEBA's European EBV Group consisting of four companies based in Europe. A German venture capital group acquired the three remaining VEBA companies.

Combined with the prior acquisition of SEI, the EBV buyout was expected to bolster Avnet's presence in France, Scandinavia, the United Kingdom and the Benelux region. In Arrow's case, the regionalization of the European market was further strengthened. Three major European regions were established. Internally, Arrow further strengthened the "single points contact" strategy (i.e. for each customer and each supplier one unit was designated as responsible for the relationship.) The continued internationalization of the major suppliers and customers was an important reason for the development of new single points of contact. The same process was already being implemented in the North American region. With this step, JHE became part of a multinational distribution network and new processes of internal co-ordination were started.

### **SEQUENCES OF INTERDEPENDENT STRATEGIC ACTIONS**

We can describe the internationalization of JHE as a sequence of strategic actions committed by JHE. Its internationalization process changed directions at least twice during the 1990s. The Nordic expansion through acquisitions dominated the first phase. During the second phase, the attempt to create a pan European business through strategic alliances dominated. During the third phase, alliances were broken as the company was acquired and integrated into a new, emerging global network of wholesalers.

The case also refers to internationalization processes of a number of other firms: component suppliers, other wholesalers, OEM customers and contract manufacturers. These processes are in the case arguably to an important extent interdependent. If we compare the electronic component industry in the beginning of the 1990s to the situation a decade later we

find considerable differences. Generally, international integration has increased substantially. Through M&A's, alliances and greenfield investments some wholesale firms have internationalized through extension, penetration and integration, leaving wholesaling at the end of the decade dominated by two major global firms. Had we taken another firm, mentioned in the case, as the focal firm, e.g. Marshall, Philips or Siemens we would have identified different sequences of strategic actions that at some points in time related to the sequence focusing JHE. There are also other firms, not mentioned in the case whose internationalization was affected by the process we have described. Logistic firms providing transport services also need to adapt to internationalization in the electronic component industry. Below we identify sequences of strategic actions in the case, starting with JHE's internationalization, about which we know much more than about the other firms.

### ***JHE, sequence 1***

- a. A Swedish wholesaler, Deltron, was acquired (1991)
- b. A Danish wholesaler P.Petersen was acquired
- c. A Greenfield investment Finland (1993)
- d. Reorganization of wholesale functions within the region
- e. Efforts, sometimes hindered by a supplier's prior agreements with a competing wholesaler, to spread JHE exclusive distribution rights for one country to other countries
- f. JHE joined the SEI led strategic alliance (1995)
- g. Europe divided within the alliance between a Northern and Southern region, transfer of distribution rights, centralization and internal co-ordination of purchasing, inventory holding and logistics
- h. Co-ordination of the handling of international, key customer relationships within the alliance.
- i. Acquired an additional wholesaler in Sweden and in Denmark (1995-96)
- j. Greenfield investments in the Baltic countries (1995-96)

- k. Left Germany to SEI, concentrated on Nordic and Baltic countries
- l. JHE was acquired by Arrow, a few months after Avnet's entry in SEI, finalizing the break-up of JHE's alliance with SEI
- m. JHE integrated in the global Arrow organization

***SEI, sequence 2***

- a. Internationalization efforts (not in the case)
- b. Strategic alliance with JHE (1995)
- c. Alliance with Marshall
- d. Coordination between SEI and JHE in Europe (Southern and Northern Europe)
- e. International SEI/JHE sales contracts with large customers
- f. Avnet acquired remaining ownership of SEI
- g. The alliance with JHE, recently acquired by Arrow, was broken
- h. SEI integrated in the global Avnet organization

***Marshall, sequence 3***

- a. Efforts to acquire distributors in North America, Europe and Asia (not in the case)
- b. Alliance with SEI
- c. Avnet acquired Marshall (1999)

***Arrow, sequence 4***

- a. Efforts to acquire small distributors in North America, Europe and Asia (not in the case)
- b. Continued efforts to acquire wholesalers in Europe.
- c. Acquired French based Tekelec.
- d. Acquired JHE
- e. Acquired European group VEBA's three American operations
- f. Reorganization of Arrow's activities recognized that the Europe is made up of unique sectors requiring different customer adaptations. Three regions established.

- g. Strengthening the “single points contact strategy”

***Avnet, sequence 5***

- a. Efforts to acquire small distributors in North America, Europe and Asia (not in the case)
- b. Global strategy, where larger regions were covered by acquiring and integrating new companies into its global network.
- c. Acquisition of Marshall (1999)
- d. Ownership interest in SEI
- e. Acquired SEI
- f. Acquired VEBA 's European EBV Group
- g. Reorganization to implement the global strategy

***Philips, sequence 6 (as an example of a supplier)***

- a. Exclusive distribution rights for each country to individual wholesaler
- b. Efforts to regionalize marketing organization
- c. Efforts to select wholesalers that cover a whole region
- d. Closer cooperation with fewer, internationalizing wholesalers
- e. Internationalizing own production, establishing production in Baltic countries

***Alcatel, sequence 7 (as an example of a customer)***

- a. International reorganization of production systems, including international coordination of procurement and supply chains. This process is divided into several phases.
- b. Outsourcing to internationalizing contract manufacturers. This process divided into several phases

***Comments: Types Of Interdependencies Within And Between Sequences***

*Within each sequence there are interdependencies of three kinds.*

First we can identify sequences that are *part of a preconceived strategy*. Given the way the case has been focused on internationalization such interdependencies are quite common. A few examples are JHE's initial move into other Nordic countries (1a-1c), Avnet's global strategy (5c-g) and Philips strategy to reorganize relations to distributors (6b-d).

Second, we can identify sequences where a *prior action* is a necessary or at least very important *precondition for a later action*. An example is efforts to integrate international activities within a region that are dependent on prior changes in affiliations. (E.g. Arrow 4f is dependent on prior 4c-d). Avnet's acquisition of Marshall is a precondition for Avnet's later acquisition of SEI. (5c precondition for 5e).

Third we can identify *negative effects* between different actions. For Philips, the exclusive distribution rights contractually awarded national wholesalers might negatively influence the efforts to work with wholesalers covering a whole region. (6a affecting 6c).

*Between sequences* there are interdependencies of three kinds.

First, *by definition changes in cooperative relationships* between two or more actors usually require actions by all the actors involved. Examples concerning M&As and alliances are numerous. (1f-2b; 2c-3b, 1l-4d). Second, an act may be *dependent on a specific act by a competitor*. An example is how Avnet's acquisition of Marshall (5c) made Avnet part-owner of SEI (5d) which influenced Arrow to buy JHE (4d). Third, an act may be *dependent on sets of action sequences* in the network. The general trends and interdependencies discussed in the case concerning internationalization of suppliers and customers affects the wholesalers. E.g. 6b influenced by 7a affects 1h.

### **TIMING AND INTERDEPENDENT SEQUENCES**

The case illustrates connected, concurrent internationalization processes. *Afterwards* it is possible to describe and rationalize/explain this process. If we had taken any other firm as the focal firm we would have discovered different stories, but no doubt directly or indirectly connected to the JHE

story. If we had began our investigation in late 1980, could we have foreseen the process and predicted that JHE 10 years later ended up as a part of Arrow? Or, if we had taken SEI's perspective, that JHE was to become a partner in a strategic alliance?

We suggest that interlocking sequences that our case describes are partly (a few steps in a sequence) planned but quite imperfectly and often implicitly planned, based on a dominant and evolving network theory, in this case about international integration. When JHE extends to the Nordic region it has likely planned a sequence involving extension to Sweden, Denmark and Finland. We do not know if the ordering between the countries was preplanned, nor how the identity of acquired firms was decided on. It is also likely that the acquired firms had some sequence planned about how they could adapt to the regionalization of the suppliers, even if perhaps their theories might have evolved later, or earlier, than for JHE. Some pre-planned sequences that other actors had, might have fitted more or less well with JHE's acquisition plan.

How does timing enter into this reasoning about partly preplanned sequences of strategic actions? We suggest that it is because the "fit" between the strategic actions undertaken by different actors in the network changes over time. If e.g. JHE had timed its preplanned "nordification" sequence differently, Deltron's and/or P. Petersen's preplanned sequences might not have allowed for an acquisition by JHE e.g. because they had already been acquired by a competitor to JHE or because their network theories led them to prefer to stay local. If JHE had began their "nordification" long before their suppliers began to prefer regional distribution arrangements with fewer distributors they might have invested too early to get a sufficient return.

What we say above is of course only speculations about what could have happened with other timing of strategic actions. We only suggest that to know more about the role of timing we should study *sequences* of actions from *more than one actor's point of view* and furthermore to what extent the sequences are partly preplanned and dependent on unforeseen

strategic actions in other network actors' partly pre-planned sequences. To understand what actors network theories (including network horizon and time horizon) are and how they evolve is important to understand timing and the effects of timing.

We suggest that an approach to understand the role of timing of strategic actions is to explicitly consider how interdependencies between partly and imperfectly pre-planned sequences by two or more actors are *coordinated*. Such coordination between strategic actions in networks is, as we implied above the essence of network governance of changes in network structure.

We thus have two central concepts connected to timing; sequencing and coordination (Figure 2)

FIGURE 2 ABOUT HERE

***Timing:***

Some strategic actions can be undertaken only if resources (internal and external that may be accessed) are available, and they are not equally available at all times. There is only during some, more or less extended time period that they are accessible.

***Sequencing:***

Strategic actions follow one another in sequences. There is an inherent logic to most strategic action, created by each actor's network theory, time horizon and network horizon. Many strategic actions make sense only if they reasonably well fit into a certain time period in the process. It is difficult to perform them earlier or later due to resource scarcity.

***Coordination:***

Sequences of strategic actions committed by individual actors are

interdependent and by coordination we mean the mechanisms by which such interdependencies are handled. Such coordination may involve direct interaction between actors in terms of cooperation and/or competition. Coordination might also occur indirectly as when an actor adapts to strategic actions committed by actors to whom the focal actor is not directly connected.

### **SUGGESTIONS FOR FUTURE RESEARCH: HOW COULD WE KNOW MORE ABOUT TIMING?**

Based on the discussions above, a number of research questions concerning timing emerge. We relate these questions to the aspects of sequence identification, sequence interdependencies and coordination between sequences.

*1. Sequence identification:* How do actors' perceive their own and other actors action attributes and sequences of strategic actions? How are they related to their network theories, network horizons and time horizons? How specifically are they defined? How specifically are the sequences preplanned?

*2. Sequence interdependencies:* What interdependences do actors perceive? How do these interdependences vary over time between acts they commit themselves and between their own and other actors' sequences? How do the processes and patterns of overlapping in networks affect change agents' perceptions of the range of "the window of opportunity"? Related to overlapping some network processes will come to dominate over others. Why will they dominate? Another part of the question of overlapping is how the processes and patterns of overlapping in networks, including the way different "plots" in the different networks will come to dominate, affect change agents' timing of strategic actions. In overlapping processes, the "dominant" network process will affect the time horizon and timing strategies of actors in other network processes by

affecting the processes' temporal profiles, and secondly, its window of opportunities.

3. *Coordination*: How does coordination within and between sequences take place? What is e.g. the role of proaction, reaction, interaction? Flexibility? Preparedness to act? Extending or narrowing time periods to act? The role of feed back? How do the processes and patterns of overlapping in networks, including the way different "plots" in the different networks will come to dominate, affect change agents' timing of marketing actions? How is timing related to the coordination of different interacting marketing actors' time and timing perceptions? Can companies over time adjust for "bad" timing of actions in networks by various actions of repositioning in the network? It can be assumed that the evaluation of "bad" and "good" timing is a matter of how companies over time *learn to adjust*, compensate for and calibrate the immediate consequences of the interconnected actions by the company and other actors in the network. When an actor is positioned in the intersection of many overlaps, will the propensity to act short-term increase? In stable relationships and network positions can it be assumed that timing is perceived as less important? Will actors in stable relationships be better prepared to take joint, and rapid strategic timing actions in response to actions external to the relationships?

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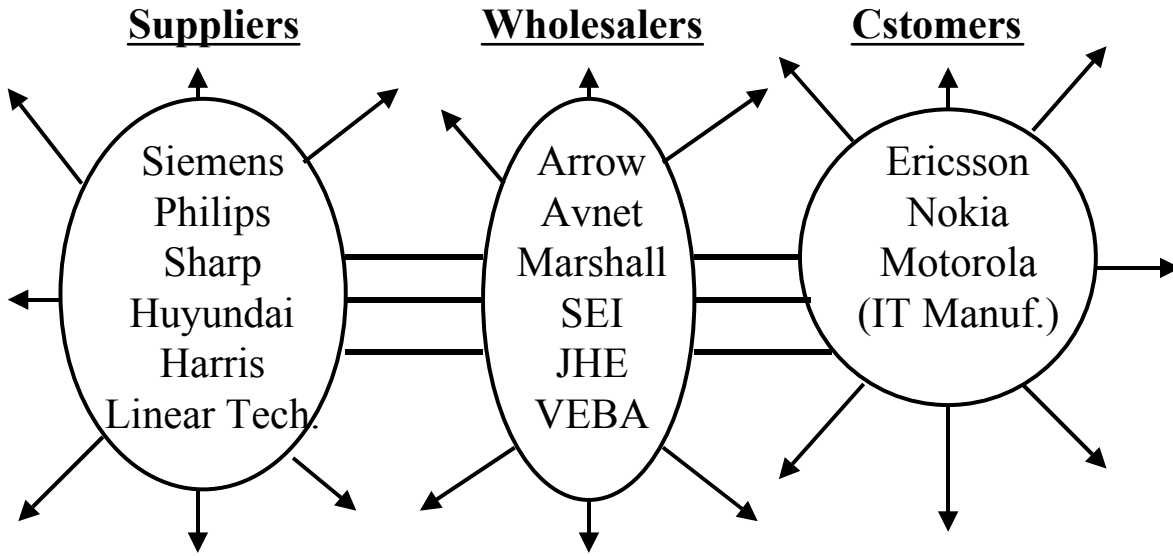
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**Figure 1. Three, Concurrently Internationalizing Actor Groups In The Electronic Components Network**



**Figure 2. Timing, Sequencing and Coordination**

