

How small companies develop services – an ARA-approach to service development

Purpose of the paper and literature addressed: The aim of the study is to create an understanding of how different actors contribute by giving access to the necessary resources needed for the developing of new services and what role the actors play in the service-development process. In order to increase this understanding two main theoretical areas have been addressed; service development and the classical IMP-model that considers “Actors, Activities and Resources” (Håkansson & Johansson, 1992 and Håkansson & Snehota, 1995).

Research method: To be able to reach a deeper understanding of how small enterprises develop services there has been a focus on a smaller number of enterprises (11 enterprises) over a relatively long period (18 months). Three major interviews were conducted with each company and between the interviews, contact was made with the interviewees (by e-mail and telephone) in order to clarify any unclear issues from the interviews. The interviews were semi-structured to allow for flexibility with regard to questions and to provide respondents with the scope to explain their views more freely.

Research findings: Based on the empirical analysis the study identifies seven main categories of actors who were involved in the service-development processes. These actors are: supporting actors; competing actors; suppliers/partners; customers/users; management team, strategy creators and deciding actors; service performers and the prime-movers. Each of these actor groups contribute with different types of resources and their role varies during the development process. The different actor groups’ relationship and their roles are discussed in detailed and conceptualized in a model that describes the service development from an ARA-perspective.

Main contribution: The main contribution is the identification of the actor groups and the model that describes the service development from an ARA-perspective.

Classification: Research study.

Key word: Service, Service development from a network perspective, Small companies

How small companies develop services –an ARA-approach to service development

Patrik Gottfridsson, PhD
Service Research Center, Karlstad University
SE-651 88 Karlstad, Sweden
Email: Patrik.Gottfridsson@kau.se

INTRODUCTION

In the service context, interaction and cooperation between various actors are vital and integrated parts of a service offering (Grönroos, 1990). A service could in many cases be described as being delivered via a service system built up by a network of interrelated actors (Edvardsson, 1997) who in many cases are outside the focal organization. Therefore an inter-organizational perspective needs to be applied in order to increase the understanding of the deliverance of services as well as the development of services. This is especially true if one uses a Service Dominant Logic-perspective (SDL-perspective) on service provision and service development (Vargo & Lusch, 2004). Service development requires a novel combination of tangible and intangible organizational resources and personal skills both from service producers and customers (Vargo & Lusch, 2004), and success will greatly depend on how services configure such sets of resources (Lusch et al., 2007). Firms need to be able to absorb the external knowledge and use it to innovate; and participating in networks with diverse partners has a positive effect on innovation (Jensen & Nybakk, 2009). The capability to solve problems by seeking and using new knowledge is considered a key factor for creating successful service development (Atuahene-Gima & Wei, 2011) and making use of intellectual resources outside the firm – such as knowledge resources from supplier, business partners and customers – is important in developing new services (Froehle & Roth, 2007).

Despite this, an investigation of a number of literature reviews of the existing service development research shows that most of the research in the service development area has been with a focus on an intra-organizational perspective; i.e. focusing on how the development process has been carried out within an organization and the interaction between the various actors but the context where this takes place is to a large extent overlooked (see for example Akamavi, 2005; John & Storey, 1998 and Jong & Vermeulen, 2003). This focus on an intra-organizational perspective on service development has resulted in that the interactive and collaborative aspects of service development have been overlooked (Syson & Perks, 2004). According to Stevens and Dimitriadis (2004) and Akamavi (2005) the existing service development models do not really catch the true character of how new services are actually developed. One reason for this is the lack of focus on the different actors who participate in and influence the service-development process. Smith and Fischbacher (2005) claims that there is, for example, no studies done that are based on the impact different actors have on the service-development process.

One way to overcome this limitation in the research is to apply a network perspective in the studies of service development. Applying a network perspective on service development “...helps identify actor member’s resources and facilitates understanding of the development of relationship” (Syson & Perks, 2004 p. 263). The need for an inter-organizational approach in order to understand how service development happens is even more significant when it comes to understanding how small companies undertake service development. Rothwell and Zegveld (1982) and Rothwell (1993) argue that small companies have difficulties in obtaining sufficient technical competence as well as other resources that

are needed. Networking is therefore sometimes of great importance due to the fact that small companies seldom have all the needed resources within them (Birley, 1985). The reason for studying the small companies in this paper is two-fold. First of all a majority of companies are small, so just from the sheer numerical perspective it is of high interest to study these kinds of companies and their service development. Secondly, as stated above, a small company is to a high extent in need of external resources and cooperation with external actors; therefore, they strongly manifest the network perspective.

Based on this discussion the present study is going to examine how small companies handle this shortness of resources by using external actors and their resources in order to develop services. The aim of the study is to create an understanding of how different actors contribute by giving access to the necessary resources that are needed for the development of new services and what role the actors play in the service-development process.

THEORETICAL POINTS OF DEPARTURE

From the discussion above, two main areas for this paper– service development and the network perspective– could be identified as being the theoretical points of departure for this paper.

Service development

By studying Johnes and Storeys (1998) through thorough literature review of the new service development area, one could find that most of the models are focused on an intra-organizational perspective, i.e. focusing on the actors and resources within the organization and on how different stages in the development process have been carried out – or should be carried out. Later literature reviews (see for example, Akamavi, 2005 and Jong & Vermeulen, 2003) basically give the same picture of the focus within this research area. Most of the models existing in the service development research also describe the service development by using a sequenced and structured approach to how the companies' services are developed within the boundaries of the company that is under study (see Akamavi, 2005; Johnes & Storey, 1998, and Jong & Vermeulen, 2003, for a review of different NSD models). In most of these models, one could at least identify three rather broad phases that the service-development process goes through (Lievens et al., 1999) *the planning phase*, *the development stage* and *the market launch stage*.

The network perspective- actors, activities and resources

In contrast to this, other researchers argue that a company's activities are not performed in isolation; rather, they are embedded to varying degrees in a wider web of coordinated business activities with other companies and agents (Ford, 1997; de Burca, 1995). Most companies are dependent on resources that are held by other parties. To obtain access to these resources, companies need to interact within networks of relationships (Ford, 1997; de Burca, 1995). Schilling and Werr (2009) have, based on their literature studies in the area, concluded that successful innovative service firms must see themselves as part of an *innovation network* in which they interact with various actors in their environment, such as customers and innovation partners, in order to exchange resources and to get hold of knowledge and ideas. To manage such a network, these various actors must be involved in a way that facilitates communication and creates a climate in which actors feel motivated to contribute and be creative (Schilling & Werr, 2009).

According to Håkansson and Johansson (1992) a network is built up by three inter-related variables: *actors*, *activities* and *resources*. *Actors* are those who perform activities and control resources, therefore, the *actors* play the crucial networking role. Actors can be individuals or a group of individuals (an organization or part of an organization). Actors can therefore be seen on different organizational levels. Resources can be divided into tangible and intangible resources. Examples of tangible resources are different types of physical assets such as production equipment, components, and materials. Examples of intangible resources are knowledge, skills, and routines. All resources, either tangible or intangible, are viewed to be heterogeneous. Resources are, as noted above, always under control of some single actor or jointly by several actors.

By engaging in exchange processes with other actors, relationships are created. Actors could therefore be seen as being embedded in a network of relationships, giving access to other actors' resources. An actor's control over a resource can either be directly through ownership, or indirectly by the relationship to another actor. By controlling resources and activities a company may not only gain access to important resources, but the control could also lead to the development of knowledge that can improve the company's ability to achieve certain goals. An activity takes place when an actor, or a number of actors, combine, develop or exchange resources by utilizing other resources. The activities could either be a transformation or a transfer activity. Transformation activities are carried out within the control of a single actor, and change or refine a resource by using other resources. Transfer activities involve the shift of direct control from one actor to another. Activities are connected to each other, either directly or indirectly, and constitute part of activity cycles.

In describing service development Hargadon (1998) describes service development as a process consisting of knowledge transfer and transformation. The basic idea underpinning Hargadon's (1998) model is that different forms of knowledge are transformed in order to create service offerings. This is done in four different steps or phases: the access phase, the learning phase, the linking phase, and the implementation phase.

<Insert table 1 about here>

Table 1: Knowledge transfer activities during the development of services (Hargadon, 1998).

Actors in the servicedevelopment process

Despite the relative scarcity of studies focusing on the interactive and collaborative aspects of the service-development process, there have been some studies that have examined various actors (or actor groups) in the process. For example Syson and Perks (2004) have studied service development from a network perspective with a focus on the interactions among actors. By looking at a case based on the development of services at a building society, the authors identified a number of network actors who were involved in the development process. The identified networks were categorized as: *internal actors* (members of the designated product development team; other internal actors who contribute financially; with marketing, and with legal expertise; and customer-contact staff); and *external actors* (such as competitors, distributors, agents, customers, and suppliers).

Another study of the development process from a network perspective was conducted by Heikkinen et al. (2007) who have used "role theory" to identify twelve distinct management roles in the development of a business network. Using such criteria to determine whether a task was "radical" or "incremental" and whether it was "expected" or "emerging", the

authors identified the following roles: (i) “webber”; (ii) “instigator”; (iii) “producer”; (iv) “facilitator”; (v) “gatekeeper”; (vi) “entrant”; (vii) “aspirant”; (viii) “advocate”; (ix) “planner”; (x) “compromiser”; (xi) “auxiliary”; and (xii) “accessory provider”.

In a study about service development in the public transport sector Gottfridsson (2009) identified eight main categories of actors who were involved in the service-development processes:

- Strategy creators (or institutional initiators): initiated the service-development process by creating (and, if necessary, amending) the strategic guidelines for the service offering that was to be delivered.
- Competing actors: this group competed for limited resources to provide the services that they perceived to be important.
- Deciding actors: has the power to decide how the limited available resources would be utilized in the project. They received guidelines and resources from the ‘strategic creators’ and provided information in return.
- Supporting actors: provided resources, support, and power to the internal functions of the project; and provide information with a view to influencing the ‘strategic creators’.
- Prime-movers: actors who were committed and enthusiastic about service development and assumed responsibility for ensuring that service development proceeded.
- Suppliers: actors whose role it was to, in a commercial way, supply the resources.
- Service performer: the people who were actually delivering the service.
- Users: who were both the user and co-producers of the service.

One important actor role that has been identified over time is the so-called “innovation champion”. An innovation champion is an individual willing to take risks in order to promote an innovation without having the formal control over the resources (Jenssen & Jørgensen, 2004). An important role of the innovation champion is to convince others and to create enthusiasm to engage other to give the possibility use their resources. An innovation champion must also have some form of technical skill and knowhow about the area. In order to gain power to function as a champion there is a need for power and in order to get that – the network that the champion has plays an important role (Jenssen & Jørgensen, 2004).

RESEARCH METHOD

To be able to reach a deeper understanding of how small enterprises develop services there has been a focus on a smaller number of enterprises (11 enterprises) over a relatively long period (18 months) (see table 2). Three major interviews were conducted with each company and between the interviews contact was made with the interviewees (by e-mail and telephone) in order to clarify any unclear issues from the interviews. The interviews were semi-structured to allow for flexibility with regard to questions and to provide respondents with the scope to explain their views more freely. Interview protocols were used to ensure that consistent data analysis was possible across all interviews (Yin, 1994).

<Insert table 2 about here>

Table 2: Overview of the studied companies

The interviews were recorded and transcribed and the statements in them were sorted into different groups in which all statements that in some way mentioned different actors were

marked and sorted out from the rest of the material. After this initial sorting, the statements were coded based on which role the actors had in the process. The different categories of roles emerging from the first part of the analysis were categorized and labeled using an open coding approach in the sense that the respondents' statements were guided and sorted on the basis of a number of predefined themes (Miles and Huberman, 2004). This was carried out in order to organize the statements so that an understanding of which important actor groups existed in the development process could be gained. In the second part of the analysis, these categories were compared to the categories presented in the Gottfridsson (2009) article about actors' roles in the service-development process in the public sector. This comparison led to some re-naming and changing of descriptions of roles/functions held by the actors.

EMPIRICAL FINDINGS

The findings indicate that all the studied small companies were heavily dependent on actors and resources outside the company. During the process there were different types of actors and different types of resources needed. Based on the empirical analysis, seven main categories of actors in the service-development processes were identified:

- Supporting actors
- Competing actors
- Suppliers/partners
- Customers/users
- Management team; strategy creators and deciding actors
- Service performers
- Prime-movers

The seven groups of actors and their various roles are described in more detail in table¹

<Insert Table 3 about here>

Table 3: Presentation of the empirical driven actor roles

DISCUSSION

In order to create an understanding of how different actors contribute by giving access to the necessary resources that are needed in the developing of new services and what role the actors play in the service-development process, a conceptual model has been created. As shown in the model (figure 1), the functions can be divided into 'external' and 'internal'

<Insert figure 1 about here.>

Figure 1: Model of actors, activities and resource in small companies' service development.

Of the actors presented above the first four actors are according to the conceptual model external actors who exist outside the company but still in different ways participate in the development of the new service. The first group is the competing actors who are the actors who compete for the limited resources in form of knowledge, but also in form of customer demand for a certain service. They also function as a provider of ideas for new services since

¹ The use of this short form of presentation in a table is due to the limitations of number of pages allowed in work-in-progress papers. In full length there are 5 pages with empirical material functioning as a foundation for the analysis.

ideas from competitors is one of the most important sources for developing new services (Davison et al., 1989, Scheuing & Johnson, 1989, Martin & Horne, 1993 and Johne, 1993). The second external group in the model is the supporting actors, who provide resources, support, and power to the internal functions of the project. They also provide information with the aim to influence the “strategic creators”. The supporting actors sometimes performs the role as “advocates”, “facilitator” and “webber” as they are described by Heikkinnen et al. (2007) their functions is to support the process by contributing with information, knowledge, resources and other supporting activities like, for example, mentally supporting the individual who is either deciding upon whether to use the service development or the one performing the actual process. Sometimes the supporting actor is an accessory providers; i.e. an actor who notices significant opportunities for promoting their own products, services and/or expertise in the operative development process and therefore supports the service-development process. The third external group is the suppliers whose role is to, in a commercial way, supply with resource. This is in line with Froehle and Roth (2007) who claims that knowledge resources from suppliers and business partners are important. The fourth and final external actor group is the customers/users. They function as both users and co-producers of the service. According to Gemüden et al. (1992) close customer relationships are important factors in order to stimulate innovation.

Worth noting is that the same actor could exist in different roles, and the role that the external actors plays tends to vary during the process. During the early phases of the service-development process, there is a need for innovative communication, which includes creativity during problem-solving with the purpose of creating fresh ideas and coordinative communication, aimed at matching the knowledge between the actors (Blazevic & Lievens, 2004). The actors’ participation is vaguer and sometimes they are not even aware of that they are a part of a development process. As the developmental work progresses the networks’ role changes. The closer to the end of the design and development, the more formalized and governed towards actors with certain specific competences that the company needs and with actors who the company already have established contacts with, it becomes. This could be described as more strategically governed contacts. The important resources are information, as well as more tangible resources, but are also sometimes of a financial nature in that the actors who participate in this phase are the companies’ customer.

The remaining three actors could be described as internal actors since they are the ones who are inside the company and actually undertake, or at least in some way are involved, in the service development. The first of the internal actors are those labeled as the prime-movers. The prime-movers were committed and enthusiastic about service development and assumed responsibility for ensuring that service development proceeded. In many cases this actor handled the role as the planner in an operational aspect. The second internal group was the management team (strategy creators and deciding actors). The so-called strategy creators initiate the service-development process by creating (and, if necessary, amending) the strategic guidelines for the service offering that was to be delivered. The deciding actors on the other hand have the power to decide how the limited available resources would be utilized in the project. They received guidelines and resources from the ‘strategic creators’ and provided information in return. The third internal group was the service performer, which consisted of the people who are actually delivering the service. This could be compared with and performed as the task of the producers as described by Heikkinnen et al. (2007) who are sometimes very active in the actual task level of the development process. In some cases these three roles could be performed by the same actor who is the one that decides on the outcomes of the strategies in general, specific projects to be undertaken as well as performing

and/or leading the actual service-development process. In many small companies the owner–manager is a central actor, who controls the company’s resources and performs the central activities (Burns, 1996 and Storey & Sykes, 1996).

To the prime-mover, resources in form of information and potential knowledge is transferred from other actors, who are outside the actual company (for example, information and knowledge from suppliers/partners, users/customer, competitors and from the supporters), as well as from actors within the company (service performers/other employees, and the management team). The actual service development then takes place in the form of the transformation of this knowledge to new services. This could be described as happening through Hargadon’s (1998) three final phases in the knowledge transfer and transformation process: the learning phase, the linking phase, and the implementation phase. The individual (the prime-mover) transforms the external knowledge into some sort of individual knowledge (the learning phase), which is then linked and combined with other items of knowledge gained in the same way (the linking phase), which is then manifested in different types of new services (the implementation phase). The capacity (the ability to transfer ideas to new service) to innovate is dependent on the organization’s ability to acquire (transaction activities) and use (transformation activities) new knowledge from either within the company or from outside the company (informal and formal networks) (Powell, Koput & Smith-Doerr, 1996).

CONCLUSIONS

Although many studies have focused on new service development, relatively little research has been undertaken on a network perspective of the service-development process and even fewer researchers have been studying the different actors and the roles that those actors play in the service-development process and the resources they bring. In this study of small companies’ service development, seven main categories of actor roles that were involved in the service-development processes were identified. Four of these actors are (according to the conceptual model) created in this study and are labeled as “external” actors due to the fact that they were not involved in the day-to-day activities in the development process, but still made an important contribution to the service-development process. The external actors who were identified in this study were as follows: the supporting actors, the competing actors, the suppliers/partners, and the customers/users.

Besides the external actors there also exist, quite naturally, a number of internal actors who are the actors who actually perform (or were at least involved in) the day-to-day development process. The actors who were labeled as internal actors were as follows: the management team; the strategy creators and deciding actors, the service performers, and finally the prime-movers. Each of these actor groups contribute with different types of resources and their role varies during the development process.

In this we see similarities to previous studies by Gottfridsson (2009) that have also identified a number of internal and external actors based on studies in the public transport area. Even if there are similarities between the existence of external and internal actors and actor roles between the studies, there are some differences between the actual function and resources each of these actors fulfil and contribute to. The reason for the differences that could be found is in some cases is due to the different contexts where the studies are conducted (public vs. private). Some of the differences worth noticing is for example, the function of the competing actors who besides competing for the scarce resource (funding and other

resources as well as customer demand) also function as a provider of ideas for new services due to the fact that one of the main sources for ideas in the private sector is competitors (Davison et al., 1989, Scheuing & Johnson, 1989, Martin & Horne, 1993 and Johne, 1993). Another important difference in the roles external actors plays the role that the suppliers play. In the private context the relationship with the supplier is often the result of a long term trustful interaction in difference to the public sector where the supplier is often the result of being the lowest bidder in a tendering process, i.e. some sort of forced relationship. Due to working together over longer periods of time the supplier sometimes takes another role by being a partner in the development process and contributing with their own products, services and/or expertise in the operative development process. Also when it comes to the group customers/users, they sometimes seems to play a more active role since they are invited to be an active part of the process, since it is their demand for the new service that is the driving force for the service development, due to the commercial context.

If we look at the internal actors, there also exist some differences, mainly due to the higher degree of informality that exists in the private sector rather than in the public. When it comes to the role labeled as the prime-movers, despite the similarities of being an actor that is willing to take risk there is one main difference and that is that the prime-movers in many cases have at least some sort of control over the resources, since it is in many cases the owner-manager. But despite the differences of formal control of resources and formal power, the prime-movers studied here seldom have that many resources to control since they are working in small companies. From this perspective they have the similar problem since they do not have resources to control. In some cases the three internal roles could be the same actor fulfilling them since in many small companies there is one actor who decides upon strategies in general, specific projects to be undertaken as well as performing and/or leading the actual service-development process.

References

- Akamavi, R.K. (2005), "A research agenda for investigation of product innovation in the financial services sector", *Journal of Services Marketing*, Vol. 19 No. 6, pp. 359–78.
- Atuahene-Gima, K. (1996), "Differential potency of factors affecting innovation performance in manufacturing and services firms in Australia", *Journal of Product Innovation Management*, Vol. 13 pp. 93–103.
- Collins, J.D. and Hitt, M.A. (2006), "Leveraging tacit knowledge in alliances: The importance of using relational capabilities to build and leverage relational capital", *Journal of Engineering and Technology Management*, Vol. 23, pp. 147–67.
- de Burca, S. (1995), "Service Management in the Business-to-Business Sector: From Networks to Relationship Marketing", in Glynn, W.B. and Barnes, J.G. (Eds.), *Understanding Service Management – Integrating Marketing, Organizational Behaviour, Operations and Human Resource Management*, John Wiley & Sons, Chichester, pp. 393- 419.
- Edvardsson, B. (1997), "Quality in new service development: key concepts and a frame of reference", *International Journal of Production Economics*, Vol. 52, pp. 31–46.
- Ford, D. (Ed.), (1997), *Understanding Business markets: interaction, relationships and networks* (2nd ed.), Dryden Press, London.
- Gottfridsson, P. (2009). "Actor Roles in Service-development process", *Journal of Public Transportation*, 12
- Grönroos, C. (1990), *Service Management and Marketing: Managing the Moments of Truth in Service Competition*, Lexington Books, Lexington, MA.
- Hargadon, A.B. (1998), "Firms as knowledge brokers: lessons in pursuing continuous innovation", *California Management Review*, Vol. 40 No. 3, pp. 209–27.
- Heikkinen, M.T., Mainela, T., Still, J. and Tähtinen, J. (2007), "Roles for managing in mobile service development nets", *Industrial Marketing, Management* 36, pp. 909–25.
- Håkansson, H. and Johansson, J. (1992), "A Model of Industrial Networks", in Axelsson, B. and Easton, G. (Eds.), *Industrial Networks: A Review of Reality*, Routledge, London.
- IMP. (1982) "An interaction Approach", in Håkansson, H. (Ed.), *International Marketing and Purchasing of Industrial Goods – An interaction Approach*, John Wiley, London.

- Ireland, R.D., Hitt, M.A. and Vaidyanath, D. (2002), "Alliance management as a source of competitive advantage", *Journal of Management* No. 28, pp. 413–46.
- Johne, A. and Storey, C. (1998), "New Service Development: a Review of the Literature and annotated Bibliography", *European Journal of Marketing*, Vol. 32 No.3, pp. 184–251.
- Johnson, S.P., Menor, L.J., Roth, A.V. and Chase, R.B. (2000), "A critical evaluation of the new service-development process", in Fitzsimmons, J.A. and Fitzsimmons, M.J. (Eds.), *New service development, – creating memorable experience*, Sage Publications Inc, Thousand Oaks. CA.
- Jong, de, J.P.J. and Vermeulen, P.A.M. (2003), "Organizing successful new service development: a literature review", *Management Decisions*, Vol. 41 No. 9, pp. 844–58.
- Lievens, A., Monaert, R. and S'Jegers, S. (1999), "Linking communication to innovation success in the financial service industry: a case study analysis", *International Journal of Service Management*, Vol. 10. No. 1, pp. 24–37.
- Martin, C.R. and Horne, D.A. (1993), "Service innovation: successful vs unsuccessful firms", *International Journal of Service Industry Management*, Vol.4, pp. 48–64.
- Miles, M. B. and Huberman, A. M. (2004), *Qualitative Data Analysis*, Sage Publications, London.
- SLTF. (2002), *Public transport in Sweden- coordination and competition*, SLTF, Stockholm.
- Smith, A. and Fischbacher, M. (2005), "New Service Development: a Stakeholder Perspective", *European Journal of Marketing*, Vol. 39 No. 9/10, pp. 1025–48.
- Stevens, E. and Dimitriadis, S. (2004), "New service development through the lens of organizational learning, evidence from longitudinal case studies", *Journal of Business Research*, Vol. 57, pp. 1074–84.
- Syson, F. and Perks, H. (2004), "New Service Development: a Network Perspective", *Journal of Services Management*, Vol. 18 No. 4, pp. 255–66.
- Turnbull, P. and Wilson, D. (1989), "Developing and protecting profitable customer relationships", *Industrial Marketing Management* 18, pp. 233–38.

Activity	Implications
Access	Creating access to the necessary knowledge Exposing the organization to valuable knowledge
Learning	Transforming the external knowledge into some sort of individual knowledge Bringing knowledge into the organization for future use
Linking	Linking and combining the knowledge with other items of knowledge Combining ideas and different areas of knowledge in order to create new solutions
Implementation	Knowledge being manifested in different types of new or refined services

Table 1: Knowledge transfer activities during the development of services (Hargadon, 1998).

Case name	No. of employees	Type of business
The language and culture company	Approx. 10	Individually designed language and culture services for international companies
The data programming company	Approx. 10	Individually designed computer software, and information technology solutions
The computer system company	35	Individually designed information technology solutions
The web design company	1	Individually designed web and communications solutions
The slum clearance company	Approx. 25	Slum clearance and sanitation solutions for industrial companies
The electronics company	45	Individually designed computer software and information technology solutions
The conference company	Approx. 5	Individually designed solutions for training and conferences
The branding company	Approx. 25	Branding and advertising agency
The media company	Approx 10	Web-based branding and advertising agency
The training company	Approx. 10	Individually designed solutions for training, mostly in the information technology field
The milieu company	14	Slum clearance and sanitation solutions for industrial companies

Table 2: Overview of the studied companies

Actor title	Description of role	Examples from cases
Prime-movers	The actor who makes the development process really happens, either as formal owner-managers of the company or other actors who were engaged in developing services.	The “prime-movers” in the cases studied here were actors who were committed and enthusiastic about service development and who assumed responsibility for ensuring that service development proceeded. One example is the language and cultural company in which one actor, the owner-manager, is the one dominating the development process in all parts. Another example could be found in the media agency, where the ideas about how to develop the services are almost exclusively from the owner-manager himself. It is noteworthy that a “prime-mover” could be an actor without any formal power in the development process; provided that person (or organization) was strongly committed to creating a good service. In other cases, the “prime-mover” can be commissioned with the specific task of leading the service-development team.
Actual service performer	This actor group is active in delivering the service and meets the customers in various ways and thereby plays an important role in the development process or that has certain knowledge that is useful in the process. This group is only to a small extent participating in the service development, not leading it or that over-enthusiastic about it.	An example of this is the slum-clearance company where in some cases, the ideas are generated by the employees when they have been out and done other work with customers and discovered problems and needs of the customer that they have yet to discover: <i>“... we often come up with proposals about other things than the task we are there to do, but we see it, notes it and give suggestions about solutions. We care about the customers which creates new needs and ideas.”</i> Another example of this could be found in the web design company. In this case one way to describe the process of idea generation is that the ideas can be seen as arising internally in the company based on the customer needs, which the co-workers have identified in their meetings with various customers.
Management team - strategy creators and deciding actors	This is an actor group that, in a more formal way, decides about what to develop and who creates strategies for the service development.	This could be, for example, seen in the electronics company, the branding company and the training company, where a group of actors is engaged in what could be described as a strategic process in which they, in a more methodical way, identify and develop a number of ideas about new services that the company should develop in order to maintain and improve the competitive edge; this is something that is described in the following ways by the manager of the computer system company: <i>“...in the way that we every months have a meeting with a specific theme, we go through different things and give somebody the responsibility to prepare the meeting.”</i> In some other cases, the general interest in its field of expertise kept the company alert and interested in developing new competence. In such cases, it is the owner-manager, or someone else in the business, who initiates development work since he or she realizes the importance of, or sees the opportunity in, developing the competence of the business in a certain area.
Supporting actors	An informal group of actors who, directly or indirectly, provide support of various forms to the projects.	What this groups’ role is and what they contribute varies over time and between the companies. One example of how a group of supporting actors is used is in the language and cultural company, where manager describes a process in which she discusses the ideas and possible solutions with a number of actors; both internal and external. The purpose of the discussions was to refine ideas and create viable solutions for service provision by using the more or less informal contributions from the other actors. This strategy of utilizing others is used right up until the new service is ready to be implemented. Some of these contacts have been business contacts, but also more socially related contacts have contributed in different ways.
Competing actors	Actors who compete for the same resources to be used in the development process and the customers’ buying power. They could also contribute by inspiring the companies and giving those ideas about how and what services could be developed	Sometimes this group of actors contributes by giving inspiration to the people involved in the development process. This is, for example, the case for the web company, where the manager gets a large part of the inspiration for the company’s new services by the way their competitors work. An example of this can be seen in the case of the language and cultural company, which developed an idea that originally came from another company that was engaged in educational activities. This person had shown considerable originality in designing and carrying out various educational experiences for students. The owner-manager of the language and cultural company took note of this educator’s success and subsequently devised ways of organizing a service that the company had previously planned, but had difficulties in delivering.
Suppliers	A group of actors who	One example of a company that chose to use an external supplier is the

	contribute as suppliers of know-how and/or physical resources needed in the development of the service that do not exist inside the company.	branding company, who instead of internally trying to get the resources needed to develop and deliver the new service works together with external actors. Even if the external actors are heavily involved in the development process, the company makes sure that they internally control the most important and crucial resources. Sometimes the situation is the other way around the studied company is not the driving force in the process, but instead they are sometimes functioning as suppliers or partners to other actors.
Customers/users	The actual buyer or user of the service who sometimes, besides demand of the new service, plays a role in the development process	The way the customers are involved varies in these cases. Some of the companies actively sought contacts with existing customers to involve them with developing services. This is, for example, the case in the branding company who has several customers with whom the company had especially close relationships with in order to get their involvement in the development of new services. In other cases the customers are involved by having specific problems that the company helps them to solve. The web company points out that if the ideas in some ways could be connected to the customers and their needs and wants then the idea seems to more fruitful than ideas that are generated internally in the company.

Table 3: Presentation of the empirically driven actor roles

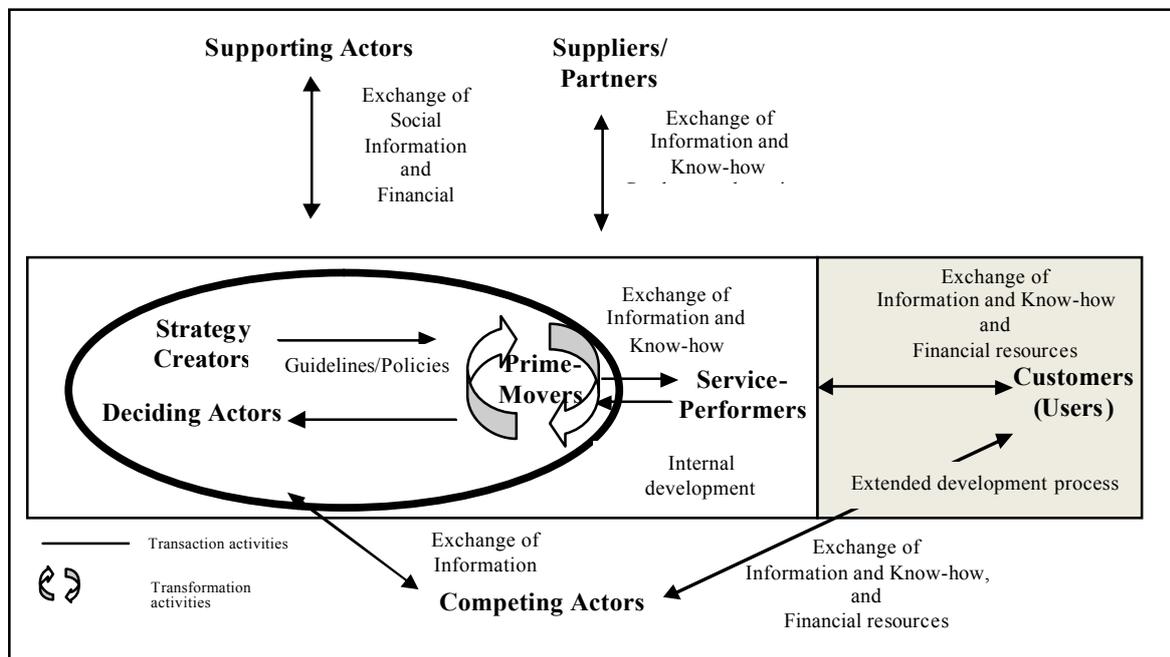


Figure 1: Model of actors, activities and resource in small companies' service development.