



School of Business
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GÖTEBORG UNIVERSITY

Hogia Small Office

-Stuck in the middle?

A case study of Hogia Small Office's
strengths, weaknesses, opportunities and threats

Faculty of Business Administration
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Bachelor Thesis
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Summary

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Title: Hogia Small Office – Stuck in the middle? A case study of Hogia Small Office's strengths, weaknesses, opportunities and threats

Background and problem: Hogia Small Office is a subsidiary within the Hogia combine with Hogia AB as the parent company. The combine is one of the leading providers of bookkeeping systems. The managing director of Hogia Small Office was interested in making an overall examination of the company and we chose to perform a SWOT analysis. Our problem formulation has been what are Hogia Small Office's strengths, weaknesses, opportunities and threats?

Aim of the research paper: The aim with this report has been to answer the questions above. From the mapping of these questions we then have given recommendations of possible changes that can be made in the organization. We have provided Hogia Small Office with an observer's view of their organization.

Delimitation: In this paper we have solely concentrated our SWOT analysis on Hogia Small Office. However we have described some parts of the combine in areas where we feel that by doing so the reader gains a better understanding for Hogia Small Office's situation.

Method: Literature that treats the subjects concerned in a SWOT analysis has been used side by side with the Internet. We have made several interviews with the employees and been present at their head office in Stenungsund to make our own observations.

Analysis and conclusions: After we finished our SWOT analysis we discovered that Hogia Small Office have more weaknesses than strengths and if these are not corrected in the near future this can affect Hogia Small Office in a negative way. Sub optimisation, the lack of central resources and the neglecting of branding and customer needs, are according to us major problems.

Proposal from the authors on further research: We feel that further research on the Hogia combine as an entity or on its other subsidiaries would be interesting reading. Can the strengths, weaknesses, opportunities and threats be found in the other companies? Another suggestion is to create an alternative organizational structure with responsibility areas. Finally, for management students, an in-depth study of the "Hogian culture" could be made.



Preface

The making of this paper would not have been possible without all the help and assistance from the following persons:

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1. Introduction

The objective of our report is to perform a SWOT-analysis on Hogia Small Office. The SWOT-analysis is an attempt to find the strengths, weaknesses, opportunities and threats a company can be subjected to. Hogia Small Office expressed their wish to cooperate with students at the School of Business, Economics and Law in Gothenburg. We immediately found this collaboration to be both challenging and evolving. The opportunity to be able to practice theory in reality was a prospect we definitely did not want to miss out on. Together with the managing director of Hogia Small Office, Martin Hogmalm, and his staff we have been able to bring this paper to life.

1.1. Background

The Hogia-group is an international combine and consists of Hogia AB with her subsidiaries and Hakenäs Gård AB and Hakenäs Konsult AB. The combine includes about twenty companies, this as a result of an organizational restructuring that took place in 2004. Before this the combine consisted of almost thirty companies. The Hogia-group is a non-listed combine and an entirely family owned enterprise. Hogia AB offers software solutions both in the fields “Administration Software” and “Line of Business solutions”.

Hogia Small Office is a subsidiary in the Hogia combine and offers both administration software and solutions to various lines of businesses. Martin Hogmalm, the managing director of Hogia Small Office, got appointed to this position as managing director in december 2005. Hogmalm felt that he as soon as possible needed to gain an overall picture of Hogia Small Office, something that could be accomplished faster with assistance from Business graduate students. Martin Hogmalm wrote in his mail: “In a business there always exists reason to analyse and think about customer behaviour, competitors, concepts, and building of brand.”¹ We agree and offered to map these different parts of their business in a SWOT analysis. We feel that a SWOT analysis, performed as David A. Aaker suggests in his book: *Strategic Market Management*, takes in consideration all necessary angles, both internal and external to find a company’s strengths and weaknesses. It also helps to identify both future and existing opportunities and threats.

1.2. Delimitations

In this paper we will solely concentrate our SWOT analysis on Hogia Small Office. However we have described some parts of the combine in areas where we feel that by doing so the reader gains a better understanding for Hogia Small Office’s situation. A SWOT analysis consists of an internal and external part. In the external part we have chosen not to perform an environmental analysis due to limited time and space.

1.3. General description of the research problem

We do acknowledge that it is easier for us to point out the various elements included in a SWOT

¹ Quoted and freely translated from:

<http://kursportal.student.gu.se/inst/FE/FE6000RF/filuppladdning/browse.php?dir=Kursinformation%2FF%F6rslag+p%E5+uppsat s%E4mnen+-+Ekonomistyrning 060322>



analysis from an outside perspective, than for the company to actually work on their weaknesses. This caused by the fact that Hogia Small Office is a subsidiary whos products are linked closely to the rest of the subsidiaries within the combine. The owners personal business philosophy also constrains Hogia Small Office in what is excepted and not for them to actually do. This however, we feel, does not diminish the importance of our SWOT analysis. It is always helpfull for a company to gain insights to their possibilities and challenges. This information is important for strategical development and implementation.

The questions we aim to answer are the following:

What are Hogia Small Office's strengths?

What are Hogia Small Office's weaknesses?

What are Hogia Small Office's opportunities?

What are Hogia Small Office's threats?

1.4. Purpose of the study

The purpose of our paper has been to perform a SWOT analysis on Hogia Small Office, through a case study. We have observed the company in many different areas, both internally and externally, areas that David A. Aaker suggests that one should take in consideration when performing a SWOT analysis. With this case study we then will answer the questions in the general description of the research problem, which is what Hogia Small Office's strengths, weaknesses, opportunities and threats are. We have then in the conclusion given a recommendation of how the weaknesses and the threats can be managed in the future.



2. Method

In this chapter we aim to give our readers an understanding of the scientific approaches we have used and the way that we have gone about to write this paper.

2.1. The scientific approaches used in this paper

According to Eriksson and Widersheim², there are three different scientific methods to be used when writing a paper. These are the **positivistic, the hermeneutic, and the critical theory**. While the positivistic sees knowledge as something definite, the hermeneutic approach sees it as something relative. The critical theory will be mentioned in more detail further on. In the **positivistic** tradition there are only two sources from which one can obtain knowledge. The first source is everything we can register with our five senses, and the second is all that we can reason us to through logic. There are then three ways to come to a conclusion in the positivistic tradition. They are;

- Through an *inductive* approach. The conclusions are drawn based on empirical data.
- Through *deduction*. The conclusions are done based on a logical conclusion.
- Through a *hypothetical- deductive* approach, that actually is a combination of the first two. This approach means that one forms a hypothesis, which then can be tested through the empirical data. One has then united the empirical with the logical.³ In the positivistic tradition great emphasis is put on facts that one have gained through quantitative methods that is through mathematical and statistical methods. The positivistic traditions aim is to describe and explain.⁴

In the analysis we have used the positivistic- inductive approach which means that we have formed conclusions based on empirical data. Our aim of the paper has also been, just as the positivistic traditions, to describe and explain. Further, we have used two surveys to measure facts; this as well fits in the positivistic tradition.

With **hermeneutic** and **critical** approaches, one seeks understanding for the overall picture, and one wishes to gain insight. To give an example: the researcher may want to understand other persons' actions, but has already a pre-understanding of the problem area. With this pre-understanding and the dialogue that is held with the respondent, the researcher obtains increased understanding. This means that one can obtain understanding for how an organization works just through speaking with its employees. Critics to this theory say that this leads to a false picture since the researcher only plays the part of an observer and not a participant. This is where the critical theory steps in. The critical theory advocates that the researcher shall act as both an observer and a participant to reach an understanding of the social reality in which both subjective

2 Ericsson, Widersheim; Att utreda forska och rapportera pp 199

3 Ericsson, Widersheim; Att utreda forska och rapportera pp 199-202

4 Ericsson, Widersheim; Att utreda forska och rapportera pp 221



and objective elements live.⁵

In parts we also have used hermeneutical approaches. We have tried to gain an overall picture of the organization and to achieve a greater understanding of it, we performed several interviews, mentioned more in detail under the heading *interviews*. In the empirical part of our paper we used a descriptive approach that is to tell how things are. While in the analysis and conclusion we have turned to a normative method, we have in other words written about how it ought to be.

2.2. Models

The saying goes that a picture says more than a thousand words. We agree and have in our paper used several different models. In Ericsson and Widersheim's book different models are listed. They mention models such as:

- Verbal models- which are connection-constructions in words. For example how to go about when doing something, first you...and second you...
- Schematic models- are pictures that describe how different parts of something are linked to each other, making an entity.⁶

In this paper we have used verbal models in the theory chapter. Schematic models have been used in both the theory, empirical, and analysis chapters.

2.3. Interviews

We have aimed, as mentioned before, to do a descriptive and explorative paper about Hogia Small Office. We did this to be able to allocate Hogia Small Office's strengths, weaknesses, opportunities and threats. The methods to achieve this have mainly been to be at place at the company's main office in Stenungsund. Interviews have been made with all key personnel and our main contact with whom we made several interviews has been Martin Hogmalm, the company's managing director. We naturally concluded interviews with all his subordinates who have a leading position and also with some of the employees under them. We were also able to make an interview with the Human Resources department at Hogia.

The persons that were interviewed are;

Martin Hogmalm-*managing director*

Annelie Thuresson-*in charge of administration*

Mikaela Sundqvist- *in charge of customers, the support division and after market sales*

Ulf Olofsson -*in charge of new market sales*

Susanne Edsund-*in charge of products*

Mattias Niklasson.-*Internet*

Miriam Andersson-*support personnel*

Marie Ericson-*Human Resources*

2.4. Literature that has been used for guidance in theory

Our main source of inspiration has been reading **Strategic Market Management** by David A. Aaker. Aaker, who is American, is Vice-Chairman at Prophet. Prophet is a management consultancy that helps to create competitive advantages by creating and implementing integrated business, brand, and marketing strategies. He is also Professor Emeritus at the University of California, at Berkely. Aaker has written several books and papers and is considered to be highly

5 Ericsson, Widersheim; Att utreda forska och rapporter, pp 221-223

6 Ericsson, Widersheim; Att utreda forska och rapporter, pp 205-207



prominent in his field of area which is business strategies.⁷

When examining organizational theories mostly concerning culture, we have used **Organizational Theory, Modern Symbolic and Post modern Perspectives** written by Mary Jo Hatch. Mary Jo Hatch is an American organizational theorizer who has for over two decades taught in organization and leadership. She has also done several research papers concerning organizations in both the United States and Europe. Mary Jo Hatch has taught in the United States at San Diego State University and UCLA. In Europe she has taught at The school of Business in Copenhagen and at Cranfield School of Management in Great Britain.⁸

To increase the understanding of the importance of branding in a company, we have read parts of: **Identitet- om varumärken, tecken och symboler, "Varumärket som värdeskapare"** written by the Swedish Professor Frans Melin. Melin has a PhD in Economics and does research as well as consulting in the area of branding strategies. He is together with his colleague, Mats Urde, responsible for the research in Strategic Brand Management at the University of Lund.⁹

Another helpful book has been **Marketing management** by Mullins, Walker and Larréche. Mullins teaches at the London Business School within the areas, Managing the Growing Business, Opportunity and feasibility assessment, financing entrepreneurial business and understanding entrepreneurial management.¹⁰ Walker is a professor at the Minnesota Carlson School of Management. He has received several prizes for his work and was in 1997 named as one of the top academic researchers in marketing over the last twenty years by the Marketing Educator.¹¹ Larréche is a professor and the holder of the Alfred H. Heineken chair at INSEAD, Europe's leading business school in Fontainebleau, France. Larréche is also a specialist in strategic marketing.¹²

An implementation compendium to Aaker's book has also been of great help to us. This implementation is written by PhD Jan E Skaug. Skaug is an associate professor at The School of Business, Economics and Law in Gothenburg. Skaug teaches in: The process of marketing planning, Market communication, Business strategic management and development of companies. He also does research in the areas Entrepreneurship and business strategic development focused on systematic and planning processes in small and medium enterprises.¹³

We naturally see a weakness in the fact that most of our literature that has been used is American. Obviously examining a Swedish family owned company that started out as a one man enterprise with the help of American theories will differ. However, the authors of our books are prominent in their field of expertise, and since the Hogia combine has expanded to have 400 employees, we feel that the combine itself is large enough to be examined with theories meant to be applied on large enterprises.

7 <http://groups.haas.berkeley.edu/marketing/PROFILES/PROFS/aaker.html> 060516

8 Hatch, Organizational Theory, p 7

9 Melin, Varumärket som värdeskapare, p 127

10 <http://faculty.london.edu/jwmullins/Teaching/teaching.html> 060518

11 <http://www.mhhe.com/business/marketing/boyd4e/information/authors.mhtml> 060518

12 <http://www.mhhe.com/business/marketing/boyd4e/information/authors.mhtml> 060518

13 <http://www.hgu.gu.se/item.aspx?id=4564> 060521



2.5. Other sources of information

We have frequently scanned the Internet for various types of information. We have also apart from our guiding professor, Ingemar Claesson, asked the assistance of Professor Jan Marton in revision matters.

2.6. Surveys

Survey number one was made to chart the employee satisfaction at Hogia Small Office. The survey consisted of 15 questions. All personnel at Hogia Small Office, excluding the managing director Martin Hogmalm, participated in the survey. The survey therefore has a high validity. This survey is included in appendix 1. Survey number two consisted of merely three questions, and the aim of the survey was to find out how well people knew the company name Hogia and what they manufacture, compared to Visma Spcs. We asked 62 random students at the School of Business, Economics and Law of Gothenburg on the 22nd of May 2006. We feel that this survey too has a high validity. Firstly because so many respondents were asked and secondly since the respondents that were asked are highly significant as potential users in the future of such software, both in future work places, or if they go into business by themselves. Thirdly, the school has a partnership with the company and it is their software that is used in a practical assignment that the students, who study to become economics or business school graduates, use. We feel that if these respondents do not recognise this company's name, then much is left to be said on the way that Hogia handles its branding.

2.7. Internal analysis

The aim of an internal analysis is to understand a business in depth. And from this depth we drew the conclusions of Hogia Small Office's strengths and weaknesses. Our first step in this internal analysis was to do a financial performance analysis, which includes profitability, sales and costs. Not to be overlooked are organizational structure and management style.¹⁴

Shareholder value analysis is also an area within financial performance that is usually treated in an internal analysis. However Hogia AB is a non-listed enterprise and family owned, therefore shareholder value is less important in this company. The combine can focus on sustainable growth rather than short-term dividend.

2.7.1. Financial performance

Profitability Sales and Costs

To research Hogia Small Office's financial profitability we have looked at their annual report for 2005. From the figures in the annual report we chose a few ratios to look at, ratios that we feel give the reader an understanding for Hogia Small Office's financial status. These ratios have also been used when we have done comparisons between Hogia Small Office and their competitors. We have also looked at Hogia Small Office's budget for 2006 to see what their estimated sales and costs are and how well they succeed in following their financial aims and goals.

2.7.2. Products

All information about which products Hogia Small Office offers were given to us from Hogia Small Office's product manager. We were also given five of their software programs to examine closer and try-out from a new beginner's perspective. We did this and compared Hogia's software

¹⁴ Aaker, Strategic Market Management, pp 113-114



program with their main competitors software program, Visma Spcs.

2.7.3. Organization

Bert-Inge Hogsved has written a book called “Klyv Företagen!” where he describes in detail how he built what now is called the Hogia group. After reading his book about how he made “bunshning” a known word in Hogia it is easier to understand why the Hogia organization looks like it does. Other literature such as Mary Jo Hatch’s book *Organizational theory* has also helped us to understand different ways of organizing a company.

2.7.4. Organizational structure

To perform an analysis of the organizational structure, we set off by doing an organizational scheme. Thereafter we made interviews with the employees to map if they perform what they should according to the organizational structure.

2.7.5. Management style

When we examined the management style practised in Hogia Small Office we made interviews with the director of Hogia Small Office, Martin Hogmalm. In order to see the origin of his ideas of running a company we talked to him about his prior work places and his history as a leader

2.7.6. Employee satisfaction

To examine the employee capability and employee satisfaction at Hogia Small Office we chose to perform a survey. The survey consisted of 15 questions and comprised work satisfaction and employee capability. All employees at Hogia Small Office participated in the survey except the managing director Martin Hogmalm. For more detailed information about the survey, please read above under the heading *surveys*.

2.7.7. Culture

We took part of the “Hogian culture” during our many visits at the head office. The interviews with the Human Resource department provided examples of the culture and our visits also resulted in own observations. Bert-Inge Hogsved’s book “Klyv företagen!” gave us a perspective of the existing culture in Hogia; a pamphlet that recently was given out to the employees also treats this subject.

2.7.8. Marketing

When analysing Hogia Small Office’s marketing we have looked at the distribution channels and their different marketing adverts. Hogia Small Office has previously hired a media bureau, *MindShare* to investigate the outcome of different marketing distribution channels and it is their conclusions that we have used as empirical data. When looking at brand associations we performed a survey, which is written about in greater detail under the heading *surveys*.

2.8. External analysis

The aim of the external analysis is to map Hogia Small Office’s opportunities and threats. Areas that will be discussed are their customers, competitors and market.

2.8.1. Customer analysis

Hogia Small Office describes their customers as all companies with less than ten employees. To draw conclusions of how well Hogia Small Office attends to their customers and how high their



customer satisfaction is we have listened in on support-calls made by customers to Hogia Small Office's support department. We have also received surveys of customer satisfaction reports made by TradeWell media bureau.

2.8.2. Competitor analysis

Our first step was to scan DPU's web site.¹⁵ DPU is a consulting company created by Sören Janstål. The aim of the web site is to help companies to purchase and evaluate business systems. On this web site one can find comparisons and rankings of business and administration software for smaller companies, performed by users of the systems. It is from this web site we have chosen which competitors to analyse. We have then compared the competitors with Hogia Small Office on different areas such as financial performance, market position and in which media they are visible. When doing the comparison on financial performance we compared financial ratios between the companies. The ratios were calculated from figures taken from the annual reports. The annual reports used for the competitors are from 2004 and for Hogia Small Office from 2005. This is caused by availability; we feel that it is important to use the latest available numbers and for the competitors the numbers for 2005 had not yet been published when we did this comparison.

When comparing other areas that are not linked to financial reports, we used secondary sources, such as data from media bureaus. TradeWell examined Hogia Small Office's market position compared to their competitors in September 2003. Their survey is based on the answers of 300 randomly chosen companies. We find the validity for that survey to be high considering its answering frequency. MindShare examined in which media one can find the different software competitors. This mapping of the marketing channels started in January 2004 and lasted until February 2006. MindShare scanned the radio, TV and printed press and presented in their report the numbers of adverts per marketing channel. We can see that this mapping has been done with accuracy and we feel confident reading it.

2.8.3. Market

Martin Hogmalm pointed out that Hogia Small Office needs to focus more on the western parts of Sweden since Hogia's head office is situated in Stenungsund. We defined this as the regions of Västra Götaland and Halland. After looking at which municipals that is included in these regions¹⁶ we looked at the web site of Nyföretagarcentrum. For further information see Appendix 4. Nyföretagarcentrum is a private organization helping people who are considering starting a business. Every year they list how many newly started companies that occur in each municipal. With help from these numbers we were able to calculate the anticipated market for Hogia Small Office.¹⁷ We have also used data made by MindShare.

15 www.dpu.se 060411

16 www.vastsverige.com/templates/iframe_5220.aspx 060410

17 www.nyforetagarcentrum.se/Barometer05_kommun.pdf 060410



3.Theory

In this chapter we present the theories of those persons that we have chosen to take as the normative “voice of truth”.

David A Aaker writes in his book, *Strategic Market Management*, how companies should proceed in developing a business strategy. This business strategy is a conclusion of the strengths and weaknesses that lies within a company and the external opportunities and threats that a company is exposed to. To find these strengths, weaknesses, opportunities and threats Aaker recommends that one should perform an internal and external analysis. It is mainly Aaker’s ideas we have followed when performing our analysis of Hogia Small Office.

3.1. Internal analysis

An internal analysis should begin by examining the financial performance of a business, which is its profitability and sales. Factors linked to future profitability should also be examined. These factors are customer satisfaction, product quality, brand associations, new products and employee capability.¹⁸

3.1.1. Financial performance

Profitability

“The ultimate measure of a firm’s ability to prosper and survive is its profitability.”¹⁹ To measure profitability Aaker suggests that one should look at ratios that reflect profitability, including margins, costs, and profits. Sales and market shares should also be observed when examining profitability but are on their own not as good indicators as the following ratios.²⁰

Return on Assets

$$\frac{\text{Profit} + \text{interest cost}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}}$$

Return on assets constitutes a measurement from the company’s perspective. It is a measurement of how well the company has administrated its assets. As you can see the interest costs are added to the profits and do not effect the ratio, they are not considered to be a part of the actual business but more as a part of the financing of the company. Extraordinary items and transfers to/from untaxed reserves are not to be considered either since the former handle extraordinary occurrences and the latter only is adjustments made for tax reasons.²¹

Return on Equity

$$\frac{\text{Profit}}{\text{Equity}}$$

18 Aaker, *Strategic Market Management*, pp 113-114

19 Aaker, *Strategic Market Management*, p 115

20 Aaker, *Strategic Market Management*, pp 114-115

21 Ax, Johansson, Kullvén, *Den nya ekonomistyrningen*, p 637



This ratio is used to measure the return to the owners of the company, for the money they have invested. As you can see in the formula it takes the whole profit in consideration, the interest costs are also observed and affects the ratio since one may want to pay attention to the financing of the company. Extraordinary items and transfers to/from untaxed reserves are not to be considered here either, due to same reasons as mentioned above.²²

Solvency

$$\frac{\text{Equity}}{\text{Assets}}$$

Solvency is the ratio that shows how a company is financed. It shows its ability to survive temporary losses. At a deficit it is the equity in a company that takes the first hit, if the losses continue year after year the equity may run out and the creditors can demand a liquidation of the company to guard their money in the company. This ratio gives the viewer a picture over the financing of the company for the moment on the closure day.²³

Margins and Turnover velocity of a company's capital

$$\frac{\text{Profit}}{\text{Sales}}$$

and

$$\frac{\text{Sales}}{\text{Asset}}$$

The margin ratio gives, as its name exposes, the profits made per product or service calculated as a percentage of the price. Turnover velocity shows in what speed a company turns over the company's capital. To receive a sufficient return on asset a company must be good at one of these ratios, either they have high margins or they turn over their capital within an acceptable period of time. In order to calculate the return on assets you multiply margins with the turnover velocity of the company's capital.²⁴

Sales

When inquire into what sales can say about a company you have to look at what the increase or decrease of sales may depend on. An increase of sales can be based on a larger clientele; if these new customers are considered to be loyal they will bring bigger sales and profits to the company. An increased market share and clientele can give a company the opportunity to gain advantages in the form of economies of scale. If a decrease in sales is a fact this might depend on diminished market share and clientele, and loss of economies of scale.²⁵

Costs

It is easy to believe that low costs alone is a key factor but the truth is that there are many dimensions to cost control and cost reduction. To be successful on a market you have to create a cost advantage or at least avoiding a cost disadvantage.²⁶ This can be done by:

- Enhancing the efficiency within the company. Start by searching your value line for high cost areas and see if you can reduce or even eliminate them by changing the way that the business

²² Ax, Johansson, Kullvén, Den nya ekonomistyrningen, p 639

²³ Ax, Johansson, Kullvén, Den nya ekonomistyrningen, p 360

²⁴ Ax, Johansson, Kullvén, Den nya ekonomistyrningen, p 355

²⁵ Aaker, Strategic Marketing Management, p 112

²⁶ Aaker, Strategic Market Management, p 180



operates. One way of reducing your cost by increased efficiency is to look over your distribution channels, selling direct to customers, for example via the internet, is a lucrative measure.

- Scale economies is associated with size, fixed cost can be spread over more units. Scale economies are especially important in brand management, where each brand is competing for a limited market.
- The experience curve is verified in thousands of studies²⁷ and it means that when a company produces a product the enhanced experience of producing will lead to a predictable decrease in costs. People will learn to do tasks faster and more efficiently, technological improvements and products being redesigned to be easier to produce can also result in a cost advantage. A late entrance into a business does not mean that you get behind; you just take on the most recent design and technology. If there is little or none refining to the raw material there is almost none role for experience to play.

3.1.2. Products

According to Aaker it is important to compare your products and services with both competitors and with customer expectations and needs.²⁸ New product innovations are also important for a company's survival. Aaker suggests that a measure of new product innovation is the number of patents awarded.²⁹

Allocating corporate resources is important to be able to make future strategic decisions. To exploit advantages one must analyse how a company's products sell. One analytical tool is to work with portfolio models. One portfolio model is the Boston Consulting Groups (BCG) Growth-Share Matrix. It analyses the impact of investments made in different businesses on the company's future earnings and cash flows. This growth-share matrix assumes that a company can generate profits and cash from products in a mature market and then stake this money in products that they consider to be profitable in the future.³⁰

27 Aaker, Strategic Market Management, p 183

28 Aaker, Strategic Market Management, p 118

29 Aaker, Strategic Market Management, p 120

30 Mullins, et al, Marketing Management, p 51

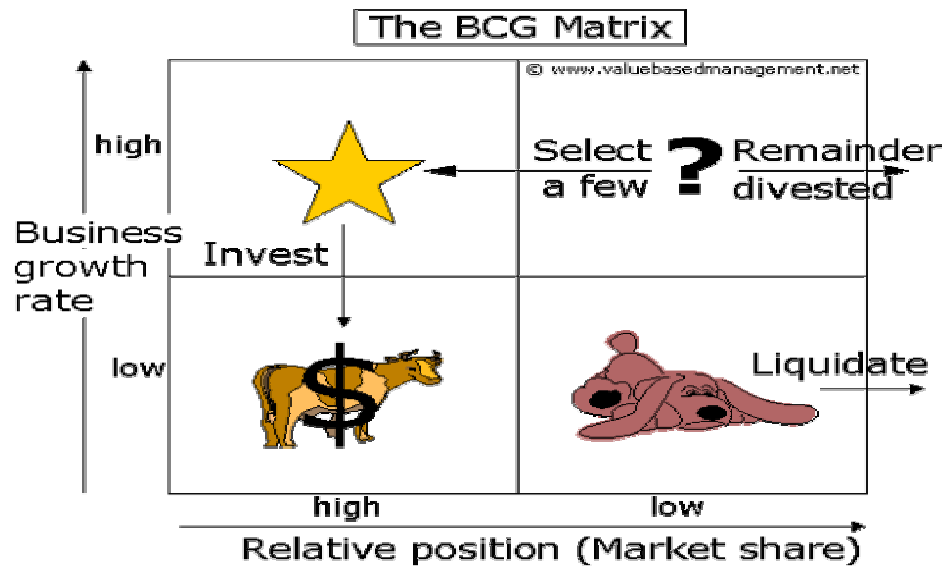


Figure 1. The Boston Matrix of the Boston Consulting Group³¹

Question marks

In the upper-right corner one can find products in high-growth industries. These products demand a great amount of cash for its development, marketing to build market shares and expansion to keep up with the growing market. If the market share grows in a successful way the product becomes a star, if not the product eventually becomes a dog when the industry matures and market growth rate slows.

Stars

Stars are leading products in a high-growth industry. A company's success can rely on a star product. After being a star the product becomes a cash cow.

Cash cows

These products are the main suppliers of cash into a business; they do not require much additional capital investments. Cash cows exist on a stable market and they often enjoy economies of scale and have high profit margins.

Dogs

Dogs generate low profits or losses. When you have a product like this in your range you can do either of two things. Try to sell it to those who still are interested or you can harvest the dog product. Harvesting a product or business means that you maximize short-term cash flow by paring investments and expenditures until the product is phased out.³²

3.1.3. Organizational and social structure

Organizations can be designed in various ways. Several organization researchers have given different names to organization constellations. One prominent in this area, the Canadian Professor Henry Mintzberg, identifies five different structures. The five structures are simple structure, machine bureaucracy, professional bureaucracy, division organization and adhocracy. Of these five Hogia fits the description of a division organization and Hogia Small Office is a division within the combine.

31 www.valuebasedmanagement.net/methods_bcgmatrix.html 060503

32 Mullins, et al, Marketing Management, pp 52-53



Characteristics of a division organization are;

- Market divided
- Simple and secure environment
- Standardized output
- Risk for sub optimisation
- Formal
- Power concentration to the divisions
- Power play between the combine and the division management
- Frequent that the divisions become subsidiaries³³

Mary Jo Hatch says in her book, *Organizational theory*, that in order to perform an analysis of an organizational structure one should begin by mapping an organizational scheme. One should however be aware of the fact that the social relations and power distribution does not show in an organizational scheme but can be observed while doing interviews and other forms of interaction.³⁴ After drawing Hogia Small Office's organizational scheme one can see that it is a functionally based organization. Hatch says that a functionally based organization groups its activity founded on their different work areas. This is an efficient structure since it makes your work range clear. Another advantage is that it gives the person with the outmost responsibility an extensive possibility of control, since it is he/she who has the all-embracing picture of the company's activity.³⁵

As it says in Marketing management "The functional form of organisation is the simplest and most bureaucratic design. At the SBU³⁶ level, managers of each functional department, such as production or marketing, report to the general manager. (...)These characteristics make the functional form simple, efficient, and particularly suitable for companies operating in stabile and slow-growth industries where the environments are predictable. (...)The simplicity of the functional organization also makes it the most common organizational form among entrepreneurial start-ups, including many dot.com companies. Even though the functional form is very hierarchical, such firms can still be nimble and innovative provided that (1) the company remain small enough that the entrepreneur can personally supervise and coordinate the various functions, (2) the firm is focused on a single product or product line targeted at one customer segment, and (3) the entrepreneur's personal vision is an adequate source of innovation to differentiate the entire company. As the start-up grows, its products offerings expand, and its market fragment, however, it is usually wise to adopt a more decentralized and specialized organizational form. Unfortunately, some entrepreneurs find it difficult to delegate decision-making authority to their subordinates."³⁷

While choosing organizational structure one also divides responsibility. Hereby it should be clear what staff works with what questions.³⁸ The functionally based organization is a natural structure

33 From a pamphlet distributed in a Marketing and Organizational lecture

34 Hatch, Organisationsteori, pp 212-213

35 Hatch, Organisationsteori, p 215

36 Sub business level

37 Mullins, et al, Marketing management, p 458

38 Samuelsson, Controllerhandboken, p 73



to be used in organizations. It involves specialization which however can lead to monotonous tasks.³⁹

3.1.4. Management style

In the modernistic organizational theory the steering of an organization is defined as implementation of strategies. Modern steering and control theories focus on the steering and controlling the behaviour of the employees. This to ensure that the egoistic interests of the individuals within the organization are minimized and that the interests of the organization itself are favoured by what occurs in the organization.

Within the modernistic organizational theory there exists a cybernetic system where the organization's present condition is compared to the desirable condition of the organization. If these two states do not correlate, measures have to be taken. To form goals and standards for the organization is an important part of the cybernetic system. These goals are then followed by measurements and supervision so that one can make the comparisons mentioned above. Feedback is then mediated in a way that it helps to correct eventual differences between present and desirable state of the organisation.⁴⁰

3.1.5. Employees

A healthy organization consists of individuals who are motivated, challenged, fulfilled, and growing in their professions. Each of these dimensions can be observed and measured by employee surveys and group discussions.⁴¹ As PhD Jan E Skaug writes in his implementation essay to Aaker's work: "It is the people in an organization and the knowledge that they possess that determines how a company acts towards their market." Motivating the employees is, like already mentioned, important for the development of a company. There are many different factors that affect the personnel and their motivations.

These are:

- The employees are allowed to take own initiatives
- Award bonus systems
- Shifting work assignments
- The feeling of being apart of an organizations culture.⁴²

3.1.6. Culture

Skaug writes further that the culture in an organization is made out of three areas:

1. *Shared values.* The values are the point- of -view the company takes in certain matters. It is these views that make a company competitive. It is important that these values are easy to understand and apply by all the employees.

2. *Norms and symbols.* The norms tell us which rules to follow and a typical cultural symbol can be a strong brand. The norms tells the observer what is allowed and not and mirrors the values held within the company. The norms can be called the company's unofficial rules. Strong norms have been proven to be very effective within organizations, due to the fact that they are easier to accept than rules, but also because they contribute to a common attitude. If someone were to go

39 Samuelsson, Controllerhandboken, p 77

40 Hatch, Organisationsteori pp 359-360

41 Aaker, Strategic Marketing Management, p 121

42 Skaug, Implementering till kapitel 16, p 3



against them, they would soon find themselves being rebuked by a colleague. The culture in an organization is often built upon strong symbols and actions. The founder of a company often stands for a unique personality and their names often become a strong cultural symbol for other employees to draw motivation from.

3. *Actions.* Actions can in ways contribute to a company's culture. These actions or rituals do not necessarily have to do with the work tasks themselves. Common Friday lunches at a nicer restaurant can be motivating for the employees and a chance for interaction among colleagues.⁴³

3.1.7. Marketing

A strong brand is often a company's most important asset. The value-creating property of a brand has in the recent years attracted much attention. This value-creating property is one of the reasons that brand building, also known as branding, now is an important strategic question in many companies, and should be discussed on top management level. For a long time a company's brand was only seen as a way of marketing a firm's product. Today it is seen as something to compete with, and as a way of developing long-term competitive advantages. This is something that is highly necessary in almost every line of business today, since competition is booming. The reasons, for which the focus on branding is increasing, are several. One of the most important reasons is that today the products qualities are insufficient to compete with other similar products merely on their capacities. As similar products show on the market, the pressure is put to companies to increase their pace of innovation simultaneously as they should try keeping up with the pricing competition. Since this is a very difficult thing to accomplish it is advised that companies stake on branding.

As a wise man once said: "A product is something produced in a factory, a brand is something purchased by a consumer. A competitor can copy a product but a brand is unique. A product can quickly become out of date but a successful brand is timeless."⁴⁴

The ultimate aim when working with branding is to attract a broad base of brand loyal customers, the challenge then is to create a brand that offers a unique and constant surplus value. This can be achieved by creating an increased sense of commitment to the purchase and an increased sensitivity for the brand and is especially important when it comes to technical goods. The aim of increasing sensitivity for a brand is to take the focus away from the price and instead urge the customers to focus on the brand. Other important features are to stay on the "top of mind" of customers since that is the brand they usually purchase. The surplus that is offered when buying a certain brand is also important for the customers for example good support and service. Brand loyal customers are the basis for a stabile market share, good profitability and a long-term positive cash flow. As pointed out branding is immensely important. To build a good branding platform to stand on, a few areas are important to focus on. These are: *the attribute of the product, brand identity, core values, positioning, market communication and internal brand loyalty.*

The attribute of the product

For a brand to be able to sustain its strength and attracting powers it is important that the product never stops evolving into a newer and improved variant. Continuous product improvement is with other words crucial so that a brand can keep its reputation.

Brand Identity

A company's brand identity ought to be like a company's fingerprint. To develop a unique

43 Skaug, Implementering till kapitel 16, p 4

44 Melin, Varumärket som värdeskapare, p 127



identity the company must take in consideration what the name shall be, the company's origin, personality, usage area of its products and distribution channels. All these should work together to make the brand stronger and more unique.

Core values

Four criteria's ought to be focused on when trying to find the core values of a company. They should be:

1. Of value to the customer
2. Easy to communicate to the customer
3. Unique
4. Be inimitable to competitors

Positioning

The aim of positioning is to find an exclusive place in the consumers mind. That is something exclusive that the customer associates with the brand.

Market communication

The difficulties to reach out to consumers and make an impression have in the recent years increased. It is therefore important that the market communication is homogenous and easy to separate from others, so that it does not matter if it is mediated through TV, radio, the Internet or through ads, it should be perceived the same way.

Internal brand loyalty

The external efforts to build a brand cannot be achieved if it does not exist an internal brand loyalty. The first step is to see to that all personnel knows what the brand stands for in the present and what it is supposed to stand for in the future.

Brand and firm association

Asking customers in focus groups to describe their feelings about a brand and firm can monitor associations. This is one area that often is overlooked.⁴⁵

There are different ways of renewing your marketing. Such as changing the distribution channels by using new types of stores, use your products as giveaway items or changing your pricing structure.⁴⁶

3.2. External analysis

3.2.1. Customer analysis

When performing a customer analysis there are three different areas to examine: segmentation, customer motivations and unmet needs. Segmentation of your customers is step one and a key factor if you want to create competitive advantages. A company needs to divide its customers depending on size, profitability, needs and other characteristics. Step two is to examine what elements of the product and service the customer value most and look into how the segmented customer groups differ in motivation and priorities. If there are any changes in these motivations and priorities this has to be considered in the business strategies for the customer groups. The third step is to investigate possible dissatisfactions among customers. A company has to inquire into what unmet needs customers can or cannot identify.⁴⁷

⁴⁵ Melin, Varumärket som värdeskapare, pp 112-127

⁴⁶ Aaker, Strategic Marketing Management, p 283

⁴⁷ Aaker, Strategic Market Management, p 44



Aaker stresses measurement of customer satisfaction and brand loyalty since sales and market share, however useful they are, do not qualify as accurate indicators of how customers really feel about a firm.⁴⁸

3.2.2. Competitor analysis

A competitor analysis should be the second phase in an external analysis. As Aaker writes; “The analysis should focus on the identification of threats, opportunities, or strategic uncertainties created by emerging or potential competitor moves, weaknesses, or strengths.”⁴⁹ The first step in a competitor analysis is to identify current and potential competitors. When one is identifying current competitors there are two ways to go about. The first is to put oneself in the point-of-view of the customers. The second is to place the competitors in strategic groups on the basis of their competitive strategy. After have identified these, the focus should shift to attempting to understand the competitors and their strategies. An important aspect not to be overlooked is that it is important to identify those competitors that are beyond the obvious direct competitors. A customer is never restricted to the obvious competitors of a company but can and will freely choose among all varieties of products, which are substitutes on the market.⁵⁰

3.2.3. Market analysis

As Aaker writes in *Strategic Market Management*: “Market analysis builds on customer and competitor analyses to make some strategic judgements about a market (...) One of the primary objectives of a market analysis is to determine the attractiveness of a market (...) to current and potential participants.”⁵¹

48 Aaker, *Strategic Market Management*, p 118

49 Aaker, *Strategic Market Management*, p 58

50 Aaker, *Strategic Market Management*, pp 58-61

51 Aaker, *Strategic Market Management*, p 78



4. Empirical material

This empirical part concludes all the information we have collected during our research at Hogia Small Office, both from primary and secondary sources.

4.1. Internal analysis

4.2. Hogia AB

Bert-Inge Hogsved founded Hogia AB in 1980 and he is the president of the Hogia combine. The Hogia-group is non-listed on the shareholder market and is an entirely family owned enterprise. Hogia AB's business concept is "(...) to be a helping hand now and for a long time to come for companies and other organizations in their quest of running their administration in a meaningful way."⁵² Their main product is software for administrative use and solutions for different line of businesses. Hogia AB also offers a great variety of educations in bookkeeping and other fields of business administration.⁵³

The idea to start making software came in the late 1970ies when Bert-Inge Hogsved made an accounting program for his wife, Åse Hogsved's accounting firm. In the beginning the firm was situated in the family Hogsved's cellar, but has to this date grown to be a large combine with a newly built head office in Stenungsund. The Hogia group consists of Hogia AB with her subsidiaries and Hakenäs Gård AB along with Hakenäs Konsult AB.⁵⁴ According to the Guinness book of Records, Bert-Inge Hogsved was the first one in the world who started a PC-museum. This museum was situated at Hakenäs Gård AB during the years 1993-1998, but has today gone on to be a virtual museum in cyberspace.⁵⁵ Hogia AB sells their business software products in 50 countries around the world.⁵⁶

52 Quoted and freely translated from www.hogia.se the original text is as follows "... att finnas till hands för att nu och under lång tid framöver göra det möjligt för ett stort antal företag och andra organisationer att sköta sin administration på ett meningsfullt sätt."

53 www.hogia.se 060410

54 www.hogia.se/pcmuseum/entreprenorer/bertingesida.htm 060405

55 www.hogia.se/pcmuseum/introduktion/introduktion.htm 060405

56 www.hogia.se 060405

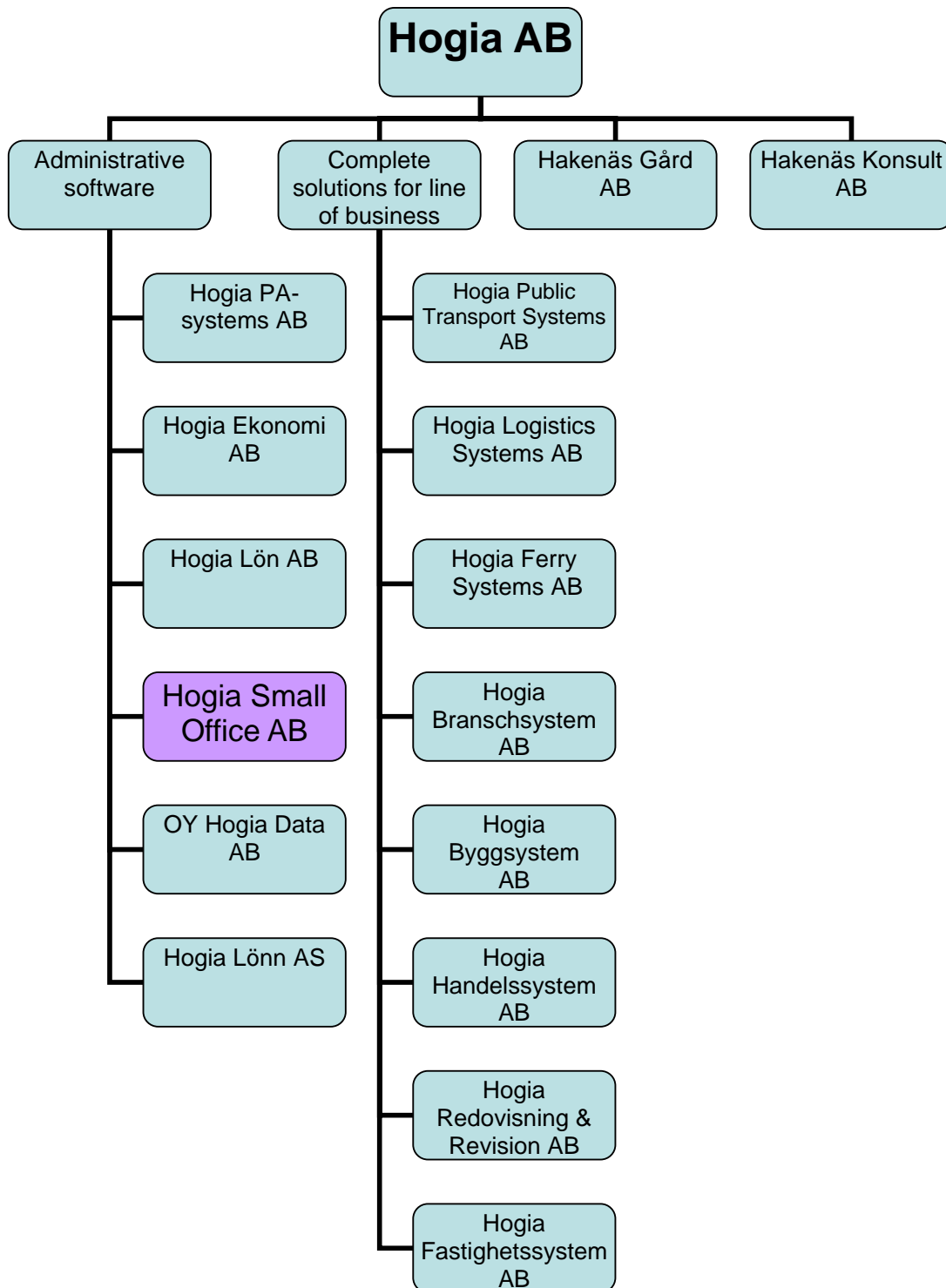


Figure 2. Organizational scheme for the Hogia combine



4.3. Hogia Small Office

Hogia Small Office started their business in 1980 and is a subsidiary with almost 20 employees. Hogia Small Office is situated in Stenungsund in the Hogia head office and provides software for small companies. Their programs contain bookkeeping, invoice, supplier and salary systems. Hogia Small Office also offers different solutions for areas of line of businesses, such as construction, restaurants, retail trade, haulage contractors and machine entrepreneurs.⁵⁷

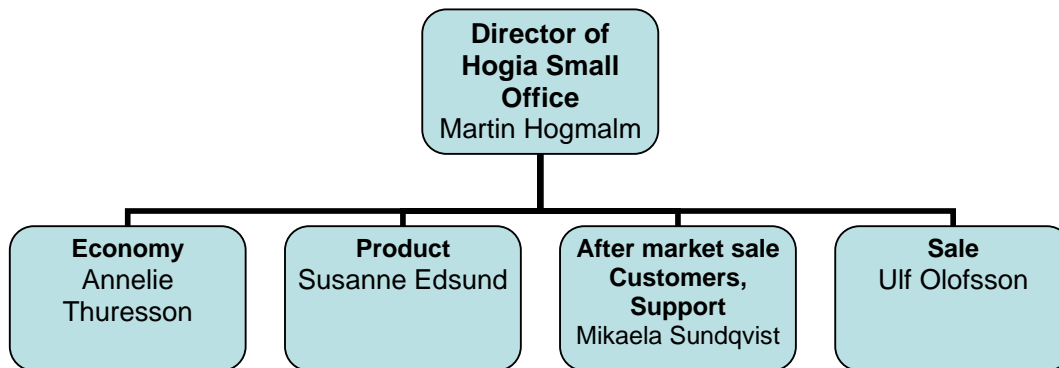


Figure 3. Organizational scheme for Hogia Small Office

Annelie Thuresson

Thuresson is responsible for the economic work within Hogia Small Office. She has a graduation from the School of Business, Economics and Law in Gothenburg. In 1998 she started her career in the Hogia group working as support personnel. She came to Hogia Small Office in 2003 and last year Thuresson was taken on as economist at Hogia Small Office. Her assignments consist of making monthly closures, annual reports, income-tax returns, daily accounting, analysis and statistics. Thuresson is also responsible for dividing the budget to the different divisions within Hogia Small Office. This is done in November for the following year. Cash management and the placing of financial assets are taken care of by Hogia AB, and Hogia Small Office can therefore never become an investment centre but stays a profit centre. This division, which Thuresson is responsible for, is a Cost centre, since it only can govern its costs.⁵⁸

Susanne Edsund

Edsund has been working at the Hogia combine for the last twenty three years, the last six years at Hogia small Office. Edsund started out working as support personnel and advanced to become in charge of the products at Hogia Small Office. She has one person working for her with the technical programming. Edsund's work range consists of; product development, maintenance of existing products, and the writing of manuals for the products. Edsund has completed upper secondary education.⁵⁹

Mikaela Sundqvist

Sundqvist is in charge of after market sale, support and customer relations. All to all she has been in the Hogia combine for three and a half years, three of these at Hogia Small Office. Sundqvist

57 www.hogia.se/smalloffice/060411

58 Interview with Annelie Thuresson 060412

59 Interview with Susanne Edsund 060425



started as support personnel, but was asked to become in charge of the support after merely eight weeks. Sundqvist has completed upper secondary education.⁶⁰

Ulf Olofsson

Olofsson is sales manager at Hogia Small Office. He was employed last year and has been working at the company for little over a year. He is responsible for the marketing within Hogia Small Office. Olofsson has a master's degree in business economics from Karlstad where he studied four years and specialized in marketing. He has since his graduation been working in this industry for more than ten years. His division sells the software products to new customers.

4.4. Financial performance

4.4.1. Profitability

Hogia combine

The Hogia combine made its best results ever in 2004. They multiplied their profits by four and showed profits of 14 million SEK compared to 3 million in 2003. This is due to the fact that the reorganization was considered complete. This is the fourteenth year in a row that the Hogia combine shows profits. Since the Hogia combine is a family owned enterprise they strive for long term profitability rather short term profits.⁶¹ This strategy is reflected in the way Hogia AB treat their sales and costs. Hogia Small Office is measured on sales and new customers rather than results. Bert-Inge Hogsved does this to avoid short-term thinking that can lead to worsen customer care.⁶²

Hogia Small Office's sales and costs

The combine controller in Hogia AB, Carin Kindbom, creates the budget for next year together with all the managing directors for the subsidiaries. This budget draft then goes to Annelie Thuresson who gets sales and profit requirements from Kindbom and then Thuresson, together with Susanne Edsund, Mikaela Sundqvist, Ulf Olofsson and Martin Hogmalm, divides these requirements per month on the different areas within Hogia Small Office. An experience made, is that sales and profit goals are reached in further extension when respective areas make their own budgets. If Hogia Small Office performs better than budget and does not use all the money they have at their disposal this is still not something they can keep for saving. This means that they cannot save money from one year to another.⁶³

Normally when doing the budget the starting point is what they sold last year and then they add an increase expressed as a percentage. The follow up of the budget is a 12 month rolling plan where Annelie Thuresson compares growth, sales and profits with the previous 12 months. If there is a negative difference between what they are selling and what they should be selling this is investigated and the origin of this is examined. In this phase they can look as deep as to which specific product this difference may derive from. Marketing is often an item that costs more than

60 Interview with Mikaela Sundqvist 060412

61 www.hogia.se 060411

62 Interview with Martin Hogmalm 060407

63 Interview with Annelie Thuresson 060412



it should, but this can mean that the benefit comes later. When a monthly closure differs in a negative way from the budget, Annelie Thuresson can count on a fast follow up from above sent by Bert-Inge Hogsved.

Sales

We had the opportunity to participate in one of the Friday meetings, mentioned in more detail under the heading *management style*, where sales and costs for April were discussed. This specific month Hogia Small Office did not reach the calculated numbers. Instead of a contribution to the combine with 268 000 SEK Hogia Small Office sent 3 000 SEK to their parent company. They discussed what may be the problem and as the PSA was introduced last year they calculated to lose some customers due to this. It is however difficult to decide what loss is reasonable. The calculated sales were however not reached. Hogia Small Office has as a sales goal this year to make a net increase of 500 customers. At the end of this year's first quarter they had made a net increase of 300 PSA paying customers.⁶⁴

Costs

All the divisions within Hogia Small Office get cost restrictions in their budget and this item is what most divisions feel that they cannot influence, therefore they do not want to take responsibility as profit centres within Hogia Small Office, although this is a wish expressed by Martin Hogmalm.⁶⁵ Support is one division that can use what Aaker calls the experience curve, their enhanced knowledge that comes with experience is beneficial for both Hogia Small Office and Hogia AB. Even other divisions can of course use this theory, a salesman can probably improve its statistics as the years goes by. Another cost advantage Hogia has taken note on is their distribution channels, internet is considered to be one of the most cost efficient distribution channels. Scale economy advocated by Aaker is however not applied in the Hogia combine since splitting up everything in small units is one of Bert-Inge Hogsved's trademarks.⁶⁶

Ratios

We calculated the different ratios from Hogia Small Office annual report 2005. The return on asset of 16,5% is a combination of the margins and the turnover velocity of Hogia Small Office's capital. The solvency calculated by us for Hogia Small Office shows a solvency of 14,2%. This number is however of no bigger meaning since the solvency ratio in a subsidiary can be adjusted with items in the closure. The solvency ratio in Hogia AB is, as a comparison, 39%.⁶⁷ Return on equity has a different meaning in a family owned company than in a company with many share holders. This ratio is, according to our calculations, in Hogia Small Office 116%. The money invested by Bert-Inge Hogsved in Hogia Small Office is returned to him with an interest of 116%.

Internal prizing

Between the companies in the Hogia-group internal prizing prevails. Hogia Small Office can buy such a service as IT-support internal and pay prices adjusted to the conditions of the market. They can just as well buy this service externally. Some services however cannot be bought externally, Hogia Small Office are obliged to pay a fee for the infrastructure provided by Hogia

64 Interview with Martin Hogmalm 060407

65 Interview with Martin Hogmalm 060412

66 The authors own observations

67 www.hogia.se 060503



AB. This fee of 5 000 SEK per employee and month includes network, office material and more.⁶⁸

4.4.2. Products and services

Hogia Small Office defines a small company as a firm with less than ten employees. The reason for this classification is that you can only operate Hogia Small Office software until you have maximum ten employees registered. This has to do with the bookkeeping of wages. When a company grows and employs more than ten people they can do either of two things. One, stay as customers at Hogia Small Office and also become a customer at Hogia Lön AB, or all together switch to a company that provides solutions for your line of business. One would think that switching to Hogia line of business AB would be the easiest and most logical solution, but what complicates matters is the PSA-system, a service support system, described in more detail under the heading *PSA*, used in the Hogia combine. When a company purchases a software program from one of the Hogia companies they also have to pay a yearly fee to be able to operate the program. This fee differs depending on which of Hogia's software you use. Still in some cases it can be cheaper to stay on as customers to two subsidiaries then to switch to a line of business subsidiary all together.⁶⁹

Today there are two major areas of business, administration software and complete software solutions for line of businesses. Developing products can take a long time and it takes even longer for a product to make a break even result. It can take up to seven or eight years for a new product within Hogia to break even⁷⁰, for Hogia Small Office a break even is reached in approximately four years for a product, this because they provide more simple products than the rest of the Hogia combine.⁷¹ Even though it is costly it is, as Aaker says, important for a prosperous company to introduce new products to the market. Hogia Small Office's new product 2006+ is an example of renewing their selection. Hogia Small Office has never registered a patent.⁷² The support is an important service that Hogia Small Office provides. In our interview with Mikaela Sundqvist she emphasises the vitality of customer satisfaction. Her division made a survey based on what their customers think of the support. She is satisfied with the results; it shows that the waiting time for support does not exceed the recommendations and the customers find the waiting time acceptable. The customers felt that they were received with kindness and got the help they wanted. For further information see Appendix 2.

Hogia Small Office has fourteen products in their range and if one was to place them in a Boston matrix it would be presented as below.

68 Interview with Martin Hogmalm 060407 and Annelie Thuresson 060412

69 Interview with Martin Hogmalm 060407

70 www.hogia.se 060418

71 Interview with Susanne Edsund 060425

72 Interview with Susanne Edsund 060425

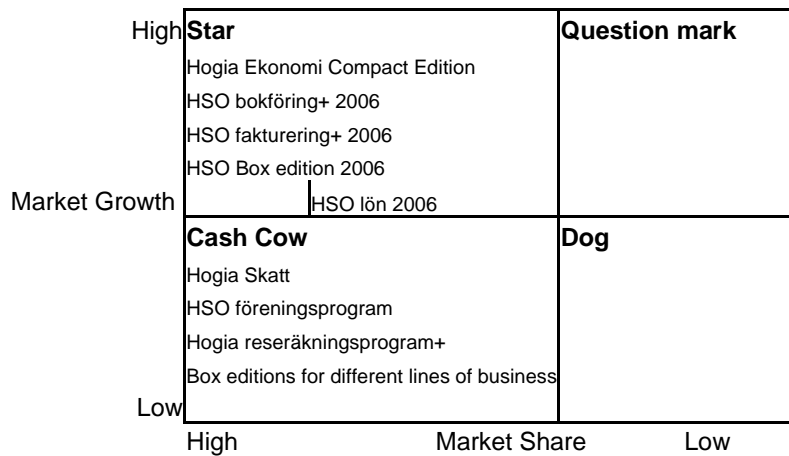


Figure 4. The Boston Matrix complemented with the products in Hogia Small Office's range

Hogia Small Office provides solutions for five line of business; these systems are not as complex as those in Hogia Bransch AB where the knowledge of the branch of trade is greater. Only minor adjustments have been made to the line of business systems sold in Hogia Small Office compared to their ordinary systems. Some extra accounts have been added and on the front-page a picture related to the specific line of business have been used. All products are sold with a three-month satisfaction guarantee and a full year of program and service subscription.

Martin Hogmalm and his staff can with the approval from the president of Hogia AB, create their own programs for line of businesses. However they are restrained by the fact that they cannot produce products that are better and more valuable than the products the other companies within the Hogia combine provide. This is caused by the fact that Hogia Small Office are meant to have the easiest and cheapest products in the combine. As it is now, Hogia Small Office has to let their growing customers go to Hogia Bransch AB, Hogia Lön AB, or Hogia Ekonomi AB.⁷³

Hogia Small Office claims that random comparisons between their products and their competitors' products are made. If these comparisons are made in a correct and exhaustive way they can be valuable in future development of new products. They have an aim to be market leading but according to Susanne Edsund the resources for this does not exist. Everything Hogia Small Office does is soon copied by Visma Spcs and the effort is therefore not worth neither the money nor the time.⁷⁴

We performed a comparison Hogia Small Office's bookkeeping program with Visma Spcs' bookkeeping program to test which one of these that are the most users friendly from a new beginner's perspective. Our conclusion is that even with knowledge of bookkeeping it is difficult to work these programs. For a novice it must be even harder.⁷⁵

73 Interview with Martin Hogmalm 060407

74 Interview with Susanne Edsund 060425

75 The authors own observation



SAB⁷⁶

This is the forerunner to the PSA. (See below) Before the PSA was introduced this service subscription was a voluntary fee the customers paid if they wanted support and updates. Now Hogia Small Office does not offer SAB for sale together with new products but customers with older products can still pay their SAB and avoid PSA. These old customers can of course upgrade themselves and pay PSA and get a new product with the latest technology.

PSA⁷⁷

The program and service subscription is a yearly fee you have to pay to Hogia to make the software system work. Hogia AB is the first company in their line of business to offer this kind of agreement. In practise this means for example that Hogia Small Office sells a product for 3000 SEK and then the customer have to pay 2000 SEK per year so that the software continues to work.⁷⁸ This fee includes personal support Monday to Friday 9-16, round the clock guidance on the internet, and information about new rules sent to you by e-mail. Free updates of your software system are also included in this fee.⁷⁹ Approximately 80% of HSO income is secured thanks to PSA and SAB.⁸⁰

4.4.3. Organization and Organizational structure

Hogia's organization today is a result of a restructuring that began in the early 1990s. Bert-Inge Hogsved felt that Hogia had become too big for its activity and the former success of the company started to diminish. Hogsved saw that his company had grown out of proportion and that his staff felt no personal responsibility for their work. Looking in the review mirror Hogsved can see that this was the most serious problem of them all. Finally in the summer of 1990 he decided that Hogia should be divided into six different companies based on their activities. In his book Bert-Inge Hogsved calls this split "bunshning" after the Japanese word for dividing a company. A Japanese company leader, Kuniyasu Sakai,⁸¹ promotes this word and way of treating an organization. Kuniyasu Sakai is considered a forerunner in this area. Bert-Inge Hogsved did not know of this Japanese man until after he divided Hogia, but he now sees that they advocate the same methods.

"Bunshning" became successful for Hogia and the company kept on doing this. The Hogia group grew larger and larger both by more "bunshning" and by purchasing other companies,⁸² and when the new millennium came along, the board of the combine decided to decrease the number of operative companies from 30 to 20. This is the greatest reorganization ever made in the Hogia combine's history.⁸³ 2004 is the first year that the new organizational structure was fully implemented after several years of making adjustments in the organisation to one day reach this goal.

76 Serviceabbonemang

77 Program- och serviceabbonemang

78 Interview with Martin Hogmalm 060407

79 Interview with Martin Hogmalm 060407

80 Interview with Martin Hogmalm 060407

81 Hogsved, Klyv företagen!, p 7

82 Hogsved, Klyv företagen!, p 133

83 Hogia's annual report 2004



After reading Kuniyasu Sakai's book Bert-Inge Hogsved learned that he had, without knowing it, done many things "right" according to the Japanese leader. Bert-Inge Hogsved lines up the four most important things you have to have to consider if you want to perform a "bunshning".⁸⁴

- 1) It is vital that the new companies become legal persons. The effect you achieve is that your staff gets more engaged and grows with their tasks.
- 2) Each company shall have its own complete product line or corresponding. The total responsibility for this product line shall lie within the company; from development of the product and production to marketing and sales. There is a great difference between being responsible for the total result and just be responsible for one of the factors that make the result, incomes or costs.
- 3) Each company shall direct itself to an external market and have its own contact with the market. This leads to that the companies get a closer connection to their clients. No company shall only have internal sales.
- 4) All central resources have to be eliminated and hereby give the companies freedom of action and independence. Bert-Inge Hogsved means that you cannot give responsibility for the result to one person at the same time as you keep the central resources that take care of common interests. This is according to Bert-Inge Hogsved where most people fail in their "bunshning". Eventual clash of opinions between central resources and the companies get eliminated while removing them.

As Bert-Inge Hogsved points out Hogia has no common functions for marketing, customer support or product development. Each subsidiary has its own staff for these areas. Since the subsidiaries are divided after what products they sell they are at the same time divided into what markets they direct to. We have discovered a risk for sub optimisation that we will discuss later in our analysis. The power concentration to the subsidiaries is clear in Hogia; every subsidiary is its own boss. In Hogia it is very common, not to say compulsory, that the divisions become subsidiaries. Hogia Small Office is a functionally organized company with the divisions; economic, products, support and marketing.⁸⁵

4.4.4. Human Resources

Interestingly enough we found two resources that are centralized. That is The Human Resources department, which consists of two persons; Marie Ericson and Hanne Stolt Wannebo, and a controller for the Hogia combine; Carin Kindbom. We asked Marie Ericsson what she feels can be the reason that Bert-Inge Hogsved, that so obviously dislikes any centralised functions, still has one when it comes to Human Resources. She believes that there are two main reasons for this. One is that Hogsved before starting Hogia was a staff-manager and therefore emphasises, perhaps more than others, the importance of having a Human Resources department. Another reason is that some of the companies in the Hogia combine are very small and merely consists of five people. Having Human Resource personnel in each of the firms would be very costly and unnecessary. The helicopter perspective received by the fact that the department is centralised will also go missing if a Human Resource personnel would exist in each of the companies.

The tasks that the Human Resource department is responsible for are; to be a consultative adviser to the corporate managers. Marie Ericsson is very clear to point out that she only plays an

84 Hogsved, Klyv företagen!, p 85

85 Samuelsson, Controllerhandboken, p 77



advisory part as a consultant and can not actually force the corporate manager in any way to follow her recommendations, apart from one point. It is the Human Resource's responsibility to see to that all company managers in the Hogia combine has a "replacement" plan if something were to happen to one of their employees. That is if they were to quit, need to go on a sick-leave, vacation or parenting leave. This replacement plan has to be made for all responsibility levels in the company up to the highest manager. However the manager cannot point out anyone he or she wishes if the Human Resource department does not approve of this decision. If the person that was thought for the replacement is inadequate then the Human Resource can demand that the manager first sees to that the successor receives the knowledge and skills they need for the job. The Human Resources department:

- Decides who may participate in the E-school and has the responsibility for it; however it is mostly Bert-Inge Hogsved that decides the topics that will be discussed in the school.
- Form guidelines for the recruiting process.
- Has a supporting role with conflicts
- Is in charge for rehabilitation if that is necessary
- Coaches managers with their new recruits. All new employees that start in Hogia must for a month write daily e-mails which they send to the Human Resource department. These mails are supposed to contain reflections about the day that has passed. The e-mails can also contain questions that may have occurred over the day about why things are managed in the way they are. Human Resource read these e-mails every day to see how the newly recruited employees feel and are adjusted to their workplace. If they see signs of problems adjusting to the workplace then they can quickly contact the company manager and tell him or her to guide their new staff in a better way.
- Is responsible for maintaining the "Hogian culture". This is mainly done through the E-schools. The newest addition for obtaining a better employee- care was a brochure called, "Our employee plan" which was given out to all employees at Hogia.

HR educates themselves further by attending seminars and courses in judicial rights for workers. They are also part of networking groups with other Human Resource managers at other companies.

4.4.5. Management style

MBM

Management by mail (MBM) is an idea invented by Bert-Inge Hogsved. MBM is a way to conduct management without having to have physical meetings. The idea is that the managers of the different companies in the Hogia combine can write a mail in an area they want to discuss with other managers and then invite those it may concern to a discussion. This mail can circulate for up to two weeks and everyone has a chance to participate. MBM is a concept that has been used in Hogia for a long time, even before the internet came and made mailing a natural way of communication.

Entrepreneurial school

This is a forum for Mr Hogsved to mediate his thoughts about how to conduct business according to his "Hogian-model". The E-school is for those who already are managers or are on their way of becoming managers in the Hogia combine. The idea is to meet two days in a row, four times a year and each time there is a different theme to the school. Examples of themes that



have been discussed are; how do we work with partners? And, how can we improve our usage of the MBM system? Bert-Inge Hogsved also takes the opportunity to invite speakers to these E-school meetings. As already mentioned the E-school is Bert-Inge Hogsved's way to assure that all business in Hogia will be conducted according to his way of thinking.

Martin Hogmalm's management

Martin Hogmalm came to Hogia Small Office in December 2005. He applied for the job as managing director for Hogia Small Office since he wanted to utilize his skills as a leader and have the utmost responsibility. Martin Hogmalm found it challenging to be responsible for his co-workers. Coaching his staff, make things work and be a typical leader are things that are included in his work. The fact that Hogia Small Office work in an IT-environment made Martin Hogmalm even more interested in the job, he had been working with this before and found it interesting. Martin Hogmalm did not have any opinions about Hogia but he thought it would be exciting to work in an owner lead company with a legible leader. This clear leadership from Bert-Inge Hogsved is something special for Hogia. In other companies the leader may not be so visible. Martin Hogmalm believes there is a great difference in the spirit with these two various ways of leading a company.

When we ask Martin Hogmalm to define some qualities a leader should possess he emphasizes the importance of using available resources and not to think that you can do everything yourself. Martin Hogmalm has 18 employees and if he can motivate them to do a better job and perform 20 per cent more this is much more valuable than what he could have performed himself. Other qualities he mentions are; social, funny, interested, curious, and that you take active interest in what you do.

To motivate his employees he can send them on educations and make them feel comfortable and involved in the daily activities. Martin Hogmalm stresses the fact that it is important to share responsibility with his employees. This makes them grow with the task.

When things do not go as planned Martin Hogmalm asks himself the question "what have *I not done* to make them succeed?" It is very important to ask yourself why things do not go as you want them to do. In most cases this kind of problem can be solved if you examine the reason to why it exists in the first place. One way to get feedback on your leadership is the human resource development meeting Martin Hogmalm arranges continually. In these meetings it is important to formulate the questions in a way that he receives honest answers. Over all Martin Hogmalm considers that he and his staff are open and frank with each other. As director of the company he holds development meetings with his closest four subordinates and they in turn hold the same meetings with their subordinates. There are many ways of interaction between Martin Hogmalm and his co-workers. Since Hogia Small Office moved into the newly built head office at Hakenäs they are situated close and the can speak to each other whenever they want to. Every Tuesday Martin Hogmalm leads a two hour long management meeting for the managerial body at Hogia Small Office where the topics vary from time to time. With the rest of the staff he conducts a half hour long meeting on Fridays where he discusses events to come and how sales are proceeding.⁸⁶

86 Interview with Martin Hogmalm 060412



Strategy

Martin Hogmalm is responsible for Hogia Small Offices strategic development. He works with business plans up to six months at a time. This gives a helicopter perspective of the company and shows in which direction Hogia Small Office should be heading. Bert-Inge Hogsved also emphasizes that a rough three-year plan is made. An important part of Hogia Small Office's strategy is according to the annual report 2004 to create partnership and alliances within chosen segments and line of businesses to support the venture made by the Hogia combine directed to the retail business, restaurants, and haulage contractors among others.⁸⁷ Since the Hogia combine is entirely family owned there is bigger possibilities for long time strategic commitments. As it is said on the homepage, "No stock has ever changed owners."⁸⁸

4.4.6. Employees

All Hogia Small Offices employees work in the head office. The building consists of large office landscapes with smaller rooms for private conversations. Several lunchrooms with cooking opportunities, dishwashers, refrigerators and coffee machines exist. In the middle of Hogia Small Office a large bill board can be found where the sales per day made by respective division and how well this coheres with the budgeted sale goals can be monitored⁸⁹. There are 18 employees at Hogia Small Office; support and sales personnel constitute almost 2/3 of the personnel. The support staff's tasks are to answer telephone calls and assist customers through mail. This is done during a support spell of duty. The support spell of duty is either from 09.00-12.00 or 13.00-16.00. The working hours for everyone at the Hogia combine are from 8.00-17.00 with a one-hour lunch between 12.00 and 13.00.⁹⁰ The support personnel do one or two spells of duties during a workday. If they only do one then they will attend to other work tasks such as answering mails, telephoning lost customers or greeting new ones to Hogia Small Office. The work task for the sales personnel is to gain new customers.⁹¹ Under the heading *Hogia Small Office* the work tasks for the managers of the divisions are described.

During our visit May 12 2006 we performed a survey to examine motivation and work satisfaction among the employees. The survey is presented in its whole in appendix 1. The survey showed that the majority of the employees are between the ages 25-44 years old. 72% of all the employees are women and 28 % of all respondents feel that their working place is not equal enough between the sexes. The majority of the employees have attended some kind of training since they started at the company at least one time or more. The majority of the respondents felt that they could govern over their working hours and work tasks. They did not work much overtime and if they did they were compensated with time off from work or payment. 89% of all the employees felt that their work either- was, or, often was evolving and 61% felt that they had enough competencies to conduct their job in a satisfying manner. 83% enjoyed their work; however 89% of all the employees were not satisfied with their salaries.⁹²

The salaries today are for the support personnel between 20 500-21 700 SEK with a sales bonus of +1 000-2 000 SEK and for the sales personnel they are between 20 000-22 000 SEK with a

87 Hogia Small Office annual report 2004 p 3

88 www.hogia.se 060419

89 The authors own observations

90 The authors own observations and interview with Martin Hogmalm 060425

91 Interview with Miriam Andersson 060512

92 From survey made 060512



sales bonus of +5 000 SEK.⁹³

We compared these figures with the *Wage-catalogue for 2005* concerning jobs within service sectors. In it we read that the wages in the internet sector for people who, "Give users assistance in management of and incorrect handling of different software" should be between 19 800- 24 400 SEK. For sales personnel that: "Seek new and work with existing customers. Investigates needs, suggests and offers customer adjusted economic and technical solutions." the wage should be between 25 000- 33 000 SEK.⁹⁴ Martin Hogmalm considers the wages to be reasonable almost at the border of being a bit high. He would like to outsource first line calls (those calls that are easy to solve fast) in the future, and instead only keep second line calls (the trickier ones) in house. This would help to keep costs down. Hogmalm would also like to keep longer opening hours in the support. He said that one could prolong the opening hours in the support to 18.00 without increasing salary costs, just by scheduling more efficiently.⁹⁵

Employee privileges are the same in the whole combine. They are,

- 2500 SEK per year to each employee to be spent on various forms of exercise.
- Paid medical but not dental expenses.
- 750 SEK to be spent on glasses if needed when using a computer and a free eye examination.⁹⁶

We asked everyone we spoke to: What is the best thing with working at Hogia? Almost everyone answered the co-workers, the atmosphere in the company and the possibilities within the combine.⁹⁷

4.4.7. To be a Hogian, observations of culture in the Hogian combine

The Hogia head office is situated right by Hakefjorden at the seaside of Stenungsund and is the home of almost all the Swedish companies included in the Hogia combine. It was inaugurated in June 2000. The building has since then been expanded.⁹⁸



93 Interview with Martin Hogmalm 060425

94 <http://www.lon-jobb.nu/artikel.phtml?id=1503> 060510

95 Interview with Martin Hogmalm 060425

96 Interview with Annelie Thuresson 060412

97 From interviews with the employees at Hogia Small Office

98 www.bengt Dahlgren.se/projekt/hogia/ 060510



Source: *see footnote 98*

The colours yellow and blue cannot merely be seen on the building but also on the interior. Even the road tunnel leading to the Hogia office is painted yellow. Hogsved describes in his book, “Klyv företagen!” that he already in the beginning of the 80ies put much emphasis on the Hogia logo and its colours. The strive was to paint everything yellow. He goes on writing that on trade fairs all the employees wore yellow clothes and sang the Hogian song. Today he says, they have become more discrete, they rarely use their yellow clothes and far from everyone (unfortunately he adds) knows the Hogian song.⁹⁹

As mentioned previously one of the human resources’ tasks is to maintain everyone in the Hogian spirit. A pamphlet that was recently made for this purpose has been given out to all the 400 employees. The aim of the pamphlet is to explain the culture in the company. They state that they offer a small-scale environment characterized by an entrepreneurial spirit. This entrepreneurial spirit means engagement, a will to take responsibility, a wish to try new assignments and an interest in participating in the growth of the company. When given responsibility, the company feels, motivation is created automatically. One way to create this is through job rotation. With job rotation Hogia feels they achieve the stimulation people experience when given new tasks and greater responsibility. Bert-Inge Hogsved talks about this in his book. He finds that this has a very good and stimulating effect among the staff. He reckons that if you stay too long at the same desk or if you do the same tasks over and over again you will eventually perform worse. Bert- Inge learnt this both from personal experience and by observing others, and job rotation has become one of Hogia’s hallmarks. During the early years this was used to its maximum and a co-worker could have up to five different positions in just one year. Due to this the staff did not become experts in any area but they were extremely flexible and this was one of the reasons that Hogia could grow as they did.¹⁰⁰

As a co-worker at Hogia one will find themselves in an environment permeated by entrepreneurship. One will see quick force of action, fast decisions, short decision ways, a high pace of change and finally- great space for own initiatives. The pamphlet then goes on emphasizing the importance of Management by Mail. Most questions and projects are supposed to be driven through mail. This is made very clear for all the employees at Hogia.

The fact that the combine exists of so many small subsidiaries is explained in the script as important cause it creates an increased focus and competency in the area focused upon. This however does not necessarily mean isolation from others. Hogia feels that is highly important to actively cooperate with external partners to succeed on the market. In the end of the brochure Hogia’s equal opportunities policies are mentioned. It states that Hogia from the start has strived for having as many men as women in all positions in the company.¹⁰¹

During one of our visits we were introduced to the brochure: “Splash”. This consists of around forty-fifty pages of ideas the employees have had about how one could make Hogia better. Splash was a result of a drive during the spring 2005, and the person to have most ideas were given a prize.

99 Hogsved, *Klyv företagen!*, pp 39-40

100 Hogsved, *Klyv företagen!*, p 37

101 All information taken from the pamphlet: “Vår medarbetaridé”



Since Hogsved has given his companies the responsibility for both revenues and costs he has taken on the role as a coach to the company directors and though he does not intervene in the daily operations of his companies he follows them closely. If he sees advantages that his companies can gain through cooperation he advises them to work together. He says that he can be very persuasive and even turn to nagging; still he never forces cooperation. If he were to do this he would take on the responsibility of their businesses and Hogsved could not hold the managing directors utterly responsible for their results.¹⁰²

4.4.8. Marketing

All the subsidiaries in the Hogia combine are responsible for their own marketing. Which distribution channels they use, and how they shape their advertisements are all decisions made solely within each subsidiary. Each subsidiary has their own marketing budgets that are granted to them from the parent company. Hogia Small Office has a yearly marketing budget of four million SEK. Within the Hogia combine it is Hogia Small Office that spends most money on marketing. Ulf Olofsson who is in charge of sales to new customers is also responsible for the marketing. He said during our interview that an important factor, when they choose marketing channels is that they can measure cost versus benefit. This is most easily done through the Internet and through advertisements that are addressed and coded to recipients. The latter though, does not result into many sales. Other media channels that are used are newspapers and the radio channel RIX. When it comes to newspapers, advertisements are made in:

- 26 trade presses
- Daily newspapers, in this segment most money is spent on advertisements in the free newspaper Metro
- Other media that have been used in 2004 were evening papers and popular press¹⁰³

Apart from printed press and radio, Hogia Small Office tries to keep themselves visible at different trade fairs. In April 2006 they participated at GastroNord in Stockholm, the largest restaurant fair in the Nordic countries. They also sponsor Nyföretagarcentrum mentioned in more detail under the heading *Collaboration Partners*. Give-aways is not something Hogia Small Office considers important. On trade fairs and at Nyföretagarcentrum they sometimes give a 90 days demonstration example of their products.¹⁰⁴

Ulf Olofsson said in his interview that the three top reasons to why a customer purchases a Hogia Small Office product for the first time is, (1) they have found the company through the internet, (2) by recommendation from their accountants, (3) by recommendation from a colleague. That is why great emphasis is put on Hogia Small Office's Website, which Mattias Niklasson works full time with. The aim is to be at the top of every search engine when a word related to bookkeeping or economy systems are searched for. Niklasson also buys sponsored links, which are auctioned out from time to time. These links are visible at the top of the search engines web page after that a search word has been typed in. Every time someone clicks at these sponsored links Hogia Small Office pays the certain amount auctioned out to the search site. You can reach the home pages to all the subsidiaries from Hogia AB's main home page, which Bert-Inge Hogsved's assistant is responsible for. The subsidiaries are not allowed to have a saying

102 Hogsved, Klyv företagen!, p 139

103 MindShare Media Bureau

104 Interview with Ulf Olofsson 060412



about the homepage. However the line of business companies have joined forces and created their own Webb site.

Olofsson said that his strategy for the future was to profile his marketing to certain customer groups. This he feels is especially important since Hogia Small Office's products are "stuck in the middle"; they are not competitive in either price or performance. Since so many customers purchased their products through recommendation from others, he felt that it would be wise to profile his marketing to a certain segment. Accounting firms was one of these segments. However no steps towards this have been taken or will be taken, Olofsson said, until he receives more funding for this. Ulf Olofsson also expressed his wish to put more effort into branding. As it is today no common efforts are made in the combine to homogenize Hogia's adverts or websites. The investments that this requires are something Olofsson does not want to spend however. He feels that Hogia Small Office should not have to finance these investments alone and since common central functions are not popular within the combine he did not want to carry on further with this question.

Distribution channels

Hogia Small Office sells their products mostly via the internet. On their website you have the possibility to read about their products and get a guided tour around the chosen product and even run a test version. If you want to buy the product you can contact the company and talk to a salesman or you can buy it direct from the website. Another way of purchasing what Hogia Small Office has to offer is to go to one of the department stores Siba or Wettergrens where Hogia's products are offered for sale next to their competitors' products.¹⁰⁵

Collaboration partners

Today Hogia Small Office has a number of collaboration partners: Scribona, Handelsbanken, Handelshögskolan, SEB, and Software Runner.¹⁰⁶ Hogia Small Office intends to take active interest in seeking more collaboration partners and work more intimate with existing partners under the following years.¹⁰⁷ The demands for a company to be a collaboration partner to Hogia Small Office have become stricter than it was before. To become collaboration partner there has to be some kind of benefit for Hogia. Bert-Inge Hogsved has made it clear that making business together is a condition for collaboration. No business, no collaboration.¹⁰⁸

4.5. External analysis

4.5.1. Customer analysis

The segmentation of Hogia Small Office's customers is in one way already made when Bert-Inge Hogsved "bunshade" his company. More information about their market can be read under the heading with the same name. Even within Hogia Small Office some segmentation exists, differences are made between new and existing customers. The examination of the most valued element of their product was in September 2003 outsourced to a company named TradeWell.

105 Interview with Martin Hogmalm 060407

106 Interview with Martin Hogmalm 060407

107 Hogia Small Office annual report 2004

108 Interview with Martin Hogmalm 060407

They performed a survey which can be seen in the graph below.

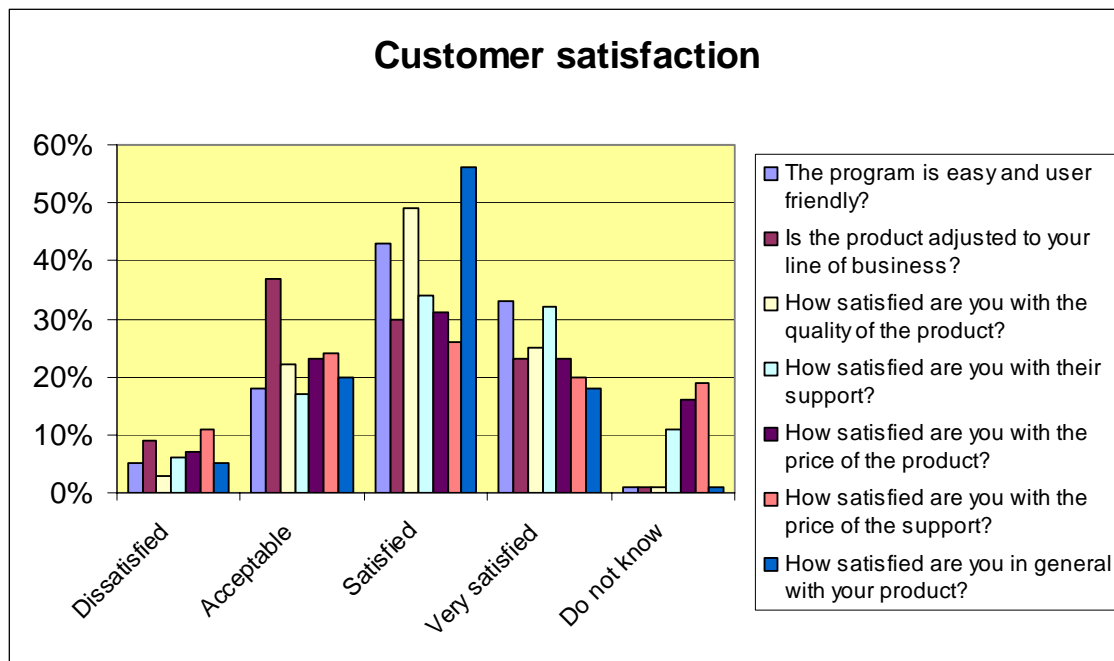


Figure 5. Customer satisfaction of Hogia Small Offices products and services

When Hogia Small Office sees what makes the customers satisfied or dissatisfied they sometimes make changes in their products to better meet their customers' needs. Susanne Edsund and her co-worker work with finding and correcting errors in the products, but providing a faultless product is almost impossible.¹⁰⁹

Hogia Small Office has approximately 9 000 customers who pay PSA and 40 000 customers who still are using their products without paying PSA.¹¹⁰ Each year they get around 4 000 new customers but they lose up to three quarters of them, Martin Hogmalm emphasises that the reason to this must be examined. The procedure today when a customer stops paying PSA is that the after market sales division calls the customer and asks why they do not continue. In appendix you can find the outcome of these calls graphed. It is important to tie a customer that once has started to pay PSA to the company, because it is very hard to gain customers from a competitor.

As one can see in the figure 5, above 66% of the customers are satisfied or very satisfied with the support. The average waiting time is 7-8 minutes for economy questions and 2-3 minutes for salary questions. Mikaela Sundqvist said that an active measure will be taken to educate the support staff that answers salary questions into learning to answer economy questions. This to relieve pressure from their co-workers and to diminish call queues. It takes in average 5-6 minutes to solve what problem the customers may have. When we listened to incoming support calls we learned that these average numbers are just average. Some calls took as long as over one hour and

109 Interview with Susanne Edsund 060425

110 Interview with Martin Hogmalm 060331



some as short as under a minute. We have been taking part of the statistics for the support calls for the first sixteen weeks of this year. Economy support succeeded to reach their answering frequency goal, which is to answer more than 93% of the incoming calls, one of these weeks, while salary support performed sufficient ten weeks. Any complaints that arrive are first taken care of by the answering person, but they have no authority to compensate the customer in any way. If the customer still is not satisfied it is Mikaela Sundqvist that is the last outpost, she has the right to mitigate the customer's anger with various products. There is no predetermined policy.¹¹¹

Mikaela Sundqvist would like to work more with customer care, as it is now they do not have the time to call new customers and greet them welcome to Hogia Small Office to the extent she would wish. Instead the customers receive an e-mail and Sundqvist feels that the personal contact with the customers is disregarded and that this will affect the company in a negative way.¹¹²

4.5.2. Competitor analysis

When we asked the employees at Hogia Small Office who they saw as their major competitor they answered Visma Spcs, mostly because they are market leading when it comes to software systems. This fact corresponds to how Aaker wants a company to identify a current competitor. There are other competitors as well but none as prominent as Visma Spcs.

Current competitors

Visma Spcs

Spcs started out as Scandinavian PC Systems in 1984 and are since 2001 a part of the Nordic combine Visma. Their business concept is quite similar to the one of Hogia Small Office and their vision is to simplify the running of a company. The target group presented by Visma Spcs is companies with up to 20 employees. Visma Spcs has more than 150 000 customers. Looking at these numbers one can see that Visma Spcs has a market share much greater than Hogia Small Office. Hogia Small Office has with its target group 9 000 customers paying SAB/PSA and about 40 000 customers using their products without paying PSA. Visma Spcs has more generous opening hours in the support. Monday, Wednesday, and Friday they are open 8-17 and Tuesday and Thursday 9-18. Visma Spcs distribution channels are almost identical to the ones of Hogia Small Office; they sell their products mostly through mail order but also through retailers. In addition to this Visma has their own store where they sell and promote their products.¹¹³

Visma Xor

This is another competitor to Hogia Small Office with a leading position on the software market; they have 6% of the market.¹¹⁴ Visma Xor is a subsidiary to Visma Spcs. To not compete with their parent company, Visma Xor only provides their own products Xor Compact and Xor Lön and they have integrated their products towards Visma Spcs products.¹¹⁵ Visma Xor also has their support lines available more hours than Hogia Small Office. On their website you can read that their knowledge is narrow rather than wide. Their products are specialized in how to

111 Interview with Mikaela Sundqvist 060412

112 Interview with Mikaela Sundqvist 060412

113 www.vismaspcs.se 060503

114 www.visma.se 060508

115 Visma Xor annual report 2004



streamline the running of a company.¹¹⁶

Mamut AB

Mamut AB was founded in 1994 and is a subsidiary to the Norwegian company Mamut ASA. The company is a leading supplier of economy solutions to both small and medium enterprises, associations and private persons. They provide complete and user friendly systems to the best combination between price and functionality. Today Mamut have more than 100 000 users and offer support 24 hours a day. Mamut have won prizes for their user friendliness and they explain their success with small and medium enterprises with the fact that they concentrate and specialize on them.¹¹⁷ As a step in their marketing Mamut has started cooperation with the entrepreneurial network Drivhuset in Karlstad. Drivhuset is a place where students with entrepreneurial dreams can make them come true and start their own businesses. Students tied to Drivhuset get free software from Mamut to their newly started companies.¹¹⁸

Comparisons of competitors

These three competitors all have what Aaker says a company shall look for when identifying a competitor. They have similar even though not identical characteristics, competencies, assets and competitive strategies over time. Comparisons have been made between the competitors both by us and by the media bureau MindShare and by a company that, among other things, perform customer surveys, TradeWell. Three different areas have been treated and the results are shown below.

Media

The media comparison is made between the combines of Hogia, Visma and Mamut. Looking at the graphs made by MindShare you can see that in amounts of money spent on marketing Hogia is located in the middle between Visma and Mamut. Hogia is most visible in printed media, newspapers and trade press. In the latter you can also find Mamut. Visma made a big marketing campaign in 2005 since SPCS that year changed their name into Visma Spcs. In approximate numbers Hogia spent almost five million SEK in 2005 on marketing, while Visma spent more than five times as much. Mamut is a minor player with about one million SEK in marketing costs that same year.¹¹⁹

Top of Mind

TradeWell made a survey in 2003 with the ambition to find out how Hogia is seen on the market in comparison to their competitors. Here too the same competitors were examined. Visma Spcs is called SPCS in this survey since it was made before the name-change. TradeWell interviewed 300 companies chosen at random and asked them what software they use, which they know about and which they rank as number one.¹²⁰

116 www.vismaxor.se 060508

117 www.mamut.se 060508

118 www.mamut.com/se/about/press/pressreleases/det.asp?id=4537 060508

119 MindShare Media Bureau

120 TradeWell's Top of Mind

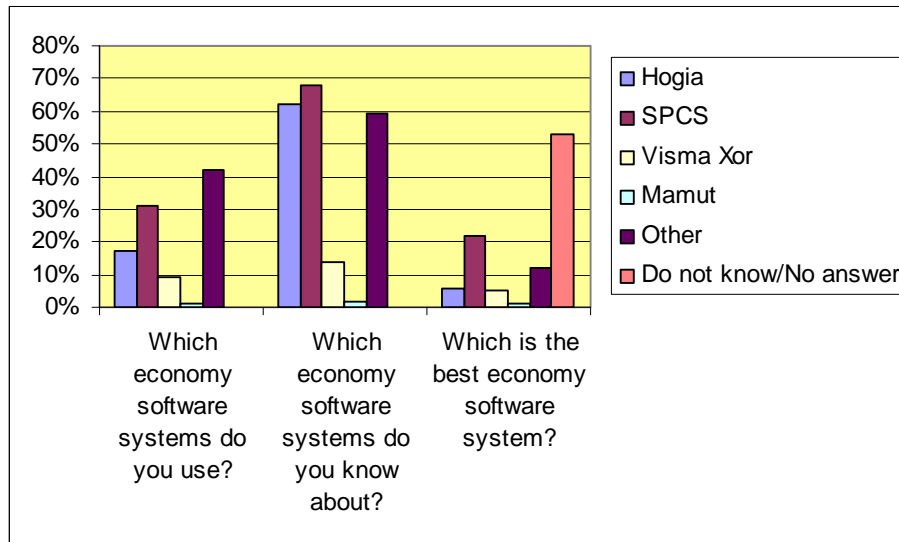


Figure 6. Top of mind investigation

We made a survey of our own with similar questions as TradeWell. We asked the students at the School of Economics, Business and Law in Gothenburg if they knew the company name Hogia and what they manufacture; we also asked if they knew the company name Visma Spcs. If they did not recognise the name Hogia we asked them what they associate the name to. The results are shown in the graph below.

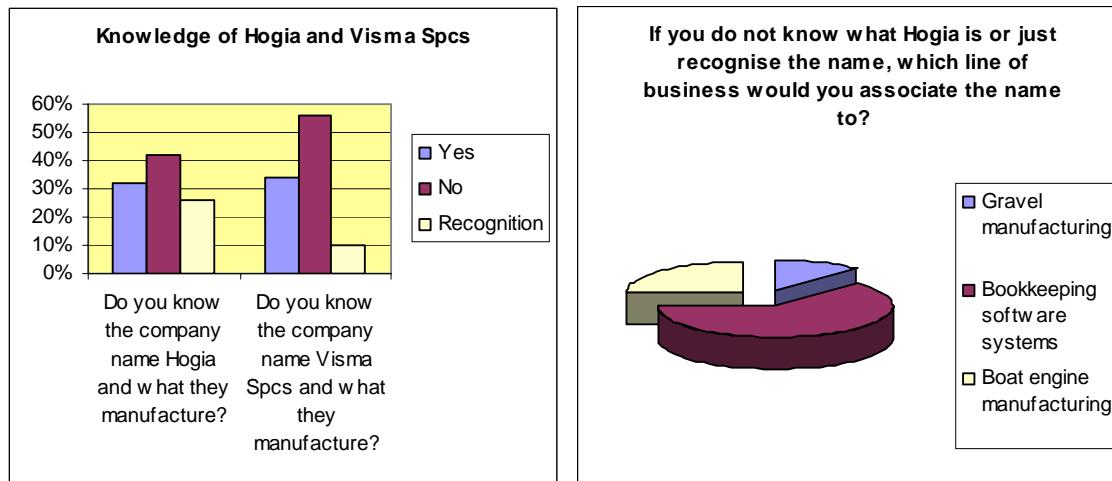


Figure 7. Knowledge of Hogia and Visma Spcs at the School of Business Economics and Law at Gothenburg's University

Ratios

The profitability of the competitors has been compared to the profitability of Hogia Small Office. This comparison has been made between the subsidiaries and not the combines. As you can see in the graph below the majority of the ratios are fairly unanimous except from return on equity where Visma Spcs are way ahead of its competitors, this ratio is sensational but the explanation is logical. In 2003 Visma Spcs had equity of almost 84 million SEK; in 2004 the equity had sunk to almost 15 million SEK due to contribution to group companies and dividends to shareholders. The low solvency can be explained by the fact that these companies are all subsidiaries in a larger

combine. The solvency ratio can be adjusted with contributions from group companies.

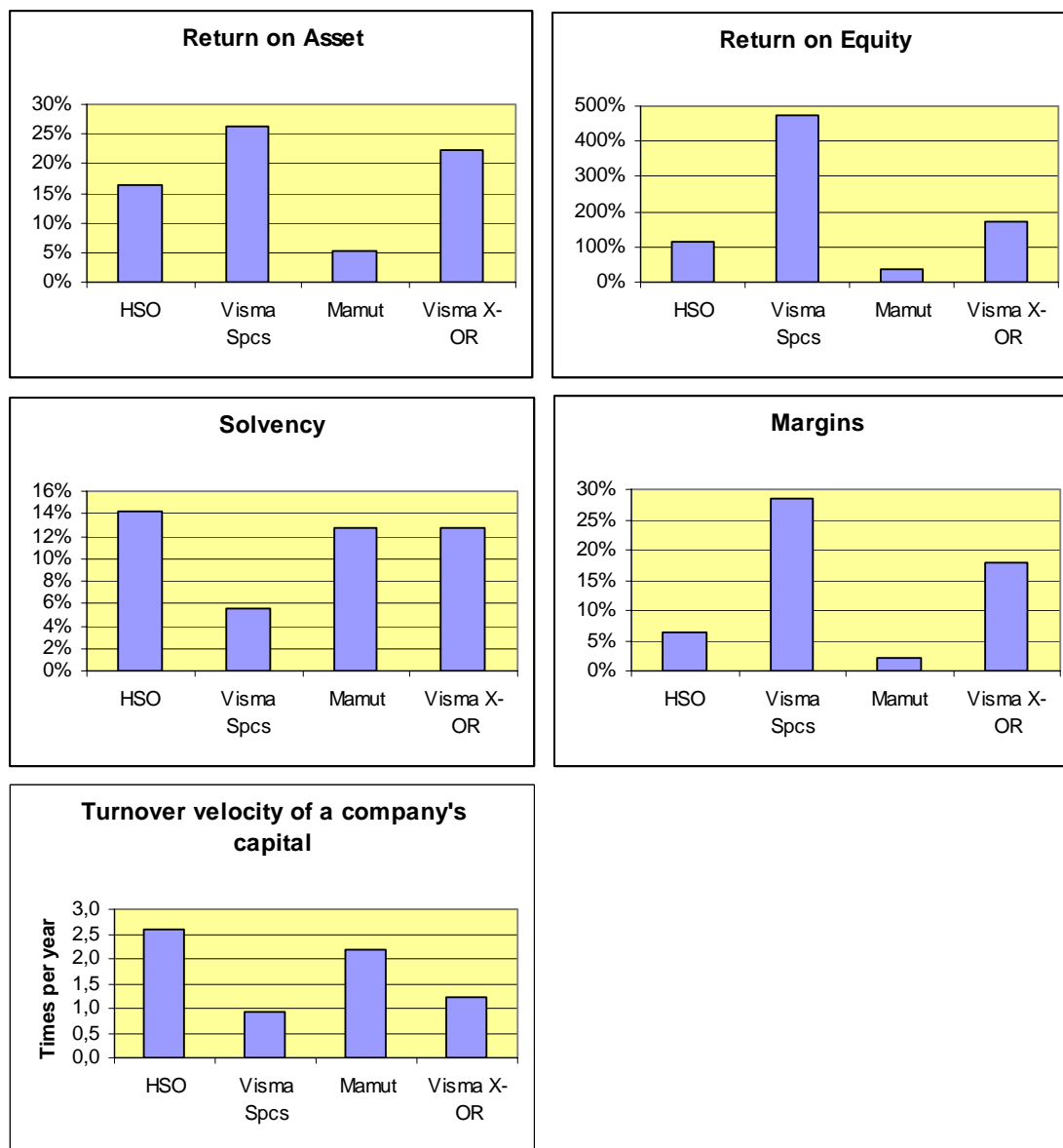


Figure 8. Ratio comparisons between Hogia Small Office and its competitors

Accounting firms are also a great competitor. An estimation made by Martin Hogmalm is that half of all potential customers choose to let accounting firms take care of their bookkeeping.

Potential competitors

As potential competitors the staff at Hogia Small Office identifies future technology and the company Microsoft among others. If Microsoft would add a bookkeeping program into their well-known software named Microsoft Office this would have a great impact. This software is widely spread among computer users all over the world, so that it would according to the



employees at Hogia Small Office, become a fearful competitor if realized.

Potential possibilities

Cooperation between software producers and banks is a future opportunity. If a bank would offer a bookkeeping program on their website, which would connect bookkeeping transactions with other transactions that had to do with the company's bank account, then this would simplify immensely for the companies. To give an example: Let us say a company would enter a payment to a supplier, then with only a click on the page this entering would result into a real payment to the supplier from their bank account since it is a bookkeeping program on the banks web page.

4.5.3. Market

Hogia Small Office state Sweden as their market. In view of the fact that their distribution channels are nationwide this is a realistic market. Surveys have been made and show that Hogia Small Office merchandise sell all over our country. Martin Hogmalm thought when he first came to Hogia that there would be a concentration of sold software in western Sweden since this is where the head office is situated, but there is not. Even though the official market is Sweden, Martin Hogmalm believes that Hogia Small Office should focus on western Sweden.¹²¹

In the year of 2005, 10 088 companies started in this region. This is a decrease compared to 2004 with 172.¹²² In Sweden as whole there were 55 448 newly registered companies in 2005. A small increase of merely 0,6 % compared to the numbers listed in 2004. There are fewer companies registered today than in the beginning of the 1990ies.¹²³ For more detailed information see Appendix 3.

MindShare were assigned to map Hogia Small Office's market. They found that 543 000 people in Sweden between the ages 23-63 fit the description of working in an environment with 1-9 employees. This is 20% of Sweden's total workforce. 66% of these 543 000 people are men and when we look at the self-employed within this group, they consist of 77% men. These men are mostly between the ages of 54-63.

Manufacturing and the building sector are the two most represented lines of businesses within small company owners. Transport and retail trade are also among the top ten. Martin Hogmalm said in an interview that customers from the building sector were over represented as Hogia Small Office's customers. He is not sure what this depends on, is it that they are overly represented on the market, or is it because Hogia small Office has worked that particular clientele the most. He expressed that he is not sure that the correct strategy for the future is to focus on the most represented line of businesses on the market. Perhaps it is better if they niche themselves towards a less represented sector. This explains why Hogia Small Office has a line of business specialised towards haulage contractors. As the line of business haulage contractors are number 23 of the 25 top represented lines of businesses on the market.

The majority of the 543 000 people work full time, the self-employed however work mostly part time. They are situated in whole Sweden, but to a larger extent in smaller towns, in the counties of Dalarna, Västerbotten and Norrbotten. These peoples main interests are travelling, music and

121 Interview with Martin Hogmalm 060331

122 www.nyforetagarcentrum.se/Barometer05_kommun.pdf 060404

123 www.nyforetagarcentrum.se/PMBaro.2005.pdf 060404



questions that involve private economy. Cooking and home styling are also among the top ten. They claim that they have most confidence in trade press and the internet. Internet is something the majority of the respondents use several times a day both for searching information and to do their bank affairs. They have the least confidence in free magazines, evening- and popular press. When they search for information other than through the Internet, they turn to trade fares, catalogues, and adverts in trade press. They do not value adverts in free magazines or directed and addressed commercials especially high.¹²⁴



5. Analysis

In the analysis we compare theory with practice; we compare our “voice of truth” with reality and discuss the differences between them.

5.1. Internal analysis

A **strength** that Hogia Small Office possesses is that it is a part of a non-listed family owned combine. Because of this they can to a larger extent neglect shareholder value and instead concentrate on long term growth and profitability. This has been especially benefiting when it comes to the development of their products that has been expensive with a long break-even time to take in consideration. The return on assets is 16% and the return on equity is 116%. We feel that these figures are hard to analyse, partly because it is a subsidiary in the Hogia combine. The figures of the combine as an entity are for the shareholders more important than the figures for each subsidiary, and the ratios are positive that much is clear. Whether Bert-Inge Hogsved and his family feel the yield is sufficient or not can only be determined by them. A **weakness** for Hogia Small Office is that they cannot keep any surpluses that might be earned from one year to another. Therefore they are subjected to the mercy of Hogia AB when it comes to how high expenses they may have. So when Hogsved says that each subsidiary is its own boss then this is a qualified truth. This can also be seen when it comes to the budget process. The subsidiaries are not allowed to entirely on their own calculate sales and costs. Carin Kindbom, as the combine controller, is involved in this process. Customers were budgeted this year to net increase with 500. After three months the net increase was already 300 new customers. This can be seen either as: Hogia Small Office has exceeded expectations, or that the budgeted sales goal is too modest.

Internal pricing to market price prevails in the Hogia combine. This leads to cost efficient behaviour since otherwise the service can be bought externally. Then again Bert-Inge Hogsved does not want any outsourcing of his services; he wants to use the resources he already has in-house. Therefore we do not see a reason to have market prices internally and see this as a **weakness** that only gives the subsidiaries thoughts of outsourcing services, which then later are rejected by the combine management. When it comes to Hogia Small Office's products and services we see many **weaknesses**. Compared to their competitors' products, they are neither cheaper nor easier to use. We feel that the support service Hogia Small Office offers can also be improved. First of all their opening hours are not competitive. More consideration should be taken to the needs of their customers. Many customers do their bookkeeping in the evenings and on weekends. If a problem then occurs they are not able to contact the support they pay PSA or SAB for. We consider this to be a great **weakness** especially since Martin Hogmalm claims that this can be corrected and the opening hours can be extended to 18.00 without increased costs. This merely by making adjustments in the scheduling. An adjustment like this would naturally not be popular among the support employees; however customer needs must come first.

The PSA introduced last fall is another thing we are sceptic to. Compared to their competitors Hogia Small Office is stuck in the middle and not market leading in any area. To then dare to be the first in this industry to start with a PSA is a bit too bold of a strategy. The loss of customers in



April can be an indication of this. Another **weakness** is that Hogia Small Office always has to have in consideration when developing their products that the development cannot exceed Hogia's other subsidiaries' products when it comes to the number and advancement of functions. Hogia Small Office's products are supposed to be the least advanced and cheapest within the combine. Much emphasis is put on mediating an entrepreneurial spirit in the combine; we ask ourselves how one can have a free entrepreneurial mind with constraints like these.

Mintzberg mentions that the **weaknesses** with having a division organization are the risks for sub optimisation and power play between the combine and the division management. This is clearly the fact in the combine. Since no central functions are desirable according to Bert-Inge Hogsved, all of the subsidiaries have to have their own personnel in all areas. (The paradox fact, that Hogsved then, no matter what he says, actually has a central resource in *Human Resources*, will be written about further on.) To provide a concrete example: When it comes to branding we asked why Hogia Small Office does not invest in building a stronger brand on the market. The answer was that building a stronger brand would benefit all the subsidiaries in the combine so why should they be the ones who paid for it alone. This would increase their costs and the credit if it succeeded would perhaps not be easy to lead back to Hogia Small Office. The money spent on branding would have to be taken from the marketing budget which in the short term would affect them negatively. Sub optimisation like this could be eliminated if certain central resources were created. To avoid investments that can be lucrative in the future, mainly because no division wants to bare the costs; is not a good strategy for the combine as an entity.

Examples of power play can also be given. As mentioned in the empirical part under the heading *Marketing*, the subsidiaries have no saying when it comes to the web site. So when the line of business companies not were satisfied with the original homepage, they simply merged together and made their own web site. An action like this can most likely be confusing to the customers, since recognition can lack when visiting the new website.

We do understand the reasons for "bunshning" and we do see the benefits gained by it. Still when observing the **weaknesses** that this leads to, we wonder have not this "bunshning" gone too far? Why not in some areas make a compromise, since it already has been done when deciding to have a central Human resources department. Instead of ignoring the disadvantages of "bunshning" why not acknowledge these and see some benefits of scale economies?

Within Hogia Small Office a functional organization form prevails. In the theory chapter we mention criteria that should be fulfilled so that a functional organization can proceed successfully. Hogia Small Office achieves these criteria which herby is a **strength**. A functional organization form means that the company's employees are divided in sub groups depending on what their work task is. Dividing can yet be taken to its extreme. The dividing of the support personnel in two groups, support for economy questions and support for salary questions is an example of this. While the support personnel for economy questions have incoming calls all the time, the support personnel for salary questions do not. Salary questions are also easier to assist and can be managed in shorter time. This means that the salary personnel would, if trained in economy questions, be able to take those calls too and thereby reduce call cues. Most employees at the support have been working there for several years. One would think that this would have given them enough time to learn both programs, if given the opportunity. Since the idea is that a customer should be able to by a box edition, with both programs included and learn to work these by themselves, then the least should be expected by the support personnel. This is



considered by us as a great **weakness**.

The Human Resources department is definitely a **strength**. They possess specific knowledge about employee care that would be difficult to demand that the managing directors of the companies would possess. Human Resources, being a central resource (!) obtain a helicopter perspective of all key personnel, who can help evolve and develop the Hogia combine as an entity. Since Human Resources are those who decide who may participate in the E-school, this is especially beneficial, as they can take the key personnel spotted in the subsidiaries and train them for future possible positions. The promotion of the Hogia culture is also very important. It is well known that a strong culture promotes strong solidarity. As a new recruit in the Hogia combine we are sure that the daily e-mails are felt to be of help. The reasons we were given to why a Human resources department exists are all reasons we feel support our views to introduce more centralised functions.

When it comes to various ways of conducting management both within Hogia Small Office and the combine we see them as **strengths**. Management by mail founded and promoted by Bert-Inge Hogsved is a functioning way of communicating in Hogia. If there is something you want to discuss or get other peoples opinion on you just send e-mail and your co-workers, in the company or the combine, can reply whenever they have the time to do so. When not restricted of having to make it to a meeting more people can join in on several discussions. Hogsved means that one tends to formulate themselves better when they have to write down what they want in script, we agree. Other positive things about it is that one automatically gets the discussion documented and no time has to be spent on typing down what has been said. What can be seen as negative with management by mail is that you lose personal contact with your staff and since almost all the subsidiaries in the Hogia combine are situated under one roof, there really should be no large obstacles for live meetings. Hogsved sees himself as having a coaching role to the managing directors. He said that he can advise cooperation between companies if he sees that benefits can be won through it and he can even nag about it if he does not get a positive response from his managing directors, however he never forces it. We ask ourselves: what are honestly the odds of a managing director to turn down a suggestion from his superior if he states more than once that he wants something done in a particular way? So perhaps what he sees as coaching, others might see as an order.

The e-school is also something we think is a great way of conducting management. It is a perfect forum for Bert-Inge Hogsved to assure himself that things will be handled according to his way of thinking. He chooses the topics and he gives the answers and why should he not? It is his combine. So even if it seemed a bit to be “his way or the highway”, we think it is brilliant.

Martin Hogmalm is definitely a **strength** to Hogia Small Office. His background as business manager in a listed company, gives him a different background and thereby perspective, to apply in Hogia Small Office. To compare his previous work place with Hogia Small Office is impossible. It is like two different worlds. Hogmalm said that the climate in the combine was more humane with fixed working hours for everyone and almost no overtime. At the same time he showed concern about the opening hours in the support not being as competitive as the competitors. He feels that one way to solve this problem is to outsource parts of the support. Hogmalm seems confident that this would reduce costs, at least to outsource first line calls. We share the view that something has to be done about the opening hours since they are clearly “stuck in the middle” when it comes to their competitors. Hogmalm seems to have a good



relationship with all his subordinates and conducts two meetings a week, with his management board and one with the rest of the staff. He thereby has regular contact with everyone and all employees are informed and can take part in the company's activities.

Hogia Small Office succeeds in keeping its employees motivated and satisfied and they fulfil the criteria listed in our theory books in how to achieve this. The employees, according to the survey, feel that they are allowed to take own initiatives, can be in charge of their work time and work tasks and 16 of 18 people state that they feel that their work is evolving. 15 of the 18 respondents say that they enjoy their work. The co-workers and the "Hogian spirit" are the main sources for this. When it comes to the salary however 16 of 18 are dissatisfied. We did a comparison of Hogia Small Offices salaries compared to the standard on the market and saw that they are normal according to these standards. We actually feel that they are quite high for a job that does not require any university degree at all and is not physically trying either. When we listened in on the support calls we felt that the customers were helped most of the times, but all too often the answer was "sorry we cannot help you with this". The salary with the bonus should be considered sufficient. The working hours, as we already mentioned, are humane and little overtime exists. So from an employee perspective, Hogia Small Office is to be seen as a good work place, which is a **strength** for Hogia Small Office.

Now to adopt another perspective. We feel that a company cannot state that it works to achieve a 50/50 equality between the sexes and then have 72% women in the company. That 49% of the employees say that they feel they would need more competencies to conduct their work in a satisfying manner is something to be highly observant of. Almost 2/3 of the employees are support and sales personnel. They are the ones that have the regular contact with the customers. If they do not feel that they have enough competencies to conduct their jobs sufficiently, well then where should the customers turn? And it is equally frightening to think that it is the other half of the employees that feel like this, since they are on the managing board of directors. So perhaps this is the reason that the support personnel's answer: "sorry, I cannot help you with this" exists. A dissatisfied customer should not be ignored. The support personnel do not have any authorities to mitigate the feelings of angry customers with some sort of compensation. This authority is something we feel Hogia Small Office should give its support and sales personnel, naturally after have given them sufficient education. These facts clearly show a **weakness** in Hogia Small Office's capital of knowledge.

To have achieved a culture as strong as the one in the Hogia combine, which shows in every subsidiary should be applauded. This is an enormous **strength** and the source of the high employee satisfaction that exists in Hogia Small Office. Bert-Inge Hogsved is the artefact of Hogia and truly idolized by his co-workers. When he says that his employees are his most important resource we feel it is genuine. Evidence of this is the humane hours and the will to promote an entrepreneurial spirit among everyone, although some critique must be given when it comes to their "Splash" drive. Why perform a drive, where the aim is to make everyone contribute with ideas that can make Hogia better and then not follow up on them, by sending out a letter of which they have put into practice. They should at least realize some of the suggestions if they want an enthusiastic response on their next drive like this.

The job rotation that Hogsved talks highly about is a very good idea at least in theory. We do not agree however if one truly can call it job rotation when a person goes from working as support personnel in one of the subsidiaries and then move to being support personnel at another



subsidiary. Nevertheless the internal recruiting within the companies and within the combine to higher positions is very large. They aim to fill vacant positions from within rather than from the outside.

The company's unofficial rules are in cultural theory called "the norms". When looking at marketing, product development and opening hours, one can see that the norms make themselves loud and clear. Because even if money could be saved through synergy effects gained by centralizing some service units like marketing, it is simply out of the question and not even bothered to be discussed.

5.2. External analysis

Hogia Small office does not put their customers on a pedestal as they should. This has been mentioned several times with examples like; the support not having long enough opening hours, not always getting the help they require, or that no guide lines have been drawn for how to compensate dissatisfied customers. This is a **weakness**. Hogia Small Office has done research of why they lose customers. They asked 1161 customers what their main reason for ceasing as customers was, 22% answered "no thank you" and 24% of the 1161 they were unreachable. Performing surveys to map why the customer base have ceased is a **strength**; however if it is supposed to give any guidance at all, then it should be highly significant to get answers from almost all the respondents. To miss out on almost 25 % of them leaves us with questions.¹²⁵ Preferably they should also aim to get more exhaustive answers from the respondents which they could analyse. A "no thank you" simply does not cut it.

The segmentation of companies with less than ten employees also makes us wonder. It was quite clear that there were rivalry among the subsidiaries of the customers. When a company grows in number of employees in, let us say, a line of business, either of two things can happen. One they can stay on as customers at Hogia Small Office with their bookkeeping and become customers at Hogia Lön AB using their salary software, or they can switch to a line of business company all together. No subsidiary wants to lose customers, even if they lose them to another company within the combine. So all efforts are made to keep a customer within a company, even if this means the customer actually gains belonging to another company within the Hogia group. When a customer calls in and asks for a software program the aim is to sell them in as high as possible in the product chain. No matter if it implies that the customers end up buying programs that they actually do not need. This was expressed as something great if it worked. We however feel that tricking a customer is never a way to go about. A customer that realises that they have been sold more advanced products than they actually need and therefore are forced to pay higher PSA or SAB fees, would naturally become dissatisfied. The risk of having a dissatisfied customer in a business like this where their third source of gaining new customers stems from advice from existing customers, is one not worth taking. We feel that this is yet another case of sub optimisation, which is a **weakness** that could be managed through the following:

Today the combine is divided into subsidiaries according to what kind of software they sell. Except from Hogia Small Office that sells mini versions of all the combines' products. If the subsidiaries instead, were to include all customers from small, medium to large companies in each of the subsidiaries and thereby not having a Small Office company this sub optimisation could be

¹²⁵ For more detailed information see Appendix 5.



avoided.

When it comes to competitors Aaker says that it is important to be observant of them and to analyse them. As far we can see this is not done in Hogia Small Office to a sufficient extent. Most data used in the empirical part of this paper were information we had gathered on our own. The data that they provided us with was a survey made of what customers felt about Hogia Small Office's and their competitors' products. Hogia Small Office needs to have more clear strategies of how to handle all its competitors. Since this is not the case, it is a **weakness**.

The fact that there does not exist a homogenous way of outlining the adverts in the Hogia combine, is seen by us as a **weakness**. Another weakness we find, as do Hogia Small Office, is that there is no focus on brand-building. Much is said about focusing on brand-building, Ulf Olofsson expressed that his strategic focus for the future was to build a brand stronger in the eyes of the customers. However all too often it is also expressed that there is only so much that can be done, since Hogia Small Office is constrained by their budget, which is distributed to them from an upper level. They are also constrained of the combine itself. With this last remark we aim at the fact that no efforts are made to centralise any marketing efforts, no guidelines are given of how to standardise layouts of advertisements, and no common efforts are done to make advertisement campaigns of Hogia as one entity. This is, as mentioned, a weakness for Hogia Small Office as for the whole Hogia combine. The bookkeeping products on the market are fairly similar and since they therefore cannot compete with either competitive prices or products that are superior to others on the market, they are "stuck in the middle". This leaves us with the conclusion that Hogia Small Office really has to start working with its branding and start lobbying for common marketing efforts in the Hogia combine.

Hogia Small Office hired MindShare who mapped the market for them. From their compilation one could read that their customer target does not value adverts in free magazines or directed and addressed commercials especially high. So we naturally ask ourselves how it comes that Hogia Small Office spends so much money on advertising in the free newspaper Metro? Especially when the respondents stated that, when they search for information other than through the Internet, they turn to trade fares, catalogues, and adverts in trade press. We feel that the marketing budget should only be spent where chance exists to be observed from the targeted customer group. When it comes to the directed and addressed commercials we ask the same question. If the respondents say that they do not value these commercials high, well then forget about measuring costs versus benefits, because there **are no** benefits obviously to be measured. This is something Ulf Olsson also acknowledged. However he seemed to lack an alternative strategy to replace the directed and addressed commercials with. Clearly all of these are **weaknesses**.

Yet another **weakness** is the fact that Hogia Small Office only speaks of focusing on branding, but do not set to work. Branding is especially important when neither a company's products and services nor the price is competitive on their own. This is a fact when it comes to Hogia Small Office and its products. Hogia's brand identity may have been strong in the past, but today its former strength seems to be diminishing. They possess no core values that are unique or inimitable to competitors. They are not positioned in any particular way and their greatest mistake is that the internal brand loyalty is lacking. This makes market communication and brand and firm associations difficult.



Hogia Small Office would also benefit from being more visible. There are high schools, adult educations, and universities that all teach bookkeeping. Hogia Small Office should sponsor all of these with free software to position themselves in the minds of potential users. Market analysis shows that most small companies exist in smaller towns. Hogia Small Office needs to make strategies for how to win market shares in this target group. Not to take advantage of these **opportunities** is a **weakness**. Hogia Small Office should most definitely try to be ready for collaboration with banks, if banks were willing to offer bookkeeping on their web pages. This could be a great **opportunity** for Hogia Small Office and give them a chance to become market leading in this area. Since Hogia Small Office is not market leading with their products in any area, their **weaknesses** could soon turn into serious **threats**.

Hogia Small Office needs to gain more strength. If they cannot achieve this then they will not be able to grasp the **opportunities** that lie in the future. They cannot afford to lean back, the future can become realised sooner than expected.



6. Conclusion

In the conclusion we present an alternative strategy for the future.

We have concluded that the following **weaknesses** need special attention as these can lead to future **threats**:

- The sub optimisation has to be attended to.
- Central resources need to be formed in marketing, IT and support.
- More focus on customers, with longer opening hours in the support.
- Benchmark competitors.
- Analyse and work the market more efficiently.
- Work on internal brand loyalty.
- Extended education and training of the support personnel.
- Keep the SAB and reconsider the PSA since its effect can lead to loss of customers.

The **strengths**:

- “Hogian culture” which makes Hogia Small Office a good place to work
- That the Human Resource department is a central resource.
- Martin Hogmalm as a visionary.
- Entrepreneurial school

All these strengths are good but can they lead to future opportunities? If Hogia Small Office were to work on their weaknesses, then their strengths can be a perfect base to become market leading. We do understand that the advise of central resources in marketing, IT and support is not a decision that Hogia Small Office solely can make. The weaknesses could however be attended to by project groups formed with employees from the other subsidiaries. The Entrepreneurial school is an excellent platform for these project groups, as is the “Hogian Culture” which permeates all the subsidiaries and therefor link them together naturally. This a lot thanks to the Human Resources department that work actively on maintaining a strong culture within the combine. A strong culture setting the norms for behaviour does at the same time state what is not allowed. We think that this affects the innovation spirit, so strongly aspired, in a negative way. With Martin Hogmalm as a visionary we mean that he as an outsider can look at aspects from a different perspective. Due to the fact that he has not worked within the combine long he is not yet coloured of the culture and the norms within the combine. This is something that could be used to open up for discussions of alternative ways for handling routines or/and areas of work within Hogia Small Office and the combine.



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Interviews

Martin Hogmalm-*managing director*

Annelie Thuresson-*in charge of administration*

Mikaela Sundqvist- *in charge of customers, the support division and after market sales*

Ulf Olofsson -*in charge of new market sales*

Susanne Edsund-*in charge of products*

Mattias Niklasson.-*Internet*

Miriam Andersson-*support personnel*

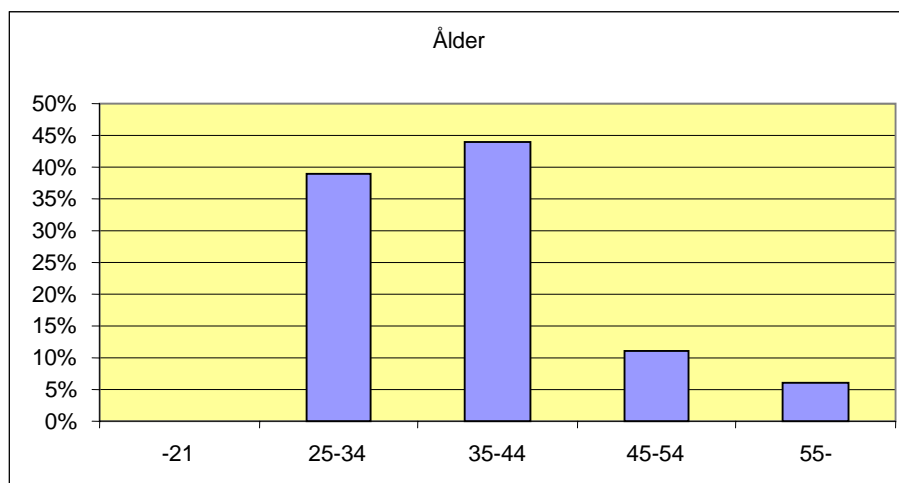
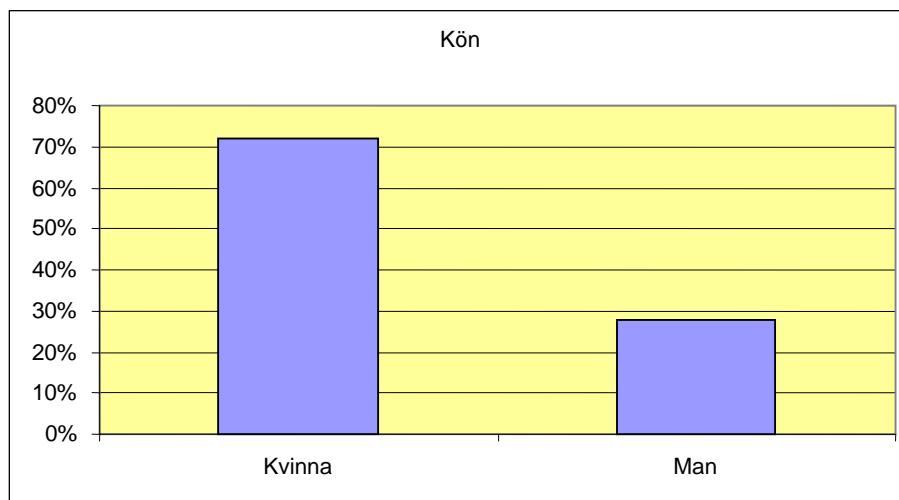
Marie Ericson-*Human Resources*

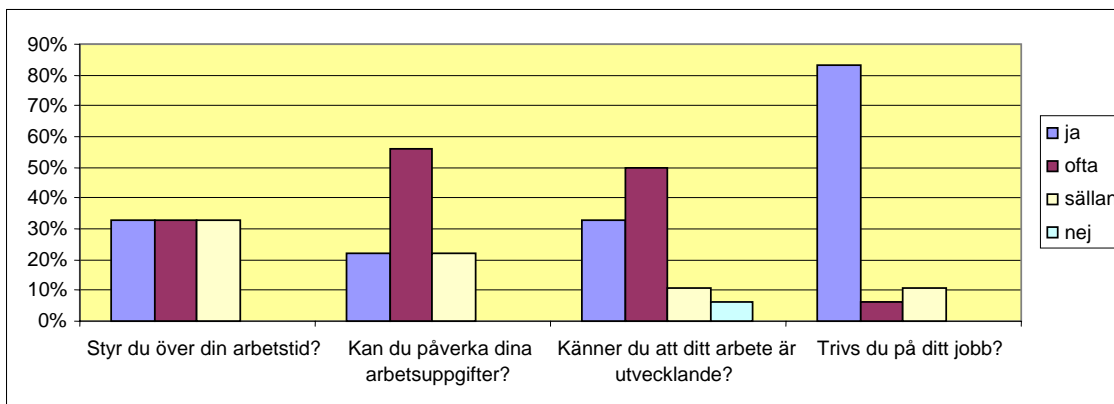
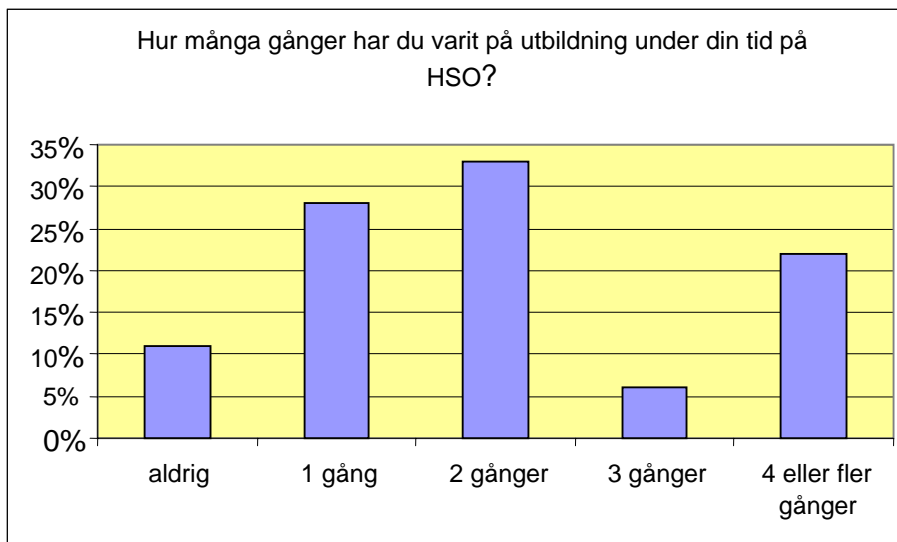
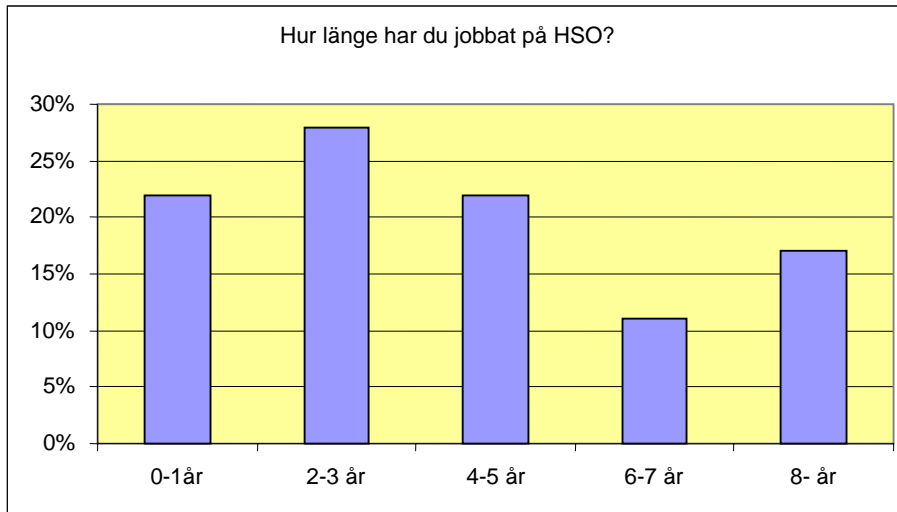


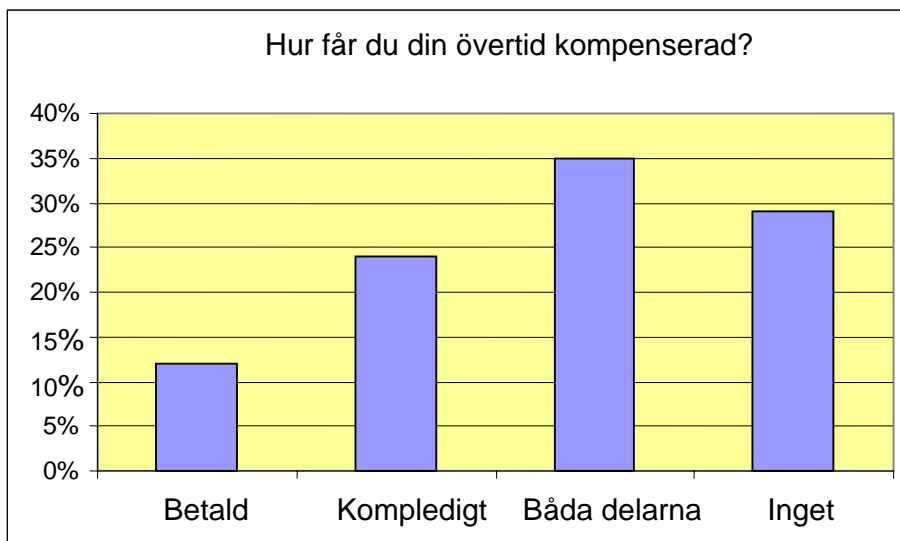
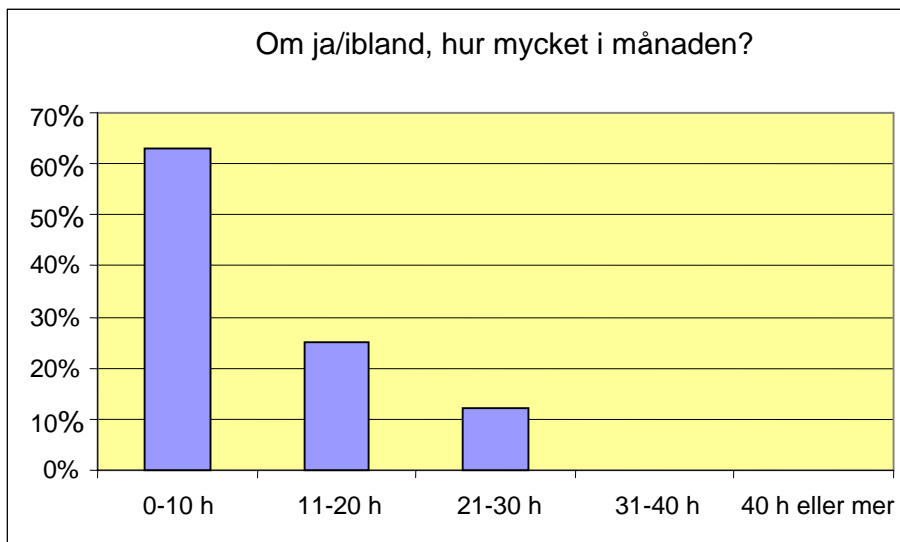
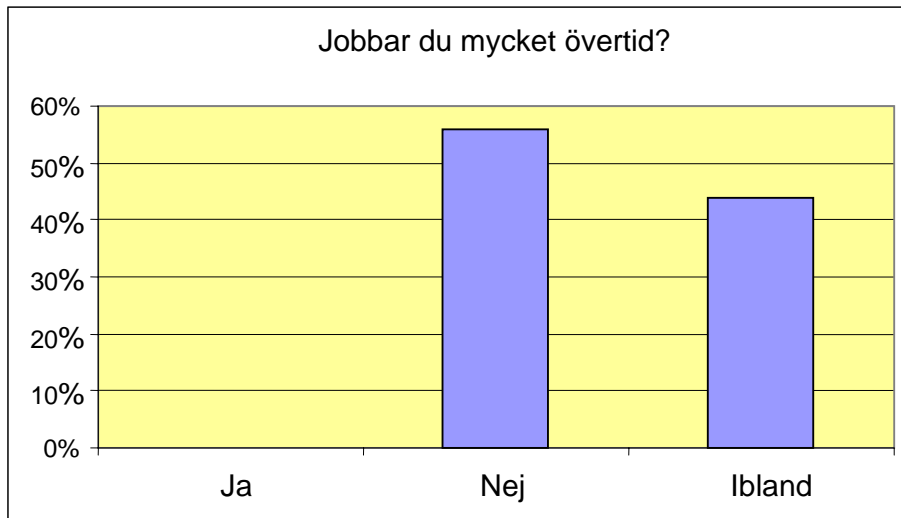
8. Appendix

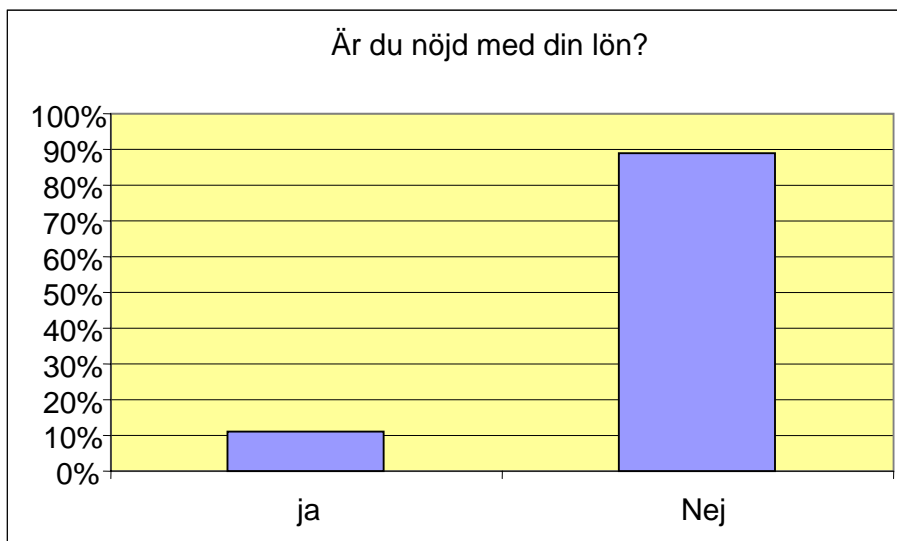
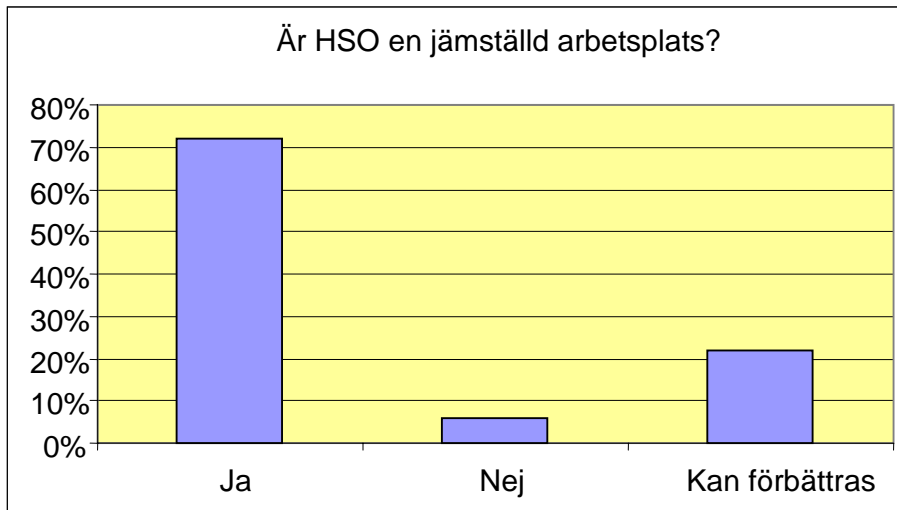
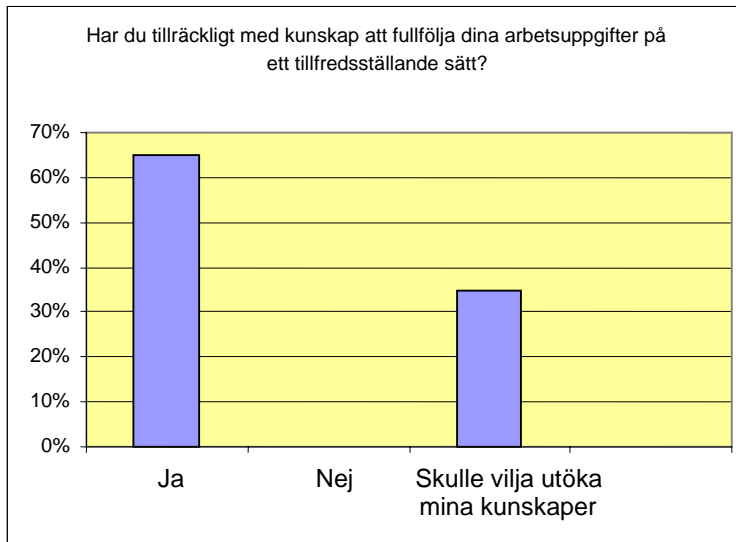
In the *appendix* one can find samples of our surveys and other relevant material that might be of interest to our readers.

Appendix 1







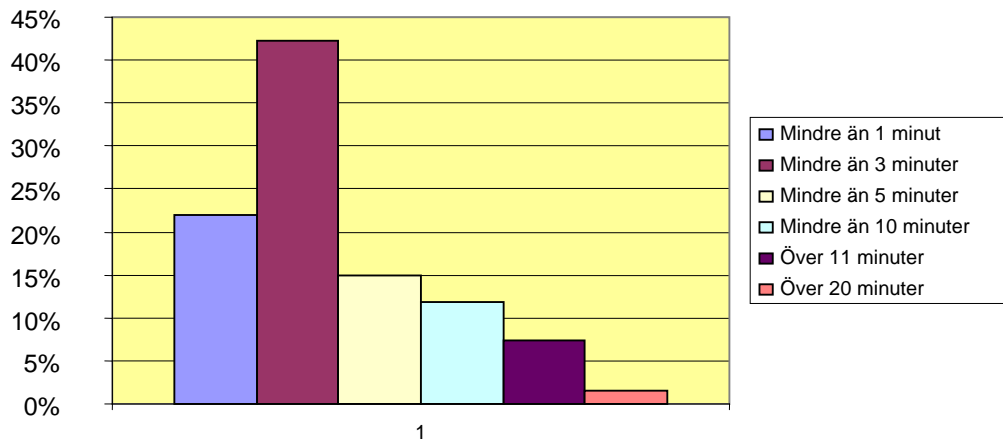




Appendix 2

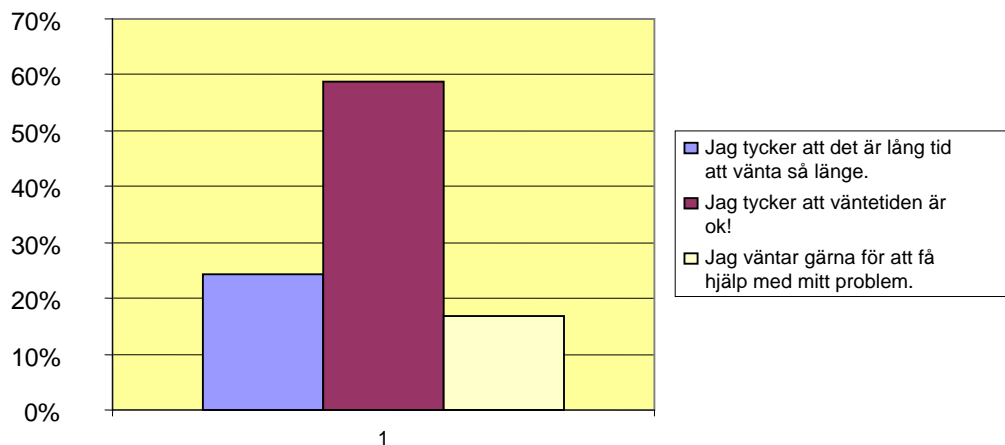
1. Hur länge fick du vänta i telefonkö sist du ringde till vår kundservice?

	Procent	Antal
Mindre än 1 minut	21,90%	57
Mindre än 3 minuter	42,30%	110
Mindre än 5 minuter	15%	39
Mindre än 10 minuter	11,90%	31
Över 11 minuter	7,30%	19
Över 20 minuter	1,50%	4
Svarande		260
Ej svar		0
Öppna svar		49



2. Hur upplevde du väntetiden?

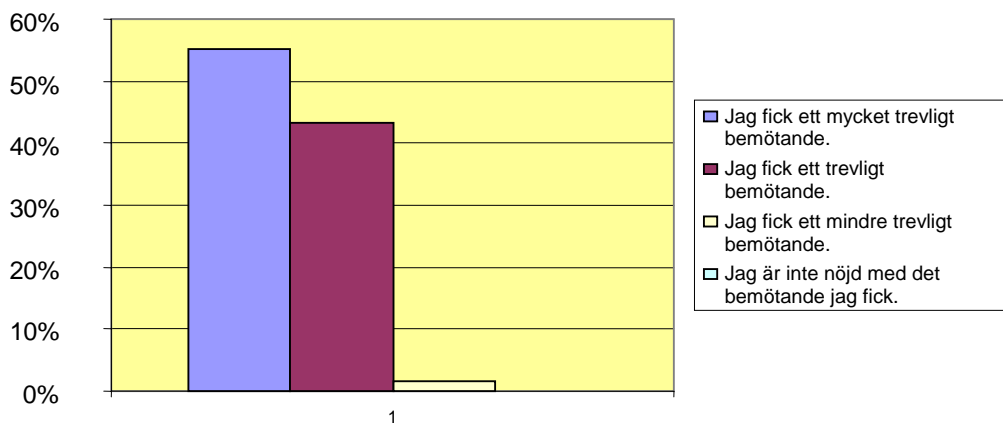
	Procent	Antal
Jag tycker att det är lång tid att vänta så länge.	24,40%	62
Jag tycker att väntetiden är ok!	58,70%	149
Jag väntar gärna för att få hjälp med mitt problem.	16,90%	43
Svarande		254
Ej svar		6
Öppna svar		28



3. När du kom fram till kundserviceavdelningen, hur tyckte du att bemötande var från den personen som svarade?

	Procent	Antal
Jag fick ett mycket trevligt bemötande.	55,20%	139
Jag fick ett trevligt bemötande.	43,30%	109
Jag fick ett mindre trevligt bemötande.	1,60%	4
Jag är inte nöjd med det bemötande jag fick.	0%	0

Svarande 252
Ej svar 8
[Öppna svar](#) 26



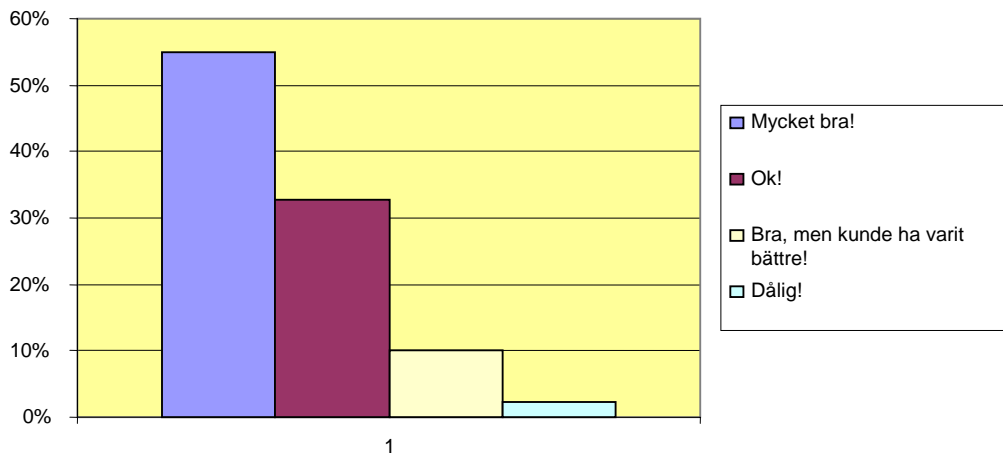
4. Vad tyckte du om den hjälp du fick?

	Procent	Antal
Mycket bra!	55%	138
Ok!	32,70%	82
Bra, men kunde ha varit bättre!	10%	25
Dålig!	2,40%	6

Svarande 251

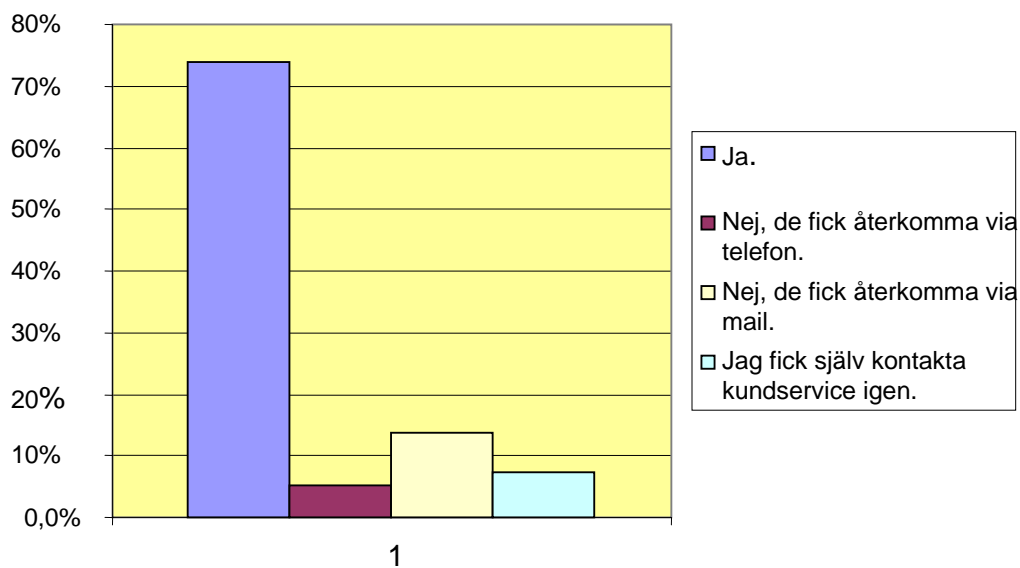


Ej svar 9
[Öppna svar](#) 21



5. Fick du svar på din fråga direkt i telefonen?

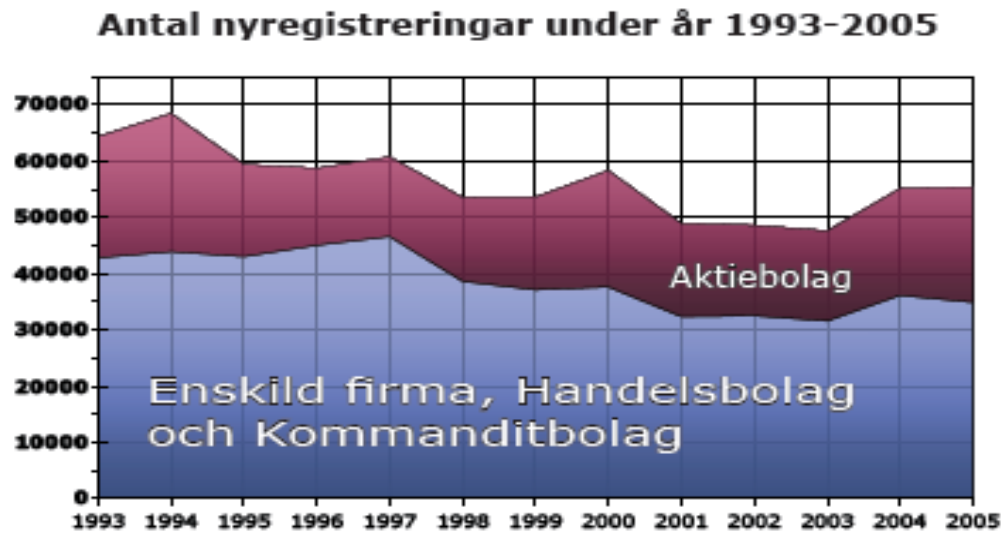
	Procent	Antal
Ja.	73,90%	184
Nej, de fick återkomma via telefon.	5,20%	13
Nej, de fick återkomma via mail.	13,70%	34
Jag fick själv kontakta kundservice igen.	7,20%	18
Svarande		249
Ej svar		11
Öppna svar		20





Appendix 3

The graph below shows the numbers of newly registered companies from 1993 to 2005. The area marked with purple symbolizes corporations, while the area marked with blue symbolizes sole proprietors, partnerships and partnerships with limited liability.



Source: <http://www.nyforetagarcentrum.se/PMBaro.2005.pdf>



Appendix 4

Västsverige	2005	2004	Halland	2005	2004
Ale	110	125	Falkenberg	167	176
Allingsås	190	201	Halmstad	491	445
Bengtsfors	43	37	Hylte	35	39
Bollebygd	49	38	Kungsbacka	457	461
Borås	547	590	Laholm	89	108
Dals-Ed	32	27	Varberg	279	274
Essunga	23	19	Totalt	1518	1503
Falköping	100	92			
Färjelanda	15	28			
Grästorp	17	21			
Gullsprång	22	18			
Göteborg	3863	4021			
Götene	42	45			
Herrljunga	37	36			
Hjo	26	30			
Härryda	179	183			
Karlsborg	19	25			
Kungälv	241	195			
Lerum	178	203			
Lidköping	154	129			
Lilla Edet	60	53			
Lysekil	52	75			
Mariestad	67	69			
Mark	173	132			
Melleryd	36	46			
Munkedal	44	38			
Mölndal	300	348			
Orust	102	80			
Skara	73	76			
Skövde	158	187			
Sotenäs	71	59			
Stenungssund	150	154			
Strömstad	88	115			
Svennljunga	61	39			
Tanum	67	84			
Tibro	29	30			
Tidaholm	42	37			
Tjörn	89	82			
Tranemo	52	34			
Trollhättan	204	213			
Töreboda	34	32			
Uddevalla	271	278			
Ulricehamn	97	80			
Vara	81	62			
Vårgårda	44	55			
Vänersborg	130	115			
Åmål	47	55			
Öckerö	61	66			
Totalt	8570	8757			



Appendix 5

