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**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

Master Degree Project in Knowledge-based Entrepreneurship

## **Are We Entering a Lucrative Market?**

A case study on resources and capabilities role for a start-up's market entry and future success

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ARE WE ENTERING A LUCRATIVE MARKET? – A CASE STUDY ON  
RESOURCES AND CAPABILITIES ROLE FOR A START-UP'S MARKET  
ENTRY AND FUTURE SUCCESS

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# Abstract

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**Master thesis in Knowledge-based Entrepreneurship, School of Business, Economics and Law at the University of Gothenburg, Spring Term 2014**

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**Title:** Are We Entering a Lucrative Market? - A Case Study on Resources and Capabilities Role for a Start-up's Market Entry and Future Success

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**Background and Problem:** Mymo is a new start-up formed in the year of 2013 and has recently entered the transportation and logistics industry with its IT-solution. For an entrepreneurial team the essential action is to enter a market, which involves an engagement in income generating activities. For a start-up, a fundamental decision that the entrepreneurial team has to take is which of the identified market opportunities to pursue or what market to enter. Lately, management and entrepreneurship research has started to deal with whether a company's pre-entry firm resources impact a company's choice of market entry or not.

**Purpose:** The purpose of this master thesis is to study the connection between pre-entry resources and capabilities and market entry, as well as to understand and explain how this connection has or has not been applied in a start-up company. The study will examine what kind of resources and capabilities the start-up company possessed at the time of market entry, and how these have influenced the start-ups choice of market entry. The study will also examine the start-ups future potential within the entered market. Accordingly, the study will comprise of both a theoretical- and a practical research problem.

**Method:** The chosen research design for this master thesis is a single case study on the start-up Mymo. In order to answer the purpose and research question(s) of this study qualitative semi-structured interviews have been performed with the entrepreneurial team of Mymo as well as with representatives from the transportation and logistics industry.

**Findings and Conclusions:** The study shows that the pre-entry resources and capabilities in Mymo have influenced the start-ups choice of market entry towards the transportation and logistics industry. Resources and capabilities such as core- and specialized resources and capabilities have been shown, where the pre-entry knowledge and experience of the founders' and the relationship with an important customer in the industry have been highly influential. Furthermore, a relationship has been found where the need and demand for the kind of service that Mymo provides have influenced the founders' decision to enter the transportation and logistics market. In addition, Mymo seems to have good potential to succeed within the entered market, but they need to gain some complementary resources in order to profit from the business.

**Key Words:** Resources, capabilities, market entry and start-ups.

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# 1. Introduction

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*This chapter will present the introduction, background and problem description for this master thesis, which will result in a coherent argument for the choice of study. The purpose and research question(s) will be presented, as well as the delimitations and disposition of the study.*

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## 1.1 Background

Each year, a number of start-ups are entering the market with the ambition to create long-lived and sustainable companies. According to Santarelli & Vivarelli (2007) about 20 – 40 % of new entering firms fail within the first two years, and only 40 – 50 % survive past the seventh year.

Mymo is a new start-up formed in the year of 2013 and is operating within the IT-industry. Mymo's business idea is to provide an IT-solution that enables companies to store, share and organize static data (pdf, photos, documents etc.) more effectively. The start-up has recently entered the market with its IT-solution, where the start-up decided to focus on customers within the transportation and logistics industry (See Appendix I for company description). The start-up is now in an ambiguous situation where the start-up needs to grow in order to survive in a competitive market. One question is if the start-up will survive in the future, or if it will become one of the 20 – 40 % entering firms that will fail within a time frame of two years.

Start-ups and entrepreneurship is often characterized by limited resources, and for a start-up, resources can play a large part in the emergence of the business, product development, growth and competitive advantage (Desa & Basu, 2013). According to theoretical and empirical literature, there has been a discussion regarding how firm resources contribute to organizational value and the performance and survival of the business (Gruber, MacMillan & Thompson, 2012; Gango & Agarwal, 2009). It is argued that the performance of a business can be a consequence of the fit between the firms' organizational resources and capabilities and the environmental conditions. (Helfat & Lieberman 2002; Gango & Agarwal, 2009)

For an entrepreneur or an entrepreneurial team the essential action is to enter a market, which involves an engagement in new, potentially income generating, activities. (Shepherd & Wiklund, 2005) For a technological start-up, a fundamental decision that the entrepreneur or entrepreneurial team have to take is which of the identified market opportunities to pursue or what market to enter. (Gruber, MacMillan & Thompson, 2012) Mymo's technological solution is a solution that can be applied in different areas of use and within different markets. Even though this is the case, Mymo finally decided to enter the market providing its solution to the transportation and logistics market.

Management and entrepreneurship research has for a long period of time been dealing with the relationship between firms' resources and performance. (Furlan, Grandinetti & Paggiaro, 2014; Andersén, 2011) Lately, research has started to deal with whether a company's pre-entry firm resources impact a company's choice of market entry. Even

though resources and performance have been extensively investigated, the research on the topic of resources and market entry is a relatively recent research area. Furthermore, the research on established and mature companies has been more extensive than the research on start-ups, where less information is available. (Helfat & Lieberman 2002)

Helfat & Lieberman (2002), argue that the mix of a firm's pre-entry resources and capabilities are important for the firm's choice of which market to enter. The authors also emphasize that the success or failure of a firm are likely to have much to do with a firm's fundamental resources and capabilities. Despite that this research area is argued to have a central role for the understanding of firm evolution, success and failure, limited knowledge exist about this topic. (Helfat & Lieberman 2002; Santarelli & Vivarelli, 2007)

## **1.2 Problem Discussion and Scope of Study**

As mentioned above, Mymo has recently entered the market where the start-up took the step towards the transportation and logistics market for its IT-solution. The entrepreneurial team of Mymo realized in an early stage that the solution could be applied in a lot of different markets. The interesting part here is why the start-up finally chose to enter the transportation and logistics market out of all of the possible market entries?

Given the possible relationship between a firm's resources and capabilities and its market entry (Helfat & Lieberman 2002), it would be interesting to investigate if this is a relationship that can be applied in the case of Mymo. Firstly, this is a topic where little research has been performed. Secondly, the research that has been performed on this topic is limited and is mostly focused on established firms and not start-up companies, where more research is necessary in order to understand the relationship. Thirdly, no research seems to have been performed on a start-up that recently has been or are in this situation of entering the market. (Helfat & Lieberman 2002) Even though research have been done on start-ups, many of them are start-ups that have been operating for a couple of years and the information is in that case not as current as in the case of Mymo. This will lead to a contribution to the current research on this topic in the way of further research on the area of start-ups and through a pervading study of one particular start-up company.

Furthermore, the previous research by Helfat & Lieberman (2002) argues that a firm's future success in a market can be predicted by the relationship between a firm's resources and capabilities and its similarity to the entered market's resource requirements. This is in addition an interesting perspective for Mymo who is currently entering a new uncertain market and who wonder if they are entering an appropriate market for their start-up. By combining the previous research with Mymo's current situation of entering the transportation and logistics market, an examination of the start-ups potential future success and survival can be performed. This will provide Mymo with an overview of their ongoing market entry as well as valuable information that can support the start-ups future strategic decision-making.

The scope of this study will include both a theoretical and a practical research problem. The theoretical research problem will consider the existing incomplete research on a start-ups resources and capabilities and market entry. The practical research problem will instead consider Mymo's unawareness of its suitability for the transportation and logistics industry and its future success within this industry.

### **1.3 Purpose & Research Question(s)**

The purpose of this master thesis is to study the connection between pre-entry resources and capabilities and market entry, as well as to understand and explain how this connection has or has not been applied in a start-up company. The study will examine what kind of resources and capabilities the start-up company possessed at the time of market entry, and how these have influenced the start-ups choice of market entry. The study will also examine the start-ups future potential within the entered market. With help of qualitative interviews with the entrepreneurial team of Mymo as well as with representatives from the transportation and logistics industry, insights will be gained about the start-ups business and business environment, which will be crucial in order to perform this study.

To achieve the purpose of this master thesis, the following research question(s) have been identified:

*How has Mymo's pre-entry resources and capabilities influenced or not influenced the start-up's choice of market entry?*

Furthermore, a couple of sub questions have been identified in order to reach the above research question:

1. *What kind of resources and capabilities did the start-up possess at the time of market entry?*
2. *What kind of resources and capabilities are valuable in the entered market?*

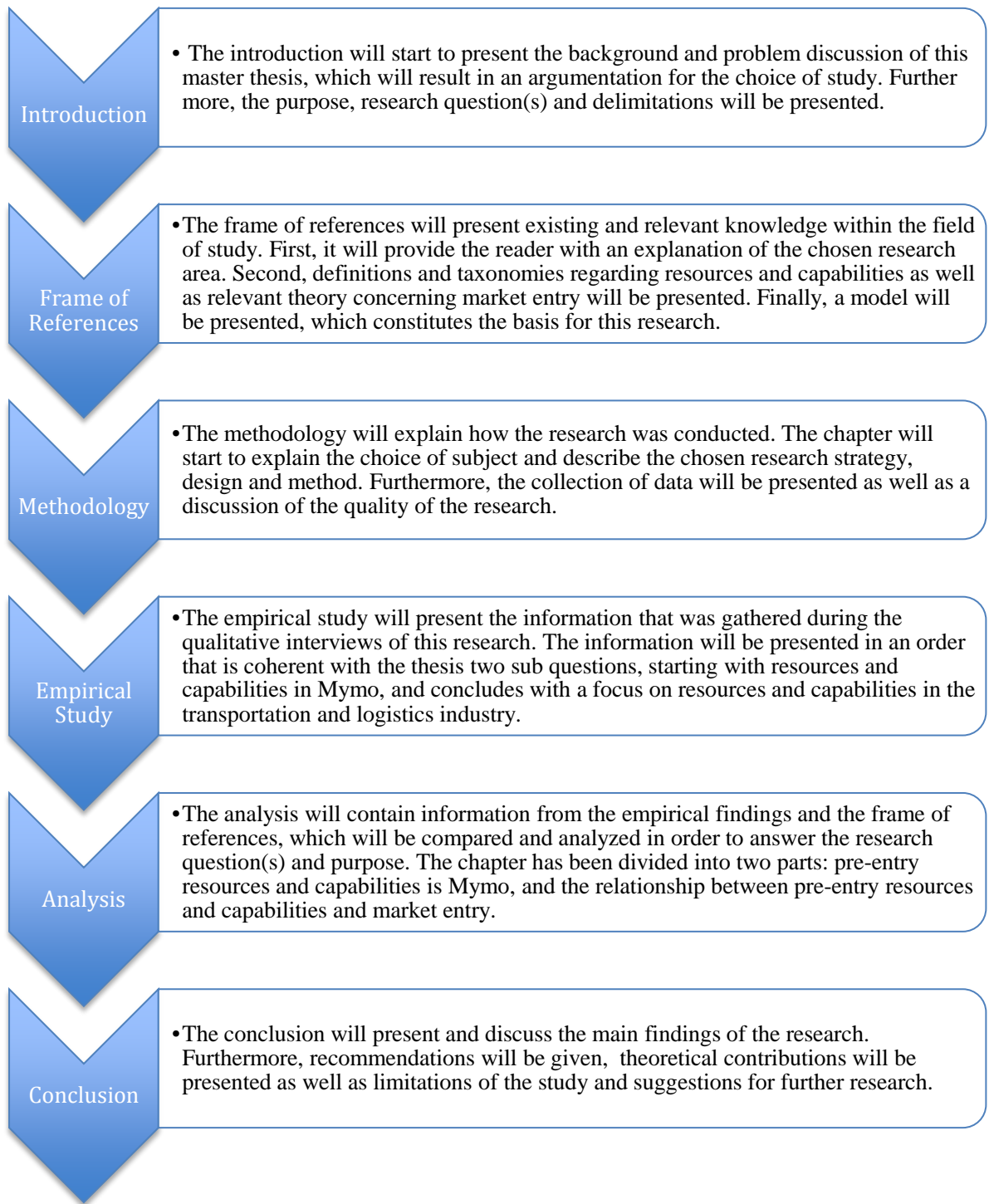
The above research question(s) have first and foremost been constructed in order to answer the theoretical research problem. However, these research question(s) will also enable the examination of the practical research problem. The research question(s) will therefore also be utilized in order to answer the practical research problem of this study, which will provide Mymo with recommendations for their future operation within the transportation and logistics industry.

### **1.4 Delimitations**

This master thesis is written in the field of entrepreneurship and strategic management. Its focus will be on start-ups and it will exclusively examine one particular start-up: Mymo. The thesis will only investigate resources and capabilities, and its affect on Mymo's market entry towards the transportation and logistics industry. Consequently, the thesis will not investigate any other external factors, such as competition in the market etc. that might affect a start-ups market entry. Furthermore, due to limited research within this research area a large part of my research will be based on Helfat & Lieberman (2002) taxonomy of pre-entry resources and capabilities, but the research will moreover be complemented by other

taxonomies of resources and capabilities in order to reach a broader examination. The reason why the taxonomy by Helfat & Lieberman (2002) have been chosen is since (1) it appears to be the most recent research related to this study, (2) it provides the widest starting point and information that have been discovered when examining the material, (3) and it relies on David J. Teece's developed taxonomies of resources and capabilities, which gives credibility to the research and utilized taxonomy.

## 1.5 Disposition



## 2. Frame of references

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*This chapter will present relevant knowledge and discussions regarding this field of study. The chapter will begin with an explanation of the chosen research area with a corresponding historical overview. Following, definitions and taxonomies regarding resources and capabilities as well as relevant theory concerning market entry will be presented. The chapter will conclude with an explanation of how the research will be performed with help of a designed research tool.*

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### 2.1 An introduction: Strategy & Resources

Resources and capabilities and its influence on firm performance are an area within the strategic management research, and have been a major area of interest for over twenty years. Furthermore, the resource-based theory (RBT) has been developed and has become a predominant theoretical framework in strategic management research. (Andersén, 2011) Strategic management is important for all kinds of organizations, since it provides a structured process of analysis where tools and frameworks are utilized to study the external and internal environment. It also provides organizations with a logical approach to strategic decision-making. (Jeffs, 2008)

The RBT and the resource-based approach (RBA) can be said to have emerged during the aftermath of the collapse of strategic planning models when an increased interest appeared for the strengths of individual firms. The RBA can arguably be dated back to 1984. During this time two seminal articles were published: one by Birger Wernerfelt ‘A resource-based view of the firm’, and another one by Richard P. Rumelt, ‘Towards a strategic theory of the firm’. These authors have in themselves been drawing on older works and contributions by, amongst others, Philip Selznick, Edith Penrose and Alfred Chandler. (Foss, 1997)

The RBA have been open to a number of influences and consist of different branches. One can talk about two ways of framing the RBA: ‘the traditional resource-based approach’ and ‘the dynamic capabilities and core competencies approach’, which will be further described here below. (Foss, 1997)

### 2.2 A Historical Overview

#### 2.2.1 The Resource-Based Approach

The RBA’s most prominent characteristic is its focus on the firm’s internal strengths, so called resources, (Shepherd & Wiklund, 2005; Foss, 1997) and the approach represents an understanding of the origins and persistence of superior performance. (Leiblein, 2011) The approach attempts to explain the internal resources of a firm’s sustained competitive advantage (SCA) and why firms in the same industry might differ in performance. (Kraaijenbrink, Spender & Groen, 2010)

Many authors have contributed to the RBA, such as Edith Penrose, Jay B. Barney, Birger Wernerfelt, Richard P. Rumelt etc. (Foss, 1997) Edith Penrose utilizes a subjective resource approach and emphasizes (among others) an conceptual distinction between resources and the services of resources. (Kor, Mahoney &

Michael, 2007) The author has furthermore analyzed managerial activities and decisions, organizational routines and factors that limit a firm's growth prospects. (Penrose, 2009) Jay B. Barney focuses on the link between resources and SCA, and discusses four empirical indicators for a firm to generate SCA, the so called VRIN attributes, which argues that resources should be valuable, rare, imperfectly mobile, and non-substitutable. (Andersén, 2011; Barney, 1991) Furthermore, Birger Wernerfelt and Richard P. Rumelt contribute to the research and advance the RBA on both competitive advantage and growth, discussing resource heterogeneity and resources endowments etc. (Foss, 1997)

### **2.2.2 The Dynamic Capabilities and Core Competencies Approach**

In comparison to the RBA, the dynamic capabilities and core competencies approach considers dynamic factors relating to resource accumulation, innovation, organizational learning, competence-building etc. (Foss, 1997) The performed work in this area accentuate skills that affect the rate of a firm's ability to respond to exogenous change, such as consumer, regulatory or technological change. The various works have proposed different categorizations for specific types of adaptations or changes to a resource base. (Leiblein, 2011)

Important authors within this area are e.g. C. K. Prahalad & Gary Hamel, David J. Teece, Richard R. Nelson, Alfred Chandler etc. Prahalad & Hamel (1990) wrote a successful article 'The core competence of the firm', and instead of talking about specific types of resources, which e.g. Jay B. Barney and Birger Wernerfelt are discussing, the authors are discussing core competences of the firm. (Foss, 1997) Core competencies can be described as a mix of complex resources and skills that provide a distinctive competitive advantage. (Jeffs, 2008) Furthermore, David J. Teece instead focuses on and discusses dynamic capabilities, which are seen as the key asset of the firm. (Foss, 1997) Alfred Chandler accentuated the importance of skills and learning for the enterprise, such as trained personnel with manufacturing, marketing, engineering and managerial skills. These skills are important to organizational capabilities and can be utilized in order to enter new product lines and markets. (Teece, 2010)

The RBA and the dynamic capabilities and core competencies approach can be perceived as a bit confusing, since the approach is characterized by different terminology in order to characterize the key strengths on firms. (Foss, 1997) The authors' that has contributed to this field of study has developed different kinds of terminologies, perspectives and approaches, which have been built on of more recent research.

An overview of the research field within resources and capabilities has now been presented in order for a broader understanding. Further on, a deeper discussion will be presented on resources and capabilities related to this study.

## 2.3 Definitions & Distinctions

### 2.3.1 Definitions of Resources

Earlier research concerning resources has resulted in a wide range of definitions. Some of them will be presented here below:

*“Firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”.*  
(Barney, 1991, p. 101)

*“Anything, which could be thought of as a strength or weakness of a given firm”.*  
(Wernerfelt, 1984, p. 172)

*“Include the physical things a firm buys, leases, or produces for its own use, and the people hired on terms that make them effectively part of the firm”.*  
(Penrose, 2009, p. 67)

*“Stocks of available factors that are owned or controlled by the firm”.*  
(Amit & Schoemaker, 1993, p. 35)

Considering the above definitions, one can distinguish some commonalities among the definitions. Firstly, all the definitions accentuate that resources include some kind of assets, which here are broadly defined in both tangible and intangible assets. Secondly, these assets should belong to or be controlled by the firm. Thirdly, they enable the firm to function effectively.

### 2.3.2 Definitions of Capabilities

According to previous research, capabilities have been defined in several ways. Here below, some of the definitions of capabilities will be presented:

*“Adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment”.*  
(Teece, Pisano & Shuen, 1997, p. 515)

*“The firm’s processes that use resources—specifically the processes to integrate, reconfigure, gain and release resources—to match and even create market change”.*  
(Eisenhardt & Martin, 2000, p. 1107)

*“Dynamic capabilities involve adaptation and change, because they build, integrate, or reconfigure other resources and capabilities”.*  
(Helfat & Peteraf, 2003, p. 997)

*“A firm’s capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end”.*  
(Amit & Schoemaker, 1993, p. 35)

Analyzing the above definitions, one can discover commonalities among the definitions. Firstly, it is described that the firm use or deploy e.g. resources, competences and skills. Secondly, these are used in combination with organizational processes, such as to integrate, reconfigure and to adapt the resources, competences and skills. Thirdly, this is done in order to effect or create a desired end result, such as to match market changes or to create a market change.

### 2.3.3 Key Distinction Between Resources and Capabilities

According to Ferreira, Azevedo & Ortiz (2011) there exists a key distinction between resources and capabilities. Resources are inputs into the production process, and individual resources of the firm include items such as capital equipment, intellectual assets, patents and brand names etc. A capability on the other hand is a team of resources capacity to perform some task or activity. Resources are seen as the source of the firm's capabilities, while as capabilities are seen as the main source of its competitive advantage.

## 2.4 Taxonomies of Resources and Capabilities

A large amount of various classifications of resources and capabilities have been employed by previous research. (Helfat & Lieberman, 2002) Since its large amount of classifications, not all of them will be presented in this section. In this part, relevant classifications and taxonomies for this particular master thesis will be discussed and presented.

To begin with Ferreira, Azevedo & Ortiz (2011) present a possible classification of resources, despite the fact that a wide diversity of resources exist:



This is parts of the classification and presents a broader picture of what kind of resources and capabilities that can be possessed in a firm.

### 2.4.1 Tangible & Intangible Resources

In nature, firm resources can either be tangible or intangible, or a combination of both. (Ferreira, Azevedo & Ortiz, 2011; Coley, Lindemann & Wagner, 2012) Tangible resources can be described as to include, amongst others, capital; access to capital; equipment and location (Ferreira, Azevedo & Ortiz, 2011; Lerner & Almor, 2002), while as intangible resources consist of knowledge; skills; intellectual property rights of patents, trademarks etc.; subjective resources of networks, organizational culture and the reputation of product and company etc. (Ferreira, Azevedo & Ortiz, 2011; Hall, 1992) According to Baxter & Matear (2004) tangible resources can be part of resources, which are categorized as financial and physical resources. Intangible resources can on the other hand be part of resources that belongs to human, organizational, relational and informational resources.



### **2.4.2 Strategic Resources**

Strategic resources are argued to be those resources that are the basis for a company's SCA. (Rangone, 1999) These resources are often built through organizational learning, and are not bought or picked up in factor markets. For example, entrepreneurship, management and knowledge-based resources such as innovation and production capabilities have been identified as strategic resources. (Andersén, 2011)

### **2.4.3 Human Resources**

Human resources consist of unskilled and skilled labor, administrative, technical and managerial staff etc. (Foss, 1997) Shepherd & Wiklund (2005) talks about human resources in the way of human capital, where they refer human capital to the knowledge and skills that assist in successfully engagement in new entries of products and markets. The authors describe human capital as the knowledge, skills and experience of an individual and that this can be divided into general and specific human capital. General human capital of an entrepreneur is often operationalized as education, and is particularly important for small business managers since general knowledge provides a basis for that new information can be recognized, accessed and integrated into one's existing knowledge. Furthermore, the more general human capital a small business manager possess, the faster the manager can learn new things. More general human capital also provides the manager with a greater opportunity set, where it will be easier to discover and generate growth opportunities. Specific human capital on the other hand refers to knowledge, skills and experience that are applicable to entrepreneurial activities, but which are not applicable outside of this domain. For example, previous start-up experience is one of those and might provide the manager with expertise in creating and running a business. Furthermore, it will provide the manager with knowledge that will be of importance when judging the relevance of new information, and will help to better assess the 'real' value of new opportunities and enhance performance. (Shepherd & Wiklund, 2005) People that have started their own business are therefore more likely to be better informed than those who never entered the market with their own business. (Stam, Thurik & Van der Zwan, 2010)

### **2.4.4 Social Resources**

When speaking of social resources, one is often talking about social capital. Social capital can be conceptualized as sets of social resources that are embedded in relationships and where resources will be available through the social connections. (Drakopoulou, Jack & Anderson, 2006) Aldrich & Zimmer (1986) argues that an entrepreneur is embedded in a social network, which plays a critical role in the entrepreneurial process. Furthermore, social networks have been defined as a set of actors (individuals or organizations) and a set of linkages between the actors. (Hoang & Antoncic, 2003; McKelvey & Lassen, 2013)

An entrepreneur requires e.g. information, capital, skills and labor in order to start business activities. Some of these resources the entrepreneur holds on its own, while as other resources, the entrepreneur complement by accessing its contacts. (Greve & Salaff, 2003) Social capital can help entrepreneurs and managers to access resources that are difficult to find and buy, and enhance the access to information about new opportunities as well as equipment, financial capital, advice and can facilitate the discovery of opportunities. (Shepherd & Wiklund, 2005)

Networks such as relationships with academia, industry, investors and customers can consist of formal and informal networks. (Shepherd & Wiklund, 2005; McKelvey & Lassen, 2013) Informal networks comprise of independent firms that are linked by common interests, friendship and trust. Family and friends can also play an important role. (Shepherd & Wiklund, 2005; Greve & Salaff, 2003) These informal relationships mean that exchanges often can take place without the need for contracts, and that strong network ties exist. (Shepherd & Wiklund, 2005; Smith & Lohrke, 2008) Formal networks can consist of contacts with support agencies or through e.g. membership of formal trade associations. These ties enhance resource accessibility and predictability. (Shepherd & Wiklund, 2005)

An entrepreneur's reliance on networks continues after the start-up stage and is still important for the exchange of information, advice and emotional support. In addition, these networks can also be important for the reputation of the start-up, and many entrepreneurs seek legitimacy by gaining certification from well-regarded individuals and organizations. (Hoang & Antoncic, 2003; Navis & Glynn, 2010)

#### **2.4.5 Organizational Resources**

According to Barney (1991) organizational capital resources consist of the firm's formal reporting structure, its formal and informal planning, controlling and coordinating systems. It also consists of informal relations within a firm and between those in its environment. Furthermore, Doherty & Terry (2013) mentions organizational resources such as structure, knowledge, culture and leadership capabilities. In addition, Holsapple & Joshi (2001) talks about two types of organizational knowledge resources, which are employee knowledge (also human capital) and physical systems (machinery, databases etc.).

### **2.5 Taxonomies of Resources and Capabilities focusing on Market Entry**

Above, an explanation of different kinds of resources and capabilities has been presented in order to get a better understanding of the various classifications. Moving on, the focus will now be on different resources and capabilities that have been analyzed by studies focusing on market entry. Therefore, an explanation of the previous research by Helfat & Lieberman's (2002) two taxonomies of pre-entry resources and capabilities has been chosen and will mainly be discussed.

#### **2.5.1 Overview of Previous Research**

The closest related previous research by Helfat & Lieberman (2002), is analyzing the birth of capabilities and resources within organizations and industries, at the time of market entry. This research bases its analysis on a diverse and sparse collection of prior studies on market entry and the resources and capabilities of individual firms. The research focuses on both established companies and less established companies, such as start-ups.

The main findings in this study are that the pre-entry resources and capabilities of firms have an important impact on the firm's decision to enter a market, and that it also impact the mode, timing and success of the entry. A consistent theme is found where: a greater similarity between pre-entry firm resources and the required resources in an industry will create a greater likelihood that a firm will enter that

industry, and thus survive and prosper. Moreover, resource gaps are also discussed as having an impact on the likelihood, speed and mode of entry.

In comparison to my study, I will only focus on start-ups. Therefore the above previous research by Helfat & Lieberman (2002) has been examined, and only the parts that concern start-ups has been included in this study and in the further explanation of the previous research here below.

### 2.5.2 Explanation of Previous Research

The resources and capabilities in these taxonomies are organized through two dimensions:



These two taxonomies both overlap somewhat but also capture different attributes. Anyhow, it is argued by Helfat & Lieberman (2002) that both of the taxonomies are useful in order to analyze market entry.

Figure 1: Pre-entry resources and capabilities (Helfat & Lieberman, 2002, p. 732)

Core versus complementary resources and capabilities	
<p>Core resources and capabilities: Knowledge required to create a product or service</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Technological knowledge</li> <li>• Knowledge of customer needs</li> </ul>	<p>Complementary resources and capabilities: Resources and capabilities needed to profit from core resources and capabilities</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Finance</li> <li>• Marketing and sales</li> <li>• Distribution and logistics</li> <li>• Customer service</li> </ul>
Specialized versus generalized resources and capabilities	
<p>Specialized resources and capabilities: Resources and capabilities that are more specialized to particular settings</p> <p>Functional area resources</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Marketing</li> <li>• Research and development</li> <li>• Distribution</li> </ul> <p>Intangible resources</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Relationships with buyers, suppliers</li> <li>• Brand name</li> <li>• Patents and trademarks</li> </ul> <p>Market-specific knowledge</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Industry conditions</li> <li>• Country or regional conditions</li> </ul>	<p>Generalized resources and capabilities: Resources and capabilities that can be applied in a broad range of settings</p> <p>Functional area resources</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Financial capital</li> </ul> <p>General organizational capabilities</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Transfer of knowledge</li> <li>• Management of multiple businesses (single location or geographically dispersed)</li> </ul> <p>Mode of entry capability</p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> <li>• Acquisition</li> <li>• Joint venture</li> </ul>

### **2.5.3 Core versus Complementary Resources and Capabilities**

The first taxonomy is based on Teece's (1986) description of core and complementary resources and capabilities. Helfat & Lieberman (2002, p.732) describes these as knowledge that is required to create a product or service, and includes core technological knowledge as well as knowledge of customer needs. Complementary resources and capabilities, on the other hand, is described as those resources and capabilities that is required to profit from core knowledge, and includes finance, manufacturing, marketing, sales, customer service and distribution.

### **2.5.4 Specialized versus Generalized Resources and Capabilities**

The second taxonomy is also based on Teece (1980; 1982) and distinguishes between specialized and generalized resources and capabilities. Specialized resources and capabilities are seen as being specific to certain settings and are therefore useful in a limited range of environments. According to Helfat & Lieberman (2002, p. 733) specialized resources and capabilities include functional activities as R&D, marketing and distribution. These tend to be tailored in different ways to fit the technologies, operations and products that the firm operates within. Other specialized resources and capabilities are organizational knowledge that may be specialized to certain types of technologies, industries or market contexts, as well as patents (technology-specific), brand names (product-specific), and relationships with buyers and suppliers.

Generalized resources and capabilities can on the other hand be applied in a broad range of environmental settings. Some of them are functional area resources and capabilities, which can be applied in many markets such as financial skills and capital. They also include general organizational capabilities e.g. organizing business units and transferring knowledge between business units. Another generalized capability that is discussed is the ability to use particular modes of entry to successfully enter a new market, such as acquisitions or joint ventures, but this is more relevant to established firms and not start-ups. Generalized resources and capabilities are also useful in a larger range of markets and provide a broader platform for market entry. (Helfat & Lieberman, 2002, p.733)

Furthermore, it can be difficult, when reading this literature, to determine if a resource or capability is specialized or generalized, and sometimes they seem to fall somewhere in between. The two taxonomies may as well (as mentioned above) overlap sometimes, whereas some core resources sometimes tend to be specialized to particular technologies, products or services, and where complementary resources can be either specialized or generalized. In nature, complementary resources such as marketing or customer service are specialized, while as financial capital are more generalized. (Helfat & Lieberman, 2002, p.733)

## **2.6 Start-ups and Their Choice of Market Entry**

Following the definition of market entry that Helfat & Lieberman (2002, p. 726) accentuates, a market entry can be referred to the initial production of a product, or the provision of a service (for the targeted market).

The literature argues that the choice of a start-ups market entry will be affected by its founders' pre-entry knowledge and experience. (Helfat & Lieberman, 2002, p 743; Stam, Thurik & Van der Zwan, 2010) For example, it is argued that the founders'

previous employments influence the choice of market entry. From this experience the founders might have knowledge of the industry's suppliers and customers, which might be valuable resources to employ if entering that industry. It is also argued that if the founders themselves have previously been users of the type of product or service that the company is selling, they might get a better understanding of emerging consumer preferences within this industry. (Helfat & Lieberman, 2002, p 743)

Furthermore, the previous research discuss a common evidence for all types of companies (not just start-ups), which is the importance of similarity or matching between a company's pre-entry resources and capabilities and the required resource profile of the market of entry. This is argued to affect which market the company chooses to enter. There exist a greater likelihood of entering a specific market, the greater the similarity of pre-entry resources and capabilities to the resources of value in the industry of entry are. Furthermore, it is argued that it is the specialized pre-entry technological and market-related knowledge of founders that in particular affects the choice of market entry. (Helfat & Lieberman, 2002, p 742-743)

In addition, sometimes some of a company's pre-entry resources and capabilities do not contribute to the market the company wants to enter or simply the company requires additional resources to enter a market. In this case, some resource gaps might occur, and it is common for a company to fill these gaps by seeking partners (if the resources cannot be obtained in an easier way in order to enter a specific market. (Helfat & Lieberman, 2002, p 744)

A start-up often enters markets that fit the company's limited resource base. These are often environments with high uncertainty (uncertainty about customer need) but low costs (low resource requirements) of entry. (Helfat & Lieberman, 2002, p. 747)

## **2.7 Start-ups and Their Success of Market Entry**

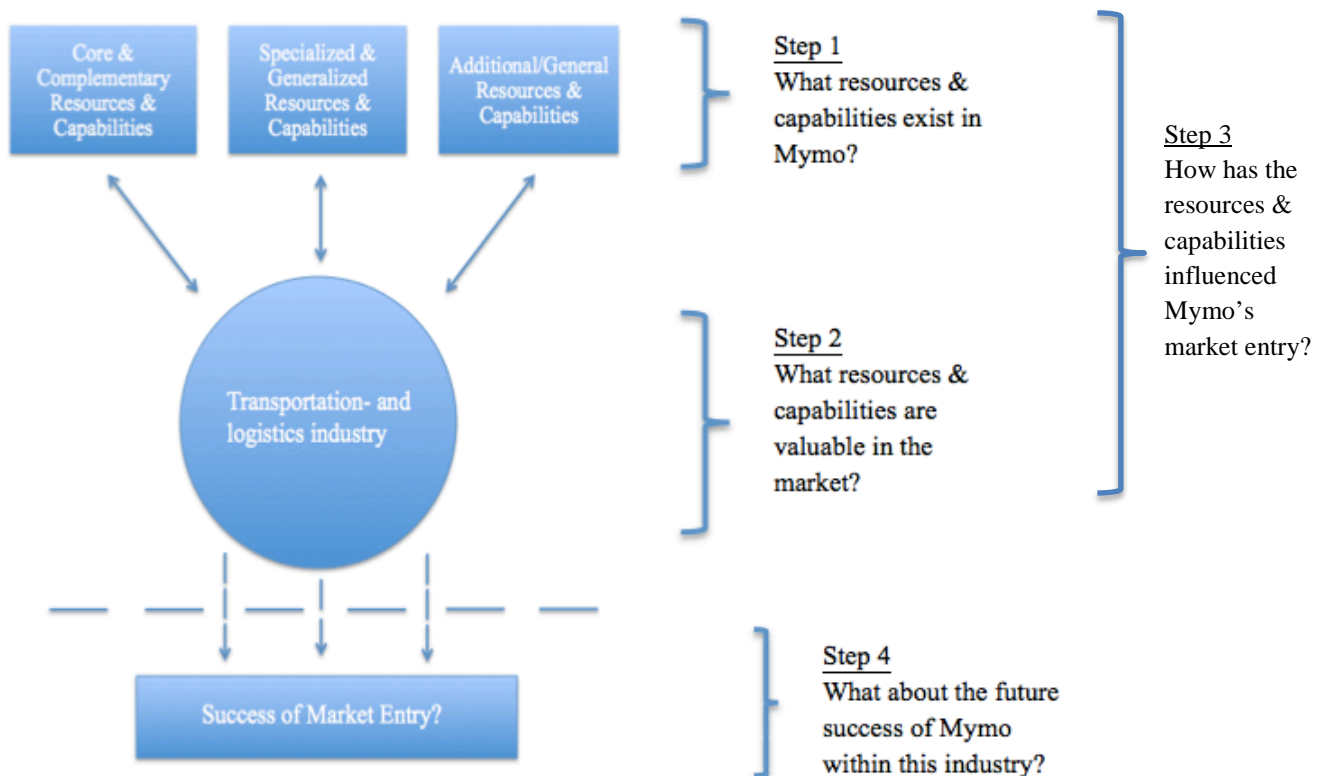
The same pre-entry resources and capabilities that increase the likelihood of entering a certain market, is argued to enhance the success and performance of a start-ups market entry. (Helfat & Lieberman, 2002, p. 750-753) Examples can be drawn from a study by Klepper (2002), which investigated the automobile industry on both established firms and start-ups. In this study, the author discovered that start-ups with relevant pre-entry experience to the industry, survived longer than other start-ups that entered the industry. It is thus the similarity or matching that has been mentioned earlier by Helfat & Lieberman (2002, p. 743) that is expected to affect the start-ups success of entry.

## **2.8 Concluding Remarks**

The frame of references has provided a deeper understanding of the chosen research area. The chapter started with a historical background description of the strategic management research including the resource-based approach and the dynamic capabilities- and core competencies approach. Definitions and distinctions of resources and capabilities have been discussed, as well as taxonomies of resources and capabilities, both in general and more related to a company's market entry. Moving on, a research tool will be presented, which has been designed with help of the above literature and which will support the research in order to achieve the purpose and research question(s) of this master thesis.

## 2.9 Research Tool

Figure 2: Research tool



1. In the first step I will look at what kind of resources and capabilities that have been found in Mymo with help of the empirical findings. This step will answer the first sub question of the research question and interview questions 1-3 (See Appendix II) will be discussed more into depth.
2. In the second step I will look at the transportation and logistics industry in order to understand the market and what kind of resources and capabilities that are valuable in the market. This step will answer the second sub question of the research question and the interview questions with the industry (See Appendix III) will be discussed.
3. In the third step I will focus on how the resources and capabilities has influenced the start-up's market entry. Here I will present the connections and disconnections that have been found from the empirical findings of Mymo and the transportation and logistics industry. This step will answer the main research question, and all of the interview questions will be analyzed.
4. In the fourth step I will investigate Mymo's future success within the market. Here I will present my findings and discuss them in order to draw conclusions and to make recommendations for Mymo.

This research tool will support the research and the structure of this report. Step 1 and 2 will be visible in both the empirical study and the analysis while as step 3 and 4 mainly will be part of the analysis. Step 1-3 will answer the theoretical research problem while as step 4 is performed to answer the practical research problem.

## 3. Methodology

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*This chapter will explain the choice of subject as well as the research- strategy, design and method. Furthermore, the data collection will be explained as well as a discussion regarding the quality of the study. The aim of this chapter is to provide an understanding for how this research has been carried out.*

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### 3.1 Choice of Subject

The subject of this master thesis was chosen as a consequence of a combination of been working with Mymo within the master program: Knowledge-Based Entrepreneurship at the School of Business, Economics and Law at the university of Gothenburg and of finding an interesting area of study, which were in need of further research. This area of study was finally decided after a thorough background search within resources and capabilities as well as in different similar areas. After been investigating interesting subjects for this master thesis, one particular area of interest were found, which were focusing on a company's market entry. When this area of study was discovered relevant research designs were considered. An excellent combination was found between this area of study and Mymo, since Mymo just are in this situation of entering the market, and could in this way contribute to further research in this area of study.

### 3.2 Research Strategy

After the subject for this master thesis had been decided a relevant research strategy was chosen. In order to answer the research questions a qualitative research strategy was chosen to make it possible for a deeper investigation and to provide the author with a better and comprehensive understanding of the subject. This is in accordance to what Sreejesh, Mohapatra & Anusree (2014) mentions about qualitative research strategies, which allows the author to generate richer data and to get a human perspective behind the findings that makes it easier to understand the area of study.

With help of qualitative data the author will be able to find out and explain what has influenced the start-ups market entry and to further make recommendations for Mymo. To be able to perform the study the qualitative research strategy was based on a limited amount of previous research, especially by Helfat & Lieberman (2002) in order to investigate how the presented resources and capabilities had influenced Mymo's market entry and to contribute to a limited explanatory previous research. With this approach the author have more or less utilized deductive theory, where the author first used theory in order to collect the findings. The author have though not created any hypothesis from the theory, since the purpose was not to reject or not reject any particular phenomena, but to explain and to further contribute to the limited research area. Typically, a qualitative research strategy is associated with an inductive approach where theory is the outcome of the research. (Bryman & Bell, 2007) Anyhow, this is argued to depend on the author's purpose of the research and some times deductive approaches can develop theories as well. (Bryman & Bell, 2007; Merriam, Sharan & Nilsson, 1994) In this research the author is aware of that one can argue for both a deductive and an inductive approach since the purpose of the research is to understand and explain a phenomena that is almost entirely based on

one specific previous research. According to Bryman & Bell (2007) one should be cautious with the terms regarding deductive and inductive theory in these contexts. The author argue that none of the approaches matches perfectly to the research but that a deductive approach is utilized when comparing theory with the empirical data, and that an inductive approach is utilized when drawing conclusions from the empirical data. In addition, the author do not consider the research to be of an iterative approach, which are more related to grounded theory with a constant weaving back and forth between data and theory. (Bryman & Bell, 2007)

### **3.3 Research Design**

The chosen research design for this master thesis is a single case study on the start-up Mymo. A case study entails a detailed and intensive analysis of a single case, which in this case will be on a single organization. (Bryman & Bell, 2007) A case study was chosen, as described above, because of a good fit between Mymo and the chosen area of study, but also because of a desire from the author to execute a detailed explanation of the area of study. After a thorough background search on the chosen area of study, it was discovered that not much research had been executed in this area of study and that none or almost none had been executed on a single organization representing a start-up. By choosing a case study as a research design, the author will be able to provide an in-depth elucidation of the research area on this particular organization and to provide the research with a new investigation and material for future theoretical building. (Bryman & Bell, 2007; Merriam, Sharan & Nilsson, 1994)

The case study utilized a qualitative approach, which is a common approach in case studies. A qualitative approach in case studies often has the purpose to understand the content of a phenomenon or an experience, which corresponds to the aim of this master thesis: to understand and explain the connection between Mymo's pre-entry resources and capabilities and its market entry. (Bryman & Bell, 2007)

### **3.4 Research Method**

In order to gather valid and reliable qualitative data that is relevant for the purpose and research questions of this master thesis, interviews were conducted. The interviews were structured in a semi-structured way, meaning that a list of themes and questions was formulated, and covered during the interview. Additional questions were also asked when needed in order to explore and cover the purpose of the research. (Saunders, Lewis & Thornhill, 2007) This method was chosen since the author believes it to be a good way of collecting qualitative evidence that could answer the study's research question. (Bryman & Bell, 2007)

The semi-structured interviews were conducted with the three founders of Mymo: Jon Högström, Kim Bjereld and André Emilsson as well as with two representatives from the industry. From the industry, two employees at Ntex, which is a customer of Mymo were interviewed: Mats Rodin (Mats) and Christian Fihn (Christian) in order to get a better understanding of Mymo's business environment and the industry the start-up have entered.

In order to conduct the semi-structured interviews, two separate interview guidelines was made. One for the three founders of Mymo, focusing on pre-entry resources and



capabilities and market entry within Mymo, and one for the representatives of the industry, which was focusing on resources and capabilities within the transportation and logistics industry. These interview guidelines made it possible for the author to stay on topic and to make sure that the questions the author required answers to was covered. However, the author was at the same time able to ask additional questions when the author found it relevant in order to gain a more comprehensive view of the research area. Here, it was important to not ask leading questions since this can bias the interviewee's answers. (Bryman & Bell, 2007)

The interviews was conducted face-to-face after arrangement with the interviewees regarding time and place. Before the interviews, the interviewees were provided with a copy of the principal questions in order to gain a brief overview of the topic to be discussed. The interviews were performed individually with each of the interviewees and took about one hour to execute. All of the interviews were recorded and transcribed in order to register the answers with a greater exactness and to ensure a thorough assessment of the interviews. On the other hand, a disadvantage of recording the interviews can be that the person that is being interviewed might have responded more spontaneous to the questions if a recorder had not been utilized. (Patel & Davidsson, 2011)

### **3.5 Data Collection**

In order to collect relevant data for this master thesis both primary and secondary data has been collected. The work process started off with the collection of secondary data, which consisted of literature and scientific articles from earlier research concerning primarily resources, capabilities and market entry. This collection of data was necessary in order to form the theoretical framework and to gain an understanding and overview of the current literature and research within this field of study. The primary data formed the empirical data of this master thesis and consisted of qualitative semi-structured interviews with five respondents as well as email contact with the respondents when in need of further explanation and understanding.

### **3.6 Research Quality**

All research aims to produce valid and sustainable results, which can guarantee the reader a trustworthy research (Merriam & Nilsson, 1994). When performing a qualitative case study, the concepts of reliability and validity are often discussed when talking about the quality of the study (Patel & Davidsson, 2011).

#### **3.6.1 Reliability**

Reliability pertain to what extent the research results can be replicated. (Merriam & Nilsson, 1994) This is a difficult criterion to meet in a qualitative research due to the changing settings in the investigated environment. (Bryman & Bell, 2007) In this study the author has tried to increase the reliability by obtaining a thorough documentation of the research procedure. The author has e.g. conducted interview guidelines, recorded the interviews and transcribed the interviews (on the same day as the interviews was performed). Furthermore, the interviews was held in Swedish since all of the interviewees mother tongue was Swedish and it was therefore simpler and more efficient to execute the interviews in that language. The author therefore had to translate the interviews into the English language since this is a requirement of the

master thesis. The author is therefore aware of that the translation might have influenced the content of the interviewee's responses to a certain extent.

### **3.6.2 Validity**

The concept of validity can according to Merriam & Nilsson (1994) be divided into internal validity and external validity. Internal validity concerns to what extent a question is actually measuring what the researcher intends to measure, while as external validity concerns the fact whether a research is applicable in other situations than the investigated one, thus if the results are generalizable. In order to increase the internal validity a well-formulated research question with corresponding sub questions was formulated, which supported the direction of the study. Furthermore, the interview persons had all good insight in the investigated research topic. In the second case, it is difficult to support generalizability in a case study since a single case typically cannot be representative and applied to other cases. (Bryman & Bell, 2007)

## 4. Empirical study

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*This chapter will present the collected empirical data that has been gathered during the qualitative interviews. The findings will first present a background description of the founders' of Mymo, following a presentation of different kinds of resources and capabilities within the start-up. This first part will reflect step 1 in the research tool. The chapter will then conclude with findings related to the transportation and logistics industry, which reflects step 2 in the research tool.*

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### 4.1 Resources and Capabilities in Mymo

#### 4.1.1 Background of the Founders

##### **Jon Högström:**

Jon Högström (Jon) has an educational background in technology and work experience from amongst others consultancy. Jon went to high school in Gothenburg at Portella gymnasium where he studied a technological education for four years. After high school, Jon studied a two-year program at Chalmers University of Technology in Gothenburg where he studied to become an electrical engineer. At this education Jon studied amongst others programming, electrical engineering and technology.

After Jon finished high school, he got a job where he worked with land surveying. After his education at Chalmers University of Technology he started to work as a consultant at the company Swisslog. Here he worked for around ten years and had several positions. For the first couple of years he worked with different projects in logistics and automatic forklifts. His work tasks consisted of programming, carrying out projects, as well as to educate the customers. In these projects he worked with everything that had to be performed during a project, from start to goal. After a couple of years he switched department and changed his direction towards consultancy in manual inventory systems. Here he configured the inventory systems and got the understanding for manual processes concerning inventory systems and forklifts. Jon was later moved to Swisslog software support, where he worked as an expert in different projects. Here he worked with twenty-four hour customer support and had a supporting role when customers had problems with their software systems.

After been working at Swisslog for around ten years, Jon got the chance to work for a similar company called Soft Design. At this company he also worked as a consultant regarding automatic forklifts. During the period that Jon worked here, a financial crisis occurred and since Jon was the latest person that had been employed at this company, they had to lay him off. When Jon faced this situation he decided to start his own consultancy firm, JHC (Jon Högström Consulting). He immediately got a project from a competitor to the company Soft Design, which he earlier worked for. This project also concerned automatic forklifts, which he now had developed a broad competence around. Within his own company he wanted to focus more on project leadership and started to manage projects to a higher degree than before. Through his own consultancy firm Jon got a lot of projects and contacts. One contact was RPG

Logistics (today Ntex). At this company Jon improved the company's IT structure and found solutions to automatic forklifts and other problems that the company faced.

During the time Jon worked with his own company, he and his brother Kim had started to create a software solution for how to organize and share static data for the private market (Mymo). When Jon was working with the project at RPG (Ntex) he realized that he could utilize that idea for solving problems with automatic forklifts at Ntex. After that Jon had performed very good results at Ntex, the company employed him later on in the year of 2013 as a systems architect. He is now working here at the same time as he is running the business of Mymo. At Ntex he gets the possibility to develop the solution of Mymo, since Ntex is the start-up's first customer and user of this solution.

Broadly speaking, Jon accentuates that his work has always been about to make it more efficient for the customer. It has been about running different projects in order to satisfy the customer with simpler, more efficient solutions.

### **Kim Bjereld:**

Kim Bjereld (Kim) has an educational background from different technical educations and mainly work experience from being an It-consultant. Kim studied high school at Portella gymnasium in Gothenburg where he studied for three years at a technological education. After he had finished high school, Kim performed the military service for ten months. In the military service he was educated to a platoon paramedic. The education also consisted of education to become a soldier, team leadership, paramedics and practical experience at a hospital.

When Kim had finished his military service he decided to apply for university. Kim started an education in electrical engineering at Chalmers University of Technology in Gothenburg. This education had a lot of its focus on different calculations, which did that Kim lost his interest in an early stage and finally decided to withdraw from this education after 1,5 year. Kim then decided to take a gapyear and instead he started to work as a measurement technician at GF Konsult. During this period Kim had time to reflect on what he really wanted to do. He looked back at what he found most interesting at his previous education as an electrical engineer, and realized that he was mostly interested in programming. He therefore decided to start an education called: Software Engineering Management, which was a three-year-old education at the IT-University in Gothenburg. At this education, every semester consisted of practical experience where the students got to apply their theoretical knowledge in a real life project at a company. Here the students, amongst others, programmed, made blueprints and developed software. According to Kim, this is an experience that has been very useful for him in his working life.

In the year of 2006 Kim started his first job at Spintop Solutions (which today is Atea Global Services), and which is a company that are specialists within IT-infrastructure. Kim is still working here today and has been working as a consultant since the beginning. Throughout the years he have though got more and more responsibility and can influence the operations within the company much more. In his job he works close to the customer in order to help them to satisfy their needs and what they demand. Here he analyzes the customers' needs in order to customize different processes for the customer. In this job, programming is representing a big part in

order to deliver what the customer demand. Kim accentuates that throughout the years he have been working here, he has become very good at analyzing and to understand the customers need as well as to know how to solve these problems.

**André Emilsson:**

André Emilsson (André) has a broad educational background from different fields and work experience from being a consultant. He started high school at Värmdö gymnasium in Stockholm, where he first studied one year of natural sciences with a direction towards emergency service. The other two years consisted of an education in Västerås, where he studied natural sciences with a focus of becoming a pilot. After he had finished high school André performed the military service. During this period of time he was involved in a traffic accident, which made him rethink his choice of education and later on decided to study computer science. André started to study at Linköpings university, where he studied a five year long education to become a civil engineer in computer science.

After André had finished his university studies he got his first job at Spintop Solutions (which today is Atea Global Services). This is the same company that Kim is currently working at. André has been working at this company for 3,5 years and has been working as a consultant (with different tasks) for the whole time. When André is working as a consultant he works in different projects, where the company he works for provide their customers with a self-service portal. It is this self-service portal that André is working with and is trying to customize and adapt to the different customers own environment and needs. Working as a consultant consist of various tasks such as creating projects, project management, programming, managing customers, delivery of services, educations etc. It is basically everything that has to do with running a project.

Table 1: Background of the founders

Background of the founders			
	Jon	Kim	André
<b>Education</b>	<ul style="list-style-type: none"> <li>• Technological education from high school</li> <li>• Electrical engineer</li> </ul>	<ul style="list-style-type: none"> <li>• Technological education from high school</li> <li>• Military service</li> <li>• Electrical engineer</li> <li>• Software engineering management</li> </ul>	<ul style="list-style-type: none"> <li>• Natural science (emergency service &amp; pilot) from high school</li> <li>• Civil engineer in computer science</li> </ul>
<b>Work experience</b>	<ul style="list-style-type: none"> <li>• Consultant within logistics, automatic forklifts and manual inventory systems</li> <li>• Software support</li> <li>• Started his own consultancy firm</li> <li>• Systems architect</li> </ul>	<ul style="list-style-type: none"> <li>• Measurement technician</li> <li>• Consultant within IT-infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Consultant within IT-infrastructure</li> </ul>

**4.1.2 Core Resources and Capabilities in Mymo**

*Technological knowledge*

All of the three founders’ possess different technological knowledge that is relevant in order to create the solution of Mymo. When interviewing the three founders’, different answers regarding what has contributed to this knowledge appeared. Jon and Kim accentuate that it is the work experience that they gained after their education

that has contributed the most to relevant technological knowledge for creating this Mymo solution. Both Jon and Kim explain that the education has been relevant in order to possess a good job and that without their education they could not have possessed their first kind of job and could not have gained the knowledge that has been relevant for creating the solution for Mymo. Kim explains that the work experience of been programming at his job at Atea Global Services have helped him a lot in order to develop and to realize the solution of Mymo. He also accentuate that his work experience have provided him with the capability to analyze and to see the needs of a customer. He has developed a solution-oriented mindset, which makes it possible for him to realize the customers' needs into the technological solution. Furthermore, he explains that it has been necessary for him to work with product development, since this is an experience and knowledge that he can apply and feel comfortable with when working with the solution of Mymo. Kim also thinks that it is his own interest in programming and product development that has helped him to gain more knowledge, which have been relevant for the solution of Mymo.

Jon explains that it is his work experience and his personal drive that has helped him to develop the solution of Mymo. Jon does not work with the product development or programming of the solution. This is something that Kim and André are focusing on, since they have a greater experience regarding this work. Jon has both been studying programming and has worked with it a bit, but has never programmed anything for Mymo. He explains that he has a basic understanding for programming and the product development, and that he understands how difficult it is to perform. He although thinks that all of his understanding can be referred to knowledge and experience from his work life and not from his education. Through his work life Jon has received an understanding for what the customer wants and what is technically possible. This makes it easier when discussing different solutions with Kim and André (who are performing the product development), since Jon can both understand Kim and André and their way of seeing the problem or solution as well as the customers' situation. This makes it possible for the team to provide a better-suited solution that meets both the customers' demand and the technological restrictions.

André on the other hand, explains that his education has been very beneficial for the development of the solution of Mymo. It is not the programming he learnt itself that has been the most necessary part, but the knowledge of how to be able to found out how to perform the programming and the basic knowledge of how to solve an issue that is of great necessity. He accentuate that the education has been very helpful, but also that the work experience that he possess from working at Atea Global Services have allowed him to execute the work in another way. He thinks that his experience of been working with data overall have helped him, as well as that he has been working with web programing for all of these 3,5 years. This makes it easier for him to adapt to the solution of Mymo, even though what he performs in his work life is not the same as what he is executing at Mymo.

### ***Customer knowledge***

The amount of customer knowledge that the founders possessed at the time of market entry varies between the founders. Jon is the one that is managing the relationship and has the contact with the customers, while as Kim and André is handling the product development. Jon has a broad work experience of being a consultant and have been working with companies within the logistic and transportation industry for many

years. He has therefore gained a broad knowledge of how these companies are working, what kind of problems they might face as well as how to best solve these issues. Before he actually got employed at Ntex he worked as a consultant for this company. In the beginning he had basic knowledge from other projects he had been working in, but he has learnt more and more about this industry, the more he has been working and performed projects within the industry. Jon explains that throughout the years that he has been working with this industry, he has learnt what kind of problems the industry might face and through that he has learnt to discover problems and needs within this industry. Problems that he would not have discovered if he would not had worked towards this industry. Jon also accentuates that a lot of the customer knowledge he possess is through those projects that he have had a close customer contact within and where he have worked with the management team of the companies. In this way he have gained a holistic perspective of the organizations and their issues as well as the understanding of the profit of making small parts of the organization more efficient.

Kim and André did not possess any relevant knowledge of their customers before they entered this market. Both of them say that it is Jon's payoff that they got the chance to enter this market and to work with their first customer in the first place. Through Jon's customer knowledge it is easier for Kim and André to know what the customer need and to adapt the solution in accordance to this. Kim explains that it can always be a risk that he and André do not possess so much customer knowledge. But he thinks that it is working out good for them. He mentions that he thinks it is good to have a balance between what the customer wants and what they can perform technically. In that way it is good that they have different knowledge and that they can discuss different solutions with each other.

Jon explains that he possess a mindset that always makes him think about the customer. He can early understand what the customer wants and where the customer is moving. In that way it is also easy for Jon to control and guide the customer towards the right solution. He furthermore explains that he understands what Mymo as a company can handle in terms of technological capacity, but that he always discuss this with Kim and André. Jon often discusses the issue that the customer has with the other team members in order for the team to come up with the best solution for the customer.

#### **4.1.3 Complementary Resources and Capabilities in Mymo**

##### ***Finance***

The financial capital that Mymo possessed at this time was a government grant of 100 000 SEK. When talking to the founders they explain that this is the only money that they have received, and that they have utilized around 30 000 SEK out of these. Jon explains that they have not focused on attracting capital during this time. Instead they have tried to make something out of what they have and they have turned their focus on creating relationships with customers and to develop the solution.

When talking about their background of attracting financial capital, none of the founders have any experience regarding this. André explains that he has a basic business education from when he studied to become a civil engineer in computer science, but he do not think that this has been of great importance for him. Kim

accentuates that he thinks he has a strong ability to draw his own conclusions regarding what kind of capital to attract, but that he do not have any experience or education about it. Jon, on the other hand, further explains that when he was running his own company he never had to think about to attract capital in order to develop his business. This since he was able to solve this problem in an early phase with help of revenues from customers. In that way he explains that he do not have any experience relevant for attracting capital.

### ***Marketing & Sales***

The founders' explain that the start-up has not yet utilized any marketing activities since they have not found this relevant at the previous and current stage. The only type of marketing that the founders' can think of and have utilized is marketing through "mouth-to-mouth" with help of their customers and networks. In that way this has helped the start-up to become better known in the market.

No one in the team possesses any extensive knowledge or experience from working with marketing. Jon explains that he only possess a basic knowledge, which he has learnt by himself from books, podcasts and lectures. He furthermore accentuates that he and Kim has got a basic education in marketing when they participated in Venture Cup. Through this participation they got the chance to attend a program called: Business development for small businesses, and which consisted of relevant education for starting a business. Jon furthermore explains that when they will have to perform some marketing activities, he has a broad network of people that could be able to help out with this.

Regarding sales, Jon is the only one of the founders that has performed any sales activities within this start-up. Jon has also been the one that sold the idea to the start-ups first customer, which also made it possible for the start-up to enter this market. To let Jon handle the sales has been a natural way of performing the sales activities since Jon is the one that is out in the field, working and talking to potential customers.

The knowledge that Jon possesses about sales comes mostly from being a consultant. He explains that when one is working as a consultant one learns how to constantly think about selling the services, and therefore he has gained quite broad knowledge regarding sales. Jon also explains that he has some education in sales, but that this has not helped him to develop his skills in sales as much as his work experience has. Kim and André on the other hand, do not possess any extensive knowledge in sales. Both of them are working as a consultant, but they instead accentuate that sales are not their focus area in their daily work and therefore do not consider this as being of great importance for their knowledge and experience of sales.

### ***Distribution & Logistics***

Since the first customer of Mymo worked as a "test"-customer, the delivery of the solution worked as an iterative process between the customer and the start-up. At this time the start-up and the customer had a close communication between each other, including feedback in order to find ways that would make the service work in the customers work environment. Jon was the one that had the contact with the customer at this time, and since he also was working at the same company he could make a personal delivery and educate them in how they were suppose to utilize the service.



In terms of knowledge about distribution, delivery and logistics all of the three founders possess relevant knowledge from their work experience of being a consultant. In this job they all have been working with the delivery of solutions to customers, and therefore all of them feels comfortable about performing a good job when they need to deliver a solution to a customer.

#### ***Customer service***

The customer service in Mymo has been managed by all of the three founders, though with different focus areas. Jon has an unspoken responsibility for public relations within the start-up and he is therefore handling all of the customer contact. He is the first person that the customer gets in contact with when support is required of different kinds. Jon gets feedback from the customers, which he analyzes and discusses with Kim and André in order to decide what is relevant or possible for the start-up to change. Kim and André are then the persons that are handling the technical support for the customer. Jon informs Kim and André about the issues and discusses it with them, but Kim and André has no contact with the customers themselves.

André further explains that since they do not have a complete solution or service, they have not promised anything of what the service shall achieve for the customer. So the customer support has at this stage been about to change and adapt the solution in order to see what is possible to realize. Instead of seeing it as traditional customer support where the company has to correct mistakes, André sees it as a project where they together with the customer moves forward to create a viable solution.

All of the three founders have been working with customer support in their working life. Kim and André is both working with customer support daily and are executing support that more or less are similar of what they execute at Mymo. Jon have previously been working with customer support at Swisslog where he had standby duty and helped customers with different problems that they encountered. Jon explains that he is therefore used to work with customers and problem solving.

#### **4.1.4 Specialized Resources and Capabilities in Mymo**

##### ***Functional area resources***

The resources that existed in Mymo regarding research and development such as product development were at the time of entry limited. The start-up did not possess any financial capital that they could utilize in order to help the development of the product further. The ones that was responsible for the product development was Kim and André, but decisions concerning how and what to develop has always been decided together with everyone in the team.

##### ***Intangible resources***

The start-ups resources regarding relationships and networks consisted of several different actors at the time of market entry. At this time Mymo possessed a network with amongst others customers, suppliers, personal contacts, as well as with a university and a holding company. The start-up possesses a very strong relationship with Ntex, which are their first customer and the company that Jon recently has been employed at. The founders' explains that this company has meant a lot for Mymo and that they made it possible for them to start developing their solution. By gaining this early customer, it has involved other contacts with potential customers and

collaborators. It has also resulted in a trustworthy relationship, which has been valuable for the start-up when attracting new customers, since they can display a major actor as a reference customer. Through this relationship and with the other around 8 – 10 relationships with potential customers or collaborators, the start-up have also got the opportunity to gain a comprehensive knowledge about this industry's customers and the issues and problems that might face them in their daily operations. Many of the relationships have come from Jon's contact with Ntex, but a lot of the relationships have also come from Jon's previous work experience as being a consultant.

Mymo was also part of relationships with other kinds of actors at the time of market entry (and still is). The start-up was part of a collaboration with the master program Knowledge Based Entrepreneurship at the School of business, economics and law at the University of Gothenburg. This collaboration consists of three students from the master program that as a part of their education work together with the start-up. This works as an exchange of knowledge between the start-up and the students. The start-up also has a partnership with GU Holding, which is an incubation and investment company connected to the University of Gothenburg. GU Holding has helped the founders to start and to develop their business, and will help the company during their first business years. Through the partnership with GU Holding, the start-up has gained a lot of valuable resources and contacts, which would have been difficult to gain without this partnership.

Furthermore, the start-up possesses other kinds of relationships with e.g. personal contacts that help the start-up with e.g. financial and legal issues. Jon and Kim also got a mentor, which they received when they participated in a competition with their business idea. This mentor helps the start-up to look at their business in an objective perspective and helps them to get in the right direction with their business idea. The mentor focus more on how the start-up shall make money than on the technical parts that the founders often concentrate on.

### ***Intellectual property rights***

Mymo does not possess any intellectual property rights for their software solution. André explains that it is very difficult to receive any patents or similar in this industry. He also explains that he is not particularly anxious about that someone else will try to copy the idea, since he knows how much work it is behind this solution, which is not achieved in a day.

### ***Market-specific knowledge***

Knowledge about the transportation and logistics industry varies between the founders. As described earlier Jon possess a comprehensive knowledge about this industry, since he has been working in projects and recently been employed by a company in this industry. Kim and André did not possess any market-specific knowledge about this industry. Kim accentuates that he and André has been forced to learn about the industry gradually even since they started to work with companies within this industry. He explains that this is important in order to be able to perform and deliver the right solutions to the customer. As a product developer it is important to understand why you do certain things, and therefore you need to understand your customers environment and potential issues. He also brings forward that it sometimes

is good that they do not know so much about this industry because it gives the team different opinions and ways to cope with the issues.

#### 4.1.5 Generalized Resources and Capabilities in Mymo

##### *General organizational capabilities*

All of the founders' in Mymo have more or less managerial and leadership capabilities. Jon explains that he has got most of his leadership skills from being a project leader and from running his own business. Kim and André also explain that they have got leadership skills from being a project leader in their current jobs, but also that they have some education in leadership from both the military service and from their education at the university.

In Mymo the founders' agree that it does not exist a pronounced leader for the team. All of them explain that everyone is involved in discussions and decisions that have to be taken. Even though this is the case, they explain that since they have different experience and background it has become natural that Jon is the one that is handling the customer contact and that Kim and André are more responsible for the technical side. Jon is therefore an unspoken leader for the market side of the company and is responsible for the operation of this.

Table 2: Core-, complementary-, specialized- and generalized resources and capabilities in Mymo

Core resources and capabilities	Complementary resources and capabilities	Specialized resources and capabilities	Generalized resources and capabilities
<b>Technological knowledge:</b> <ul style="list-style-type: none"> <li>Broad technological knowledge existed among the founders from education and work experience</li> </ul>	<b>Finance:</b> <ul style="list-style-type: none"> <li>Government grant: 100 000 SEK</li> <li>No particular experience in finance existed among the founders</li> </ul>	<b>Functional area resources:</b> <ul style="list-style-type: none"> <li>Limited resources in terms of capital and human resources for product development</li> </ul>	<b>General organizational resources:</b> <ul style="list-style-type: none"> <li>General leadership skills among the founders existed from work experience i.e. project leaders and running an own business.</li> </ul>
<b>Customer knowledge:</b> <ul style="list-style-type: none"> <li>Part of the team (Jon) possessed extensive customer knowledge from previous work experience in the industry</li> </ul>	<b>Marketing &amp; Sales:</b> <ul style="list-style-type: none"> <li>No particular experience in marketing existed among the founders</li> <li>Experience in sales from previous work experience existed</li> </ul>	<b>Intangible resources:</b> <ul style="list-style-type: none"> <li>Relationships with: <ul style="list-style-type: none"> <li>Ntex</li> <li>8 – 10 Potential customers</li> <li>University of Gothenburg</li> <li>GU Holding</li> <li>Personal contacts</li> <li>Mentor</li> </ul> </li> </ul>	
	<b>Distribution &amp; logistics:</b> <ul style="list-style-type: none"> <li>Relevant knowledge existed among the founders from working as consultants</li> </ul>	<b>Intellectual property rights:</b> <ul style="list-style-type: none"> <li>No intellectual property rights existed</li> </ul>	
	<b>Customer service:</b> <ul style="list-style-type: none"> <li>Broad knowledge existed among the founders in customer support from work experience</li> </ul>	<b>Market-specific knowledge:</b> <ul style="list-style-type: none"> <li>Part of the team (Jon) possessed a comprehensive knowledge of the industry from previous work experience</li> </ul>	

#### 4.1.6 Additional Resources and Capabilities in Mymo

Talking about additional resources and capabilities that the start-up and the team possess, all of the founders' emphasize that a common feature for them is that they possess a capability of recognizing solutions to different problems that a customer is exposed for. With help of their different backgrounds this seems to be the most valuable team capability that everyone agrees on. Another capability that Jon accentuates is that the team is good at understanding the need of the customer and that the team is good at pushing through projects.

Kim emphasizes the difference between Jon and him as a strength for the team. According to Kim, Kim is more structured in his work than Jon is. Jon is more spontaneous and the combination of the two of them makes it possible for both new possibilities and an achievable work progress. He thinks that the balance between them is valuable for the start-up. Kim also brings forward his and Andrés way of being results-oriented, and how important that is when working close to customers. The customer will only care about the end result not about how the team moved towards this result, and therefore it is important to be result-oriented and to prioritize what is most important for the customer.

André brings forward his own interest in technological solutions and his internal drive for improving the solution of Mymo. His personal interest and his motivation is something that he thinks is of great importance to develop the solution, which also is confirmed among the other founders. A resource that André thinks is very important in the start-up is Jon's previous experience from started a company. He believes that they get a lot of valuable and necessary knowledge from his experience that is beneficial for the start-up.

Table 3: Additional resources and capabilities

Additional resources and capabilities			
There exists a common capability of recognizing and understanding solutions to customer issues and needs	The different backgrounds and personalities among the founders are seen as a valuable resource, which provide the team with new opportunities and ideas	The founders own interest, internal drive and motivation is seen as a resource for the product development and the running of the business	That Jon previously have started an own company is considered as being a valuable and beneficial resource for the start-up

## 4.2 Transportation and Logistics Industry

### 4.2.1 Mymo's Market Entry

Mymo entered the transportation and logistics industry approximately in October 2013. This was when they started the company, decided to focus on this market and when they provided or started to run the solution "for real" to Ntex. When the founders talk about the market and describe what resources and capabilities that they think or have seen are valuable when operating within this industry, they emphasize three things. The first thing is that it is necessary to have knowledge about the customer and for how they do their businesses. Second, they think it is necessary for a start-up to have a broad network and to work with a great actor within this industry to get somewhere. Third, they have noticed that time is something that is very valuable in this industry, and that it is necessary to provide solutions that are less time consuming for the customers.

When the founders get the chance to speak openly about why they think they entered this market, they bring forward that they could see an enormous need for the solution they could provide. They also explain that one reason is that Jon was working at Ntex and they therefore could get an early customer and develop the solution. Jon understood the customer and therefore it was easy to choose a market that they had knowledge about. This customer was also prepared to pay for this solution, which also was of great importance for the start-up. All of the founders also agree on that they think it is the connection to Ntex that have influenced the direction of market entry the most for the start-up.

Table 4: Mymo’s market entry

Mymo’s market entry	
Resources and capabilities that Mymo think are valuable for operating in the industry	Why Mymo think they entered the industry
<ul style="list-style-type: none"> <li>• To have knowledge about the customers needs and business</li> <li>• To have a broad network</li> <li>• Since time is very valuable in the industry, it is important to provide quick services</li> </ul>	<ul style="list-style-type: none"> <li>• They saw a need for the solution they could provide</li> <li>• Their relationship with Ntex. <ul style="list-style-type: none"> <li>○ Early customer</li> <li>○ Opportunity for product development</li> <li>○ They where prepared to pay for the solution</li> </ul> </li> <li>• Previous work experience in this industry (Jon)</li> </ul>

#### 4.2.2 Resource Requirements in the Transportation and Logistics Industry

##### *Valuable resources and capabilities in the transportation and logistics industry*

When talking to Mats at Ntex, which is a representative from the transportation and logistics industry, he explains that what is most valuable in this industry is the time factor. The time factor is priceless for the industry, both since it exist rigorous deadlines and since it is crucial to provide their own customers with quick services. If a company within this industry cannot provide their customers with fast solutions, they will quickly loose this customer to another actor in the industry, which can satisfy their need. Therefore is the time factor crucial in order for companies within this industry to survive and to retain its customers. Christian also emphasizes the time factor as being important in the industry. He explains it as being important since the industry involves many different actors, such as suppliers, conveyors and customers that require information and need to track their orders. The time factor therefore becomes crucial when handling all of these actors. Christian explains it with the cliché “time is money”.

Furthermore, Mats also emphasize that time is an important issue when choosing who to work and cooperate with. Since the time factor is such an important issue for the whole industry, time will also be the factor that will guide the decision in what company to work with. It will often be the company that most quickly can satisfy their needs and who can reduce or save time. Besides this, Mats also accentuate that it is important to work with companies that provides services to a valuable price but also that the company is reliable to work with. Christian on the other hand describes the importance of believing in the product or services that the company provides as well as that the person that sells and provides the product is trustworthy and have the required knowledge to understand the customer’s needs.

***Valuable resources and capabilities for a start-up company to possess when operating in the transportation and logistics industry***

Mats believe that it is vital for a start-up company to possess customer knowledge if they are about to operate in this industry. They need to understand the customer's needs and where the value exists for the customer. This saves time for the companies within this industry. He also emphasize that customer knowledge such as own experience or specialist knowledge from this industry will make it easier to succeed in the industry.

Christian emphasize the importance of technological knowledge for the product or service that the start-up provides. He believes that this is necessary in order to make something out of the product or service that can solve and satisfy the customer's issues. Christian also accentuate the necessity for a start-up to possess a great salesperson or marketing professional, which has the ability to promote the business idea in a good way for the potential customers.

Mats furthermore explains that it will be important for a start-up company to develop a stability of personnel, which can ensure that it will exist resources to deliver what the company promise. When and if the start-up starts to grow, it will be a problem if there do not exist any resources of personnel. He also talks about that resources for product development are important in order to create a complete solution.

***Resources and capabilities in Mymo***

When discussing what kind of resources and capabilities that Mats think is valuable in Mymo, he accentuates the fact that Jon has an understanding for both information technology and for what the customer need. This is a combination that makes it possible for the start-up to deliver a solution for the customer that they actually need.

*“Jon has a totally different understanding for these kind of problems. It is his technical competence together with his understanding for what the customer demand that is valuable”*

(Mats Rodin)

Another resource that Mats think is valuable in Mymo is the solution itself. The solution contributes to timesaving for the customer, which as described above is crucial for a company within this industry. With help of the solution the customer has been able to save a lot of hours, which also helps the customer to increase its own production capacity. Christian agrees to that the solution in itself is one of Mymo's most valuable resources. He emphasizes the flexibility in the solution as being valuable for the start-up since it can be applicable in many different areas.

Less valuable resources or resources that the start-up do not possess is according to Mats their issue of being small. The size of Mymo is small in the way that they are only three persons working with this company and that no one of them works with it full-time. They need to get a long-term stability with more employees, which also are important for Ntex, since they want to work with stable suppliers.

*“Mymo needs to increase in size. We cannot have an “avocation company” as a supplier”*

(Mats Rodin)

Christian continues on this track explaining that what is missing in Mymo is the resources for making the product more complete. He believes that the start-up needs more hours to perform the programming that is necessary to develop the solution. More employees that are working with the solution are necessary in order to satisfy the start-ups future customers.

*“The customers will be impatient if it takes three months for the solution to be finished. They need to decrease this time phase if they want to grow”*

(Christian Fihn)

Furthermore, Mats explain that the company needs to become a supplier that is less dependent on Nttx in the long run. Mymo needs to become self-sufficient and he thinks that the start-up needs more capital in order to manage to develop their solution and to grow as a company. In addition, Christian emphasizes the necessity for the company to acquire an active salesperson that can perform the sales activities for the start-up.

Table 5: Resource requirements in the transportation and logistics industry

Resource requirements in the transportation and logistics industry		
Valuable resources and capabilities in the transportation and logistics industry	Valuable resources and capabilities for a start-up company to possess	Resources and capabilities in Mymo
<ul style="list-style-type: none"> <li>• Time factor (need for quick services and fast solutions)</li> <li>• To work with reliable and trustworthy actors</li> <li>• Reliable products and services to a valuable price</li> </ul>	<ul style="list-style-type: none"> <li>• Customer knowledge</li> <li>• Experience or specialist knowledge from the industry</li> <li>• Technological knowledge</li> <li>• Good salesperson or marketing professional</li> <li>• Resources for product development</li> <li>• Stability and resources of personnel</li> </ul>	<p><b>Valuable resources and capabilities</b></p> <ul style="list-style-type: none"> <li>• The ability to both understand information technology and the customer need, and to make something out of it</li> <li>• The solution itself (flexible and time-saving)</li> </ul> <p><b>Less valuable resources and capabilities</b></p> <ul style="list-style-type: none"> <li>• A need for human resources (employees)</li> <li>• A need for resources for product development</li> <li>• Need for capital</li> <li>• Needs to become less dependent on Nttx</li> <li>• Need for an active salesperson</li> </ul>

### 4.3 Concluding Remarks

This chapter has presented the empirical findings from the qualitative interviews with the founders’ of Mymo and the representatives from the transportation and logistics industry. The chapter has partly covered step 1 and 2 in the research tool, which includes what resources and capabilities that exist in Mymo and what resources and capabilities that are valuable in the entered market. The chapter has also provided a brief summary and overview in terms of tables after each section in order to facilitate the reading and understanding of the presented material. Moving on, the analysis will be presented, which will further cover step 1 and 2 but also step 3 and 4 in the research tool.

## 5. Analysis

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*In order to answer the purpose and research question(s) of the study, this chapter aims to compare and analyze the frame of references to the empirical findings. This chapter has been divided into two parts, where the first part is focusing on the pre-entry resources and capabilities in Mymo, and where the second part is focusing on the relationship between the pre-entry resources and capabilities and market entry. Within these parts all of the steps in the research tool will be utilized and analyzed.*

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### 5.1 Pre-entry Resources and Capabilities in Mymo

#### 5.1.1 Background of the Founders and Overall Resources and Capabilities

According to Ferreira, Azevedo & Ortiz (2011) resources can either be tangible or intangible in nature. The intangible resources can amongst others consist of knowledge and skills. When looking at the background of the founders' of Mymo regarding education, work experience and entrepreneurial experience, these can be regarded as intangible resources. Furthermore, different types of these resources can also be regarded as strategic, human, organizational and social resources. For example, according to Andersén, (2011) the previous entrepreneurial experience of Jon can be regarded as a strategic resource, since the author accentuates entrepreneurship as a strategic resource. It can also be explained as a human resource. Shepherd & Wiklund (2005) talks about specific human capital and general human capital. Specific human capital refers to knowledge, skills and experience that are applicable to entrepreneurial activities e.g. previous start-up experience. Previous start-up experience provide the manager with expertise in creating and running a business as well as knowledge in how to assess the value of new opportunities. (Shepherd & Wiklund, 2005) This can also be visible when interviewing the founders of Mymo. Jon explains that he saw a new opportunity for his and his brother's new created software solution when he was working in the project with Ntex at his first business. Here he could understand the value in helping another type of customer with a problem that he could solve with their software solution. The connection with Ntex can also be described as a social resource, which according to Shepherd & Wiklund (2005) can enhance the access to information about e.g. new opportunities. André further explains that Jon's previous entrepreneurial experience has been beneficial for the start-up since it has provided them with valuable and necessary knowledge and expertise. General human capital is on the other hand often described as education. (Shepherd & Wiklund, 2005) This general human capital can therefore be visible in Mymo through the founder's different high school and university educations etc. Where a lot of their educations consist of educations with a focus on technology. In addition, Holsapple & Joshi (2001) discuss employee knowledge and describes this as being a type of organizational knowledge resource.

Table 6: Overall resources and capabilities

Intangible resources	Strategic resources	Human resources	Social resources	Organizational resources
<ul style="list-style-type: none"> <li>• Education</li> <li>• Previous work experience</li> <li>• Entrepreneurial experience</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurial experience</li> </ul>	<p><i>Specific Human Capital:</i></p> <ul style="list-style-type: none"> <li>• Entrepreneurial experience</li> </ul> <p><i>General Human Capital:</i></p> <ul style="list-style-type: none"> <li>• Education</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship with Ntex</li> </ul>	<ul style="list-style-type: none"> <li>• Employee knowledge (Education, work experience)</li> </ul>



### 5.1.2 Core Resources and Capabilities

According to Helfat & Lieberman (2002) core resources and capabilities can be classified into two types of knowledge. These are core technological knowledge and knowledge of customer needs. According to the authors these two types of knowledge are required in a company in order to create a product or service.

In Mymo the founders' describe that they have gained their core technological knowledge to create this product from both their previous education and work experience. Jon and Kim believe that the most relevant knowledge they have gained comes from Jon's work at Swisslog, JHC and Ntex, and from Kim's work at Atea Global Services where Kim has been working with programming and product development. André on the other hand emphasizes his university education as being very valuable for his technological knowledge and understanding, as opposed to Jon and Kim. André, compared to his team members possess a longer university education, which consisted of five years to become a civil engineer in computer science, while as Jon and Kim possess a shorter university education.

In the team the work tasks seem to be divided so that Kim and André is handling the product development and Jon is handling more of the customer contact. Kim and André did not possess any relevant customer knowledge, and it is therefore Jon that has been the main resource regarding the core resource of customer needs. The customer knowledge that Jon possess has been a consequence of been working as a consultant in the transportation and logistics industry for many years. Since Jon both possesses technological knowledge as well as broad customer knowledge, he possesses a capability of realizing what the customer needs and how to make it possible technically. Furthermore, it exist a team capability of Jon's understanding of both technology and customer needs and Kim and André's ability to perform the technological requirements for the solution. This makes it possible for the team to perform and deliver a solution that the customer wants. This can be referred to what Ferreira, Azevedo & Ortiz (2011) discuss regarding that a capability is a team of resources capacity to perform some task or activity.

Table 7: Core resources and capabilities

Core Resources and Capabilities	
Technological knowledge	Knowledge of customer needs
<ul style="list-style-type: none"> <li>• Work experience from working with IT and consultancy</li> <li>• Technological education</li> </ul>	<ul style="list-style-type: none"> <li>• Work experience from being a consultant within the transportation and logistics industry (Jon)</li> <li>• Work experience from the customer Ntex (Jon)</li> </ul>
<p><b>Team Capability:</b> Jon's understanding of both technology and customer needs + Kim and André's ability to perform the technological requirements for the solution.</p>	

### 5.1.3 Complementary Resources and Capabilities

Complementary resources and capabilities on the other hand are according to Helfat & Lieberman (2002) resources and capabilities that are required in order to profit from the core knowledge that a company possess. These resources and capabilities consist of knowledge in finance, manufacturing, marketing, sales, customer service and distribution. Mymo's resources and capabilities within these areas are strongest in distribution and logistics as well as in customer service. Regarding distribution and logistics all of the founders have a broad knowledge about how to deliver solutions to

customers through their work experience of being consultants. In Mymo Jon works as the person and the resource that has the contact with the customers and manages the customer support through understanding the customers problem. Kim and André instead work as a back office resource and are handling the actual performance and support of the solution.

Other complementary resources and capabilities such as finance, marketing and sales are weaker resources in the start-up. Finance and marketing is resources and capabilities that no one of the founders seems to have any extensive knowledge about. The founders explain that they have some basic education regarding these areas, but no knowledge relevant enough, which will be beneficial for their work in the start-up. The only kind of “marketing” the start-up utilizes is by the mouth-to-mouth method from customers. Furthermore, the start-up possesses some financial resources in case of capital that they have received from a government grant. At the time of market entry this amounted to about 100 000 SEK.

The sales resources in the start-up mostly consist of Jon’s knowledge about selling. In the start-up Jon is the only one that is performing the sales activities and the start-up is therefore dependent on his knowledge and performance. Kim and André are focusing on the product development of the solution and do not perform any sales activities. The two of them do not either have any relevant knowledge or experience of selling.

Table 8: Complementary resources and capabilities

Complementary Resources and Capabilities				
Distribution & Logistics	Customer Service	Finance	Marketing	Sales
<ul style="list-style-type: none"> <li>• Previous work experience from being consultants (delivery of technological solutions)</li> </ul>	<ul style="list-style-type: none"> <li>• Previous work experience from customer support</li> <li>• Current customer support for Ntex (customer contact and back office support)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial capital: 100 000 SEK</li> </ul>	<ul style="list-style-type: none"> <li>• Mouth-to-mouth method</li> </ul>	<ul style="list-style-type: none"> <li>• Previous work experience within sales from consulting</li> <li>• Some sales experience within Mymo</li> </ul>

#### 5.1.4 Specialized Resources and Capabilities

Specialized resources and capabilities are according to Helfat & Lieberman (2002) such resources and capabilities that are specific to certain settings and which therefore only are useful in a limited range of environments. These resources and capabilities are often related to the company’s specific product or specific market. Helfat & Lieberman (2002) divides these resources and capabilities into three categories. These are: Functional area resources, intangible resources and market-specific knowledge. Functional area resources are argued to include research and development (R&D), marketing and distribution, and are often tailored to fit the technologies, operations and products that the company operates within. As described above the start-up do not possess any specific marketing resources, but instead the knowledge and experience of distribution are greater. Regarding R&D, the start-up cannot be said to possess any large resources for this. The resources they had at the time of market entry were the human resources of Kim and André, which was executing the development of the solution. Even though they were working with the product development, they still had

full-time jobs beside of this, which made it difficult for them to work with the solution in a quicker pace.

Intangible resources consist of relationships with buyers, suppliers etc., and of intellectual property rights such as brand names, patents and trade marks. (Helfat & Lieberman, 2002) In case of intellectual property rights, Mymo do not possess any patents for their technological solution. In case of relationships with other actors, Mymo possesses a quite broad network of different relationships. This type of intangible resource can also be described as a social resource or a social network, which is defined as a set of actors and a set of linkages between the actors. (Hoang & Antoncic, 2003; McKelvey & Lassen, 2013) The start-ups network consists of a set of different actors with customers, suppliers, academia, personal contacts and a holding company etc., which has made it possible for the start-up to get in contact with other collaborators. The strongest relationship the start-up possesses is the relationship they have with Ntex. Jon is employed at this company, which have contributed to a strong and trustworthy relationship between the two actors. This relationship has also been important for the start-up regarding its reliability among other actors, since Ntex works as a reference customer for Mymo. This can be in similarity with what Hoang & Antoncic (2003) and Navis & Glynn (2010) discuss about that these kinds of networks can be important for a start-ups reputation, where many entrepreneurs seek legitimacy from well-regarded organizations. Furthermore, this relationship has meant a lot for Mymo since it has contributed to that the start-up has got the opportunity to actually develop the solution with help of Ntex resources. Aldrich & Zimmer (1986) argues that the social network that an entrepreneur is embedded in plays a critical role for the entrepreneurial process, and Greve & Salaff (2003) discuss the importance of social resources and the resources a start-up can gain from the relationships in order to start business activities.

In addition, different kinds of networks can consist of formal or informal networks. The informal networks can according to Shepherd & Wiklund (2005) and Greve & Salaff (2003) comprise of independent firms that are linked by common interests, friendship and trust. In Mymo's case this would be their relationship with some of their (potential) customers and their personal contacts. The formal networks instead often consist of support agencies where the ties enhance resource accessibility and predictability. Formal networks for Mymo will in this case relate to e.g. the relationship with the Knowledge Based Entrepreneurship program at the School of business, economics and law at the University of Gothenburg, GU Holding and Ntex. Even if Ntex also could be regarded as an informal network, since a high degree of trust exist. It should be regarded as a formal network, since contracts between Ntex and Mymo exist.

Market specific knowledge concerns a company's resources and capabilities that are specialized to the type of industry and market that the company is operating within. Helfat & Lieberman (2002) exemplifies this knowledge as e.g. industry conditions and country and regional conditions. In Mymo (as explained before) Jon possesses the market specific knowledge about the transportation and logistics industry. From the empirical study one can understand that Jon possess both a broad knowledge about the industry and about the customers within it. Jon understands the conditions of the industry in the way that he understands how they are working, what kind of problems the industry might face as well as what the needs are in the industry and for the

customers. He possesses a capability of market specific knowledge, since he has been working in the industry for a long period of time and has gained a holistic perspective of the organizations within it. Through this market specific knowledge another capability can be visible, which is more specialized and tailored to the technology or product. This is his ability to (through the market specific knowledge) understand the issues in the industry and to apply these into the technological solution of Mymo. He has, as he describes it an understanding for the profit of making small parts of the organization more efficient.

Table 9: Specialized resources and capabilities

Specialized Resources and Capabilities		
Functional area resources	Intangible resources	Market specific resources
<ul style="list-style-type: none"> <li>Limited resources for R&amp;D and product development (only human resources)</li> </ul>	<ul style="list-style-type: none"> <li>Relationships/Networks:               <ul style="list-style-type: none"> <li>Customers:                   <ul style="list-style-type: none"> <li>Ntex,</li> <li>8 – 10 potential customers</li> </ul> </li> <li>Academia:                   <ul style="list-style-type: none"> <li>Knowledge Based Entrepreneurship program</li> </ul> </li> <li>Other:                   <ul style="list-style-type: none"> <li>GU Holding</li> <li>Suppliers</li> <li>Mentor</li> <li>Personal contacts</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Several years of work experience from the transportation and logistics industry (Jon)</li> </ul>

### 5.1.5 Generalized Resources and Capabilities

According to Helfat & Lieberman (2002) generalized resources and capabilities are compared to specialized resources and capabilities useful in a larger range of environmental settings and markets. These are divided into functional area resources, which consist of financial skills and capital; and general organizational capabilities, which consist of e.g. organizing business units and transferring knowledge between business units. Since Mymo is a start-up and since they have not been able to develop any extensive organizational capabilities as which is described by Helfat & Lieberman (2002) regarding business units, the empirical study present capabilities of leadership and management skills in the start-up, which is more adapted to the start-ups organization. In Mymo Jon possess relevant leadership skills from running his own business as well as projects. Kim and André also possess leadership skills and knowledge, both from being project leaders and from education. In the team, no one is a pronounced leader since everyone is involved in all discussions and decisions that the start-up needs to take. In order to transfer information and knowledge back and forth between the customers and the team, Jon has become an unspoken leader for the market side of the company. This can be similar to what Helfat & Lieberman (2002) discuss about transferring knowledge between business units.

Table 10: Generalized resources and capabilities

Generalized Resources and Capabilities
<ul style="list-style-type: none"> <li>Leadership &amp; Management Capabilities               <ul style="list-style-type: none"> <li>From previous entrepreneurial experience</li> <li>Work experience of being project leaders</li> <li>Educational knowledge</li> <li>Leadership and responsibility for the market side within Mymo (Jon)</li> </ul> </li> </ul>

## **5.2 Relationship Between Pre-entry Resources and Capabilities and Market Entry in Mymo**

According to Helfat & Lieberman (2002), a market entry can be referred to the initial production of a product or the provision of a service. Mymo entered the transportation and logistics market in October 2013 when they decided to focus on this market and when they provided or started to run the solution “for real” to Ntex.

When examine the empirical study of resources and capabilities in Mymo, it becomes visible that Jon has a lot of necessary work experience from the transportation and logistics industry that the start-up has entered. From this work experience Jon has gained both knowledge about the industry itself but also about the customers and the issues they face in their daily operation. According to Helfat & Lieberman (2002) and Stam, Thurik & Van der Zwan (2010) it is discussed that a start-ups choice of market entry is being affected by its founder’s pre-entry knowledge and experience. It is argued that the founder’s previous employments affect the choice of market entry, since the founder’s can have gained resources and knowledge about the industry’s suppliers and customers, which will be valuable to employ if entering that market. This is further visible in Mymo were the founders explain that since Jon understood the customers and had a long work experience from this industry, it was easy for the start-up to choose the transportation and logistics industry.

Helfat & Lieberman (2002) is also bringing up the fact that a market entry might be affected by if the founders previously have been users of the type of product or service that the company is selling, and that the company therefore might get better understanding of emerging consumer preferences within this industry. This is something that cannot be visible or applied in Mymo’s case, since it concerns a new solution that has not existed before. However, since Jon is working within this industry it might be possible for him to quicker absorb emerging consumer preferences in that way.

Furthermore, Helfat & Lieberman (2002) also emphasize that it is, in particular, the specialized pre-entry technological and market-related knowledge of the founders that affect a company’s market entry. In terms of specialized resources and capabilities in Mymo, the intangible resources and the market-specific resources seems to have been of high importance for the start-up. The intangible resources in case of relationships and networks with customers, and in particular the relationship with Ntex has provided the start-up with valuable business opportunities. Through Ntex, the start-up could get an early paying customer, the opportunity to further develop the solution as well as contacts to other relevant actors. The founders have also themselves mentioned that they think the connection to Ntex have influenced the start-ups market entry the most. In case of market-specific knowledge it is, as described earlier, Jon’s work experience and knowledge about the industry and the customers within the industry that has been and is valuable resources for the start-up. When examining the previous research by Helfat & Lieberman (2002) the authors do not further explain why these specialized pre-entry resources and capabilities affect the market entry the most or if there are any particular resources or capabilities that are more important than others within these specialized resources and capabilities. Anyhow, when examining the specialized resources and capabilities in Mymo it becomes visible that the start-up possesses more market-specific related resources such as (as described above) networks and industry knowledge than technological-specific resources such

as patents, trademarks, brand names and R&D resources. The founders have also stressed how difficult it is to receive patents or similar for the kind of solution they provide. On the other hand when looking at the core resources and capabilities and the technological knowledge and resources the start-up possess in that category, the technological knowledge resources are broad in case of relevant education and work experience.

Moving on with the specialized resources such as the functional area resources regarding resources for product development and R&D. These are fewer in the start-up, since it only consists of the human resources of Kim and André and where the start-up do not utilize any specific capital for it. If one is analyzing this situation where the start-up do not possess any specific resources for product development. One can discuss if the relationship with Ntex might have been even more important for the start-up then since they, through this relationship, gained an opportunity for a first paying customer and in that way for further product development. This is an area that the literature does not bring up. The literature do not either bring up what kind of relationships or networks that could be more or less important for a company's market entry, which could have been interesting to analyze in this section. In addition, distribution is regarded as a specialized resource, which in Mymo is a strong resource and capability for all of the founders separately and as a team. All of the founders have been working with the distribution of solutions and they also feel comfortable executing this kind of distribution to the customer.

Furthermore, the literature by Helfat & Lieberman (2002) discuss resource gaps that the company might need to fill, in order to enter a specific market they want to enter. A company often does this by seeking partners. In Mymo's case this has not been visible in order for the start-up to enter this market. They already had a relationship with Ntex, and they therefore did not have to fill any resource gaps by seeking new partners, since this was a resource they already possessed. Helfat & Lieberman (2002) also discuss that a start-up often enters markets that fit its limited resource base, and that these often are markets with a high uncertainty about customer needs but with low costs or resource requirements of entry. This differs a bit from what market Mymo has entered since it has become visible from the empirical study that the customer need of this kind of solution seems to be high. However, that the cost or resource requirements of entry often are low corresponds since no particularly resource requirements seem to have been needed for the start-up.

In addition, other resources and capabilities that have been found in Mymo but which have not been brought up by the previous research are personal characteristics and resources such as the founders interest, motivation and personal drive to create the solution and to run the start-up within the transportation and logistics industry. Another resource is the solution itself that the start-up provides and the need that exists for this solution in the transportation and logistics industry. In the previous research by Helfat & Lieberman (2002) the author does not bring forward the product or service itself and how this together with the need in the market affect the market entry. However, this is something that can be further analyzed in the next section regarding similarity between the start-up and the industry.

Table 11: Important resources and capabilities for market entry

Important resources and capabilities for market entry		
<ul style="list-style-type: none"> <li>• Previous employment and work experience from the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized resources and capabilities                             <ul style="list-style-type: none"> <li>○ Intangible resources (relationship with Ntex)</li> <li>○ Market-specific resources (work experience from the industry)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Core resources and capabilities                             <ul style="list-style-type: none"> <li>○ Customer knowledge</li> <li>○ Technological knowledge</li> </ul> </li> </ul>

### 5.2.1 Similarity Between Mymo’s Pre-entry Resources and Capabilities and the Resource Requirements in the Industry

According to Helfat & Lieberman (2002) it has also been argued that the similarity or matching between a company’s pre-entry resources and capabilities and the required resource profile of the market of entry, affect the company’s choice of market entry. The authors describe that the greater the similarity of pre-entry resources and capabilities to the resources of value in the industry the company wants to enter, the greater the likelihood of entry.

The similarity between Mymo’s pre-entry resources and capabilities and the resource requirements in the transportation and logistics industry can be discussed with help of Mats and Christian’s industry expertise. They both brings forward that the time factor is very important in this industry, both regarding quick services and solutions as well as when choosing who to cooperate with. Mats explains that the industry comprises of rigorous deadlines and that it is crucial to provide its own customers with quick services in order to not loose customers to competitors. In this case Mymo can provide the transportation and logistics industry with a valuable solution, since the solution itself can contribute to timesaving within the organization. This might make it possible for the customer to increase its production capacity, which Mats explains and thereby by its own provide their customers with quicker solutions. The time factor is also something that the founders of Mymo have brought forward. They explain that they noticed that time was very valuable in this industry and that it was necessary to provide the industry with solutions, which are less time consuming. In that way the founders early saw a need for their solution within this industry.

On the other hand, Mats accentuates the importance to collaborate with actors that quickly can satisfy their needs. This will also often guide their decision of who to work with. Mymo’s resources for product development, customer service etc., which makes it possible for the start-up to deliver quick solutions have not been comprehensive so far. This is since the start-up only is a team of three, and therefore it is difficult to develop the solution in a quicker pace. In addition, Mats and Christian discuss that it is important for a start-up to have a stability of personnel, which can deliver what they promise and that they have resources for it. Mats mention that he believes that the start-up is too small in size, and that they need to increase the amount of employees and attract more capital in order for them to grow as a company. In addition, Christian emphasizes the need of resources for product development in order for the start-up to be able to deliver and to satisfy its future customers. He also discuss the need for a sales person or a marketing professional that actively can sell and promote the solution to customers in a trustworthy way, which will be needed if the start-up intends to grow further. Currently, Mymo do not possess any particular active

sales person that sells and promotes the solution in this way. In the team of Mymo Jon is the one that works partly with the sales, but not in an extensive way.

Furthermore, Mats believes that it is crucial for a start-up to possess extensive customer knowledge within this industry. It is necessary to understand the needs and the value for the customer. Mats also emphasizes the need of own experience or specialist knowledge from this industry within a start-up. In Mymo, as described earlier, Jon possess a broad customer knowledge from this industry, since he has been working with the industry for many years and since he is now working at a company in this industry. Christian on the other hand emphasizes the technological knowledge as being important in order to understand what is technically possible to do with the solution. In the team of Mymo all of the founders have a technological background in both education and work experience, which makes it possible for them to understand the technological restrictions and possibilities for the solution they provide. In addition, Mats emphasizes a valuable resource within Mymo, which is Jon’s ability to understand both the need of the customer and the information technology. This is a capability, which has been brought forward by both Jon himself and his teammates in the start-up.

The literature regarding resources and capabilities and their affect on a company’s choice of market entry has also been discussing a company’s chance for success within the market they chose to enter. According to Helfat & Lieberman (2002) the same pre-entry resources and capabilities that increase the likelihood of entering a certain market, also enhance the success and performance of the company’s market entry.

Table 12: Similarity with the transportation and logistics industry

Similarity with the transportation and logistics industry	
Similarity	Dissimilarity
<ul style="list-style-type: none"> <li>• Time               <ul style="list-style-type: none"> <li>○ Mymo provides a solution that is time-saving</li> </ul> </li> <li>• Customer need               <ul style="list-style-type: none"> <li>○ There exist a need for Mymo’s solution in the industry</li> </ul> </li> <li>• Customer knowledge               <ul style="list-style-type: none"> <li>○ Mymo possesses relevant customer knowledge of the industry</li> </ul> </li> <li>• Technological knowledge               <ul style="list-style-type: none"> <li>○ Mymo possesses a broad technological knowledge</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Size of the company               <ul style="list-style-type: none"> <li>○ Need more resources for personnel and product development</li> </ul> </li> <li>• Salesperson or marketing professional               <ul style="list-style-type: none"> <li>○ Need someone who can sell and promote the solution</li> </ul> </li> </ul>

### 5.3 Concluding Remarks

This chapter has presented a through analysis of the collected empirical data together with the presented material in the frame of references. The chapter has provided a brief summary and overview in terms of tables after each section in order to facilitate the reading and understanding of the analyzed material. In the first part (5.1) tables consisting the resources and capabilities that exist in Mymo have been constructed and presented. In the second part (5.2) tables concerning resources and capabilities that have been important for Mymo’s market entry will be presented as well as Mymo’s similarity with the transportation and logistics industry. Moving on, the conclusions for this research will be presented and discussed.



## 6. Conclusion

*The aim of this chapter is to answer the research question(s) by summarizing and discussing conclusions drawn from this research. Furthermore, recommendations and theoretical contributions will be presented as well as limitations of the study and suggestions for further research.*

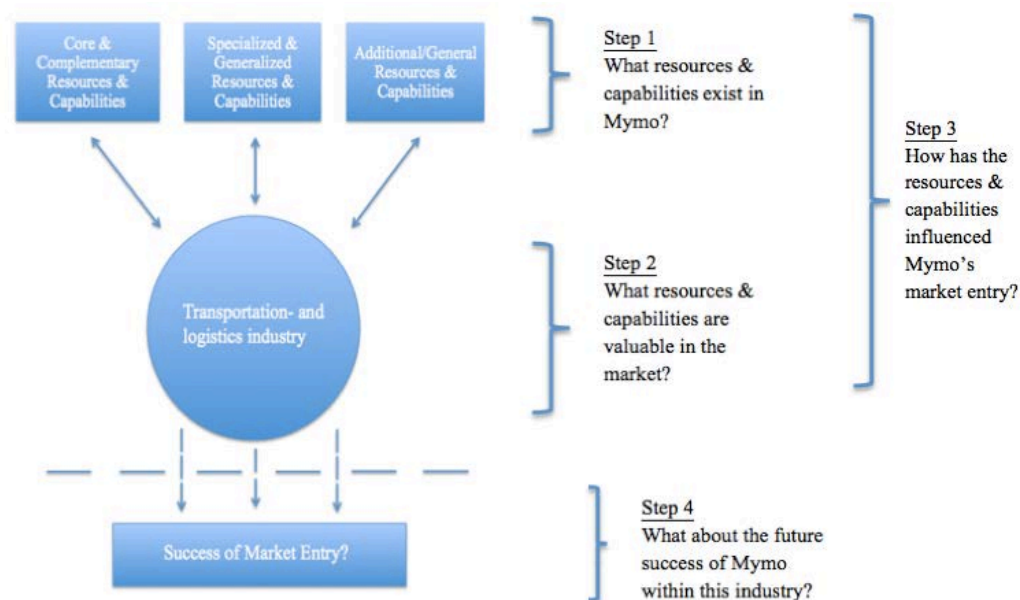
The purpose of this master thesis has been to study the connection between pre-entry resources and capabilities and market entry, as well as to understand and explain how this connection has or has not been applied in Mymo. Furthermore, the study has also been examining Mymo's future potential within the entered transportation and logistics industry.

The main research question for this study has been:

*How has Mymo's pre-entry resources and capabilities influenced or not influenced the start-up's choice of market entry?*

This research question has also been guided by a couple of sub questions:

- *What kind of resources and capabilities did the start-up possess at the time of market entry?*
- *What kind of resources and capabilities are valuable in the entered market?*



The study has furthermore been guided by a research tool in order to answer the theoretical and practical research problem. Step 1-3 will answer the theoretical research problem and will be discussed here below, while as step 4 will answer the practical research problem and will be discussed in section 6.1 Recommendations.

**What kind of resources and capabilities did the start-up possess at the time of market entry? (Step 1)**



The resources and capabilities that existed (and still exist) in Mymo can generally be regarded as human and social resources as well as resources and knowledge related to the transportation and logistics industry and the customers within it. The human resources both consist of specific human capital in terms of previous entrepreneurial experience of starting a business and general human capital such as the founders’ technological educations and work experience from being consultants and been working within the entered market. Furthermore, the social resources are comprehensive in the start-up and consist of networks and relationships with different actors. Here the start-up’s relationship with

Ntex is a great resource, where Ntex has provided the start-up with opportunities for product development, new business opportunities as well as additional resources. In addition, the resources and customer knowledge related to the transportation and logistics industry, mainly comes from previous work experience from consultancy within the industry and from employment at the customer Ntex.

Looking at the taxonomy of core-, specialized-, complementary-, and generalized resources and capabilities and which of them that exists in Mymo, one can conclude that the strongest resources and capabilities has shown to be the core and specialized resources and capabilities. Within the core resources and capabilities the start-up possess great resources in both technological- and customer knowledge, which is required in order to create the solution. Within the specialized resources and capabilities the start-up is mainly strong in market-specific knowledge and in parts of the intangible resources such as relationships with valuable actors, and particularly the relationship with Ntex. On the other hand, Mymo has thus weaker resources in complementary- and generalized resources and capabilities, which are required in order to profit from the core resources and which also can be applied in a broader range of settings. Within the complementary resources and capabilities the start-up have weaker resources within finance, marketing and sales while as the knowledge about distribution and customer service are stronger, though with limited resources. One can from this conclude that the start-up possess greater resources that is particularly related to the technological solution and the market that the start-up have entered, than in resources that are more general and necessary in order to run and profit from the core activities of the business.

Table 13: The table visualizes the strong and weak resources in Mymo. The strong resources are highlighted in white and the weak resources in black.

Core Resources & Capabilities	Specialized Resources & Capabilities	Complementary Resources & Capabilities	Generalized Resources & Capabilities
Technological knowledge	Functional area resources: Marketing R&D Distribution	Finance	Functional area resources: Financial capital
Knowledge of customer needs	Intangible resources: Relationships/Networks Patents, trademarks	Marketing and sales	General organizational capabilities
	Market-specific knowledge	Distribution & logistics	
		Customer Service	

**What kind of resources and capabilities are valuable in the entered market? (Step 2)**

The study has brought forward valuable resources and capabilities in the transportation and logistics industry. From the study one can conclude that there are several resources and capabilities that are valuable for companies operating within this industry. To make it more perspicuous, four areas will present the most important valuable resources and capabilities in the transportation and logistics industry.

Time	Knowledge	Service/solution	Company
<ul style="list-style-type: none"> <li>• A need for timesaving services</li> </ul>	<ul style="list-style-type: none"> <li>• Technological knowledge</li> <li>• Customer knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Resources for product development</li> <li>• Reliable services to a valuable price</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable and trustworthy company</li> <li>• Stability of personnel</li> <li>• Trustworthy salesperson or marketing professional</li> </ul>

First, the industry emphasizes a need in the market of solutions and services that can reduce the time issue. Today, the industry is characterized by rigorous deadlines and a large amount of actors to handle. In order to solve the industry’s time issue it is therefore valuable to provide the industry with timesaving services. Second, it has been shown that it is valuable to have knowledge regarding both technology and customer needs. Third, resources and capabilities related to the service and solution itself are valuable such as that it exists resources for product development and that the solution is reliable and can be provided to a valuable price. Lastly, the fourth area considers valuable resources and capabilities related to the company itself, such as that the company should be reliable and trustworthy, have a stability of personnel, which can make sure that the company can deliver what they promise, and that it is valuable with a good and trustworthy salesperson or marketing professional that are knowledgeable about the service.

**How has Mymo’s pre-entry resources and capabilities influenced or not influenced the start-ups choice of market entry? (Step 3)**

***Overall resources and capabilities and its influence on the choice of market entry***

The resources and capabilities that have influenced Mymo’s market entry towards the transportation and logistics industry, primarily relates to the start-ups core resources and capabilities as well as its specialized resources and capabilities. The core resources and capabilities relates to the start-ups extensive knowledge, education and work experience within technology that has contributed to the creation of the solution. It also relates to the start-ups customer knowledge from work experience within the transportation and logistics industry, which has contributed to an understanding of the customers’ issues and needs. The combination of these two valuable resources and capabilities can be regarded to have influenced the start-ups market entry. In previous research it is not mentioned that these core resources and capabilities, in particular, affects a company’s market entry. Anyhow, the previous research mentions that the market entry is affected by the founders’ pre-entry knowledge and experience such as their previous employments. This can thus be regarded as core resources and capabilities if connected to relevant technological- and customer knowledge for the service and market, which has been the case in Mymo.

The specialized resources and capabilities mainly relates to the start-ups market-related resources such as their relationship with Ntex and its market-specific knowledge of the industry. The relationship with Ntex can be concluded to have had an important impact of the start-ups market entry, since this made it possible for the start-up to get their first customer, to be able to continue their product development and to attain additional resources and business opportunities. Comparing this to the previous research, it has been argued that the specialized technological and market-related knowledge in particular affect a company's choice of market. This can partly be confirmed in the case of Mymo, where especially the market-related knowledge have affected the start-ups market entry, but where the technological-related knowledge, which in this case relates to the limited functional area resources in Mymo can not be considered to have affected the start-ups market entry. The only functional area resource that can have had an effect on the choice of market entry is the resource for R&D, but this (as explained above) is more of an opportunity that was gained through the start-ups relationship with Ntex.

The resources and capabilities that have influenced the start-ups market entry the most are as explained the core- and specialized resources and capabilities. Looking at the complementary- and generalized resources and capabilities it is both visible that the start-up does not possess any extensive knowledge within these resources and capabilities or that they have influenced the start-ups choice of market entry. One can therefore conclude that it is the resources and capabilities that are more related to specific areas such as the service (technology) or the market that have contributed the most to the start-ups market entry, and not the more general resources and capabilities such as financing, marketing and sales. These are also resources, which Mymo possess less of and therefore it can be visible that the start-up utilizes its resources and capabilities where more comprehensive knowledge exists. This can be compared to what the previous research discuss about that a start-up often enters markets that fit the company's limited resource base. However, a difference have been found where the previous research argues that a company often enters environments with high uncertainty of customer need, which is not the case in Mymo since an identified need of the service already existed.

***Resources and capabilities and its similarity with the entered market***

Furthermore, it has been important to analyze the similarity between a start-ups pre-entry resources and capabilities to the resource requirements in the industry, since this has been argued to affect a company's choice of market entry. It has been visible when comparing the empirics of Mymo's resources and capabilities and the resource profile of the industry that the start-up both possess valuable as well as not as valuable resources for this market.

Similar resources and capabilities:

- Time
- Customer need
- Customer knowledge
- Technological knowledge

Not similar resources and capabilities:

- Size of company (stability of personnel and resources for product development)
- Trustworthy salesperson or marketing professional

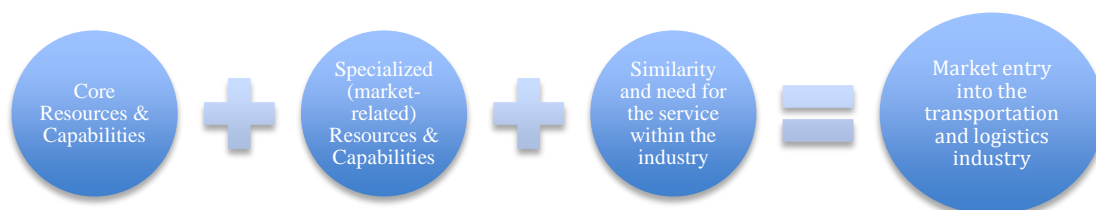
In case of the time factor, customer need of solution and the need of customer- and technological knowledge within the industry, Mymo possess valuable resources. The start-up fits the industry in the way that they can provide a solution that can satisfy the industry's toughest challenge, the challenge of timesaving. Mymo can solve this problem with its solution that contributes to timesaving within the organization, increased production capacity and which allow its customers to become more competitive in the market by being able to provide quicker services to their own customers. It therefore also exist a need and demand for this kind of solution that Mymo provides. Furthermore, knowledge regarding technology related to the service a company provides as well as knowledge regarding the customers the company provides its services to are regarded as necessary and valuable resources in this industry. Here Mymo fits the industry since these are two of the start-ups strongest and most comprehensive resources.

Except from this similarity to the industry, Mymo seems to have a disadvantage of being small in size. This relates to being a small number of personnel, having few resources for product development, limited resources of capital, being highly dependent on Ntex etc., which are not seen as valuable resources in the industry. By being small in size in this way, Mymo has a disadvantage regarding the delivery and provision of the service, which will take time since few resources exist for personnel, product development and customer service. The industry also demands trustworthy salespersons or marketing professionals, which is not resources that Mymo possess in the current situation.

To conclude, it is visible that the resources and capabilities in Mymo that fits with the industry mainly relates to the industry's specific needs of the service and the requirements to perform this service. The resources and capabilities that do not fit the industry are on the other hand related to more general resources that are necessary in any market in order to run and perform a business. That Mymo do not possess these resources or capabilities can furthermore be discussed and concluded to be associated with they actually being a start-up that is characterized by a limited resource base.

***Concluding remarks***

To summarize and to answer the research question, one can say that the pre-entry resources and capabilities in Mymo, that have been investigated in this study, have most certainly influenced the start-ups choice of market entry towards the transportation and logistics industry. Resources and capabilities such as core- and specialized resources and capabilities have been shown, where the pre-entry knowledge and experience of the founders' and the relationship with an important customer in the industry have been highly influential. Furthermore, a relationship has been found where the need and demand for this kind of service (and the fit with that part of the industry) most certainly influenced the founders' decision to enter the transportation and logistics market.



## 6.1 Recommendations

In this section, the practical research problem of Mymo's suitability and future success within the transportation and logistics industry will be answered and step 4 in the research tool will be addressed.

Since the success of a market entry is argued to be linked with the similarity between a start-ups pre-entry resources and capabilities and the resource requirements in the industry (Helfat & Lieberman, 2002), one can conclude that the start-up possess relevant and valuable resources and capabilities (as explained earlier) that is appropriate for this market and that its future success within the market can be argued to have good potential. Mymo possess relevant pre-entry experience to the industry, which has been discovered in the study by Klepper (2002) to foster a start-ups survival. The study shows that these start-ups survived longer than other start-ups that entered the industry.

On the other hand, Mymo has a scarcity of resources that will be necessary in order for them to grow the company. These resources have been discovered to be resources that the start-up actually can profit from the business, such as resources related to product development, sales, marketing and financial capital. The issue has throughout the research been proven to be the start-ups size and limitation of personnel that can help grow the business. In order for the start-up to continue to the next step and to further grow the business, the start-up needs to take into consideration its current situation and decide on what resources is most important to obtain and to focus on. As discovered from this research, I would recommend Mymo to think about three things that I see have a relationship. These are an increase in personnel, resources for product development and an increase of customers. I think that these three resources are most important since I believe that an increase in personnel will contribute to developments for the solution, resources for product development (where I mean resources for employment or capital) will contribute to a "complete" solution, more customers and revenues, and where an increase in customers will contribute to revenues and financial capital, which in fact is the most crucial resource and which makes it possible to grow the company even more. I believe that these three are interconnected with each other and that the start-up's next step will be to start thinking of how they could solve this issue, together with other relevant information that has not been investigated or covered in this research, in order to get to the next phase and to grow their business. One issue that I can see, if the start-up does not prepare itself for the next step, is that they might get too dependent on Ntex just because it is convenient and can thus inhibit its own independence.

To summarize, I think that Mymo has good potential to succeed within the transportation and logistics industry, but that they need to gain some complementary resources in order to profit from the business. If the start-up can solve these resource gaps there will be a possibility for the start-up to not become one of the 20 – 40 % of new entering firms that fail in the market within the first two years, and can instead become one of the 40 – 50 % that survives past the seventh year, as described in the introduction of this research by Santarelli & Vivarelli (2007).

## **6.2 Theoretical Contributions**

This study has investigated a relative recent research area where the main previous research has been performed on established and mature companies. This study has instead investigated a start-up company and has therefore contributed to the limited research within that area. Since the current previous research does not provide a comprehensive explanation of this field of study, it has made the analysis more difficult to perform in the way that much of the findings are difficult to support. With my research I have therefore been able to contribute to a more explanatory research of the field of study, which can be utilized for comparison in similar future research.

The main theoretical contributions can be argued to be the acknowledgement of that a match exist in this research with what the previous research emphasizes regarding that the founders' pre-entry knowledge and experience as well as that the specialized technological- and market-related resources and capabilities affect a company's market entry in particular. Though with a disparity for the specialized technological-related resources and capabilities, which did not affect Mymo's market entry in particular. It has furthermore been discovered that a perfect match between the start-up's solution and the need of this kind of service in the industry have affected the start-ups market entry, which has not been mentioned or discussed in previous research. In addition, a critical mindset towards the complementary- and generalized resources and capabilities has been developed, since they do not seem to contribute to a start-up's specific market entry. However, this cannot be supported with exclusively this research.

## **6.3 Limitations of the Study**

Since this research has had its focus on only resources and capabilities and its influence on a start-ups market entry, it is highly possible that other relevant areas that might could have affect a start-ups market entry, have not appeared and been considered in this study. However, this was never the purpose with the study, but one should be aware of that limitations exist regarding the study's small scope of study.

Furthermore, a limitation of this study can be the limited amount of explanatory previous research. Even though previous research exists, it does not specify and explain it in particular. This has made the research more difficult to perform and analyze, and can thus have influenced a wider interpretation of the previous research.

Finally, the chosen research design of a case study together with a small selection of qualitative interviews have resulted in that no generalization can be possible for the conclusions in this study. The study covers a comprehensive explanation of this single case and should therefore not be utilized for decisions in other areas.

## **6.4 Suggestions for Further Research**

During this research some observations have been made that can encourage further research. Since this research was performed on exclusively one start-up company it would be interesting to investigate this phenomena on several other start-ups operating within the same industry in order to discover similarities and dissimilarities among the different start-ups. An explanatory multiple-case study could be performed in order to understand and explain the relationships and to further contribute to and complement the findings. Furthermore, research could be performed on several other start-ups with no restriction of what industry they are operating within, in order to cover generalizability of the findings.

This research has shown that the core- and specialized resources and capabilities in particular have influenced the start-ups market entry. It has also shown that the complementary- and generalized resources and capabilities have had a less impact on the start-ups market entry. Therefore, it would be interesting to further investigate if this is the case in other start-up companies or in more mature companies in order to add value to the explanation of what resources that influence the companies market entry in particular.

Moreover, this research has found an important relationship with a customer within the industry, which provided the start-up with additional resources. Further research could therefore investigate how important such a relationship has been to other start-ups. It could investigate if it exist a common similarity among start-ups that has a particular relationship with a customer and if this have had an important role for their market entry.



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## Appendix

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### **Appendix I: Company description of Mymo**

Mymo is a company that was started in October 2013 by the three founders: Jon Högström, Kim Bjereld and André Emilsson. Mymo provides a digital platform that enables companies to store, share and organize static data (pdf, photos, documents, etc.) more effectively.

The business idea of Mymo is to relieve companies within the transportation and logistics industry from unnecessary costs and administrative burden related to quality insurance by helping them to store, organize and share their information more easily and securely.

Today, the company is having one customer Ntex, which is a logistics company in Gothenburg. Here Mymo has been developing a customized solution for the use of forklifts in the daily operation, where the company will be able to perform a more valuable daily inspection of forklifts and to submit damage reports of the forklifts that will be easier to follow up.

## Appendix II: Interview Guide Mymo

### Interview 1: Questions for Mymo

#### 1. Background questions:

Educational background:

- Can you tell me about your educational background?
  - What did you study in High school?
  - What did you study at University?
  - Other education?

Work experience:

- Can you tell me about your work experience?
  - Where do you work now?
    - What are you working with?
    - For how long have you been working there?
  - What different kinds of jobs have you had (since university)?
    - What did you do?
    - For how long did you work at each job?

Entrepreneurial experience:

- Have you started a company before?
  - What kind of company?
  - For how long did you run it?

#### 2. What resources & capabilities existed in the start-up at the time of market entry?

*Core resources & capabilities (Knowledge required to create a product or service)*

2.1 Technological knowledge:

- What kind of technological knowledge did you possess that are relevant to the product/service?
  - What kind of education do you have that is required to create this product?
  - What kind of work experience do you have that have provided you with knowledge to create this product?
  - Other (interest, other experiences)
  - What kinds of capabilities do you/your team possess to create this product?
    - Specific knowledge about this product (that makes it possible for you to create the product)?

## 2.2 Knowledge of customer needs:

- What knowledge did you possess about your customers?
  - What/how much did you know about the customer need?
  - What did you know about their preferences?
  - What did you know about the customers work process? (How they are working)
- How/from where have you gained this knowledge?

## ***Complementary resources & capabilities*** (*resources & capabilities needed to profit from core resources & capabilities*)

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## 2.3 Finance:

- Did you have access to financial capital?
  - How did you manage to get the financial capital?
  - Where did it come from?
  - Was it enough/not enough to support your business?
    - What did you do to solve this?
- Did you possess knowledge about how to attract financial capital?
- Did you possess experience about how to attract financial capital?
  - Where did it come from? What kind of experience? Explain.

## 2.4 Marketing & sales:

- How did your marketing resources look like at this time?
  - What kind of marketing did you perform?
  - Who performed the marketing?
- Did you have any knowledge (education) about marketing before?
  - What kind?
  - Where did it come from?
- Did you have any (work) experience of marketing before?
  - What kind?
  - Where did it come from?
- How did you work with sales at this time?
  - Who performed the sales activities?
- Did you have any knowledge (education) about sales before?
  - What kind?
  - Where did it come from?
- Did you have any (work) experience of sales before?
  - What kind?
  - Where did it come from?

## 2.5 Distribution & logistics:

- How did you provide your services to your customers?
- Did you have any knowledge (education or experience) about distribution/logistics? (e.g. what is better ways of executing this etc.)

## 2.6 Customer service:

- How did your customer service look like at this moment?
  - What kind of customer service did you provide?
  - Who did this?
- Did you have any knowledge (education) about customer service before?
  - What kind?
  - Where did it come from?
- Did you have any experience from customer service before?
  - What kind?
  - Where did it come from?

## ***Specialized resources & capabilities*** (*resources & capabilities that are more specialized to particular settings*)

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## 2.7 Functional area resources:

### Research & development:

- What resources for product development existed during this time? Explain.
  - Who performed the product development?
  - Did you have financial capital for this?

## 2.8 Intangible resources:

### Relationships with buyers, suppliers...

- How did your relationships/networks look like with your customers?
  - What kinds of relationships/networks existed? With who?
  - How many relationships/customers?
  - Strong/ weak ties?
  - What was the purpose with these relationships/networks?
  - What resources were gained through these relationships?
  - What capabilities were gained? Did the relationships provide you with capabilities you could not do before? What kind?
- How did your relationships/networks look like with your suppliers?
- Did you have other relevant relationships/networks? (Academia, investors etc.)
  - With who?
  - What kind of relationship? What was the purpose?
  - What resources & capabilities were gained from those relationships/networks?

## 2.9 Intellectual property rights:

- Did you possess any IPR? (patents, trademarks etc.)

## 2.10 Market-specific knowledge:

### Industry conditions:

- Did you possess any knowledge about the industry you entered?
  - Where did this knowledge come from?
- Did you possess any (work) experience from the industry you entered?



***Generalized resources & capabilities*** (*resources & capabilities that can be applied in a broad range of settings*)

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2.11 General organizational capabilities:

- How did the managerial/leadership capabilities look like in the start-up?
  - (Who are managing the different parts of the business?)
  - Previous knowledge/experience of leadership, management?

***3. Additional resources & capabilities***

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- Are there any other resources & capabilities that you can think of, which have not been brought up?
- Team capabilities: What kinds of team capabilities do you have?
  - Can you give examples of capabilities that would not be possible without the three of you?
  - Can you think about other capabilities that you have?
  - Can you think of capabilities that your co-workers have?

***4. Market entry***

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- When (approximately) did you enter the market?
- Can you describe the entered market?
  - What kind of market?
  - What are valuable resources & capabilities to have when entering this market?
- Why did you enter this market? What were the reasons behind this choice?
- Did you have to complement your resources in order to enter this market?
  - Did you have to learn something new?
  - Did you have to acquire other resources? How did you do that?
- Did any specific resources or capabilities affect your choice of market? Explain.
  - Which ones?
  - How?
  - Why?

## **Appendix III: Interview Guide Transportation and Logistics Industry**

### **Interview 2: Questions for the industry**

- What is crucial for a start-up company to possess (resources/capabilities) when entering this kind of market?
  - Customer knowledge? Customer needs, issues etc.
  - Technological knowledge? How will the product work in that environment?
  - How the industry works? (Trends, issues, work process etc.)
- What are the most valuable resources/capabilities in this industry?
- What kinds of IT-companies, would you say, succeed in this industry?
- What is important for you as a customer when choosing to work with a new started company? (To understand what the customer require from a start-up)
  - Reliability? Safety? (That the start-up can perform/provide what you ask for)
  - Specific resources?
- What do you see as Mymo's most valuable resources & capabilities for operating within this industry?
  - Jon, Kim, André?