Shaping business through and within networks
evolving from a traditional to a digital firm
Freytag, Per Vagn; Philipsen, Kristian

Published in:
Journal of Business and Industrial Marketing

DOI:
10.1108/JBIM-10-2018-0302

Publication date:
2019

Document version
Accepted manuscript

Citation for published version (APA):

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Abstract

Purpose – Although individual and business actors are often mentioned as an important part of clarifying the stages that firms and their networks go through from starting up to becoming established, most studies have emphasised activities and resources rather than actors. Therefore, more needs to be known about how actors shape and are shaped through and within firms’ networks.

Design/methodology/approach – To clarify the process of reshaping business in networks, the focus of this study is on the role of actors in firms’ networks during the main stages of development. The major events for each stage are described in terms of how these events affect the interaction, alignment, and interfaces between individual actors and business actors with a focus on individual and collective interests.

Findings – The individual actor plays a key role in the start-up stage, whereas the business actor has a key role in the final stage when the firm has become an important player in the industry. In later stages, the individual actor plays a gradually decreasing role, and the business actor an increasing role. However, it appears that an analysis of the interplay between the two levels of analysis provides deeper insight into the shaping.

Originality/Value – The article provides new insights into the role of the actor and how the actor shapes and is shaped by a firm and its network in different stages. Further, the study contributes by clarifying actors’ roles on two levels of analysis and shows the roles of interests, conflicts, interfaces, and alignment in shaping firms and their networks.

Key words – Actor, conflict, individual interest, collective interest, alignment, interfaces

Paper type – Research paper
Introduction

The nature of the actor has only been researched within IMP to a limited extent (Håkansson et al., 2009; Munksgaard et al., 2017; Rocca, 2013). This article follows the shaping of a firm from start-up to becoming a dominant actor by studying the interests of individual and business actors, the interaction processes, and the emerging interfaces. Firms do not operate alone; they need to interact (Håkansson & Snehota, 1989). Joint development of solutions can be useful for individual firms—in fact, interaction can facilitate solutions a firm may find difficult or impossible to develop on its own (Axelsson & Håkansson, 2016; Håkansson et al., 2009). Thus, interacting with other firms provides opportunities for newly established firms to develop and innovate. However, interacting with counterparts comes at a cost—inherent in substantive interaction are consequences related to adaptation and commitment (Axelsson & Håkansson, 2016; Håkansson & Waluszewski, 2002a).

Interaction is a fundamental process underlying the shaping of a business. From an inside-out perspective, firms are defined by the resources they hold and the activities they perform, as well as by individual actors and their goals and aims for the development of the firm. From an outside-in perspective, firms are defined by how they relate to other firms in their wider resource constellations, activity patterns, and webs of actors (Rocca, 2013). In this sense, a firm always occupies a position in a context (Dubois & Gibbert, 2010). Actors initiate and react to signals from other actors. The signals can be helpful for developing new solutions but can also pose new problems; for example, the signals may be unclear or reveal that some actors have dissimilar aims and interests (Håkansson & Ford, 2016, p.156). Relating to others is not always a smooth process; the way forward may include both flaws and successes. Because start-up businesses may know less about the context and other partners, the risk of making mistakes may be higher than for a well-established firm. Choices can have long lasting consequences because they affect the path the firm will follow (Håkansson & Waluszewski, 2002b). However, interaction occurs not only on an interorganisational level but also on an individual level (Cunningham & Turnbull, 1982; Håkansson & Sneho, 1995). A start-up firm has no relationships per se when it is established; however, the individuals involved in the start-up will have relationships, which can help the firm prosper (Hamfelt & Lindberg, 1987). At the same time, however, individuals have their own interests, which may be less aligned with other individuals’ interests. Therefore, alignment maybe difficult to achieve and conflicts may arise (Rex, 1981; Sneho, 2011). For example, individuals may be motivated to exploit their personal relationships because a firm provides access to resources that may otherwise have been difficult to acquire. Individuals must identify who wants to collaborate and then choose with whom and about what to collaborate. These choices will help shape the firm—over time, firms are shaped through the interests of the individuals who are a part of the firm and of individuals who collaborate with the firm. Accordingly, understanding the shaping of a firm depends on understanding the interests of the individuals involved in shaping the firm. However, over time, a firm develops as an entity in its own right. Particular interests, structures, procedures, and plans are developed in the firm, and these elements are decisive for the further shaping of the firm. Thus, understanding how and why a firm prospers must be found in the firm itself and in its surroundings (Munksgaard & Medlin, 2014).
As they seek to achieve goals and aims, actors learn from interacting with others. This interaction provides insights into other actors' intentions, resources, and activities and shows how their own intentions, resources, and activities can be combined with those of others (Snehota, 2011). As a result, interacting can provide a new interpretation of the solutions that can be developed and exploited. The framing of the situation and its boundaries will therefore differ based on the actors involved (Munksgaard et al., 2017). In the same manner, what is possible and what is impossible will differ over time as the counterparts learn and the business landscape evolves. Therefore, in the following section, the shaping of a firm is studied on two levels: a business level and an individual level. The business level consists of actors who are firms, and the individual level consists of actors who are individuals. Based on this, the following two research questions have been formulated:

RQ1: How does the alignment of individual and collective interests at different levels shape business?

RQ2: What roles do collaboration and conflict play?

The specific aim is to develop an understanding of the actor at the individual and business levels and investigate the roles of interests and alignment in the shaping of firms and their networks. The shaping and reshaping of firms and networks is investigated through interaction and interfaces (Dubois & Araujo, 2006; Håkansson & Snehota, 1995).

Apart from the introduction, this paper comprises five sections: a description of the theoretical lens applied, a methodology section, a findings section describing a case that illustrates the role that actors have had in the shaping of a business, an analysis and discussion of the case, and a conclusion regarding the theoretical implications of the applied actor concept.

Business Development and Actors

A start-up may know less than an established firm about other firms in a particular context (Snehota, 2011). Therefore, start-ups need to learn about contexts, other actors, and actors’ interests and goals. To be able to operate, start-ups need to interact to acquire resources, link activities, and gain knowledge from other actors (Aaboen & Aarikka-Steenroos, 2017). An established firm has learned about the peculiarities of a context, as well as its and other firms’ roles and interests. However, the context, roles, interests, and goals are not a given; rather, they evolve over time. Both start-ups and well-established firms need to understand how the business landscape operates and evolves (Mouzas & Ford, 2012). In an evolving business landscape, firms search for different kinds of partners with whom to develop new relationships or seek to take advantage of relationships that may have existed prior to the establishment of the firm (Aaboen & Aarikka-Steenroos, 2017; Havendid & Rocca, 2017). Relating with other actors in a business landscape unfolds through the connection of resources and activities but also to some degree through the alignment of interests (Corsaro & Snehota, 2011). The choice to relate or not to relate becomes a double choice wherein two or more parties must agree (Wilkinson et al., 2005). Force may play a role (Ritter & Ford, 2004), but an agreement mostly requires that firms learn about each other and reveal
their interests and goals, at least to some extent. However, firms may be reluctant to reveal their interests and goals openly because they may be uncertain about the other parties’ aims and goals and to what extent these will be conflicting (Munksgaard & Medlin, 2014). The individual firm needs to progress in its search for business partners. Thus, actors and their interests, alignment, and interaction are pivotal for understanding how businesses are shaped. Next, the study addresses the challenges of business development in terms of actors, uncertainty, and interfaces.

**Actors, uncertainty, and interfaces**

Business development emerges through the combining of resources, linking of activities, and actor bonding. Business partners provide complementary resources that may provide resource recombination synergies (Havvid & Rocca, 2017). Similarly, learning to handle activities, leaving activities to others, linking to new activities, or reconfiguring activities can be beneficial (Oukes & Raesfeld, 2016). However, connecting resources and activities with other actors means that interaction is more frequent and comprehensive for some counterparts but rarer for others. Thus, the choice of a business partner creates burdens because the choice may exclude other business partners (Håkansson & Snehota, 1998). For a start-up, such implications will be pivotal—there may not be a second chance. Thus, the initial selection of other firms with which to interact has potential advantages, uncertainties, and burdens, which will subsequently create path dependencies as the start-up becomes embedded in a network (Ford et al., 2010; Håkansson & Waluszewski, 2002b). Becoming embedded means connecting and activating resources through certain interfaces (Håkansson & Waluszewski, 2002a; Prenkert, 2016). According to Dubois and Araujo (2006), resource interfaces are ‘interconnections between two or more entities at a shared boundary’ (p. 22). In a start-up, establishing interfaces is essential for accessing and activating resources to evolve. However, interfaces create a need for coordination to activate resources. Interfaces must fit together to serve their purpose for creation. Thus, actors need to align.

**Interests, conflicts, and alignment**

Firms’ objectives or interests may differ because of their network positions and strategic interests (Johanson & Mattson, 2002; Rocca & Perna, 2014). However, when firms’ interests and goals are consistent and compatible, it is easier to achieve interorganisational effectiveness (Corsaro & Snehota, 2011). Therefore, at least to some degree, firms need to align when they collaborate. Firms use different methods to serve their interests and attempt to influence others (Ritter & Ford, 2004). How firms try to influence others is based on their current perceptions of their own network positions, the network positions of others, and their expectations of future developments. Interaction is based on particular goals and distinct interests, although firms should take the interests of other firms into account (Clarke et al., 2017). Thus, firms should act in a way that incorporates the interests of other firms. Munksgaard and Medlin (2014) advocated the concept of collective interest. Collective interest is explained as the shared self-interest of several actors. This concept implies that firms do not necessarily give up pursuing their own interests but try to identify areas or issues in which they have similar interests. Identifying collective interests is part of an alignment process. Corsaro and Snehota (2011) based the concept of alignment on cognitive representations. Cognitive representations are about perceptions and
interpretations of a particular problem situation and its solution. A solution provides advantages, burdens, and uncertainties. However, the solution should not be evaluated in isolation but should be accounted for in the wider implications for the network and the framing of the problem (Corsaro & Snehota, 2011). Becoming aligned in a process requires actors to make some effort on both individual and business levels. The actors base their efforts on their interests and goals for relationships and established interfaces (Håkansson et al., 2009; Pondy, 1967). As actors attempt to develop interfaces with other actors, the individual actors have interests that affect how attempts to change interfaces are perceived. However, attempts to align interfaces can lead to conflicts. Conflicts can be productive—they can bring latent conflicts to the surface (Håkansson et al., 2009). However, visible conflicts hold potential risks for relationships and can lead to exits (Halinen & Tähtinen, 2002). Such exits may be necessary when perceptions and interpretations of needed changes cannot be aligned. However, in some situations, actors on both individual and business levels may try to enforce choices or retain relationships.

Accordingly, both on a business level and on an individual level, actors need to understand individual and collective interests to recognise differences in perceptions of problem situations and solutions; conflicts can arise.

**Actor levels and purposes**

Through prior relationships, the founder may provide a platform for the development of the firm (Aaboen & Aarikka-Steenroos, 2017; Havenvid & Rocca, 2017). The individual network of the founder can be decisive in terms of the resources that can be accessed and the kinds of interfaces that can be established (Håkansson et al., 2009). Relationships with individuals involved in the start-up, such as family, friends, and former business acquaintances, can contribute in different ways to the evolution of the start-up. According to Axelsson and Håkansson (2016), owners play a decisive role in the development of a business. On an individual level, owners can indirectly influence the development of the business entity through relationships. This influence may even out the ground for the development of relationships or affect the direction in which the business develops (Axelsson & Håkansson, 2016). In most respects, owners make the final decision about the development of the business entity. However, owners can withdraw from the firm by selling it (Perna et al., 2015). Several indirect links may evoke changes if the owner has chosen an exit option.

Because the start-up is constituted as an entity, the entity or firm becomes an entity or level in its own right. At this stage, the role of the owner is pivotal in how the business is set up. Over time, other elements besides the owner affect the development and success of the firm. The start-up develops interests, structures, procedures, and plans of its own. Organisationally, self-analysis is important for understanding how resources are used, how activities are carried out, how bonds between actors evolve within the firm, and what kinds of interfaces are created with other entities and firms (Araujo, Dubois & Gadde, 1999; Baraldi & Strömsten, 2008). The other firms in the firm’s network have interests and objectives of their own, which to a greater or lesser extent are consistent with those of the start-up firm. This alignment affects the role the start-up can develop and play in a network (Johansson & Mattson, 2002). Depending on this alignment, the start-up can develop a position that other actors will perceive as more or less important (Aaboen & Aarikka-
Steenroos, 2017). Interactions and relationships with others develop according to the emerging position in the network.

Regarding the actor and the nature of the actor in the business landscape, Rocca (2013) described the actor as having a variable set of dimensions; in addition, the entity of the actor varies with the relationship, and the actor is repeatedly re-enacted. Munksgaard et al. (2017) noted that ‘a unified actor whose defining objective is to shape and develop a functional unity to pursue its intentions, as distinct from other entities’ (p.228). This position is in line with the earlier point about actors as being defined both through themselves and through their surroundings. The actor may seem fuzzy, but the point is that understanding the contexts, relationships, interfaces, and interests is pivotal for understanding the actors who populate the business landscape.

Individual relationships with other individuals may be important to the establishment of a firm. For example, they may be helpful in providing information, discovering possibilities, and mobilising resources (Hamfelt & Lindberg, 1987). However, because individuals may not hold similar interests, they need to interact in order to align and form collective interests. These collective interests provide direction for the objectives of the firm (Figure 1).

![Figure 1. Shaping of a firm–Conception.](image)

When the firm begins operating, the entrepreneurs start to act on behalf of the firm in relation to other firms (Figure 2). The interaction with other firms affects how the firm is shaped. Håkansson and Snehota (1995) noted, ‘Companies as actor are part of their context which they mould and by which they in turn are shaped’ (p.195). An essential part of the context in which the firm is established arises from the industry and the individual relationships of the entrepreneurs. Individual relationships are at the heart of interaction between firms (Cunningham & Turnbull, 1982). In this sense, individuals shape the firm as they take advantage of their individual relationships. The individuals’ actions in the firm are based on the collective interests of others with whom they have aligned. However, the interests of the individuals still exist and affect how the individual relationships are exploited (Figure 2). The interests of individuals and firms have an ongoing impact on the
interaction between firms and provide a background to collaboration and conflicts. Thus, the shaping of a single firm is based on forces in and outside the firm.

Figure 2. Interaction shaping business.

Figure 2 illustrates the interaction process between two firms, Firm A and Firm B. Firm A and Firm B consist of individual interests linked to individuals in the firm and collective interests, showing alignment of individual interests inside a firm. Owners have considerable input in setting the agenda for the collective interests of a firm; however, other actors in the firm, such as employees, may also influence collective interests.

The interaction process may reveal the interests of the individuals involved. Where similar interests can be identified, alignment is possible. However, interfaces develop over time and create a framework for alignment. Thus, the outcome of an interaction process and the possibilities for collaboration depend on whether collective interests can be identified. The mechanism described in Figure 2 can applies to actors at the firm and individual levels (e.g., within firms) and at the business level between firms in a network. In this sense, a firm is shaped through the interaction and alignment of interests at both the individual and business levels.
Therefore, analysing the process both within the firm and across firms and clarifying the interplay between the levels could provide insights into how a business is shaped. An in-depth case analysis reveals how the alignment of individual and collective interests at different levels shapes business and shows the roles of cooperation and conflict. However, first, the method behind the in-depth case analysis is discussed.

Methodology

The chosen case involves a firm called Systime, representing an exemplary or extreme case of a business and its shaping over a forty-year period (Miles, Huberman & Saldana, 2014). During that period, the firm Systime has succeeded in becoming a major player in the publishing industry in Denmark. Case research has the advantage of being able to handle complexity and changes and can provide rich insights through which multiple views can be portrayed (Dubois & Gibbert, 2010; Halinen & Törnross, 2005).

Data collection consisted of three elements. First, secondary data were provided in the form of documents about Systime given by the firm itself or found on the Internet. The secondary data helped obtain insights into the firm’s structure as well as knowledge about its products and services. Second, primary data were provided in the form of interviews and observations. An interview guide based on Brinkmann and Kvale (2015) was used to focus data collection. The interview guide was adapted according to the interviewees’ input. General questions about personal background and the industry were used to gain an understanding of the interviewees’ views of the focal firm and the industry. Each interview was used to reinforce and reveal additional issues in the data collection process. Specific questions about actors’ interests, conflicts, and alignment were derived from the theoretical point of departure and the overall research question. Questioning was iterative and in line with the research approach (Dubois & Gadde, 2002; Dubois & Gibbert, 2010). Five internal interviews were conducted. Two interviews were with the entrepreneur/owner of the focal firm, three interviews were with lead employees (two of whom are expected to step in when the owner withdraws from running the firm), and one interview was with a member of the board. In addition, an author and a supplier who had been printing books for the firm for forty years were interviewed. Finally, the researchers own observations and experiences with the firm are included. One of the authors of this article had published books through the focal firm. Interviews were recorded, and analysis was based on transcriptions. The first full draft of the case was sent to the interviewees for confirmation. Feedback from two of the interviewees (owner and solicitor) resulted in some minor corrections and some additional information about the last twelve years.

Overall, data collection, data analysis, and theoretical interpretation followed an abductive logic (Dubois & Gadde, 2002; Freytag & Young, 2018). In the description and analysis of the following case, an understanding of different stages (periods) and important factors gradually emerged from the data. The identified stages were based on major events that had been important or critical in the shaping of the business (Edvarsson & Strandvik, 2000). Occurrences of major events were identified in changes in interfaces attributable to actor interests. The empirical research was facilitated by means of a theoretical lens developed simultaneously with data collection. The theoretical lens provided a basis for what Brinkmann and Kvale (2015) called ‘thematising,’ describing the topic under investigation.
Initially, the themes were actors and levels, uncertainty, interaction, relationships, self- and collective interests, conflict, and alignment. During data collection and analysis was added interfaces as a theme that described the connection between entities. The themes were used to analyse the interview data generated by categorising them according to content—that is, ‘an extended phrase or sentence that identifies what the unit of data is about and/or what it means’ (Saldaña, 2016, p.199).

Case Study

An overview of the shaping and reshaping of the firm Systime occurring between 1978 and 2018 is presented next. Each identified stage reveals various major events and challenges influencing the development of the firm as well as how various actors’ interests influenced the development of Systime.

In the analysis of quotes from the interviewees from the four periods, a distinction is made between conflict and collaboration. Conflict refers to the conflicts among individual interests of the actors involved. Collaboration refers to collective interests among the actors involved and an interface solution.

In addition, the analysis distinguishes between actors on an individual level and a firm level. The individual level refers to situations in which individuals dominate conflicts and collaboration. The firm level refers to situations in which firms dominate conflicts and collaboration. Collaboration may include a description of a conflict of individual interests as well as how to establish collective interests. Quoted content appears in relevant sections to illuminate situations in which individual and firm interests dominated the conflicts or collaboration.

Start-up and growth: 1978 – 1992

Poul H. Mikkelsen (‘Mikkel’) played a major role in the inception, shaping, and reshaping of Systime. Mikkel earned a master’s degree in marketing in 1978 and served as the head of the student organisation at Aarhus Business School. In 1978, Mikkel got a job as a teacher at the business school in the town of Herning. Applying his views on the learning situations of students, developed as a former student politician and through teaching, Mikkel identified a need for developing better and more relevant textbooks. He wrote two books about marketing and ‘datalære’ (basic IT) and contacted the three major publishers of textbooks located in Copenhagen. The three publishers offered him a standard contract: publication in two to three years and royalties of 10% to 12%. Mikkel was unhappy with what he perceived as unfair conditions for authors.

During this period, Mikkel’s colleague, Dres, was writing books and finding printers to print his books. In 1980, Mikkel and Dres and their wives, both talented linguists, decided to establish a firm called Systime. Systime attracted authors by soliciting ideas for new textbooks, offering higher royalties and promising greater influence on content and layout in a magazine for high school teachers. Many authors, both new and previously published, contacted Systime. In 1982, Mikkel decided to become a full-time CEO. Authors met regularly at the two-family house owned by Mikkel and Dres and their wives. Systime
needed money to finance growth. However, the bank did not understand the book business model. The printer, Per Nørhaven, made an offer to Mikkel to finance Systime’s growth. Systime, and especially Mikkel, were aware of the need to use new computer technology to make book production faster and cheaper. At Systime, Mikkel encouraged the use of technology to develop new digitally supported teaching resources and performed experiments with authors such as Jens I. During the next ten years, the firm developed and offered a full range of books to business schools and high schools. Important actors during this period included the two founding families (especially Mikkel), the financial director, the authors, schools, printers, book dealers, and competitors.

Analysis of start-up and growth
The establishment period was dominated by the major event consisting of the start-up of Systime followed by a growth phase. Table 1 displays quotations from the interviewees about the significant conflicts and collaborations at the individual and firm levels from this period.

Mikkel’s individual interests, explicitly formulated in this first stage, influenced the shaping of Systime and its network since start-up. Mikkel recognised a business opportunity in the establishment of an independent firm (Systime), which could provide updated and new textbooks. To implement the opportunity, Mikkel sought to attract specific interfaces with authors with whom he could interact and align in a democratic way by giving them some influence with regard to content, layout, and experimentation with textbooks and teaching materials. In addition, Mikkel was interested in using computer technology to make operations more effective and efficient. Although Dres and Mikkel shared some of these interests, the formulation and practical implementation of these ideas were mainly Mikkel’s responsibility. The ideas behind Systime attracted many new authors as well as authors from other publishing companies because of Systime’s promises of higher royalties, greater influence on content and layout, and faster production. Mikkel’s interests and business ideas helped establish interaction and alignment of interests with stakeholders such as authors, printers, editors, and customers, thereby building specific interfaces.

In this first period, it is difficult to separate Mikkel as an individual from Systime as a firm and vice versa. The overlap between the business level and the individual level therefore dominated this period.

Identifying conflicts and collaborations are important for understanding the shaping of Systime and its network. For example, Mikkel tried to publish a manuscript to a textbook. However, his individual interest did not align with the established publishing firms’ interests, and this conflict resulted in the start-up of Systime. The conflict with the bank, which did not want to support the growth of Systime, resulted in financial support from the printer Nørhaven. The relationship with the printer is an example of how the network had a significant influence on the shaping of Systime.
# Table 1. Start-up and growth: 1978–1992

<table>
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<tr>
<th>Conflict</th>
<th>Collaboration</th>
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<tr>
<td>I started as a teacher in the business school. . . . There were no proper teaching materials available. . . . It was unstructured and not suited to preparing students for exams. I started making my own materials. (Mikkel)</td>
<td>We (Dres and Mikkel and wives) started the company together because we were both irritated about the quality of textbooks and wanted to improve them. (Mikkel)</td>
</tr>
<tr>
<td>I wrote a textbook. . . . I contacted the big three publishers. They offered me similar conditions with a lousy contract on 10-12% royalty and up to 3 years to publish a book . . . relevance of 3 years-old books in social studies was limited. . . . The editors were very slow and treated the authors very badly and arrogantly . . . perhaps because they earned a lot of money. (Mikkel)</td>
<td>Dres was a much more experienced teacher and textbook writer than me. (Mikkel)</td>
</tr>
<tr>
<td>Mikkel had the vision for Systime. The other guy, Dres, wanted to be an author and saw Systime as a place to publish. (Per N.)</td>
<td>Mikkel is talented. . . . He was a prime mover, he was smarter than most, and it’s obvious that you have trust such people. . . . Mikkel is hard-working and works all the time. (Per N.)</td>
</tr>
<tr>
<td>We got a lot of enquiries from authors and we had to handle each enquiry carefully. . . . because it was costly . . . and we had to put our company name behind each textbook. (Mikkel)</td>
<td>We started with a small advertisement in Gymnasieskolen (a magazine for high school teachers) and announced that we would like to cooperate with authors. . . . We offered a contract according to which we shared the surplus, after the costs were covered, between author and publisher. (Mikkel)</td>
</tr>
<tr>
<td>Mikkel was good at concluding contracts with authors. . . . It made the authors . . . be ambassadors for themselves, . . . promote their own books, and increase sales. Mikkel was really good at attracting authors with parties and red wine. Authors felt Systime, that is our publishing company, and I am an important part of it. (Per N.)</td>
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<td>As a new author, I chose Systime because of the good contract and the possibility of influencing and taking initiatives on the content, structure and layout of the books. . . . I like to experiment and Mikkel supported my wild ideas. (Jens I.)</td>
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<td>We were three authors of a new physics book. . . . student-friendly language, short sentences, only one comma in each sentence, correct use of terminology. . . . We met each Saturday at Systime and wrote for two years. Mikkel served us lunch! (Jens I.)</td>
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Table 1 – Continued

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<th>Conflict</th>
<th>Collaboration</th>
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<td>I had a meeting with our bank director to finance our growth. . . . He was used to local firms producing textiles. . . . Their shirts and trousers are not much worth the next year. In the textbook industry, it can take 2-3 years from launch until books sell. . . . I could not convince him about the business model in the textbook industry. (Mikkel)</td>
<td>We had a good relationship with our printer Per Narhavn. . . . One day I told him about the bank refusing to finance our growth and he said: I have confidence in what you do, and I can give you the credit you want. (Mikkel)</td>
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<tr>
<th>Business</th>
<th>We used Macintosh computers to make production more efficient...We also started an Apple store in Herning. . . . It was not a success . . . too expensive. (Mikkel)</th>
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<tr>
<td>In the publishing industry, some people rest on their laurels while others are smart. The bank may not know Mikkel personally or perhaps I can see some business opportunities the bank can’t see. (Per N.)</td>
<td>We hired external editors, for example from our network to handle the evaluation of the many manuscripts from the authors. (Mikkel)</td>
</tr>
<tr>
<td>The established publishers were laughing at Systime. We experienced that at trade fairs. (Mikkel)</td>
<td>When we received a book manuscript in February we would have it ready for sale before summer, so teachers could decide about using it. . . . The large Copenhagen-based publishers received a manuscript and sent it away to some fine graphics company . . . who decided what to do. . . . It took a long time and was expensive. (Mikkel)</td>
</tr>
<tr>
<td>In the 1980s and 1990s, there were many national curriculum changes initiated by the Ministry of Education. . . . The big three publishers were often not able to deliver new editions because of their lack of production speed. . . . Systime got a higher market share every time the curriculum changed. (Mikkel)</td>
<td>Books from Systime were user-books where content and experiments with new teaching methods were important. The books were cheaper and the layout and printing not at the same level as the big publishers . . . students didn’t care. . . . The quality of books and prints improved gradually. . . . We learned by trial and error and made a lot of mistakes. (Mikkel)</td>
</tr>
<tr>
<td>Some of the first books did not sell a single item, one sold 11 units, because they were rather experimental. (Jens I.)</td>
<td>Relocation, competence development, and change in ownership: 1993 –1997</td>
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</tbody>
</table>

Over time, Systime found that new employees stayed for a short period and then moved on to new positions with major publishers in the Copenhagen area. This employee turnover negatively affected the firm’s development. In 1995, Systime chose to relocate its headquarters to Aarhus. Systime’s financial director was living in Herning, and she decided not to follow Systime to Aarhus. This was the start of two turbulent years for Systime. In 1997, a new financial director, Bent M., was appointed, and he introduced spreadsheets to help manage the royalties.

Digital technology was used for the first time in 1997 with the product SchoolTool, which allowed educational institutions to produce their own teaching materials.

One of Systime’s board members, a solicitor, suggested that Systime should consider selling to another firm because the specific form of ownership (two families and two married couples in a 50%-50% partnership) could otherwise eventually destroy the firm if any conflict of interest were to occur. This actually happened shortly afterwards: One of the owners, Dres, became ill, which caused a number of serious challenges for the firm. Mikkel
did not have the money to buy Dres out of the firm. Eventually, GAD, a large publishing firm with a solid economic base, bought Dres out of the firm.

**Analysis of relocation, competence development, and change in ownership**

This period was dominated by three major events, namely, the relocation from the town of Herning to Aarhus, the development of employee competences, and the change in ownership stemming from a potential conflict between the two founders. The quotations from interviewees about significant conflicts and collaborations appear in Table 2.

After a few years at Systime, many employees were hired by large publishing companies in the Copenhagen area. This outflow of employees meant that it was difficult to build up the necessary competences to be more competitive and continue to grow. The decision to relocate the headquarters to Aarhus prompted the accounting director to quit her job and stay in Herning. Her husband asked her to choose between her job and her family. In this situation, conflicting individual interests resulted in termination of collaboration. The financial director played a key role in Systime. This was the start of two turbulent years, which ended with the appointment of a new accounting director who was used to working with spreadsheets. After relocating Systime to Aarhus, it was much easier to find key employees. These incidents support the need to distinguish between the individual level and the firm level. Employees had a major influence on the shaping of Systime.

An important organising principle, *Systime Under Stadig Udvikling* (SUSU; Systime under continuous development), was introduced. This effort was an attempt to accustom Systime employees to constant changes in their working lives, mainly attributable to the use of new digital technologies. The organising principle of SUSU supported organisational learning at Systime at the cutting edge of technology development. Most employees found it interesting and collaborated, but some employees left Systime because of this organising principle.
Table 2. Relocation, competence development, and change in ownership: 1993–1997

<table>
<thead>
<tr>
<th>Conflict</th>
<th>Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td></td>
</tr>
<tr>
<td>There was a conflict between Dres and Mikkel about the developmental direction of Systime when Dres got ill. The conflict ended with a vote in the board about the sale of 50% to GAD in 1991. . . Dres was against it; Mikkel, Mikkel’s wife, Dres’s wife and the solicitor all voted for the sale. (Mikkel)</td>
<td>What is important for authors is to come a place where they feel they are appreciated. (Bent M.)</td>
</tr>
<tr>
<td>The conflict with Dres could have destroyed Systime. (Per N.)</td>
<td>I got the job as accounting director in 1997. Systime had some challenges with administration at that time. (Bent M.)</td>
</tr>
<tr>
<td><strong>Business</strong></td>
<td></td>
</tr>
<tr>
<td>A solicitor sitting on the board of Systime said that because of the form of ownership of Systime, a private limited company with partnership (<em>kompaniskab</em>), the company was in danger if conflicts between owners occurred. . . . He said that Systime almost held the Danish record when it came to run a partnership. (Mikkel)</td>
<td>Preben M. who has a seat on the board of Systime has been an important sparring partner for Mikkel since 1997. (Bent M.)</td>
</tr>
<tr>
<td>We had serious problems with keeping qualified employees and this resulted in moving Systime to Aarhus in 1995. . . . This was one of the best decisions I have made. . . . The financial director wanted to move with Systime to Aarhus, but unfortunately her husband did not. . . . This resulted in two years where we had two financial directors who were unable to control the finances . . . a very big problem and extra workload. (Mikkel)</td>
<td>In 1995, we created a new organising principle: SUSU: Systime Under Stadig Udvikling (Systime under continuous development), which means we experiment with and change regularly where you sit and who you sit with. (Mikkel)</td>
</tr>
<tr>
<td>I worked as director of development for TDC (largest telephone company in Denmark). . . . I have founded some firms and sold them...for example I sold a firm with 500 employers and a turnover of 150 million euros to TDC. For many years, my interest has been in closely following the latest trends within IT and its potential uses. Because of my interest and competences, I became a member of the board of Systime in 1997. GAD respected Mikkel and the way he was running Systime, but wanted someone qualified to discuss wild ideas and which way to go with IT technology. (Preben M.)</td>
<td>1997 was the first year we used Internet websites in teaching. (Mikkel)</td>
</tr>
</tbody>
</table>

A solicitor on the board of Systime said to Mikkel and other board members that the private limited firm owned by two families consisting of two married couples was almost the longest-surviving firm of its kind in Denmark. The solicitor argued that this type of ownership could be vulnerable and might potentially risk the firm’s existence. Then the co-owner, Dres, became ill, and although he took on a new role in the firm, it did not go well.
Based on the solicitor’s advice, contact was made with potential new owners. GAD was chosen because GAD offered the best conditions for keeping Systime’s development independent of owners’ interests; in addition, GAD had a lot of money. At a vote of the board, Mikkel, the two wives, and the solicitor voted to sell 50% of the shares to GAD. Later, the rest of the shares were sold to GAD, and Dres was bought out of Systime. This process demonstrates how the alignment between individual and collective interest shaped Systime. The changes in ownership were caused by an individual conflict of interest between the two founders, triggered by one owner’s illness.

A potential conflict in terms of the relationship between the individual levels of the owners was transformed into a question about survival at the firm level. If the potential conflict had not been resolved, it could have affected Systime’s survival and thus its interfaces with customers, authors, employees, and suppliers.

Although Mikkel went from being an owner to become de facto CEO, it was hard to distinguish between Mikkel and Systime during this period; the only distinguishing factor was that Mikkel was no longer an owner of Systime.


In 1999, GAD bought the rest of the Systime shares from Mikkel and became 100% owner of Systime. The relationship between GAD and Mikkel was mainly financial. In 2003, GAD encountered serious economic problems. The legal separation from ownership by GAD in order to avoid potential bankruptcy was the main reason for the management buy-out of Systime. In addition, securing the royalties and thus income for authors, as well as jobs for employees, played an important role. To resolve this conflict of interest, Mikkel contacted Preben M. and asked him to be a mediator in investigating the possibilities for a management buy-out. This eventually resulted in a management buy-out where Mikkel and others bought Systime from GAD. Mikkel became majority owner together with the marketing and financial directors and an external investor.

This period was characterised by experiments with new technologies and new ways of teaching and communicating. In 2001, 1997’s SchoolTool was followed by a new digital learning device called ToolBook. After a careful investigation of the content management systems (CMS) available on the market, Systime chose Typo3 and used it in the firm after 2005. The existing CMS systems (InDesign and CD-ROM) were phased out.

Because of Systime’s market position with regard to the provision of textbooks to high schools, several publishers were interested in buying Systime. Thus, textbook publisher Gyldendal acquired 100% ownership. One of the main reasons, besides the price, was that the CEO of Gyldendal had a vision to use and further develop the technology and market position of Systime within the Gyldendal Corporation. Preben M. became a board member at Gyldendal when it bought Systime.

**Analysis of management buy-out and new owner**
The main event at this stage was the management buy-out in which Mikkel and others bought Systime from GAD in response to GAD’s serious financial problems. Later, Mikkel and the other owners sold Systime to the large publisher Gyldendal in order to have enough
money to invest in digital technology and thus maintain a competitive advantage. In Table 3, the quotes from interviewees are shown.


<table>
<thead>
<tr>
<th>Conflict</th>
<th>Collaboration</th>
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<tbody>
<tr>
<td>To be able to develop Systime at the speed we had planned, the profit from the operations could not cover the need for investments in digital technology. (Mikkel)</td>
<td>Preben M. played a decisive role in the management buy-out because of his knowledge of both firms. (Mikkel)</td>
</tr>
<tr>
<td>Mikkel owned 51%. The rest was owned by an external investor, the marketing director, and me. After a year, Mikkel sold the company to Gyldendal. I did not agree with him when he did this. (Bent M.)</td>
<td>The person who had a sense for what was happening in the marketplace . . . and understood the business possibilities in digital technology was Mikkel. . . . He has a rare flair for business . . . Mikkel has fundamentally reinvented the firm several times. (Preben M.)</td>
</tr>
</tbody>
</table>

The four stakeholders’ individual interests formed a collective interest in the management buy-out of Systime from GAD. Shortly afterwards, Mikkel became worried about whether Systime had enough money to invest in digitalisation and stay competitive. Mikkel thought there was a conflict of interest between his own individual interest as owner and the long-term collective interest of Systime. As a majority-owner, Mikkel had the final say; he decided to sell despite other owners’ disagreement. When choosing Gyldendal as new owner, the alignment of interests between Gyldendal and Systime at both firm and CEO level played an important role.
When Mikkel and other owners investigated the shaping and reshaping of Systime and its networks, they deemed it necessary to pool resources in order to make the firm effective and efficient (Dubois & Araujo, 2006). In addition, leaders needed to relate and align interests at both a firm level and an individual level. Mikkel’s attempt to both disconnect (from GAD) and connect (to Gyldendal) involved not only alignment between firms with relevant resources, but also between individuals with ideas that he could accept and that corresponded with his ideas for Systime’s developmental direction. In this situation, the bonds with individual actors played an important role in the alignment of individual firm interests and collective interests.

In this period, the interface with authors and customers developed around new digital-based experiments with teaching materials. The use of Typo3 had changed the interface among Systime employees, shifting the organisation from a traditional functional organisation to a learning organisation. The organising principle SUSU described in the previous section therefore played an important role in creating internal interfaces among employees and across functional areas.

At this point, Mikkel and Systime still largely overlapped and were hard to separate. However, Mikkel’s role had changed; he became a CEO and was no longer an owner. Thus, Systime was to some extent separated from Mikkel because of changes, for example, the larger number of employees.

**Transformation from paper books to internetbook platform: 2006–2018**

Mikkel’s life-long focus on using new digital technology to develop the business of Systime entered a new stage from 2007 to 2008. Systime’s management team and board member Preben M. discussed how to exploit technology in production, delivery, and in students and teachers’ use of teaching materials. Developing, combining, and using technology in this period included a number of different digital technologies. A number of steps were taken towards the internetbook (iBog*) and especially the iLibrary (iBibliotek®). The description in the next section highlights the main features of this evolving transition.

The digital platform significantly changed a number of processes and interfaces with authors, publishers, distributors, teachers, students, and school administrators, as well as for competitors considering using the digital platform to get market access for their internetbooks.

As of this writing, teaching materials are now sold as either internetbook (iBog*), through iLibrary (iBibliotek®), or as paper books. The first step was taken in 2007 with e-books in pdf-formats which can be used offline. The first step towards internetbook was taken in 2010 when one hundred titles were made available for sale in a Web-based shop for schools.

Mikkel is now 69 years old. In 2017, Systime appointed a marketing director and a digital director as successors. The two new directors took over from Mikkel in October 2018. Systime is now divided into two business units: Systime (publishing company) and Systime.Solution (IT platform provider). By 2017, Systime had a sale of over 70 million Danish kroner (approximately 10 million Euros).
The dominant event in this period was the transformation from being a publisher of paper books to a publisher of e-books and iLibrary. It is inaccurate to talk about one event; the transformation could be more accurately described as a sequence of events. Nevertheless, the event is analysed in this discussion as though it were one event in order to focus on the consequences of the transformation for the actor interfaces. In Table 4, the quotes from interviewees are shown.

This ongoing stage has been characterised by many complex changes in relationships, ties, and bonds. The interface to authors has changed. Currently, authors communicate mainly within the Typo3 content system rather than through Word files, e-mail, or telephone. The authors deliver content to a content management system, which delivers content to internetbooks, which creates a file to print on-demand or other formats. The database makes the book design and writing process an open process for teachers interested in seeing how the book emerges chapter by chapter. During the process, teachers can read and comment on teaching materials. Authors must contribute more to the content of the internetbook, and thus, the workload is larger compared to writing a paper book.

The interface to customers, especially teachers, has changed. Teachers follow the creation process of a new book and are therefore familiar with the content of the book before it is released. The buyers’ role has changed from searching, choosing, paying for, and receiving a book to searching, choosing, paying for, using the book, and giving feedback. In fact, buyers may wish to change, suggest, or add ideas or content to the book. The role of the buyer and user has shifted as they have become cocreators. The book author still writes but also makes use of inputs to test, correct, and update the content of the internetbook regularly. The interface with students has also changed. Students can make notes in the internetbook and search for elements such as concepts or explanations across various internetbooks in all books in the iLibrary, thereby using books in an interactive way.

In addition, marketing interfaces have changed from the marketing of new releases to communicating about the book creation process and attempting to engage the readers in this process through newsletters, ambassadors, workshops, and social media.

Systime has used Amazon’s cloud server since 2010 because Amazon has had the most reliable Internet and cloud technology. Use of the Internet to offer access to teaching materials for schools was new at that time. Internetbooks cannot be used offline. Based on the experiences with these internetbooks, the largest business school in Denmark, Niels Brock, decided in 2013 to change all its teaching material to internetbooks. The decision was motivated by a desire to save money on the administration of books; however, the decision simplified administrators and teachers’ administration and use of teaching materials. In 2014, the iLibrary was introduced, offering schools access to all the internetbooks that Systime offers for a fixed price per student. Teachers can now use a specific internetbook, or they can choose to combine chapters from various internetbooks in Systime’s iLibrary.
Table 4. Transformation from paper books to internetbook platform: 2006–2018

<table>
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<tr>
<th>Conflict</th>
<th>Collaboration</th>
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</thead>
<tbody>
<tr>
<td>Individual</td>
<td></td>
</tr>
<tr>
<td>When you sell paper books, authors receive royalties according to the</td>
<td>Mikkel is a very difficult person to replace. He has established a leader</td>
</tr>
<tr>
<td>number of books sold. . . . To deliver books as internetbooks in a library</td>
<td>group and thus tried to future-proof Systime. (Preben M.)</td>
</tr>
<tr>
<td>where students have access to all books in the iLibrary required changes in</td>
<td>Mikkel is really good at sensing the direction in which things develop and</td>
</tr>
<tr>
<td>contracts with authors . . . so there was a change in the payment of royalties</td>
<td>taking advantage of that. (Preben M.)</td>
</tr>
<tr>
<td>according to how many clicks pages in specific internetbooks got out of the</td>
<td>With the internetbook platform, the production of books is open to others,</td>
</tr>
<tr>
<td>total number of clicks in a school. (Mikkel)</td>
<td>for example teachers. Teachers are able to comment on specific chapters or</td>
</tr>
<tr>
<td></td>
<td>elements in chapters with the authors or editors during the writing process</td>
</tr>
<tr>
<td></td>
<td>and they certainly do, and it improves the quality of the books. (Birte)</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td>Business</td>
<td></td>
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<tr>
<td>We did not tell Gyldendal that we had established the iLibrary. . . . They</td>
<td>I was responsible for IT until around 2007. . . . Then there was one IT-educated</td>
</tr>
<tr>
<td>knew when we launched it, because we act as competitors to other parts of</td>
<td>employee . . . In 2018, there are 52 full-time employees. . . . 10 of these are</td>
</tr>
<tr>
<td>the Gyldendal corporation. (Mikkel)</td>
<td>IT-educated employees. (Bent M.)</td>
</tr>
<tr>
<td>The corporate demand to cut cost was the only real conflict I experienced as</td>
<td>The CEO of Niels Brock (largest business school in Denmark) asked Systime if</td>
</tr>
<tr>
<td>a member of the boards of both Gyldendal and Systime. (Preben M.)</td>
<td>they could deliver an iLibrary to them with access to all their books. Niels</td>
</tr>
<tr>
<td>The difference between being owned by Gyldendal and being independent is not</td>
<td>Brock had experience with internetbooks offered by Systime and found that the</td>
</tr>
<tr>
<td>that big. . . . It is mainly a financial corporate control that Gyldendal has.</td>
<td>down-time was zero . . . [and] very easy to administer. . . . Teachers and</td>
</tr>
<tr>
<td>(Bent M.)</td>
<td>students were satisfied. They agreed on a fee for each student of about 90 euros.</td>
</tr>
<tr>
<td>Now Systime sells digital teaching materials . . . and prints on demand. .</td>
<td>When we changed to iLibrary, we priced the product differently. . . . We</td>
</tr>
<tr>
<td>. . . This is not our strong point, so they don’t often get books printed</td>
<td>offered a licence, which means users have access to a product for a limited</td>
</tr>
<tr>
<td>by Nørhaven anymore. (Per N.)</td>
<td>period instead of owning it. (Bent M.)</td>
</tr>
<tr>
<td>The CEO of Gyldendal was replaced in May 2018. . . . Perhaps Gyldendal</td>
<td>We chose to collaborate with Amazon because they have very limited downtime,</td>
</tr>
<tr>
<td>will recognise that Systime has developed a profitable digital business model.</td>
<td>which is crucial for us. (Mikkel)</td>
</tr>
<tr>
<td>(Preben M.)</td>
<td>In 2015, Gyldendal demanded corporate cost-cutting (4%) on salaries for all</td>
</tr>
<tr>
<td>It would help the Systime Solution, and sale of services from this digital</td>
<td>affiliated business units due to a fall in turnover at the corporate level. . . .</td>
</tr>
<tr>
<td>platform to external partners if Gyldendal would also make use of it.</td>
<td>After intense discussions Gyldendal accepted and Systime hired three more</td>
</tr>
<tr>
<td>(Mikkel)</td>
<td>people. (Mikkel)</td>
</tr>
<tr>
<td></td>
<td>In 2015, we changed our printing supplier Nørhaven to LaserTryk . . . They</td>
</tr>
<tr>
<td></td>
<td>offer print-on-demand, which means no stock of old books. . . . Lasertryk has</td>
</tr>
<tr>
<td></td>
<td>a printing and distribution capacity that we exploit (Bent M.)</td>
</tr>
<tr>
<td></td>
<td>New business area in 2015 with Systime solution . . . Here, Systime sells</td>
</tr>
<tr>
<td></td>
<td>access to their internetbook platform for other firms. . . . A publisher in</td>
</tr>
<tr>
<td></td>
<td>Iceland, The Faroe Islands and Greenland use it . . . as well as four Danish</td>
</tr>
<tr>
<td></td>
<td>publishers. (Mikkel)</td>
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The introduction of the iLibrary has raised a question about payment interfaces with authors. Payment to authors is calculated according to the price that the school pays (fixed price per student). Then the users’ page views are counted for each internetbook. This means that the authors are not granted a fixed fee (e.g., royalties per paper book sold) but rather receive a share based on the share of page views. These new royalty contracts have made it possible to align the interests of authors and Systime and create a business model wherein internetbooks is a profitable business for Systime and authors.

Paper books are printed on-demand by drawing on the content in the internetbook and delivered directly from printer to customer. Thus, the publisher holds no stock, and no money is wasted with inventories of unsold books. Paper books accounted for 100% of sales in 2009; by 2018, they accounted for about 30% of sale. One consequence of the change to iLibrary has been the interface with printers. The printing company Nørhaven, which prints large quantities of books at competitive prices, was replaced with another printing company, Lasertryk, which is an expert in print-on-demand and small-scale editions. With regard to its licence, Systime typically gets 20% of the paper book price for one year’s licence; thus, its investments take longer to mature than is the case with a traditional paper book. What is extraordinary is that Systime is one of the first textbook publishers to establish an economic model making a business out of internetbooks. Although the business model for revenue has changed for Systime, the overall turnover has increased each year from 2010 to 2018.

Systime’s introduction of iLibrary has caused problems for competitors. At LixGymportalen, schools could buy e-books and internetbooks from other publishers, but sales through this channel have fallen and are now rather limited. In September 2018, LixGymportalen ceased its activities.

Because of its new, independent internetbook platform business unit, Systime.Solution, Systime has offered other publishers the opportunity to publish their books as internetbooks. Four publishers have decided to cooperate with Systime. They have chosen Systime because their users—schools, teachers, and students—have rated Systime’s digital platform as the best. Systime has made an agreement with Gyldendal about servicing their associated publishing companies Hans Reitzel, Munksgaard, and Gyldendal Uddannelse (high school department) through Systime.Solution.

In addition, the relationship with suppliers has changed. Amazon provides a cloud service, so the users have continuous access to internetbooks and iLibrary 24-7.

Further, the interface with employees has changed. The percentage of employees with an IT education has risen from zero in 2009 to 20% in 2018. The separation of Systime.Solution in 2018 shows that the technical support of the digital platform has become crucial.

Mikkel resigned in October 2018; there is now a clear separation between Mikkel and Systime. Mikkel’s ideas about the firm’s development have dominated and will probably influence the firm, employees, and strategic direction for years to come. However, Mikkel is no longer synonymous with Systime. Hanne Salomonsen is new CEO for Systime and a pair
of new directors have taken over and will run the firm. Gyldendal Uddannelse is now using Systime.solution as their platform for internetbooks

Discussion and Conclusion

In line with Cantu’s (2018) claim, the two Systime founders’ ability to create a business and relate to others was an essential issue at the start. When a business starts, no relationships exist per se; relationships must be established. Relating to others is a key activity when establishing a new firm (Rocca et al., 2013), although there is always uncertainty for the parties involved at the beginning of a relationship. The case firm’s founders had limited resources. Founders’ interests were motivated by the desire to bring out new, updated, and relevant books that fit well with a printer’s interest in helping to create new customers and promote competition in the industry. Another actor, a bank, was more interested in whether a loan could be paid. This disparity shows that differences in interest were important for a firm’s initial development and success. Munksgaard (2015) noted it is easier to get along when both parties in a relationship are aligned. Getting the ‘right’ actors with whom to relate was an essential part of the founders’ attempts to develop and shape Systime. In the early years, the firm represented an unsafe bet for counterparts; the founders were perceived by other actors to be the core of the relationship with other business partners (Cunningham & Turnbull, 1985). How interfaces were set up was primarily based on the two founders’ abilities to handle and activate the use of resources (Axelsson & Håkansson, 2016). Hence, the founders had a decisive influence on how interfaces with different actors were formed.

The start-up was based on the founders’ ideas, implemented by trial and error; however, Systime became known as a provider of textbooks for high schools. From this base, the firm started to build a position, which was perceived as important by other actors (Aaboen & Aarikke-Steenroos, 2017). This made it possible for Systime to tap into the resource pools of others and build up interfaces that fit with the firm’s capabilities. An example of the ability to develop a fruitful interface on a business level was the use of Macintosh computers to set up books; such computers were new at that time. Throughout the early years, new relationships had been formed between Systime and authors and suppliers. The interfaces that emerged determined to a high degree what was controlled internally and externally (Araujo, Dubois & Gadde, 1999). The number of employees rose; thus, in addition to the two founders and their wives, others helped run the firm. Contracts were signed with authors and other businesses. Gradually, the firm emerged from the shadows of the two founders and gained a unique identity.

The interfaces created with authors, employees, and suppliers brought in dependencies consistent with Systime’s philosophy that firms should be democratic in their attitude towards interests that were contrary to those of the two owners. However, the one founder that stayed on remained a dominant actor closely interwoven with Systime. The philosophy of being independent of the major players, being inventive, daring to take on new technology, and being customer-oriented became a part of the firm’s DNA when Systime started to evolve as an entity on its own. The use of new technology demonstrated these features of the firm to a high degree. From the start and continuing today, the application of technologies has helped promote user-friendly, value-creating options for customers.
Relationships have often been about or included technology, comprising a major part of Systime’s entity. As new technologies emerge, Systime has been reinvented and reshaped over the years (Rocca, 2013) to keep pace with them.

The differences in interests between the two founders became apparent in the 1990s when Systime became an established player on the market. In the early years, Mikkel had already decided to concentrate on business development, whereas Dres’s heart was closely connected to the books. Dres continued writing and dealing with authors and books. A major conflict between the two founders resulted in 50% of the firm being sold and Dres leaving Systime because of health problems.

The sale of Dres’s 50% revealed that interfaces not only serve a purpose on their own but also are linked to the actor’s interests. The sale resulted in GAD, a major player in the publishing business, acquiring 50% of the shares and later the remainder of the shares. This was a potential challenge to the fundamental idea of Systime being independent from the major players in the publishing industry. Accordingly, a condition for the sale of Mikkel’s shares was that Systime could operate independently from GAD. When GAD challenged Systime’s independence, Mikkel and others responded with a management buy-out. However, a few years later, Mikkel became worried about how to finance the further development of Systime, and all shares were sold to Gyldendal, another major player on the market. Gyldendal was selected based on a strong individual relationship between Mikkel and the CEO at Gyldendal. The deal was based on an agreement that Systime could develop as an independent business unit within Gyldendal with its own name. These shifts in ownership demonstrated that the main concern was about the further development of Systime and its ability to stay on a certain path. The ownership interface was important in terms of being able to activate resources to develop Systime’s position at the forefront as an independent provider of technology-based updated learning material. When this position was threatened because of shifts in ownership, the ownership interface changed (Håkansson & Waluszewski, 2002a, 2013).

The invention of a new i-book system and an i-library are examples of the development fostered through close relationships with actors in and outside the publishing industry. Some of these relationships built on Mikkel’s ongoing interest in taking advantage of new technology in developing Systime. However, other actors have begun to play a more important role in Systime. Programming has become a core competence in Systime’s network. The programmers’ ability to develop new solutions in collaboration with distributors of i-books has become essential for Systime’s further development. In fact, the development of the i-library has the potential to become a business unit in its own right. The concept of making books available through a licensing system has been developed to include other publishing firms. Systime is the result of the history of its interactions with other counterparts and the interfaces it has built up with them (Håkansson et al., 2009; Prenkert, 2016). These interactions and interfaces have shaped what Systime is today and determined how it uses its web of actors. In this way, Systime has become an entity in its own right. Interaction at the start built on the entrepreneur’s relationships (Cunningham & Turnbull 1985; Håkansson & Snehota, 1995). However, over time, interaction takes place in relationships and through interfaces, which are not dependent only on the entrepreneurs. Similarly, the activation of resources plays a role in interfaces created by a single person. At
the start, Systime was especially shaped by Mikkel’s and Dres’s collective interests in shaping a business. Their collective interests

- provided content that was updated and valuable to customers (readers) and constituted a clear business opportunity;
- included new technology that underpinned the business opportunity;
- fostered independence from major publishers in the industry; and
- involved authors in a (democratic) manner, which encouraged them to be innovative, which was valuable to readers.

Over the years, these interests held by Mikkel have gradually become embedded in Systime and in the interfaces formed with different actors. The role of these interests in shaping the business is reflected in the interfaces that have emerged with different actors. Explicating interfaces involves identifying what actors collaborate about, how actors collaborate, and with whom they collaborate; as such, the following interfaces have been shaped over time (Figure 3).

![Diagram of Systime interfaces](image)

**Figure 3. Actors and interfaces.**

Exploring both individual level and business level is important for understanding how the firm evolved. The founders’ desire to establish a firm with distinctive features gradually became embedded in the business entity and in the emerging interfaces. Other internal actors (e.g., employees) and external actors (e.g., authors) were selected; in addition, these actors selected Systime because their interests fit with those of Systime, and they were able
to align within the interfaces. Cooperation, conflict, and the need for some kind of alignment have been important factors throughout the journey of the firm.

Overall, this study contributes to the understanding of the connectivity between the individual level and the business level. As the fundamental ideas about firms have become embedded in Systime and its interfaces, this connectivity has created a path for the development of Systime and influenced its role in the industry. Attracting and developing relationships with other actors based on the fundamental ideas about Systime have affected the ongoing shaping of Systime. However, relationships and interfaces not only make development possible but also may impede the possibility for further development (Håkansson & Snehota, 1999). For Systime, relationships and interfaces have been constructive for its development—for example, it has been possible to access resources from suppliers, authors, and others. However, Systime has also been restricted in its relationships and interfaces. The interests of individuals in and around a business, as well as the objectives of the business itself and other businesses, define its direction. Control is limited when managing in the interactive landscape; a business is constantly pushed by other businesses and at the same time pushes back (Havenvid & Rocca, 2017). Even in a case such as the Systime case, it is clear powerful individuals depended on other actors’ moves.

To understand the interplay between the two levels, the nature of the individual person or actor provides a starting point. The individual actor’s behaviour is based on perception, knowledge, capabilities, and interests (Håkansson & Snehota, 1995). Individuals hold personal relationships, which are pivotal for understanding relationships at the business level (Cunningham & Turnbull, 1982). In continuation of this, Håkansson and Snehota (1995) emphasised that ‘much of how companies in business markets become related can be explained from how individuals perceive their own and other companies’ (p.193). Through interaction, individuals learn about the interests of other individuals. Collective interests may be identified, and the interests may more easily be accommodated. However, the business level is more than a context in which individuals pursue their interests. As with individuals, firms that inherit the landscape of the business level are entities in their own right with capabilities and the ability to mobilise resources through their interfaces. Thus, within the business level or context, individuals need to learn how interfaces are developed for activation of resources. Interfaces within firms and across firms encapsulate why and how firms relate to each other (Araujo et al., 1999). As the interfaces endure over time, they also become a norm for how individuals and firms collaborate.

The paper holds three managerial implications. First, business development is an endeavour between internal and external firm forces. However, these forces need to be seen collectively for managers to acquire a valid perception of how the firm has been shaped and how it may evolve in the future. Second, individual relationships are essential for understanding the nature and implications of individual and collective interests. Firms may advance towards particular objectives based on collective interests. However, collective interest stems from individual interests. Thus, understanding the interests of individuals and being aware of how these individuals’ interests may affect collective interests is important in terms of the strategic manoeuvres taken as part of the shaping of a firm. Third, interfaces emerging over time are important to activation of resources. Interfaces are the result of aligning different interests through interaction. It is necessary to understand the nature of
these interfaces and learn what part they have in shaping the firm to be able to adjust to and create new interfaces.

Still more needs to be known about how business is shaped. This study involved one firm studied over time. Comparisons across different contexts could reveal more insights into the mechanisms decisive for the shaping of businesses and enhance understanding of how the individual and business levels matter.

References


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