

Hidden champions in Norway:

A study of the existence and characteristics of hidden champions in the region of Hordaland in Norway

by Steffen Boga

Supervisor: Tor Aase Johannessen

A master thesis within the main profile of
Strategy and Management

This thesis was written as a part of the Master of Science in Economics and Business Administration at NHH. Neither the institution, the advisor, nor the sensors are - through the approval of this thesis - responsible for neither the theories and methods used, nor results and conclusions drawn in this work.

Executive Summary

Previous research has shown that some small to medium sized niche companies are global world market leaders in their respective field, and that they have high share of export. Many of these companies have a low public profile and have therefore been called “hidden champions”.

The purpose of this study was to see if it was possible to identify Norwegian hidden champions in the region of Hordaland, and to analyze them in order to further understand the successful strategy of hidden champions. By interviewing seven business leaders of potential hidden champions using a questionnaire from earlier studies in Germany, several success factors were found together with related underlying variables.

All the participating companies were identified as hidden champions as defined by the criteria of Simon (2009). Among the participating companies all of the seven of the eight success factors as described by Simon (2009) were found in the sample, with an average between 3 and 4 success factors per company. The success factors that were most prominent were “Closeness to customers”, “Innovation”, “Focus” and “High employee performance”.

Most of the underlying variables identified did not give any unexpected results as they were in accordance with normal strategic behavior. The implications of this are that instead of searching for significant factors individually, researchers should investigate the interaction between the success factors and the underlying variables.

In other results it was found that none of the Norwegian hidden champions identified in this study deliberately tried to hold a low public profile, but rather reported they had no need to be known outside of their industry. This implies that the “veil of secrecy” reported by Simon (2009, p.13 - 14) is not deliberate.

Hidden champions have been identified in Hordaland in different industries. Their integrated strategy and relative large export shares should make them very interesting for researchers, policy makers and other niche companies that can be potential hidden champions.

Preface

This master thesis is written as an end assignment in the master study of the Norwegian School of Economics, and it constitutes 30 ECTS.

I chose this assignment after talks about the project with Associate Professor Tor Aase Johannesen, and I was immediately intrigued by it. I found the project fascinating as it was about companies that an integrated strategy which had proven successful over time. Especially the connection between the niche focus and global leadership, which had received little attention made me determined to explore the concept of hidden champions.

Over the long period of working with such an extensive topic I have become more certain of the impact hidden champions can have on economies, especially in the light of the European crisis.

It has been particularly rewarding to visit the companies and talk to the respective leaders. It was fascinating to see the companies' offices and to get some impressions of the company culture. The insights the leaders presented were very interesting and I hope it is represented in the thesis.

It has been a long and hard journey with many positive highlights that has come to an end. I would like to thank the participating companies and the respondents. I would also like to thank Bjørnulf Hinderaker for helping me out with the translation of the questionnaire, and my family and friends who supported me, and last but not least my supervisor Tor Aase Johannesen for valuable guidance along the way.

Bergen, 12th June, 2012

Steffen Boga

Table of contents

1.0 Introduction.....	1
1.1 Hidden Champions	1
1.2 Research objectives.....	2
1.3 Norwegian business structure.....	4
1.3.1 Company size.....	4
1.3.2 Business environment in Norway and Germany.....	6
1.4 Organization of the text	9
2.0 Theory of hidden champions.....	10
2.1 Criteria	10
2.1.1 Market position	10
2.1.2 Revenue limit.....	11
2.1.3 Low public profile	11
2.2 The characteristics of hidden champions.....	12
2.2.1 Ideal fit.....	13
2.3 Analysis of the hidden champions strategy.....	14
2.3.1 Eight lessons	15
2.3.2 The core: Strong leadership with ambitious goals	15
2.3.3 The inner circle: High employee performance.....	21
2.3.4 The inner circle: Depth	27
2.3.5 The inner circle: Decentralization.....	30
2.3.6 The outer circle: Focus	34
2.3.7 The outer circle: Globalization	35
2.3.8 The outer circle: Innovation	36
2.3.9 The outer circle: Closeness to customer	38
2.4 Hidden Champions' overall model	40
2.4.1 Overall model based on Simon (2009)	40
2.4.2 Hidden champions' simplified overall model	42
3.0 Methodology	44
3.1 Research philosophy	44
3.2 Research Approach.....	45
3.3 Selection of participants.....	46
3.3.1 Identification of candidates.....	46
3.3.2 Screening of candidates	47

3.3.3 Enquiry to participate.....	48
3.3.4 Final selection of candidates	48
3.4 Research method	49
3.4.1 Semi-structured Interview.....	50
3.4.2 Interview guide.....	51
3.5 Research procedure	53
3.5.1 Data collection from candidates	53
3.5.2 Data analysis.....	55
3.6 Quality of data	57
3.6.1 Reliability	57
3.6.2 Validity.....	58
3.6.3 Mistakes in the questionnaire.....	59
3.7 Ethical Issues	60
4.0 Results	62
4.1 Evaluation.....	62
4.1.1 R1 – Success factors	62
4.1.2 R2 – Success factors	63
4.1.3 R3 – Success factors	65
4.1.4 R4 – Success factors	66
4.1.5 R5 – Success factors	67
4.1.6 R6 – Success factors	69
4.1.7 R7 – Success factors	71
4.2 Frequency table over success factors.....	72
4.3 Underlying variables.....	72
4.3.1 R1 – Underlying variables.....	73
4.3.2 R2 – Underlying variables.....	74
4.3.3 R3 – Underlying variables.....	76
4.3.4 R4 – Underlying variables.....	79
4.3.5 R5 – Underlying variables.....	82
4.3.6 R6 – Underlying variables.....	85
4.3.7 R7 – Underlying variables.....	87
4.4 Other findings.....	90
4.5 Summary – Underlying variables.....	90
4.6 Individual company profiles	92

5.0 Discussion	95
5.1 The hidden champion status	95
5.1.1 Market leadership	95
5.1.2 Limit in size	97
5.1.3 Low public awareness	97
5.2 The identified success factors	99
5.2.1 The criterion limit used	99
5.2.2 The dispersion of the factors.....	99
5.2.3 Significance of the success factors	101
5.3 The identified underlying variables.....	102
5.3.1 Decentralization	103
5.3.2 Globalization.....	104
5.3.3 Closeness to customers.....	105
5.3.4 Innovation	107
5.4 Methodology	108
5.4.1 Length of the questionnaire	108
5.4.2 Structural design.....	108
5.4.3 Weaknesses in the study.....	109
5.5 Other findings.....	109
6.0 Conclusion	111
6.1 Main findings in this study	111
6.1.1 Hidden champions' success factors.....	111
6.1.2 Underlying variables to the success factors	112
6.2 Implications	113
6.2.1 Implications for researchers.....	113
6.2.2 Implication for policy makers	114
6.2.3 Implications for potential hidden champions	114
List of references.....	116
Appendix.....	120
Appendix A	120
Appendix B1	134
Appendix B2	135
Appendix C1.....	136
Appendix C2.....	137

List of Figures

Figure 1: Hidden champions in international publications (Simon, 2009)	2
Figure 2: Global Competitiveness Index, Company profile - Germany	6
Figure 4: Global Competitiveness Index, Country profile - Norway.....	7
Figure 3: Global Competitiveness Index, Innovation Score - Germany.....	7
Figure 5: Global Competitiveness Index, Innovation Score - Norway.....	8
Figure 6: Simon (2009, p.356) overall model	13
Figure 7: Leadership model	17
Figure 8: High employee performance model	23
Figure 9: High vertical integration model.....	28
Figure 10: Decentralization model	31
Figure 11: Focus model	35
Figure 12: Globalization model	36
Figure 13: Innovation model	38
Figure 14: Closeness to customer model	40
Figure 15: Complete model of the eight success factors	41
Figure 16: Simplified overall model.....	42
Figure 17: R1 - Company profile.....	92
Figure 18: R2 – Company profile	92
Figure 19: R3 – Company profile	93
Figure 20: R4 – Company profile	93
Figure 21: R5 – Company profile	93
Figure 22: R6 – Company profile	94
Figure 23: R7 – Company profile	94

List of Tables

Table 1: Shares of large companies.....	5
Table 2: Shares of medium sized companies	5
Table 3: Overview of the respondents	49
Table 4: Inner competencies - R1.....	62
Table 5: Outer opportunities - R1.....	63
Table 6: Inner competencies - R2.....	64
Table 7: Outer opportunities - R2.....	64
Table 8: Inner competencies - R3.....	65
Table 9: Outer opportunities - R3.....	65
Table 10: Inner competencies - R4.....	66
Table 11: Outer opportunities - R4.....	67
Table 12: Inner competencies - R5.....	68
Table 13: Outer opportunities - R5.....	68

Table 14: Inner competencies - R6.....	69
Table 15: Outer opportunities - R6.....	70
Table 16: Inner competencies - R7.....	71
Table 17: Outer opportunities - R7.....	71
Table 18: Frequency table over success factors.....	72
Table 20: Summary of underlying variables.....	91
Table 21: Degree of leadership.....	95
Table 22: Basis of leadership.....	96
Table 23: Basis for market share assessment.....	96
Table 24: Number of hits in media database.....	98
Table 25: Sensitivity analysis of success factor limit.....	99
Table 26: Success factor dispersion.....	100
Table 27: Answers to question 5.1.....	102
Table 28: Direct sales vs. advanced products.....	106
Table 29: Customer dependency on the product.....	107

1.0 Introduction

In this section I will give a short introduction and explain the background to the term “Hidden Champion”. I will then clarify my research objectives and I will point out some of the differences between the Norwegian and German business environment. The latter are of particular interest since the previous research mainly has been done on hidden champions in Germany. The section ends with a short description of the organization of the text.

1.1 Hidden Champions

“Hidden Champions” is a term coined by Hermann Simon, who through extensive studies discovered how a proportion of small-medium large companies in Germany had great profits and high revenues from exports although they were quite unknown. He argues that these companies are the backbone of the German economy. With their narrow focus in niche markets, they provide excellent quality products to customers worldwide. This often makes them a market leader in a strong competitive position. While most theories about business are based on large successful companies, Simon (2009) stresses that there are many things to be taught from these “Hidden Champions” as well. They have a unique combination of market knowledge and technological focus, they are constantly defending their market position, and they rarely diversify into unknown markets (Simon, 2009). These are only some of the things that can be mentioned.

According to the introduction chapter of his latest book: *“Hidden Champions of the 21st Century: Strategies of Unknown World Market Leaders”* published in 2009, Simon emphasizes that the studies began after discussions with the widely recognized professor Theodore Levitt in 1986. They discussed why some countries had higher exports than others. In the discussions, they agreed that the export success of Germany and Scandinavian countries could be related to small and midsize companies, since they are not so frequent in countries like USA, France and Japan. Further research showed that many of these small companies are the world market leaders in their markets. Simon (2009) claims he has presented and discussed the topic of hidden champions on all five continents, and by doing so found that there are hidden champions everywhere. These worldwide businesses all seem to share the same business philosophy, and they have more things in common among themselves than with other companies in their respective countries (Simon, 1996). In the world, Simon (2009) estimates that 80% of the hidden champions exists in Germany and Scandinavia.

Simon first started using the term “Hidden Champions” in the late 1980’s, and after the article *“Lessons of Germany’s midsize giants”* in 1992, the term gained a lot of attention. His subsequent

book "Hidden Champions: Lessons from 500 of the world's best unknown market leaders", from 1996, was published in 17 countries. He also got a front page cover of business week. See Figure 1.1 below.

Figure 1: Hidden champions in international publications (Simon, 2009)



This thesis will try to further investigate the concept by conducting research in one prominent region in Norway. Norway is of great interest due to Simon’s estimates about the whereabouts of hidden champions. However, Norway is also a quite unique country in Europe. With access to oil and gas resources and a political position outside the European Union, Norway is an independent country that has gone through financial crisis and European crisis almost unaffected. After the research questions have been explained I will highlight some of the relevant differences about Germany and Norway.

1.2 Research objectives

Hermann Simon (1992; 2009) has identified many hidden champions in Germany, and illustrated how beneficial they are to the economy. It is interesting to see how many hidden champions are present in other countries and how they affect the economy there. With lower economy growth in Europe this research increases in importance. As Scandinavia was pointed out to be second largest region with hidden champions in the world, Scandinavia seems like a good place to start.

In Norway a great proportion of the value creation is related to the oil and gas sector. Yet these natural resources do not last forever and will over time have declining returns. Reve and Jakobsen (2001) have called this the value creation gap, where loss in oil related income needs to be replaced

by other ways of value creation. It is therefore interesting to see how many hidden champions exist and analyze them in order to find out how, and in which business, they are contributing to the value creation in Norway. In order to do so, this master study will function as a pilot study for a larger national study of Norwegian hidden champions.

Hordaland provide excellent location for this study due to its relative large industrial sector, supported by the fact that it was the county that contributed most to the total value creation in the manufacturing industry in 2009 (SSB, 2009). Hordaland also benefits from the proximity to the North Sea and the resources there. Large amount of oil-related companies are based in this region as well as marine-related businesses and other types. Bergen is the second largest city in Norway, and make up the biggest city in the county with inhabitants of 263 762, among Hordaland's 490 570 inhabitants (Statistics Norway [SSB], 2012).

As the theory section reveals, there has been little research on hidden champions and the concept and strategy relies heavily on the works of Hermann Simon (1992; 1996; 2009). Therefore this study will try to identify hidden champions in the regions of Hordaland, and through collection of data analyze to which extend they are hidden champions and try to find explanations for their strategic characteristics. This problem can be formulated into three main objectives:

1. Identify potential hidden champions in Hordaland.
2. Evaluate them based on the hidden champions criteria and characteristics
3. Analyze their underlying variables to such characteristics.

By doing so the outcome will be a deeper understanding of Norwegian hidden champions under Norwegian conditions, more reasons for their successful characteristics will be highlighted and identified, and these can be investigated further in future studies. In addition, a secondary objective is to evaluate the research methods and see if the applied methodology can be transferred to a nationwide study of Norwegian hidden champions.

It is interesting to locate hidden champions since they are innovative in nature and thus creating new wealth for the society. These companies with high growth and focus on innovation, brings and develops new competence that may be of use to other spin-off companies or may benefit the society through higher tax-income. Hidden champions also bring with them a business philosophy that other companies can learn from. Their closeness to the market and the consumer, and their focus to be best at what they do through innovation, leaves interesting lessons to large companies (Simon, 2009).

However it is not only other businesses that can learn from hidden champions. Their quiet struggle to market leadership and high economic profits indicates that lessons from them have gone beyond the attention of business academics and students (Simon, 2009). It is likely that the revealing of hidden champions' strategy can bring new insights for researchers, and provide academics with another view of how to make successful business.

In today's European macro-economic climate with low growth and falling credit ratings for European countries with high debt, hidden champions are more relevant than ever before as way of increasing growth. Some of Germany's trade surplus can be attributed to the large number of hidden champions (Simon, 1992), and it would be advantageous for other countries to increase awareness about these little giants. It is important to understand how they can be identified, and what the reasons for their success. When these things are understood, it should be easier for policy makers to facilitate for hidden champions, and thus increase economic growth and trade surplus.

The research of hidden champions is an important field of study that can give many benefits for business leaders, academics and society in general.

1.3 Norwegian business structure

In this section I will take a look at the Norwegian business structure in order to explain some factors that are relevant in the search for hidden champions. The main study of Simon (2009) is of companies in the German speaking area of Germany, Austria and Switzerland, where a great majority were from Germany. This section will present some of the main differences in the business structure between Norway and Germany which are of relevance for this study. The section focuses on company size and business environment.

1.3.1 Company size

While Norway is a vast and large country with an area of 385 186 km² (Store Norske Leksikon, 2012), its population is however only 5 002 942 (SSB, 2012) people, leaving it with a population per km² of just 12.99. The six most densely populated areas constitutes 1 715 610 people (SSB, 2012), amounting to 32 % of the population in Norway, an average of roughly 286 000 people.

This low population in the cities naturally limits the size of companies and the business sectors where they operate. In fact, if we take a look at the statistics, and use the definition of the European Commission (2012) but disregarding the revenue limit for sake of international comparison, we see that there are only 623 companies in Norway that has over 250 employees, and thus can be labeled

large companies. Looking at the table 1, Norway's small number of big companies is not only small in nominal terms, but also compared to Germany in proportion to population and share of companies.

Table 1: Shares of large companies

	Large companies	Population	Share per 1000 population	Total number of companies	Share of companies
Norway	623	4 920 300	12,6618 %	485 907	0,128 %
Germany	11 839	81 758 000	14,4805 %	3 636 495	0,326 %

(Data obtained from: SSB, 2011; IfM-Bonn, 2011, German data show numbers from 2009, Norwegian data show numbers from 2011)

When looking at number of medium sized companies in table 2, defined as company with number of employees in range of 100-250, disregarding revenue limit in the definition used by the European Commission (2012), the picture is different. Norway has the same share of medium sized company as Germany in regards to number of companies, and even a higher share in compared to the population.

Table 2: Shares of medium sized companies

	Medium sized companies	Population	Share of population	Total number of companies	Share of companies
Norway	7 230	4 920 300	0,147 %	485 907	1,488 %
Germany	53 553	81 758 000	0,066 %	3 636 495	1,473 %

(Data obtained from: SSB, 2011; IfM-Bonn, 2011, German data show numbers from 2009, Norwegian data show numbers from 2011)

A high proportion of medium sized companies should indicate that it is possible to find numerous hidden champions in Norway. However, Simon's definition of a medium sized company is unclear and deviant from the definition of EU (European Commission, 2012). The average hidden champion has 2037 employees (Simon, 2009, p.20), which is a size that undoubtedly would be seen as a "large company" according to the Norwegian standard. The size of the hidden champions is discussed in the theory section, 2.1.2.

When there are only a few large companies, it is more difficult for medium sized companies to remain hidden, as they will have more impact on society and thus attract attention to themselves. Therefore it might be easier to find the same traits and characteristics among the larger companies in Norway, which may be large in national standard, but still very small according to international standard. However, for this pilot study I have kept focus on companies that have low public profile in order to be consistent with the concept of hidden champions and the theory of Hermann Simon.

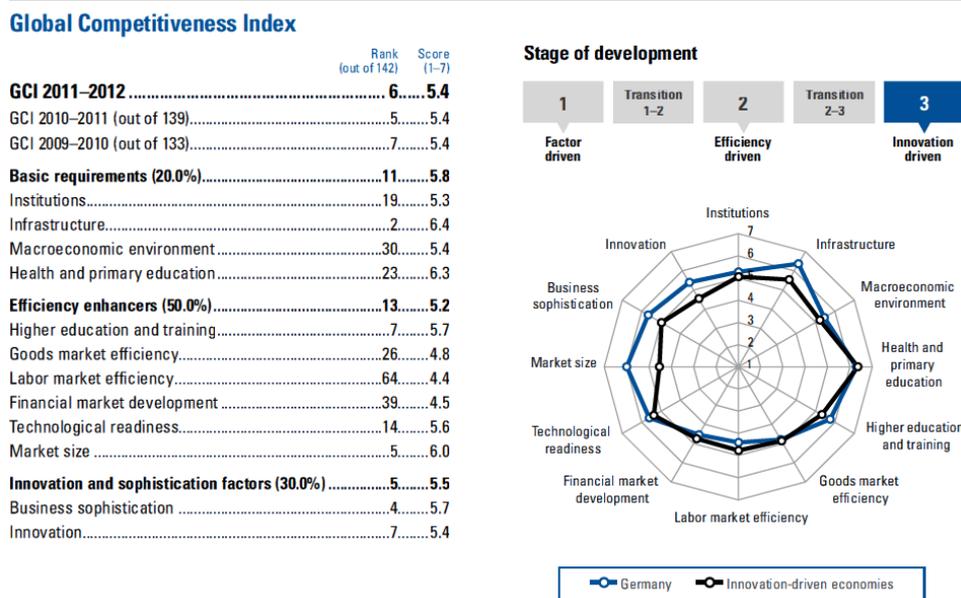
1.3.2 Business environment in Norway and Germany

When assessing the business environment in two different countries, there are often differences in national assessments methods that make national studies difficult to compare. Therefore I have based the comparison of business environment on World Economic Forum’s “Global Competitiveness Report”, hereafter named GCR, from 2011/2012, which measures the competitiveness of a country after 12 pillars that are divided into three main categories, “Basic requirements”, “Efficiency enhancers” and “Innovation and sophistication factors”.

The GCR rank the countries according to their fulfillment of the three categories, where “Innovation and sophistication factors” are given more importance for well-developed countries such as Germany and Norway. Due to the fact that hidden champions are known for having high quality and innovative products (Simon, 2009), it is likely that the higher competitiveness of a country, the higher the likelihood of finding hidden champions.

Looking at the overall picture of the business environment in Germany, figure 2 show that Germany’s overall competitiveness index ranks 6th place among 142 countries. Germany is particular strong at infrastructure, higher education and training and market size, in addition to being strong in the two important factors for an innovation driven country, namely innovation and business sophistication.

Figure 2: Global Competitiveness Index, Company profile - Germany



Innovation is related to technological innovation, while business sophistication consists of “the quality of a country’s overall business networks and the quality of individual firms’ operations and strategies” (GCR, 2012, p. 8). Since these two factors are given higher weight for innovation driven

countries and are also of key importance for hidden champions, it is useful to have a closer look at the elements behind these two factors. Please see figure 3 below.

It is evident that Germany score highly on many elements, including local supplier quality and quantity, nature of competitive advantage, production process sophistication and other innovation

elements such as capacity for innovation,

company spending on R&D and utility patents granted.

The German business environment consists of good infrastructure, large market size, where companies are both sophisticated and innovative, thus driving forward competitiveness at an international stage.

When looking at Norway (Figure 4), the picture is different. In the overall GCR

Index, Norway is ranked 16th and score low on market size and infrastructure, and average on innovation and business sophistication. Norway's strengths lie in macroeconomic environment, institutions, technological readiness and financial market development.

Figure 3: Global Competitiveness Index, Innovation Score - Germany

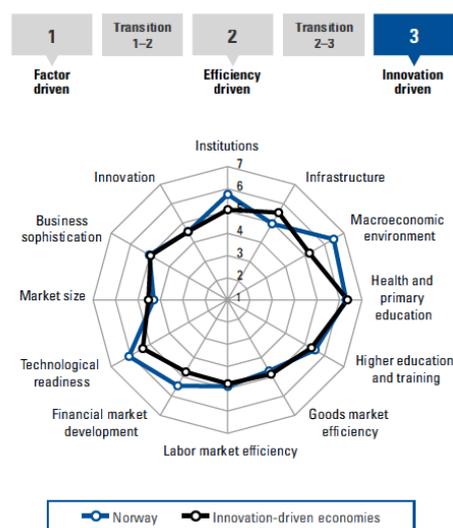
11th pillar: Business sophistication			
11.01	Local supplier quantity	5.9	3
11.02	Local supplier quality	6.0	4
11.03	State of cluster development	4.9	13
11.04	Nature of competitive advantage	6.1	4
11.05	Value chain breadth	6.1	4
11.06	Control of international distribution	5.3	4
11.07	Production process sophistication	6.3	3
11.08	Extent of marketing	5.6	10
11.09	Willingness to delegate authority	4.8	15
12th pillar: Innovation			
12.01	Capacity for innovation	5.7	3
12.02	Quality of scientific research institutions	5.6	10
12.03	Company spending on R&D	5.5	5
12.04	University-industry collaboration in R&D	5.2	13
12.05	Gov't procurement of advanced tech products	4.2	29
12.06	Availability of scientists and engineers	4.5	41
12.07	Utility patents granted/million pop.*	150.6	9

Figure 4: Global Competitiveness Index, Country profile - Norway

Global Competitiveness Index

	Rank (out of 142)	Score (1-7)
GCI 2011-2012	16	5.2
GCI 2010-2011 (out of 139)	14	5.1
GCI 2009-2010 (out of 133)	14	5.2
Basic requirements (20.0%)	9	5.9
Institutions	7	5.7
Infrastructure	35	4.9
Macroeconomic environment	4	6.4
Health and primary education	21	6.3
Efficiency enhancers (50.0%)	14	5.2
Higher education and training	15	5.5
Goods market efficiency	31	4.7
Labor market efficiency	18	4.9
Financial market development	5	5.5
Technological readiness	7	6.1
Market size	50	4.3
Innovation and sophistication factors (30.0%)	19	4.8
Business sophistication	18	5.0
Innovation	20	4.5

Stage of development



Norway, being a small and open economy, naturally differs considerably from Germany. Looking at the overall competitiveness rankings, it is clear that the relative low rankings in business sophistication and innovation can affect the number of hidden champions negatively. Taking a closer look at figure 5, it is clear that Norway is a laggard in many elements in the two factors.

Low rankings in elements like nature of competitive advantage, local supplier quantity and nature of competitive advantage negatively affect competitiveness. Adverse effects on innovation are also

Figure 5: Global Competitiveness Index, Innovation Score - Norway

11th pillar: Business sophistication		
11.01	Local supplier quantity	4.9 61
11.02	Local supplier quality.....	5.3 23
11.03	State of cluster development.....	4.7 19
11.04	Nature of competitive advantage	4.4 28
11.05	Value chain breadth	4.1 34
11.06	Control of international distribution.....	4.6 25
11.07	Production process sophistication	5.7 11
11.08	Extent of marketing.....	5.2 22
11.09	Willingness to delegate authority	5.8 3
12th pillar: Innovation		
12.01	Capacity for innovation.....	4.5 17
12.02	Quality of scientific research institutions	4.7 28
12.03	Company spending on R&D.....	4.2 22
12.04	University-industry collaboration in R&D.....	4.8 22
12.05	Gov't procurement of advanced tech products.....	4.0 43
12.06	Availability of scientists and engineers	4.7 28
12.07	Utility patents granted/million pop.*	81.4 15

found for the relative low rankings in elements like government procurement of advanced technological products, availability of scientists and engineers, and quality of research institutions.

Compared to Germany, Norway score worse on these elements and this is likely to affect the number of hidden champions that exist in Norway. In particular, as hidden champions are known to have a strong competitive advantage, low

ranking in “Nature of competitive advantage” may indicate that there are not so many hidden champions in Norway. In addition, low score on value chain breadth, here meaning that companies participate in several steps in the value chain (GCR, 2011-2012, p.508), indicates that there are less vertical integration which is one of the traits of the hidden champions. See section 2.3.4 in the theory chapter.

However, looking at the positive side, Norway’s relative higher ranking in regarding production process sophistication, willingness to delegate authority and utility patents indicates a more positive environment for hidden champions.

As discussed in the theory section 2.3.5, regarding decentralization, hidden champions often decentralize and delegate authority to departments close to the customer. Low willingness to delegate authority could have been a barrier for such characteristics, but it does not seem to be the case for Norwegian companies.

Sophisticated production process may lead to effective production of high tech products, which are similar to most hidden champions found in Germany.

Number of utility patents per million inhabitants also indicates an innovation ability that could indicate that hidden champions exist.

Overall, the analysis of business environment in Germany and Norway indicate that the potential of finding hidden champions is less in Norway than it is in Germany. Main reason being is the lower market share, less innovative environment, and lower business sophistication. In addition, smaller company size makes it more difficult for successful medium sized companies to maintain a low profile. This increases the risk of finding companies that are champions, but not “hidden” champions.

1.4 Organization of the text

This text is organized to provide answers to the research questions. It starts with a theoretical section that explain the hidden champions’ strategy which is largely based on the work of Simon (2009). The next section provides information about the methodology and goes in to detail about research approach, selection of participants and research method. Then the results are presented, and discussed, before a small conclusion summarizes the main findings and its implications.

2.0 Theory of hidden champions

In order to identify and explore the concept of Hidden Champions we need a comprehensive understanding of the criteria and the characteristics. The success of the hidden champions can be explained by the combination of different activities that in sum gives them sustainable competitive advantage (Simon, 2009). These characteristics and their underlying variables have been analyzed, and put together in an overall model in this chapter. Little research has been done on the hidden champions, so as a natural consequence the section is built upon the work of Simon (2009).

2.1 Criteria

For the purpose of analyzing companies that could be defined as hidden champions we must first assess if they fit in with the criteria. Any small business with a niche product is not automatically qualified to be a hidden champion since there are certain essential conditions that need to be in place. Hidden champions have a distinct strategy and many characteristics. The strategy, culture and leadership methods appear similar around the world (Simon, 1996; 2009).

In Simon's first article about hidden champions from 1992, Simon (1992, p.116) defined a hidden champion as "*a midsize European or world market leader not well known by the public*". Here the definition used includes any unknown European or world market leader. This definition has several weaknesses as it is not easy to understand what constitute "*not well known to the public*". However, the definition of hidden champions has since then been revised and in Simon's latest book he uses three distinct criteria to distinguish the hidden champions (Simon, 2009, p. 15).

1. The firm has to be number one, two or three in the global market, or number one on its continent.
2. It has to have revenues below 4 billion US dollars.
3. It must have low level of public awareness.

With this definition, there are clear limitations and the scope is narrower. With specific criteria regarding market position and revenue limit, we have clear parameters that define a hidden champion.

2.1.1 Market position

In order to be a champion, it is vital to be best in some area. With their narrow market focus, all hidden champions have excelled to be among the world's leaders in their markets. They define the market very narrowly, into little segments where they make the most of their competitive advantage (Simon, 2009). Position in the market is here determined by the market share.

2.1.2 Revenue limit

The revenue limit makes sure that large companies are not mistaken for hidden champions. Simon separates between big champions and hidden champions. Big champions are previous hidden champions that have grown to revenues over 4 billion USD. One example of a company like this is the German company SAP, which had revenues of 14,03 billion USD in 2007 and an annual growth rate of 18,2% from 1995 to 2007 (Simon, 2009, p.32). Hidden champions are defined as medium sized companies. However, Simon's use of the term medium sized company is wider than normal definitions that are used by EU, which defines a medium sized company as a company that has below 250 employees and below €50 million in turnover or below €43 in balance sheet total (European Commission, 2012). Simon (2009, p. 15) argues that size is relative, and that hidden champions are medium sized in relative to companies listed in Fortune Global 500 list. An average Fortune Global 500 company has 67 812 employees, while the average hidden champion company has 2 037 (Simon, 2009, p.15). Hence, Simon's definition of hidden champions is far from EU's definition in regard to number of employees. Not surprisingly the revenue limit is also not valid, as hidden champions has average revenue of \$434 million in comparison to the revenue limit below €50 million (European Commission, 2012). Only about 21.6% of the hidden champions has less than 200 employees and are therefore defined as medium sized companies by EU if we disregard the revenue and balance sheet limit.

Many hidden champions try to retain the strengths of medium sized companies. We see that as many as 21.2 % of the hidden champions have only one manager at the top level (Simon, 2009, p.235). Early decentralization and autonomy for branch offices is also a prominent trait that hinders the negative sides of large corporations (Simon, 2009). Therefore, we may argue that most hidden champions are similar to SMEs, yet due to the size it would be wrong to treat them as SME, so research on SMEs are not directly transferable to the hidden champions.

2.1.3 Low public profile

Hidden champions are mostly unknown to the public. An evident reason for this is that they are often in businesses that have a low profile. Often the hidden champions are in the business-to-business market, providing products and/or services in the production process of their clients (Simon, 1992). An interesting finding in the works of Simon is that many of the hidden champions actually prefer to stay unknown to the public. Simon quotes business leaders with statements like: *"We have cherished our anonymity for years and feel very comfortable about it. Nobody has noticed our niche"* (Simon, 2009, p.14). *"Every unwanted public mention of our company counteracts our efforts to stay unknown"* (Simon, p.14) *"We want neither our competitor or our customers to know our true market share"* (Simon, 2009, p.14) *"We are not interested in revealing our success strategies and helping*

those who have been inert during recent years” (Simon, 1992, p.116), and “(...) hidden champions are successful because they handle their strategies with discretion” (Simon, 2009, p.14).

These effects make the hidden champions unknown to the public, despite their benefits to society. With high public awareness, the lessons from the champions would already be known, but with hidden champions, the story of the company is usually untold. The lessons and experiences are yet to be revealed and researched. However the third criterion about low public awareness is not only important due to their novelty factor in research, but it could also be because the hidden champions prefer it. As described in the introduction, Norwegian businesses are small in proportion with the population, and therefore compared to other countries smaller businesses may get attention more easily in Norway. A company with 2 000 employees may hide well in Germany, but in Norway it would be a quite big company and thereby getting attention in the daily press.

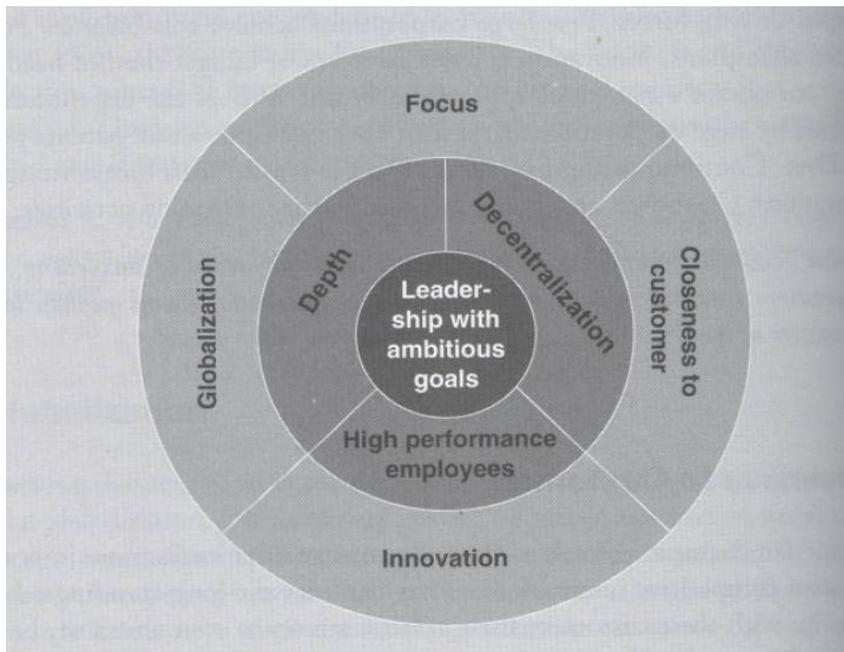
2.2 The characteristics of hidden champions

Hidden champions have some specific characteristics that make them different from other kinds of companies. As we can see from the relative loose criteria, there may be many companies that are hidden champions. However, there are some traits that they have in common, regardless of nationality, and type of business or history (Simon, 1996). These characteristics are by themselves not unique, but it is the mixture of them that makes the hidden champions so special. Due to the few studies conducted on hidden champions, this section relies heavily on the findings of Hermann Simon.

The characteristics have been verified in other countries by other researches such as Voudouris et al. (2000) in Greece and a research rapport conducted by CEEMAN and IEDC-Bled School of Management (2011) for Central and Eastern Europe, Turkey and Kazakhstan. Therefore it is of great importance to take a look behind the factors and see what the preceding variables are. This requires a deep and thorough investigation of Simon’s work, in order to highlight the variables. First I describe Simon’s (2009) eight lessons, which I refer to as the success factors, and then I discuss how they are related to competitive advantage. I then look at each specific factor to bring forward the variables and explanations highlighted in Simon’s work (2009).

An illustration from Simon (2009) summarizes the eight lessons from the hidden champions:

Figure 6: Simon (2009, p.356) overall model



In the core we have leadership with ambitious goals. According to Simon (2009), this is the main strength of the hidden champions, and without it the result they have achieved would not be possible. In the inner circle, internal competencies are displayed. Strong competitive advantage comes internally from depth in the product line. Decentralization yields entrepreneurial behavior, world market presence and a high degree of autonomy among the branch offices. To realize these two competencies efficient, highly motivated and dedicated employees is needed. These internal competencies are linked with external opportunities that are in the outer circle. The hidden champions are focused on a niche market, where they make use of their strong competitive advantage and market presence. This market presence also gives them closeness to customers, which makes sure the company understands customers' needs and can use this data in their innovation process. Innovation ensures the competitive position and together with closeness to customer it makes sure that technology and customer needs are coherent. This features gives the hidden champions a strong advantage that they can transfer to other regions all over the world and thereby ensuring growth and economies of scale which again lowers the cost, and strengthens the competitive advantage further (Simon, 2009, p.356-357).

2.2.1 Ideal fit

The different activities are combined in such a way that they enforce each other. It is not the actions individually that gives the hidden champion their advantage, it is the combination of the actions that create value through a symbiosis. It is what Michael Porter (2008) refers to as an ideal "fit" between

activities that together create sustainable competitive advantage. He argues that “*fit is important because activities often affect one another*” (Porter, 2008, p.58). There are three types of “fits”, simple consistency, activities that are reinforcing, and lastly, optimization of effort (Porter, 2008). Among these fits, most hidden champions seem to be not only consistent in their activities, e.g. complex high quality product is sold with the help of direct sales. They are also reinforcing, e.g. the high quality product is produced in-house to avoid knowledge leakages, and this also gives valuable input to their innovation efforts. Lastly, hidden champions also manage to optimize their efforts, e.g. by direct sales comes a interaction with the customer that gives valuable information utilized in innovation efforts that creates a better product for the customer. This makes the innovation process more accurate, and it saves time. Also the innovation effort improves sales and helps establish a good customer relationship.

More examples can be made, but the point is that the sum of the whole is bigger than the sum of its parts. The joint activities are the reason for its competitive advantage. Hence Porter (2008) says it is more beneficial to think it terms of themes such as ‘low-cost’, as the strengths cannot be said to be a particular competence, resource or skill. Strengths build on each other and blend together, and this is very much the case with the hidden champions. The consequence is that the competitive advantage is much harder to imitate or copy as it requires that the imitator not only copies one specific trait, but a whole set of traits that are interconnected (Porter, 2008).

It is also evident that the fit between actions internally also must match with the needs of external environment to create sustainable competitive advantage (Simon, 2009; Siggelkow and Levinthal, 2003). Decentralization may lead to closeness to customer because closeness to the customers’ activity is important to provide better service. Internal fit with external needs are what constitutes a good position in the performance landscape (Siggelkow and Levinthal, 2003), and this is evident among hidden champions.

2.3 Analysis of the hidden champions strategy

As the fit of the activities is the real reason for the success of the hidden champions, how are these activities influenced and determined? To take a deeper look at the success of the hidden champions we need a more comprehensive understanding of the causal relationships between the various strategic activities and the variables that influence them. Simon’s (2009) model does not illustrate any causal relationships and it poorly reflects how the variables relate to each other. Therefore I have examined Simon’s work from most recent and latest publication, “*Hidden Champions of the 21st*

Century – Success Strategies of the Unknown World Market Leaders” from 2009, in order to set up a better model that illustrates not only the causal relationship, but also the underlying variables behind the success factors. I have used Simon’s eight lessons as a summary of the hidden champions’ strategy.

2.3.1 Eight lessons

Simon’s book goes in detail with many examples about the strategy of hidden champions. His methodology is not described in detail, but it is founded on responses from a quantitative questionnaire sent out to hidden champions, and also qualitatively with many interviews among hidden champions. In order to bring forward the essence of the strategy I have in my analysis tried to apply a critical view and I have disregarded arguments that seem to be insignificant, irrelevant or unproven. Discussions regarding negative effects of the activities are also left out. Other traits that are not influential are also kept to minimum and are in most parts not included. Below extracts from each factor I have made a model to summarize the variables in his findings and how they affect the outcome. In the end I have summarized these factors in a comprehensive overall model for illustrative purposes, and shaped it into a simplified overall model.

Although it would be useful to analyze the respective underlying variables for all the success factors, I have constrained this thesis to only look behind the internal success factors, namely the core factor and the inner circle, corresponding to four factors. These are broad topics, so the literature presented here is not a full discussion on each theme since this is not feasible. Rather, I have attempted to bring forward main extractions from the literature. A full theoretical investigation of all variables would be useful to better understand the underlying foundation of the hidden champions, but it is beyond the work of this thesis to do so.

2.3.2 The core: Strong leadership with ambitious goals

“Willpower and goals always comes first. For hidden champions, leadership means inspiring employees from all over the world to be best, to become a world market leader” - Simon, 2009, p.352

The leadership of hidden champions has some specific traits. Two thirds of the hidden champions are family owned, and 51.8 % of all hidden champions are run by the family.

Leadership continuity is very prominent. The average leader tenure is 20 years for hidden champions. For hidden champions after 1945 it is even higher, with an average tenure of 23.7 years (Simon, 2009, p.291).

One of the points that are strongly emphasized by Simon is the personalities of the leaders, which he has divided into two groups: “*founding entrepreneurs*” and “*entrepreneurs of perfection*” (Simon, 2009, p.300). Among the founding entrepreneurs, Simon (2009, p.301) states that they “*tend to have five traits in common: Unity of person and purpose, single mindedness, fearless, stamina and perseverance, and the ability inspire others.*” As for the “*entrepreneurs of perfection*”, they are the new generation of CEOs that take over after the founding entrepreneurs. They are well educated, possess excellent English abilities, and they “*move with great self-confidence around the international business stage*” (Simon, 2009, p.304).

Over such a big sample of companies as with the hidden champions it would be very surprising if one single leadership style existed. With many different leaders and different context some common characteristics are still found. Simon’s (2009, p.305) findings reveal that “*the leadership style is ambivalent, combining and authoritarian and participative approach.*” The hidden champion leaders are said to be both authoritative when it comes to values, core principles and goals of the company, but participative in the way these principles and goals should be accomplished (Simon, 2009). This mixed leadership style has led to frequent observation of divided attitudes in the employees. Simon (2009, p.306) writes that he observed complaints about the authoritarian style of the CEO, but that the same employees also admired and regarded the CEO very much, and stated that they would not like to work anywhere else.

When researching the factors behind the hidden champions’ success Simon discovered that leadership and entrepreneurship was the most influential factor¹ (Simon, 2009, p.290 - 291). Hence, Simon argues that leadership is the most important contributive factor for the hidden champions’ success.

¹ Satisfaction with profit was used as the indicator of company success. Leadership/entrepreneurship was measured against employee qualification and loyalty and professional management.

Figure 7: Leadership model



Model is created by the author, based on findings in Simon (2009)

Among the variables identified by Simon (2009), the most interesting is the leader personalities and traits and their leadership style. Gary Yukl (2010) in his book *“Leadership in organizations”* has made a comprehensive review of many theories and topics related to leadership. His focus also includes methodological problems and therefore his work is ideal for the discussion here.

Leader personalities and traits

Leadership studies have been conducted since the beginning of the twentieth century, and much focus have been given to the determinants of leadership effectiveness (Yukl, 2010). Early research was focused on universal leadership traits that were expected to lead to leader efficiency. However, extensive review of these studies conducted by Stogdill in 1948 and 1974 (referred in Yukl, 2010) revealed that there are no such universal traits that lead to leader efficiency. The conclusion from 1948(referred in Yukl, 2010) states: *“A person does not become a leader by virtue of the possession of some combination of traits (...) the pattern of personal characteristics of the leader must bear some relevant relationship to the characteristics, activities, and goals of the followers”* (p.45). Later studies have however modified the picture. With the use of more relevant traits and skills, measurements and situational effects, better results have been found. Energy level, stress tolerance, self-confidence, internal control orientation, emotional maturity and integrity are the main personality traits found to be especially relevant for effectiveness (Yukl, 2010, p.74). These traits are similar only to a certain extent to Simon’s traits. Similar points being self-confidence for the *“entrepreneurs of perfection”*, and stamina can be translated into energy level for the *“founding fathers”*.

Socialized power-orientation, a moderately strong need for achievement and a relative weaker need for affiliation was also found to be effective. Interpersonal, cognitive and technical skills are also

useful in different degree depending on the leader's position in the organization. General skills as persuasiveness, analytical ability, speaking ability and memory for details are said to be useful for all situations (Yukl, 2010). These traits have however not been mentioned as common traits among the leaders of the hidden champions.

There are many methodological and conceptual limitations when it comes to trait and skill studies (Yukl, 2010). Simon (2009) relates a leader's skill and traits directly to the company success. This gives a problem about tracking causality, as external factors may very well be the real cause of the success (Yukl, 2010).

Simon's (2009) findings do not seem to coincide with traditional findings in leadership studies as described by Yukl (2010). This does not mean necessarily mean Simon is incorrect in his assessments, yet it hard to say his findings are significant without more information about the methods behind his assessment and more research have to be done to rule out external causality.

Leadership style

The overall values, core principles and goals of the company appear to be similar to what Bass (1985; 1986, referred in Yukl, 2010) refers to as transformational leadership.

According to Bass, the leader transforms and motivates followers by (1) making them more aware of task outcomes, (2) inducing them to transcend their own self-interest for the sake of the organization or team, and (3) activating higher order needs (Yukl, 2010, p.277).

Here, task outcomes can be understood as the goals of the company. Overall values and core principles are motivational factors which intent is to activate the higher order needs that Bass mentions. This implies that the CEOs of hidden champions manage to influence their subordinates to feel more enthusiasm and commitment to task objectives, a positive outcome that relates to leader efficiency.

Leadership style is also a matter of context and situation. In such respect transformational leadership seem to fit well as Yukl (2010, p.280-281) writes that:

Transformational leadership is likely to be more important in a dynamic, unstable environment that increases the need for change, and such leadership is more likely when leaders are encouraged and empowered to be flexible and innovative (e.g., a decentralized organization with an entrepreneurial culture).

We see a clear argument in favor of transformational leadership within decentralized organizations that are similar to hidden champions.

However, transformational leadership is not the only characteristic of the hidden champions' leadership style although it could be argued it is the most prominent one. According to Bass (1990) a transactional leader gives benefits in exchange for efforts, and uses corrective actions when there are deviations. *"The primary influence process of transactional leadership is probably instrumental compliance"* (Yukl, 2010, p.280). The authoritative attitude that the employees have reported to Simon seems to represent the corrective action and use of power to enforce compliance as mentioned by Bass (1990) and Yukl (2010). This indicates that hidden champions' leaders use a mix of transformational and transactional leadership that by Bass (1985, referred in Yukl,2010, p.277) are said to be in use by effective leaders.

The leader style therefore seems to fit well with the conditions of the hidden champions, and this is a clear sign that the leaders are indeed a strong resource for the respective companies.

Other factors

Long tenure

Research on CEO's tenure indicates that CEOs are showing more initiative during their first years, but get more rigid and complacent during the years. The longer a CEO is in office the more power is likely to be institutionalized and held by the CEO (Hambrick and Fukutomi, 1991). Moreover, it is suggested that the CEO during their tenure will be more committed to a chosen paradigm, filter more information, use less sources of information and take less interest in tasks, resulting in a situation where the incumbency of the executives becomes dysfunctional for the organization (Hambrick and Fukutomi, 1991). Hambrick and Fukutomi (1991) also name some reasons for possible exceptions to their CEO stages, and these reasons are suggested to lie within the environment, the organization or the individual. Indeed, more recent research has tried to investigate the intermediating effects between CEO tenure and performance. Simsek (2007, p. 661) concludes in his study about CEO tenure and top management team that:

The image of a risk-taking CEO that emerges from our study is not that of young and energetic, as is commonly presented in the literature, but rather, a well-seasoned individual with idiosyncratic and tacit knowledge of the firm and its environment.

This speaks against the suggestions of Hambrick and Fukutomi (1991) and it also support Simon's (2009) findings. Through higher risk-taking, performance will increase, and risk-taking correlates positively with CEO's tenure (Simsek, 2007). The study was conducted on small and medium sized companies in USA, with 20 to 500 employees (Simsek, 2007, p.656). It did not measure the actual size of the top management teams, but it is likely that smaller firms have smaller top management teams. This characteristic is similar to a part of the hidden champions who only have a few members in the top management (Simon, 2009, p.299). Hence, it can be argued that Simsek's (2007) findings are more valid for the hidden champions, although their size is bigger in terms of number of employees. In addition, it is found that long CEO tenure is not necessarily good as Simon (2009) suggest, it can lead to severe disadvantages (Hambrick and Fukutomi, 1991).

Family owned

Anderson and Reeb (2001) assessed companies listed in the S&P 500 index from beginning of 1993 – to 1999, and the aggregated results suggested that family firms perform better than non-family firms, both in cases when CEO were a family member or an hired outsider. Market performance was found to be enhanced by founder CEO or an external hired CEO, but not when founders' descendants were CEOs. Suggested explanations are that family understands the business and that family ownership reduces agency problems. The results of Anderson and Reeb (2001) have also been found in Taiwan by Chu (2011), who found that not only does family ownership enhance performance when family is involved in top positions the link between family ownership and performance was also found to be stronger for SMEs. Hence, the studies presented here indicates support of Simon (2009), that family ownership may enhance success, and especially when the founder is the CEO and the company is small, however the positive effect of family ownership on market performance can be neutralized when it is the funder's descendant that acts as CEO. The latter indicates that family ownership is not always positive, and that it has considerations has to be taken.

Leadership and its relation to organizational performance

There has been much debate about leaders' true effect on organizational performance. The arguments are that a leader has to severe constraints to make an impact as external factors and stakeholders are the cause of the influence (Hannan and Freeman, 1984; Pfeffer, 1977, referred in

Yukl, 2010) Others say a leader has a major influence (Katz and Kahn, 1978,; Finkelstein and Hambrick, 1996, referred in Yukl, 2010). Another argument is that the leader position is exaggerated, and the leaders are given credits, both negative and positive, for end results (Yukl, 2010). However, Yukl (2010, p.421) summarizes that the different kind of research indicate that leadership can impose a moderately strong influence on organizational performance, thus partially supporting Simon's (2009) claim that leadership is the core of the hidden champions.

We find support for leaders effect on organizational performance, however there are uncertainty in the variables in existing literature. Especially leader traits and skills are very case-specific and measurement of leaders' action and organizational efficiency are very difficult due to many influencing factors. Leader style however is found to have a significant effect. Long tenure can have negative effects, but newer research indicates that this is not the case with SMEs with smaller top management teams. Family ownership and especially when the founder at as CEO may enhance performance.

2.3.3 The inner circle: High employee performance

"High performance requires intolerance against shirking and swift dismissal of employees who do not pull their weight. The low employee turnover proves that the remaining employees appreciate the hidden champions' corporate cultures and reciprocate with due commitment and high performance" (Simon, 2009, p.352).

The corporate culture is reported to be very homogeneous in terms of number of conflicts. Only 10-20% of time spent is used to deal with internal resistance. According to Simon (2009, p.261), this is much lower than in large corporations (50 – 70%) and other midsize corporations (20 – 30%).

In regards to inner strength of culture and performance, this was measured on a seven point scale with questions, percentage of respondents who answered 6 or 7 is displayed in brackets, about employee loyalty (79.5%), - qualification (72.9%), - motivation (72.7%), flexibility (58.4%) and working climate (55.3%) (Simon, 2009, p. 262).

Qualified employees are important as most hidden champions' competitive advantage lies in high quality and service. In order to developed skilled personnel many hidden champions provides training on the job, or develop training programs abroad that is similar to the German vocational program. Since the hidden champions rely on innovation and unique expertise, such training is very

important. Mixed with the low turnover rate, it becomes a clear strength of the company (Simon, 2009).

Simon (2009, p.263) claims that the true effect of a good corporate culture also appears in turns of low sickness and turnover rates. Here, the hidden champions have an average annual sickness rate as low as 3.2%, and a long-term average annual turnover rate of 2.7%.

The hidden champions have a high performance culture and Simon (2009) has three explanations for this. With a lean organization there is always plenty of work to do, in contrast to large organizations that may suffer from lack of control or Parkinson's Law about how idle workers invent their own work (Simon, 2009). The second condition is having a corporate culture that does not accept any shirking or bad performance. The third condition is the size of the organization. It is easier to keep things efficient when there is a smaller organization with less complexity. The hidden champions are decentralized, and thereby avoid the challenge of getting large organizational units to work effectively. Also their own efforts are closer to the end-result which in itself is motivating (Simon, 2009, p.267 – 269).

A surprising fact is that two thirds of the hidden champions have their headquarters in rural locations. This gives them many benefits, but also some challenges. Benefits are mutual relationship and commitment with local government and employees. The hidden champion is often the only large employer in town. A main challenge is to attract qualified personnel to such locations, so the company becomes more dependent on current personnel. With a rural location there is a mutual relationship with the local government and its inhabitants, and it affects the corporate culture by giving a stronger identification and unified feeling (Simon, 2009).

Figure 8: High employee performance model



Model is created by the author, based on findings in Simon (2009)

High performance culture

Simon (2009) does not point out all the characteristics of a high performance culture. Instead he focuses on the variables that are prominent and more unique for the hidden champions. Among them, there is support for the ‘No acceptance for shirking’ in the work of Kaliprasad (2006). For an organization to perform beyond excellence, one of the criteria that are found is that *“Individuals answer to each other for their attitude and performance and not only to management”* (Kaliprasad, 2006, p.30). Accountability is also mentioned as one of the major factors that make out a high performance culture by Wriston (2007).

The key to creating high performance culture is said to consists of five success factors (Kaliprasad, 2006, p.31), *“Leaders perception”, “shared vision, mission, values and strategies”, “congruent leadership practices”, “congruent infrastructure”* and *“employee behavior that meet customer needs”*. As the other factors are not related to the employees, we can focus on the last one. Here, it is imperative that in order to meet customer needs you must understand what they are. It is possible that the hidden champions benefit from their closeness to customers in regards to their performance culture, as it helps motivates the employees and drives performance forward. Decentralization is mentioned as a way to create smaller work units, which contributes to a high performance culture (Simon, 2009), but it is also mentioned by Simon (2009) as a way to get closeness to customers,

which can help motivate the employees. Hence decentralization may serve two purposes in regards to high performance culture.

Simon (2009) points to how smaller business units are more efficient than larger ones because productivity is easier to control. Here, it is reasonable to relate the problem to lean organization, defined as a system with less vertical and horizontal differentiation, versus mass organization system, in a similar manner to Lin and Hui (1999). They have tested which system that works best in different situations by conducting computer simulation based on data gathered from other researchers. The findings indicate that lean organization outperforms mass organization systems when the market is unpredictable, when they have low turnover, and when the time pressure is not too high (Lin and Hui, 1996). These are situational variables that seem to fit with the hidden champions and thus can contribute to a high performance. Although not empirically tested, Metha and Shah (2005) created a conceptual model based on existing literature, and they propose in their model that a lean production system has positive effect on employee motivation, satisfaction and commitment. Hence we see a link between lean organization and high performance employees, yet the evidence brought forward here is not so strong.

Low number of conflicts

Simon (2009) points to the low number of conflicts as a sign of a homogenous culture where everybody pulls in the same direction. Conflicts are, however, an ambiguous factor. Conflicts can have positive outcomes in terms of increased creativity or more integrative solutions based on several peoples' contribution (Thompson, 2008). The key lies in the type of conflict and how it is handled. Among sales personnel in South America role stress is found to affect work overload which in turn may increase interpersonal conflict. Further, interpersonal conflict affects job attitudes through emotional exhaustion. Negative job attitudes results in lower performance, higher turnover intentions and it also discourage extra-role behaviors (Jaramillo, Mulki and Boles, 2011). Hence Simon's (2009) argument is supported in terms of interpersonal conflicts.

However, Interpersonal conflict is only one kind of conflict that may occur during collaborative work. There is relationship conflict, (a.k.a. interpersonal conflict), task conflict and process conflict (Jehn, 1995, referred in Thompson, 2008). Both task conflict and relationship conflict hinders team effectiveness, but when task conflict is proportionally higher than the other two types of conflict teams experience a higher level of commitment, cohesiveness, individual and group performance, and member satisfaction (Thompson, 2008, p.207).

Conflict in itself is not necessarily bad. Task conflict brings up the minority view, which leads to better decisions (Dyne and Saavedra, 1996, referred in Thompson, 2008). This shows that when conflict is depersonalized it can bring up new viewpoints that can help team make better and more creative solutions (Thompson, 2008). Although Simon (2009) can be correct in his judgments on how low conflicts leads to higher employee performance, the relationship is more complex. Research on team conflicts among hidden champions can shed new light on the relationship as there are other mitigating variables that are influential.

Rural location

Companies that are in rural locations are separated from urbanization and its benefits and drawbacks. Interrelated reasons for why companies choose to settle down in such remote areas are found by Keeble (1997, referred in Keeble and Nachum, 2002, p.74). Increased complexity in business during the 70's lead to smaller more specialized niche companies, and with the increasing mobility and incomes, several highly skilled and professional personnel and managers could escape metropolitan life for more attractive rural areas. Inherited attributes of decentralized environment also supported the business activities (Keeble 1997, referred in Keeble and Nachum, 2002, p.74).

These attributes include lower costs of premises, labor and other overheads, more space to expand, greater labor force stability, quality and motivation, better management-labor relations, and the indirect effect of improved accessibility of many rural settlements and small towns because of improved telecommunications and transport links.

Rural location is found to give some benefits to employees, although it should be noted that Keeble and Nachum (2002) is focused on small and medium business service companies which are not so prominent among hidden champions.

Low turnover and sickness rate

The hidden champions have an average annual sickness rate of 3.2%. Compared to Germany, the average sickness rate was 4.2% in average from 1999 - 2009 (Simon, 2009, p.263). Compared to Norway the difference is even larger as the average sickness rate was 7.6 % in 2009 (SSB, 2010). The relative low sickness rate of 3.2% for the hidden champions (Simon, 2009, p. 263) is thus understood to be a contribution to more efficient work done by their employees. However, this factor can be enhanced by further research as it is said that "sickness presenteeism" – coming in sick at work - leads to significantly greater loss in productivity than sickness absenteeism (Stewart et al., 2003,

referred in Caverley et al., 2007). Increased “sickness presenteeism” is also related to decreased job satisfaction (Caverly et al., 2007).

Absenteeism is also indirectly linked to job satisfaction (Brooke, 1986), hence low absenteeism can be said to be an indication of high job satisfaction. Job satisfaction is also related to turnover, with mitigating effects such as high unemployment outside the firm (Carsten and Spector, 1987).

The hidden champions have a low turnover of only 2.7% (Simon, 2009, p. 263). A comprehensive study by Martin (2003) among UK establishments has interesting findings in regards to turnover. First of all, turnover is found to be lower in high-tech firms (Martin, 2003). This means that Simon’s comparison against the average turnover in German companies, which is found to be 7.3% (Simon, 2009, p.264), may not be representative. Moreover, there is a complex relationship between training and turnover, where companies that conduct training have lower turnover. However staff that is trained in multiple skills have higher turnover (Martin, 2003, p. 393). Therefore there may be an inter-correlation among the variables in model based on Simon (2009). A note to mention is that Martin (2003) uses a data set from 1990-91, which means there might have been changes since then.

Much research has been done on the determinants of turnover, however not much research has been done on turnover as a dependent variable. Turnover has been taken for granted as a negative impact on organizational efficiency (Gleebbek and Bax, 2004). Gleebbek and Bax (2004) propose that turnover might have a positive effect on performance when there is a recession in the market². However, the hidden champions have increased their revenues over time, so this is not likely to be relevant trait for a large majority of the hidden champions.

Good training offered

This variable is the training offered to the employees and it is said to make them more productive for the company. For employees to provide competitive advantage for the company, training and development of skills are paramount. Training leads to better performance and productivity. It can be a clear source of competitive advantage, especially if the competitors do not consider it a strategic goal (Pfeffer, 1994).

² The theory of Abelson & Baysinger (1984, referred in Gleebbek and Bax, 2004), is that turnover is U-shaped related to performance, and this theory was tested on a large temporary staff recruitment agency by Gleebbek and Bax. Yet the finding is that turnover is negatively related to performance. The researchers state this is the case due to the short time period of only three years in which the demand was on an upturn. Hence the turnover was on the right side of the U-shaped relationship, and it would be argued it would be more likely to see it on the left side if the market was in a recession.

Training is also part of a bigger concept, namely, organizational learning. Organizational learning is not merely about enhancing the skills of individuals, it is a factor of strategic importance. The dimensions are found to be knowledge acquisition, distribution, interpretation, and organizational memory. Organizational learning is found to have a positive relationship with innovation, competitiveness and economic/financial results (Pérez et al, 2005, p.239). A note to mention here is that the acquisition factor, here consisting of external and internal development, correlated 0.65 with organizational learning, and internal acquisition correlated 0.67 with acquisition. This supports a link between internal development of knowledge and financial results. Hence, it is found support for 'Good training offered', and that it effects not only on performance, but also on organizational learning and performance of the company.

High employee performance and its relation to success

All companies rely on their employees to a certain extent. Over the years many factors to success, mainly studied as sustainable competitive advantage, have been discovered and analyzed. Pfeffer (1994) argue that competitive advantage is predominately created through people, and that other sources as technology, process and industry structure have prevailed less over time. *"As other sources of competitive success have become less important, what remains as a crucial, differentiating factor is the organization, its employees, and how they work"* (Pfeffer, 1994, p.17.). The statement enforces the use of employees as a source of competitive advantage, however, they need to be organized appropriately. This means that employees can be a source of competitive advantage, hence their linkage to success, but to realize this advantage, other factors must be in place.

In our model we see several factors that affect the employee performance. Training and skill development is one of the factors supported by Pfeffer (1994). The other sources also have relevant influence, and it is evident that factors such as low sickness rate, low turnover and high performance culture all supports the notion that employee performance, given proper utilization, is a source for success.

2.3.4 The inner circle: Depth

"Uniqueness can only come from within and cannot be bought on the market. It therefore requires depth and a certain reserve toward outsourcing" (Simon, 2009, p.353).

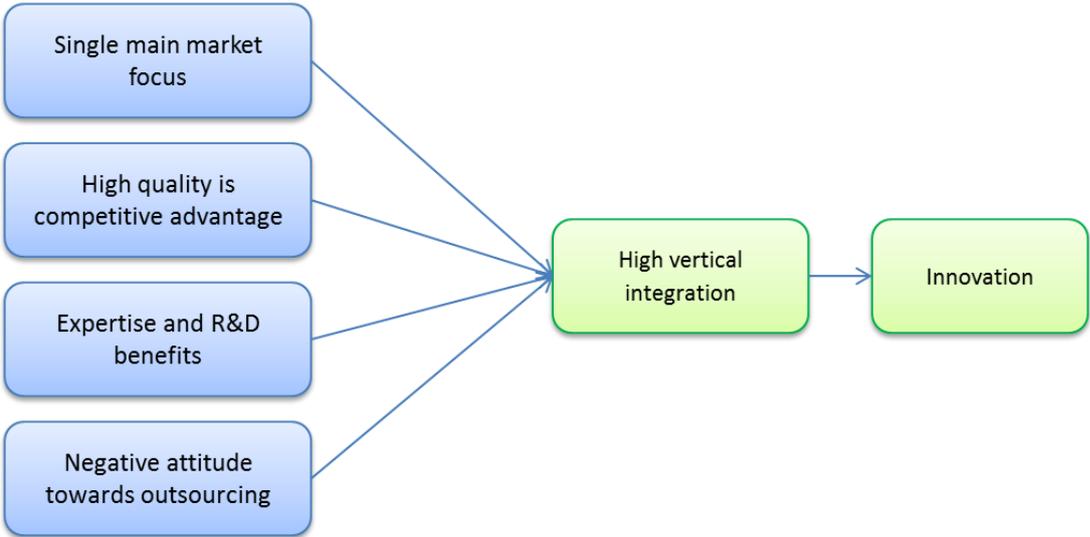
Hidden champions are one- product, one-market kind of companies. On average the hidden champions generate 80% of their revenues in their main market (Simon, 2009, p.228). This makes

them of course very focused on their product from production to delivery to customer. As a sign of this attitude the vertical integration, meaning the percentage of total manufacturing of the product done in-house, is on average 50 % for the hidden champions. In Simon’s first study ten years before, the number was 57 %. The result is reflected in the attitudes of the respondents, where 42.4 % are decidedly against heavy outsourcing, and only 12.1% is in strong favor of heavy outsourcing. 51.6% said they are not less vertical integrated than their closest competitor, only 13.4 % said that this was the case (Simon, 2009, p.238-239).

The hidden champions’ attitude against outsourcing is explained by their desire to keep core competencies inside. Since the product usually also is of superior quality, it is a clear necessity to keep parts of the production in-house. A second benefit is the expertise and the R&D development which benefits from keeping activity within the company. This makes them able to specialize further and it also helps to prevent know-how leakages. The picture is however not one-sided, as many hidden champions prefer to outsource non-core competencies (Simon, 2009, p.239).

In relation to their large share of in-house production many hidden champions are also deeply integrated by producing much of their own production tools and machinery. This gives them unique benefits that are very hard for competitor to match. With such specialized productions, there are also cases where no useful knowledge is available outside the company (Simon, 2009).

Figure 9: High vertical integration model



Model is created by the author, based on findings in Simon (2009)

High vertical integration contributes to sustainable competitive advantage through innovation. Innovation leads to better products and/or cost savings.

Expertise and R&D benefits

One of the reasons to have in-house production is to keep expertise and reap R&D benefits. In other words it is protection of assets, in this case, human resources and intangible assets in form of knowledge. Asset specificity is mentioned in transaction cost theory as one of the drivers that increases transaction costs (Williamson, 1981). High asset specificity is best organized internally as assets with high specificity require much governance control if they are to be acquired on the market place (Williamson, 1981).

The hidden champions operate in specific narrow markets, and hence it is likely that most of its assets required are highly specific. Human asset specificity can arise from learning-by-doing (Williamson, 1981), and a study conducted by Wahrenburg et al. (2006) found that high asset specificity leads to a higher degree of vertical integration among HR-activities.

High quality as competitive advantage

In line with findings regarding 'Expertise and R&D benefits', outsourcing is dependent on the type of relation with the market outside the companies' borders. However, capabilities of the company also affect the question of vertical integration as investments that are related to sustainable competitive advantage are highly firm specific.

When a firm has made specific investments in a particular function – investments that are a source of competitive advantage for that firm – both resource-based and transaction cost logic suggest that the firm should manage this function through vertical integration (Barney, 2011, p.282).

To have high quality as a competitive advantage, it can be assumed that highly firm specific investments have to be made in order to develop and keep that competitive advantage. This makes it beneficial to have high vertical integration.

Single market focus

The fact that the companies only are in a single market, supports the previous statements in regards to asset specificity and resource-based view. A specialized single market gives high asset specificity. When this happens it is high transaction cost to purchase these assets on the open market, if they are available. Such a purchase can make the company dependent on a third party, e.g. a sole

supplier, and this supplier can then use this negotiating power in an opportunistic way (Barney, 2011). The power would not be in the hands of the company, but in the hands of the sole supplier, and this would leave the company in a vulnerable position in accordance with the theory of Porter's five forces (2008). The relationship between the supplier and the buyers in terms of bargaining power is a predictor for opportunism. This relationship is of course very case-specific.

Negative attitude towards outsourcing

A negative attitude towards outsourcing may be based on perceived high transaction costs, which makes it unlikely that use of outsourcing would be beneficial. Such transaction cost may exist due to high threat of opportunism due to uncertainty and complexity, or because it is a transaction that increases the risk of exploitation by one of the parties (Barney, 2011).

As seen from single market focus, specialized assets can give negotiating powers to one or more important suppliers. A well-functioning market would give less reason for opportunism as more available alternatives would be present (Barney, 2011). However, such an argument is hard to make in the niches of the hidden champions. This is the reason hidden champions only outsource non-core competencies that are often support functions for the business.

To summarize, arguments in favor of high vertical integration are found, and the variables presented by Simon (2009) can be said to be supported in the literature presented here.

2.3.5 The inner circle: Decentralization

"Decentralization is the most effective way to retain the strengths of the hidden champions, even in larger and more complex structures. Decentralization should be put into practice wherever possible" (Simon, 2009, p.354)

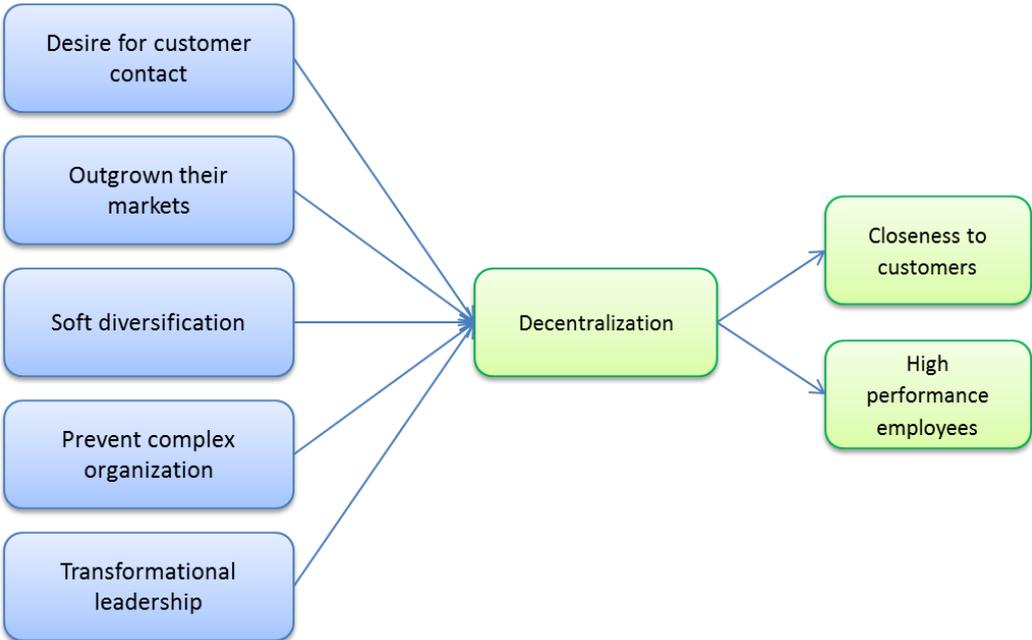
When the hidden champions have outgrown their markets decentralization and soft diversification has been the response. Consistent decentralization combined with soft diversification opens up new markets that are founded on the traditional strengths of the hidden champion. Hidden champions do not want to be distracted from their core business, so often the soft diversification turns into decentralized branches of the company which again turn into new independent hidden champions. Hidden champions prefer to do soft diversification instead of reducing their growth targets (Simon, 2009).

Decentralization gives more closeness to customers since many hidden champions decentralize in accordance with target groups. Increasing organizational growth, and a more complex reality with new markets and more products contribute to making closeness to customer more difficult. Therefore the hidden champions efficiently decentralize and give away authority to the people who are close to customers. This ensures close relationships, flexibility to the customers’ wishes and swift reaction to changes in the local marketplace (Simon, 2009).

Simon (2009, p.269) also argues that dividing work in to smaller units with decentralization increases productivity and yields high performance as mentioned before under “*high employee performance*”.

Another point related to other topics is the leadership mix of authoritative leadership style on values, goals and principles, but participative on the handling of the specific tasks. Soft diversification leads to decentralized units that are given much latitude by the top management, but together with the latitude comes a clear demand for results (Simon, 2009, p.306).

Figure 10: Decentralization model



Model is created by the author, based on findings in Simon (2009)

In the model there are connections with other factors, such as transformational leadership, closeness to customers and high performance employees. Decentralization as a single effect on financial performance is found to be a complex relationship that is influenced by other characteristics (Richardson et al, 2002). In direct opposition of Simon’s (2009) recommendation in the quote in

beginning of this subchapter, decentralization is not found to be universally beneficial, but it tends to have positive impact on financial performance when used in organizations that holds certain attributes (Richardson et al, 2002).

Transformational leadership

Delegation of authority with transformational leadership is already described under “*Strong leadership with ambitious goals*”. From Yukl (2010) I noted that transformational leadership is ideal for dynamic decentralized organizations. Hence it can be understood that transformational leadership can be an antecedent for decentralization.

Prevent complex organization

Organizational complexity consists mainly of three elements: “*horizontal differentiation, vertical or hierarchical differentiation; and spatial dispersion*” (Hall, 1991, p. 53). Meaning that complex organizations are more differentiated horizontally and vertically, indicating more separation between units on the same level and many hierarchical layers (Lin and Hui, 1999). Spatial dispersion on the other hand is complexity in form of activities and personnel that are spread out geographically by separation from power center or tasks (Hall, 1991, p.55). This means that decentralization is also a cause of complexity, which speaks against Simon’s (2009) logic. However, since Hall (1991) is written before the age of internet, with its e-mails, videoconferencing, and tools for sharing of information it is likely that spatial dispersion does not lead to as much complexity as before. It is therefore better to focus on complexity as a form of vertical and horizontal differentiation, as Lin and Hui (1999) have done.

MacKinely (1987, referred in Hall, 1991) states that large organizations can reap economies of scale, but the related complexity can also increase cross-pressures in forms of administrative personnel for control, coordination and conflict reduction. Therefore it may be economical to disperse physically, add divisions or add hierarchical layers.

Hence decentralization can remove complexity, and this may be enforced by new communication technology, but the picture is not one sided. Hall (1991, p.60) argues that “*there is not one best way to organize for the purpose of achieving the highly varied goals of organizations within varied environments*”. His arguments implies that sometimes it would be best to reap economies of scale, and in others it would be best to avoid the enhanced cost of control and decentralization is one way of doing so.

Outgrown their markets

Firms need to match internal capabilities with external environment in order to create competitive advantage. This means that when experiencing an external change in their market, the company must explore and exploit in order to find a new profitable position. The study shows that a temporarily decentralization is the best organizational structure in such a situation (Siggelkow and Levinthal, 2003). A decentralized organization is more able to search for new profitable positions in the product landscape because it has more entities that search independent of each other in a parochial way. Temporary cross-interdependencies are also important as they can lead the company away from local sub-performing peaks in the product landscape (Siggelkow and Levinthal, 2003). However, the study did not speak about venturing in to new markets, but to adapt to external change within its market. Despite this, a part of the argument is that decentralized structure is best when exploring for new opportunities, and thus can give a good benefits when trying to reach new markets.

The question of what to do when the market is fulfilled is tightly related to diversification, and here I relate the discussion to soft diversification.

Soft diversification

The question of diversification is a matter of possible synergy benefits in relation to the imposed coordination cost. Complexity in the organization is said to be a negative antecedent to diversification, because complexity increases the coordination cost associated with serving several markets (Zhou, 2010). Therefore complexity in organization and soft diversification is interrelated, and complexity and decentralization may go hand in hand. It is also an argument to consider against related diversification, as companies with complex business lines will have high coordination costs then when choosing related diversification (Zhou, 2010). The argument speaks against Simon (2009) when a company has complex input lines.

As diversification increases coordination cost and complexity, Zhou (2010) says that companies needs to consider their coordination capacity and the constraint it can have on their future integration and diversification choices. However, the hidden champions often let their diversified departments grow independent and turn into new companies (Simon, 2009), which would reduce the complexity and coordination cost when independence for the new company is achieved.

Desire for customer contact and decentralization effects on closeness to customer

Customer interaction is important in order to keep them loyal. Personnel who have direct customer contact are in an excellent position to listen to the customer (Jones and Sasser, 1995). This information should be used to make the customer completely satisfied. The interaction is transfer of knowledge, but not all knowledge is easy to transfer as there are tacit and explicit knowledge, and tacit knowledge is hard to communicate (Gertler, 2003). Gertler (2003, p.84) states that this is because

Its transmission is best shared through face-to-face interaction between partners who already share some basic similarities: the same language; common 'codes' of communication; shared conventions and norms; personal knowledge each other based on a past history of successful collaboration or informal interaction.

Also noted by Gertler (2003, p.84) is that tacit knowledge builds trust that leads to local flow of tacit knowledge between partners. With this perspective it could be a clear advantage to be within a local proximity of partner, which in my context is the customer. As hidden champions often decentralize in accordance with target groups we can say they benefit from this close relationship with the customers as stated by Simon (2009).

Decentralizations effect on employees

Decentralization can have a positive impact on employee's attitudes, and this influence is prominent in organizations with high share of professional employees (Richardson et al, 2002). However, Richardson et al. (2002) suggest more research is needed in order to understand the boundaries for which decentralization is beneficial for the organization.

2.3.6 The outer circle: Focus

"Ambitious goals can only be achieved by focusing one's resources. The definition of the playing field itself is an essential means of getting the focus right" (Simon, 2009, p.354)

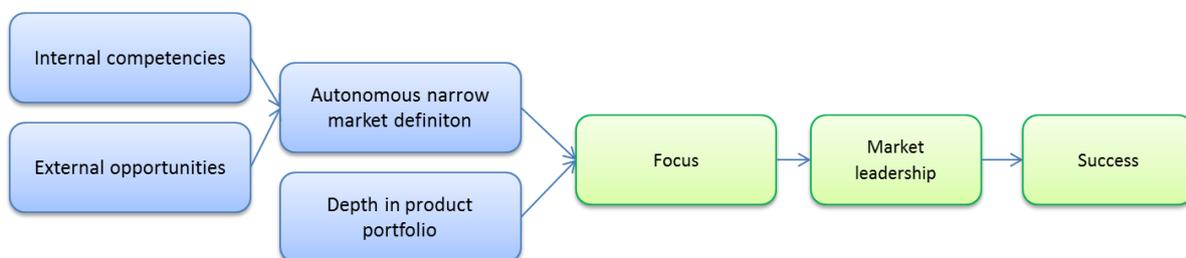
Focus is one of the key elements to the hidden champions' success. They are very concentrated and loyal to their market and competence. They fight hard and bravely for their market position when it is threatened. As a result, a hidden champion has on average been a market leader for 21.6 years (Simon, 2009, p.66).

Between the choice of depth and breadth in their product portfolio hidden champions prefer depth. Meaning they choose one segment and deliver extensive value to that segment in form of service, high quality and special features. When the uniqueness of the product is sustainable, the market may be well protected, but the size is even smaller than normal and this can be a big constraint on profits (Simon, 2009).

Hidden champions make their own autonomous market definition that fit in with their internal competence. The hidden champions usually focus on narrow markets hence they are often market leader within their niche. They are in almost monopolistic situations where they also have various effective barriers to entry (Simon, 2009).

Dependence on the market is a major risk. Simons' findings are that the hidden champions counter argument is that the competitive risk is lower when you are focused on something that you are really good at. Hence Simons (2009, p.76) conclusion is that there is high market risk, but low competitive risk. *"The dependence on their market makes them ferocious defenders and great innovators"* (Simon, 2009, p.76) and the result of this is that often the dependence grows mutual as the customers are reliant on the hidden champions' uniquely beneficial products.

Figure 11: Focus model



Model is created by the author, based on findings in Simon (2009)

2.3.7 The outer circle: Globalization

"Globalization opens up unprecedented growth opportunities, even for small companies. In order to use these opportunities, leaders and employees must put aside their national and cultural boundaries. Incessant stamina and perseverance are required to survive the multigenerational globalization process. The greatest challenge is the internationalization of people " (Simon, 2009, p.355).

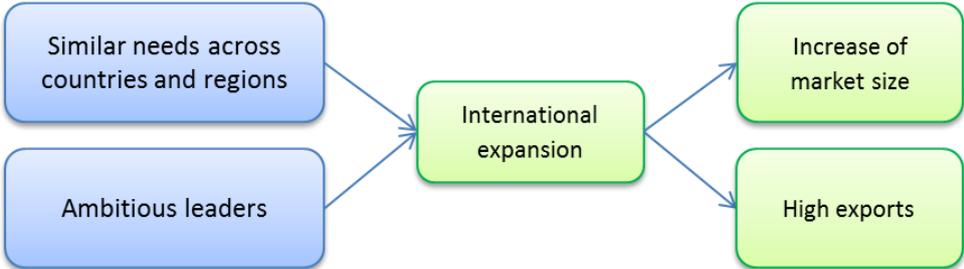
The hidden champions export ratio has increased from 51.1% to 61.5% from 1999 to 2009. The average hidden champion exports 275\$ million USD. In the revenue increase of 270\$ million USD, 170\$ million USD come from export growth (Simon, 2009, p.100).

Globalization increases the size of the narrow market segment and it makes it possible for the hidden champions to realize economies of scale which gives them many benefits (Simon, 2009).

The globalization process takes many generations, and it requires stamina and dedication towards a long-term goal. The process is driven by targets and will power (Simon, 2009). Many hidden champions have had a clear intent on venturing in to the world market from the early start. 74.4% claimed they started exporting right from the beginning, and 33.9% said they started their first foreign subsidiary right after they founded the company (Simon, 2009, p.91). As a result, hidden champions have an average of 24 subsidiaries around the world. Two thirds of them believe they are the company with the largest number of subsidiaries in their market (Simon, 2009, p.92).

A presumption for expanding internationally is that the customers have similar needs across countries and regions. Then the product from the home market can be transferred to international customers without many alterations. The hidden champions prefer to expand internationally rather than to diversify and enter new business in their home market (Simon, 2009).

Figure 12: Globalization model



Model is created by the author, based on findings in Simon (2009)

2.3.8 The outer circle: Innovation

“Innovation is the only effective long-term means of succeeding in competition. Innovation is primarily a question of creativity and quality, less so a matter of money” (Simon, 2009, p.355)

85% of the hidden champions view themselves as technology leaders in their market (Simon, 2009, p.50), indicating that hidden champions are pioneers in their respective fields, and this is a vital and

essential in order to hold their position as a market leaders over so long period of time. Yet the focus is not only on product innovation. Many hidden champions are innovators when it comes to production process, distribution, sales and marketing. In addition most hidden champions are focused on efficiency and cost savings in their production process, often inventing new technology to make improvements (Simon, 2009).

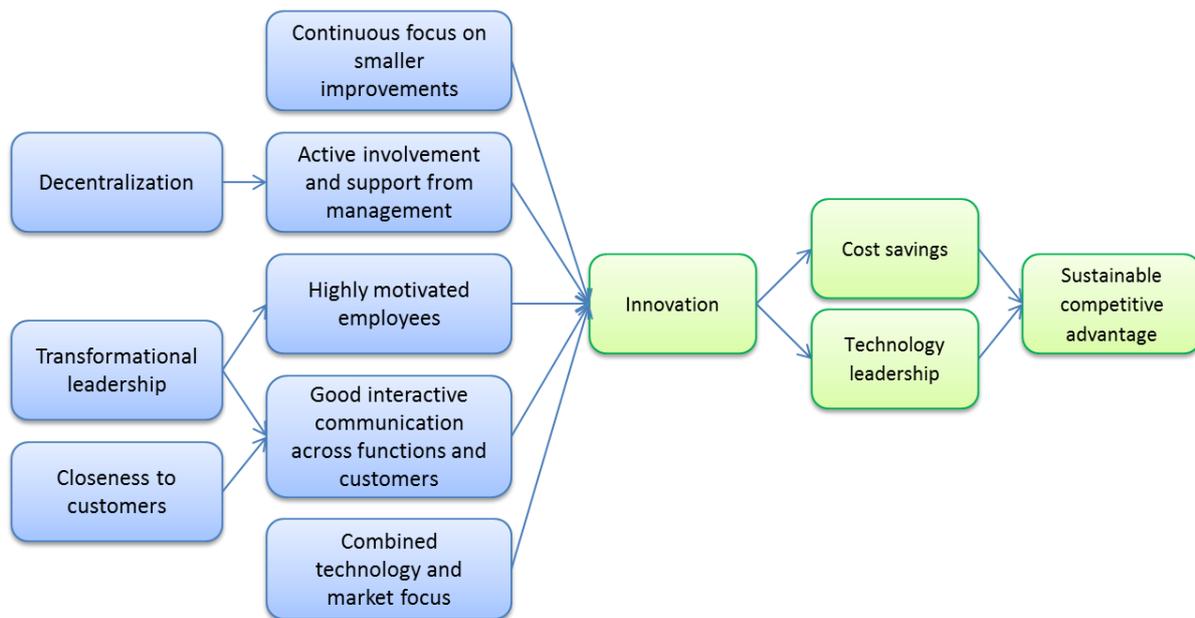
The average share of revenues spent on R&D is 5.9% for hidden champions. One fifth spends more than 9 % (Simon, 2009, p.164). This is large shares, yet in nominal value it is less than larger companies due to the revenues being smaller (Simon, 2009).

The hidden champions' innovation is driven by both market and technology. 65 % are putting equal emphasis on both market and technology as driving forces for innovation. The integrative approach with market and technology focus complicates strategy, but it also connects the internal competencies with the market needs, which are two important factors when innovating (Simon, 2009).

Simon (2009, p.179 - 187) points out some of the factors that explain the hidden champions ability to innovate.

- Top management is deeply involved in the innovation process from beginning to the end. Decentralization hinders that top management is too occupied with administrative work.
- Focused work by dedicated specialist over long period of time compensate for lack of funding.
- Less friction and good team cohesiveness due to common understanding of vision and medium- and long term goals.
- Good interactive cooperation between R&D and different functions in the company, in addition to good communication with customers through service works and direct sales, leads to innovation success.
- Closeness to customers, mutual dependence and long-term relationship has often developed mutual trust that makes hidden champions able to have joint venture development projects with its customers.
- The focus is on continuous smaller improvements, rather than single radical innovations.

Figure 13: Innovation model



Model is created by the author, based on findings in Simon (2009)

2.3.9 The outer circle: Closeness to customer

“Closeness to customer almost automatically creates competitive advantages. Top customers, like top competitors, should be employed systematically as drivers of performance”(Simon, 2009, p.356).

Since the hidden champions have advanced products or services, sometimes even system solutions, it is hard to sell the product or service in standardized forms. Not surprisingly, 82.6% of the hidden champions report they engage in direct sales and 29.5% of the hidden champions sell via intermediaries. Direct sales are important for a close relationship with the customers (Simon, 2009, p.130).

Firstly, 60.6% of the respondents strongly agreed to the statement *“Our most useful source of information is talking to the customer on site”* (Simon, 2009, p.133). Secondly, also 75.6% say that they strongly agree with the statement: *“Our top management has intensive personal contacts with our customer”* (Simon, 2009, p.140). All this shows that not only do hidden champions have and utilize customer contact, they also have it at a high level in the organization. This ensures that there is short communication line between the customers and the persons responsible for acting on this information.

71 % of the customers of hidden champions are regular buyers and 70% that reports that their customers depend on their product. Also 68 % respond that they benefit from the relationship with

their most important customers. However, this is not a reason for the hidden champions to relax, as only 20 % report that their customers are completely depended on them. In response to the future relationship, 86% of the hidden champions expect future transactions with existing customers (Simon, 2009, p.130). An interesting note is also that only 31 % of the hidden champions say their customers put pressure on them.

According to the hidden champions, their main strength is long-term customer relationship (88.7%), followed by image (84.1%) and market knowledge (76.7%) (Simon, 2009, p.131).

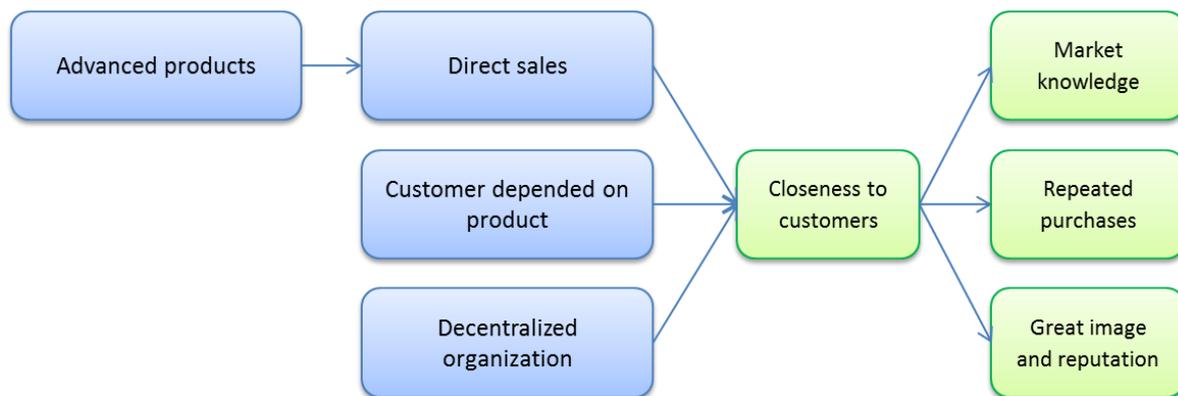
Simon (2009, p.131) says that long-term relationship and image in the narrow market are build up during the years by providing excellent products and services. Market knowledge is used to get a “feel” for the market so they know changing customer needs and other trends and this is acquired through extensive interaction with customers.

The customers are reported to be more interested in product quality, economy and on-time delivery than on price and system integration (Simon, 2009, p.134). There is a high percentage for many factors and this illustrate that the hidden champions have demanding customers.

Simon (2009, p. 139 – 144) have specific advice based on the experience with hidden champions on how it is possible for companies to achieve closeness to customers.

- Different variations and degree of decentralization can give closeness to the customers. The organization may be decentralized based on segmentation, region or even project level. By delegating authority to the people who are closest to the customers it is easier to act on the direct information that is obtained from them.
- Top management should strive to have specific knowledge about the product and talk regularly to the customers. This is difficult for large diversified companies.
- Understanding of the entire value chain and the network character of complex markets.
- Orientation towards top demanding customers. This puts the companies on its toes, always trying to improve itself. The top customers also have high reference value.

Figure 14: Closeness to customer model



Model is created by the author, based on findings in Simon (2009)

2.4 Hidden Champions' overall model

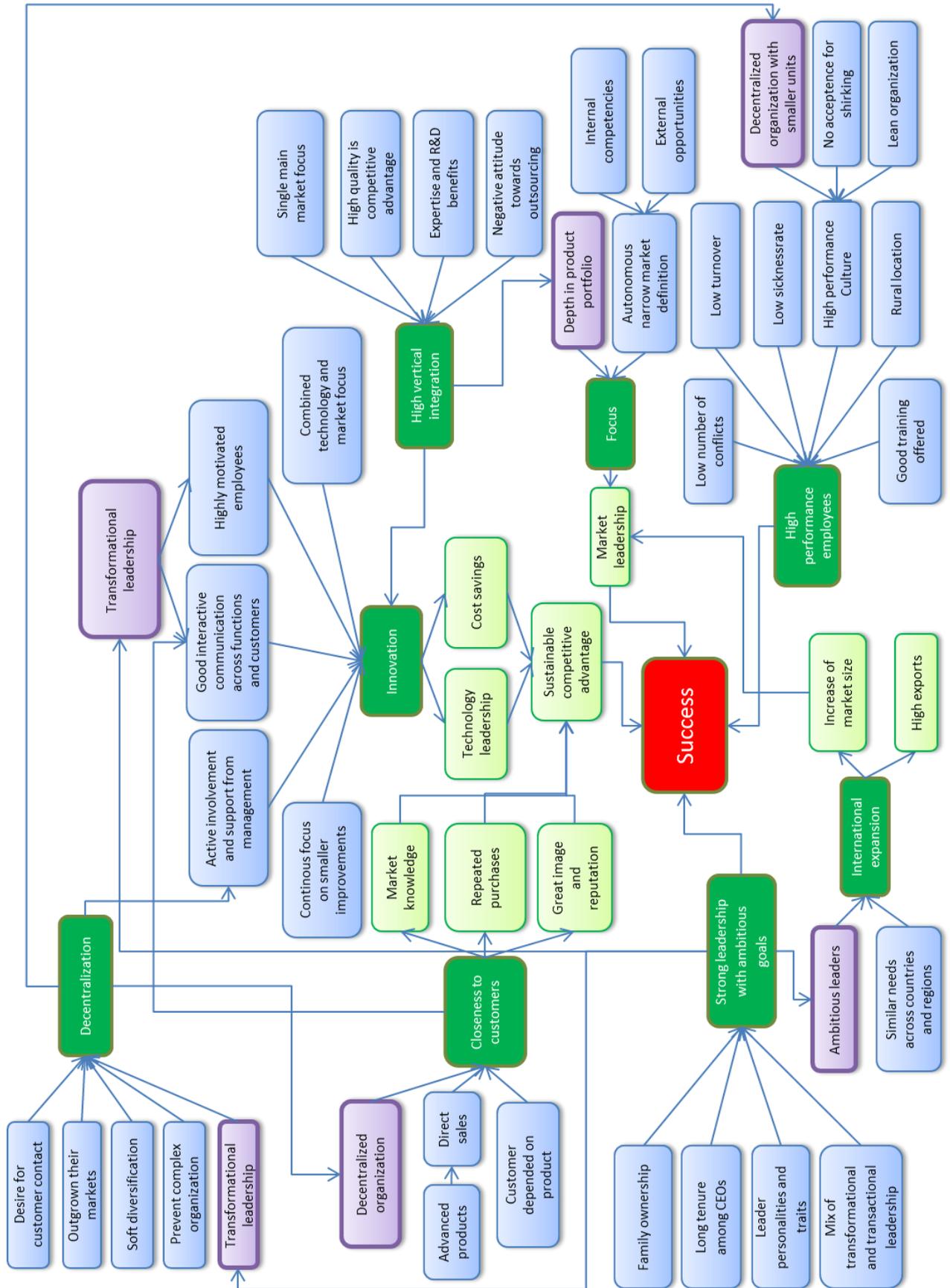
Many of Simon's success factors are interlinked, and affect each other. To get a better understanding of the linkages between factors, and how they relate to one another, an overall model has been made.

2.4.1 Overall model based on Simon (2009)

In figure 15 you see a complete model of the hidden champion strategy that I have made based on the previous models of the eight lessons identified in Simon (2009). The light blue boxes are the variables that have a positive influence on the dark green boxes, which consists of the 8 factors in the hidden champions' strategy. In the model, depth has been translated in to high vertical integration, meaning that the company produces much of the product themselves. Globalization has been rephrased to international expansion. These dark green boxes connects with light green boxes that are positive outcomes that is found to be the reason for the hidden champions' success, which is indicated by arrows pointing to the red box in the middle. The purple boxes are variables that are similar or strongly caused or affected by one of the 8 factors. E.g. decentralized organization is a variable that affects closeness to customer, but it is also an independent factor among the 8 lessons.

In my study of Simon's work (2009) I find that he has not been clear on the cause-effect relationship between some variables. Some variables seem to be interdependent which is a problem when designing the overall model. I have focused on the relationships that are described in Simon's book (2009), but I cannot rule out that there might be some other interdependent relationships that are not reflected in the model. Some examples for troubled areas are the relationship between focus – depth, closeness to customer – decentralization, and market knowledge which may be an influencing factor for many variables.

Figure 15: Complete model of the eight success factors



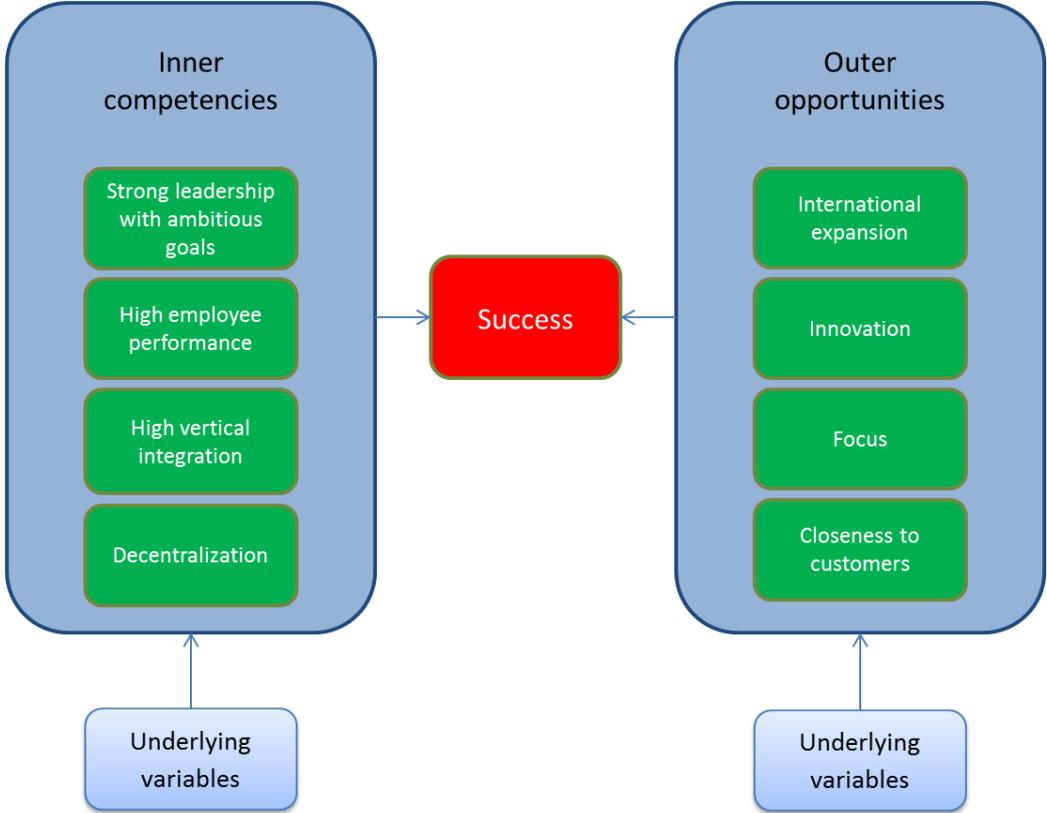
Model is created by the author, based on findings in Simon (2009)

As we see from the model, it is too complex to be utilized in this research. However, I have included it to illustrate the various relationships, and the many factors that can be good topics for future research on hidden champions. Since this is a pilot-study, I think it can be beneficial to get an overview of the complete work of Hermann Simon (2009), and to have analyzed in a more academic fashion as I have tried to do here.

This study however does not have capacity to take on all these relationships. Yet, as a pilot study a translated and adapted version of Hermann Simon’s original questionnaire has been used. Therefore much of the same relationships in the overall model were expected to be found also among Norwegian hidden champions. Since the quantity of hidden champions questioned and the research method is confined to the questionnaire, the focus will be on the eight factors that is the foundation of the hidden champions’ success. The underlying variables for the factors, the light blue boxes in the overall model, have varying degree of explanatory power and are best addressed in future independent studies. Therefore I have made an easier model that describes how internal competencies mixes with external opportunities generate success for the hidden champions.

2.4.2 Hidden champions’ simplified overall model

Figure 16: Simplified overall model



It is interesting to see if the same factors can be identified in Norwegian hidden champions, and it is also interesting to investigate the underlying variables for these factors among the companies in question. This model illustrates the research objectives, where the first two objectives of identifying and evaluating the candidates are displayed as the green factors in the two blue boxes. The third objective of analyzing the hidden champions is illustrated with the underlying variables' boxes that affect which kind of internal competencies and external opportunities that exist for a company. The variables are likely to be case-specific, so any findings will not prove or exclude any of the variables found by Simon, but it can enhance or give a stronger understanding of the factors. The theory section shows that there is uncertainty related to some of the underlying variables of the inner competencies and more information on these areas would be useful.

3.0 Methodology

Methodology refers to the theory of how research should be undertaken. It is paramount that the methods chosen are consistent with the research objectives (Saunders, Lewis and Thornhill, 2009). In this section I will explain the reason for my chosen methods and procedures. This makes it easier for a reader to evaluate the quality of the work. I begin by elaborating on my research philosophy and the research approach. I will then discuss the process of finding participants, and the methods for collection data from these. I also discuss measures taken to provide uttermost quality on the data in regards to validity and reliability. The section ends with a discussion about ethical issues that are relevant when conducting this kind of study.

3.1 Research philosophy

Values can have an important impact on the way research academics decide to pursue their objectives and how they pursue it. Research philosophy relates to the development of knowledge and the nature of that knowledge (Saunders, Lewis and Thornhill, 2009). Hence the different values that make up a person's research philosophy will affect the end result. Therefore I find it important to discuss my philosophical view and how it relates to my chosen methods.

Epistemology is about what is acceptable knowledge in a field of study (Saunders, Lewis and Thornhill, 2009). My epistemological view is within the realism specter. Realism points to an existence of objects independent of the human mind, where what we observe is regarded as the truth (Saunders, Lewis and Thornhill, 2009).

Within the realist view there are two main forms, namely direct realism and critical realism. Direct realism constitutes that what you observe through your senses is an accurate picture of the world. Critical realism on the other hand argues that what we observe is images of the world, sensations, and not the objectives directly. Hence it opens up for a false interpretation of the world, by thrusting our senses too much without questioning the true existence behind them.

To relate the differences in philosophy to this research project, you may say that a direct realist would take proper measure to observe and identify hidden champions, but he would not question his data, or look further for other influencing circumstances. On the other hand, a critical realist would also take a similar first step, but then continue to investigate get a deeper and an accurate understanding of the concept of hidden champions. I support the critical realist view as I feel it gives a deeper and more beneficial understanding which is coherent with my research objectives.

3.2 Research Approach

As stated in the introduction chapter, my objectives are to identify potential hidden champions, evaluate based on criteria and characteristics, and to analyze the underlying variables to such characteristics, for a number of the hidden champions in Hordaland county in Norway. To do this I follow the critical realist point of view. My research approach should be made in accordance with my research philosophy and my research objectives.

Two main research approaches are deductive approach and inductive approach. Deductive approach is concerned with developing a theory and hypothesis and then designing a study to test the hypothesis. In contrary Inductive approach is more concerned about collecting and analyzing data in order to develop a theory (Saunders, Lewis and Thornhill, 2009).

To evaluate if the candidates are hidden champions is a more deductive task as it is about testing already established theory. However to analyze the hidden champions is a more inductive task as it is about seeking new relationships and understandings. Since I will only have a low number of candidates this limits my possibilities to make generalizations. Therefore the deductive part of this study is only to support and validate the inductive approach. This can be seen as a descriptive task. According to Robson (2002, p.59 referred in Saunders, Lewis and Thornhill, 2009) the objective of descriptive research is *“to portray an accurate profile of persons, events or situations”*. This seems to fit well in with the two first research objectives.

For my third objective the purpose is to investigate and analyze the hidden champions. I will take a step further and try to understand the reasons, motives, and circumstances behind the hidden champion characteristics. Such pursue of new knowledge cannot be said to be descriptive as it does not fit the previous mention definition. An explanatory study on the other hand is said to be about studying a situation or a problem in order to explain the relationships between variables (Saunders, Lewis and Thornhill, 2009). This is much more appropriate. The use of descriptive research as a precursor to explanation, so-called descripto-explanatory research, is much more suitable research approach taken in regard my research objectives. It also fits my research philosophy, as the critical realist point of view opens up for a deeper analysis of the first descriptive observations.

An inductive approach is best done with qualitative measures as it gives the necessary freedom to explore for new relationships that are unknown (Saunders, Lewis and Thornhill, 2009). The hidden champions' concept is an established theory, but not much research has been done in the area, and this also supports qualitative methods (Thagaard, 2009). Also, as a part of the theory section

illustrates, some of the variables behind the internal success factors appear to be uncertain and not proven sufficiently (e.g. leadership and decentralization). It is clear that other variables may exist, and this is likely to be case-specific for each company. Silverman (2006, p.43) says that one of the strengths of qualitative methods is the ability to study phenomena which is not accessible with other measures. An inductive approach is best suited to explore the variables behind the success factors, and see the impact they may have on the hidden champions. By doing so I will hopefully enhance the theory about hidden champions, either by proving the proposed relationships or by connecting new variables to the success factors.

3.3 Selection of participants

Hidden champions are by definition not well known, and are therefore not so easy to identify. As there is no public list of hidden champions or database to search in according to criteria, a non-probability sampling is the best option for finding candidates. This means that my sample of candidates will be based on subjective judgment (Saunders, Lewis and Thornhill, 2009). When conducting qualitative interview, sample size can be decided in accordance with resources and research objectives, and there are no rules for appropriate size (Saunders, Lewis and Thornhill, 2009). According to resources and research objectives, a sample of 10 – 20 companies seemed to be appropriate.

3.3.1 Identification of candidates

In previous research Voudouris et al. (2000) identified their hidden champions by going through a database consisting of 18 060 firms. This was cut down to 500 by sorting out in accordance with national ownership, number of employees of 20 – 250, and international presence. From these 500 companies they sorted out the financially best, ranked them, and then used subjective judgment and willingness to participate to find 20 respondents. Voudouris et al. (2000) chose companies that are smaller than the hidden champions found by Simon (1992, 2009) thereby possibly leaving out many hidden champions. In the end subjective judgment still had an influence.

For the identification of the hidden champions I first planned to look at Hordaland and Rogaland. There are 41 740 registered companies in Hordaland and 38 618 registered companies in Rogaland (SSB, 2011), it would be quite an excessive task to follow Voudouris et al. (2000) if all the companies were to be properly evaluated and analyzed, and it would still be partially based on subjective judgment in the end.

Therefore, to help with the task of identifying the hidden champions Bergen Chamber of Commerce and Industry and Stavanger Chamber of Commerce and Industry, was asked to compile a list of

candidates based on information given to them about hidden champions. The two bureaus have very good knowledge about the different kind of businesses that are in their regions, so they were expected to have the knowledge and resources to do this task.

In response to our enquiry we received a list of 16 candidates for Hordaland from Bergen Chamber of Commerce and Industry, and a list of 16 candidates for Rogaland from Stavanger Chamber of Commerce and Industry.

3.3.2 Screening of candidates

In order to sort of the candidates, I first had a look at the financial records from the last 5 years, found at a website called Proff Regnskapsdata (<http://www.proff.no>) which displays public financial records listed at The Brønnøysund Register Centre, which is Norway central register authority that companies have to report to. The purpose was to sort out companies that did not have a solid financial situation and companies that did not have profits over 5 years. These companies were not regarded as “champions”.

To fulfill these purposes, these criteria were selected:

- Equity ratio above 35%
- Liquidity ratio above 1
- Positive accumulated profits over 5 years
- Positive profits in 3 out of 5 years

Since many companies might have been affected by the financial crisis in 2009 and 2008, three out of five years with profits was selected as a criterion. I was more lenient with negative results in the beginning of the five years period in comparison to the end, in order not to exclude potential new hidden champions or companies that has just established themselves as hidden champions.

From the lists provided I ended up with 11 candidates. A large part of the excluded candidates came from the list from Stavanger. It was clear that they had not understood the task since they provided many young entrepreneurial companies. Although the primary list of candidates was not ideal, it was a simple procedure that fulfilled our purpose.

Financial data was not enough to screen the candidates. It was also necessary to try to evaluate their business activities to see if they were in fact a niche company that could be a world leader in its market. This was done by screening public information such as the company websites and year-end

reports. When doing this we realized that there was in fact only one candidate from Rogaland that seemed to fulfill the definition of a hidden champion. Therefore the study got limited to only Hordaland, leaving me with a list of 9 candidates, excluding the single candidate in Rogaland.

3.3.3 Enquiry to participate

In Simon's (2009) studies, the respondents have been the leader and/or founder, or a person in the top management group. The leaders have the most information relevant to the study, so it seemed appropriate that I would address them too, despite the notion that leaders are usually less available than other staff. Before the companies were approached I ranked three people in the top management group for each company in accordance to who I wanted to interview.

A letter was then written by my supervisor, Associate professor Tor Aase Johannessen, that explained briefly the hidden champion's concept, the purpose of the study, the length of the interview, and that a person involved in the project would soon contact them and ask for an interview. Three days later I started calling the companies to ask the receivers if they would like to participate in the study. When I reached the respondents I asked if they had received and read the letter, and for the ones who had not read the letter I spend more time explaining the purpose of the study.

Two of the respondents were too busy to talk on the phone despite numerous calls to the company. I was then asked to send them a mail. I attached the invitational letter, and explained briefly in the mail the purpose and the proceedings if they chose to participate. One answered positively and participated, the other did not answer. Amongst all the 9 respondents I managed to schedule 7 interviews that lasted on average 1 hour and 30 minutes.

3.3.4 Final selection of candidates

I ended with 7 companies, a number that was low considering my requirements. These companies are divided in terms of service and product companies, but they all are in the business-to-business market.

Table 3: Overview of the respondents

	Service companies	Production companies	Total
Number of companies	3	4	7
Products	- Salmon derivatives - Electricity brokerage - Electricity procurement advisement	- High quality valves - Oceanography instruments - Digital media production tools - Disappearing barrier plugs	
Average revenue	137 000 000	249 875 000	201 500 000
Average profit	15 297 521	27 744 015	22 409 803
Average number of employees	74	198	145

Numbers in NOK.

Compared to hidden champions identified by Hermann Simon (1992; 1996; 2009) the average number of employees, revenues and profit is lower. As discussed in the introduction section, this was expected as Norway is a smaller country, and Bergen Chamber of Commerce and Industry was asked to identify companies with low public profile.

The diversity of companies is satisfactory in terms of type of business. Compared to Simon (1992; 1996; 2009), service companies may be overrepresented as service companies make out 10.8% in Simon’s study (2009, p. 20), but industrial companies struggle with high costs in Norway so this may be a satisfying representation. Two companies are suppliers for the oil and gas industry, which is also satisfying given the high share of oil and gas related businesses in Norway. Two companies are related to energy markets, and this is more a misrepresentation compared to normal Norwegian business structure. One of these companies was also a spin-off company from another company that also participated in this study. The tight relationship might cause them to have similar answers although they represent two different organizations. However given the similarity to Hermann Simon’s (2009) theory of soft diversification among hidden champions I decided to keep the both organizations in my study.

3.4 Research method

Qualitative interviews are a good choice when the goal is to understand the view of a person on different topics and in different settings (Thagaard, 2009). As I seek to interview business leaders to get their opinions and understanding of their own reality, qualitative interview are suitable. Through interviews I can ask open questions, follow-up questions, verify meaning and understand, and also observe the respondent. Therefore qualitative interview would give better responses than quantitative questionnaire, as I here can explore for different explanations. The disadvantage is that I can only study a limited number of subjects, but this drawback is surpassed by the rich quality of data from the respondents.

3.4.1 Semi-structured Interview

Interviews can be categorized in accordance with formality and structure. “*Structured interviews use questionnaires based on predetermined and ‘standardized’ or identical set of questions*” (Saunders, Lewis and Thornhill, 2009, p.320) and they have pre-coded answers. Semi-structured interviews use a list of themes with related questions, and as the conversation flows the emphasis on different themes and questions may vary from interview to interview. In addition there is freedom to ask follow-up questions or additional questions in order to find answer for the research objectives (Saunders, Lewis and Thornhill, 2009).

In order to secure a valid identification and evaluation of the candidates I used the original questionnaire that Simon (2009) used in his latest study. I made use of my German language skills obtained in junior and senior high school to translate the questionnaire from German to Norwegian. To ensure it was correct I had my draft revised by Bjørnulf Hinderaker. He is currently teaching German to students at NHH and is therefore in an excellent position to translate German business terms and lingo. After translation Associate Professor Tor Aase Johannessen brought the questionnaire to Hermann Simon, where Prof. Johannessen translated the question back to him in order to secure validity. Changes that had been made were also commented on by Simon, and I adjusted the questionnaire after these comments.

The questionnaire is originally designed for quantitative studies, and therefore is more suitable for structured interviews. However, structured interviews do not give freedom to ask follow-up questions nor get the respondent to tell his or hers views and opinions. The knowledge would be confined to the pre-coded alternatives. Therefore a semi-structured interview is more in line with my research objectives. A semi-structured interview would require newly designed questions, and this could distance the study from the works of Simon. The validity of the study would suffer from this, as it can be argued that the theoretical background is too weak to support any findings from such a study. Here the need to be precise in my description of accurate hidden champion profiles would be hard to support theoretically with my own open questions. Therefore a compromise appeared to be the best solution, and I did a semi-structured interview based on Simon’s questionnaire.

By doing so I could get the coded answers that can be compared with the results from Simon (2009), and I could ask open questions to get the respondent to elaborate more on different topics and factors. Not all of the success factors are prominent for every company, so therefore I could focus more on the factors that appeared evident during the answering of Simon’s questionnaire. This method also gave very good feedback on the questionnaire, as I could observe how the respondent

interpreted the questions and test their understanding of the questions. When the respondents misinterpreted the question I could easily correct the mistake, and get an answer that matched the intent of the question. This circle of communication ensures that the understanding is mutual, and when designing questionnaire this ensures good validity and reliability (Saunders, Lewis and Thornhill, 2009).

3.4.2 Interview guide

Interview guide is the order of which the questions are asked, which can have importance depending on how personal the information is (Thagaard, 2009). Since the information about the company is not sensitive to the person unless the person is very emotional tied up to the company, question order is in this perspective less significant.

Rubin and Rubin (2005, referred in Thagaard, 2009) refers to an example of an interview guide that is called "River with side flows". Like a main river with many side flows, the main river represents the main topic, while the side flows are sub-themes that appear during the interview. In my interviews, the main topic is the performance of the company while sub-themes are the different success factors that were expected to appear from answers in Simon's questionnaire. Follow-up questions are very important in the "River with side flows" model, because it may lead to discovery of new sub-themes. This model was also ideal for me because the presence of the factors is different from company to company. Therefore I could focus on the situations where the factors were discovered instead of wasting time on asking for factors that were not relevant.

I interviewed all my participants at their companies. I did this because it was most convenient, not only for them but also for me. I could also then get a better impression of the company culture, location, office space, and meet the leaders in their daily work and get a glimpse of how they interact with their employees. This was very useful to understand the context of the company.

When meeting the respondents small talk erupted and this gave a chance to create a relationship built on trust before the interview. Before some interviews I was invited to lunch, or I got a guided tour of the premises, or I was able to meet other employees. All of these gestures gave insights in the company and it helped to get a good atmosphere during the interview.

In the beginning of the interview I thanked them for taking the time to participate. I told them the company would be made anonymous in the research paper and they could withdraw at any time if

they wanted. All data collected from them would then be deleted. I also asked if it was okay to use a digital voice recorder.

After telling them these things, I then repeated some of the information regarding the pilot study and the history of the discovery of hidden champions. I then told them about the questionnaire, and I instructed them to read it out loud and think out loud when answering. I also said I might ask follow-up questions and additional questions. Before starting on the questionnaire I asked them to briefly tell me about their product and activities. To ask relative easy and neutral questions in the beginning of the interview is recommended by Thagaard (2009).

In my interview the order of the questions was predetermined by Simon's questionnaire. The questionnaire contains questions in 9 sections (see appendix A to see the full questionnaire). The sections are in this order: market leadership, product characteristics and demand structure, market, competitive structure, result, corporate finance, corporate development, competence, strategy, and general information about the company. A few questions were left out from the original questionnaire yet the questionnaire is quite extensive with 13 pages with 88 questions. The questionnaire represented "the main river" in the interview guide.

The respondents started to go through the questionnaire, and here there were much difference in pace, making some interviews very long. Some respondents spent long time on each question, while others paced through. External time pressure was one of the factors affecting their pace. For those that paced through, I asked questions afterwards, while for the ones that slowly filled out the form I tried to ask questions in between if necessary. I always gave encouraging responses in forms of positive body language and extensive use of probing, such as saying "mm!" "yes..", to keep the respondent comfortable and to extract more information. When the respondent did not explain essential answers I asked questions such as "Could you elaborate on your answer to..." or "Tell me more about the reason behind this answer...". Probing and follow-up questions in this manner help the respondent continue to elaborate on the topic and contribute with more information (Thagaard, 2009).

As far as it was possible, I tried to avoid leading questions, but sometimes this occurred as the respondent answered in a technical way, or a too specific way. Most of these questions were to see if the statement made could be interpreted in a theoretical way that I could understand and use in my work. E.g., "How would you describe your products in comparison to others?" "We deliver titanium products while the others deliver in iron" "So, your products are of higher quality?" "Yes, titanium is

much stronger so it can be used in deep waters and it has longer lifespan". According to Thagaard (2009, p.96) leading question can be useful when it is based on the informants story, however if they are based on the interviewer's way of thinking leading questions are not useful. I tried to avoid the latter.

Many respondents formed their own understanding of the questions to fit with the context of their business. E.g. for 'salmon derivate trade' questions regarding the market, market was not thought of as market in forms of money generated by derivate trade in forms of commissions, but the derivate trade market itself. Such false understandings and interpretations were corrected in order to make sure the answers were in line with the intent of the questions. E.g. "please regard the market as market for commissions, not the actual derivate market".

At the end of the interview I sometimes asked additional questions regarding the factors to seek for more understanding of the underlying variables. These were open questions. I also wanted to see if my understanding was coherent with their reality. This part was kept relative short due to the long time spent on the questionnaire. Tired respondents might answer quickly and recklessly in order to finish the interview, so I was observant for body language that might indicate high attrition. Before thanking them for the interview I asked if there was anything they wanted to add or remove.

3.5 Research procedure

I will here describe how I proceeded to collected and analyzed my data, in order to provide transparency so that others may better evaluate my work.

3.5.1 Data collection from candidates

The company was approached as described under 3.3.3 Enquiry to participate, and interview was conducted as described under the 3.4.2 Interview guide. Here I will elaborate on other factors that may influence the collection of data.

The interview was conducted on their premises. 4 interviews were in meeting rooms, while 3 were in the leader's offices. It is important to conduct the interviews at locations that are convenient for the participants, where they feel comfortable and are unlikely to be disturbed (Saunders, Lewis and Thornhill, 2009). My choice of location satisfied only two of three out of these demands as some of the participants were disturbed by phone calls and other office matters when doing the interview. One interview was interrupted and rescheduled halfway through the questionnaire.

All were members of the top management in their companies. Five persons were CEOs, and two were also founders of the company. Among the rest there was one marketing director, and a CTO that also were a co-founder of the company. There might be some bias in terms of knowledge these people have about their company. A marketing director may have more knowledge about external conditions than a CTO. However, the CTO was also a founder, so he had much knowledge about the company internal and external affairs, but gave signs of being much more insecure on key figures. As most of the questions are general, top management membership should be a sufficient criterion to answer the questions in the questionnaire and to give feedback on variables behind the success factors.

Another factor that influenced the answers was the tenure at the company. Respondents who had been in the organization for a long time seemed to have much deeper knowledge about the history, and could therefore tell more describing stories related to underlying variables that explained the current situation. One of the leaders had only been working for one year as a leader, and this person seemed insecure on numerous questions regarding previous events.

In some occasions and especially in regard to the Likert scale in the questionnaire, the respondent asked me what answer they should give. This can be seen as a weakness that can affect the quality of the data, as it is a known problem that respondents sometimes try to give answers that they think the interviewer wants to hear (Thagaard, 2009). In these kinds of situations I said to them that the number chosen was not so important since I knew the reasoning behind the choice, and I asked them to make an independent choice. This seemed to relax them, and they continue to use the Likert scale according to their own wishes. Some respondents answered very modestly on the scale, while others answered more extreme. When knowing the reasoning behind the answers it is easier to analyze their true intent and thereby adjusting for it when analyzing if needed.

Since the questionnaire was long, the average time spent on each interview was approximately 1 hour and 30 minutes. The length did put pressure on some of the respondents since they are quite busy in their normal working day. One respondent had forgotten about the meeting and was therefore very eager to do it quickly. This respondent was not consistent in his reasoning and use of the Likert scale. Time pressure has been identified as a factor that can affect the result of the questionnaire. To correct for this bias, when analyzing I have tried to put less weight or disregard answers that seem inconsistent or irrational.

Others had put a side good time to be interviewed and appreciated the chance to speak about the topic, before, under and after the interview. I was careful about taking about the topic before the interview as I did not want to influence my respondents.

When conducting the interview I used a digital recorder in order to be able to transcribe the interviews later. The respondents filled out the questionnaires themselves, and this made it easier for me to take notes during the interviews. By doing so I could also record non-audible communication e.g. body language, and interfering events such as phone calls. The questionnaire was coded to hinder any possible identification, and the same was done with the respective audio files and transcriptions.

3.5.2 Data analysis

Thagaard (2009) mentions two different approaches for qualitative analysis. There is theme-based approach, and there is person-centered approach. Theme-based approach connects information from each informant about each theme. Person-centered approach on the other hand the focus is on the person or groups of persons. Since the companies are in different settings in forms of size, market, type of business, the information from each respondent is not comparable as it should be when doing a theme-based approach (Thagaard, 2009). Therefore I have used what Thagaard (2009) calls a person-based approach, which is in my case more a “company-based” approach.

In order to first identify different success factors at the companies, I used the answers in the questionnaire. First I identified which questions that was relevant for each factor and grouped them accordingly. Then I listed them in excel, and went through Simon’s book (2009) and sorted out his findings to each question. I then listed up the respondents’ answers from the questionnaire, and also their related statements to each question. To serve the purpose of comparing, I chose to make a score-system based on how the answer related to Simon’s findings. Under each factor I rated the respondents answer to the corresponding questions with Simon’s findings, and then summarized them for each factor. Presence of the factors was proven by having a high similarity with Simon’s findings, meaning a score $\geq 85\%$ of maximum score for each factor. This limit is set subjectively. The purpose was to ensure high similarity while also give some leeway for subjective conditions that might be present among the companies.

The rating was done by giving out points. The maximum points for each questions was 5, but for some questions that were less relevant, the maximum score was 3, thus making smaller impact on deviance from perfect score. There was no standard definition of the score method used since both

Simon's findings to each question and the difference among the questions made this inappropriate. However, in general for the Likert scale questions, answers at the ends (1 or 2/6 or 7) got a top/bottom score, while any answers in between followed the scale with the possible use of subjective measures based on the related statement to the question. See appendix B and C for the answers and ratings for each respondent.

To find the underlying variables a different method had to be used. I used a method that is based on common qualitative analysis technique. The method is called categorizing and it is a common way of analyzing qualitative data (Thagaard, 2009; Saunders, Lewis and Thornhill, 2009). Here, I thoroughly went through the transcripts of each interview, and marked any information related to the factors, also including information regarding product, customers or other statements of interest. The marked information was coded, and listed up in excel with a sheet for each respondent. When all the marked information had been inserted I sorted them out in accordance to the factors and selected the quotes which revealed relevant information concerning possible explanations or origins of the factors. Answers given directly to the questions in the questionnaire were not included, but statements in relation to the questions and other answers to follow-up questions were used.

By choosing this method for analyzing all my data I was able to use the questionnaire to ensure comparability with Simon's findings, and also by having interviews I could better check the understanding of the questions in addition to ask follow-up questions. However, this method was very time consuming for the respondents. Interviews lasted between 51 minutes to 2 hours and 23 minutes as the respondents filled out the questionnaire with varying speed. Due to the extensive use of time, I was in some instances not able to investigate all underlying variables for all identified factors as thoroughly and directly as desired, but I got a very extensive data foundation with the statements related to the questionnaire and the follow-up questions.

Unfortunately, the leadership factor could not be analyzed the same way that the other success factors. This was mainly due to a translation mistake that lead the meaning of the related question to leadership in my questionnaire with a different meaning than the original intent. See section 3.6.3. regarding mistakes in the questionnaire. The discovery of this mistake happen after the interviews was conducted. However, looking at the original meaning of the questions as portrayed in Simon's book (2009), these questions would not give good conclusive findings regarding leadership. As a consequence, leadership was analyzed qualitatively, when searching for underlying variables, but the low awareness of this mistake when doing the interviews may have led to lack of relevant

data collection. Therefore the leadership factor has not been discussed, although there was one potential finding in one of the interviews.

To summarize, I would say that the data collection was extensive and precise enough to fulfill my research objectives.

3.6 Quality of data

In this section I will discuss quality of the data that I have collected. When dealing with qualitative data, reliability and validity is two key terms that needs to be addressed (Saunders, Lewis and Thornhill, 2009).

3.6.1 Reliability

Reliability is about the extent that the findings are consistent, in the manner that they can be replicated on different occasions, by different researchers, and that the results are transparent (Saunders, Lewis and Thornhill, 2009). Robson (2002, referred in Saunders, Lewis and Thornhill, 2009) points to four threats to reliability: Participant error, participant bias, observer error and observer bias. Error refers to either the participant answering differently or the observer is asking questions differently and thereby provoking different answers. Bias refers to a modification in answer of the participant, e.g. the participant may say things he thinks the observer wants to hear, or it could be that the observer interprets the answer in an incorrect way, e.g. hear what he wants to hear.

In terms of participant error, time pressure is one distinct threat in this research. It could be that the participants answered falsely because the questionnaire seemed too extensive, so they rushed their own answers. Here I tried to ensure that they understood the question correctly by asking them to think out loud and give reasons for their choice of answer. For persons who rushed through I asked follow-up questions to make sure I got the information of the quality I wanted.

Participant bias may have occurred by the wish to be portrayed as a good organization, and thereby as a good leader. Here the use of subjective measures can give biased answers. Subjective measures of organizational performance is found to be correlated with objective measures for larger corporations (Dess and Robinson, 1984 referred in Sapienza et al., 1988), but for smaller firms with less than 500 employees results indicate that subjective measures are more uncertain and it puts more demand on the researcher to obtain correct results (Sapienza et al. 1988). In my analysis I have tried to put less emphasis on persons that have provided consistent positive measures that were not backed up by rational arguments. I also tried to discourage such answers during the interview by giving positive feedback to negative statements.

Observer error has been minimized by using the questionnaire from Hermann Simon. The fact that this questionnaire have been revised by a German language teacher and in addition been translated back to Simon himself indicates that the questions are solid. However, observer error can have occurred in forms of leading questions, and different types of follow-up questions regarding the same topic. I tried to minimize the use of leading questions and tried to be consistent in my phrasing of common follow-up questions.

Observer bias should also be minimized by using a quantitative questionnaire. Such questionnaires have closed answers which make them difficult to misinterpret. In my research I have gathered both quantitative and qualitative answers. This can also be a cause of confusion when there is a mismatch between the two. Therefore I have analyzed them simultaneously, looking for stated reasons behind the quantitative answers to see if they are consistent. Internal consistency refers to how the answer of one question relates to other questions in the questionnaire (Saunders, Lewis and Thornhill, 2009). The person-based approach makes it easier to see if a person was consistent in his answering, as the focus was on the person, and not the theme.

In my analysis I avoided to write in dialect in order not to reveal any identities and to make it more readable. I also left out interjections like “eh...” and “hm...”. In some cases I needed to make alterations in the quotes to make them more understandable in text form. I then marked the alterations by using brackets “[...]”.

The reliability is enforced when several researchers cooperate and brings forward different perspective (Thagaard, 2009). Since I am the only one who has been working closely with the data I might have overlooked information and perspectives that others would have seen. To avoid this weakness I have tried to talk to other experienced students and academics without mentioning classified information.

3.6.2 Validity

According to Thagaard (2009), validity is about how we interpret the data, and if it is a correct image of the reality we have studied. While external validity is about how the results of the study can be put to use in other circumstances, internal validity is about how the causal relationships are supported within the study (Seale, 1999, p38-40 referred in Thagaard, 2009, p.201).

One problem that might threaten validity is the ambiguity of causal direction (Saunders, Lewis and Thornhill, 2009). Sometimes this may be unclear even though a relationship is established. This problem is difficult to resolve. As seen from the overall model, there are many variables that may affect each other both ways. More focused studies are needed to resolve these problems.

One way to strengthen the internal validity is to compare the results against other studies (Thagaard, 2009). However, not many studies have been done on hidden champions, but as much as possible I have tried to compare my results with Simon's results in the discussion part.

As for external validity, my low number of participants hinders any reasonable generalization. My results cannot be generalized to all hidden champions or niche companies. However, based on the person-based approach, similar companies as the ones investigated may learn from some of these activities and their integrated strategy between inner competencies and external opportunities.

3.6.3 Mistakes in the questionnaire

There were some mistakes made in the questionnaire. Most severe was questions concerning leadership. Questions of leadership are in Simon's book (2009, p.308) related to these statements: *"79.6% of the respondents answered that they had considered the issue of succession. Slightly more than half (52.2%) said succession had already been arranged, and 57.5% considered the last succession to have been successful."*

However, the same questions have been translated as question 7.5a: "Have you made any worrying thoughts after the company has had a new leader?", question 7.5b: "Is the choice of the leader in your company formally regulated?" and question 7.5c: "In recent time, have leadership change been implemented with success?". As can be seen, these questions do not correspond completely to the statements above. This could be because of a translation mistake or that Simon has other findings, or interpreted his findings in that manner.

Also under question 8.1, the first strength to be considered was translated as strong entrepreneurial personality. The respondent interpreted this as concerning the whole company, but from Simon (2009, p.289) we see that it was in fact about the leader and not the organization as a whole: *"(...) in my recent study "only" 50.8% consider the leader's personality to be strength, (...)"*. This appears yet again to be translation or interpretation mistake. However, if asked directly about the leaders personality it would be serious self-report issues as it would be hard for the leaders to judge their

own personality's effect on the organization, and it could also be seen as quite boastful and pompous to rate its own personality as a strength for the company.

As suggested in the theory section, leadership is very difficult to measure properly. Therefore I recommend that the leadership factor is researched in a specialized study with more proper methods.

Other mistakes were also found. Under question 2.4 about the share of revenue from the 5 biggest customers, the category 5-20% is missing, leaving a big gap in the alternatives. A respondent made me aware of that mistake, but some respondents answered seemingly without being aware of this gap. Those answers have not been used in the data analysis. Another mistake is that a question from the original questionnaire about work environment was left out from question 8.1. Question about work environment as a strength or not would have been interesting in relation to high employee performance factor, so it was unfortunate that it was overlooked.

3.7 Ethical Issues

Ethics is important when conducting studies, and it has been given prominent space in numerous books about research methods (Thagaard, 2009). Ethics is especially important when dealing with persons as there is a clear ethical principle that research should not be harmful in any way for the participants (Thagaard, 2009).

The study was approved by the Norwegian Social Science Data Senter, abbreviated NSD, after application made by the study's supervisor, Associate Professor Tor Aase Johannessen. The study has been conducted in accordance with their requirements to keep any possible ethical concerns at a minimum. Please see appendix D for the approval from NSD.

In addition to formal approval there are actions that can be taken to minimize ethical concerns. My research does not have any personal questions, so there is less danger of harming any persons. However, organizational issues might harm persons as any leakage of sensitive information would harm the person in charge. Therefore I have made the companies anonymous. To protect personal anonymity I have used gender neutral and generic referencing, e.g. "the leader". When sensitive information was mentioned I put the category in brackets instead of the real object, e.g. name of competitor is market as [name of competitor].

A difficult dilemma is how to describe their markets. Very narrow market description makes it easy to identify the companies, especially given the geographical constraint. On the other hand it is important that the reader understands the uniqueness of this market and how it affects the external opportunities for the company. In this dilemma I have chosen to stick to the narrow market definitions as the information used is not particularly harmful if the companies are identified. Instead I have purposely left out information that potentially can be harmful for the company, for instance strategic plans or sensitive price information. Much of this sort of information was not needed to support the findings.

I have transcribed in Norwegian without using their respective dialects. The transcription documents and questionnaires were also coded (R1-R7). Audio files were deleted once the transcribing was complete. Their quotes have been carefully translated to English when used in the thesis, and I have tried to keep the original meaning, phrasing and tonality as much as possible.

I did not get an impression that the informants were uncomfortable when answering the questions. Only on one occasion did a respondent express concern about that the voice recorder would record his following statement. This statement was not vital in relation to my research question and has not been put to use.

4.0 Results

In this section I will present the results from the data analysis. As stated in the methodology chapter, my analysis starts with comparing the candidates with the findings of Hermann Simon (2009) to identify the success factors. The underlying variables to the factors are then explained by quotes and statements from the interviews.

4.1 Evaluation

Below follows evaluation of the respondents' answer to the questionnaire. It is divided into two groups, inner competencies and external opportunities. Answers have been checked with statements in the transcripts to sort out misunderstandings. The leadership factor is not evaluated here as explained in the methodology chapter. Please see appendix B and C for the answers and ratings to the respective questions.

4.1.1 R1 – Success factors

R1 is a small company with 6 employees. It was started in 2004 as a spin-off from the same company that is represented by R5 in this study. R1's company has 15 million NOK in revenues. The market is defined as financial price insurance for salmon. Their product is a stock exchange for salmon where futures and options for salmon delivery are sold.

The respondent did not have so much time and the interview was interrupted by pressing matters. The respondent therefore answered quickly and did not always state a reason to his answers in the questionnaire.

Table 4: Inner competencies - R1

Factors	Score	Max. score	% of max.
High employee performance	24	30	80,00 %
High vertical integration	-	11	0,00 %
Decentralization	0	10	0,00 %

R1 has a high score for high performance employees. Especially employee motivation and satisfaction and low absent due to sickness are factors that score high. The drawbacks are a bit high turnover and not so high ratings on employee qualifications and loyalty.

R1 is a service company, so vertical integration is not relevant and has not been rated. Although the line between product and service is often blurred, service companies do produce most if not the entire product themselves. The answers however reveal that the company also tries to outsource as much as possible, and they are not concerned about their independence.

Decentralization is not present in this company as it only has one office, and it consists of only 6 employees.

Table 5: Outer opportunities - R1

Factors	Score	Max. score	% of max.
Globalization	25	45	55,56 %
Innovation	12	30	40,00 %
Focus	32	35	91,53 %
Closeness to customer	41	43	95,35 %

Globalization has not taken place for this company yet. Only 5% of their revenue comes from outside of Europe and they are not represented abroad. Their export share is estimated to be around 40%, with an estimated contribution to Norway’s export of 5 million NOK, which is around one third of their total revenues. This gives them some points in globalization, but this factor does not appear to be utilized enough.

The company spends 20 % of revenues on development of new products and the respondents rated high on innovation ability. However, their product is not high-tech and customer does not care about product quality. The company does not perceive themselves as technology or quality leaders. This gives a relative low score on innovation.

The company is focused, with a presence in a narrow market which they depend on and where they get all of their revenues. They mainly only have one product group and therefore their product mix is very homogeneous. The three missing points comes from the fact that the respondent does not believe they are the most specialized supplier in this market, and only gave a mediocre rating to that question.

Closeness to customer gets the highest percentage score among the outer opportunities. The product is important for the customer, who is regular buyers. The company profit on the relationship and they expect future purchases from their customers. Closeness to customer is reported to be important for the customer and the respondent’s answer indicate that the company is better than their competitors in this aspect. Top management also has close customer relations. It did not get full score as the respondent gave a mediocre rating to the question regarding establishment of long term relations through purchase.

4.1.2 R2 – Success factors

R2 is a brokerage firm within electricity. They operate on the Nordpool stock exchange and in other markets and they deal with futures, forwards and options. The company consists of 36 employees and has two departments abroad. Their revenue is 206 million NOK. It is owned by a large

corporation, and it is one of three similar companies dealing with electricity brokerage. These companies have divided their activities in regions, and this respondent's area is the European market. Globalization is therefore achieved, but it is through the ownership and not through the company activities per se. The factor has therefore been left out of the analysis for this company.

The respondent was very insecure during the interview and in general uncomfortable with the questionnaire. The respondent translated many questions in a way that they favored the company, resulting in a high average score.

Table 6: Inner competencies - R2

Factors	Score	Max. score	% of max.
High employee performance	30	30	100 %
High vertical integration	-	16	0,00 %
Decentralization	10	10	100 %

The respondent gave top score to every aspect involving employee performance. Average sickness rate where at 2.8% which is lower than the hidden champion average of 3.2%. Turnover was at 2.8% which is only 0.1% higher than average.

Vertical integration is not considered relevant since it is a service company. The answers however did match well.

The company has two offices abroad, which employees 23 people, making it 64% of the number of employees. This gives them a high share in decentralization

Table 7: Outer opportunities - R2

Factors	Score	Max. score	% of max.
Globalization	-	45	
Innovation	14	30	46,67 %
Focus	35	35	100 %
Closeness to customer	43	48	89,58 %

Globalization is left out since the company is restricted by their ownership to only operate in Europe.

The company is not innovative in the sense that product quality is not a competitive parameter, the product is low tech, and the company does not invest in R&D.

Focus is a factor that got a full score by the company on all aspects. It is in a narrow niche market where it gets all its revenues, and its product mix is homogeneous. The most profitable product group stands for 75% of their revenues.

The company also thrives on closeness to customers. They are a vital source of information, the purchase is important for them, and top management has close customer relation. The only question that did not support closeness to customer was if purchase created a long term relation. Since this is brokerage, the purchase is frequent and in its self does not give any reason for long term relationship. Besides this question the company got top score on all other relevant questions.

4.1.3 R3 – Success factors

R3 is a production company that produces small valves for the oil and gas industry. It has two product groups, topside valves and subsea valves, where especially subsea valves are said to be unique. The company was established in 1987, it has 30 employees and revenues around 34-35 Mill. NOK.

The respondent was fairly just in use of the Likert scale, and in many cases avoided to use the ends of the scale. However, the respondent seemed to give reflected and well-founded answers to the questions. Due to the extent of the questionnaire, two interviews were needed, and in the second interview the respondent had time pressure, but this did not appear to affect the answering.

Table 8: Inner competencies - R3

Factors	Score	Max. score	% of max.
High employee performance	30	30	100 %
High vertical integration	20	21	95,21 %
Decentralization	0	10	0 %

The respondent’s answers indicate that the company prevails on high performance by its employees. Satisfaction, motivation, and loyalty are given a high score, while qualifications are given an extra higher score. The advantage is utterly supported by a turnover of 0% and a low sickness rate.

This company produce about 95% of the product themselves, they are more integrated that their competitors, and they do not try to outsource to other companies. This gives them a high rating for vertical integration.

Decentralization is not present in the company as it has no offices abroad and therefore also no employees working abroad. It only has one office.

Table 9: Outer opportunities - R3

Factors	Score	Max. score	% of max.
Globalization	25	45	55,56 %
Innovation	27	30	90,00 %
Focus	30	30	100 %
Closeness to customer	48	48	100 %

The company is one of the market leaders in Europe and in the world and has an export rate of 35 – 40 %. Its market is regions that have oil and gas activities. However, the company gets lower score because it started relatively late to export. They are not represented abroad, nor are they the supplier that is represented in most countries.

Even though the product is not rated to be very high-tech the company scores high primarily on innovation due to their innovation ability, share of revenues spent on R&D and quality leadership.

The company gets full score on six out of seven questions regarding focus. The answers show that the company is in a niche market, where they get all their revenues, they are more specialized than their competitors and they have a homogeneous product mix. On question regarding “% of revenue from most sold product group” the responded gave an inconsistent answer of 25%. Considering that only two product group was stated, the question must have been misunderstood. Therefore this question was left out for this company.

The respondent’s answers regarding closeness to customer got a full score, with maximum rating on all questions.

4.1.4 R4 – Success factors

Being established in 1966, respondent number 4 represent the oldest company in this study. They are involved with different products, but get their main revenue from electronic equipment related to oceanography. They have 110 employees which help generate 150 million NOK in revenues. The company is based in Hordaland but has 3 departments abroad, which do distribution and sales.

The respondent spent long time on answering the questions and there was a good dialogue. As for the use of the Likert scale, this respondent was critical to its own company and this lead to lower scores than with the other respondents. In fact, none of the inner competencies got high enough scores to be included.

Table 10: Inner competencies - R4

Factors	Score	Max. score	% of max.
High employee performance	23	30	76,67 %
High vertical integration	15	21	71,43 %
Decentralization	4	10	40,00 %

As for the employees, their qualification was given a high rating. However, their motivation was not seen as a benefit for the company. Sick leave was also higher than the average for hidden champions, and loyalty was given a mediocre score.

The vertical integration is high within the company. They manufacture 90% of the product themselves. However, they are not said to be more integrated than their competitors, they try to cooperate with other companies when exporting, and also they have an open attitude towards outsourcing.

The company has three small departments where two are mainly distribution, but all three do sales. 10 out of 110 employees work abroad, constituting only 9 % of their work force. The low number of foreign departments, its role and the relative low number of employees, indicates that this company is not decentralized.

Table 11: Outer opportunities - R4

Factors	Score	Max. score	% of max.
Globalization	41	45	91,11 %
Innovation	28	30	93,33 %
Focus	21	30	70,00 %
Closeness to customer	42	48	87,50 %

The company has large incomes abroad. 50% of their revenues are outside of Europe. 80% of the revenues are exports. Their revenues are distributed globally. They are market leaders in Norway and in Europe and one of the market leaders in the world. Therefore globalization is an important factor for this company.

The high innovation score comes from working with high technology products, and being a quality leader. Reasonably high innovation ability was reported and they spent between 10-15% on R&D.

Focus is not so evident due to the fact that this company has a large product line. Its main market generates 65% of its revenue. Their competitors are more specialized and the product line is rated closer to heterogeneous than homogeneous. The question regarding product groups was removed from score calculation, because the respondent answered only in relation to their main market, which consists of 5 product groups, and not the other markets that the company also is involved in.

Closeness to customer also has a high score. The products are important for the customers, they benefit from long term relations, customers are regular buyers, and the company also utilizes the customer as a source of information. However, their top management does not have close relations with the customer.

4.1.5 R5 – Success factors

R5 is the leader and founder of a company that provides energy management services. They give advice to customers, mostly private companies and public institutions, about how to best act on the

electricity markets. With 190 million NOK in revenues, 180 employees and 7 foreign departments this company is one of the larger ones in this study. It was established in 1991.

The respondent was very welcoming and gave me a nice tour of the premises. The respondent spent long time on the questionnaire, where some extra time was spent on understanding the questions and some of them were misinterpreted. The Likert scale seemed to have been used properly.

Table 12: Inner competencies - R5

Factors	Score	Max. score	% of max.
High employee performance	27	30	90,00 %
High vertical integration	8	16	50,00 %
Decentralization	9	10	90,00 %

All questions except turnover got a high rating in the high employee performance factor. Employees are rated high on motivation, qualification, satisfaction and loyalty. Sickness rate is also low. Given the high rating on the other employment questions, the turnover rating at below 10% is a bit surprising.

Unfortunately, in regards to vertical integration the most important question was left unanswered, so it is unknown how much the company produces of the product themselves. However, the other questions had a low score. The company is not so worried about their independence, and they have collaborated with other companies in foreign markets. They are also not more vertically integrated than their competitors. As the respondent classified the company's product as a service, vertical integration is also not so relevant.

With 7 foreign departments, and 100 out of 180 employees working abroad, the questionnaire indicates that decentralization may be a present factor in this company.

Table 13: Outer opportunities - R5

Factors	Score	Max. score	% of max.
Globalization	29	40	72,50 %
Innovation	29	30	96,67 %
Focus	29	35	82,86 %
Closeness to customer	32	48	66,67 %

Among the outer opportunities we see a mixed picture. Globalization is limited by the fact that the company operates mainly in Europe. Only 0.1% of its revenues are reported to come from outside of Europe. The respondent was not able to estimate the export share but after talking to the COO, the export contribution to Norway's trade balance was 10 million NOK. The company scored high on other questions such as early exports, and supplier represented in most countries.

Innovation is a trait identified in the questionnaire. The respondent rates the product as high tech, in comparison to normal solutions. Innovation ability is seen as strength, the respondent regards the company as quality leader and very close to technology leader, in addition product quality is rated highly among the customers, and the company spends over 10% on R&D.

Focus is indicated by high rating of the importance of the market, 100% of revenues generated by this market, low number of product groups, and high share of revenues generated by most profitable product group. The respondent also regards the company as the supplier who is most specialized. There is a small drawback for a not so narrow market definition, and also the respondent rated the product mix as heterogeneous, which does not fit in with the impression from the other answers.

Closeness to customer question gave a mixed impression. High ratings on questions regarding, importance to customer, long lasting customer relationship through purchase, customers depend on the company, and expect future purchases from existing customers. Top management also has close relations with customers and closeness to customer is rated as 6 out of 7 in importance to customer. However, the company does not profit on the customer relationship, and most customers are distinguished as random customers. The company does not use local customers to get information about the market.

4.1.6 R6 – Success factors

R6 represents company that was a spin-off from a commercial television network. R6 is the CTO and one of the founders. The products are mainly graphic tools in a software package to produce contents for TV networks and media corporations. Revenues are around 120 million USD, and they employ 600 employees that works on 40 foreign offices in the world.

The respondent went quickly through the questionnaire, but took time to explain well when asked. The respondent did not seem to use the full ends of the Likert scale, and this could be caused by felt time pressure.

Table 14: Inner competencies - R6

Factors	Score	Max. score	% of max.
High employee performance	25	30	83,33 %
High vertical integration	13	21	61,90 %
Decentralization	10	10	100 %

Under the high employee performance factor most factors got a high rating, but not a top rating corresponding to a 6 or 7. Turnover was also said to be 5% which gave a top score.

Vertical integration was low. This was due to high rating in favor of outsourcing, they are not more vertically integrated than competitors, and independence was not rated as a high goal. However, the company do produce 80% of the product themselves, and they do not cooperate with others when developing export markets.

With as many as 40 different offices abroad, where 9 are R&D and all expect two also do sales. On these foreign offices 540 employees work and this is 90 % of the work force. Hence this company gets 10 out of 10 points on decentralization.

Table 15: Outer opportunities - R6

Factors	Score	Max. score	% of max.
Globalization	40	40	100 %
Innovation	29	30	96,67 %
Focus	29	35	82,86 %
Closeness to customer	47	48	97,92 %

All outer opportunities factors got a high rating and globalization got a full score. This is because they have a high export share of as much as 95 %, they are market leaders in the world, with revenues from all the regions. In addition they started exporting and established their first office abroad at an early stage.

Innovation also got a high rating. Here the responded rated that the innovation ability is a strength, product quality is important, the company is technology leader, the product is high-tech, and they spend 16% of revenues on R&D. One point was withdrawn since the respondent had a bit lower rating on quality leadership.

In regards to focus this company is not the most specialized in comparison to their competitors, and their product mix is rated fairly more heterogeneous. Yet this market is very important, and 98% of the revenues are generated here. The company has 3 product groups were the most sold group stands for 75% of the revenues.

The company almost got a full score on closeness to customers. Only top managers' contact with customers did not get a top score. Some of the things that can be mentioned from the questionnaire are that closeness to customer is important for them, and is one of this company's strengths. In addition, the customers are regular customers that depend on the product.

4.1.7 R7 – Success factors

R7 represents a company that supplies to the oil and gas industry with disappearing barrier plugs of high quality. It was established in 2002. In this narrow market, they have revenues of 120 million NOK. A number of 52 employees work for the company. R7 is the CEO of the company.

The respondent had severe time pressure during the interview as the respondent had forgotten about the appointment. This caused the respondent to rush through the questionnaire, not always explaining his answers and also concentrating the answers to the middle of the scale. It is suspected that the reliability is negatively affected by the time pressure.

Table 16: Inner competencies - R7

Factors	Score	Max. score	% of max.
High employee performance	28	30	93,33 %
High vertical integration	9	21	42,86 %
Decentralization	5	10	50,00 %

The employees got a high score. The respondent rated their motivation, qualification, and loyalty highly. Employee satisfaction got 5 out of 7, and sickness rate is 3% while turnover is 3.85%.

Vertical integration is not present in the company. They only produce 10% of the product themselves, and they outsource more than their competitors. However they do not cooperate with other companies when developing export markets, and the respondent also rated “maintaining our independence is our most important goal” very high.

The company is somewhat decentralized with 4 offices abroad and 11 employees. However, these offices are only sales and distribution and the 11 employees are only 21.6% of their total workforce.

Table 17: Outer opportunities - R7

Factors	Score	Max. score	% of max.
Globalization	36	45	80,00 %
Innovation	28	30	93,33 %
Focus	30	35	85,71 %
Closeness to customer	43	48	89,58 %

Globalization is somewhat present in this company. They regard themselves as word market leaders within their niche, and they started their exporting and their first foreign office early in its lifetime. Their export share is 45%, and they are not the supplier who is represented in most countries.

Innovation got a high score due to high ratings on innovation ability, technology leadership, high-tech product, and 8% of revenues in R&D investments. Small drawbacks were slightly lower ratings on quality leadership, importance of product quality and strength compared to strongest competitor.

The company is in a niche market, with a very narrow marked definition. The company gets all their revenues from this market, and naturally it is rated as very important. They sell only two product groups where 80% of revenues come from the most sold group. Despite this the respondent rated the general product mix as more heterogeneous than homogeneous which gave lower score. However such a seemingly conflicting answer may be a result of time pressure.

Closeness to customer is identified through high ratings on several questions. Customers are rated as regular buyers, the respondent expect future transactions with them, and the respondent gave a high rating on importance of closeness to customer and relative strength compared to strongest competitor.

4.2 Frequency table over success factors

In order to get an overview over which success factor is most prominent in the study a frequency table is useful. The table below displays how many times each factor got a score over 85%.

Table 18: Frequency table over success factors

Inner competencies	Frequency > 85%	Outer opportunities	Frequency > 85%
High employee performance	4	Globalization	2
High vertical integration	1	Innovation	5
Decentralization	3	Focus	4
		Closeness to customer	6
Sum	8		17

The questionnaire managed to identify more outer opportunities than inner competencies. The inner competencies suffer from some mistakes in regards to the leadership question, and high vertical integration was thought to be relevant to the service companies. Therefore a comparison is not so relevant. The limit of 85% naturally affects the frequency, and this has been discussed in subsection 5.2.1.

From the table we can see that Closeness to customer, focus, innovation, high performance employees and decentralization are the most common factors.

4.3 Underlying variables

As the factors have been identified, it is interesting to see what sort of reasons and explanations the respondents have given to the factors. During the interviews I asked questions to try to find these explanations in hope of identifying a set of underlying variables to each factor. In addition to this the

discussion in the interview setting also gave other insights that were not obtained strictly by answering the questionnaire, and some of these insights have also been included. At the end of the section the underlying variables are summarized in a table and individual company profiles in accordance with the simplified overall model from the theory section has been made to help summarize the findings.

4.3.1 R1 – Underlying variables

The company scored high on focus and innovation, while high performance employees got a score of 80%. Since it is a service company, high vertical integration was not seen relevant.

Focus

The company has found an innovative and unique market. *“We are the only ones who are doing what we are doing”* (R1). Their background is very interesting because it was a spin-off from respondent 5’s company, where the leader used to work. *“It was a little bit by accident that knowing a little about exchange markets, and knowing a little about salmon met in this company (...) Really, we started as a project in [R5’s company]”* (R1). The leader’s background from the salmon industry and the knowledge from R5’s company about stock market made him able to see the opportunity. The opportunity is protected by effort they have invested in the market. When speaking about the two closest competitors the respondent said: *“They are pretty different. The bank [a competitor] has a very different approach in the form that they have a basis approach and not a product approach. And the Danish have a concept that is pretty different. Because it requires quite a lot the total concept of ours. It gives us some protection from competition. At least we believe it for a while longer”* (R1). This total concept now also has network externalities as more and more are trading there. When I asked about competitive advantage the respondent said: *“It is endless economies of scale by having an exchange market”* (R1).

The focused strategy came from a market opportunity discovered by the leader, and it now protects against competitors because it is narrow, and has economies of scale

Closeness to customer

The respondent (R1) said that: *“closeness to customers, we believe it is important. We are good at it”*. This makes sense since the customers are regular customers and customer base for this company is somewhat concentrated. *“20 players stand for 80% of the volume”* (R1). One reason for tight interaction with the customer is customer training. *“Very few have competence within derivatives trading in the fish industry, naturally. And especially abroad it is very few who knows how to do it”* (R1). When asked about how they keep good relations the respondent (R1) answered:

It is a lot of contact over the telephone, and then there are meetings with status and follow-ups and stuff like that. We teach them in risk management, IFRS entries and financial contracts and everything that is needed. All the infrastructural around it. So we use a lot of resources on them. We carry them on a golden chair, I believe they feel it.

Closeness to customer comes from a need to have good customer relations in order to continue to have repurchases and to provide the necessary training to the customers.

4.3.2 R2 – Underlying variables

When answering the questionnaire, this respondent answered very much in favor of the company, making it necessary to look into the reason behind the answers. From analyzing the results from the questionnaire, the company got high scores in high employee performance, decentralization, focus and closeness to customers.

High employee performance

Being a service company, the employees' performance is vital, and this is also the case here. *"It does not matter what we have of equipment or offices or... It is the employees who are our resource. They are the ones who make money here"* (R2). The employees should not only be excellent brokers, but also bring extra value with them. *"We are focused on that the employees here should know something else than just brokering. They should know markets, come up with new ideas, new customers. That is the reason we are as good as we are"* (R2). Of the main factors behind employee performance is motivation. *"Employee motivation is the most important"* (R2). And employee motivation appears to be stimulated with extrinsic measures. *"When you work as a broker it is like – you earn what you earn. When you arrive in the morning you have earned zero kroner, when you leave you have earned a lot of money"* (R2). This 100% provisional pay is also reflected in the company culture. *"We have a strong winning culture. Yes because the main focus is to earn money. You don't become a broker if you are not interested in that. And to make money you have to be a good broker, in a way that you want to be best. And that creates and winning culture automatically"* (R2). On question if the brokers also competed against one another, the respondent answered: *"Yes of course. It is always about being best"* (R2) and on the follow-up question if there are any bonuses or other incentives to the one who is best, the respondent answered: *"Yes, everybody here gets a bonus. Meaning you get a bonus compared to how much money you earn, but at a predetermined per cent, so that it is the broker who has the biggest earnings for the company who gets the biggest bonus"* (R2).

The underlying variable behind high employee performance seems to come from additional knowledge, and strong motivation created by a winning culture based on internal competition and monetary performance-related bonuses.

Decentralization

When asked about the reason for having the foreign offices, the respondent (R2) said it was to retain the foreign employees.

Really it is just because, when we started to work with German markets and other markets we got a hold of some people from the Netherlands, who we got up here to [Hordaland]. Then after a while we noticed that many of them wanted to move back home again, and to keep the people we started up an office down there. And then it just build itself up (...) it is easier to get people there. And in Madrid it was because one of the good brokers we had who was going to work in Spain wanted to go home. So we opened an office down there. So it is because of the employees. They are our revenue source.

The offices are also regarded as independent. *"They sit on their own markets in relation to what the people here sit on. So it is clear that they are very independent units yes"* (R2).

Decentralization seems to come from a desire to retaining key personnel by letting them work in more independent units in their home countries.

Focus

"The market is energy brokerage, pure brokers; take no positions, only act as intermediates. We work in continental power, Nordic power, intermissions, green electricity certificates" (R2). In this market the respondent is not afraid of any new entrants. When speaking about number suppliers the respondent said: *"Well, it is not so many left actually. Four, it is two-three-four-five left. But then again, it is not so much room for any others also"* (R2). In addition, the respondent stated later: *"Entrance of new suppliers, it happens very rarely because this market has been set. It costs too much time and effort to get into it"* (R2). Apparently, the market has entry barriers which are hard to penetrate without the proper resources. Lack of alternative growth strategies may also be a possible reason for the focused strategy of this company. *"Our products have been set. The markets we deal in are set. What we need in a way is to see if we can go into other countries and be a part of the development of the energy markets there"* (R2).

The focused strategy seem to protect the company from competition from outsiders, and it appears , the most feasible growth opportunity is to await further deregulations in other countries with in the niche, instead of stepping out of it.

Closeness to customers

The customer base of this company is quite concentrated. *“I think the 10 largest customers stands for 80% of our revenue”* (R2). With generic products, customer relations are said to be paramount. *“To build relations is 90% of our job. (...) Everybody can in a sense get the same prices in this market, so then you have to find customers who want to trade with you”* (R2). Customer relations are often handled outside of work. *“It is a lot of work outside working hours to nurture customer relations”* (R2). When asked if the brokers travelled to visit the customer the respondent said: *“Yes, they travel a lot. In the evenings and after they are finished here they travel often, or go out to eat dinner or travel to London and have an event or... It is a big part of the job”* (R2). When meeting the customers it is important to not only be liked, but also to understand their way of thinking. *“You have to be able to read your customer, and to read your customer you have to know how he thinks. So therefore it is very important to have these conversations with the customers and find out how they think”* (R2).

Although customer relations are a vital part of the job, it does not necessarily mean geographical proximity to the customers. When asked if the decentralization also benefitted customer relations, the respondent answered: *“I don’t think it matters, because in our business you have to go out and travel anyways. Considering that most brokers have customers sitting everywhere from Oslo to Helsinki to Stockholm to London to Austria, it does not matter where you do your job between 8 and 4”* (R2). Hence “closeness” in form of geographical proximity, does not appear to be vital since the customers are too dispersed.

To summarize, customer relations is important in order to secure future business from that client, and be able to do the job in the best possible way for the customer it is important to have a good understanding of how he thinks about the market. As customers are dispersed close distance to customers is not regarded as an important feature.

4.3.3 R3 – Underlying variables

From the answers in the questionnaire the company got as many as 5 factors with high scores. High employee performance, high vertical integration, innovation, focus and closeness to customers all got above 85 %. Unfortunately, the respondent did have much time available, so in the interview there was not much room for additional follow-up questions. Therefore some sections are a bit short handed and may not shed light on all of the explanations behind the factors.

High employee performance

The full reason behind the employee performance was not stated, however while filling out the questionnaire the respondent stated this: *“Employees’ qualifications, I would like to rate it very high. (...) I believe we have someone with complete unique competence”* (R3). High employee satisfaction

was explained by high scores on external surveys. *“Employee satisfaction, I believe that is very high. We score very high on those external satisfaction surveys”* (R3). In relation to the low turnover it was said that no one had quitted their jobs for two years. *“In the last two years, no one has quitted”* (R3). Unique competence and satisfaction appears to be the only reason found for high employee performance. The interview did not give any indications to how the employees have gotten unique competence, or why they are so satisfied.

High vertical integration

One part of the unique value proposals that this company delivers in the market is short lead time. To be able to do this, the respondent (R3) stated:

On-time delivery, there we have top score, and that is the part of the reason behind this company. We are defined as the best in our class on this area. Unconditionally. (...) Our flexibility is in large extent due to our production methods. The fact that we have chosen to “machinate”, which is costly and means a lot of waste, gives us an extreme flexibility in comparison to other production methods.

Here, machinate means having high vertical integration. The alternative is to outsource.

Most of our competitors outsource substantially more than we do. But that is not compatible with having a short delivery time, because you lose control over... I mean, a valve consists of everything from 15 – 35 parts. And if 20% of them are outside with others only to come here be and put together that is an ocean of time. Always behind on time. But if you do everything in-house you will have full control (R3).

High vertical integration is a necessity for the unique value proposal, as it gives them the control needed to deliver quickly and on time.

Innovation

As accessibility to oil is decreasing, the oil-companies have severe challenges that cause need for innovation.

...if you look at the big subsea areas in the North Sea, you can take Ormen Lange as the best example, it is around 800 meter. What’s happening in Brazil is from 2000 meters and below. You can imagine the external pressure, the difference from 4000 meter compared to 800 meter. Then you have to have valves that are in pressure ratings that do not exist today (R3).

However the change in the industry is not the only reason for innovation. The industry demands high quality products. *“In this market they pay for quality. You sort of sell safety, and it is not only about the product, but also with the documentation-technical package that follows with the product, and there we score higher than most competitors”* (R3). Another reason for innovation is the need for non-standardized solutions.

We can, together with the customer, customize a valve, meaning draw or design a valve together with the customer. Very few have the ability to do that. So there we score extremely high, because they can have a problem they have tried to solve forever with standardized products, but not been able to do it. Then we come and can provide such a valve for them (R3).

A need for innovation comes from changes in the industry due to less accessible oil and gas, need for high quality products due to safety regulations, and also the need for non-standardized solutions.

Focus

The company produces small valves, and the respondent explained the company’s focused strategy very well. This quote is an edited extraction of his explanation:

We produce only valves, pure and simple. (...)If it is about mass-produced, low pressure rated, stainless steel, talking about simple standard specifications, we cannot compete in that market. However, if the valve is a bit deviant from standard, then maybe there are only 20% in storage in Europe. If you in addition, want it in titanium, you can forget about finding it at a wholesale storage, you have to go to a producer. And if it is urgent, you want it in 4-5-6 weeks, well then there are only 5 companies globally that can do it. If you in addition, are a big engineering company, that demands full document-technical package on this product, well then, to be honest, I think we are the only one in the world that can do it (R3).

One of the benefits of this unique position is the communication and its effect on the customers.

It is easier to communicate with a sharp, narrow and clear message than when you take reservations for everything between the earth and sky. But if you read our trade statistics, then afterwards you will see that the message is not in style with what we are actually doing, because they come to us with much traditional too, that does not belong in that segment group (R3).

With a clear message, the company manages to attract normal business also, which would otherwise be too low priced for them. Therefore it is no wonder that their product mix is narrow, but very deep. *“We produce in principle only valves, but in incomprehensible many variables”* (R3).

Closeness to customers

The leader visits customers, and when he does he tries to build relations and to get as much information out as possible. When asked if he often visited customers the respondent answered: *“Not often, I don’t go to Australia once a month for example, but two times a year I am in Australia. It is the same in Brazil, and in USA maybe three or four times”* (R3). And when asked if he used that relation to get market knowledge he answered: *“Yes, of course when we first are with a customer abroad we are interested in building a relationship and to ask and enquire about what is happening in the market to get as much information out as possible”* (R3). Another benefit mentioned is the effect of word of mouth.

The way I see it, the old word of mouth has as far better effect than traditional conventional advertising. It is because the market, despite a certain value globally, bears a mark of the same people, the same structures, in a way that it is the same people who worked on Ormen Lange that now works with a project in Australia, or Brazil. So it is a high degree of inbreeding in this industry, so word of mouth has much larger effect here than many other places (R3).

When continuously dealing with the same people, it is natural to think that reputation and relations are influential.

We build relations in the form that – we have been defined as a problem solver, so the customer will return. The fact that he gets exactly what he asks for, and maybe a little more than he expected, that shed light on the most perfect form for market communication, with the word of mouth method. If you deliver a tip top product that exceeds the customers’ expectations, than the customer will talk about it (R3).

Closeness to customer comes from a need of market knowledge, and to ensure word of mouth to get more sales.

4.3.4 R4 – Underlying variables

This company did not get a score above 85% for any internal competencies, so therefore I will try to highlight some of the explanations behind the lack of internal success factors. The answers from the

questionnaire indicated high scores for three external opportunities, namely globalization, innovation and closeness to customer which I will also try to identify underlying variables for.

Lack of internal competencies?

The lack of high employee performance is explained by a conflicts and different subcultures between departments within the company. *“Employee motivation, we do not profit on it. It has to do with the internal culture here. We have very little drive within our company”* (R4). Several statements were made where the respondent mentioned problems with getting the employees to cooperate between the divisions and to get them all to work at a common goal. The company is currently reorganizing in order to remove these problems and increase the contribution from the employees.

As for leadership, the founder had been the leader since the establishment of the company in 1966 until 1996. After that other leaders had different periods in charge. *“Those leaders, four or five, there has been a difference among them, and some has achieved more than others, or if others had been given more time they could have... [achieved more]. The last one we had, I guess [that person] was one of those”* (R4). It appears the different leaders have varying degree of success, and does not seem to be a consistent success factor in this company.

The present of high vertical integration can be discussed, as the respondent states that the company produces 90% of the product themselves. That is a share that is very high, although this appears to be more the industry standard.

We have high vertical integration in order to have high quality. It requires you have control on things (...) In oceanography, you have to have control on certain parts of the production, and, the competitors also must have that control for them to hold on to [their competitive advantage] (R4).

The degree of vertical integration has been discussed in the company.

This is a political question internally here also. How much are you going to let go, because you increase the risk by putting the brand in jeopardy and so on. It doesn't take much to get a bad reputation in the market. The oceanography segment is so integrated that all countries speak the same name (R4).

The company appears to have high vertical integration to keep control on quality and brand. Although some statements related to outsourcing revealed a somewhat positive attitude, further statements indicates that high vertical integration is in fact an existing factor, which was not found by analysis of the questionnaire.

Decentralization does not seem to be present given findings in the questionnaire, but on direct question if the company was decentralized the respondent answered 'yes'. *"We have three foreign addresses. None of them do production. We have two who do distribution, and those are in USA and Spain. Everyone is doing sales"* (R4). Given that the foreign offices are only doing distribution and sales, they do not appear to be very independent. The company structure can be confusing as they have sister-companies under the same owner who they are attached to. *"We try to integrate them. We have been asked [by owner] to attach them closer to us, so that they will participate in all areas (...) a structure built up as an individual company"* (R4). Such a structure is more similar to decentralization according to the theory described by Simon (2009), although it does not seem to be fulfilled here in this case as the integration is not complete nor explained properly in the interview.

Globalization

One key driver to globalization is regional differences, which do not seem to exist in this market. *"It is the same it is in Pakistan or Germany, it is the same needs, they buy of us in any country as they buy from us in Germany and USA"* (R4). The customer group of this company is also global, they talk and learn from each other and so the market becomes unified.

These researchers, they work over the borders right, you find one in Pakistan where you find one Norwegian or a Pakistani in this city. So they are all over and in a way they teach each other. The community is very integrated, so a person's requirement becomes the other ones requirement right (R4).

In addition to a unified market, there are also international requirements to countries. *"Everybody who has a coastal line has in a way a need to measure and you have international requirements to each country to do various measurements"* (R4). All of these reasons explain why this company sells its products worldwide.

Innovation

The importance of innovation can be explained as a driver for the industry. *"It is a technology driven industry, so we can increase the price"* (R4). The price is related to quality, and that is valued in a tech-driven industry. On question if quality is important the respondent answered: *"Yes extremely. To a large extent"* (R4). Therefore it is no surprise that the company try to take benefit of this need. When filling out the questionnaire the respondent stated: *"Quality leader? Definitely. We are the absolute – this is where we are trying to position ourselves"*(R4). To be a leader based on quality, the company needs to focus on innovative efforts, and the customers should be responsive to those efforts. *"They [the research community] wish to use radical emerging technology in order to create new research results"* (R4). Innovation is a success factor based on customers demanding high quality

to ensure reliable research results, and new solutions to further progress the research. This drives innovation forward.

Closeness to customer

A basis for continuous customer relations is repeated purchases, which is also the case for this company. *“Very loyal customers, so when we first win a customer we keep him for a long time”* (R4). The need for a tight relation is also evident when special requirements are asked for. *“The customers have very often not specific demands, but need-based demands, or requirements. We are not able to meet them, but when we can turn them around a bit we can make small adjustments and adoptions”* (R4). These adjustments or adaptations also manifest themselves as co-development of innovative solutions. When asked if their closeness to customers helped their innovation the respondent answered: *“Extremely. They affect us enormously”* (R4) and the respondent then showed my several examples of products that had originated from solutions invented by research institutions. The customers’ innovative efforts can also be a threat. *“Often there are new technologies that comes out of research institutions that have something unique about them that create problems for us”* (R4). Local visits to the customers are therefore a huge benefit for the company. When filling out the questionnaire the respondent stated: *“Our most used information source about the market conversation with local customers at their premises. Yes that is definitely true! It is the best advertisement to travel out them. Then you get more benefits than just marketing also”* (R4).

Closeness to customers seems to come from a need to have tight relations in order to secure further purchases, to co-develop and to keep track of innovative efforts and customer needs.

4.3.5 R5 – Underlying variables

For R5 the strongest traits found in the questionnaire were high employee performance, decentralization and innovation. However, interesting findings also appeared in relation to globalization and leadership and they will also be presented.

High employee performance

Employee performance is crucial in a service company. *“If we have one bad employee walking around acting like a clown, it can ruin 5 years of sale work. In a way it just can’t happen”* (R5). The employees always have to deliver value to the customer: *“Competence. That is the reason behind our slogan ‘energy experts’. We have to be good”* (R5). High employee performance is a vital part of the company’s value chain and the quality that the customer receives.

One reason behind their strong motivation seems to come from the leader. When asked about the leadership style the respondent answered: *“I dream. I think I am the one who can tell the good stories, in way that people see images that they want to contribute to”* (R5). Such a statement appears to be similar to transformative leadership, and when asked if he preferred transactional or transformational leadership style, the answer was clear:

We shall never give the highest salary (...) Nobody works here because of the Christmas bonus, it comes as an extra Christmas present. It is the experience of being a part of this dramatic change that has happened in our active work period. From monopoly to market (R5).

As stated, money is not the main motivation factor as with transactional leadership. Instead the leader puts the business in a context that gives meaning and motivation for the employees, more similar to transformational leadership.

Thus, high employee performance seems to come from competent workers which is vital for the company's operations, and they reportedly more motivated by intrinsic motivation through transformational leadership than extrinsic motivation.

Decentralization

The company's reason for a decentralized organization is related to the value they bring to the customer. In the following quote the respondent (R5) used Poland as an example, and pointed out the differences between themselves and their strongest competitor.

The way our competitor in America is doing it is to rapport to top management [of the customer] about stuff in more cost and volume and a lot of these things in Poland. While we want to have Polish employees who can tell much more than that, tell about the situation, and position in relation to the opportunities in the market. It gives a quality that is sustainable, instead of just reporting it and you don't know if the numbers you get is good or bad. If you have opportunities, you need to have market knowledge to do the assessment.

The respondent confirmed that this was the reason the organization was decentralized. Hence, according to the respondent, decentralization brings higher quality of service to the customer.

Innovation

When asked about the importance of innovation and product development the respondent answered:

It is important, it is really important. If we can see, for example like now with green certificates, tracking of source, and those things that are around there, and get it in as a part of our service, instead of competitors popping up that in way start to take from our services to make their own services more interesting. To be in place and to make sure that everything that is closely relevant to what we do, is important. Really important (R5).

The respondents confirms and explains why innovation and product development is important, however, actual R&D investments go into two areas. *“There are two levels here. One is the system and system side of things, meaning a vital IT-challenge, but also marketing and market training to increase competence among the customers”* (R5). Market development is defined as investment in markets where the customers are not yet aware of the possible benefits, or the infrastructure is not ready to handle deregulated trade with energy.

The need for innovation seems to come from improvement of the company process with the IT system, market development, and to be ahead of any possible competition from competitors or potential intruders.

Globalization

Although the company cannot be said to be particular globalized with an unknown export rate, and all revenues within EU, which explains low scores in the questionnaire, important steps out towards the world is imminent, and the leader is the initiator.

When I turned 50, I had nagged so much in the board room about globalization, about checking what is happening and to be positioned and to not let the train run away from us that I was sent on a trip with my wife around the world. To see if I was right or if this was in a way ghost tales (R5).

On this trip the respondent discovered that there world was not so different and that there could be market for their services. In addition the respondent discovered a new need, the need to know their global carbon footprint. *“So I stopped my trip and went home and made a structure for an alliance (...) We have covered 4 continents now, and we are going to cover the rest of the world also”* (R5). The alliance has not yet started to make money, but it is clear that with it in place the company is likely to fulfill the requirements for the globalization factor.

Leadership as a possible success factor

The respondent, being the leader of the company, is the reason for their expansion abroad, and as explained also has a transformational leadership that may be an explanation for high employee motivation and thus high performance. Considering that the leadership has never been changed and that it has been the same since establishment, the traits indicate similarities with the leadership factor as described in the theory of Simon (2009). Therefore leadership can be seen as a possible success factor, and therefore its variables have been included in the summary of the underlying variables.

4.3.6 R6 – Underlying variables

R6, with its 40 foreign offices naturally got a top score on decentralization and globalization. High performance employees were also high, although slightly under the 85% mark, but will still be discussed due to interesting findings. Other factors were above the 85% mark was innovation and closeness to customers. Therefore I will mention the high employee performance briefly and then talk about the other factors.

High employee performance

When asked about the reasons for the highly motivated employees the respondent (R6) stated:

Very many have a pretty short distance to the customers. When you are dealing with TV you get very sucked into it. (...) You notice it pretty quickly, when you have had people out with the customers. After a week or two they speak the customer's language, and they are almost on their side. They get very motivated in that way.

And followed up on questions if it because they see the results quickly: *“Yes, they do that too right, and what you develop is not so hard to explain back home, you can just turn on the TV and point your finger”* (R6).

The main reason stated for their high employee motivation is the closeness to customer and the visible results that are easy to explain to other people. The link presented here with closeness to customers is an interesting finding.

Decentralization

On question of why they started their first foreign office the respondent (R6) stated:

*It was simply because we did our first projects in USA from here *laugh*. With regards to for our families and others and considering we were a start-up company also, you can imagine how much sleep I got *laugh* (...) It just was not possible to handle the customers properly without always having someone living there. And it escalates rather poorly.*

The reason for decentralizing is that is hard to serve the customer properly over vast distances, so in order to get closer to the customer decentralization was made. However decentralization also comes at a cost. The respondent, being the CTO of the company, complains about the struggle to get the different R&D divisions to work together. *"It is challenging. I promise you. We are doing a lot of things to get it [the cooperation] to work"* (R6).

Globalization

Globalization can best be explained by the fact that the needs are the same all over the world. *"It is a pretty homogeneous mass all these TV-stations. If you have product for a TV-station it works in China as well"* (R6). This explains their rapid growth in to the world. *"Customer nr 2 was [international client] in the USA. (...) Our customer nr 1 was in Finland"* (R6). It is also no surprise that their competitors are also global. *"They are more or less present, or try to be present, in every region"* (R6).

This underlines that there are similar needs for each customer across borders, thus making the market global.

Innovation

The unique product benefits come from development at multiple locations.

The competitive advantage is very often a combination of the development that happens in multiple locations. (...) Like when we bought a company in Sweden that was doing the video bit while the rest of the company was doing graphics. We get our competitive advantage by putting those two together, because nobody else does that. And therefore it is very important that we get the development departments to work in the same direction. And it is not easy (R6).

A combination of different technological competences gives a unique value proposal.

The company also benefits from its closeness to customers in regards to innovation. *"The customer does not approach us unless there are some special needs, new needs. For example it is quite typical that they want to do some new stuff and we go in dialogue and see what we can do to make it happen"* (R6). The customers often have special needs when they need to cover special events like big sports competitions or public elections. *"I think it was great last time Denmark had a public*

election. Then I was the only supplier who was present at the entire editors meeting, only to discuss what is possible to do” (R6).

Unique value proposal through combination of different technological competences and closeness to customers are the key drivers identified for this company’s innovative ability.

Closeness to customers

Closeness to customers is important for this company.

One of the things we really win on is precisely the long and close customer relationship. Every TV-station that we have had introductory sales to, they bought more. It has not been a sale where this has not happened, so in the end they usually end up with only having deliveries from our segment. When you first come to the TV station, they might have products from many different suppliers, but after 3 – 4 years it will not be unusual that they don’t have anything left from them. So 70 % of our revenue comes from existing customers that buy more (R6).

The success mentioned above can be explained by a lock-in effect. *“It is hard to substitute us once we are on the inside” (R6).* In addition, the product is very important for the customer because it directly affects the end-product. *“What we deliver, or parts of it, firstly it is appearing directly on the TV-screen. Lastly, it is the front of the TV-companies. So they want it to be as best as possible” (R6).*

Regular purchase seems to come from a broad product base and a lock-in effect with the customers. The product is vital for the customers’ end-product, and closeness to customers are needed in order to continue to provide those benefits. In addition, as seen under innovation, closeness to customers can provide innovative efforts to bring them customized products for covering of special events.

4.3.7 R7 – Underlying variables

R7 is found to have high employee performance as inner competence and focus, closeness to customers, and innovation as external opportunities.

High employee performance

The main reasons for the high employee performance are stated in this answer to an open question about employees’ motivation:

They are very motivated. We have a small innovative environment; we are closely knit together in a way that we have built something that will continue to grow on. And everybody, many want to take part of it and be a part of it. We listen to all ideas no matter where they come from. And therefore there is an ownership in the entire organization. So it is an

advantage for us that have come from the large [competitors] where many feel they are only a small piece (R7).

When asked if it is the values that motivate the employees R7 answered:

Yes, values, and also that you are small enough. A thing done by anyone in the company is of importance for the company. But we are big enough to provide new and important things for the industry and we all know it, so therefore it is an advantage to be in this position. It gives extra motivation for everybody (R7).

Small coherent innovative teams that are motivated by their results and a feeling of ownership indicate a more intrinsic motivation related to transformational leadership. Here it is clear that size is a modifier that also motivates the employees. Small size makes it each employee more valuable and each person's effort is more visible. Their offensive position in the market place also motivates and gives purpose to their work.

Focus

Within their narrow market, the respondent states that *"The whole company started around an idea, a brand new technology, an idea of a new type of technology"* (R7). From this starting point they managed to develop their products and claim a market leadership within their niche.

However, when asked about further growth possibilities and what that could hinder the growth, the answer was *"It is to manage to further develop the technology fast enough, to meet even stricter demands"* (R7). Hence the growth opportunities are within their market, which is an indication of why they have not gone broader and aimed on bigger markets. This is also evident when asked if their innovation ability is a competitive advantage: *"Yes, that thing, the market and the products that we have it is an enormous potential for further development of products and growth areas and yes, - specifications on the product that we have. There are a lot of things we can do"* (R7). This quote underlines that the market still holds a lot of growth opportunities for the company.

But another statement also revealed that this is not a rigid limit: *"We have a big enough product specter, but we want to develop further so it is not unthinkable that we think about new things"* (R7).

Hence it seems that the origin of the company and the unfulfilled potential within the narrow market is the main reason that they continue to be focused.

Closeness to customer

"We have a close dialogue all the way. If there are any new demands or something like that we get to know it very quickly. We work closely with the customers all the time so they are contributing to

development of many products and so on” (R7). From this statement we learn that the customers are a vital part in the company’s innovative effort. By staying close to the customers the company quickly learns about movements in the market and they create new products in cooperation with the customer.

However the customers rarely provide new needs or opportunities to the company. When asked if new demands or opportunities coming from the customer spread quickly around to the employees the answer was: *“If there was it would spread out pretty fast yes. But it is not so relevant really. So there has not been anything new in that manner, no” (R7).*

From this it could be interpreted that innovative efforts start from the company, and not by demands or new information from the customer. The customer is yet useful in securing good innovative efforts, but closeness to customers also seems to be more about winning the competition. When listening to the customers, flexibility and speed together with innovation ability is important in order to win against the large global competitors.

We are much faster, so that the customers that have ideas have a tendency to prefer us over the competitors because we have –we are easier to work with. If we take on a task we achieve the goal faster than the large ones because they simply do not have the ability to turn around fast enough (R7).

Closeness to customers are also about simply securing the next deal, and by performing better than the big established companies that serve several markets. So to summarize, R7’s statements informs us that closeness to customers provide valuable input in their innovative efforts and it also helps to secure new contracts and to win against more rigid competitors by delivering customized products.

Innovation

As indicated above, customer demand drives innovation, since the company need to be faster and more flexible than the larger competitors to win and hold on to customers.

Innovation is an important competitive feature for this company. Their competitive advantage is a patented protected technology which the competitors try to beat. *“They [competitors] try to get around our patent or find equivalent technology. All of them try” (R7).* Therefore innovation is a key driver to stay in front of any possible imitators.

In addition to customer demand, and avoiding competition, the company wants to expand further by making new products as the quotes under “focus” illustrated.

To summarize, three underlying variables was found for this companies innovative efforts: Customer demand, stay ahead of competition, and desire to expand.

4.4 Other findings

When analyzing the transcripts from the interviews and looking at the questionnaires, I identified a common trait about my respondents, regarding the reasons for staying “hidden”. When answering the questionnaire it was evident that none of the respondents believed it was a strength to be unknown. Actually, all of them where quite puzzled by the statement under question 8.1 in the questionnaire. Also later in the questionnaire, all of them answered that there are unknown, and the follow-up they all marked yes to the alternative “There is no need to be known outside of the industry” on question 9.5, which indicates that their low profile is not a deliberate strategy.

Many hidden champions have a rural location (Simon, 2009), and in my study I found one company outside of the Bergen city’s county borders. The company is in an industrial cluster related to its segment.

Another finding related to location was that the companies related to energy where all very close. R2 is 1 km away from R5, and R1 is located in the same building as R5, which is natural since R1 is a spin-off from R5. Another company that was invited to participate, but declined due to lack of available time, is in the next building to R1 and R5.

4.5 Summary – Underlying variables

In order to get an overview over which variables that are present in these companies a table has been made. Under each success factor are the variables that were identified through analysis of the interviews and which respondent(s) who were the source. As can be seen from the table below, the most common traits were “Knowledge/competence” for high employee performance, “Similar needs” for globalization, “Protection against competition” under focus, and “Continuous repurchases” under closeness to customers.

The summary table also includes variables to factors that were not found in the analysis of the questionnaire, but were indicated in the interviews. These factors are: R4 – High vertical integration, R5: - Leadership and R6: - High employee performance and they are written in *Italics*. Due to the uncertainties of these variables, and the fact that they were not identified through analysis of the questionnaire, they will not be discussed further in this study. However, they are included amongst the others here because their indications are also of be of some value in relation to the hidden champion concept.

Table 19: Summary of underlying variables

Factors	Variable	Respondent
Leadership		
	Continuity of leadership	R5
	Transformational leadership	R5
	Global expansion initiative	R5
High employee performance		
	Knowledge/competence	R2, R3, R5
	Winning culture/internal competition	R2
	Monetary bonus rewards	R2
	Intrinsic motivation	R5, R7
	Closeness to customer	R6
	Visible results	R6, R7
	Small size	R7
High vertical integration		
	Control (production, quality, brand)	R3, R4
Decentralization		
	Retaining key personnel	R2
	Provide proper quality to customer	R5, R6
Globalization		
	Similar needs	R4, R6
	Integrated/unified customers	R4
	International requirements	R4
Focus		
	Opportunity discovered by leader/origin of company	R1, R7
	Protection against competition	R1, R2, R3
	Economies of scale	R1
	Growth opportunities within niche	R2, R7
	Easy communicated market position	R3
Innovation		
	Changes in industry	R3
	Safety regulations	R3
	Need for non-standardized solutions	R3
	Customer demand	R4, R6, R7
	Stay ahead of competition	R5, R7
	Better internal IT process	R5
	Market development	R5
	Create unique value proposal	R6
	Desire to expand	R7
Closeness to customer		
	Continuous repurchases	R1, R2, R4, R6, R7
	Provide necessary training	R1
	Provide better quality	R2
	Need for market knowledge	R3
	Word of mouth	R4
	Co-development	R4, R7
	Keep track of innovative efforts	R4
	Discover customer needs	R4, R6
	Customized products	R6, R7

4.6 Individual company profiles

To illustrate the findings I have made individual company profiles based on the simplified overall model from the theory section. The success factors were identified by the use of Simon’s (2009) questionnaire, and the underlying variables found during the interviews are also listed.

My analysis of R1’s answers in the questionnaire failed to identify any inner competencies. Please see section 5.2.2 “The Dispersion of the factors” for a discussion around this topic. Also for R4 no inner competencies were identified by the use of the questionnaire, but in the interviews indications of “high vertical integration” was found and this has been included in a light green shaded box.

Leadership for R5 was not included due to the uncertainties in the findings, and high employee performance for R6 was also not included since it was below the 85% limit.

Figure 17: R1 - Company profile

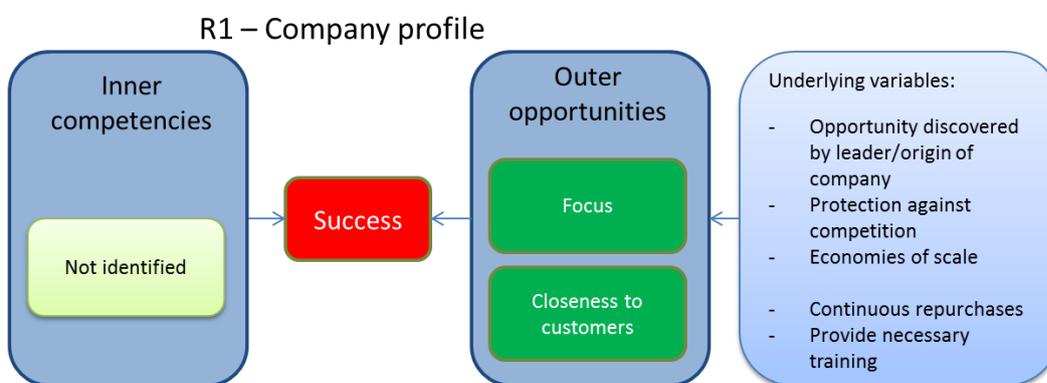


Figure 18: R2 – Company profile

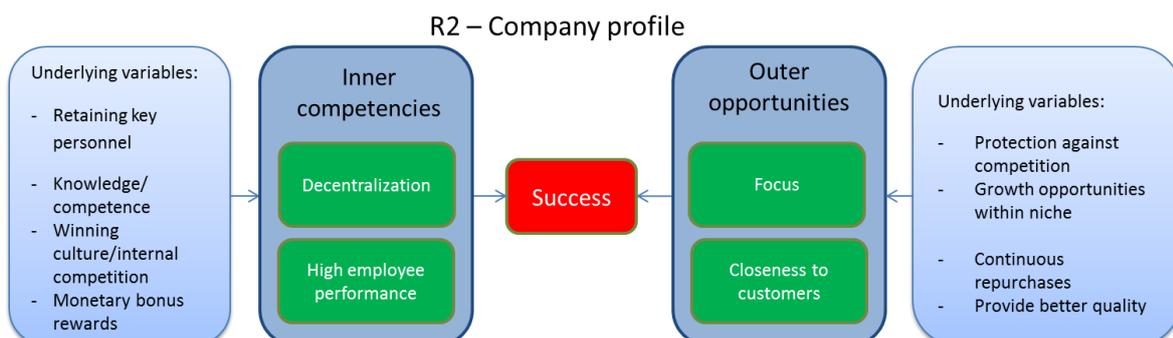


Figure 19: R3 – Company profile

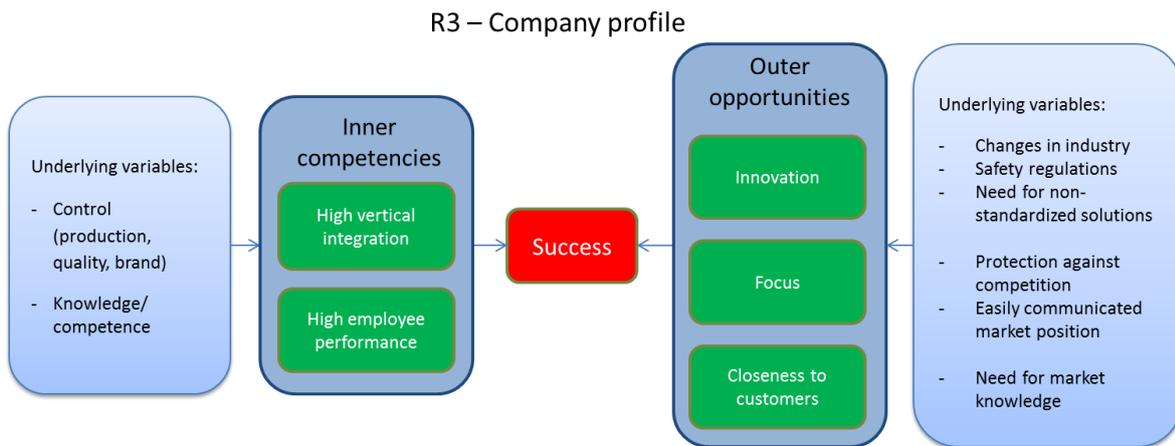


Figure 20: R4 – Company profile

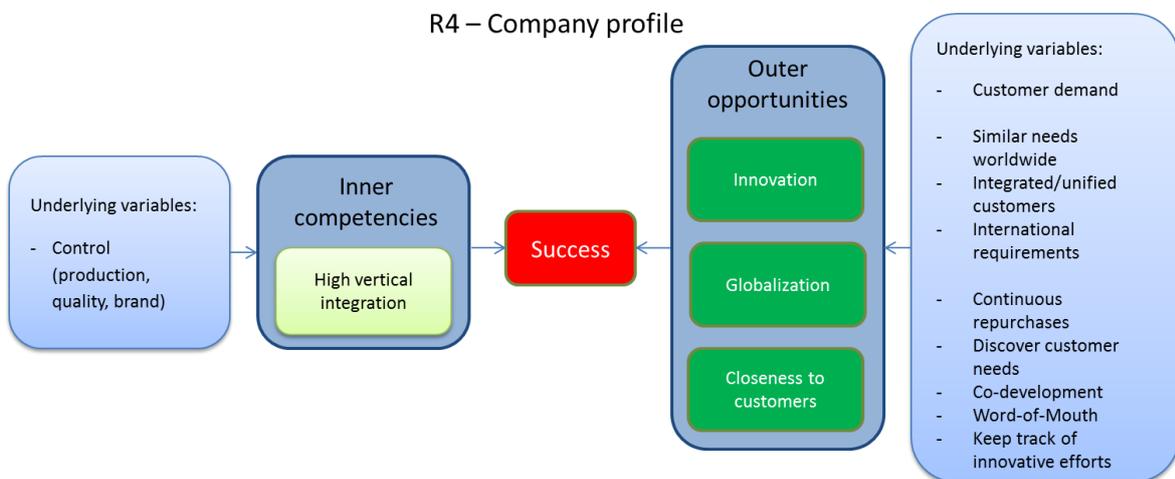


Figure 21: R5 – Company profile

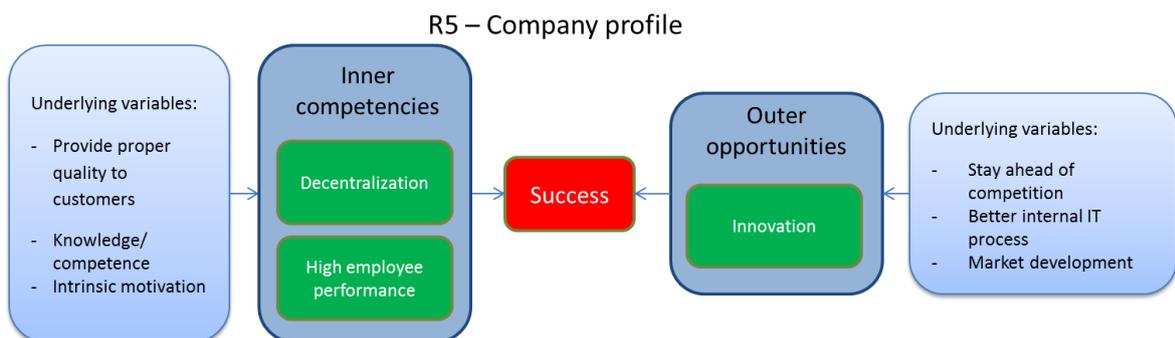


Figure 22: R6 – Company profile

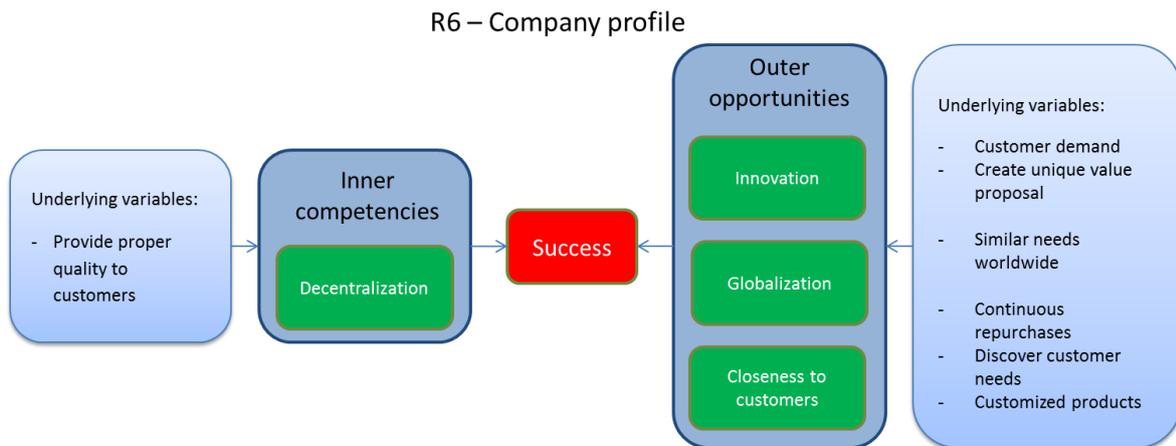
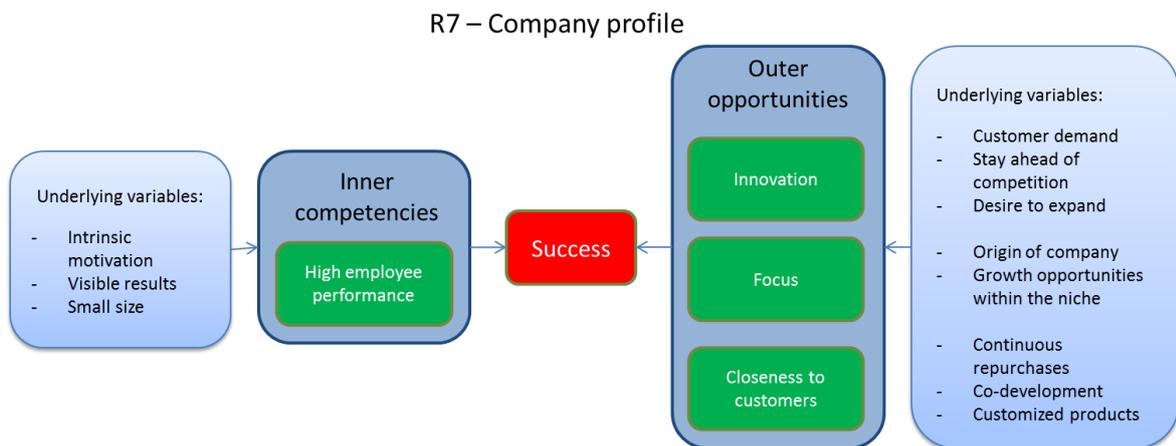


Figure 23: R7 – Company profile



5.0 Discussion

I have now presented the results of my study, and highlighted several identified success factors and underlying variables to these factors. In this part I will now discuss several topics which include, discussion around my respondents' fulfillment of the hidden champion's criteria, the identified success factors, the identified underlying variables, lessons learned from the methodology applied, and in the end other findings will also be discussed.

5.1 The hidden champion status

An important basis for this study is to evaluate how the respondents companies fit in with the hidden champions criteria as described in the theory section. There were three requirements related to market leadership, less than 4 billion \$ in revenues, and low public profiles.

5.1.1 Market leadership

Market leadership is difficult to assess as the market boundaries are fluctuating, and not commonly known as might be the case with big profiled companies. Therefore market leadership is highly dependent on the self-reporting, where each company has personal incentives to profile themselves as market leader within their niche. This can cause biased answers that might not be correct, and which require a lot of effort to investigate the authenticity of the answers.

The only way to assess the market leadership is to make use of the questionnaire and see on which grounds the respondents base their market leadership. Question 1.2 indicates degree of market leadership in the world, and question 1.5 is about the basis of market leadership. Please see table 20 and 21.

Table 20: Degree of leadership

Degree of leadership	#	Respondents
Total world market leaders	4	R1, R5, R6, R7
European leaders	2	R2, R4
One of the leaders	1	R3

Among the respondents, 4 state that their company is the market leader in Norway, Europe and the world. 2 companies are European market leaders and among the one of the world market leaders, while R3 is only one of several market leaders in Europe and in the world. R2 is a special case because it is a part of a global corporation that owns other companies which operate in other foreign markets. R3 started selling to foreign customers in 2005, and have therefore not grabbed such a big position abroad yet, but the respondent reported about high demand, which stretched their capacity, hence indicating that R3 might be a potential world leader in the next years to come. As for R4, no explanation has been given.

The basis of the market leadership is as follows:

Table 21: Basis of leadership

Basis for leadership	#	Respondents
Supplier with highest revenue	4	R1, R2, R4, R6
Supplier with largest quantity	3	R1, R2, R5
Other criteria	3	R2, R3, R7

Since it was possible to choose more than one option, the number is higher than 7. R1 and R2 selected several alternatives. The table reveals that there are different reasons for claiming market leadership. Of the respondents who selected other criteria, they stated their competitive advantage. R2 wrote “the employees”, R3 wrote “flexibility/short lead time/high quality”, and R7 wrote “Monopoly” (patent technology).

Market leadership is generally about having the highest share of revenues in the market. Hidden champions however have narrow niche markets that can make revenues a misleading indicator. A problem is that it is hard to prove the market leadership based on other factors, or in niche markets where objective third party reports are not available.

To evaluate the hidden champions own source of market information, Simon (2009) asked what the basis for the stated market shares were, and how reliable the assessment of market share were. See appendix A, question 1.10 and 1.11 for these questions.

The answers here reveal that the average score in question to reliability of the market share assessment was 5, on a 7 point scale. The answers to the basis for the market share assessment are listed in table 22 below.

Table 22: Basis for market share assessment

Basis for market share assessment	#	Respondents
Estimates	2	R3, R6
Own research	5	R1, R2, R3, R4, R7
Foregin studies/ statistics	2	R2, R3
Other	2	R2, R5

Although self-reporting still is an issue as the respondents are the ones estimating their own reliability, it is more transparent when they have stated how they have assessed their market share. The question has a lack of a negative option, e.g. “has not done any research”, so this might provoke false answers. Of the respondents commenting on the questions, none of them stated that they had not done any research, and many commented on how they proceeded to get this information. R3 is

the one who has the least reliable information based on “gossip”, as the competitors do not reveal their numbers. R3 also reported the lowest score with a 3 on the question about reliability.

I find it fair to conclude that despite only relying on self-reported answers, the hidden champions candidates appear to be market leaders or among the market leaders based on the information received. This fact is supported by the basis of market leadership, and their own answers and explanations to questions about the market share reliability and basis of assessment. All companies appear to be sufficient market leaders to qualify for the hidden champion status, although some are more prominent market leaders than others.

5.1.2 Limit in size

In the screening process, none of the companies had higher revenues than the limit of 4 billion dollars, and none of the respondents reported any number even close to the limit. Therefore it is easy to conclude that all the companies in this study were below the size limit for hidden champions.

5.1.3 Low public awareness

As stated earlier, this is not an objective limit, and it therefore requires some subjective evaluation. Looking at how the respondents see themselves, all of the respondents answered “No” to question 9.5 which asked if they considered themselves well-known outside of their industry. In addition, all of the respondents answered “There is no need to be known outside the industry”.

To do an attempt for a more objective evaluation, it is possible to search through media-database and see how many times the company names have been in the press over last years. I searched through a database called ATEKST, which contains the editor archives of 46 Norwegian newspapers.

To give a reference, Norway’s biggest company, Statoil, got a total of 101 799 hits in the database. There is no specific limit for low public awareness, but the number of hits gives some indications. To avoid bias for long history and name changes, I have included number of hits for the last 5 years, in the table below, and compared them with the number of hits from Statoil.

Table 23: Number of hits in media database

Respondents	Last 5 years	Total lifespan	% of Statoil
R1	10	15	0,03 %
R2	33	67	0,10 %
R3	43	49	0,14 %
R4*	17	28	0,05 %
R5	277	675	0,88 %
R6	1986	2881	6,30 %
R7**	7	8	0,02 %

R4 has had different names over the years, and the common name used is also used as a personal last name, therefore current full name had to be used which give less hits. R7's name is an abbreviation that can also have other meanings. Therefore the formal name with 'AS' was included, which also gave less hits since the formal name is not always included in articles.

From the number of hits in ATEKST, we see that most of the respondents have a very low profile over the last 5 years. R6 is the highest with 1986 hits over the last 5 years. That is 6.3 % the hits of Statoil. R6 is a large company, and as a supplier for the media industry it is perhaps more likely that they would get attention than a similar sized company in another industry. The company is also listed on the stock market. It is possible to argue that R6 does not make the requirement of being a "hidden" champion, but rather big champion after Norwegian standards.

The fact that the largest company in the study is also the one closest to violation of the low profile requirement stresses the problem noted in the introduction part, where it was pointed out that the small size of Norway makes it more difficult to for successful companies to keep low profile. It is likely that the average hidden champion in Simon (2009) studies would get more public attention here than in Germany, simply because its impact on society would have a greater magnitude here. Because of this I feel it is more just to be a bit lenient in the judgment of low public profile.

The rest of the companies have a low profile, were in the last 5 years all are below 1 % of the number of hits of Statoil. Therefore it is my opinion that all the companies, including the possible exception of R6, qualifies as hidden champions in regards to having a low profile.

Perhaps a more reasonable comparison would be to compare against the average hits of the 15 largest companies in the Oslo stock exchange, however due to restraints in time spent I have not done so.

In accordance with the related discussion, I conclude that all of my respondents satisfy the three criteria for hidden champion status.

5.2 The identified success factors

The section starts by discussing the criteria used, then the dispersion of the success factors among the participating companies, and lastly a discussion of the significance of the factors.

5.2.1 The criterion limit used

In order to separate among the companies that hold the success factors and the ones who do not, a set criterion of $\geq 85\%$ of the score was used. The use of exactly 85% as a limit can be discussed, as there is no other research indicating what percentage is needed in order to classify the factors. It is unknown how Simon (2009) identified the success factors, and hence this study had to take an independent choice of criteria.

Simon (2009, p.315) says that *“the lessons of the hidden champions are not a checklist to be worked through”*. It is reasonable that hidden champions deviate to some extent from the described theory due to individual circumstances. To ensure leeway for such circumstances the limit deviated from 100%. Being a subjective limit, it can be interesting to see what the result would be with different limits. Below is a table showing how many factors that would be identified with limits set at 75%, 80%, 85%, 90% and 95%.

Table 24: Sensitivity analysis of success factor limit

Score limit	75 %	80 %	85 %	90 %	95 %	100 %
Employees	7	6	4	4	2	2
Vertical integration	1	1	1	1	1	0
Decentralization	3	3	3	3	2	2
Globalization	3	3	2	2	1	1
Innovation	5	5	5	5	2	0
Focus	6	6	4	3	2	2
Closeness to customer	6	6	6	5	3	1

This table indicates the depth of the different factors. Factors such as Employees, Innovation and Closeness to customers are well represented at high score level at 90%, while vertical integration is only found for one company by using the questionnaire. By lowering the limit to 75% it is clear that the factors are represented more frequently. This indicates that too much leeway will increase frequency and can thus be subject to possible misrepresentation of the factors. I therefore argue that the limit of 85% is the limit that gives the best balance between similarity with Simon (2009) and leeway due to individual circumstances.

5.2.2 The dispersion of the factors

A number of success factors have been identified in this study. Due to the low number of respondents little can be said about the dispersion of these factors to other Norwegian hidden champions. However we see that among these companies high vertical integration and globalization

are the factors that are least represented. Most represented are factors that are among the global opportunities.

If we take a look on how the success factors, identified by the use of the questionnaire, are dispersed among the different companies we see that companies have between 2 and 5 success factors. The average number of success factors per company is 3.57.

Table 25: Success factor dispersion

Companies	Type	Internal #	External #	Total #	Factors
R1	S	0	2	2	Focus, Closeness to customers
R2	S	2	2	4	Employees, Decentralization, Focus, Closeness to customers
R3	P	2	3	5	Employees, Vertical integration, Innovation, Focus, Closeness to customers
R4	P	0	3	3	Globalization, Innovation, Closeness to customers
R5	S	2	1	3	Employees, Decentralization, Innovation
R6	P	1	3	4	Decentralization, Globalization, Innovation, Closeness to customers
R7	P	1	3	4	Employees, Innovation, Focus, Closeness to customers

This table does not include factors that were only indicated in the interview and not in the questionnaire, such as R4 – High vertical integration, R5: - Leadership and R6: - High employee performance.

High vertical integration has been excluded for the service companies, and therefore they only have two possible internal competencies. Two companies do not have any internal competencies.

Findings represented in the table 25 suggest that 4 hidden champion success factors, where at least one is internal, is a representative measure for a hidden champion. One can then discuss if R1 and R4 are in fact hidden champions, when they do not have any internal competencies as success factors.

It is previously stated in the theory section that there should be a match between internal competencies and external opportunities. Yet, a careful approach should be taken as there might be other internal competencies that have not been identified by Simon’s questionnaire. In fact, R1 stated: *“I am missing a question about how you –Which things are there in your industry that makes you think you able to earn money also in the future. Because you can always be a smart-ass and do development and then you get run over in the next turn when things start to get interesting”* (R1).

Subsequently, when asked about the competitive advantage of the company, R1 stated that it was the endless economies of scale of running a market place. As the market place is in fact a market for futures and options regarding fish deliveries, this answer can be understood as network externalities, which can be a very lucrative competitive advantage. The fact that the questionnaire fails to pick up this essential competitive advantage for R1 leads me to believe that is more a measurement error than the fact that R1 does not have internal competencies. However, being a young company with only 6 employees, it might also be the case that little internal competencies have not been developed yet. A more open-ended question on competitive advantage would be advantageous. It is

my opinion that question 8.3, regarding the uniqueness of the product, see appendix A, does not satisfy the same need as it is too narrowly focused on the product's uniqueness.

As for R4, little was said about any other possible competitive advantages or internal competencies, but as the analysis of underlying variables revealed, high vertical integration might be a success factor, although it was not clear from the way the questionnaire was analyzed. Maybe higher emphasis should be placed on the degree of in house production instead of including attitudes towards outsourcing.

High vertical integration was the least represented success factor. The trait may be a representation of national differences reflected in the Global Competitiveness Report (2011-2012) in the introduction section. In the report, when asked about value chain breadth, the question was regarding if companies participated broadly in all steps of the value chain, or if they have a narrower focus. Thus, high ranking would indicate that high vertical integration is a common feature in the country. Here, the results match with Simon (2009) as Switzerland, Germany and Austria are ranked 3rd, 4th, and 5th, while Norway on the other hand is ranked 34th below countries such as Lebanon, Costa Rica and Sri Lanka (GCR, 2011-2012, p. 508), indicating that high vertical integration is not so common in Norway as in the German speaking countries.

I find it likely that all respondents represent companies that have sufficient degree of success factors to be hidden champions. Despite the fact that my use of the questionnaire did not reveal any internal competencies for R1 and R4, analysis of the interview indicate that it is likely caused by the design and my analysis of the answers in the questionnaire.

5.2.3 Significance of the success factors

Although the identified factors are called "success" factors in this study, it is difficult to pin them down to an objective measurement of success. To evaluate a causal relationship between an action taken and success in form of profit, revenues or market share, one usually get low degree of co-variation as there are several external factors influencing the result. By using subjective measurement of success, in a similar manner to Simon (2009), with question 5.1, see Appendix A, results will be biased by the respondents own interpretation of success. The table below shows the results in this study to question 5.1.

Table 26: Answers to question 5.1

Satisfaction with...	R1	R2	R3	R4	R5	R6	R7	Average
Capacity utilization	6	7	5	4	2	3	4	4,43
Financial safety	7	7	2	5	2	6	6	5,00
Employee satisfaction	6	7	6	6	6	5	5	5,86
Financial surplus	6	7	3	3	1	6	5	4,43
Cost savings	4	7	4	4	3	4	5	4,43
Competitive situation	6	7	6	3	6	6	6	5,71
Growth	7	7	6	4	6	5	6	5,86
Total result last 5 years	6	7	5	3	6	5	7	5,57
Average	6	7	4,6	4	4	5	5,5	5,16

R2 has a very positive outlook on its company, rating it with a 7 on all variables. R4 and R5 are the most negative respondents, both with an average score of 4. We see that the total average score is 5.16, which is above average, and thus indicating a certain degree of success.

If the same questions were to be asked to non-hidden champions companies, a comparison of result might yield a good basis for assessing the degree of success. However this has not been done due to the low number of respondents here and the resources it would require.

The problem about relying on subjective reporting in this case is that a respondent with high expectations and demands could give a low score despite having results above average in the respective industry. This problem can be minimized by having a large sample to aggregate the results, thus reducing individual biases. However, I do not have a large sample in this study.

Due to these measurement problems, I have not tried to estimate the significance of the success factors. Instead, I have checked that these companies are successful, and they have a given number of success factors. The link between the two is not proven, and it is a weakness in the study. Future studies should try to avoid this problem.

5.3 The identified underlying variables

There are several identified underlying variables to each factor, and this thesis cannot address all of them in this section. Some of them are expected and lack novelty, while others are more interesting, and it is these factors I have focused on in this part of the discussion.

Looking at the table displaying the identified underlying variables, factors such as high employee performance, focus, and high vertical integration have underlying variables that is expected or in accordance with theory. Findings such as competence and knowledge, protection from competition, and control are all reasonable findings that are mentioned in the theory section.

Most of the success factors identified were found in the group of “external opportunities”. I will therefore discuss my findings related to globalization, closeness to customers and innovation. In addition, decentralization will also be discussed.

5.3.1 Decentralization

By analyzing Simon’s questionnaire three companies was found to have decentralization as a success factor (R2, R5, & R6). Among these companies, two underlying variables were found.

R2 decentralized in order to retain key personnel:

(...)we noticed that many of them wanted to move back home again, and to keep the people we started up an office down there [Amsterdam]. And then it just build itself up (...) it is easier to get people there. And in Madrid it was because one of the good brokers we had who was going to work in Spain wanted to go home. So we opened an office down there. So it is because of the employees.

This explanation was unexpected and is not found by Simon (2009). It might be because it is a special circumstance that did not appear in the aggregated results of hidden champions in Simon’s work (2009). We can conclude that R2 decentralized in order to retain a key resource, namely its employees, which is as previously described, a success factor for the company.

R5 and R6 decentralized in order to provide proper quality to customer. R5 mentioned it was a way of giving better customized reports to the customer, while R6 simply stated that it was not possible to handle the customer from abroad. The common denominator here is that both of these companies decentralized to better serve their customers.

In Simon’s findings (2009) companies decentralized for other reasons such as soft diversification, prevent complex organization, transformational leadership or simply due to having outgrown their markets. A fifth factor was identified as desire for customer contact. This factor seems to be similar to the explanation of R6. Simon (2009) point out that decentralization in accordance with customer groups ensures close relationships, flexibility to the customers’ wishes and swift reaction to changes in the local marketplace. Given that R6 also has “discover customer needs” and “customized product” as underlying variables for closeness to customers, in addition to “customer demand” as an underlying variable for innovation, it seems appropriate to say that R6 explanation is in accordance with Simon (2009).

R5 on the other hand seem to use decentralization as a way of better understanding the customer situation and therefore to give a better and more customized energy reports. The quality advantage

lies in giving a more extensive report written from the customer's perspective by local employees, thus enhancing the local profile of the report. The presence in the country makes it able to give better service. This finding does not correspond to any of the factors mentioned by Simon (2009), although it is not far in nature.

The findings in this study do not oppose Simon's findings (2009) since two other underlying variables were found. It is not known, and beyond this thesis to conclude, if these underlying variables are simply special cases or in fact a common trait among hidden champions. Due to the nature of the variables, I suspect that retaining for key employees are more a special case, while providing customer proper quality might be a more common trait. However I have no support or evidence to point in either way.

5.3.2 Globalization

Globalization as a success factor was found for two companies (R4 & R6). R5 does not meet the requirements of 85% score from the questionnaire. However, it appears R5 will soon be globalized as the leader took the initiative for a global alliance which will soon be in operation.

From analysis of the interviews, the most remarkable trait that appeared was "similar needs", which was reported by R4 and R6. This finding is also reported by Simon (2009), as similar needs make it possible to go international without doing any severe alterations on the product.

According to R4, similar needs are connected to the fact that there are similar international requirements to each country to do certain measurements in the ocean. Naturally this leads to different countries having the same need for products that can fulfill these requirements. The third underlying variable has to do with the customer segment, which collaborates to find the best solution to their problems. Therefore the market is very tightly integrated, where any innovation or demand will quickly spread around on conferences or through scientific articles. To summarize, R4 seems to fit well with the reason stated by Simon (2009), about similar needs across countries and regions.

R6 also has similar needs for its product worldwide. *"It is a pretty homogeneous mass all these TV-stations. If you have product for a TV-station it works in China as well"* (R6). By having similar needs it is easier for R6 to sell the same software all over the world.

Simons other variable, ambitious leaders, was not found for R4 or R6. However for R5, who as described in the result section are becoming more globalized, leadership was the key factor for starting to have a wider international focus.

Therefore I will conclude that my findings are in line with Simon's (2009) theory in regard to "similar needs" being underlying variable for globalization, but I did not find sufficient data for the other variable, "ambitious leaders", although it appears to be imminent in the case with R5.

5.3.3 Closeness to customers

For "Closeness to customers" the most reported underlying variable was "Continuous repurchases". Meaning that the main reason for staying close with customers is to secure future purchases. This is an expected finding since it points to the essence of customer relationship which in the end is profit through continuous business from existing customers. From Simon's theory (2009), this effect was noted as an outcome of closeness to customers, indicating a chicken- and- egg problem. Does the company have continuous repurchases and therefore good customer relations? Or is it good customer relations that have led to customer repurchases? I will not discuss this problem further, but rather state the main point which is that all the respondents have customers who are potential long-term customers, and therefore special effort to secure the next deal seems vital for the business.

Looking behind the more obvious result, it is evident that other reasons for closeness to customers are related to "customer specialization", "discovery of needs" and "co-development", all of them having two respondents each. We see that the three underlying variables are all somewhat connected to innovation, either through satisfying a new need or creating something new to fulfill a need.

Simon (2009) argues that closeness to customers helps the hidden champions' innovation effort. Closeness to customers means to have tight relations with the customers, and spatial proximity through decentralization is a way of maintaining good relations (Simon, 2009). However, the argumentation among academics regarding spatial proximity is not one-sided. Weterings and Buschma (2009) found that for SMEs' in the Dutch software sector, closeness to customers in form of close spatial proximity, face-to-face interaction or collaboration with customer did not have statistically significant effect on enhanced innovation output. However, when looking at the likelihood of bringing new services or products to the market, face-to-face interaction and collaboration with customer had significant effect, but spatial proximity did not have effect on likelihood either. Hence spatial proximity did not have significant effect on innovation output or likelihood of bringing new product or services to the market.

The findings of Weterings and Buschma (2009) are based on SMEs in the Dutch software sector and therefore not directly transferable. Yet, the findings regarding face-to-face interaction and collaboration with customer seem to correspond with the findings mentioned in this study. However, regarding spatial proximity I have findings that also support Simon (2009).

In my study only R2, R5 and R6 had a decentralized organization, and among them only R5 and R6 can be seen as close geographically to the customers, since R2 stated that their customers were dispersed. R6 was the only one of these two who also had closeness to customers as a success factor. R6 reported “Discovery of needs” and “Customized products” as underlying variables to “Closeness to customers”. When talking about the reason for decentralizing, R6 stated: *“It just was not possible to handle the customers properly without always having someone living there”*. As the quote states, it is a necessity to stay close geographically to the customer. R6, is therefore the respondent who strongest support the link between “Closeness to customer” and spatial proximity through decentralization.

Other underlying variables found in Simon (2009) are “customer’s dependency on product” and “direct sales”, which is because most hidden champions are selling advanced products. “Customer dependency on product” is also the case with R6, whose product is very important for their customers. *“What we deliver, or parts of it, firstly it is appearing directly on the TV-screen. Lastly, it is the front of the TV-companies. So they want it to be as best as possible”* (R6). This indicates that the products importance for customers affects the degree of spatial proximity.

Among the respondents where “closeness to customers” was identified, four out of six reported that they engage in direct sales, thus supporting the theory of Simon (2009). Only R3 and R4 sell through intermediaries. From the group that sells directly, R6 and R7 reports of high tech product where the customer also has a strong need for information. R2 and R1, sell both financial products that cannot be considered high tech product. The difference in need for information is that R2 has professional traders as customers, while R1 has customers in the fish industry who normally do not buy financial products.

Table 27: Direct sales vs. advanced products

Questions	R1	R2	R6	R7
Customers' need for information	7	1	6	7
Low-tech./High tech.	3	1	6	7

There are some correlation between advanced product and direct sales, but as the table above show, it is not necessarily the reason for direct sales.

Simon (2009) also mentioned customer’s dependency on the product as reason for having close customer relations. As shown in the table below, this is also the case with the companies in this study.

Table 28: Customer dependency on the product

Questions	R1	R2	R3	R4	R6	R7	Average
From customer perspective, purchase of this product is regarded as very important	6	7	7	6	6	4	6
Routine -/ Extra-ordinary purchase	7	1	7	6	4	6	5,17

My findings support Simon (2009) on this matter, as the average score is 6 for product importance, and most of the customers see the product as an extra-ordinary purchase.

In regards to closeness to customers, my findings support Simon (2009) with regards to innovation benefits, customer’s dependency on product and direct sales. There is also some support for the need for spatial proximity to the customer although other findings have been identified in the literature.

5.3.4 Innovation

An important success factor is innovation. It was found for R3, R4, R5, R6 and R7. It is interesting that all the product companies had this factor, which emphasizes the importance of innovation.

Most frequent finding under innovation was “customer demand”, which was reported by three companies (R4, R6 and R7). Customers who demand new solutions and products can easily be the best driver for innovation, and this finding was not unexpected. The second most frequent finding was “stay ahead of competition”, which was reported by R5 and R7. New products can give a unique value proposal to the customer that helps improve the competitive situation.

The link between innovation and “customer demand” suggest a link between innovation and closeness to customers. Among those three companies R4 and R7 also have closeness to customers as success factor. In fact, overall four out of five who had the innovation success factor also had closeness to customers.

The other underlying variables vary in nature. For R3, it is mostly external changes created by the industry or the governing organs of the industry. For R5 it is to avoid competition, to be more efficient and to reduce costs, in addition to continue to expand the market awareness in other countries.

Compared to Simon (2009) it is easy to see my study failed to support so many variables. One reason for this result can be the lack of available time to investigate each factor deeply, thus increasing the likelihood of only reporting the main underlying variables. Another reason may be that my low number of respondents failed to bring forward so many different cases of underlying variables.

I conclude that the innovation success factor is primarily driven by customer demand, and a need to stay ahead of competition, and it appears to be linked with the closeness to customer success factor.

5.4 Methodology

In this section I will discuss the weaknesses in the methodology applied in this study and make suggestions to how it can be improved for future studies.

A vital part of this study was based on the use of Simon's comprehensive questionnaire. In Simon's study the questionnaire was sent out to 1316 companies in the German speaking area, and from them 147 answers was received and of them 137 was suitable for in-depth analysis (Simon, 2009, p. 18-19).

5.4.1 Length of the questionnaire

Given the fact that the questionnaire was only distributed within Germany, Austria and Switzerland, there might be cultural bias in regards to both answers and likelihood of answering to such an extensive questionnaire.

The latter point seems to be a severe element to consider as the length of the questionnaire received much critique from my respondents. Many of them complained about the length of the questionnaire, and the ones who did not complain rushed through without answering properly on several questions. They had to be instructed and corrected along the way. One respondent said after the interview was over that if I had not showed up physically, he would simply throw the questionnaire straight in the garbage without even looking at it. It is my understanding from the feedback received that the questionnaire have to be shorter in length, maybe as extensive as a 50% reduction.

5.4.2 Structural design

One reason for the questionnaires long length is the fact that it has several big topics, instead of being more focused. It appears Simon (2009) has used the questionnaire in a very broad fashion, thus receiving information about several elements that may or may not be vital part of the hidden champions' strategy. This is a natural trade-off, between the wide and general, and the in-depth specific elements. Although there has not been much research on the hidden champions, I suggest that the future questionnaire does not need to be so broad, but rather more focused on the core-specifics of the eight success factors.

When identifying new hidden champions, I propose that the questionnaire focuses on a few sharp questions about each criteria and each success factor. This will minimize the space in the questionnaire need for identifying and classifying the responding company as a hidden champion.

When doing so more space is available to identify underlying variables, or to seek information about other elements in their strategy.

In the next study, I therefore recommend that the researchers do not use Simon's questionnaire, but rather create a new questionnaire. The content should include a few specific questions related to the three hidden champion criteria. Furthermore, there can be some specific questions to each success factor. The questionnaire can then be conditional, where additional questions related to the identified success factors are asked. These additional questions can be related to possible underlying variables, or open-ended questions. It depends on the purpose of the research. Conditional questionnaire are easiest to design and answer if done in the form of an online survey.

Due to the time pressure among business leaders in Norway, and my impression of their willingness to cooperate, I suggest that the survey should not take any longer than 10-15 minutes to complete. When keeping the survey narrow, specific and conditional, I believe such a design is possible for future studies.

5.4.3 Weaknesses in the study

One of the main weaknesses in the study is the comprehensive interviews, where some lasted over two hours. The main reason for this problem was the long questionnaire. The use of it may have given the study increased validity and comparability compared to earlier findings, but it also made it difficult to go in-depth on companies with many success factors as there was little time available for in-depth explanations for each factor. The extensive time use may have affected the answers of my respondents, giving more superficial answers and taking rash decisions when filling out the questionnaire.

Although I tried to correct for this pressure, I find it better that future studies conduct more focused and shorter interviews.

5.5 Other findings

In strong contrast of all marketing trends, hidden champions prefer to keep a low profile and be hidden. Yet, a growing trend is that more and more hidden champions are becoming more public (Simon, 2009, p.14).

The result that I found was that none for the respondents had a deliberate secrecy as a part of their strategy. The lack of support for Simon's findings regarding the companies' low profiles might be due to low number of respondents. However, I also feel it is likely that most hidden champions do not have a deliberate low profile strategy. A question to be raised is if the hidden champions deliberately seek to have low profile because that gives them advantages, or if they have low profile simply

because it could be a natural occurrence since having a high profile does not give them any benefits. It could also be that the benefits/ cost ratio makes it undesirable to have a high profile.

Due to the contradicting findings between Simon (2009) and my results to such an essential part of the hidden champions' strategy I propose that future studies investigate this discrepancy further.

As for the location, I find it fascinating that many hidden champions are in rural locations, yet this was not a remarkable trait in this study. One possible explanation might be that Bergen Chamber of Industry and Commerce simply has more knowledge about companies in and around Bergen, and therefore failed in to include potential rural companies in the short list.

6.0 Conclusion

In order to contribute to the identification and understanding of Norwegian hidden champions, I have identified and analyzed potential hidden champions in Hordaland. In this section I have summarized my main findings, and presented implications for managers, policy makers, and researchers who are interested in the hidden champion strategy. The latter has a special focus on methodology, in order to provide recommendations for a larger national study of Norwegian hidden champions.

6.1 Main findings in this study

By receiving a shortlist made by Bergen Chamber of Commerce and Industry of potential hidden champions and identifying them according to the hidden champion's criteria, I had a foundation to do in-depth research according to my research questions. I have focused on both the success factors and underlying variables, and these have been divided into two subsections presented here.

6.1.1 Hidden champions' success factors

Despite my low number of respondents, my main findings contribute to the research about hidden champions both in relation to the success factors, and in investigating underlying variables.

The companies were sorted out from a shortlist, and were screened by looking at market-niche and financial results over the last 5 years. The method ensured local companies within a narrow market, and good financial results.

By evaluating the responding companies according to the hidden champion criteria, all companies satisfied the requirements related to market leadership, and size. However, one company might be having a too high profile to be classified as a hidden champion, as it has been mentioned numerous times in Norwegian newspapers. This company was also the largest company in the study, thus, indicating that large hidden champions will have more problems keeping a low profile in Norway compared to Germany as suggested in the introduction section. I therefore recommend that this requirement is less strict than in larger countries, in order not to exclude potential world market leaders which might bring new insights to the hidden champion strategy.

I have found support for Simon's (2009) success factors. In my results most of the respondent had 3 or more success factors of varying character. Most prominent factors were "Closeness to customer", "Innovation", "focus" and "high performance employees", but all measured factors were identified, which is satisfying taken the low number of respondents in consideration.

Findings regarding the secrecy of the hidden champions indicate that Norwegian hidden champions are not purposely hiding themselves, rather they do not see the need to invest the resources required to acquire a high profile.

The findings in the study indicate that the hidden champions can be found in Norway, and that they can exist in a wide range of businesses.

6.1.2 Underlying variables to the success factors

One of the research questions was to investigate and analyze the reason behind the characteristics and by doing so try to identify possible underlying variables than can be investigated further in a larger national study.

Many of the underlying variables to the success factors were in line with expected findings, and where not discussed in detail. Underlying variables to the four success factors decentralization, globalization, closeness to customers and innovation, were discussed. The main findings here were a result of interviews with the respondents, where they were asked relevant questions related to the factors identified with the use of Simon's questionnaire.

For decentralization it is most noteworthy that two of the companies decentralized in order to provide better value to the customer. This finding supports Simon's (2009) theory. In addition it was found that one company decentralized in order to retain profitable employees in their organization. In a more globalized world, retaining profitable employees and accommodating their wishes might be a more and more important issue, but it is not known if this is a single incident or a trait that should be investigated further.

With globalization, one strong trait was "similar needs" worldwide, indicating that some products can easily be globalized because of the heterogeneous needs makes it easy to satisfy customers worldwide without regional alterations. This finding also supports Simon (2009), but little evidence was found for the second underlying variable of Simon (2009) regarding ambitious leaders being the initiators to global expansion.

In relation to closeness to customer, I found that the main underlying variable was "repeated purchases", and it is reported as the main driver for having good relations with the customer. Other prominent factors were related to innovation, indicating that one reason behind closeness to customers is to enhance innovation efforts to better fulfill customer needs. My findings support Simon (2009) in regards to the variables "customer dependency on product", "direct sales" and in more general terms of providing innovation benefits. One respondent also supported the need for spatial proximity to enhance closeness to customer.

Regarding the innovation factor various underlying variables were identified as all the product companies had innovation as a success factor. Most prominent were “customer demand” and “stay ahead of competition”. The study did not manage to find as many variables as Simon (2009). One reason might be the low number of respondents, and the length of the interviews made it difficult to go in to details about underlying variables for each factor.

My findings in regard to underlying variables indicate that decentralization takes place in order to provide better quality to the customer, and globalization is easier to implement when there are similar needs worldwide. The main motivation behind closeness to customers is to get repurchases by existing customers, but it is also to get innovation benefits. Innovation is taking place because of customer demands, and to stay ahead of competition. Innovation and closeness to customers appear to be linked. Four out of five companies who were identified with the innovation factor also had closeness to customers as a success factor. These underlying variables affect the companies to take strategic action to invoke the factors, which has led them to becoming successful companies.

To summarize, the underlying variables indicate normal strategic behavior from the companies, and few novel underlying variables were indicated. The length of the interviews and the felt time pressure on many respondents may be a cause that explains the lack of novel underlying variables. Many of Simon’s (2009) variables were identified, but the findings also suggest that there is need for further investigation as the results were not conclusive. Moreover, the true benefit of the hidden champion strategy may not be the factors per se, but the interaction and correlation among them which needs to be investigated further.

6.2 Implications

As this is the first study of Norwegian hidden champions, it has several implications to researchers, policy makers, and managers over similar companies, which I have highlighted in this section.

6.2.1 Implications for researchers

The implications for researchers are mostly related to methodology to be used in future studies of Norwegian hidden champions.

In regards to recommendations for further research there are several themes that are interesting as not much research has been done on hidden champions. From an economical perspective it is interesting to see which factors that influence the number of hidden champions in a country. From an entrepreneurial perspective it could be interesting to see how the hidden champions have been grown in to world market leaders. In addition, an interesting strategic and academic approach could be to investigate the success factors and underlying variables further. All of these different perspectives would be useful in the research on hidden champions. Nonetheless, all of them would

benefit from a similar first step, which is a national study to identify the Norwegian hidden champions.

In this study, I have field-tested Simon's extensive questionnaire in Norway and made note of any feedback that was given back to me. It is my opinion that Simon's questionnaire is ill-suited for a study for potential Norwegian hidden champions. It needs to be shorter in order to not be too time consuming. If not, I fear that the response rate will be very low. Therefore I think the questionnaire should be narrower and more focused on the core of the hidden champion strategy, such as specific questions about the criteria and the success factors. Moreover, questions about underlying variables or the interaction between factors is also relevant. An open-ended question about sustainable competitive advantage may also give useful input that is otherwise not covered.

6.2.2 Implication for policy makers

In the introduction the significance of the hidden champions were emphasized. Hidden champions contribute positively to a country's trade balance with high export shares, and they hold a steady market leadership position. They should therefore be of key importance to any country who seeks to improve its GDP.

Hidden champions are distinct from other types of companies, yet little is known about how they appear, under what conditions do they thrive, and how is it possible for policy makers to trigger increased growth. Therefore it is vital that the studies on hidden champions continue in order to provide more knowledge about how to increase the global competitiveness of SME's and other potential hidden champion companies. If awareness and ideal conditions is in place, an increased number of hidden champions will provide more exports and growth in GDP for the country.

Of particular interest is the fact that two thirds of all hidden champions have their headquarters in rural areas (Simon, 2009). Although this finding was not replicated in my study, a national study may reveal several rural hidden champions and possibly indicate how to attract more hidden champions to these areas. For these reasons policy makers would benefit from funding research on hidden champions, and having higher awareness of hidden champions and the benefits they provide for their countries.

6.2.3 Implications for potential hidden champions

The study here cannot be generalized across a larger population due to the very small number of respondents. This naturally limits the scope of the implications, thus making them more relevant for companies that have some similarities with the companies in the study.

For these sorts of companies it can be useful to study the hidden champion strategy and see if they can adopt some of the success factors in order to pursue a better ideal fit between internal competencies and external opportunities. E.g. for a production company it can be useful to have a look at the uniqueness of the product. It may be worthwhile to choose a narrower customer segment, and see if the same segment exists globally. Competence within a special customer segment, together with supreme innovative measures, can give a strong market leadership position as indicated by the hidden champions in this study.

My findings show that it is also possible for Norwegian companies to be hidden champions in a wide range of industries, despite the lower competitiveness ranking and innovation score in the Global Competitiveness Report (2011-2012). The best general advice for becoming a hidden champion is find out what internal competences can match up with the external environment that your company is operating within. It might be wise to have a look at the hidden champion strategy and assess if you should be more focused, achieve closeness to customer, be more innovative, or acquire more highly competent employees.

List of references

- Anderson, R. & Reeb, D., (2003), Founding-Family Ownership and Firm Performance: Evidence from the S&P 500, *Journal of Finance*, Vol. 58, No. 3, pp. 1301-1328
- Barney, Jay B. (2011) *Gaining and sustaining competitive advantage*. 4th ed. Boston, Pearson.
- Bass, B.M. (1990), From Transactional to Transformational Leadership: Learning to Share the Vision, *Organizational Dynamics*, Vol. 18, No.3, pp. 19-31
- Brooke, P., & Jr., (1986), Beyond the Steers and Rhodes Model of Employee Attendance, *Academy Of Management Review*, Vol. 11, No. 2, pp. 345-361.
- Carsten, J., & Spector, P., (1987), Unemployment, Job Satisfaction, and Employee Turnover: A Meta-Analytic Test of the Muchinsky Model, *Journal Of Applied Psychology*, Vol. 72, No. 3, pp. 374-381.
- Caverley, N., Cunningham, J., & MacGregor, J., (2007), Sickness Presenteeism, Sickness Absenteeism, and Health Following Restructuring in a Public Service Organization, *Journal Of Management Studies*, Vol. 44, No. 2, pp. 304-319.
- Chu, W., (2011), Family ownership and firm performance: Influence of family management, family control, and firm size, *Asia Pacific Journal Of Management*, Vol. 28, No.4, pp. 833-851.
- European Commission. (14th March 2012) *Small and medium sized enterprises (SMEs)* [Internet]. Available from: <http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm> [Downloaded, 24th August 2012]
- Gertler, M.S., (2003), Tacit knowledge and the economic geography of context, or The undefinable tacitness of being (there), *Journal Of Economic Geography*, Vol. 3, No. 1, pp. 75-99
- Glebbeeck, A., & Bax, E., (2004), Is High Employee Turnover Really Harmful? An Empirical Test Using Company Records, *Academy Of Management Journal*, Vol. 47, No. 2, pp. 277-286.
- Hall, Richard H. (1991) *Organizations: structures, processes, and outcomes*. 5th ed. Englewood Cliffs, N.J., Prentice Hall.
- Hambrick, D.C., Fukutomi, G.D.S., (1991), The Seasons of a CEO's Tenure, *Academy Of Management Review*, Vol. 16, No. 4, pp. 719-742
- Hidden Champions in CEE and Dynamically Changing Environments (November 2011) CEEMAN [Internet]. Available from: <http://www.ceeman.org/data/files/pages/HC_Research_Report_CEEMAN_Nov2011.pdf> [Downloaded, 15th December 2011]
- Institut für Mittelstandsforschung Bonn. (30.04.2011) *Unternehmensbestand 2009 laut Unternehmensregister - Alle Wirtschaftsbereiche (gemäß WZ 2008)* [Internet] Available from: <http://www.ifm-bonn.org/assets/documents/Untreg_GrKl_Unt_2004-2009.pdf> [Downloaded, 15th May 2011]

- Jaramillo, F., Mulki, J., & Boles, J. (2011), Workplace Stressors, Job Attitude, and Job Behaviors: Is Interpersonal Conflict the Missing Link?, *Journal Of Personal Selling & Sales Management*, Vol. 31, No. 3, pp. 339-356.
- Jones, T., & Sasser Jr., W., (1995), Why Satisfied Customers Defect, *Harvard Business Review*, Vol. 73, No. 6, pp. 88-91.
- Kaliprasad, M., (2006), The Human Factor II: Creating a High Performance Culture in an Organization, *Cost Engineering*, Vol.48, No.6, pp. 27-34.
- Keeble, D., & Nachum, L., (2002), Why Do Business Service Firms Cluster? Small Consultancies, Clustering and Decentralization in London and Southern England, *Transactions of the Institute of British Geographers* , Vol. 27, No. 1, pp. 67-90.
- Lin, Z., & Hui, C., (1999), Should Lean Replace Mass Organization Systems? A Comparative Examination from a Management Coordination Perspective, *Journal Of International Business Studies*, Vol. 30, No. 1, pp. 45-79.
- Martin, C., (2003), Explaining Labour Turnover: Empirical Evidence from UK Establishments, *LABOUR: Review Of Labour Economics & Industrial Relations*, Vol. 17, No. 3, pp. 391-412.
- Mehta, V., & Shah, H., (2005), Characteristics of a Work Organization from a Lean Perspective, *Engineering Management Journal*, Vol. 17, No. 2, pp. 14-20.
- Pérez, L.S., José Manuel Montes, P., & Camilo José Vazquez, O., (2005), Organizational learning as a determining factor in business performance, *Learning Organization*, Vol. 12, No. 3, pp. 227-245.
- Pfeffer, J., (1994), Competitive Advantage Through People, *California Management Review*, Vol. 36, No. 2, pp. 9-28.
- Porter, Michael E., (2008) *On Competition*, Updated and expanded ed., Boston, Harvard Business School Publ. Corp.
- Prof. Schwab, K. Ed. (2011/2012) *The Global Competitiveness Report 2011 – 2012*. Switzerland, World Economic Forum
- Reve, T., & Jakobsen, E. W. (2001) *Et Verdiskapende Norge*. Oslo, Universitetsforlaget
- Richardson, H., Vandenberg, R., Blum, T., & Roman, P., (2002), Does Decentralization Make a Difference for the Organization? An Examination of the Boundary Conditions Circumscribing Decentralized Decision-Making and Organizational Financial Performance, *Journal Of Management*, Vol. 28, No. 2, pp. 217-244.
- Sapienza, H., Smith, K., & Gannon, M. (1988), Using Subjective Evaluations of Organizational Performance in Small Business Research, *American Journal Of Small Business*, Vol. 12, No. 3, pp. 45-53.
- Saunders, M., Lewis, P. & Thornhill, A. (2009) *Research Methods for Business Students*. 5th ed. Harlow, Pearson.

Siggelkow, N., & Levinthal, D. (2003), Temporarily Divide to Conquer: Centralized, Decentralized, and Reintegrated Organizational Approaches to Exploration and Adaptation, *Organization Science*, Vol.14, No. 6, pp. 650-669.

Silverman, D. (2006), *Interpreting Qualitative Data: Methods for Analyzing Talk, Text and Interaction*. 3rd ed. Los Angeles, SAGE.

Simon, H. (1992), Lessons from Germany's Midsize Giants, *Harvard Business Review*, Vol. 70, No. 2, pp. 115-123.

Simon, H. (1996), You Don't Have to be German to be a 'Hidden Champion', *Business Strategy Review*, Vol. 7, No. 2, pp. 1-13

Simon, H. (2009) *Hidden Champions of the 21st Century: Success Strategies of Unknown World Market Leaders*. New York, Springer.

Simsek, Z., (2007), CEO tenure and organizational performance: an intervening model, *Strategic Management Journal*, Vol. 28, No.6, pp. 653-662.

Statistics Norway (2009) *Manufacturing* [Internet] Available from:
<http://www.ssb.no/english/subjects/10/07/industri_en/> [Downloaded, 30.05.2012]

Statistics Norway. (01.04.2012) *Befolkning* [Internet] Available from:
<<http://www.ssb.no/befolkning/>> [Downloaded, 29th May 2012]

Statistics Norway. (17.06.2011) *Continued growth in urban settlements* [Internet] Available from:
<http://www.ssb.no/english/subjects/02/01/10/befteftt_en/> [Downloaded, 29th May 2012]

Statistics Norway. (2011) *Bedrifter etter ansattegrupper og fylke* [Internet] Available from:
<<http://www.ssb.no/emner/10/01/bedrifter/tab-2011-02-09-02.html>> [Downloaded, 3rd March 2011]

Statistics Norway. (2011) *Bedrifter etter ansattegrupper og næring* [Internet] Available from:
<<http://www.ssb.no/emner/10/01/bedrifter/arkiv/tab-2011-02-09-01.html>> [Downloaded, 16th May 2011]

Statistics Norway. (2012) *Folkemengde, etter kjønn, alder og kommune* [Internet] Available from:
<<http://www.ssb.no/folkemengde/arkiv/tab-2012-02-23-14.html>> [Downloaded, 28th May 2012]

Statistics Norway. (4th May 2010), *Uendret sykefravær siden 2001* [Internet]. Available from:
<<http://www.ssb.no/vis/magasinet/analyse/art-2010-05-04-01.html>> [Downloaded 15th October 2011].

Store Norske Leksikon. (10.01.12) *Norge* [Internet] Available from: <<http://snl.no/Norge>> [Downloaded, 29th May 2012]

Thagaard, T., (2009) *Systematikk og innlevelse: en innføring i kvalitativ metode*. 3rd ed. Bergen, Fagbokforlaget.

Thompson, Leigh L. (2008), *Making the team: a guide for managers*. 3rd ed. Upper Saddle River, N.J., Pearson Prentice Hall.

Voudouris, I., & Lioukas, S., (2000), Greek Hidden Champions: Lessons from Small, Little-known Firms in Greece, *European Management Journal*, Vol. 18, No. 6, pp. 663-675.

Wahrenburg, M., Hackethal, A., Friedrich, L., & Gellrich, T., (2006), Strategic decisions regarding the vertical integration of human resource organizations: evidence for an integrated HR model for the financial services and non-financial services industry in Germany, Austria and Switzerland, *International Journal Of Human Resource Management*, Vol. 17, No. 10, pp. 1726-1771.

Weterings, A., & Boschma, R., (2009), Does spatial proximity to customers matter for innovative performance?: Evidence from the Dutch software sector, *Research Policy*, Vol. 38, No. 5, pp. 746-755.

Williamson, Oliver E., (1981), The Economics of Organization: The Transaction Cost Approach, *American Journal of Sociology*, Vol. 87, No. 3, pp. 548-577.

Wriston, M.J., (2007), Creating a High-Performance Culture, *Organization Development Journal*, Vol. 25, No. 1, pp. 8-16.

Yukl, Gary A. (2010) *Leadership in organizations*. 7th ed. Upper Saddle River, N.J., Pearson Education.

Zhou, Y., (2011), Synergy, coordination costs, and diversification choices, *Strategic Management Journal*, Vol. 32, No. 6, pp. 624-639.

Appendix

Appendix A

The questionnaire translated from Hermann Simon's "Fragebogen – "Hidden Champions", Strategien mittelständischer Welt- und Europamarktführer".

Spørreskjema

Oversatt og tilpasset versjon av spørreskjemaet "Hidden Champions, strategier til mellomstore verdens- og europamarkedsledere" laget av Hermann Simon.

1.0 Markedslederskap

Vi ser på ditt selskap som en "Hidden Champion" siden vi tror at dere er markedsleder i verden eller i Europa for et produkt eller i en produktklasse. Vennligst definer markedet som dekker deres markedslederposisjon.

1.1 Dette er markedet for...

1.2 Er dere markedsleder?

I Norge Ja Nei Det er ingen klar markedsleder Vi er bare en av markedslederne

I Europa Ja Nei Det er ingen klar markedsleder Vi er bare en av markedslederne

I verden Ja Nei Det er ingen klar markedsleder Vi er bare en av markedslederne

Hvis dere er andre eller tredje verdensmarkedsleder, vennligst se på spørsmålene nedenfor som verdensmarkedet. Hvis dere er europamarkedsledere, så gjelder spørsmålet det europeiske markedet.

1.3 a Hvor viktig er dette markedet i forhold til andre markeder dere opererer i?
(vennligst ranger etter skalaen)

Relativt uviktig 1 2 3 4 5 6 7 Veldig viktig

1.3b Vil betydningen av dette markedet forventes å avta eller øke i fremtiden?

Avta sterkt 1 2 3 4 5 6 7 Øke kraftig

1.4 Kan du indikere tilnærmet markedsstørrelse i millioner NOK?

Ja, I Norge: _____ Mill. NOK I Europa: _____ Mill. NOK I verden: _____ Mill. NOK

Nei, - Hvis nei, hvorfor ikke? _____ (vennligst angi)

1.5 På hvilket grunnlag ser dere dere selv som markedsleder?

Dere er leverandøren med størst omsetning i dette markedet

Dere er leverandøren med størst kvantum i dette markedet

Uavhengig av omsetning eller mengde, men ut i fra et annet kriterium (f. eks teknologilederskap) _____ (vennligst oppgi grunn)

1.6 a Hvor stor prosent av den totale omsetningen til bedriften din blir generert av dette markedet?

Ca. _____ Prosent

1.6 b Hvor stor andel av de totale inntektene dine i dette markedet kommer utenfor Europa?

Ca. _____ Prosent

1.6 c Hvor høy er eksport andelen til bedriften din (basert på dette markedet)?

Ca. _____ Prosent

1.7 I den videste betydning så kan et frimerke konkurrere mot en flybillett (Frimerke konkurrerer uansett mot e-mail). Akkurat som du har definert markedet ovenfor, så har du inkludert noen konkurrerende produkter, og ekskludert andre.

Hvilken betydning har de følgende fellestrekkene ved produktene som konkurrer med ditt produkt, som gjør at du innlemmer de i ditt marked?

	Liten betydning					Stor betydning	
Produktene kan bli kjøpt for samme bruksområde	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Produktene blir kjøpt fra samme type kunder.	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Samme produktteknologi	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Samme kvalitet på produktene	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Samme prisnivå på produktene	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Regionale aspekter/hensyn	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Andre: _____	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

1.8 Hvor dominerende synes du selv at du som markedsleder er i dette markedet?

Ikke dominerende i det hele tatt 1 2 3 4 5 6 7 Veldig dominerende

1.9 Hvor høyt estimerer du din egen markedsandel og andelen til din sterkeste konkurrent i dette markedet?

Hvis du ikke klarer å estimere din egen markedsandel, vennligst forsøk å vurdere din andel relativt til din sterkeste konkurrent. En relativ markedsandel på 1,2 prosent betyr eksempelvis at din markedsandel er 20 % høyere enn din sterkeste konkurrent.

	Markedsandelen til din bedrift (%)	Markedsandelen til din sterkeste konkurrent (%)	Relativ markedsandel
I Norge			
I Europa			
I verden			

1.10 Hvor pålitelig er estimatet angående markedsandelene?

Ikke veldig pålitelig 1 2 3 4 5 6 7 Veldig pålitelig

1.11 Hvor i hovedsak har du fått informasjonen angående markedsandelene?

- Overslagsberegninger / anslag
 Egne grundige undersøkelser
 Utenlandske undersøkelser / statistikker
 Andre: _____

1.12.a Hvor mange år har din bedrift vært markedsleder? Ca. _____ år

1.12. b Hvordan har markedsandelen til din bedrift forandret seg de siste 10 år?

Økt Avtatt
med ca. _____ Prosent

2.0 Produktkarakteristikker og etterspørselsstruktur

Ta ved de følgende spørsmålene 2.1 - 2.12 igjen hensyn til markedet og det respektive produkt hvor din bedrift innehar en ledende markedsposisjon.

Vennligst vurder produktet, og henholdsvis kjøp av produktet, ut i fra etterspørselssiden.

2.1 Fra kundens perspektiv er som regel kjøp av produktet ansett som veldig viktig.

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Gjennom kjøpet oppstår et langsiktig og tett kundeforhold (f. eks. via reservedeler, vedlikehold)

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Våre kunder er som regel godt kjent med denne produktkategorien.

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Ved kjøp er informasjonsbehovet til kunden veldig stort.

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

I hvilken kategori vil kunden vanligvis vurdere kjøpet?

Rutinekjøp 1 2 3 4 5 6 7 ekstraordinært kjøp

2.2 Hva er levetiden til denne typen produkter?

> 10 år 3 – 10 år 1 – 2 år < 1 år Forbruksgode

2.3 Hvor stort er volumet på ordrene dere vanligvis får? Gjennomsnitt _____ NOK

2.4 Hvor stor prosentandel av omsetningen innenfor denne produktkategorien kommer fra deres 5 største kunder?

> 50% 20% - 50 % 1% - 5 % < 1 %

2.5 Er produktet vanligvis solgt direkte eller via mellomledd?

direkte via mellomledd

2.6 Hvor mange av de potensielle kundene betrakter bruk av produkt av denne typen (ikke nødvendigvis deres produkt) som den eneste løsningen på sine problemer?

Bare noen få potensielle kunder 1 2 3 4 5 6 7 Alle potensielle kunder

2.7 Hvor stor prosent av omsetningen i denne produktkategorien kommer fra reservedeler og vedlikehold?

Ca. _____ Prosent Ikke aktuelt

2.8 Vennligst ranger produktet ut i fra disse kriteriene

Grunnleggende teknologi

Low-tech 1 2 3 4 5 6 7 High tech

Status i utviklingen til teknologien for dette produktet

Helt ved begynnelsen 1 2 3 4 5 6 7 Fullt utviklet

Kapitalintensiteten til produksjonsprosessen

Svært lav 1 2 3 4 5 6 7 Svært høy

2.9a Hvor befinner de kundene seg som er mest kvalitativt kravstore når det gjelder slike produkter?

I Norge Vest-Europa Sentral- Europa Øst-Europa USA Japan

_____ (Andre, vennligst spesifiser)

2.9b Hvor befinner de størrelsesmessige viktigste kundene seg i forhold til denne typen produkter?

I Norge Vest-Europa Sentral- Europa Øst-Europa USA Japan

_____ (Andre, vennligst spesifiser)

2.9c Hvor befinner hovedsakelig kundene seg for denne typen produkter?

I Norge Vest-Europa Sentral- Europa Øst-Europa USA Japan

_____ (Andre, vennligst spesifiser)

2.10 Hvilke av de følgende regioner / land tror du er mest attraktive for din bedrift i fremtiden?
(vennligst velg bare to regioner / land)

Øst-Europa utenom Russland Russland Kina Japan India Resten av Asia
 USA Brasil

2.11a Har forretningsaktiviteten til dine kunder forandret seg geografisk de siste 10 år?

Overhodet ikke 1 2 3 4 5 6 7 Ja, veldig mye

2.11b Har forretningsaktiviteten til din bedrift forandret seg geografisk de siste 10 år?

Overhodet ikke 1 2 3 4 5 6 7 Ja, veldig mye

2.11c Hvordan vil du si din bedriftsomsetning er fordelt på de regionale områdene? (Estimater er godt nok)

	I dag	Om 10 år
EU	ca. _____ Prosent	ca. _____ Prosent
Andre europeiske land	ca. _____ Prosent	ca. _____ Prosent
USA	ca. _____ Prosent	ca. _____ Prosent
Asia	ca. _____ Prosent	ca. _____ Prosent

2.12a Er majoriteten av kundene dine...?

Stamkunder 1 2 3 4 5 6 7 Tilfeldige kunder

2.12b Hvordan evaluerer du forholdet ditt til dine kunder / distributører?

Våre kunder er ofte avhengig av oss

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Vi profiterer sterkt på vårt forhold til våre kunder / distributører

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Våre kunder legger ofte press på oss

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Tap av noen få viktige kunder vil være livstruende for oss

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Vi har overlevd "vanskelige tider" med sammen med våre viktigste kunder mer enn en gang

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Vi forventer også konkrete transaksjoner med våre nåværende kunder i fremtiden

Stemmer overhodet ikke

1 2 3 4 5 6 7

Stemmer veldig bra

3.0 Markedet

3.1 Vennligst bedøm markedet etter følgende kriterier.

Antall leverandører av slike produkter	Svært få <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært mange
Inntreden av nye leverandører	Svært sjelden <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært ofte
Markedsandel til hver leverandør	Svært stabil <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Veldig variabel
Konkurransen mellom leverandørene	Lite intensiv <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Veldig intensiv
Antall potensielle kunder for slike produkter	Svært få <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært mange
Forandringer i kundepreferansene	Svært sjeldent <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært ofte
Etterspørsel	Svært variabel <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært stabil
Teknologiske forandringer	Svært sjeldent <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært ofte
Forutsigelse av teknologiske forandringer	Svært enkelt <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	Svært vanskelig

3.2 Hvordan har markedet forandret seg de siste 10 årene?

	Avtatt sterkt	Uforandret	Økt sterkt
Markedsstørrelsen de siste 10 år har...	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7		
Prisen på produktet i dette markedet har i løpet av de siste 10 år...	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7		
Omsetningen i dette markedet har i løpet av de siste 10 år...	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7		

3.3 Vennligst klassifiser hovedproduktene i dette markedet i en av livssyklusfasene

- Introduksjonsfase
- Vekstfase
- Metningsfase
- Tilbakegangsfase

3.4a Hvor stor tror du forandringen blir i fremtiden generelt sett for dette markedet?

Veldig liten

1 2 3 4 5 6 7

Veldig stor

3.4b I hvilken grad føler du at du er i en posisjon til å påvirke denne forandringen?

I veldig liten grad 1 2 3 4 5 6 7 I veldig stor grad

4.0 Konkurransestructur

4.1 Hvor mange seriøse konkurrenter har dere omtrentlig i dette markedet?

I Norge _____ I Vest- Europa _____ I Sentral-Europa _____ I Øst-Europa _____

I Verden _____

4.2 Hvor like er konkurrentene til selskapet ditt med tanke på...?

	Veldig like				Veldig ulike		
Eierskapsstruktur	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Teknologisk kompetanse	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Produktmiks	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Bedriftsstørrelse	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

4.3 I hvilken grad stemmer de følgende utsagn for din bedrift med tanke på dine konkurrenter?

Ved hver kontrakt konkurrer vi mer eller mindre med de samme konkurrentene

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Vår hovedkonkurrent tilbyr produktene sine vesentlig billigere enn det vi gjør.

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

Vi har vært mye lengre i markedet enn våre viktigste konkurrenter.

Stemmer overhodet ikke 1 2 3 4 5 6 7 Stemmer veldig bra

4.4a Hvor sannsynlig tror du det er at nye konkurrenter vil gå inn i markedet i løpet av nær fremtid?

Svært usannsynlig 1 2 3 4 5 6 7 Svært sannsynlig

4.4b I hvilken grad ville inntreden av nye konkurrenter i dette markedet vært en trussel for din bedrift?

I veldig liten grad 1 2 3 4 5 6 7 I veldig stor grad

5.0 Resultat

Vennligst relater de neste spørsmålene 5.1 – 5.4 til hele selskapet.

5.1 I hvilken grad er du fornøyd med oppnåelse av målene de siste 10 årene i forhold til de følgende dimensjoner?

	Veldig misfornøyd				Veldig fornøyd		
Kapasitetsutnyttelse	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Bedriftens finansielle trygghet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Ansattes tilfredshet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Overskuddet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Kostnadsbesparelser	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Konkurransesituasjon	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Vekst	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Hvor fornøyd er du med det totale resultatet til bedriften din de siste 5 år	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

5.2 Hvis du vil, vennligst skriv gjennomsnittlig ROI (Samlet avkastning på investering) de siste 10 årene.
Ca. _____ Prosent

5.3a Sammenliknet med en alminnelig bransjesituasjon: Kommer din bedrift bedre eller verre ut av en resesjon?

Mye verre 1 2 3 4 5 6 7 Mye bedre

5.3b Var den forrige resesjonen slik?

Ja Nei Vet jeg ikke

5.4 I fremtiden, blir det for din bedrift vanskeligere eller lettere å oppnå fastsatte mål?

Det blir helt klart lettere 1 2 3 4 5 6 7 Det blir helt klart vanskeligere

6.0 Bedriftsfinansiering

6.1 Hva mener du har vært / vil være hovedfinansieringskilden til din bedrift?

	Tidligere	fremtiden
Selvfinansiering	<input type="checkbox"/>	<input type="checkbox"/>
Private Equity	<input type="checkbox"/>	<input type="checkbox"/>
Vanlige banklån	<input type="checkbox"/>	<input type="checkbox"/>
Kapitalmarkedet	<input type="checkbox"/>	<input type="checkbox"/>

7.0 Konsernutvikling

Vennligst relater de neste spørsmålene 7.1 – 7.8 til hele selskapet.

7.1 I hvilket år ble bedriften din grunnlagt? I år: _____
(Ikke angi det formelle etableringsåret hvis ikke forretningsutviklingen reflekteres korrekt. For eksempel hvis det nylig ble et aksjeselskap etter langvarig tid som enkeltmannsforetak.)

7.2 Hva er den totale omsetningen til selskapet i millioner NOK
Ca. _____ Mill. NOK

- 7.3 Hvor høy var den totale omsetningen til selskapet i mill. NOK for 10 år siden?
Ca. _____ Mill. NOK
- 7.4 Hvor mange etterfølgende toppsjefer har det vært siden bedriftens etablering (jfr., spørsmål 1)?
_____ sjefer
- 7.5a Har du gjort deg opp noen urolige tanker etter at selskapet har fått ny leder?
 Ja Nei
- 7.5b Er valg av lederens etterfølger i ditt selskap formelt regulert?
 Ja Nei
- 7.5c I nyere tid, har skifte av leder allerede blitt implementert med suksess?
 Ja Nei
- 7.6 Hvor tidlig i forhold til bedriftens utvikling ble dere involvert med utlandet?

	Fra begynnelsen av					Veldig sent	
Gjennom eksport	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Gjennom første utenlandske avdeling	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

- 7.7 Hvor mange utenlandske avdelinger/selskaper har dere? Antall: _____
Blant dem: Produksjon (inkl. distribusjon) Antall: _____
 Bare distribusjon Antall: _____
 Salg Antall: _____
 Forskning og utvikling Antall: _____

- 7.8 Hvis du vurderer utviklingen til selskapet ditt, ville du sagt at utviklingen var...

Veldig stabil	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	Med betydelige sprang
Strategisk planlagt	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	I stor del tilfeldig
Uten svære kriser	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	Med svære kriser

- 7.9 Har dere som regel mye frihet til å velge strategiske investeringer, eller begrenser den finansielle situasjonen ofte valgmulighetene?

Veldig lite valgfrihet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7	Veldig mye valgfrihet
------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	-----------------------

8.0 Kompetanse

8.1 Hva er styrkene som din bedrift i særlig grad profiterer på i markedet?

	Mer en svakhet		Hverken svakhet eller styrke			En av våre styrker	
Sterk entreprenørpersonlighet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Langvarig kundeforhold	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Medarbeidernes motivasjon	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Image	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Patenter	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Innovasjonsevne	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Risk management	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Finansiell styrke	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Entreprenørånd	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Markedskunnskap	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Kontinuitet på ledersiden	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Medarbeidernes lojalitet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Medarbeidernes kvalifikasjoner	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Fleksibilitet	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Dere er "ukjent" utenfor deres bransje	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Deres selskap er en del av en industriklynge	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

8.2 Blant leverandørene i dette markedet, ser dere på dere selv som...?

	Definitivt ikke				Absolutt riktig!		
Kvalitetsleder	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Teknologileder	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Den mest prestisjefulle leverandøren	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Leverandøren med høyest omsetning	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Leverandøren med høyest volum	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Den mest kjente leverandøren	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Den mest suksessfulle leverandøren de siste årene	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Den mest tradisjonsrike leverandøren	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Leverandøren som er representert i flest land	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Leverandøren med bredest produkttilbud	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7
Leverandøren som sterkere enn konkurrentene har spesialisert seg på bestemte segmenter	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	<input type="checkbox"/> 6	<input type="checkbox"/> 7

8.3 Vennligst forklar kort i hvilken grad ditt produkt har unike fordeler for kunden, som dere kan tilby, men som konkurrerende produkter ikke kan tilby:

9.0 Strategi

9.1 Med tanke på markedet som dere er markedsleder i, hvor mye har dere spesialisert dere i forhold til følgende kriterier?

	Overhodet ikke spesialisert				Meget sterkt spesialisert			
Regionalt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bruk av teknologi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kundegrupper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bruksområder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

9.2 Hvor viktig er individuelle faktorer for suksess i dette markedet for din bedrift, og hvordan scorer dere konkurransemessig i forhold til disse faktorene?

	Viktig ut i fra et kundeperspektiv	Vi er i forhold til vår sterkeste konkurrent
	Lite viktig.....Veldig viktig	Svakere.....Sterkere
Produktkvalitet	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Pris	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Økonomi (pris-ytelsesforhold)	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Kundenærhet	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Systemintegrasjon/-løsning	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Råd før salg	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Oppfølging	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Punktlig levering	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Generell fleksibilitet i bedriften	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Reklame	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Distribusjon	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Samarbeid med underleverandører	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Lokaliseringsfordel	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7
Innehavelse av viktige patenter	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7

9.3 Vennligst vurder bedriften din ut i fra følgende utsagn:

	Stemmer ikke	Stemmer bra
Å opprettholde vår uavhengighet er vårt fremste mål	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vi gjennomfører regelmessig kundetilfredshetsundersøkelser	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vår toppledelse kommer fra "våre egne rekker"	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
I lang tid har vi kjøpt viktige innsatsfaktorer i utlandet	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vi prøver å outsource så mange aktiviteter som mulig til andre bedrifter	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vi slår oss ofte sammen med andre bedrifter når vi skal utvikle et eksportmarked	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Integrasjon av eksterne toppledere er problematisk for oss	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vår toppledelse har personlig tett kontakt med kundene	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
I produktutviklingen vår sikter vi oss som regel mer inn på hjemmemarkedet enn utenlandsmarkedet.	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vi har betydelig mindre produksjonsvarieteter enn våre konkurrenter	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Vår mest brukte informasjonskilde om markedet er samtaler med lokale kunder hos dem.	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	
Arbeidsprosessene i vår bedrift er sterkt formalisert.	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7	

9.4 Hvordan vil du klassifisere vekstdriverne deres?

- Mer drevet av teknologi
- Mer drevet av marked
- Begge driverne er like viktig, en kombinasjon av marked og teknologi.

9.5 Vil du si at bedriften din er godt kjent utenfor deres bransje?

- Ja Nei

Hvis Nei: Skyldes dette...

Mangel på kompetanse	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
Mangel på finansielle ressurser	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
At det ikke er noe behov for å være kjent utenfor bransjen	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
Det er en fordel å være "ukjent"	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
Andre årsaker, vennligst angi: _____		

Hvis Ja: Skyldes dette...

En bevisst strategi for å gi bedriften økt salg	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
En bevisst strategi for å tiltrekke arbeidskraft	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
At bedriften har fått mye oppmerksomhet fra media	<input type="checkbox"/> Ja	<input type="checkbox"/> Nei
Andre årsaker, vennligst angi: _____		

9.6 Hvordan rangerer du deres markedsføringskompetanse sammenlignet med andre bedrifter?

Godt under gjennomsnittet 1 2 3 4 5 6 7 Godt over gjennomsnittet

9.7 Vil du si at bedriften din har en fordel ved å være ukjent utenfor bransjen?

Nei, ikke i det hele tatt 1 2 3 4 5 6 7 Ja, absolutt

10.0 Generell informasjon om din bedrift

Til slutt ber vi deg gi litt informasjon om selskapet ditt og deg selv.

10.1 I hvilken bransje plasserer du selskapet ditt i?

- | | | |
|---|---|---|
| <input type="checkbox"/> Maskinbygging / anlegg | <input type="checkbox"/> Trykkeri / Papir | <input type="checkbox"/> Nærings- og nytelsesmidler |
| <input type="checkbox"/> Kjemisk industri | <input type="checkbox"/> Tekstil | <input type="checkbox"/> Elektronikkindustri |
| <input type="checkbox"/> Metallprosessering | <input type="checkbox"/> IT | <input type="checkbox"/> Olje og gass |
| <input type="checkbox"/> Andre: _____ | | |

10.2 Hvilken type produkt leverer selskapet ditt hovedsakelig?

- Konsumentgode Investeringsgode Tjeneste

10.3 Hvor mange ansatte har bedriften din?

Ca. _____ Ansatte

Deriblant ca. _____ i Norge og ca. _____ i utlandet

10.4a. Hvor høy er resultatgraden deres? Ca. _____ Prosent

10.4b. Hvor stor andel av produktet produserer dere selv Ca. _____ Prosent

10.4c. Hvor mange prosent av omsetningen gjennomsnitt årlig som går til investeringer i forskning og utvikling? Ca. _____ Prosent

10.5. Hvor mange prosent blant deres ansatte...?

er lærlinger: Ca. _____ Prosent

har akademisk bakgrunn: Ca. _____ Prosent

er ansatt i administrasjonen: Ca. _____ Prosent

10.6. Hva er deres årlige gjennomsnitt av...?

Sykefravær: _____

Gjennomtrekk (Employee turnover): _____

10.7. Kan man si at bransjen din har en industriklynge?

- Ja Nei

Hvis ja: Det er en regional konsentrasjon av...

- Konkurrenter
 Leverandører
 Kunder
 Forsknings- / Utdanningsinstitusjoner eller lignende organisasjoner

Hvis ja: Finnes det et navn eller kan du gi en kort beskrivelse av klyngen?

10.8 Produserer din bedrift mer i single/mindre serier eller i store serier?

Singel- / mindre serier 1 2 3 4 5 6 7 Store serier /masseproduksjon

10.9a Hvor mange produktgrupper, som minst utgjør 5 % av den totale omsetningen, selger dere?

Ca. _____ Produktgrupper

10.9b Hvor mange prosent av total omsetningen kommer fra deres mest solgte produktgruppe?

Ca. _____ Prosent

10.10 Hvor mye estimerer du at selskapet ditt bidrar med til Norges eksportoverskudd?

Eksport i NOK minus kjøp fra utlandet ca. _____ NOK

10.11 Generelt sett, hvordan vil du karakterisere din bedrifts produktmiks?

Veldig homogen 1 2 3 4 5 6 7 Veldig heterogen

10.12 Er bedriften din i hovedsak, f.eks. mer enn 50 prosent

eid av et annet selskap som er basert innenlands

Utenlands

eid av Private Equity Investorer

eid av småaksjonærer/ børs

eid av noen få store aksjeeiere, som er representert i ledelsen

ikke er representert i ledelsen

10.13 Hvordan vurderer du attraktiviteten til bedriften din ved rekruttering av høyt kvalifisert personell?

Lite attraktiv 1 2 3 4 5 6 7 Veldig attraktiv

10.14 Vennligst nevnen den fagretningen hvor du har høyest kvalifikasjoner

Teknisk fagretning

Økonomisk fagretning

Andre fagretninger: _____ (vennligst angi)

10.15 Hvilken stilling har du i din bedrift?

Administrerende direktør / daglig leder

Posisjon i ledelsesgruppen

Annen stilling: _____ (vennligst angi)

Appendix B1

Respondent's answers to questions sorted under factors for internal competencies.

Q #	Simons findings	R1	R2	R3	R4	R5	R6	R7
Leadership								
7.4	20 years average leader tenure		1	3	2	4-5	0	4
7.5a	*79.6% considered succession	No	No	No	Yes	No	Yes	No
7.5b	*52,2% says succession has already been arranged	No	No	No	Yes	Ja	No	Yes
7.5c	57,5% says last was successful*	No [has not been a change]	Yes	Yes	No	No	Yes	Yes
8.1 - 11	73,3% major strength		7	7	6	5	7	5
9.3 - 3	53% strongly agreed (6/7) - 9,8% strongly disagreed		7	7	6	6	7	3
9.3 - 7	14% says it is problematic, 40 % says it is not difficult		4	1	4	4	6	3
10.14	55,7 business, 53,4% tech. 10,7% other	Business	Business	Business / Marketing	Technical	Business	Technical	Technical
Employees								
5.1 - 3	(p.22) 53,5% (6/7)		6	7	6	6	6	5
8.1 - 3	(p.262) 72,7% chose 6 or 7		7	7	6	3	7	6
8.1 - 12	(p.262) 79,5% chose 6 or 7		5	7	6	4	7	5
8.1 - 13	(p.262) 72,9% chose 6 or 7		5	7	7	6	7	5
10.6 - 1	(p.263) 3,2%	<1%		2,50 %	2,50 %	4 %	<3%	2 %
10.6 - 2	(p.264) 2,7%		15 %	1 person, [2,8%]	0 %	2	<10%	5 % 2/52 [3,85 %]
Vertical integration								
9.3 - 1			2	6	3	5	3	2
9.3 - 5	(p.239) 42,5% heavily against outsourcing, 12.1% strongly favours it		7	1	2	5	2	5
9.3 - 6	(p.92 / p.246) 77.1% state they do not cooperate, 16.8% frequently coop.		1	1	2	5	3	1
9.3 - 10 (2)	(p.239) We are less Vertical integrated than competitors: 51,6% vigorously denies, 13.4% says yes.	N/A	N/A		7			
10.4b	p.238) 50%, VI >70%: 24%, VI 40-70%: 44%, VI <40%: 32%		100 %	100 %	95 %	90 %	-	80 %
Decentralization								
7.7	(p.92) 24 subsidiaries, avg 8 production and sales, 16 pure sales and service		0	2, 2 in sales	3,2 in distr. 3 0 sales	7, all in distribution and sales	40, 2 in production, 38 sales, 9 in R&D	4, only distribution 4, sales, 4
10.3 - 2	(p.258) 998 employees abroad, 49% 1039, home	N: 6, Abroad: 0	N:13, Abroad: 23	N: 30, Abroad: 0	N: 100, Abroad: 10	N:80 [44,44%]. Abroad: 100 [55,55%]	600 employees, N: 60 [10%], Abroad: 540 [90%]	52, N: 41, Abroad: 11

Appendix B2

Respondent's answers to questions sorted under factors for external opportunities.

Q #	Simons findings	R1	R2	R3	R4	R5	R6	R7
Globalization								
1.2	(p.51) 65,9% world leader, 78.3% europe leader	N: Y E: Y, tW: Y	N: Y, E: Y, W: one of	N: Y, E: one of, W: one of	N: Y, E: Y, W: one of.	N: Y, E: Y, W: Y	N: Y, E: Y, W: Y	N: Y, E: Y, W: Y
1.6b		5%	0%	25-30%	50%	0,10%	60%	45%
1.6c	(p.100) 61,5%, avg 275 million USD	40%	N/A	35-40%	80%	40-50%	95%	45%
2.11c - 1	(p.102) West Europe, 50.6%; USA 17.5%; Asia 16.9%; East Europe 8.1%; rest of world 6.9%	EU: 85%, Other Euro: 10%, USA: 5%, Asia: 0%	EU: 95%, Other EU: 5%, USA: 0%, Asia: 0%	EU: 15 USA: 10 [Aust: 5, Sør-Am: 5, Afrika: 5, rest is Norway]	EU: 30, Other E: 20, USA: 25, Asia: 25	EU: 100%	EU: 30, Other E: 20, USA: 25, Asia: 25	EU: 5%, Other: 5%, USA: 0%, Asia: 5%
7.6 - 1	(p.91) 74,4% started in beginning	1	1	5	1	2	1	1
7.6 - 2	(p.91) 33,9% started in beginning	No	4	-	2	2	2	1
8.2 - 9	(p.50) 65% presence in numerous contries. (p.92) 2/3 consider themselves the corp with largest #	1	7	3	2	7	6	4
10.10		5 mill	N/A	10 Mill NOK	120 mill NOK	10 [mill] NOK	10 Mill. NOK	25 Mill NOK
1.9	(p.51) , absolute M.share, 33% world, 38,4% europe	N: 100% E: 100% tW: 100%	N: 41, Comp: 28%, E: 31%, Comp: 28%	N: 35-40% Comp: 20%, E: 35-40% Comp: 20%, W: 35-40% Comp: 20%	N: 50%, Comp: 50%, E: 30%, Comp: 25%, W: 25%, Comp: 35%	N: 100%, Comp: 0%, E: 80%, Comp: 20%. W: 50%, Comp: 50%	N: 90% Comp: 10%, E: 70% Comp: 20, W: 70 % Comp: 20%	N: 70%, Comp: 20%, E: 60%, Comp: 30%, W: 30%, Comp: 45%
Innovation								
2.8 - 1	(p.145) 78,9% catagorize their product high tech	3	1	4	6	7	6	7
8.1 - 6		6	7	5	5	7	6	7
8.2 - 1	(p.50) 79%	2	7	6	7	6	4	5
8.2 - 2	(p.50) 85% tech leader	2	5	4	5	5	6	6
9.2 - 1	(p.134) 90,8% (6/7) Comp: 58% clear advnatage	Cust.: 2, Comp: 4	Cust.: 1, Comp: 1	Cust: 7 Comp: 5	Cust.: 6, Comp: 5	Cust: 7, Comp: 6	Cust: 6, Comp: 6	Cust: 6, Comp: 5
10.4c	(p.164) 5,9% R&D intensity, 1/5 above 9%	20%	-	10%	10% [-15%]	10% [-14%]	16%	8%
Focus								
1.1	narrow, niche	Financial price insurance/safety salmon	Electricity brokage	Valves, high quality, short lead time	Oceanography	Energy managemnt services	Tools (software) to produce content	Dissapperarin g barrier plugs
1.3a	(p.75) 93% this market is very important	7	7	7	6	7	7	7
1.6a	(p.75) avg 70% revenue from main market (p.228) avg 80% revenues from main market. 1/3 > 90%. More than 1/4 = 100%	100%	100%	100%	65%	100%	98%	100%
8.2 - 11	(p.50) 45%	3	7	7	4	7	4	4
10.9a		1	3	2	5	3	3	2
10.9b		90%	75%	25%	80%	70%	75%	80%
10.11		1	1	1	5	6	4	5
Closeness to customer								
2.1 - 1	(p.130) 2/3 regard purchase as important	6	7	7	6	7	6	4
2.1 - 2	(p.130) 2/3 enter into a long-term commitment with the supplier	4	1	7	5	6	6	5
2.12a	(p.130) 71% regular buyers	1	1	1	2	6	1	2
2.12b - 1	(p.130) 70% dependent a product by HC only 20% completely	4	5	7	6	7	6	5
2.12b - 2	(p.130) 68% benefit very strongly from relationship	6	7	7	6	1	7	5
2.12b - 6	(p.130) 86% expect future transaction	7	7	7	5	7	7	6
8.1 - 2	(p.130) 88,7% (6/7)	7	7	6	6	5	6	6
9.2 - 4	Cu: (p.134) 66.9% (6/7) Comp: 48% clear advantage	Cust.: 7, Comp: 7	Cust.: 7, Comp: 6	Cust.: 6, Comp.: 6	Cust.: 6, Comp: 4	Cust: 6, Comp: 7	Cust.: 7, Comp: 6	Cust.: 7, Comp: 6
9.3 - 8	(p.140) 75,6% strongly agreed (6/7)	7	7	7	2	6	5	6
9.3 - 11	(p.132/3) 60,6% strongly agreed (6/7)	-	7	6	6	1	6	5

Appendix C1

The ratings of the respondents answers – Internal competencies

Q#	Max score	R1		R2		R3		R4		R5		R6		R7	
		Response	score	Response	score	Response	score	Response	score	Response	score	Response	Score	Response	Score
Leadership															
7.4	N/A		1 N/A		3		2	4-5			0		4		4
7.5a	*	No	N/A	No		No		Yes		No		Yes		No	
7.5b	*	No	N/A	No		No		Yes		Yes		No		Yes	
7.5c	*	No	N/A	Yes		Yes		No		No		Yes		Yes	
8.1 - 11	5		7	5		6	5	5	3		7	5		5	4
9.3 - 3	5		7	5		6	5	6	5		7	5		3	2
9.3 - 7	5		4	5		1	0	4	3		6	5		3	2
10.14	N/A	Business		Business		Business / Marketing		Technical		Business		Technical		Technical	
Max.score / sum			15	15		15	10	15	13		15	11		15	8
in %				100 %			67 %		87 %			73 %			53 %
Employees															
5.1 - 3	5		6	5		7	5	6	5	6	5		5	4	
8.1 - 3	5		7	5		7	5	6	5	3	2	7	5	6	5
8.1 - 12	5		5	3		7	5	6	5	4	3	7	5	5	4
8.1 - 13	5		5	3		7	5	7	5	6	5	7	5	5	4
10.6 - 1	5	<1%		5		2,50 %	5	2,50 %	5	4%	3	<3%	5	2%	5
10.6 - 2	5	15%		3	1 person, [2.8%]	5		0%	5	2	5	<10%	2	5%	3
Max.score / sum			30	24		30	30	30	30		30	23		30	25
in %				80 %			100 %		100 %			77 %			90 %
Vertical integration															
9.3 - 1	3		2			6		3	2	5		3	1		6
9.3 - 5	5		7			1		2	5	5		2	5		5
9.3 - 6	3		1			1		2	3	5		1	3		2
9.3 - 10 (2)	5		N/A		N/A			7	5	4		4		1 (...)	*low number
10.4b	5		100%			100%		95%	5	90%		5		80%	5
Max.score / sum			21			21		21	20		21	15		16	8
in %				N/A			N/A		95 %			71 %			50 %
Decentralization															
7.7	5		0		0	2, 2 in sales	5		0	0	3,2 in disrb. 3 sales	2	7, all in distribution and sales	5	40, 2 in production, 38 sales, 9 in R&D
10.3 - 2	5		N: 6, Abroad: 0		0	N:13, Abroad: 23	5		N: 30, Abroad: 0	0	N: 100, Abroad: 10	2	N:80 [44,44%]. Abroad: 100 [55,55%]	4	600 employees, N: 60 [10%], Abroad: 540 [90%]
Max.score / sum			10		0	10	10		10	0	10	4		10	9
in %					0 %		100 %			0 %		40 %			90 %

Appendix C2

The ratings of the respondents answers – External opportunities. Answers marked in red are disregarded due to misunderstandings, or failure to answer.

Q#	Max score	R1		R2		R3		R4		R5		R6		R7	
Globalization															
1.2	5	No: Y:E:Y, W:Y	5	N: Y, E: Y, W: one of m.leaders	4	N:Y, E: one of, W: one	4	N:Y, E:Y, W: one of,	5	N:Y, E:Y, W:Y	5	N: Y, E: Y, W: Y	5	N:y, E:Y, W:Y	5
1.6b	5	5 %	2	0 %	0 %	25-30%	3	50%	5	0,10 %	1	60 %	5	45 %	4
1.6c	5	40 %	3	80% foreign customers	5	35-40%	3	80%	5	40-50%	-	95 %	5	45 %	4
2.11c - 1	5	EU: 85%, Other Euro: 10%, USA: 5%, Asia: 0%	2	EU: 95%, Other EU: 5%, USA: 0%, Asia: 0%	2	EU: 15 USA: 10 [Aust: 5, Sør-Am: 5, Afrika: 5, rest is Norway]	3	EU: 30, Other E: 20, USA: 25, Asia: 25	5	EU:100%	2	EU: 30, Other E: 20, USA: 25, Asia: 25	5	EU: 5%, Other: 5%, USA: 0%, Asia: 5%	2
7.6 - 1	5	1	5	1	5	5	2	1	5	2	5	1	5	1	5
7.6 - 2	5	No	0	4	2	0	2	5	2	5	2	5	2	5	1
8.2 - 9	5	1	0	7	5	3	2	2	1	7	5	6	5	4	3
10.10	5	5 mill	3	N/A	10 Mill NOK	4	120 mill NOK	5	10 [mill] NOK	2	10 Mill. NOK	-	25 Mill NOK	3	
1.9	5	N: 100% E: 100%	5	N: 41, Comp: 28%, E: 31%, Comp:	3	N: 35-40% Comp: 20%, E: 35-40% Comp: 20%, W: 35-40% Comp: 20%	4	N: 50%, Comp: 50%, E: 30%, Comp: 25%, W: 25%, Comp: 35%	5	Comp:50%	4	N:90% Comp:10%, E:70% Comp:20, W: 70 % Comp:	5	N: 70%, Comp: 20%, E: 60%, Comp: 30%, W:	5
Max.score / sum		45	25	45	26	45	25	41	40	29	40	40	40	45	36
in %			56 %		58 %		56 %		91 %		73 %		100 %		80 %
Innovation															
2.8 - 1	5	3	2	1	0	4	3	6	5	7	5	6	5	7	5
8.1 - 6	5	6	5	7	5	5	5	5	4	7	5	6	5	7	5
8.2 - 1	5	2	0	7	5	6	5	7	5	6	5	4	4	5	4
8.2 - 2	5	2	0	5	4	4	4	5	4	5	4	6	5	6	5
9.2 - 1	5	Customer: 2 Comp: 4	0	Cust: 1, Comp: 1	0	Cust: 7 Comp: 5	5	Customer: 5, Comp: 5	5	Cust:7, Comp:6	5	Cust:6, Comp:6	5	Cust:6, Comp: 5	4
10.4c	5	20 %	5	-	10 %	5	10% [-15%]	5	10% [-14%]	5	16 %	5	8 %	5	
Max.score / sum		30	12	30	14	30	27	30	28	30	29	30	29	30	28
in %			40 %		47 %		90 %		93 %		97 %		97 %		93 %
Focus															
1.1	5	Financial price insurance/s afety salmon	5	Electricity brokage	5	Valves, high quality, short lead time	5	oceanograp hy	4	Energy managem nt services	4	tools (software) to produce content	4	Dissapperaring barrier plugs	5
1.3a	5	7	5	7	5	7	5	6	5	7	5	7	5	7	5
1.6a	5	100 %	5	100 %	5	100 %	5	65%	2	100 %	5	98 %	5	100 %	5
8.2 - 11	5	3	2	7	5	7	5	4	3	7	5	4	3	4	3
10.9a	5	1	5	3	5	2	5	5	-	3	5	3	5	2	5
10.9b	5	90 %	5	75 %	5	25 %	5	80%	5	70 %	5	75 %	5	80 %	5
10.11	5	1	5	1	5	1	5	5	2	6	0	4	2	5	2
Max.score / sum		35	32	35	35	30	30	30	21	35	29	35	29	35	30
in %			91 %		100 %		100 %		70 %		83 %		83 %		86 %
Closeness to customer															
2.1 - 1	5	6	5	7	5	7	5	6	5	7	5	6	5	4	3
2.1 - 2	5	4	3	1	0	7	5	5	5	6	5	6	5	5	4
2.12a	5	1	5	1	5	1	5	2	5	6	0	1	5	2	5
2.12b -1	3	4	3	5	3	7	3	6	3	7	3	6	3	5	3
2.12b -2	5	6	5	7	5	7	5	6	5	1	0	7	5	5	4
2.12b -6	5	7	5	7	5	7	5	5	4	7	5	7	5	6	5
8.1 - 2	5	7	5	7	5	6	5	6	5	5	4	6	5	6	5
9.2 - 4	5	Customer: 7 Comp: 7	5	Cust: 7, Comp: 6	5	Customer: 6, Comp: 6	5	Customer: 6, Comp: 4	4	Cust:6, Comp:7	5	Cust: 7, Comp:	5	Cust:7, Comp:6	5
9.3 - 8	5	7	5	7	5	7	5	2	1	6	5	5	4	6	5
9.3 - 11	5	1*	-	7	5	6	5	6	5	1	0	6	5	5	4
Max.score / sum		43	41	48	43	48	48	48	42	48	32	48	47	48	43
in %			95 %		90 %		100 %		88 %		67 %		98 %		90 %

Appendix D

Approval from Norwegian Social Sciences Data Services.

Norsk samfunnsvitenskapelig datatjeneste AS

NORWEGIAN SOCIAL SCIENCE DATA SERVICES



Harald Hårfagres gate 29
N-5007 Bergen
Norway
Tel: +47-55 58 21 17
Fax: +47-55 58 96 50
nsd@nsd.uib.no
www.nsd.uib.no
Org.nr. 985 321 884

Tor Askild Aase Johannessen
Institutt for strategi og ledelse
Norges Handelshøyskole
Breiviken 40
5045 BERGEN

Vår dato: 21.10.2011

Vår ref: 26798 / 3 / MSS

Deres dato:

Deres ref:

KVITTERING PÅ MELDING OM BEHANDLING AV PERSONOPPLYSNINGER

Vi viser til melding om behandling av personopplysninger, mottatt 22.03.2011. All nødvendig informasjon om prosjektet forelå i sin helhet 19.10.2011. Meldingen gjelder prosjektet:

26798

Behandlingsansvarlig

Daglig ansvarlig

De skjulte vinnerne i Norge

Norges Handelshøyskole, ved institusjonens øverste leder

Tor Askild Aase Johannessen

Personvernombudet har vurdert prosjektet og finner at behandlingen av personopplysninger er meldepliktig i henhold til personopplysningsloven § 31. Behandlingen tilfredsstiller kravene i personopplysningsloven.

Personvernombudets vurdering forutsetter at prosjektet gjennomføres i tråd med opplysningene gitt i meldeskjemaet, korrespondanse med ombudet, eventuelle kommentarer samt personopplysningsloven/-helseregisterloven med forskrifter. Behandlingen av personopplysninger kan settes i gang.

Det gjøres oppmerksom på at det skal gis ny melding dersom behandlingen endres i forhold til de opplysninger som ligger til grunn for personvernombudets vurdering. Endringsmeldinger gis via et eget skjema, http://www.nsd.uib.no/personvern/forsk_stud/skjema.html. Det skal også gis melding etter tre år dersom prosjektet fortsatt pågår. Meldinger skal skje skriftlig til ombudet.

Personvernombudet har lagt ut opplysninger om prosjektet i en offentlig database, <http://www.nsd.uib.no/personvern/prosjektoversikt.jsp>.

Personvernombudet vil ved prosjektets avslutning, 31.12.2011, rette en henvendelse angående status for behandlingen av personopplysninger.

Vennlig hilsen

Vigdis Namtvedt Kvalheim

Marie Strand Schildmann

Kontaktperson: Marie Strand Schildmann tlf: 55 58 31 52

Vedlegg: Prosjektvurdering

Avdelingskontorer / District Offices:

OSLO: NSD, Universitetet i Oslo, Postboks 1055 Blindern, 0316 Oslo. Tel: +47-22 85 52 11. nsd@uio.no

TRONDHEIM: NSD, Norges teknisk-naturvitenskapelige universitet, 7491 Trondheim. Tel: +47-73 59 19 07. kyrre.svarva@svt.ntnu.no

TROMSØ: NSD, HSL, Universitetet i Tromsø, 9037 Tromsø. Tel: +47-77 64 43 36. martin-arne.andersen@uit.no

Personvernombudet for forskning



Prosjektvurdering - Kommentar

Prosjektnr: 26798

Formålet med prosjektet er å gjøre en norsk studie for å identifisere norske "Hidden Champions", som antas å kunne ha stor interesse for forskere, studenter, samt andre "stakeholders".

Utvalget vil bestå av bedrifter som etter forskergruppens oppfatning oppfyller kriteriene til "Hidden Champions". Kriteriene, beskrevet i den tyske studien fra 1995, er: en bedrift som fokuserer på små men lukrative nisjer, opererer over hele verden, har som mål fra starten å bli nr. 1 i sin industri, unngår "commodities", er innovativ, og bruker store beløp på FOU. Etter personlige intervjuer, vil den endelige gruppen av bedrifter bli besluttet. Totalt ca. 20 i pilotstudien, og estimert til ca. 75 på landsbasis. Førstegangskontakt opprettes av daglig ansvarlig Tor Aase Johannessen ved at det sendes brev til lederen av hver enkelt bedrift med anmodning om intervju.

Personvernombudet finner informasjonsskriv av 19.10.2011 tilfredsstillende.

Datamaterialet innhentes gjennom personlig intervju og spørreskjema.

Det innhentes opplysninger om vedkommende bedrift, primært opplysninger som ikke kan fremskaffes gjennom f.eks. databaser som PROFF etc.

Prosjektsslutt er 31.12.2011. Datamaterialet anonymiseres ved at verken direkte eller indirekte personidentifiserende opplysninger fremgår. Koblingsnøkkel og lydfiler slettes. Indirekte personidentifiserende opplysninger som f. eks. navn på bedrift fjernes, omskrives eller grovkategoriseres.