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# I Introduction

*Chapter one follows a general introduction to the topic of strategy and the implications of cognitive differences along with earlier research made in this field. This section also includes a problem statement and purpose of this research.*

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The Spanish telecommunication company, Yoigo, recently finished a substantial work to develop their new strategy called “Yoigo 2015”. The strategy is a very important part of their business goal to reach 10% market share in 2015. We went to Yoigo’s head-quarter in Spain to interview their managers and employees. These interviews made it possible for us to analyse and interpret how the understandings and perceptions about the new strategy differ between the employees.

## I.1 Background

“Strategy is the determination of the basic long term goals of an enterprise and the adoption of courses of actions and the allocation of resources necessary to carry out these goals” (Chandler, 1962, p.13). According to this definition, strategy is an important part of any business. It is when a manager thinks of long run business achievements, in what markets to compete and which activities to engage within those markets. Furthermore, it is about how the business can outperform competitors by using certain resources like skills, assets, finance, relationship, technical competence and facilities. Strategy also deals with the stakeholders expectations within and around the business.

Today organisations put a lot of effort into creating a strong and feasible strategy to become more successful. It includes the basic goals and objectives but also a more detailed plan how to allocate resources and what real actions to take. Therefore the strategy is very important and why many organisations spend a lot of time and resources to make the most out of the strategy creation. Consultant companies formed to help organisations with their strategies are numerous. But even if a strategy is clear and jointly formulated, a problem is that the strategy is perceived and understood different by managers and employees. They are the same persons who are expected to follow the strategy and adopt their plans according to it.

The perception and understanding of how a strategy was formed can differ. There can be different understandings of what the basic goals are and how to implement them. Another important issue is how to secure the progress and how to evaluate the strategy afterwards.

Because individuals are equipped with belief systems and use categorization on different levels, the human mind makes shortcuts between thinking and acting (Melander, 1996). Donaldson and Lorch (1983) found that senior manager's belief systems influence their decision making while Hax and Majluf (1988) conclude that the cognitive process of individuals affects the strategy formation based on the environmental understanding.

Therefore it is important to identify if there are different perceptions and understandings of a new strategy. If managers have this information they can go back to the strategy process and focus their work on specific parts to ensure the conformity of the strategy.

## **1.2 Problem Discussion**

Yoigo is a Spanish telephone company that recently finished a substantial work to develop their new strategy called "Yoigo 2015" (J. Andsjö, personal communication, 2011-04-06). Yoigo has an objective to increase their market share from 4% to 10% in the Spanish market. Yoigo's business model is unique and differs a lot from competitors'. With only 90 employees they outsource many of their operations, including the operation of 1000 shops. The increase in market share will result in more than 7 million customers and Yoigo will be the third operator in Spain. The Yoigo 2015 strategy is there to guide the work of employees but also contractors and partners that play a critical part of the development.

Each employee at Yoigo has a lot of responsibility for processes, control and cooperation with contractors and partners. Therefore it is a must that everyone understands the new strategy and what needs to be done in order to succeed. The cognitive process of each employee will lead to different understandings and outcomes when interpreting a strategy and the process in which it was formed. We want to look into the strategy process when Yoigo 2015 was formed and analyse how the different employees perceive it. We also want to see where in the process the differences are greatest and how employees will translate and implement the strategy into actions in their own areas of responsi-

bility. We want to look at this by examining the employees' perception about Yoigo's: competitors, customers, corporation and strategy formulation process.

### **1.3 Purpose**

The purpose of this study is to interpret and understand how the perception of a strategy differs among employees within an organisation, in a qualitative study with Yoigo.

### **1.4 Delimitations**

The study is committed in Spain where qualitative interviews were made. We will focus on strategy in terms of awareness, perception and process. There are many different factors affecting the cognitive processes. We have limited our research to business related theories, not including studies committed entirely outside the field of business administration. The outcome of the strategy is disregarded. It is only the process when creating the strategy that is included. We are limiting our study to a single process within a company.

## **2 Theoretical framework**

*In this chapter we will present theories and research in the area of awareness and perception in relation to strategy. Also, theories within the subject of strategy will be described. This section is divided in fundamental theories and main theories.*

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The fundamental theories simplify the understanding of perception and cognition to clarify how individuals are affected and why strategies are perceived differently. These theories present knowledge about understanding and awareness in a strategic context.

The main theories provide an understanding of the important aspects of strategy in an organisation. The focus will be on how firms achieve competitive advantages through their strategies.

### **2.1 Fundamental theories**

In this section, cognitive aspects which affect the outcome of the strategy are presented. It enlightens why the individuals come to different conclusions and understandings based on their cognitive mind.

#### **2.1.1 Strategy Perception**

Individuals in an organisation may perceive and understand strategy very different to each other. Due to cognitive styles, people in the same organisation may come up with different decisions or outcomes, when facing the same strategy. We will analyse how individuals perceive a strategy and the strategy formation process. In this section we will start by describing cognitive style and incoherent perceptions of individuals in an organisation. Furthermore, environmental forces that shape decision making will be explained. The purpose of these theories is to provide a framework for analysing employees' different opinions and understandings of the strategy.

##### **2.1.1.1 Cognitive Style**

“Cognitive style is a person's preferred way of gathering, processing, and evaluating information” (Hayes & Alison, 1998, p. 850). According to this definition, the cognitive style affects how an individual perceive the environment and gather information in various contexts. It influences how persons structure and interpret information and finally incorporate it according to their own subjective theories or understandings. This will consequently direct their action.

It is crucial that individuals process information in order to recognise change. If individuals fail to recognise important changes that occur around them, they are likely to fail in the exploitation or development of their own knowledge and talents. This may then result in failure to reach organisational objectives (Hayes & Allison 1998).

#### **2.1.1.2 Preferences**

Research has found that the cognition of individuals influence the strategy making process and information related to it. Jung (1923) recognised that people's behaviour matched certain patterns and could therefore explain various psychological functions. These functions are referred to as preferences. Just as a person can be either left or right handed, people favour one process over another.

*Sensing perception* versus *intuitive perception* is one type of preference. These preferences are connected to how individuals become aware of ideas, facts or occurrences. Sensing is the process preferred when creating perceptions on facts and what the five senses tell you. A sensing person does not like being unstructured and base his actions on environmental certainty. Intuitive persons prefer perception through a deeper meaning. These persons are not too keen on details and tend to perceive the total picture rather than details (Prince, 1992).

#### **2.1.1.3 Environmental perception**

Managers reflect upon various measurable characteristics in the market. They must do this to match the company's strategy to the environment in which they are operating.

Environmental perception of an individual could be competition, entry barriers, industry development and maturity level. Prince (1992) presents a further dimension of the environment in which a firm competes. Namely that people create and endorse the environment they are in. This is done through gathering, selecting and screening of information. According to Prince (1992), it is not the environment as such that really should be taken into account but in fact the individual's ability to understand it and forecast in order to reach the most effective result. As the environment may be perceived as stable, others could perceive it as uncertain or competitive. Consequently, strategy makers will respond in different ways, similar to individuals who perceive the environment differently Prince (1992).



The perception of the environment is important to highlight, since ultimately it will result in shaping the strategic plan. The formation of the strategy will be influenced by various environmental forces (behaviour, political and emotional) which will affect the final outcome (Anderson & Paine, 1975).

#### **2.1.1.4 Competitor Perception and Identification**

A firm needs to identify its competitors in order to develop competitive advantages. We will present a theory created by Clark and Montgomery (1999) that evaluates how an organisation perceives competitors and what the most important factors are behind it. Clark and Montgomery's (1999) research pursued two approaches to competitor identification:

1. *Supply-based approach* categorizes competitors according to what attributes the competitors have. By attributes they mean how alike the competitors are in terms of products, strategy and marketing. According to Walton (1986), the most important attributes when an organisation identifies a competitor are: product offers, firm performance, geographic scope, style management and ownership. Clark and Montgomery (1999) state that managers should put more emphasis on competitors based on what customers they have. It is important to identify customers as many attributes in the supply-based approach are vital for customer identification.
2. *Demand-based approach* classifies competitors based on what customers they have. This approach recognises competitors in terms of customer behaviour and attitude of their customers. However, it is little known about how managers actually identify competitors in practice, this is because the way they identify competitors differs. The only continuously upcoming attribute in the demand-based approach is geographic scope (Clark & Montgomery, 1999).

#### **2.1.1.5 Size of Competitive Category**

Managers mention relatively few competitors who are in their competitive category. The economical importance imposes a ceiling of the number of firms that managers consider as competitors (Clark & Montgomery, 1999). Cognitive studies have shown that people have difficulties to process units on large amounts. This means that it is easier for managers to process information on few important competitors.



### **2.1.1.6 Problems with Perception**

The key point in this discussion is the perceptual process of managers when deciding upon a strategy. Anderson and Paine (1975) present some concerns or problems related to perception of strategy, these are presented below:

1. The understanding of how policies are formulated is not viewed consistently throughout the entire organisation.
2. Since the understanding of the policy formulation process is lacking, evaluating the strategy becomes difficult.
3. If the strategy formulation is not well understood, one will have difficulties in achieving fruitful discussions of how to implement the strategy.
4. If you lack good knowledge in how the process functions, the organisation will find problems in how to treat the strategy and the formulation.

### **2.1.2 Strategic awareness**

When a strategy is implemented in an organisation, it is important that it is understood by those who operate in the firm. In order to reach a good outcome of the strategy, members of an organisation should have clear awareness of the strategy and know how to use it.

To understand the reason to why awareness in an organisation is low, we will present three causes. One reason is that the strategy is diffuse or vague and is missing clear characteristics for what to do (Snow & Hrebiniak, 1980). Secondly, if the top manager is not aware of the background of the current strategy, there could be a lack of strategic awareness. Thirdly, if top managers fail to involve middle or lower level managers in the strategic process, these managers will have less knowledge about the strategy. Additionally, the awareness can be influenced by what processes the organisation have in terms of planning and communication system (Snow & Hrebiniak, 1980; Hambrick, 1981).

Hambrick (1981) made a study of strategic awareness among managers. He tested this by comparing three levels of managers: chief executive, second level and third level managers.

- Proposition 1 – *The higher the position of the Manager is, the greater is the match between manager's perception and strategy assigned by an organisation.*

Hambrick (1981) concludes that the hierarchical level in the organisation affect the result of strategic awareness. There is a significant drop of strategic awareness as you go down in the levels of hierarchy. Even the second level managers do not have the same awareness as the top executives.

- Proposition 2 – *The higher the position of the manger the greater the understanding between the manager's perception and that of the executive of the organisation.*

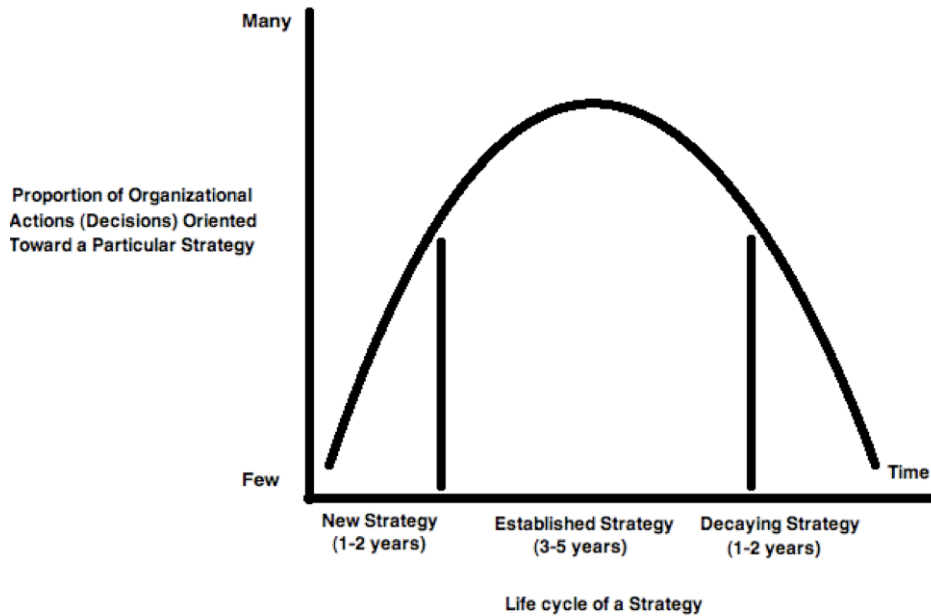
This is very similar to the first proposition. Hambrick (1981) concludes that second level managers have a greater degree of awareness than the third level manager.

- Proposition 3 – *The strategic awareness will be lower in an organisation that has recently altered their strategy compared with an organisation that has a relatively long term oriented strategy.*

Hambrick's (1981) test implies that organisations that recently changed their strategy assess the highest level of awareness, compared to organisations that have a long term strategy. This is true for all levels of managers that were included in the test. Hambrick (1981) states that the apparent reason for this is the managerial alertness towards the organisational change. Change consequently promotes "strategic thinking".

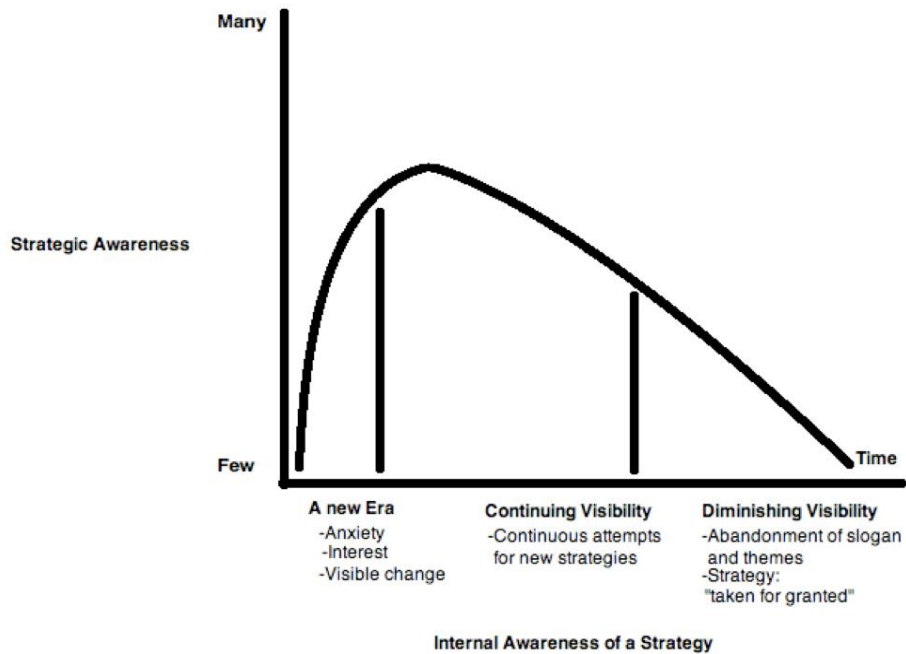
Peters (1978) also addresses the difference in awareness between newly changed strategies and long term strategies. The change is a factor that motivates and enhances attention within the organisation. In organisations without recent strategic changes, managers have a tendency to forget to focus on the strategy. Looking further into the research of managers in large corporations, we see (Figure 2.1) that a strategy has the tendency to continue over a period of seven to nine years. Peters (1978) illustrate a life cycle of a strategy. He shows that the strategy cycle consists of three phases, new strategy, established strategy and decaying strategy. The curve shows the proportion of organisational actions directed towards a particular strategy. Peters (1978) also state that the awareness

peaks is in the initial stage of the strategic life cycle. After the initial stage, awareness is weakened as time surpass. In Figure 2.2 he presents three strategic phases: new era, continuing visibility and diminishing visibility. The curve illustrates the proportion of strategic awareness in the stated phases.



**Figure 2.1 Life Cycle of a Strategy**

Source: Peters (1978) p.273



**Figure 2.2 Internal Awareness of a Strategy**

Source: Peters (1978) p.273

### **2.1.3 Goal Congruence**

To demonstrate how goals vary in an organisation, we will present the concept of goal congruence. This will help us to understand how organisations and individuals in the same group work with goals.

Organisations have set goals within the firm that every employee should work towards. In order to reach best possible outcome, all employees should work for the same goal. Most organisations intend to implement a system that influences individuals to act in a goal congruence manner. However, the goals vary between what executives and employees of an organisation want. “In a goal congruent process, the actions people are led to take in accordance with their perceived self-interest are also in the best interest of the organisation” (Anthony & Govindarajan, 2001, p. 98). According to this quote, goal congruence will lead to an organisation having coherent goals.

#### **2.1.3.1 Organisational Constituency**

Organisations work in groups and therefore every individual opinion does not need to be considered. These groups often share similar values and goals. Goal congruence within these groups is therefore likely to be important for the individuals within the group (Vancouver & Schmitt, 1991). Mintzberg (1983) also mentioned that in order to get around the problem of how to reach goal congruence, one should recognise constituency within the organisation.

## **2.2 Main theories**

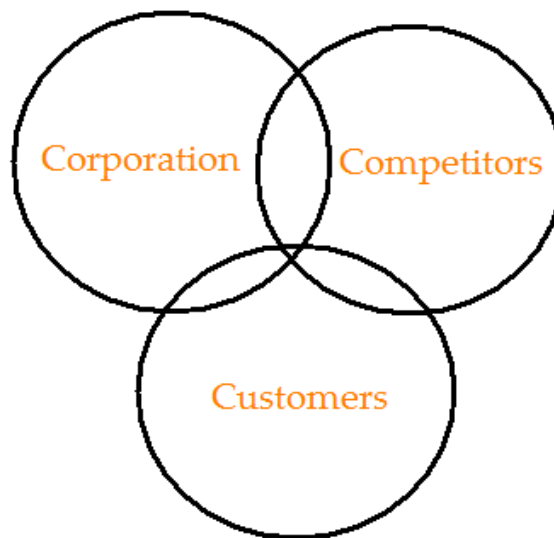
The main theories explain factors that affect the quality of strategies. To know what is important when creating a strategy, these elements are crucial to identify and understand.

### **2.2.1 The Strategic Triangle**

In order to understand the key factors for a successful business strategy, we will present a model that includes three aspects and discuss their importance for a business strategy.

Ohmae (1982), business and corporate strategist, has developed a model that shows the three most important areas that should be considered in order to reach a strong business strategy. Figure 2.3 shows the main areas that have to be considered when constructing a business strategy. These are also seen as the key factors of success in a business. According to Ohmae (1982, p.91), “a successful strategy is one that ensures a better

stronger matching of corporate strengths to customer's needs than is provided by competitors".



**Figure 2.3 The strategic three C's**

Source: Ohmae (1982) p.92

When constructing a strategy, one must consider these main factors. If an organisation integrates competitor, consumer and corporation in a strategic triangle, a constant competitive advantage will be added to the firm. To understand these three key factors, we will further explain the three C's presented by Ohmae (1982).

### **2.2.1.1 Customer-Based Strategies**

To gain a strategic edge over competitors, one must segment the market in order to meet the customer's needs. There are two basic models of market segmentation. The first is segmenting by objectives, "different ways different customers use the product" (Ohmae, 1982, p. 99). Take chewing-gum as an example, some people take it because it tastes good while others use the gum to get rid of their bad breath. The second model is segmentation by customer coverage, this could be created from due to a firms own circumstances. Even if a firm targets a large group or segment of customers who have same preferences, the organisations capacity to satisfy them may be limited by the available resources. The making of strategic segmentation normally emerges from a trade-off between *marketing costs* versus *market coverage*.

### **2.2.1.2 Corporation-Based Strategies**

To maximize a firm's strengths, the corporation needs strategies aiming for the same thing. To increase positive profit and market growth, it is important for a corporation to maintain a positive differential in key functional strengths. There are different ways to reach a positive differential. The first method is selectivity and sequencing. The corporation does not need to be a winner in all the firm's functions. Therefore, the corporation should aim at reaching at least one function that can gain a decisive edge (Ohmae, 1982). This will in turn lead to improvements of other competition functions. The second method is called cost-effectiveness. There are three different ways of using this method. The first one is to reduce costs more effectively than competitors. The second method is to share resources with other sub-functions which can lead to more advantages for the corporation. The last method is to increase the selectivity of products, orders or functions. This method will result in lower functional costs.

### **2.2.1.3 Competitor-Based Strategies**

The Competitor-Based Strategies can be developed by potential sources of differentiation in a number of functions. These are purchasing, design, engineering, sales and servicing. There are two methods that can be used in order to achieve differentiation. The first one is power of image which implies that firm's image is very important when one wants to achieve differentiation. A power of image can be created to manage the marketing functions, promotion and distribution with much greater care. The second method is called capitalizing on profit- and cost structure differences. This method implies that a company with higher cost structure should always look for functional differentiation.

In our research, we used this model of strategic triangle by Ohmae (1982) to formulate questions for our qualitative interviews. Also, we have used this framework in our analysis to evaluate where in the strategic triangle most differences and similarities exist. As mentioned earlier, this model presents the key factors of strategic success. Therefore, more perceptual differences mean less success in the Yoigo's strategy. This theory will function as a frame to help us find the key differences with the intention to fulfil our purpose. Finally, we will use the composition of this model to structure our empirical finding and analysis.

## **2.2.2 Strategy Process**

Pettigrew (1992) explains the strategic process as being dynamic. To understand a strategy process one should understand that the process is always changing. A strategy process includes action, dynamism, time, development and outcome (Pettigrew, 1992). It is also about the formation and implementation of the strategy (Van De Ven, 1992). We will present these concepts further in the following sections.

### **2.2.2.1 Strategy Formation**

To understand the difficulties of forming and implementing a strategy one must realise that the concept of strategy and the process of implementing it, are inseparable in an organisational setting. There are three different processes included in strategy formation: (1) based on the understanding of the environment, the cognitive process of individuals affects the strategy formation; (2) perceptions are channelled and commitments developed through social and organisational processes; (3) the political process when there is a power shift that influence purpose and resources (Hax & Majluf, 1988).

Mintzberg (1978) writes about what strategies are and how they are formed in organisations. There is a great amount of strategy literature. These are labelled strategy formation in the private sector and policy making in the public sector. Both policy making and strategy formation deal with the question of how organisations handle important decisions and form strategies. The largest part of the published strategy literature deals with the *planning* mode of strategy. In literature, the planning part is described as an especially structured process that is efficiently integrated in the organisation (Ansoff, 1965; Steiner, 1969). Others like Lindblom (1959), Braybrooke (1963) and Halberstam (1972) describe strategy formation in the private sector as an *adaptive mode*. They talk about the strategy process as one in which many decision makers with conflicting goals negotiate with each other to create an increasing stream of incoherent decisions. The same notion is implicated by Cyert and March (1963) for the public sector. There are some literatures within this field but most are theoretical without being empirical (Mintzberg, 1978).

The strategy formation can be the result from a realized intention or a result of unplanned action. When a company interacts with its customers the product is not always a perfect match. Often the salesperson returns to his company and tries to adopt the product according to the customer's preferences. If they manage to adopt the product in



a correct way and sell it to the customer, a new product and market has opened. This means that the strategy is slightly changed. In small organisations the innovator is often the same person as the implementer. Therefore the change is easy and smooth. In larger organisations the innovator and the person that must initiate and implement the strategy can be far away from each other in the company. Sometimes the salesman can continue alone to create the new product and in that sense follow his own strategy. Later, this new product can be recognised by managers and it can be implemented as a change in the organisational strategy (Mintzberg, 1987). When we refer to realized intentions in this research, we imply a strategy that has been created in a very deliberate way based on facts and with a clear goal on what wants to be achieved. With unplanned actions we mean a strategy that has not emerged deliberately. In a strategy creation process, both control and flexibility are important. Some strategies are created from a clear realized intention or from unplanned actions while most others fall somewhere in between (Mintzberg, 1987).

#### **2.2.2.2 Strategy Implementation**

Barney and Hesterly (2006) state that just choosing a strategy is rather useless if the strategy is not being implemented. The strategy implementation takes place when a firm apply practices and plans. Lynch (2006) shows that the implementation process involves four basic elements. The first element is to identify what strategic objectives the company holds. Secondly, an organisation should formulate a plan, converting the strategy into tasks and deadlines. The third element regards budgeting and resource allocation. Lynch (2006) states that it is how a company should pay for their operations and how resources should be allocated. The fourth element is to apply control and monitoring over operations. The firm need to make sure that objectives are met and resources are used in accordance with agreement. Monitoring should also be examined against future projections such as environmental and economic change.

#### **2.2.3 SWOT**

This framework will help us to better understand Yoigo's situation by looking at the resources and external environment.

SWOT is an acronym from strengths, weaknesses, opportunities and threats. It is a useful framework for reviewing strategy in terms of internal and external perspectives (Dyson, 2003). In order to form a successful strategy, one should understand the key

opportunities and threats to be able to identify a realistic strategy. Also, when understanding the firm's strengths and weaknesses, one can find an effective niche for the firm's strategy (Adams, 2005). A SWOT analysis tries to identify the strengths and weaknesses of an organisation and the opportunities and threats in the environment (Dyson, 2003).

#### **2.2.3.1 Internal**

The strengths of a company are related to different aspects like: personnel, facilities, location, products and services (Dyson, 2003). The strengths define and give the company a competitive advantage, which are created using the firm's competences and resources (Pearce & Robinson, 2005). The weaknesses reflect both the company and the customers. According to Pearce and Robinson (2005), a weakness could be defined as a lack in the firm's resources or competencies that slows down the firm's effectiveness.

#### **2.2.3.2 External**

The external part covers: political, economical, social and competitive aspects (Dyson, 2003). It includes information related to the competitive forces in an industry and how they affect the firm. These are factors that affect competition and the competitors' thoughts about the environment. In addition, it helps managers to answer three questions: For the firm's competitive success (Bensoussan & Fleisher, 2008), what environmental factors are crucial? How does the industry look in the future? Is the current industry attractive or unattractive?

We will use this framework in our interviews to investigate if the employees' perceptions differ in terms of Yoigo's resources, competencies and external environment.

### **2.3 Research questions**

The research questions are used to fulfil our purpose. We chose these research questions in order to derive more specific information related to our purpose, thus to get more delimited results of our research. The first question we used considers the perceived implications of the strategy. We used this because it is important to understand the awareness of the employees and what it means to them. Secondly, we asked how coherent the perceptions are in different organisational areas. According to Ohmae (1982) the most important areas to consider reaching a strong strategy are competitors, costumers and corporation. Because of their importance it is necessary to identify how coherent the

perception is within the respective areas. In addition to these, it is important to understand the strategic process, because it is a central part in how the strategy work is implemented and used in practice. Finally we wanted to identify how the organisational environment affects strategic awareness. We included this research question to identify the organisational culture, since it is not always enough to have a good strategy, but rather an environment that enhances strategic thinking.

*Research question 1:* Seek to understand what the perceived employees' implications of the Strategy, Yoigo 2015, are?

*Research question 2:* How coherent are the employees' perceptions within the respective areas: competitors, costumers, corporation and strategy process?

*Research question 3:* Are there factors in Yoigo's internal environment that affect the employee awareness of the strategy?



### **3 Choice of Method**

*In order to achieve the purpose of our thesis, different methods have been used. In this chapter, we discuss and present our scientific approach and our method used to collect the needed data. We will also present our motivation to the decided methods.*

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#### **3.1 Inductive vs. Deductive Approach**

A deductive approach is when the author use existing theories to reach his conclusion. From the existing theory, hypothesis are formed which later on will be empirically examined. This means that the existing theory is the frame and decides what kind of information that should be collected. This also shows how to interpret this data and finally how to relate the result to the existing theory. The deductive approach is criticised, because the researcher uses an existing theory, there could be a risk of not being able to exploit new interesting ideas (Patel & Davidsson, 1994).

The inductive approach is the direct opposite to the deductive. An inductive approach means that the researcher starts with the empirics and move from the findings towards a theory (Jacobsen, 2002). When collecting the information and data, the researcher should not have any assumptions or expectations. This is important since the researcher will be the one formulating a new theory. In other words, the researcher should discover something that could be formulated in a theory (Patel & Davidsson, 1994). The risk with this research method is that it is very hard to investigate without any assumptions or expectations and therefore it could lead to an error (Jacobsen, 2002).

We have used a deductive approach to our bachelor thesis, since we will use existing theories as a base to our study. We started our study by looking at existing theories to form our interview questions. There are many researchers in the field of perception and strategy. However, we wanted to analyse how the perceptions differ in a strategic process. In this field there are very few researches, therefore we have selected relevant existing theories to be able to analyse our data from different perspectives and to reach our conclusion.

#### **3.2 Qualitative vs. Quantitative Method**

Based on Jacobsen (2002), one of the differences between qualitative and quantitative research is the number of units investigated. The qualitative research applies that the researcher investigates fewer data sources while the quantitative method include a larger

number of data to be investigated, e.g. survey. Another factor that distinguishes these two is that the quantitative method is usually more used to examine hypothesis while a qualitative method creates the hypothesis along the investigation (Jacobsen, 2002). In this study we have used a qualitative research. The reason is that we will base our primary data on interviews and observations. By using a qualitative research method, we will to a higher extent fulfil the purpose of our study.

### **3.3 Interviews**

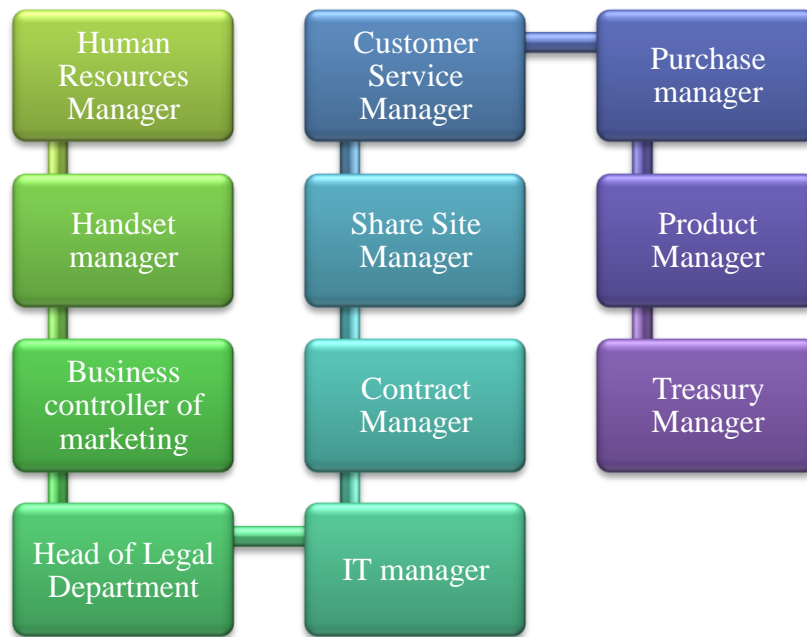
This thesis will include both primary data and secondary data in order to fulfil our purpose. The primary data will consist of interviews and observations to enable us to gain the best information (Patel & Davidsson, 1994). The secondary data include documents provided from Yoigo and competitors' web pages. To be able to analyse perceptions of different employees in terms of process, formation, implementation and awareness of the strategy; the best tool to use is interviews. Surveys are not suited to our study since that technique is more relevant to use when you want to collect many answers by interviewing larger amounts of people. Also, the questions asked should be more associated to what, when, where and how (Patel & Davidsson, 1994). Moreover, we did not choose to do experiments, as this method is when researchers study some variables and at the same time try to get control over some other variables (Patel & Davidsson, 1994). We chose to do interviews in order to collect the needed data in a sequence, to answer our research questions and to fulfil our purpose. This technique made it possible for us to ask more detailed questions and to understand why they answered as they did.

According to Dalen (2004), there are different kinds of interview structures to choose from when fulfilling a purpose. We have used open end questions since our goal is to evaluate different employees' opinion and view of the firm's strategy, therefore the questions had to be structured in order for us to understand and investigate their beliefs. These interview structures could be seen in different perspectives, for instance Saunders, Lewis and Thornhill (2009) present the structure from three different viewpoints while Patel and Davidsson (1994) pointed out four different interview structures. We have used Patel and Davidsson's (1994) description of the different structure as it is most consistent with our research question formulation and interview method. We have used a highly standardised interview where the interviewer asks the same questions in the same order to the entire sample. The other part is how structured the questions are in

terms of how much space the interviewee has in his answers (Patel & Davidsson, 1994). Our aim was to give freedom to the interviewees, to enable them to answer from their own viewpoint of the strategy. This is categorized as open end questions and therefore our interviews consist of low degree of structure.

When we formed the questions, we did not have any information regarding Yoigo's future strategy. Therefore the base for our interview questions is formed using our theoretical framework (see chapter two). The theories presented in chapter two helped us to formulate our interview questions. The structure of the interviews is first very open with generic questions about the strategy process, customers, competitors, external environment, corporation and their current and future strategies. One example of a question is: when you formulated the Yoigo 2015 strategy, was it a planning or an adaptive process? Before the interviewed answers, we explained and defined what a planning and an adaptive process mean in terms of strategy formation. In this part we used Ansoff (1965), Steiner (1969) Lindblom (1959), Braybrooke (1963) and Halberstam (1972) as references to the definitions (see Appendix 9.1). Following this question, we had a related question to tell us why the interviewed employee answered as he did.

We started our interview process by contacting Johan Andsjö (CEO of Yoigo) and informed him of our topic and whom we were interested in interviewing. We pointed out that the best outcome would be to have employees from different levels in the organisation and from various nationalities. Before selecting the interviewees, Johan Andsjö expressed the importance of getting a result that could be representative for the whole population. Therefore, with emphasis on randomness, Johan Andsjö just went out to the office and picked eleven employees from different departments. It was very important for us that the participants answered the questions freely without being concerned of what they might say during the interviews. Therefore the employees we interviewed are anonymous in this thesis. As a result, we can only state their roles and cannot connect a specific answer to an individual. The roles of the employees we interviewed are stated in Figure 3.1.



**Figure 3.1 The interviewees' profile**

Source: Developed for this research by the authors

Since we wanted to have the best outcome of these interviews, we decided to visit the firm on site in Spain. We spent three full days at the Yoigo headquarter, where we had around 90 minutes scheduled interview time with every person. Moreover, all of us participated in all interviews we held. As we all were able to take part during the interviews, we selected one from the research group to ask the questions while the other two noted the answers that the interviewees gave us. Furthermore, we audio recorded all the interviews and sorted them by numbers. Since we both recorded the answers and the whole group were present during all eleven interviews, we increased the possibility to spot all answers. We used the same interview questions to be able to compare and analyse the answers. The second part of the interview guide contained a mapping and scale technique where we were able to see the perceptions of strategy in depth and detail in order to fully judge the accuracy of the respondents (see Appendix 9.1.1).

Before we went to Spain, we formed an interview guide. An interview guide includes central themes and questions that together should cover the most important aspects of the study (Dalen, 2004). Our interview guide was structured and divided into four parts (1) Strategy Process (2) SWOT analysis (3) Strategy Perception (competitors, customers and corporation) and finally (4) Mapping and Scales. Firstly we had one question as a

heading and then following questions related to that same topic or area. These related questions were more specific and detailed (see Appendix 9.1). As we used a high degree of structure during the interviews, we followed our interview guide precisely. This guide helped us to remember what we aimed to highlight. Therefore, the interview guide kept us to the most important aspect during the interviews (Widerberg, 2002). We chose to use the same interview techniques for all of the employees to be able to investigate the similarities and differences in their opinions of Yoigo's strategy.

During our interviews, we had some problems with the communication level. For instance, some Spanish employees had difficulties to understand the questions. Therefore we were very active during the interviews and explained everything that was not clear. Also, some of the participants had problems with answering the specific question that we asked. Some answered more general while some others tried to lead the answer in another direction. Therefore, we were sometimes forced to maintain control and steer the participant back to the topic and question (Brewerton & Millward, 2001). Furthermore, we received the interview schedule two days before we came to Spain, therefore when we formed the interview questions, we did not have any idea of who we would interview. Our last struggle was that we did not have access to the new strategy when we formed the questions, the reason for this was that at that point in time, Yoigo 2015 was still confidential and not presented to stakeholders and shareholders. Finally, this method was very costly and time consuming. We funded the field study to Spain ourselves and there was a great amount of time spent doing interviews.

The positive aspects from our interviews were that the participants were very randomly selected. Moreover, all eleven employees were key persons in the firm that had high positions in the organisation. Therefore, the quality of the answers was high. Furthermore, Johan Andsjö scheduled time for us to meet the marketing and sales department and to have lunch with them. This opened the opportunity to create new relationships and to discuss our interview question to get another perspective of the quality of the answers. Finally, this method made it possible for us to collect a lot of relevant and rich data which we would not have been able to collect using other methods.

### **3.3.1 Mapping and Scales**

This method will be based on a mapping model we formed ourselves. Prior to our interviews we wanted to collect information from the employees individually where they



would place themselves in different strategic contexts. This technique is based on highly standardised interview questions with low degree of openness since the participant was only asked to position Yoigo in terms of scales and maps. To get a better motivation to know why they answered as they did, we had followed up questions which is categorised as open ended questions. An example of this technique is a map showing four different concepts. The strategies selected were based on our theoretical framework (see chapter two). The strategies mentioned were: if the firm has a *focused* or *mass market* and *low cost* or *premium* strategy. From this map the employees positioned Yoigo from two different perspectives. One map reflected this in their current strategy and another showed if Yoigo will change its position until the year 2015 (see Appendix 9.1.1).

Another technique we used was a scale that had an opposing strategy on each side. This scale was numbered from 1-10 and the interviewee's task was to circle a number that was represented the strategy that was used by Yoigo (see Appendix 9.1.1). The theories that are presented in the theoretical framework helped us to ask and formulate these questions. For example, we used a scale to examine their perception of the strategy formation. The question we used here was: Was the strategy formation the result of realized intention or unplanned action? The interviewed could circle 1 which represents realized intention, or a five which would indicate in between both and finally 10 which represents unplanned actions (see Appendix 9.1.1). The reason for us using these techniques was to enable us to see differences and similarities in the employee's perception more easily. Moreover, this method made it able for us to fulfil our purpose in a better way and it contributed to the effective thinking of the employees interviewed (Kane & Trochim, 2007). We decided to present these maps after all questions were answered. We did this to get a better view of what their perceptions about the current strategy was as well as their perceptions about new strategy, Yoigo 2015. The aim of this technique was also to break the formal way of interviewing and make the participant more active.

### **3.4 Observations**

One of the characteristics of a qualitative research is that "the researcher is involved in a sustained and intensive experience with the participants" (Creswell, 2003, p.184). Furthermore, in many qualitative studies it is common to use multiple forms of methods and we have used observations in addition to interviews (Creswell, 2003). The observations we did are a part of our primary data collection method since it helps us to fulfil

our purpose and answers research questions. Observations involve watching individuals' behaviours and activities in a way that the observers gain some kind of knowledge and analytical understanding (Ghauri & Grønhaug, 2010).

We determined to use observations as one of our methods before we travelled to Spain. To get the best outcome of the observations, all of us wrote down activities and behaviours at the Yoigo headquarter. To help us keep to the content of the study, we created a data collection plan that we used as a checklist. This method is recommended by Cooper and Schnidler (2011). This created the focus in our observations which made us extra careful not to miss any necessary information. This choice did not eliminate other observations that we could have done; it just gave us a more defined guideline. Our checklist focused on the environmental, cultural and communicational aspects of Yoigo.

A problem we encountered with this method was that we were situated in meeting rooms outside the office most of the time. Therefore, the time we were able to observe was not as long as we hoped for. Furthermore, Ghauri & Grønhaug (2010) state that it may be difficult to translate the events into scientifically useful information. But we diminished this disadvantage by performing our observations in field setting, which is when the observations were done as a natural part of the setting. The advantage with this method is that the information gathered from an observation is fresh and up-to-date (Cooper & Schnidler, 2011). Also, with this method it was possible to interpret the observed behaviour, attitudes and situations in a more real life condition (Ghauri & Grønhaug, 2010). This method was fun and effective, since we could do the interviews at the same time as we observed the participants.

### **3.5 Secondary data**

Secondary data was useful when fulfilling the purpose of this research. In chapter four in this thesis, the secondary data is presented in a company description. The data consists of documents provided from Johan Andsjö (CEO of Yoigo). These documents contain information related to Yoigo 2015, their current strategy, background of the company and documents related to studies made by Yoigo. Also, we have used different company web pages to find information regarding Yoigo's competitors and other related information. The secondary data that have been used in this research paper are:

- The Phone House Magazine (2011, January 15). pp.36-41

- Andsjö, J. (2011). *The Yoigo Story* [PowerPoint Slides] Retrieved from Yoigo
- Andsjö, J. (2011). *Yoigo 2015* [PowerPoint Slides] Retrieved from Yoigo
- Andsjö, J. (2010). *Macro Economic Development* [PowerPoint Slides] Retrieved from Yoigo
- Andsjö, J. (2010). *Competition* [PowerPoint Slides] Retrieved from Yoigo
- Telefonica (2011). *About Telefonica*. Retrieved May 10, 2011, from [http://www.telefonica.com/en/about\\_telefonica/html/home/home.shtml](http://www.telefonica.com/en/about_telefonica/html/home/home.shtml)
- Vodafone (2011). *About Vodafone*. Retrieved May 10, 2011, from <http://www.vodafone.com/content/index/about.html>
- Orange, 2011. *Orange Group*. Retrieved May 10, 2011, from [http://www.orange.com/en\\_EN/group/](http://www.orange.com/en_EN/group/)
- Fierce broadband wireless (2007). *Carriers risk becoming dumb pipes*. Retrieved May 13, 2011, from <http://www.fiercebroadbandwireless.com/story/analysis-wimax-carriers-risk-becoming-dumb-pipes/2007-07-16>

According to Brewer, Salkind and Rasmusse (2004), a secondary data analysis involves data collection in research that has been made previously. This data should help the researcher to address different research question. The advantages with collecting secondary data is that it provides a guideline when searching for research objectives (Saunders, Lewis & Thornhill, 2009) and this technique is very efficient since it is less costly and frequently more easily available (Brewer, Salkind & Rasmussen, 2004).

### **3.6 Method for Analysis**

Because we did a qualitative study, we were overwhelmed by the mass of data. Since the purpose of our analysis is to understand and gain insights from the collected data, we have used a process to bring order, structure and meaning to the quantity of it. Through a series of steps we dissected, reduced, sorted and reconstituted data to gain understanding and to clarify problems. When the data collection was finished, the data comprised 20 hours of audio recorded interviews, 80 pages of handwritten notes and 70 map and scale pages. Data reduction was the first step to clarify our findings. In this step we selected, focused, simplified, abstracted and transformed the collected data. To give meaning, lengthy transcripts from interviews were not only read, we also had to focus, simplify and abstract the mass of words (Ghuri & Grønhaug, 2010). Here we

generated categories based on our interview guide and we identified four themes: competitors, customers, corporation and strategy process. With these categories, understanding and explanation of the study emerged. In this stage, we were careful and critical because the key purpose was to arrive at a valid explanation. After the data reduction, we displayed the data in an organised and compressed information structure. This enabled us to draw conclusions and interpret the data. Since the interviewees are confidential, we have given them fictional names when quoting and referring directly to them.

### **3.7 Trustworthiness**

To account for credibility, when planning our qualitative study, we wanted to adopt well established research methods. In order to find correct operational measures for the studied concepts, we contacted Associate Professor Anders Melander at Jönköping International Business School. Melander explained about research methods that he successfully used in previous studies from a cognitive perspective. To analyse the data we used established techniques explained by Ghauri & Grønhaug (2010) to ensure that valid explanations were derived from the empirical data.

Two of the enquirers have several years of working experience from the mother company of Yoigo (TeliaSonera); therefore we had adequate understanding of the industry and organisation beforehand. We also established a firm contact with the CEO of Yoigo, Johan Andsjö, at an early stage. This contact was used to obtain consultation and appropriate documents before, during and after the time for interviews. To make sure that any “unknown influences” were evenly distributed among the interviewed employees, a random sampling process was used to select interviewees. This procedure also provides the greatest assurance that those selected is a representative sample of the whole population (Bouma & Atkinson, 1995). To account for any shortcomings in the interviews, we used a form of triangulation. To achieve this we used a wide range of informants (15% of the employees). Individual viewpoints and experiences can be verified against each other and ultimately build a rich picture of the employees’ attitudes, needs and behaviours, based on the contribution of a range of people (Shenton, 2004).

To ensure honesty from the interviewees, all participants were there voluntarily and could refuse to continue the interview at any time. In the opening session, all interviews were asked if they were genuinely willing to take part and offer data freely. We made

clear that there are no right or wrong answers. We also informed about our independent status as researchers and that they could contribute with ideas, data and experiences without fear of losing credibility in the eyes of their managers. Furthermore, the employees were informed that two of the researchers worked for the mother company. This made it even more important to emphasize our role as researchers and the value of honest answers. To ensure honesty, we applied a totally confidential approach and promised that no answers or opinions could be traced to a single individual in this study. We also offered them an unconditional right to withdraw from the research at any time and have their answers deleted.

Transferability of qualitative researches is mistrusted by many academics (Shenton, 2004). However, Gross (1998), explains in her study about “multiple environments”, that qualitative research can provide a “baseline understanding” and the results can be compared to subsequent works.

The detailed description of our methods assures that the same research can be done again with similar results. The process was effective and the three of us individually took notes during the interviews. This together with overlapping methods like interviews, personal communication, e-mail correspondence and written material from the company accounts for the dependability of our study. The high standardised interview guide we used enabled us to ask the exact same questions to all participants. Together with the use of triangulation it assures the objectiveness and conformability of the research. The in depth methodological description allows the integrity of the research results to be scrutinized.



## 4 Yoigo

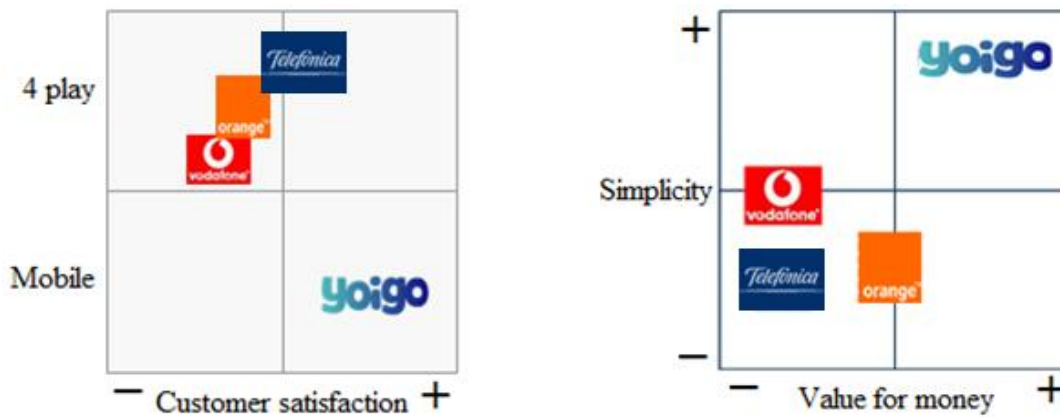
*Chapter four gives an overview of Yoigo in terms of its operation and the market. This section is presented out of four different perspectives of the company.*

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### 4.1 Background

TeliaSonera (the mother company of Xfera) decided to introduce the 3G technology in a new market which was Spain. This was in early 2000 when 3G was not as frequently used as it is today. When TeliaSonera took this action, the stocks decreased 6% and Xfera (previous name of Yoigo) had many problems in the market. In 2001, 3G was not as mature in the market as TeliaSonera had anticipated; therefore Xfera was forced to lay off all employees. A contributing factor behind this was that they were in the middle of a financial crisis. In 2002 Xfera's headquarter was totally empty and there were only few key employees still in the company. In 2006, TeliaSonera were forced to make a major decision, the first option was to close Xfera, this action would have cost TeliaSonera 1-1,5 billion SEK. The second option was to sell the firm, but at that point in time there were no potential buyers. The last choice was to start up the firm again but with a new approach. Therefore, TeliaSonera decided to give Xfera a second chance in December 2006. Xfera then launched its first operation under the name Yoigo. The new approach was to become a low cost operator since the mobile telephone tariffs in Spain were the highest in Europe. Low cost structure was possible with few numbers of employees and much outsourcing

When Yoigo was introduced to the Spanish market, they had three challenges. The first was the existence of three very strong competitors, they were Vodafone, Telefonica and Orange. The second challenge was that they only had 180 days left before their license expired. Finally, TeliaSonera was only able to fund Yoigo with 1 billion SEK. These challenges were tough and Yoigo was forced to work very intensive. To be able to compete in the same industry as their competitors, Yoigo looked at the current market and what they could improve. Figure 4.1 is a positioning map of competitors and Yoigo, we can clearly notice that Yoigo had a much differentiated position. They concluded that they should position Yoigo as a low cost operator using their value word "Efisim-plarencia".



**Figure 4.1 Positioning**

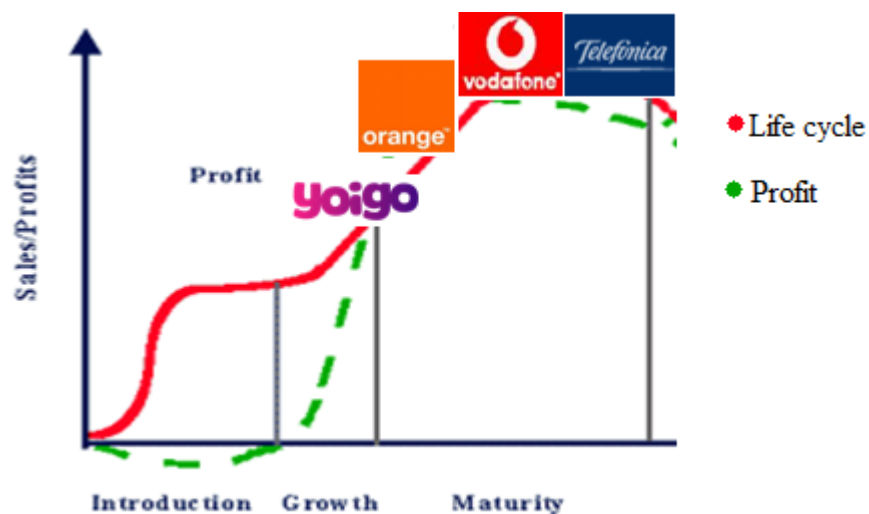
Source: The Yoigo Story, 2011 (PowerPoint Slides).

Efisiplencia was a word developed by Yoigo and it reflects their values which are simple, efficient and transparent. Yoigo were forced to finish their launch within 150 days because the license was about to expire. “This process was one of the fastest developments of a start up in Europe” (J. Andsjö, personal communication, 2011-04-06).

## 4.2 Organisation

Yoigo is positioned as a firm that works straightforward with customers and communicates simple messages. It is important for Yoigo to work efficient with resources to be able to offer low costs to their customers. Yoigo want to send out a message to their customers that “What you see is what you get without bullshit or small print” (J. Andsjö, personal communication, 2011-04-06). These are Yoigo’s values that they work with every day. Yoigo works with outsourcing that makes it possible for them to be a low cost operator. Their plan was to control everything but to incorporate as little as possible themselves. Therefore, Yoigo began to outsource internal departments to subcontractors. The idea behind this, apart from reducing cost structure, was to keep a stable identity within the organisation. Their vision in 2009 was as follows: “In Spain 9 out of 10 calls will be mobile in 2010. In that market, Yoigo will be the European benchmark operator for Simplicity and Efficiency”. The mission for their previous strategy was about what Yoigo wanted to prioritise: 0 broken promises, 1 minute to get started, 2 times more cost efficient and 3 G is an evolution not a revolution.

Yoigo has 90 employees that are employed on the basis of being entrepreneurial and having a great responsibility. “The employees of Yoigo function as the brain, with their task to launch ideas and manage operations” (J. Andsjö, personal communication, 2011-04-06). At the office, they have weekly open meetings where they present new ideas and projects. These meetings are for the employees and contractors to add ideas, to reach optimisation in a higher speed and higher quality. If we look at other organisations in Spain, they are very traditional and vertical, compared to Yoigo. In 2008 when the financial crisis hit Europe and Spain, people started to look for alternatives with lower tariffs. Since Yoigo is a low cost operator, many of the competitors’ customers decided to move to Yoigo. Today Yoigo have around 2 million customers and are considered as the fourth player in the Spanish telecom market. The financial crisis opened an opportunity for Yoigo to increase their brand awareness. Because many of the competitors’ shops went out of business, instead Yoigo decided to use a franchising concept when starting shops. Today there are over 1000 Yoigo stores in Spain.



**Figure 4.2** Life cycle

Source: The Yoigo Story, 2011 (PowerPoint Slides).

In the fourth quarter 2010, Yoigo made their first profit (Figure 4.2). Yoigo keep gaining more customers than competitors and currently they have the highest portability rate in the market. The current number of subscribers grew with 51% in 2010, at the same time revenues increased with 63%. Yoigo has a very high customer satisfaction rate in



the Spanish market. They have taken leadership in key strategic areas like simplicity in purchasing, value for money, invoicing, web and customer care.

### **4.3 Future Strategy**

This part presents both Yoigo's current strategy and their future strategy and their aim is to "do more of the same thing" (J. Andsjö, personal communication, 2011-04-08) in terms of strategy. Yoigo has worked very intensive to build their future strategy which is called Yoigo 2015. Their strategy process is built on four steps: prepare, understand, analyse and define. In order to prepare, they have divided the employees in different project groups that prepare projects for understanding the future market and challenges for Yoigo. These research projects results are analysed and then defined into strategies. To be able to define the new strategy, Yoigo also investigated the their strengths and weaknesses.

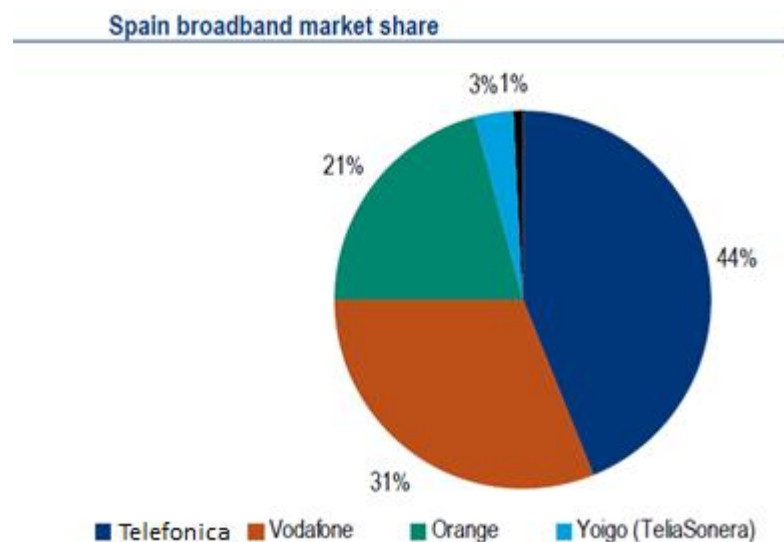
The idea of Yoigo 2015 is that they want to be considered as a company who listens and takes responsibility for their customers. Yoigo is able to do this by working with their values: simple, honest, efficient, witty and transparent. Customers are very important for Yoigo and they want to be able to meet their demands with excellent customer service. Furthermore, they changed their values and added two more. They want the customers to perceive them as honest, therefore they follow all information given to the customers. Also, as a firm they want to be fun and have fun, this could be noticed in their marketing campaigns where they use young voices and cartoon actors. This means that they added witty and honest into the old values which were simple, efficient and transparent.

The values are meant to direct the actions within the company and reflect the firm's products. Yoigo's aim with the new strategy is to be one of the top 100 operator in the world and the most efficient of all. They also want to be one of the top 50 companies in Spain, have 7 million customers, be the third operator in Spain in earnings and finally be worth around 4 billion Euro or more. This will be achieved through improvements in quality and service, increased efforts in mobile broadband, keeping the profits every quarter, positive cash flows and further improvements in operational efficiency. The strategy reflects high goals and there is a lot work left to achieve it, but Yoigo have decided to involve as many as possible in this process, creating a transparent process and

have fun doing it. With these guidelines Johan Andsjö (personal communication, 2011-04-08) is 200% sure that Yoigo will achieve all their goals until 2015.

#### 4.4 Competitors

As mentioned before, Yoigo has three main competitors today. Figure 4.3 shows the broadband market share of Yoigo and its competitors. As we can see, Yoigo has a very low broadband market share compared to its competitors. The biggest one is Telefonica with 44% while Yoigo has a market share of 3%.



**Figure 4.3 Spain Broadband Market Share**

Source: Macro Economic Development, 2010 (PowerPoint Slides).

To get a better understanding of Yoigo's competitors we will give a short presentation of the three main competitors:

- *Telefonica* is a globally integrated operator within the telecommunication sector. They provide communication, information and entertainment solutions. Telefonica are present in 25 countries with a total number of 287.6 million customers. The home market is in Spain and Portugal, however 60% of Telefonica's opera-

tion is outside its home market. In the Spanish market, they have the largest amount of market share, with more than 47.5 million customers.

- *Vodafone* started 1985 and today they operate in more than 30 countries. They have around 359 million customers worldwide. They work actively with improving their products and services and follow new trends. Vodafone started to operate in Spain 1994 and have been very successful in their development. Lately, Vodafone has started to lose customers in Spain since they do not keep their promises to the customers.
- *Orange* is a French telecom company with a customer base of 216 million customers worldwide. According to Johan Andsjö (personal communication, 2011-04-06), Orange is one of the competitors that started to follow Yoigo's track in terms of tariffs, simplicity and customer service. In the Spanish market, Orange offers products like mobile, internet and broadband TV. In 2009, they had around 12 million customers in Spain.

## **4.5 Industry**

Yoigo currently has 2 million subscribers and the competitors in Spain might not see them as an important competitor yet. As presented in the previous section, there are three big competitors and they are significantly bigger in terms of market share. Key differentiators like larger commercial footprint is becoming increasingly important, new growth services like mobile broadband is also important. These are extra important to drive growth in a mature market.

Large telecommunication operators are in a situation where there is a collision between them and the online world. Yoigo does not have any significant market share in value added data services, therefore they are not in the same situation. The model of only using the operators' network to transfer digital content from the providers to the terminals is called the "dumb pipe".

Telecommunication operators do not do as great job to provide content and services in a rapidly changing environment as the online world companies. Instead of seeing these content providers as enemies, Yoigo wants to embrace them as friends and become

partners instead. By doing this, they can both provide customers with value added services of high quality and building customer care.

#### **4.5.1 Macro Economic Development**

Macroeconomic studies made by Yoigo shows that the current economic environment in Europe is divided in growth rates between Northern and Southern countries. The Southern countries are being slowed down by fiscal policies, unemployment rates and consumer confidence. Growth in all Europe is expected to return by 2012, however the slow down trend in Spain is expected to persist for a few more quarters.

The economic environment in which Yoigo operates will profoundly depend on the outcome of government controlled reassignments of the electromagnetic spectrum that telecom operators use to provide their communication services.

Yoigo has favourable terminal rates which they have been benefitting from. The tendency is that in the near future, rates will become lower for competitors as well. Yoigo is not a big beneficiary of roaming customers, nevertheless they benefit from the high margin segment that are to be regulated soon, at least in Europe. At the moment, the bad economic situation in Spain is beneficial to Yoigo since they attract customers that appreciate low cost and value for money. However, this benefit will probably stop when Spain returns to economic growth rates more similar to the Northern European countries. Maintaining the strategic position of a low cost provider will be Yoigo's most important component to uphold positive growth and deliver positive results to the owners every quarter.

## 5 Empirical findings

*Chapter five presents the results of our primary data. The respondents are managers and employees randomly selected throughout the organisation. In Appendix 9.2 results from our maps and scales are found.*

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### 5.1 Competitors

In this section we tested how Yoigo employees perceived their competitors. This is an important aspect that Ohmae (1982) identified to create a successful strategy. The telecom competition in Spain is fierce and many players compete to gain market share. Therefore it is crucial for the management in an organisation that they are aware of which competitors they compete with. The dynamics of the Spanish telecomm market will change in the future as Yoigo continues to grow (J. Andsjö, personal communication, 2011-04-06). In the following sections the interview questions and answers are presented.

#### **Which competitors will Yoigo attract most of its customers from?**

- Vodafone
- 3 out of 11 answered equal amount according to the market share from all operators.
- Orange
- 6 out of 11 answered Telefonica due to their market share.

#### **Does Yoigo have extra target focus on this competitor's customers?**

- All interviewees answer: No.

#### **Which competitor will Yoigo attract least customers from?**

- Virtual Operators
- 2 out of 11 answered no one.
- 5 out of 11 answered Orange
- Telefonica in relative numbers
- Vodafone
- Telefonica

#### **Which is Yoigo's greatest competitor?**

- Telefonica: 3 out of 11
- Orange: 8 out of 11

### **How do Yoigo's competitors view Yoigo?**

- Emotional, angry because they did not pay attention at first.
- Afraid because Yoigo is the portability winner all the time.
- Worried about Yoigo's next step.
- Yoigo is interesting and something they should look into.
- With respect because Yoigo is gaining so much customers.
- They do not like Yoigo at all, they feel threatened to do something.
- Becoming a mature and competitive operator.
- Annoyed and attacked. "Mosca cojonera"
- Impressed of Yoigo's structure, performance and image.

### **How will competitors react to Yoigo 2015?**

- Follow Yoigo's moves closely, contact Yoigo customers, reduce tariffs, retention campaigns, and offer better terminals.
- Orange will change their strategy to move towards Yoigo's strategy.
- Prepare to meet the Yoigo strategy, but they are big and have problems to adjust.
- Have special meetings to deal with Yoigo, acting continuously and aggressive towards Yoigo with loyalty programs.
- They will expect better offerings from Yoigo in the future.
- Create offerings designed to keep customers from leaving to Yoigo.
- They will try to copy Yoigo's tariffs.
- Meet Yoigo's changes to compete for the customers.
- Depends on Yoigo's actions on the market.
- Launching new tariffs and products to compete with Yoigo. Contra-Yoigo strategies at competitors.
- Reacting to decrease churn rate to Yoigo and attack Yoigo customers with special campaigns.

#### **5.1.1 Maps and Scales**

We used a mapping technique to test the employees' perception of Yoigo's and competitors' positioning. We made a map where the employees could position these two in terms of *mass market* versus *focused market* on one axis and *low cost* versus *premium* on the other axis. These maps were created in two versions, the first was the position 2010 (see Appendix 9.1.1, map 1) and the other for 2015 (see Appendix 9.1.1, map 2). The result for 2010 was that most respondents answered that Yoigo had a low cost and mass market positioning. In this map, the competitors' positioning was closer to premium with a wide range between mass market and focused. The results for the 2015 map were that the positioning of Yoigo had shifted slightly towards focused and premium. However, Yoigo's positioning is still perceived to be in mass market and low

cost. The perceptions of competitors in 2015 are similar to those of 2010. The competitors stay in their position with a small movement towards low cost.

## 5.2 Costumers

To understand how the Yoigo employees and managers perceive their customers, we asked various questions. We chose customers because this is another key factor when creating a successful strategy (Ohmae, 1982).

### What is the typical Yoigo Customer 2015?

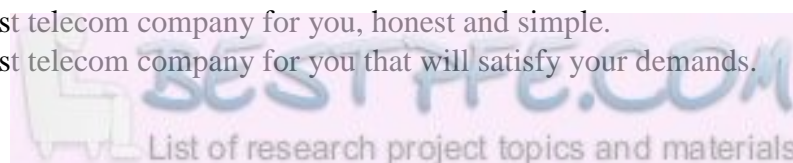
- Young, price oriented, non conformist
- Young, 18-26 years, social networker 6h/day, Smartphone user with data and voice tariff.
- Everyone
- Happy with Yoigo, stays long time, wide range of people.
- Focus on efficiency and want a good handset.
- Young, 25-45 years, good handset, heavy voice user.
- Young, low-income data user. Consumer market with low tariffs.
- Uses much data, foreigners, low income, and low cost terminal.
- Price and service orientated, wants customer care attention and looking for simplicity.
- Basic user of voice and data.
- Values good prices and data with a good Smartphone and a personal attention from Yoigo.

### Do you think that you will lose some current customers due to the new Strategy?

- 9 out of 11 answered no, some of the reasons were that the nature of why customers come to Yoigo would not change with the new strategy and that competitors offer same tariffs with better terminals to take over Yoigo's customers.
- 2 out of 11 answered yes, because competitors will become larger and attack Yoigo.

### How would you describe Yoigo to a customer with 1 sentence?

- You can trust Yoigo.
- Yoigo is the first, honest, simple and different operator.
- Yoigo is innovative.
- Yoigo is simple, honest and caring.
- Yoigo is a good telecom operator with value for money.
- Yoigo offers something different where the customers are in charge.
- Efficient, simple and transparent.
- Low price operator of Spain.
- The best telecom company for you, honest and simple.
- The best telecom company for you that will satisfy your demands.



- Yoigo is the best telecom company for you.

### **5.2.1 Maps and Scales**

In this section we presented a map to the respondents (see Appendix 9.1.1, map 3). Here we asked the participants to position Yoigo in terms of market share and market growth. The answers of *market share* for 2010 was unanimous, all respondents answered about 4%. The understanding of Yoigo's *market growth* for 2010 had a greater difference, with a spread of 30-100%. Moreover for 2015, the perceptions of market share were relatively unanimous, where most respondents answered around 10%. Similar to the result of 2010, market growth had a larger difference, with a variance between 10-300%.

### **5.3 Corporation**

In this section, we wanted to test the perceptions of Yoigo's internal operations. Ohmae's third factor to create a successful strategy is the corporation. Therefore, we wanted to test employees' understandings on internal factors such as: The new strategy in practise, personal responsibilities, strategy implementation, changes in products and effects on the organisation.

#### **What does Yoigo 2015 mean to you in practice?**

- Remainder of the values, an opportunity to stop and think about who we are and what we will focus on.
- Increased revenue, increased customer base, 10% market share.
- A growing dynamic company in a changing environment.
- Improve participation and work stronger with all different departments.
- Need to think of customer service in order to adapt to future demands, could be a second customer care contractor.
- The realisation of a plan.
- It is a guideline to direct the employees when you do not know how to act or do.
- Realise a clear message to contractors and partners. Communicate to others what needs to be done.
- A small team with time efficiency in the same organisational structure.
- Opening the mind of people further away from the market.
- A dream of movements to become the 3: rd largest operator on the market.

#### **What do you need to change in your area of responsibility to be in line with Yoigo 2015?**

- Create more flexible and comprehensive contracts with customers to build trust.
- Recruit more people, operational plan/tactic depend on the company. We need processes to get started.



- Need to benchmark more and need more control to continue.
- Analyse more and introduce competitive offerings with better phones.
- Stronger process because it will be harder to repair damage with more customers.
- Find new solutions to become more time efficient and have more control.
- Might need more providers to reduce risk when getting bigger.
- 4 out of 11 answered nothing.

### **How does Yoigo make sure that the strategy is being followed?**

- Having strong values
- Continuous meetings, big final meeting with feedback.
- Follow the business plan.
- Company will provide information and follow up meetings.
- Follow up meetings.
- Reviews, follow ups that goals are proceeding according to strategy. Quarterly reviews of strategy, progress and news.
- Follow up with contractors, follow ups with management teams.
- Board of management will control through follow up meetings.
- By checking results in reports every month to see if numbers follow the strategy.
- 3 out 11 do not know.

### **How will Yoigo 2015 affect the benefit/value of your products?**

- Offer more products and services and become more trustworthy.
- New products, more knowledge about customers and market.
- More focus on service.
- More commercial offers to customers.
- More data services and offerings.
- Better contracts and customer service.
- Cheaper products, different and better customer relations secure that current customers like Yoigo.
- A clearer picture towards customers.
- Improvement on adding new potential services, better tariffs and data packages.
- Modern solutions with modem and phone data in one tariff.
- Better positioning in the market, better network and quality.

### **How will the organisational structure change with Yoigo 2015?**

- Depends on the development, more people working if we do not manage the growth with current staff but not more than 200 employees.
- More people and more active Yoigo, closer to the structure of competitors but keeping the Yoigo Spirit.
- Only smaller adaptations.
- More employees and suppliers.
- 7 out of 11 answered no change.

## **What are the major differences in marketing and sales?**

- New shops in new locations and remove old shops that are unprofitable.
- Changes in marketing depend on the budget.
- More marketing and sales activities with customer increase.
- More advertisement, new ways of doing advertisement.
- Adapt to the growth, increased brand development.
- Products and services must become more focused on segments like children/students/business.
- More focus on retention.
- More focus on retention, increase ARPU, change to keep differentiation.
- Launch products that are more adaptive to customers.
- New services with focus on data and more extra hardware.

### **5.3.1 Maps and Scales**

In this part we presented a scale (see Appendix 9.1.1, scale 4) where we asked the employees to answer how big the probability was that Yoigo will reach all its set goals for 2015. Here 10 out of 11 answered that the probability was 70% or higher whilst 1 participant believed it to be 30%.

## **5.4 Strategy Process**

To understand how the employees perceived the strategic process when creating Yoigo 2015, we asked who creates the strategy at Yoigo and complemented that question with three scales. On each scale two opposing concepts were written and we wanted the participants to answer where in the scales they perceived the Yoigo 2015 process to be.

### **Who creates the strategy at Yoigo?**

- The management team
- All together, top management contribute more.
- Selected employees together with board of directors.
- CEO and management team.
- Management of the company handle strategy, employees include ideas.
- Defined by stakeholders, a process between directors and employees.
- Board of directors but employees involves in the process.

### **5.4.1 Maps and Scales**

The first scale (see Appendix 9.1.1, scale 1), was whether Yoigo 2015 was created in a *planning* or *adaptive* process. Most employees perceived it to be closer to an adaptive process, where 7 out of the 11 persons believed it to be more towards an adaptive process than the other. In the second scale (see Appendix 9.1.1, scale 2) the respondent were

asked whether the process was *innovative* or *formal*. All respondents answered that it was more of an innovative process. The third scale the respondents received was whether they perceived the result of the strategy to emerge from *realized intentions* or *unplanned actions* (see Appendix 9.1.1, scale 3). Here the employees answered that it was the result of realized intentions, where 10 out of the 11 answered that the process was more towards that of realized intention.

## **5.5 SWOT**

We used the structure of a SWOT model in order to identify the overall view on the strategy of Yoigo. We asked how the employees perceived Yoigo 2015 in terms of Strengths, Weaknesses, Opportunities and Threats. The results are connected to the Yoigo 2105 strategy alone and do not represent a SWOT analysis on the company itself. Figure 5.1 shows our results from the SWOT analysis.

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>- Employees trust each other and subcontractors.</li> <li>- Knowledge about the market and difficulties as the 3:rd operator in Spain.</li> <li>- Low cost approach that positions Yoigo in the market.</li> <li>- Several people that see the possibility to succeed.</li> <li>- Young company without dependencies from the past. A small organization that can adopt easy.</li> <li>- Good moment in the market, adjust to peoples demand for low cost during crisis.</li> <li>- We are always following the plan.</li> <li>- Clear process, important to involve employees.</li> <li>- Keeps the simplicity and values.</li> <li>- Employees and contractors are involved and responsible for the projects.</li> <li>- Fast time to market with small and flexible organization.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>- Dependent on that partners and contractors have the same ambition as Yoigo.</li> <li>- Stagnation, slack behind due to current high growth.</li> <li>- Strategy is reflecting what we are now and not where we are when we get older.</li> <li>- Growing organization loses the flexibility and communication gets harder.</li> <li>- Small organization has more risk if something happens.</li> <li>- To close between thought and action, too fast can create problems, cannot change back easily.</li> <li>- Lose control with too much outsourcing.</li> <li>- To few employees, few people control everything, limited results lead to less flexibility.</li> <li>- Could need more formal structure and external advice to put more pressure on what needs to be done. Groups reach different levels of analysis.</li> <li>- Unclear organization and unclear salary structure for the employees.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>- To be very innovative. Business plan does not follow a specific model. Freedom to create own business models.</li> <li>- 3: rd operator in Spain and can take Orange's place.</li> <li>- Market share to gain, financial situation is good for low cost.</li> <li>- Become better prepared for competitors.</li> <li>- Reach the goal and offer customers something that they do not have today.</li> <li>- New demands are changing the market, new terminals change demand.</li> <li>- Easy to execute plans and keep low cost structure.</li> <li>- Leanings from the Scandinavian market that is more mature and strong ownership from TeliaSonera.</li> <li>- Creates good relationships with partners.</li> <li>- To become more open with knowledge and information between employees, contractors and partners.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>- Regulatory environment, financial environment, owners have different goals.</li> <li>- human capital, keep the motivation high.</li> <li>- Financial crisis. Potential buy up.</li> <li>- Positioning from competitors that can be difficult.</li> <li>- Our self, few employees so the contribution of every person is very important.</li> <li>- Competitors lower their tariffs and attack Yoigo.</li> <li>- Limited financial assets.</li> <li>- Yoigo is getting big enough to disturb competitors.</li> <li>- TeliaSonera wants more control.</li> <li>- Competitors could become more aggressive and copy Yoigo's strategy.</li> <li>- Competitors are strong and have a lot of resources.</li> </ul>

**Figure 5.1 SWOT Analysis of Yoigo 2015**

Source: Developed for this research by the authors

## **6 Analysis**

*Chapter six consists of the analysis that is based on our results and theoretical framework. This section is divided into four areas.*

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According to Ohome (1982), the three most important aspects to consider when constructing a strong business strategy are competitors, customers and corporation. When we planned for the interviews and created the interview questions we had these three aspects in mind. Firstly, we will explain our results from a competitor perspective, secondly from a customer perspective and finally, from a corporation perspective. Additionally, we will explain our results from the strategy process perspective.

### **6.1 Competitors**

During the interviews with the Yoigo employees, we asked a series of questions related to their perception and understanding of their competitors. When we asked them which competitor Yoigo will attract most of its customers from the answers were quite coherent. On this question, six persons answered Telefonica, one answered Vodafone, and one answered Orange while three said: Equal amount from all according to real market share. Because Telefonica has the biggest market share we can conclude that those who answered “according to market share” and those who answered “Telefonica” have the same idea on where the customers will come from. When we analysed the answers to this question we concluded that most employees have the same understanding and only two employees answered differently. There are many competitors in the Spanish telecom market, however only three were mentioned. This is probably because managers are likely to mention relatively few competitors who are in their competitive category (Montgomery, 1999). Miller’s (1956) cognitive research shows that it is easier for managers to process information based on few competitors.

These findings were supported when all employees answered that there is no extra target to focus on any competitors’ customers. When we turned the question around and asked which competitor Yoigo would attract least customers from, five answered Orange, which is smallest of the competitors. This could implicate that they answered the first question because they have heard managers talk about it and knew what to answer. While the opposite, when they answered which competitor Yoigo would attract least customers from, they had to think for themselves and the answers were more incoher-

ent. Even though they believe that the customers will come mainly from Telefonica, most of them (eight out of eleven) believe that Orange is Yoigo's greatest competitor and only three answered Telefonica. This is highly connected to the products Orange offer, which are relatively similar to those of Yoigo. This is confirmed by Walton (1986), who states that the most important attribute when identifying competitors are to distinguish product offers.

Most of Yoigo's employees we interviewed have worked with competitors' companies before. Because of this, we wanted to see how they believed that competitors view Yoigo. The answers were mainly grouped into two categories. The first category explained that the competitors were afraid of Yoigo and did not know how to handle them, the second category expressed that they were impressed and showed much respect towards them.

Statement examples from the first category are "Emotional, angry because they did not pay attention at first" (A. Adam, personal communication, 2011-04-06) and "They do not like Yoigo at all, they feel threatened to do something" (B. Blasius, personal communication, 2011-04-06). Examples from the second category are, "With respect because Yoigo is gaining so much customers" (C. Claudius, personal communication, 2011-04-07) and "Impressed of Yoigo's structure, performance and image" (D. Dionysius, personal communication, 2011-04-08). The interviewed employees relate their answers to Yoigo's low cost approach, small organisation, foreign management and strong ownership. According to Walton (1986), product offers, firm performance, geographic scope, style, management, firm size and ownership are the most important features when analysing a competitor. Walton's statement is supported by our findings.

Marketing functions, design, engineering and sales are important factors to consider when using image as a mean to achieve differentiation (Ohmae, 1982). Therefore we asked the employees at Yoigo how the competitor will respond to Yoigo 2015. Similarities in the answers were that Yoigo has become large enough to create more attention in the competitors' business. "They have special meetings to deal with Yoigo, acting continuously and aggressive towards Yoigo with loyalty programs" (B. Blasius, personal communication, 2011-04-06) and "Reacting to decrease churn rate to Yoigo and attack Yoigo's customers with special campaigns" (A. Adam, personal communication, 2011-04-06). Both statements show examples that competitors are believed to create special-

ised actions to attack Yoigo and their customer base while still keeping their own image intact.

Others like Dionysius (personal communication, 2011-04-08), said that “Orange will change their strategy to move towards Yoigo’s strategy” and Claudius (personal communication, 2011-04-07) “They will try to copy Yoigo’s tariffs”. This statement show that the believes of how competitors will react to Yoigo 2015 are different. Some believe that competitors’ main strategies will remain unchanged with some minor actions to overpower Yoigo, while others believe that Yoigo’s new strategy will cause a major change in competitors’ positioning. The reason behind this could be in line with Anderson and Pain (1975) who argues that the strategy formulation can be poorly understood and therefore an ambiguous perception occurs among employees within the organisation. The results are also reflected in positioning maps (see Appendix 9.2) where we asked employees to position Yoigo and its competitors 2010 and 2015. Here we can notice that the employees believe competitors will move toward low cost positioning whilst Yoigo will move somewhat towards premium cost positioning.

The employees saw some threats with the new situation in the market. Some are that the new positioning of competitors with lower tariffs makes it harder for Yoigo to differentiate. Likewise, resource strong competitors focus more on Yoigo as they grow in market share. Yoigo’s employees also see this as an opportunity to become the third operator in Spain and that will help them become more prepared for competitors.

## **6.2 Customers**

Ohmae (1982), states that customers are a most important part of any successful business strategy. Therefore we asked Yoigo’s employees about their view on customers. When we asked about Yoigo’s customer 2015, we received a mixed picture. Some are certain that it is a young customer around 18-30 years old, while the majority of the others say that customers will come from all age groups. Some believe that customers will use basic amount of voice and data and prefer a low cost terminal while others believe it will be heavy users of data that wants a good Smartphone. This could be the result of different individual preferences (Jung, 1923) and because some employees base their answers on a rational analysis of facts, while others use subjective personal consideration in their decisions (Prince, 1992). A similarity that can be seen is that most employ-

ees said that Yoigo's customers will be very price oriented and have low income. They also agree that Yoigo will attract customers that value superior customer care and service. Attracting customers with low income is also seen as a strength, because "it is a good moment in the market and Yoigo can adapt to peoples demand for low cost during the financial crisis" (E. Ernestus, personal communication, 2011-04-06). Another employee, Alicia, believes that the new strategy is an opportunity to offer customers something that they do not have today (A. Alicia, personal communication, 2011-04-08).

Two employees believe that Yoigo will lose some customers due to the new strategy. This is because competitors will attack Yoigo more as they become bigger. Competitors will also start to offer special tariffs and terminals designed to take over Yoigo's customers. The other nine people that we interviewed said that it is no risk of losing customers because the values remain and the nature of why customers come to Yoigo will not change with the new strategy.

We also asked how they would describe Yoigo with one sentence to a customer. This was to see how they would communicate what Yoigo's most important features are towards a customer. Four employees mentioned honesty and trust in their answers and four included simplicity. Others concluded that it would be the best telecom company for you. They all connected their answers to the values Yoigo express in their strategy. They were highly coherent and according to Peters (1978), a newly developed strategy gives high strategic awareness internally.

Everyone perceives the business environment differently, everyone involved in creating and interpreting the strategy will respond differently (Prince, 1992). Therefore we asked the employees to state how big market share Yoigo had now and 2015. We noticed that most knew that it was exactly 4% at present and 10-11% 2015, while others came up with the same figures after some calculation. Mintzberg (1983), states that organisations can have the same understanding on goals because they work in units. Because of that, they are likely to share the same goals. Because we interviewed people that came from different parts of the organisation we assumed to see more differences. However, their respective unites where all greatly involved in the strategy formation process and this could be the answer to why we see so similar answers. The great coherency according to Peters (1978) could be because Yoigo's strategy is recently formulated, it has a tendency to give greater awareness within the organisation.



### 6.3 Corporation

The third part of Ohmae's (1982) model to create successful business strategies is the corporation. Therefore we asked the employees questions about how the new strategy would impact Yoigo and its operations. This is also important to investigate because managerial perceptions and operations are in fact influenced by the response of the organisation (Anderson & Paine, 1975). To five of the employees, the new strategy, "Yoigo 2015" is mainly a reminder of the company values, guidelines and an opportunity to stop and think of what they are doing. Why some employees feel that the new strategy is a reminder is in line with the *internal awareness of a strategy* model (Peters, 1978), that explains that individuals perceive the highest level of strategic awareness in times of change. The other six persons we interviewed answered that it is above all a goal picture that Yoigo must communicate in order to have contractors, partners, employees and owners fully aware of where Yoigo is going until 2015 and how everyone must contribute to realise that. "Realise a clear message to contractors and partners, communicate to others what needs to be done" (B. Bonita, personal communication, 2011-04-07). Bonita's statement concludes what others said.

"It is not only a goal; it is also a dream to become the third telecom operator in Spain" (D. Delphina, personal communication, 2011-04-08).

Four persons answered that they did not have to change anything in order to be in line with the Yoigo 2015 strategy. However, others saw the need to strengthen processes to handle the increased customer base and increasing number of contractors. A common statement was that, because of the large amount of outsourcing, Yoigo must hire more employees to enable more control over the processes linked to outsourcing. Another problem was enlightened with the statement: "Might need more providers to reduce risk when getting bigger" (C. Claudius, personal communication, 2011-04-07). The employees saw the risk of power shift from Yoigo to the contractors. A suggestion to reduce this risk is to split some outsourced parts between more than one contractor to have them compete against each other and not have all responsibility and control.

The major differences in marketing and sales activities are believed to concern differentiation, segmentation and targeting. Everyone agree that activities must grow in the same pace as the growth of the customer base. Examples of this are the openings of new Yoigo shops, increased marketing and more advertisement. Another important factor to

reach the goals is to increase the retention rate and increase ARPU. Retention is when customers do their second and third purchase from Yoigo without switching to a competitor. Another aspect that is identified as a problem is to keep the differentiation from competitors as they are moving closer to Yoigo.

Most of the interviewed employees believe that Yoigo 2015 will increase the product portfolio with more solutions, better and specialised offerings, both on voice and data. Others believe that customer service will increase with growing number of users. “The trustworthiness of Yoigo as an operator will increase as more customers trust them to deliver their mobile phone solution” (D. Delphina, personal communication, 2011-04-08).

The unique organisational structure of Yoigo is touched upon several times during the interviews and during our visit at Yoigo’s headquarters. We observed that it is a relatively small organisation with few employees, each handling big responsibilities. Unlike the Spanish standard with individual offices, Yoigo follow the Scandinavian model with open office environments. This is very appreciated by the employees as it makes communication easier and faster. Many decisions are taken in a second during a conversation rather than in series of e-mails and telephone meetings. We asked the employees how they thought the organisation would need to change if Yoigo went from 2 million customers to 7 million. Seven persons answered that no organisational change would be necessary due to the nature of Yoigo’s business model with outsourcing. Others believe that the structure will become similar to competitors’ with thousands of employees. However, Yoigo would do this with kept flexibility. One person believed that a growth from 90 employees to about 200 would be accurate. Johan Andsjö (personal communication, 2011-04-08), said that an adoption to increase control of the processes and contractors is necessary, and he talked about an increase of 15-20 employees. The reason to why there are differences in the answer is partly due to cognitive style. This effects how individuals perceive the environment and gather information. Information is finally incorporated into their own subjective theories or understandings that in turn will lead to different assumptions (Hayes & Allison, 1998).

Prince (1992) explains that it is not the environment as such that is important to become successful, but the ability for individuals to understand and forecast. To reach best results one must have the same understanding about what environment and strategy im-

ply. Therefore we asked the employees, how they believed Yoigo will make sure the strategy is being followed. Eight persons said that they will have continuous follow ups with their managers and contractors, two persons did not know and one said that the strong values will make sure that the strategy is being followed.

From the SWOT framework, some strengths with Yoigo 2015 are: that employees trust each other and contractors; it is a young company without dependencies from the past; Yoigo 2015 is a clear process that involves employees; it keeps the simplicity and values; employees and contractors are involved and own the issues; dynamic and flexible organisation with fast time to market. We see that many employees view the organisation as the foremost strength. That it is small and flexible with a lot of employee empowerment is something that most chose to highlight. Furthermore, the organisation is also represented in many of the stated weaknesses like: success of the strategy is dependent on contractors; too few people in the organisation; the strategy reflects where we are now and not where we are when we grow; growing organisations loses flexibility; small organisations have more risk if something happens; too close between thought and action can cause unchangeable mistakes; lose control with much outsourcing and too few people control everything.

Two persons expressed that the biggest weakness was the unclear organisational structure. During our stay at Yoigo, we observed that the unique organisational structure of the organisation is something that concerns most of the employees. They know it is a strength, but it is also something that many see as the biggest weakness.

#### **6.4 Strategy Process**

The strategy is used to allocate resources necessary to carry out the most important goals of the company (Chandler, 1962). Strategy formation is about how organisations handle important decisions and form the strategy. Therefore we asked a series of questions to interpret how the Yoigo employees perceived the strategy process, when creating Yoigo 2015. The common understanding among the employees is that the management team of Yoigo creates the strategy. Another general statement is that stakeholders, owners and board of directors create the strategy. In line with Snow and Hrebiniak (1980), we also observed that the process of creating the strategy involved the employees. We could see this being a contributing factor in raising the strategic awareness

among employees. There were workshops for selected employees that were involved in the strategy formation process and larger gatherings where everyone could leave requests. The approach used, to let all employees think and contribute is very uncommon in Spain (J. Andsjö, personal communication, 2011-04-06). Snow and Hrebiniak (1980) states that strategic awareness can be influenced by what processes the firm have in terms of planning and communication systems. This can be a contributing factor to the similar approach of the employees. However, most employees mentioned that the strategy was not utterly created by them. Moreover, we noticed that all employees that we interviewed agreed that the strategy formation process was very uncommon and different.

Thanks to the involvement of the employees, the awareness of the strategy was high and people felt highly motivated to work with it. One interesting exception is an interview with a non Spanish employee that did not see anything different about this strategy formulation process. This could be explained by the differences between Spain and other countries in terms of business culture (J. Andsjö, personal communication, 2011-04-08).

In some of the questions regarding the strategy process, we used two opposing alternatives in a scale from 1-10 and asked them to point out how they perceived the strategy formation process. The alternatives on the first scale were *planning mode* and *adaptive mode*, we used the scale in order to illustrate differences between them (Ansoff, 1965; Steiner, 1969; Lindblom et al, 1959). The first question we asked was if they believed the strategy formulation of Yoigo 2015 was a planning or adaptive process, 1 being planning and 10 adaptive. Seven employees answered 7, 8 or 9 and four employees answered 3, 4 or 5 (see Appendix 9.2, graph 1). The reasons to these answers can be explained by the uncommon way it was done for a Spanish company.

The employees that answered 7-9 explained that the process was very adaptive because it took account for everyone's opinion during the process; therefore it was more adaptive than planning. The four employees that perceived the process as more planning said that everything was done according to a predetermined plan. They also said that the goal of the new strategy and the way it was formulated was decided beforehand.

When we asked if they believed the strategy process was the results of *realized intentions* or *unplanned actions* (Mintzberg, 1987), most employees answered that it was re-

alized intentions (see Appendix 9.2, graph 3). Even though they believed it was an innovative and uncommon process, we observed their strong trust for the top management and that the top managers had a strong vision to guide the outcome of the strategy formation process. We also observed that the employees believed the mother company, TeliaSonera, to be strong and certain in what they wanted Yoigo to achieve. The last question of our interview was about the probability that Yoigo will reach all set goals in the Yoigo 2015 strategy. All except one answered that the probability was 70% or more (see Appendix 9.2, graph 4). Observations we made that can explain this is: they really believe in the company, they appreciate their workplace and employer very much. We also observed that they work very committed and focused.

## 7 Conclusion and Discussion

*Chapter seven presents the conclusions of this study, including a discussion, suggested future research and practical implications.*

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### 7.1 Conclusion

The aim of our study was to interpret and understand how the perception of a strategy differs among employees within an organisation. To do this, we adopted existing theories and performed a qualitative study in an organisation that recently implemented a new strategy. We formed three research questions to help us fulfil our purpose.

Our first research question was to understand what the perceived implications of Yoigo 2015 are. In respect to this, we found that the major perceived implications of the new strategy are increased control, both from owners and managers. However, also internally when overlooking processes related to contractors and partners. This is because a substantial growth in number of customers increases the risk with contractors and partners. To enable increased control, the organisation must grow in number of employees. The strategy also implies that the existing internal and external values become stronger and more clear, thus, acting as an even more apparent guide for employees and contractors. The goal with the strategy is to become the third operator in Spain. Achieving this, they will attract more unwanted attention from competitors who will respond by moving closer to Yoigo's low cost market positioning. To enable sustained growth, Yoigo must develop new attractive products and services. Based on our analysis, we are satisfied to state that our first research question has been answered.

Our second research question was to understand how coherent the perceptions of the strategy are. To understand this, we focused our investigation on three important factors when creating a strategy: corporation, competitor and customers. To get a broader perspective, we also included strategy process as a fourth factor.

- Based on our analysis, we conclude that Yoigo's employees have a highly coherent understanding of their competitors. This is because they have similar opinions of who their toughest competitor is and which competitors they will attract most customers from. Furthermore, Yoigo's and their major competitors' future movements in market positioning are perceived coherently.

- As discussed in the analysis, the most reasonable interpretation is that the perceptions of their customers are similar but not entirely coherent. On the first hand, the customers are perceived similarly in terms of price orientation, terminal preferences and income levels. On the other hand, differences appear in terms of service usage and age. When the employees were asked to describe Yoigo with one sentence, they similarly appointed honesty, trust and transparency.
- We can conclude that the employees' perception of their corporation is less coherent. This is based on our analysis that shows how some perceive the new strategy merely as a reminder of existing values, whilst others view it as a plan for the new goals. Increase in number of employees and altered organisational procedures are activities that some identified as necessary. In opposition, others stated that no change was needed regarding ditto. Furthermore, our analysis shows that the perception of marketing and sales activities is similar. These perceptions are more focus on retention and decreasing customer loss combined with the introduction of several new products and services.
- Our analysis shows that the perception of the strategic process is highly coherent. While the employees felt involved in the process, all interviewed employees answered that the top management creates the strategy. Moreover, it also shows that most employees perceived the strategy formation process as an innovative and adaptive process created on realized intentions.

Strategic Area	Coherent Level
Competitor	High
Customer	Low
Corporation	Low
Strategy Process	High

**Table 8.1 Coherency summary**

Source: Developed for this research by the authors

We can answer the second research question by concluding that there are both differences and similarities between the four strategic areas. The employees' perceptions are incoherent mostly in terms of customers and corporation. The perceptions of strategy process and competitors are similar.

The final research question was to evaluate how the organisational environment affect employee awareness of the strategy. Our analysis shows that several environmental factors affect the employee awareness of the strategy. Some features that are uncommon in a Spanish business context affected the awareness. These include an open office environment where fast decisions are taken directly rather than in meetings or e-mails. Additional factors are that everyone's opinion was accounted for when creating the strategy and that the management introduced voluntarily open meetings with all contractors and employees. Furthermore, the small organisation with few employees and great individual responsibility led to employees from all departments to be heavily involved in the strategy formation process. Based on these factors, we can conclude that the awareness among employees is highly affected by Yoigo's organisational environment.

## **7.2 Discussion**

We have many observations to research the culture and organisation from within. Our observations were useful to understand how activities and interactions at Yoigo gave meaning to beliefs and behaviours. It is very good to understand differences in what people say and what they do. We had two "key informant interviews" with Johan Andsjö, CEO of Yoigo, which provided us with valuable information. We had a lot of uninterrupted time (90 minutes) with each of the interviewees. The historical research about Yoigo presented in this study (chapter four), provided important information about the impact of events in the past, the present and the future. We had a well considered method for the data collection that was consequent and to the plan. High standardized interviews were well suited for our study and we had full access to the Yoigo office and the employees at all times. The arrangement of data and analysis into categories based on strategist Ohmae's (1982) key factors to a successful strategy provided a comprehensible overview and structure for this research. To increase trustworthiness of the study, triangulation was used in four different ways. It was used in source, methods, researchers and theories.



We spent three days at the company. It was time consuming to gain deeper understanding through observations and our time was limited in this aspect. The first language of most interviewees was Spanish. The interviews were made in English with various levels of English knowledge; this could limit the richness in some answers. Interview questions with Swedish employees were asked in English but they answered in Swedish, this could implicate some differences in how they answered. The data collected in some fields did not reach saturation and redundancy. Most questions did not supply any new information in the latter interviews. However, some questions added somewhat new perspectives, even in the final interview.

To become successful, it is important to ensure that all involved persons in a business understand a new strategy. Strategists and managers must understand how their employees perceive different aspects of the strategy. It is especially important that key individuals with big responsibilities in a company have a coherent understanding of the company's competitors, customers and corporation. These three factors, according to the Japanese strategist Ohmae (1982), are the key factors to a successful strategy. To make sure that individuals work for the same goal is crucial. If the marketing employees and sales staff have different perceptions on whom their customers are, difficulties in working efficiently together will take place. If the purchase manager and marketing director have different perceptions of their competitors, it will be very hard to commence winning market actions. Because strategy is about the determination of courses of actions and the allocation of resources, it is vital to have a coherent understanding to make sure resources are not wasted. It is also important that courses of actions among all employees are powered and directed towards the same goal.

Our results show that big differences occur in some areas. Areas which are most important for a company to comprehend if they are going to succeed with their business strategies. It is imperative for all strategists and managers to account for perception differences among their employees. They must construct strategy formation processes that consider these shortcomings.

### **7.3 Further research**

The possibilities for future studies within the field of cognition and its effect on a strategy are extensive. We believe that the analysis of our study could help researchers to

understand how the differences in perception could appear in relation to a process, or a strategy. However, we see most use for managers or other practitioners of strategy in a company. Our investigation shows that the perception and understanding of every person involved in the strategy is unique. Their understanding and perception of a strategy differs due to different involvement in the strategy formation process, position in the organisation and cultural background. Consequently, it is important that managers are aware of these consequences when implementing a new strategy into their companies.

During our study, we identified several specific areas for future research stated in the following section:

- *Deeper cognitive research about the function of values, beliefs and perceptions.*

Many times during our research we wanted to understand more and go deeper into the reasons behind cognitive functions. What affects values, beliefs and perceptions in general? This would help researchers to gain deeper understandings and clarify the most important issues to consider or investigate.

- *Analyse the strategy formation process in real time.*

We made our study at a company precisely after their strategy formation process had finished. Observations from a researcher during the whole strategy formation process would be very fruitful and should help the investigator to identify what in the formation process that affected the incoherent understandings of employees.

- *Understanding the interviewees.*

Our suggestion is to analyse the different interviewees more in sociological and demographical terms, to understand how these factors affect the perception of a strategy.

- *Multiple case studies in different contexts.*

A study of different case studies from different companies, countries or industries compared to each other would be very interesting. In this type of study it is possible to test our results in different environments to see if differences are to be found.

- *Analyse the outcome of Yoigo 2015.*

Because the strategy investigated stretches until 2015 it would be interesting to return to Yoigo and interview the same participant again to see how their perceptions have changed and if they are more coherent or not, compared to our study. It would also be possible to test expectations against outcomes, and see how differences in perception affected the results.

### **7.3.1 Practical Implications**

When we initiated our contact it was important for us that the results would contribute to Yoigo. Therefore, we have a specific suggestion to the Yoigo management.

- *Managers of Yoigo can secure their Strategy “Yoigo 2015”.*

Yoigo managers can use our analysis and conclusions to find out what in the Yoigo 2015 process that caused the different understandings to occur. Therefore, we suggest the Yoigo strategists to think of possible threats to their business based on our findings and that they act on those parts where incoherence is greatest. We recommend follow up sessions to discuss understandings within indicated areas with involved participants.

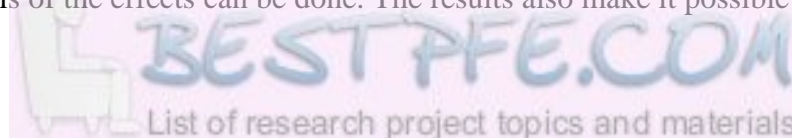
During our research we came up with suggestions to other business strategists and managers that we identified as important.

- *Strategy formation process.*

When business managers and strategists plan for a new strategy, they should plan the formation process in a way that the outcome of the strategy is perceived as coherent as possible. This could be done by creating discussion groups as part of the process. In these groups, involved employees should discuss major aspects of the strategy in terms of expected internal and external effects, implementation process and purpose with the strategy.

- *Follow up with test questions.*

Based on our findings we recommend that after the strategy is formulated, managers and strategists should test the perception and understanding from different perspectives to investigate where differences occur. With these results, an analysis of the effects can be done. The results also make it possible to act on



specific areas and construct extra activities to facilitate a coherent understanding among the employees.

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## 9 Appendices

### 9.1 Interview Guide

Start by presenting us and why we are interested in Yoigo. Mention that everything that is said during the interview will be confidential and it will not be able trace the answers to any individual. Inform the participant that it is voluntarily and it is possible to withdraw from the research with answers deleted at any time.

#### Personal Questions

Describe your role at Yoigo:

Gender:

Years working at Yoigo:

#### Strategy Process

1. Who creates the strategy at Yoigo?

#### Strategy Formation

*Explain for the participant*

The planning more is described as an especially structured process that is efficiently integrated in the organisation. The adaptive mode in strategy formation is when many decision makers with conflicting goals negotiate with each other to create an increasing stream of incoherent decisions (Ansoff, 1965; Steiner, 1969; Lindblom, 1959; Braybrooke, 1963; Halberstam, 1972).

1. When you formulated the Yoigo 2015 strategy was it a planning or adaptive process?

Scale 1-10

*Can you explain why you choose X?*

2. Was the formulation of the strategy Innovative or Formal? (boundaries)

Scale 1-10

*Can you explain why you choose X?*

#### Strategy Formulation

1. Was the strategy formation the result of a realized intention or unplanned actions?



Scale 1-10

*Can you explain why you choose X?*

### **Strategy analysis - SWOT**

What are the Strengths with Yoigo 2015?

What are the Weaknesses with Yoigo 2015?

What are the Opportunities with Yoigo 2015?

What are the Threats with Yoigo 2015?

### **Strategy Perception**

#### **Customers**

1. Which competitor will Yoigo attract most customers from?  
Why them?
2. Does Yoigo have extra target focus on this competitor's customers?  
How is this evident in the Yoigo 2015 strategy?
3. Which competitor will Yoigo attract least customers from?  
Why them?
4. Describe the Yoigo customers 2015.  
How are those customers different from Yoigo's customers today?
5. Do you think that you will lose some current customers due to the new Strategy?  
If yes, who?  
If no, why?

#### **Competitors**

1. Which is Yoigo's greatest competitor?  
Why are they Yoigo's greatest competitor?
2. How does your biggest competitor view Yoigo?
3. How do you think Yoigo's greatest competitors will react in response to Yoigo 2015?

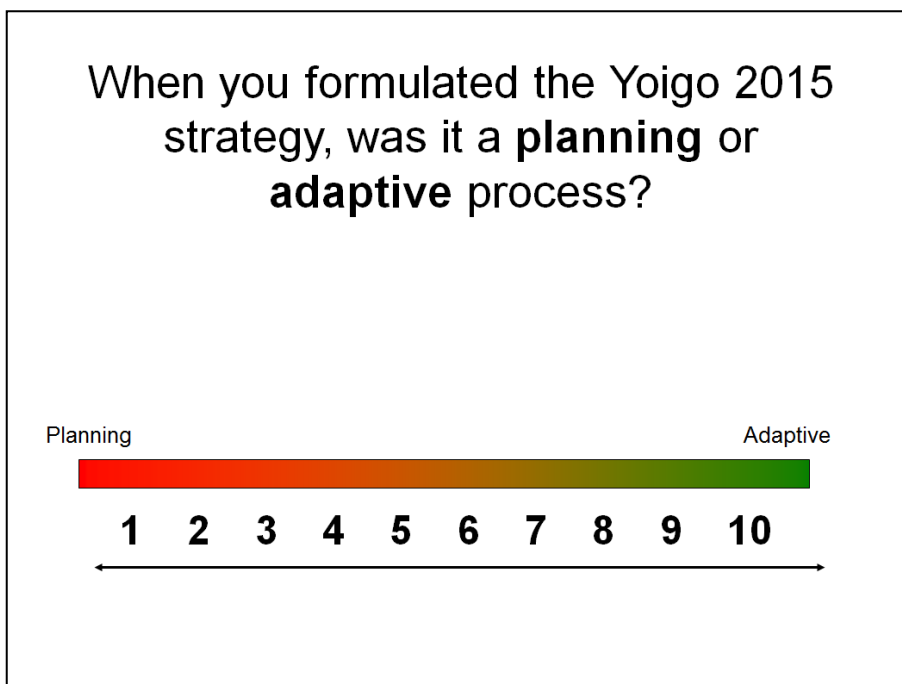
## Corporation

1. What does Yoigo 2015 mean to you in practice?
2. What do you need to change in your area of responsibility to be in line with Yoigo 2015?
3. How does Yoigo make sure that the strategy is followed?
4. How will Yoigo 2015 affect the benefit or value of your products?
5. How will the organisational structure change with Yoigo 2015?
6. What are the major differences in marketing and sales?
7. How would you describe Yoigo to a customer with 1 sentence?
8. What is the probability that you will reach all your set goals 2015?

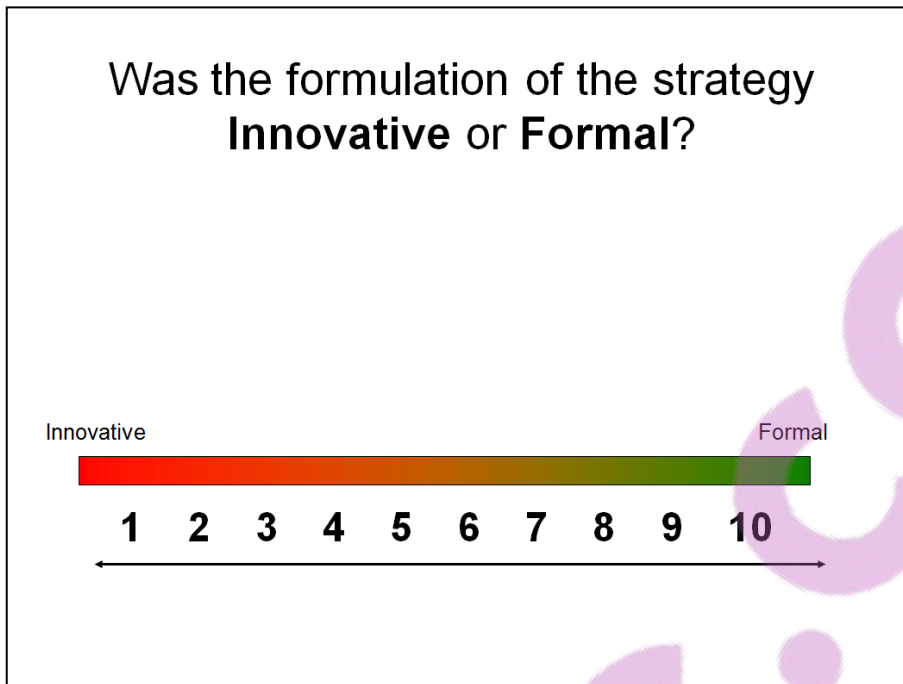
Scale 1-10

### 9.1.1 Scales and Maps

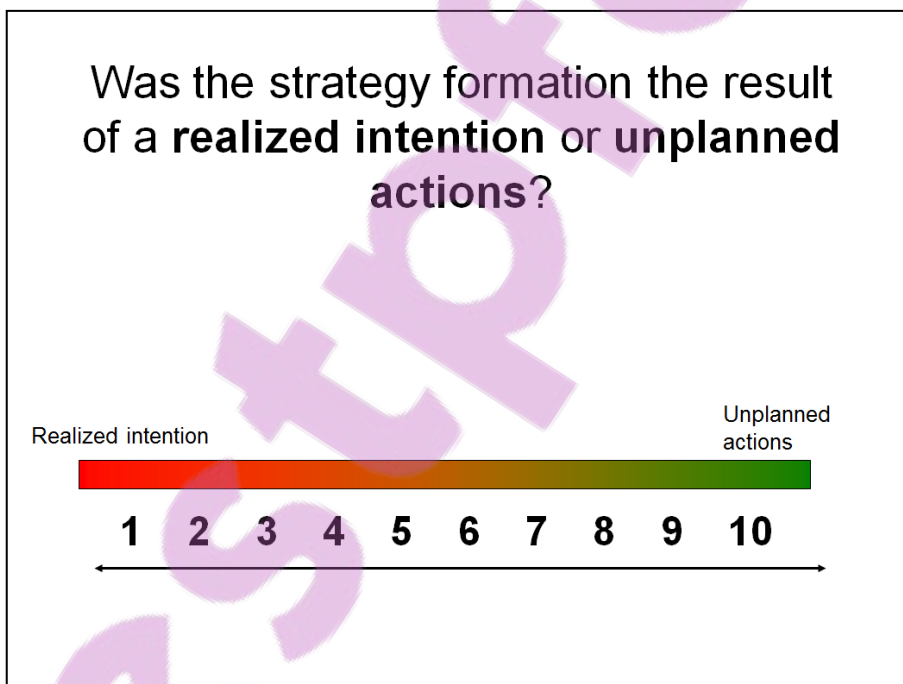
#### 9.1.1.1 Scale I



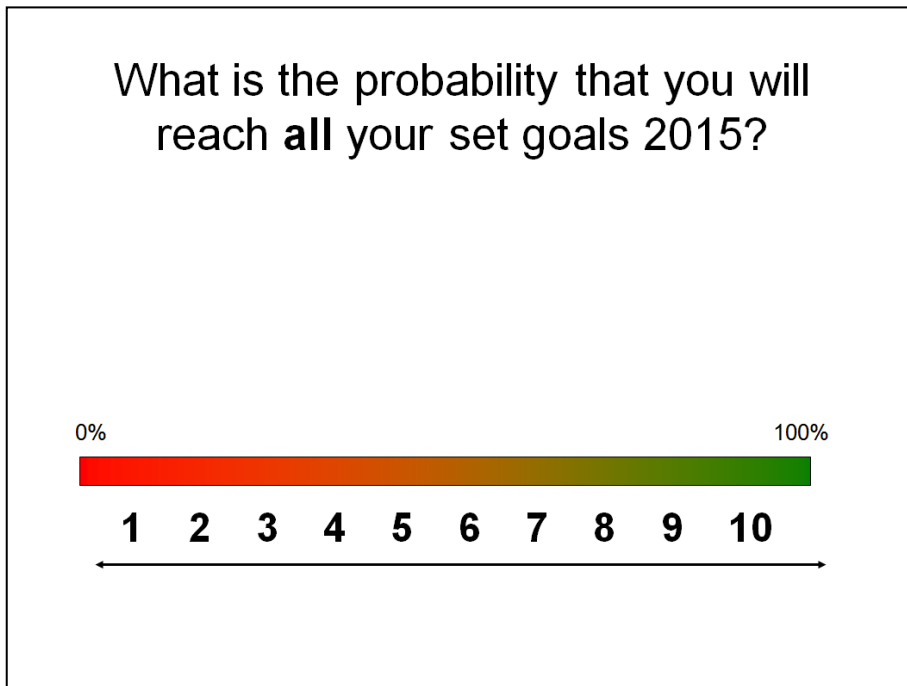
9.1.1.2 Scale 2



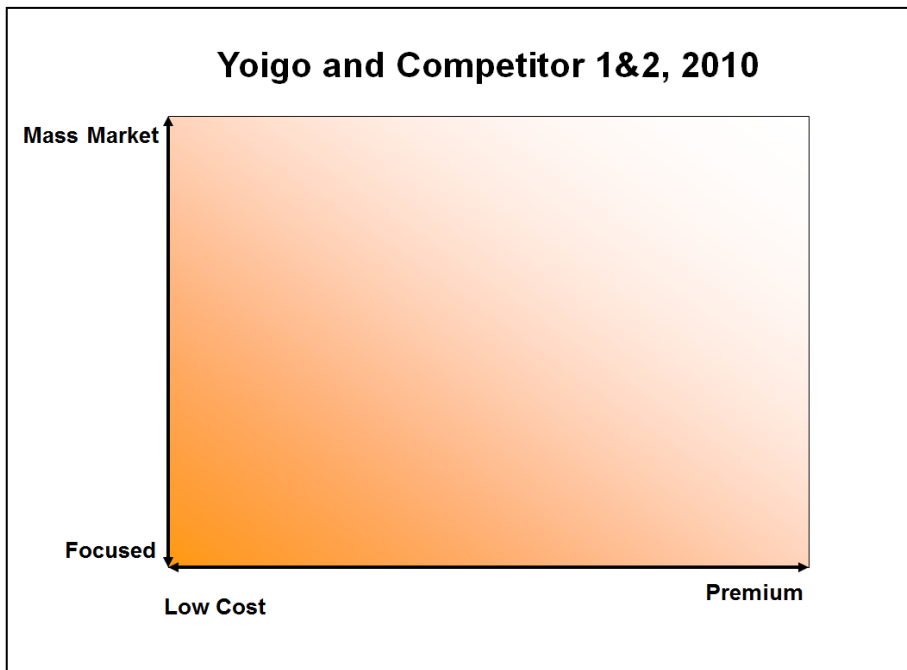
9.1.1.3 Scale 3



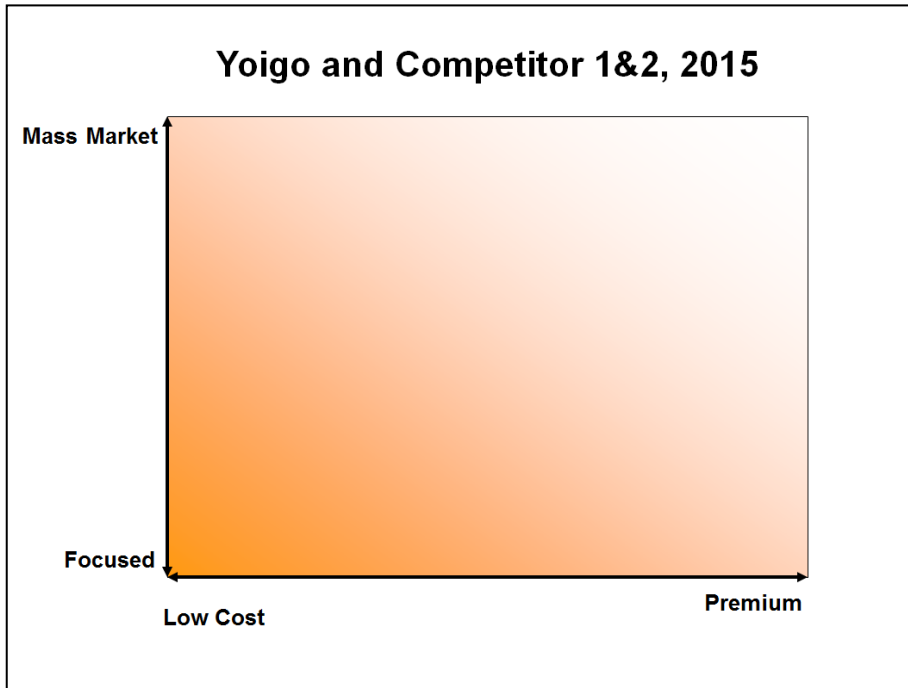
9.1.1.4 Scale 4



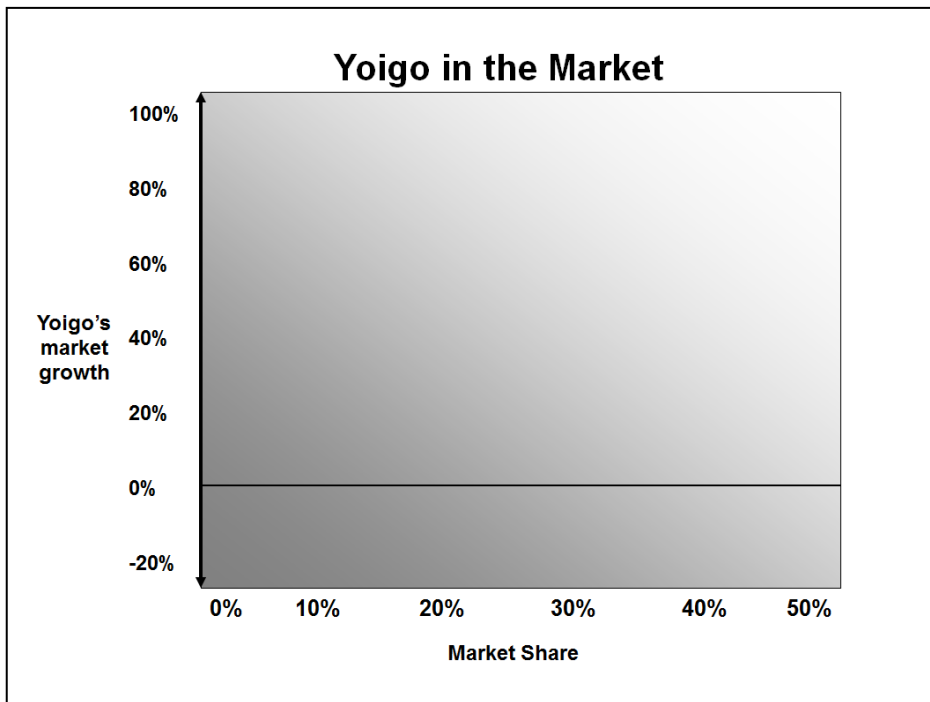
9.1.1.5 Map I



9.1.1.6 Map 2

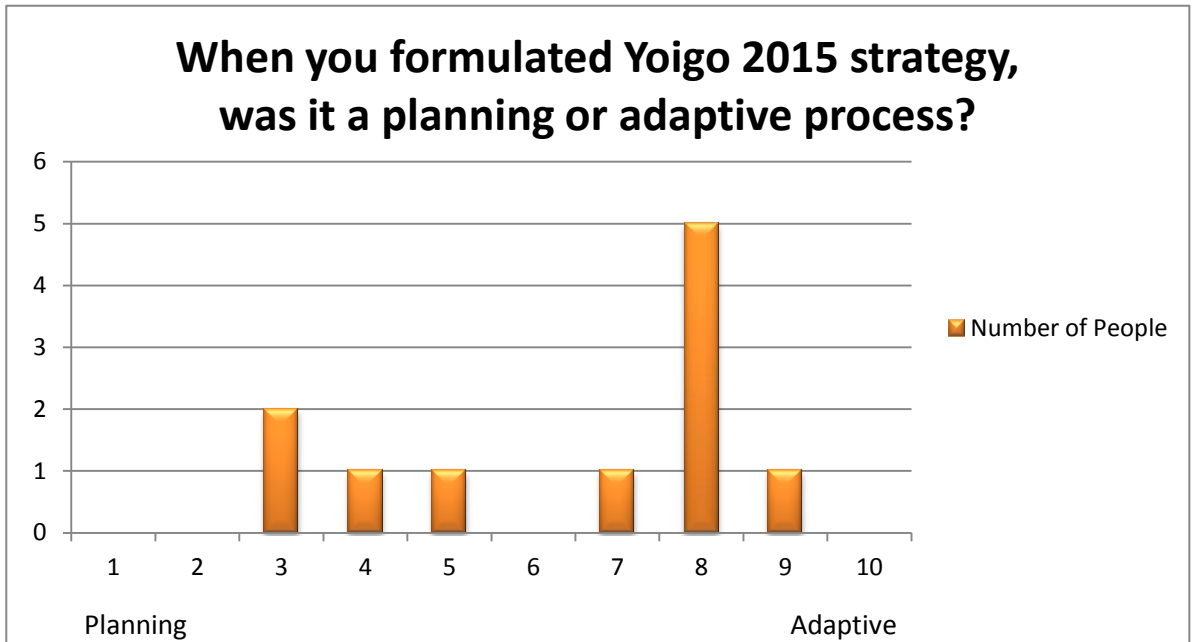


9.1.1.7 Map 3

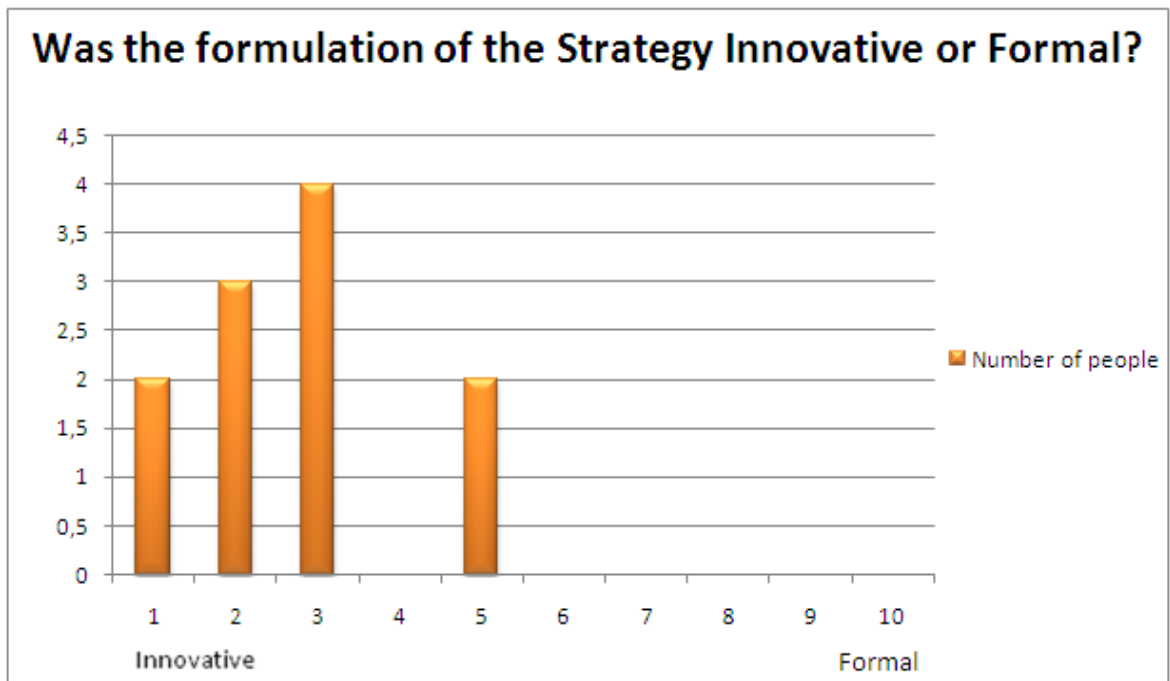


## 9.2 Appendix Results

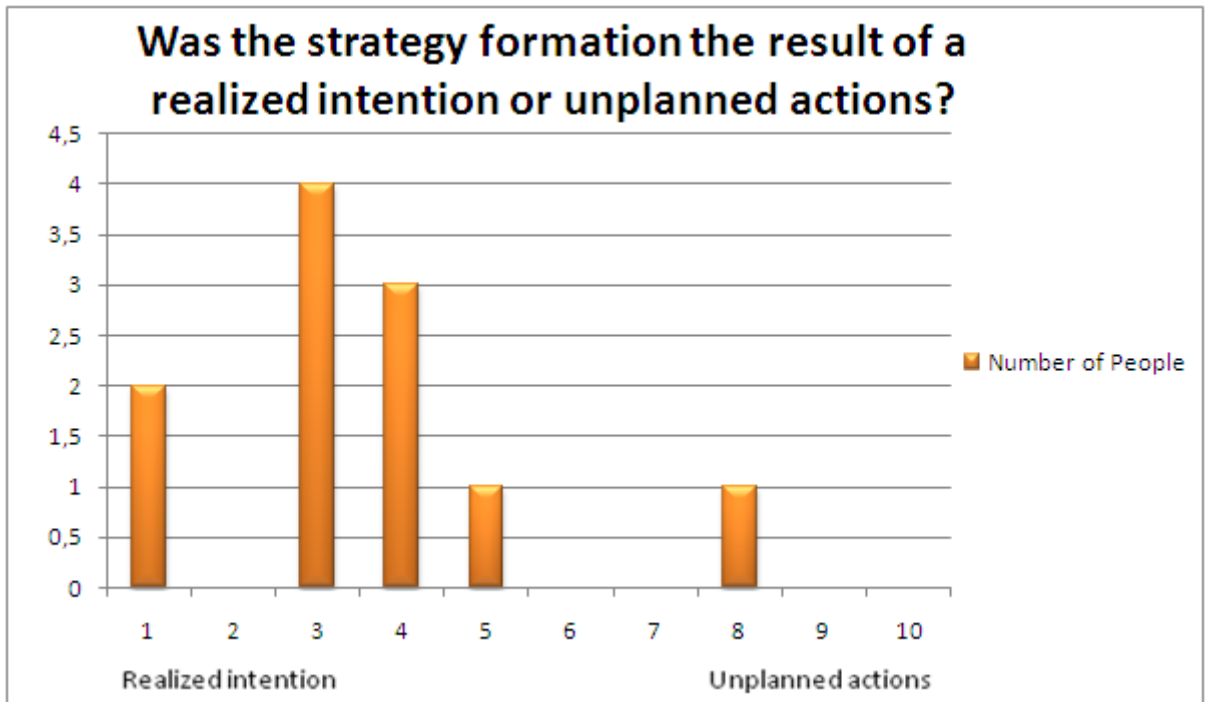
### 9.2.1 Graph 1



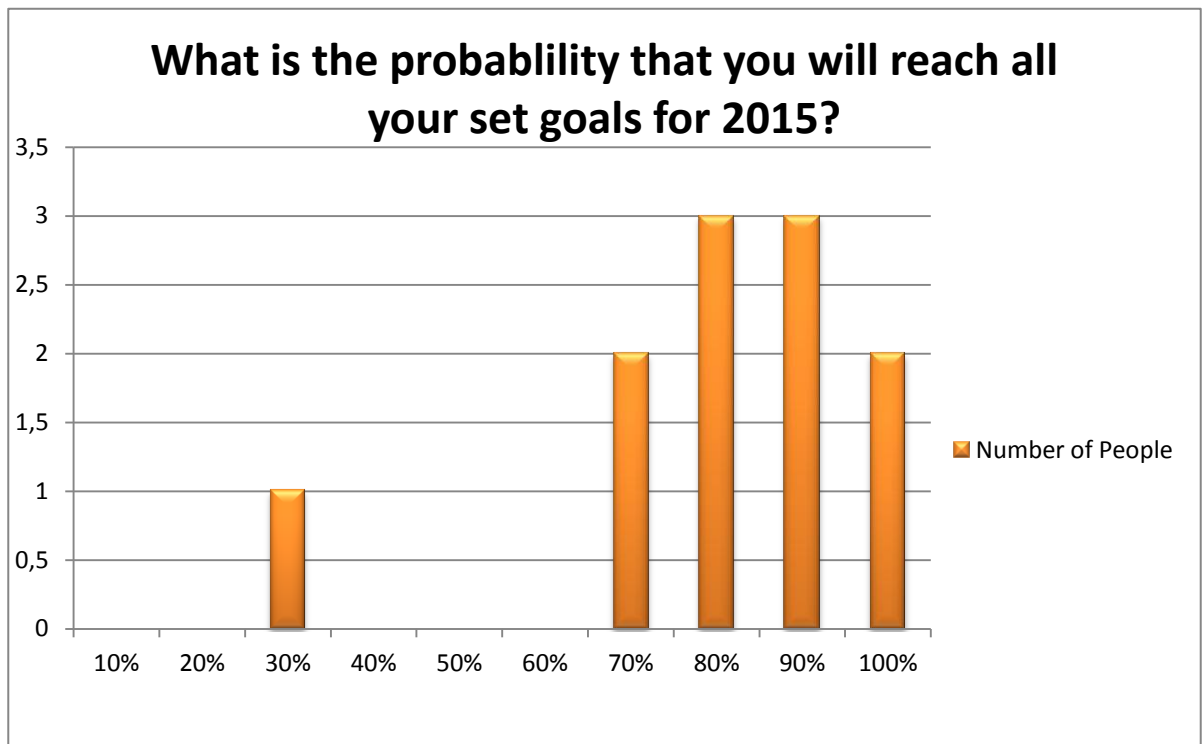
### 9.2.2 Graph 2



9.2.3 Graph 3

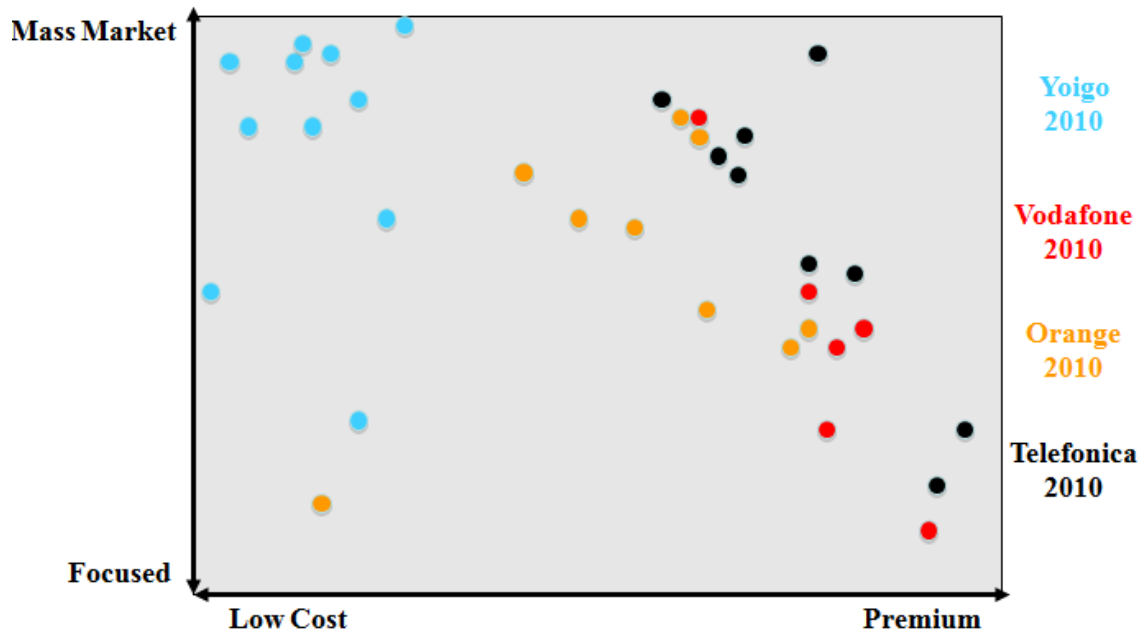


9.2.4 Graph 4



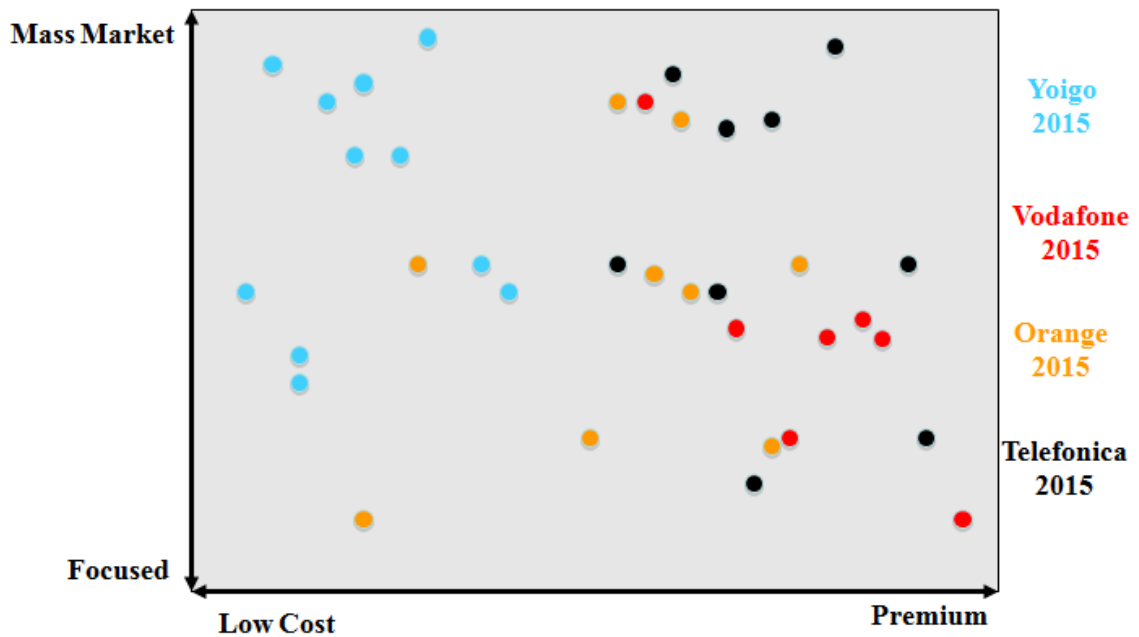
9.2.5 Map 1

### Yoigo and Competitors 2010



9.2.6 Map 2

### Yoigo and Competitors 2015





9.2.7 Map 3

