



**UNIVERSITY OF GOTHENBURG**  
**SCHOOL OF BUSINESS, ECONOMICS AND LAW**

**The Coexistence of New and Old Business within an  
Established Firm**

A case study of Göteborgs-Posten

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THE COEXISTENCE OF NEW AND OLD BUSINESS WITHIN AN ESTABLISHED  
FIRM: A CASE STUDY OF GÖTEBORGS-POSTEN

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## **Abstract**

Newspapers all over the world are under pressure due to the technological shifts of the information age. While circulation and readership of printed newspapers are dropping constantly and offer gloomy growth prospects, they remain the largest revenue source. Therefore, in order to explore growth in emerging businesses and still take advantage of the printed newspapers' benefits, established newspaper firms need to focus on new business opportunities while simultaneously upholding the old business. This thesis is based on a case study at *Göteborgs-Posten*, a Gothenburg-based newspaper, where we investigated strategic and organizational issues related to the development of new business. The aim of the thesis is to explain how *Göteborgs-Posten* deals with the challenges of the coexistence of new and old business and the effects their response has on the organization's ability to play multiple games at once. The empirical investigation shows a number of challenging aspects in this coexistence such as: short term perspectives in some new business development projects, difficulties to find a balance between the focus on old customers/markets and new customers/markets, inflexible overall organizational structure, historical duality management practices, and sub-cultures. Using theories from strategy and entrepreneurship we further discuss our findings, in order to highlight the specificities of this study as well as to propose relevant suggestions for this particular case.

Keywords: newspaper organizations, established firms, corporate entrepreneurship, ambidexterity

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## **1 Newspapers in Crisis**

The newspaper industry is under pressure as a consequence of the digitization of media. Printed newspapers all over the world are declining in circulation while readers turn to digital media, the circulation of daily newspapers in Sweden decreased by around 25 percent between 1990 and 2010 (TU, 2011). The Economist even went so far as to declare the impending death of newspapers, because of the rise of the Internet, in their August 2006 edition labeled “Who killed the newspaper?”. Many scholars have classified new digital media products as outcomes of disruptive technologies (e.g. Picard, 2003; Åkesson, 2009; Nel, 2009), and thus, the changes taking place in the newspaper industry can be referred to as a part of the new techno-economic paradigm in the age of information and telecommunications, where instant global communication and action have become “common sense” (Perez, 2010). This paradigm shift has already affected newspaper organizations, but at the same time newspaper production in many cases is still a profitable business even though it is not as profitable as before (Picard, 2006).

Picard (2006) argued that the newspaper industry has been “stuck”, and have not evolved their practices much, because of their previous profitability and that their historical context, with a strong financial performance, have caused a reluctance to change. Newspapers have since the Second World War enjoyed stability and higher than average profitability and this has created inertia within the industry (Picard, 2003). Picard (2006) added that the newspaper industry overall is very profitable but that they have lacked a long-term vision and has been too focused only on short-term winnings, which have been a successful tactic thus far. Furthermore, Picard (2006) meant that, as long as print media stays profitable, the focus from newspaper organizations should be to keep servicing the needs of their core customers. However, with that type of strategy there is no possibility for these companies to grow out of their situation when their circulation decreases. Thus, Picard (2003) suggested that newspapers, and other media corporations, must defend their “strong position as information and advertising providers” (p. 135) and at the same time try to “establish a portfolio of content-driven products” (p.135) which will make for their survival and future profitability. This means that the newspaper companies will have to manage the development of new business next to their old business.

However, retaining the old business while simultaneously developing new digital products can be difficult. Markides and Oyon (2010) meant that even though it is possible for companies to pursue more than one business and target different customers and markets it is often unsuccessful due to the inherent conflicts between the two businesses. The conflicts result from the different organizational requirements of exploiting old technologies and old markets and exploring new technologies and new markets. The difficulty of managing exploration and exploitation in the same organization is that they have different key success factors. The key success factors of exploitation are a short term perspective, efficiency, discipline, incremental improvements and continuous innovation, which are fundamentally different from the key success factors of exploration that include a long term perspective, autonomy, flexibility, risk taking and less formal systems and control (O’Reilly and Tushman,

2008). Furthermore, Porter (1996) argued that companies who try to compete in two positions simultaneously will experience major inefficiencies. Porter (1996) further explains that companies have to make trade-offs and that if trade-offs are not made companies will suffer from inconsistencies in image and reputation. However, more importantly, there needs to be trade-offs between business activities themselves since these activities require different equipment, employee behavior, skills and management systems (Porter, 1996). So, an interesting question related to this discussion is: how can newspaper companies operate the traditional business efficiently while at the same time developing new business?

### **1.1 The Coexistence of Old and New**

As has been outlined in the previous paragraphs, new digital media products has been considered as stemming from disruptive technologies (e.g. Picard, 2003; Åkesson, 2009; Nel, 2009). Disruptive technologies have certain characteristics which make them difficult to handle for established firms. Normally a firm is subject to sustaining innovations where the demands and wants of the customer change only gradually over time, and the firm performs incremental changes in order to keep these customers happy (Christensen, 1997). In the newspaper world such incremental changes include e.g. redesigning the newspaper, or adding special sections (American Press Institute, 2006). These incremental changes, large or small, typically appeal to the customers already using the product (Christensen, 1997). However, ever so often a new type of innovation occurs, called “disruptive innovation”, which do not offer an incremental improvement to performance but instead changes the game. The disruptive innovation might provide lower performance along performance dimensions previously used for the sustaining innovation but offsets those factors with new types of benefits, such as convenience, simplicity or ease of use (Christensen, 1997). The products stemming from disruptive technologies attracts other types of customers, typically those who did not use the already existing product because of high costs, lack of skill, access, time or knowledge of how to use it. Mature firms often fail to see the threat of such innovations since they do not match the quality standard of their existing products, fail to appeal to their core customers or operate within different business models. Meanwhile, corporations employing these disruptive innovations do further incremental changes to their products and eventually the performance standards live up to those expected by the customers of the mature firms. The mature firms now notice that the simpler and newer product impact on their sales, but they are often unwilling or unable to respond to the threat, so they instead target more high-end customers, those expecting the highest possible performance, until the disruptive technology incrementally improves to reach even those customers (Christensen, 1997). This means that the sales and profits of the established firms eventually erode, or even collapse, as a consequence of the new disruptive innovation (Christensen, 1997).

Christensen & Davis (2006) asked the question if newspaper organizations can survive these disruptive changes when actors in other industries experiencing the same thing, e.g. video rental stores, did not. Their answer is “yes” and Christensen and Davis (2006) motivated their answer as follows the core product, news, is the basis for many of the industry disruptors, and without news there is not much for bloggers to blog about and aggregation news websites, such as Google News, to write about. Furthermore, newspaper organizations have strong



brands and highly skilled people that are able to produce the news used by these disruptor's through newspapers' core capabilities. Christensen and David (2006) argued that newspapers have only just begun to scratch at their innovation potential and that they, in order to succeed, must learn to look at their market in a new way, invest in new capabilities and the way that they work individually and collectively. For generations advertising has been the core of the newspaper business but this fact has changed since advertisers instead search for other means of communication. For instance, Christensen and Davis (2006) claimed that newspaper companies today are looking to build relationships with customers, create brands and so forth, and this is done better through other means than traditional advertising. The notion that news media corporations have to innovate is also agreed upon by Picard (2006) who argued that these corporations need to seek out other forms of revenues and ways to function but this "will call upon levels of creativity, innovation and entrepreneurship infrequently found in newspapers in recent years".

Despite his emphasis on innovation and new business, Picard stated, although in 2003, that traditional printed news would still be viable for at least a decade. So, even if today's newspaper companies will have to manage two or more businesses at the same time these businesses will need to coexist. However, in addition to the challenges of simultaneously managing new and old business yet another tension within newspaper organizations have been described in management literature and exists, namely, the tension between the editorial and business departments (e.g. Achtenhagen and Raviola, 2009, Küng, 2007). Newspaper organization have often been portrayed as applying so-called duality management, as these organizations have both a commercial point of view while at the same time striving to achieve and tend to a cultural perspective (Achtenhagen and Raviola, 2009, Küng, 2007). According to Küng (2007), research within media management often focus on these challenges, e.g. the conflict between the editorial and business side of the newspaper organization, while leaving out "other more significant tradeoffs" (p. 34) such as the need for these companies to optimize both current operation while at the same time innovating.

As Küng (2007) pointed out managing new and old business is a precarious and complicated task as two or more businesses tend to conflict with each other. Porter (1996) explains that handling two or more businesses mean that the company tries to play two games at the same time with higher costs and the degradation of core activities as a result, in other words the company does not gain a competitive advantage in either business. The primary solution for this dilemma have been to separate the businesses and create separate organizations, this is what Christensen (1997) calls the "innovator's solution". However, this view have been questioned and some scholar argue that separation is not needed in order to handle conflicts between two or more businesses and that integration, with the intent to create synergies, sometimes is the better approach (e.g. Markides, 2008).

The ability of companies to explore new business opportunities within established organizations has been conceptualized as corporate entrepreneurship (CE) (Kollmann and Stöckmann, 2008). This field within management literature focuses on how corporations can explore new businesses and presents ways for how these new businesses should be handled in order to stimulate growth. The field of corporate entrepreneurship also incorporates the

concept of ambidexterity which is a concept describing how to manage old business while simultaneously introducing new business, i.e. performing exploration and exploitation at the same time. O'Reilly and Tushman (2008) mean that ambidexterity consists of certain competences and routines that enable firms to compete effectively in mature markets or with mature technologies and simultaneously adapt to new markets or technologies. The authors further explain that ambidexterity demands that the senior management is able to manage completely different and inconsistent organizational alignment of competencies, systems, structures and cultures.

## **1.2 The Context of the Study**

The problem of the coexistence between old and new business in established organizations studied in this thesis on the basis of a qualitative study conducted at *Göteborgs-Posten* (GP). GP was established as a local newspaper in 1859 in order to serve the Gothenburg area (Gustafsson and Rydén, 2010). GP is the second largest daily morning newspaper in Sweden (after Dagens Nyheter) with 700 000 readers daily in their different publication channels and 215 600 readers for the printed edition (Stampen, 2012; TU, 2012). Today GP offers several digital products and services including web news and web television, an e-newspaper, iPad and iPhone applications, and has been working with different types of digital development for over a decade (Stampen, 2012, Westlund, 2012). GP is a fully owned subsidiary of Stampen AB, a corporation created in 2005 (Stampen, 2012). In 1995 GP established their first online edition and the digital platforms have evolved from there. The company had 350 employees and revenues of 1244 million SEK in 2011 (Stampen, 2012). Since GP has developed a number of new ways to make business the company is considered as a suitable and representative case when investigating how a newspaper organization manages both new and old business and the coexistence between them.

### 1.2.1 Research questions

GP is experiencing turbulent industry changes as the problem discussion above illustrates. As argued in the previous section the total demise of the printed newspaper is not imminent, and until such an event takes place the traditional business will need to coexist with newer digital products. As an established company in the newspaper industry GP has been handling the traditional business since the 19<sup>th</sup> century but in recent years this situation has changed as GP has been implementing, and plans to implement even more, new digital products within the existing organizational framework.

Therefore, the focus of this inquiry will be to investigate how GP has managed the challenges of the coexistence of new and old business. For this purpose the research question guiding this thesis is formulated as follows:

- *How does GP manage the coexistence of new and old business?*

Also, in addition to the question above the thesis also aims at investigating the consequences of GP's way of managing, including the effects of applied management practices. So, the second research question is:

- *What are the consequences of GP's way of managing new and old business?*

## **2 Theory**

This chapter presents definitions of relevant central concepts and outlines the main theoretical frameworks used in the analysis and discussion chapters. The main part of the theory chapter includes theories of how established organizations can explore new business opportunities, and manage tensions between old and new business. Such management theories are researched within the field of corporate entrepreneurship and include the concepts of entrepreneurial management, entrepreneurial orientation and ambidexterity. However, the academic literature also acknowledges another tension specific to the newspaper industry, duality management, and thus the last part of the theory chapter describes this concept and its implications.

### **2.1 The Exploration and Exploitation Dilemma**

In management literature, the notion of new and old business can be connected to the well-established concepts of exploration and exploitation. The foundation of the concept of exploration and exploitation was made by James March in 1991. According to March (1991), exploration includes characteristics captured in the terms search, variation, risk-taking, experimentation, flexibility, discovery and innovation, while exploitation is captured by the terms refinement, choice, production, efficiency, selection, implementation and competence. Exploration and exploitation efforts both compete for scarce resources, and thus, organizations make explicit and implicit choices between the two. However, organizations which promote exploration with the exclusion of exploitation “are likely to find that they suffer the costs of experimentation without gaining many of its benefits” (March, 1991, p. 71) while organizations doing the exact opposite, i.e. excluding exploration in favor for exploitation, “are likely to find themselves trapped in suboptimal equilibrium” (March, 1991, p.71). Due to the characteristics of exploration, i.e. the returns from exploration is less certain and more remote in time than the returns from exploitation, organizations often substitute exploration for exploitation in order to obtain a higher reliability in performance. So, March (1991) stated that “maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity” (p. 71).

Just as March (1991), Tushman and O’Reilly (1997) had a similar way of reasoning and also explained the need for a balance between exploration and exploitation. They meant that incremental change, i.e. exploitation, is sufficient in a context of evolutionary change when there are gradual changes in the external environment, but insufficient when the environment is characterized by periodic discontinuities, i.e. rapid changes or drastic shifts of customer demand. According to Tushman and O’Reilly (1997), organizations develop through longer periods of evolutionary change and these periods are often punctuated by discontinuities including revolutionary changes. Thus, organizations need to be able to manage both evolutionary and revolutionary changes, i.e. be able to both exploit and explore, in order to survive in the long run.

Furthermore, March (1991) indicated that exploration could be very difficult for larger and mature firms. Successful companies learn through their success what management practices works and through periods of evolutionary change they engage in incremental change in order to refine the organization to better accomplish its objectives (Tushman and O’Reilly, 1997).

Such changes are comparatively small and therefore employees perceive them as tolerable. The problem is that as firms grow, they develop structures, systems and processes to handle the increased complexity, and since these structures and systems are interlinked, it becomes very difficult, costly and time-consuming to change them. This result in structural inertia, a resistance to change rooted in the size, complexity, and interdependence among the organizational structure, systems, and formal processes. Additionally, with organizational age and success, cultural inertia sets in which can be even more pervasive than structural inertia. Part of the learning in organizations is embedded in the shared expectations about how things are ought to be done and these expectations are expressed in the informal norms, values, myths and social networks. In a stable environment, the culture is an important component of success since it provides an effective way of coordinating and controlling employees without the need of formal control systems. Nevertheless, when confronted with discontinuous change the same culture could become a barrier to change. Hence, both structural and cultural inertia are important determinants of success in the short term but could also keep the organization stuck in the past, which could lead to failure when sudden shifts in the external environments occurs (Tushman and O'Reilly, 1997).

Unless the organization faces a serious threat, structural and cultural inertia will undermine change initiatives. Hence, the first step in order to overcome structural and cultural inertia is to create a positive organizational crisis (Tushman and O'Reilly, 1997). An organizational crisis could be initiated as a result of a serious external threat, but a more proactive approach is to create a crisis before the threat becomes too serious. Changes in the environment initially surface as opportunities for the firm, but if the firm does not respond to these opportunities in a timely manner they could become serious threats or problems. In order to create a crisis it is essential to identify performance and opportunity gaps (Tushman and O'Reilly, 1997). If the organization does not identify performance and opportunity gaps they become stagnant, avoid risks, and rely on proven ways of doing things. Such organizations reinforce the status quo and become better at competing in the short term but become vulnerable to discontinuous changes taking place in the long term.

Moreover, Tushman and O'Reilly (1997) stated that in order to identify an organization's most important problems and opportunities there needs to be a clear strategy, objectives and vision. It is not possible to make an honest appraisal of the organization's current performance unless the strategy, objectives and vision is clearly defined. The strategy, objectives and vision set the expectations with which actual performance needs to be compared. The performance gap constitutes the difference between the expected performance, as defined in the strategy, objectives and vision, and the actual performance of the organization. It is also essential that every manager in the organization knows the aspirations because if there is any ambiguity it will be difficult to manage effectively in both the long and the short run since employees will strive in different directions. While performance gaps are real and immediate issues, opportunities and opportunity gaps could become potential future problems and performance gaps unless the organization acts today. Exceptional managers strive to obtain an organization without performance gaps and are able to identify future opportunities to act

upon so, instead of waiting for performance gaps to appear, these managers energize the organization now by creating opportunity gaps.

## **2.2 Corporate Entrepreneurship**

How to manage exploration (or entrepreneurship) on an organizational level is researched within the field of corporate entrepreneurship (CE). The concept of CE integrates theories of organizational design and entrepreneurship and focus on the entrepreneurial behavior in larger established organizations (Kollmann and Stöckmann, 2008). The concept of corporate entrepreneurship is well suited to describe how a corporation can create new business, or as Kollmann and Stöckmann (2008) described it, corporate entrepreneurship can facilitate organizational learning which in turn enables the corporation to *explore* new growth opportunities.

According to Kollmann and Stöckmann (2008) there is a consensus within the academic field of CE that the concept follows along three “major intensions”: innovation, venturing and strategic renewal. These three intentions “form a constellation of activities that facilitates the sustainable progress and growth of a firm” (p. 13). For Kollmann and Stöckmann (2008) innovation, “in general, describes the introduction of something new to the market” (p. 13). The authors further explained that the “newness” of an innovation can vary from being a new-to-the-world product or service to minor improvements or adjustments to already existing products or processes. Venturing forms from innovation and concerns the exploitation of a new product or market, where these ventures can be either internal or external. Internal corporate venturing is about creating new business units while external corporate venturing creates joint ventures, spin-offs, licensing or venture capital innovations. Corporate venturing also expands the firm knowledge about a field and serves other purposes than just creating new ventures. For example, venturing also keeps the organization alert and prone to see new growth opportunities. However, the risk with corporate venturing is that it can take the company away from its core competencies which in turn makes the company vulnerable to competitive attacks. There could also be difficulties to integrate the new venture with the existing organization due to differences in culture, goals and strategic priorities. New ventures also demand resources which may create yet more tensions within the organization. Strategic renewal concerns the process of constant adaption to the “ever-changing environmental conditions” (Kollmann and Stöckmann, 2008, p. 13). This is a process which aims at enabling the firm to successfully change structures, corporate strategy and the firm’s business in order to create a competitive advantage. This almost certainly includes a complete overhaul of the current firms operations.

Furthermore, Kollmann and Stöckmann (2008) explained that research about *how* CE is managed in a corporation have resulted in three, somewhat overlapping, approaches: entrepreneurial management, entrepreneurial orientation (EO) and ambidexterity.

### **2.2.1 Entrepreneurial management**

Entrepreneurial management can be defined as a type of management that puts opportunity-based behavior at the center (Stevenson, 1983). The entrepreneurial management approach mainly build on the work of Stevenson (e.g. Stevenson and Jarillo-Mossi, 1990) where the

aim is to find linkages between corporate entrepreneurship and corporate management practices. This also implies that the value creating process behind entrepreneurship can take place in any organization, so CE is a question of management.

Brown, Davidsson and Wiklund (2001) aimed to validate Stevenson's research and explained that Stevenson contradicts two extreme behaviors, entrepreneurial and administrative. The firms that demonstrate entrepreneurial behavior is called *Promoters* while the firms that demonstrate administrative behavior is called *Trustees*. A Promoter tries to pursue and exploit opportunities regardless of resources controlled, while Trustees aim to get the most efficient use out of their current operations. Environmental and business factors are then what drive a company or individual in a certain direction. In Brown, Davidsson and Wiklund (2001) the behaviors of the Promoter or Trustee are conceptualized along eight dimensions, found in Stevenson work: strategic orientation, commitment to opportunity, commitment of resources, control of resources, management structure, reward philosophy, growth orientation and entrepreneurial culture (see Table 1).

The first of the eight dimensions, strategic orientation, describes the factors that drive the corporate strategy (Brown, Davidsson and Wiklund, 2001). The Promoter is driven by opportunities that exist in the external environment and not by the resources required to exploit those opportunities. On the other hand, Trustees aim to use the current resources of the firm as efficiently as possible and only opportunities that stem from current resources are relevant to the firm. The commitment to opportunity dimension relates to strategic action, where the Promoter is action-oriented and can both commit to opportunity and quit at a rapid pace while the Trustees tend to be more analysis-oriented which gives way for a slower and more inflexible behavior towards new opportunities. For a Trustee to pursue an opportunity would incur a larger initial investment and a heavier commitment than from a Promoter. On the other hand, a Promoter aims to maximize the value creation of an opportunity without having to spend firm resources, which usually entail testing of opportunities with the possibility to discontinue the new business at any stage with little effort involved. Trustees instead tend to spend more on less reversible resources and thus have a deeper commitment to resources. With regard to the control of resources, Promoters, to a greater extent than Trustees who favor ownership of resources, seek resources outside of the organization and become skilled at exploiting the resources of others.

The management structure of the Promoter is flatter and less hierarchical than the Trustee, and non-traditional means of organizing and more frequently used in Promoter firms than in Trustee firms (Brown, Davidsson and Wiklund, 2001). While Promoter firms encourage employees to seek out opportunities at every turn Trustee firms instead focus on hierarchy and systems of control. The reward philosophy also differs in Promoter and Trustee firms where the Promoter's reward system depends on the value creation process while Trustees instead base rewards responsibility on resources and seniority. The growth orientation of Trustee firms is slower because faster growth may jeopardize the resources already accumulated by the firm while the Promoter firm prefers quick and rapid growth. In addition, in Promoter firms the entrepreneurial culture makes sure that ideas are taken care of and turned into

opportunities for the firm, while in the Trustee firms there might be a lack of ideas or just enough ideas to match current resources of the firm.

<b>Entrepreneurial focus (Promoter)</b>	<b>Conceptual dimension</b>	<b>Administrative focus (Trustee)</b>
Driven by perception of opportunity	<b>Strategic orientation</b>	Driven by controlled resources
Revolutionary with short duration	<b>Commitment to opportunity</b>	Evolutionary with long duration
Many stages with minimal exposure at each stage	<b>Commitment to resources</b>	A single stage with complete commitment out of decision
Episodic use or rent of required resources	<b>Control of resources</b>	Ownership or employment of required resources
Flat, with multiple informal networks	<b>Management structure</b>	Hierarchy
Based on value creation	<b>Reward philosophy</b>	Based on responsibility and seniority
Rapid growth is top priority; risk accepted to achieve growth	<b>Growth orientation</b>	Safe, slow, steady
Promoting broad search for opportunities	<b>Entrepreneurial culture</b>	Opportunity search restricted by resources controlled, failure punished

**Table 1. Stevenson's conceptualization of entrepreneurial management (Brown, Davidsson and Wiklund, 2001)**

Another approach to entrepreneurial management is found in Wolcott and Lippitz (2010) who suggested another way in which companies approach and manage CE where the concept of organizational ownership and allocation of resources are at the core. The ownership concerns who in the organization owns the development of new opportunities; it could be focused within a specific group or diffused across the organization. The allocation of resources concerns how the development of new opportunities is financed, through dedicated resources or in an ad hoc manner through divisional or corporate budgets. Wolcott and Lippitz (2010) used these two dimensions in order to create a framework of four models for CE (see Figure 1).



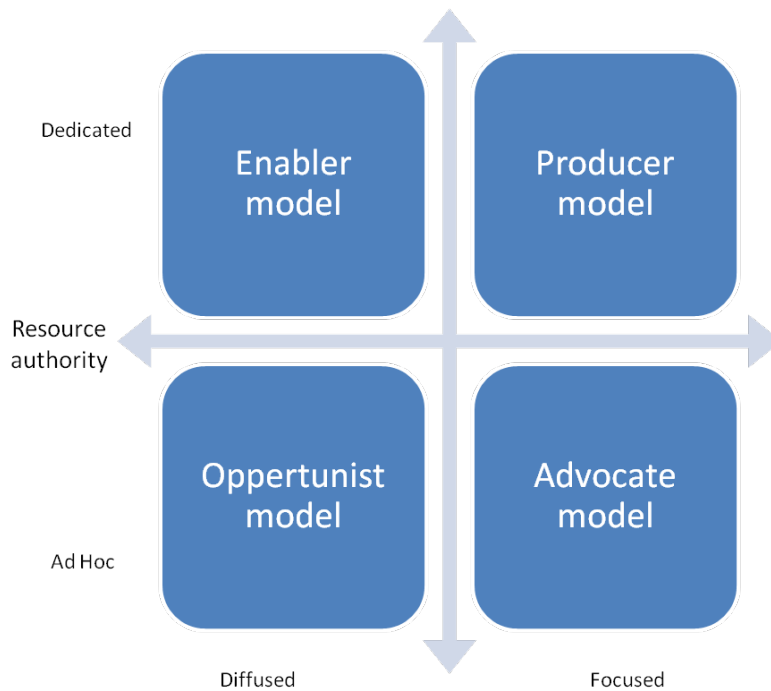


Figure 1. Wolcott and Lippitz's (2010) model of corporate entrepreneurship

The *opportunist model* (ad hoc financed with diffused ownership of development activities) is where all companies start and the remaining models merges depending on the strategic choices the company takes in their CE developments. In the opportunist model serendipity and a few project champions tend to the development of new business. This type of model works well in trusting corporate cultures which are open to experimentation and have diverse social networks, e.g. provides multiple locations and structures in which executives can accept proposals for new business. However, when an organization becomes more serious about organic growth they will need a more structured way of finding and exploring opportunities and as more routines and structures for exploration efforts are set in place organizations move away from the opportunist model towards the other three models found in Wolcott and Lippitz (2010). The other three models are; the *enabler model* (dedicated funding but diffused ownership), the *producer* (focused ownership and dedicated resource authority) and the *advocate* (focused ownership and ad hoc resource authority).

The idea behind the enabler model is that employees across the organization will be willing to develop new concepts as long as they get the adequate support, and thus, the goal of the enabler model is to assist entrepreneurial employees and teams (Wolcott and Lippitz, 2010). Critical success factor of the enabler model is executive engagement and to invest in personnel development. It is also important to spend time and effort on recruiting, since it essential to make sure that the employees have entrepreneurial attributes. The output of the enabler model is proven concepts within the strategic frame of the company. It can also promote entrepreneurial activities if substantial collaboration and ideation already exist at the grassroots level. Typical challenges of the enabler model is to maintain a coherence with respect to the corporate brand and to make sure that ideas and projects get the support they need.

In the advocate model, an advocate group works as Promoters and innovation experts by facilitating corporate entrepreneurship in conjunction with the business units (Wolcott and Lippitz, 2010). The strategic goal of the advocate model is to reinvigorate or transform business units. The advocate model could be useful for those companies that wish to accelerate the growth of established divisions since the output of the advocate model is new businesses that are relatively close to the business units' core. Typical challenges with the advocate model are to overcome short-term pressures and find "business builders" among executives that are normally rewarded for execution rather than innovation.

The producer model's strategic goal is to exploit crosscutting or disruptive opportunities and could be useful for companies that wish to conquer new growth domains (Wolcott and Lippitz, 2010). Business units often have short-term pressures that discourage them from exploring new growth platforms and the producer model can help overcome these pressures. Additionally, the producer model also aims to protect new projects from turf battles and encourage cross-unit collaboration. The output of this model is self-sustaining or disruptive new businesses that may or may not fit within the existing business units. The main challenges of the producer model are successful reintegration of projects into the organizational core and lack of business-unit support.

Wolcott and Lippitz (2010) also added that independently of what model a company chooses, there are additional challenges related to growth. When the throughput of new opportunities increases, new bottlenecks arise and it becomes more difficult to find organizational homes for new business. Getting a new concept to market and scaling up the business put pressure on the whole delivery system, including supply chains and channels. It also gets more difficult the more distant the new concept is from the core business. Wolcott and Lippitz (2010) argued that the existing literature offer little guidance of how to deal with these issues but their research has pointed out some potential practices that could help (p. 82) for instance, consider business systems holistically and systematically up front; select two or three of the core business's focal capabilities for business system innovation and build new competencies in those areas; explicitly address business unit disincentives for adopting immature business; and recruit forward thinking "business builder" managers.

### **2.2.2 Entrepreneurial orientation**

The second concept about how to manage CE, entrepreneurial orientation (EO), entails the mindsets of firms (Kollmann and Stöckmann, 2008). Firms with a high EO will engage in product market innovation, undertake risky ventures, and is among the first to come up with proactive innovations in order to beat their competition. Lumpkin and Dess (1996) stated that five dimensions: risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy, is useful in describing the EO and how companies are able to create new business. Brown, Davidsson and Wiklund (2001) used three of these dimensions when validating the conceptual frameworks by Stevenson in order to determine which of the two instruments, entrepreneurial management or EO best describes the overall CE within a firm and find that a combination of these two concepts is preferable.

A shortcoming of Stevenson's framework, described in the previous section about entrepreneurial management, is that it describes two ends of extremes and fails to investigate the middle alternative, e.g. doing both Promoter and Trustee activities, or exploration and exploitation at the same time. In addition, the framework does not include conceptualization of corporations which does not fall into either of these categories. The next framework can remedy these shortcomings.

A typology commonly used in relation to business level strategy is found in Miles and Snow (1978) where the authors aim to explain organizational adaptation in relation to the product-market domain (e.g. strategy) and construct mechanisms (e.g. structure-processes) within organizations. This framework is useful in order to determine which direction an organization takes depending on strategic choices and the implications these choices should have on the structure and processes within the firm. The framework also enables researchers to view organizations, which usually are very complex, as an integrated and dynamic whole.

Miles and Snow (1978) identified four different strategic orientations which all differ in the rate of change in their organizational domain. Firms classified as Prospectors (i.e. Promoter in Stevenson's framework), Defenders (i.e. Trustees in Stevenson's framework), or Analyzers (a mix of a Prospector and Defender), each employ a strategy and subsequent changes to their organization which are in line with these respective firms' answers to a set of problems. Miles and Snow (1978) also identifies a fourth organizational type, the Reactor, which tries to solve the same problems as the previous organizational types but fail to unify a response because of a lack of a clear strategy. So, this organizational form is seen as dysfunctional within the framework and should be avoided as other organizational types outperform the Reactor (Zahra & Pierce, 1990).

The Defenders, in the Miles and Snow (1978) framework, emphasize a niche within their market and this position is preferable in stable environments. Defenders ignore trends outside of their own domain and strongly defend their own "turf". They also promote efficiency in production and distribution and keep strict control of the organization in order to ensure efficiency. Thus, the Defenders' structures and processes can be described as mechanistic, e.g. emphasis hierarchies and central decision making. The risk with the Defender strategy is their inability to respond to major shifts in the market environment.

Prospectors, on the other hand, constantly try to look for opportunities to explore (Miles and Snow, 1978). Thus, this position is preferable in a dynamic environment since the prime capability is to find and exploit new product and market opportunities. Thus, Prospectors reputation as innovators is perhaps more important than high profitability. Prospectors also working within a broad domain of business areas many which is in a constant state of development. This strategy requires a lot of flexibility in technological and administrative systems, and thus, the administrative systems aim to facilitate rather than control organizational operations. So, the structure and process mechanisms must be organic, e.g. focus on decision decentralization and team work. The risks associated with the prospector position are low profitability and overextension of resources.

The third strategic orientation, Analyzers, combines the Defender and Prospector strategies in order to both explore new opportunities while at the same time exploiting current markets. Analyzers' approach towards adaptation is balance, since they aim to combine the strengths of both Defenders and Prospectors, and thus, minimize risk while maximizing the opportunity for profit. Analyzers move towards new markets, but only after a Prospector have proven the market's viability. On the other hand, the main share of the revenues comes from the fairly stable set of products and customers. Thus, Analyzers must be able to respond quickly to new opportunities but must also have efficient operations within their traditional market. This also implies that the administrative systems of an Analyzer must be able to accommodate both dynamic and stable areas of operation. However, the risk with the Analyzer strategy is to lose balance between efficiency and effectiveness.

### **2.2.3 Ambidexterity**

Since a lot of the corporate entrepreneurship literature focus on exploration or the entrepreneurial processes within organizations, the concept of ambidexterity fills a specific gap since it focuses on the challenge of simultaneously exploring and exploiting (Kollmann and Stöckmann, 2008; O'Reilly and Tushman, 2008). A definition of ambidexterity or ambidextrous management is "the dual management of seemingly opposing tasks forcing managers to accept the challenge of paradox management" (Kollmann and Stöckmann, 2008, p. 17). The concept of ambidextrous management has been used in different situations of paradox management e.g. when implementing incremental versus revolutionary change, addressing issues such as efficiency versus flexibility, differentiation versus low-cost strategic positioning, or global integration versus local responsiveness (Kollmann and Stöckmann, 2008). Markides (2008) also applied the concept of ambidexterity when implementing new business models into an established organization and O'Reilly and Tushman (2008) meant that ambidexterity consists of certain competences and routines that enable firms to simultaneously compete effectively in mature markets or technologies and adapt to new markets or technologies.

However, pursuing both exploitation and exploration in the same organization is a complex task since it requires that senior management is able to manage completely different and inconsistent organizational alignment of competencies, systems, structure and culture (O'Reilly and Tushman, 2008). As a consequence of the opposing requirements of exploration and exploitation, they also have different key success factors. The key success factors of exploiting are a short term perspective, efficiency, discipline, incremental improvements and continuous innovation while the key success factors of exploration are a long term perspective, autonomy, flexibility, risk taking and less formal systems and control (O'Reilly and Tushman, 2008). Markides (2008) argued that these types of differences between new and old businesses create conflicts and trade-offs that make the coexistence difficult. For instance, Porter (1996) meant that it is a huge risk to compete in the same industry with two different strategic positions since the activities of the new business risk degrading the value of the activities in the old business.

The difficulties and risks with simultaneously pursuing exploration and exploitation activities have made many researchers come to the conclusion that the old and new businesses should

be separated (e.g. Bower and Christensen, 1995; Porter, 1980; Tushman and O'Reilly, 1997). Bower and Christensen (1995) suggested this solution for disruptive technological innovation and meant that the new business have to be protected from the old business' culture, processes and incentives that are geared towards serving the old business' customers. Furthermore, Bower and Christensen (1995) argued that the new business should be kept separated from the old business even when the new business' market becomes large and commercially viable since integration will result in conflicts over resource allocation policies. Tushman and O'Reilly (1997) argued that exploration and exploitation should be pursued in subunits that are physically, culturally, and structurally separated from each other. Research in strategy show similar reasoning, for example Porter (1980) argued that firms which try to pursue different strategies simultaneously risks ending up with a mediocre performance in both businesses.

Markides (2008) had another line of reasoning and argued that separation does not guarantee success. Some organizations have used a separation strategy and still failed while other organizations integrated the new and the old businesses and succeeded. Markides (2008) meant that a separation strategy involves both benefits and costs. Keeping the businesses apart might help manage the conflicts between them but the cost is the failure to exploit synergies. On the other hand, the cost of integration is the conflicts that arise between businesses, but the benefit is that it is easier to exploit synergies. Thus, Markides (2008) meant that there is no single and correct answer to the question whether to separate or integrate new and old businesses, and suggested to apply a contingency perspective. There are two key variables that influence whether a firm should separate or integrate the old and the new business (Markides, 2008, p. 87):

- How serious the conflict between the two businesses are – because this determines whether a separation strategy would be especially beneficial or not
- How strategically similar the new market is perceived to be to the existing business – because this determines how important the exploitation of synergies between the two will be

To measure the strategic similarity, the strategic importance and relatedness of the underlying strategic assets in the two businesses should be investigated. The focus is not the one between two markets at the aggregate level (Markides, 2008). Two markets are related if a strategic asset can be taken from one and used in the other. If the strategic asset of business X is transferred to business Y, business Y clearly benefits from the transfer. Whether this create a competitive advantage in business Y depends on whether the competitors in business Y are unable to quickly and cheaply get their hands on the same strategic asset as just have been transferred.

A compilation of Markides's (2008) reasoning for evaluating whether a new business should be integrated or separated from the old business is illustrated in Table 2.

## Should the old and new businesses be integrated or separated?

*How serious are the conflicts between the businesses? E.g. the risks of (Markides, 2008, p. 16):*

- cannibalizing the existing customer base
- destroying or undermining the value of the existing distribution network
- compromising the quality of service offered to customers
- undermining the company's image or reputation and value associated with it
- destroying the overall culture of the organization
- adding activities that may confuse employees and customers regarding the company's incentives and priorities
- defocusing the organization by to do everything for everybody
- shifting customers to high-value activities to low-margin ones
- legitimizing the new business, thus creating an incentive for still more companies to enter this market

*How strategically similar are the old and the new markets? Evaluate:*

- the relatedness between the strategic assets in business X and the strategic assets in business Y.
- the difficulty for competitor to acquire or develop the related assets.

**Table 2. Reasoning behind separation of new and old business (Markides, 2008)**

According to the contingency perspective of Markides (2008), the two dimensions result in four different strategies for how to manage new and old businesses (see Figure 2). If there are serious conflicts and a low strategic similarity between the old and the new businesses, the businesses should be separated (Markides, 2008). On the other hand, if there are minor conflicts and high strategic similarity between the old and the new businesses, they should be integrated. Markides (2008) also suggest that phased integration or phased separation could be used, which means that the new unit is either initially separated and then integrated into the old business, or initially integrated and later separated from the old business. When the new market is fundamentally different from the old market but there are no serious conflicts between the businesses it could be beneficial to let the new business grow inside the established firm in order to take advantage of existing assets before separating it into an independent unit. When the new and old markets are strategically similar but the businesses face serious conflicts it is suggested that the businesses should be separated first and later integrated in order to minimize conflicts.

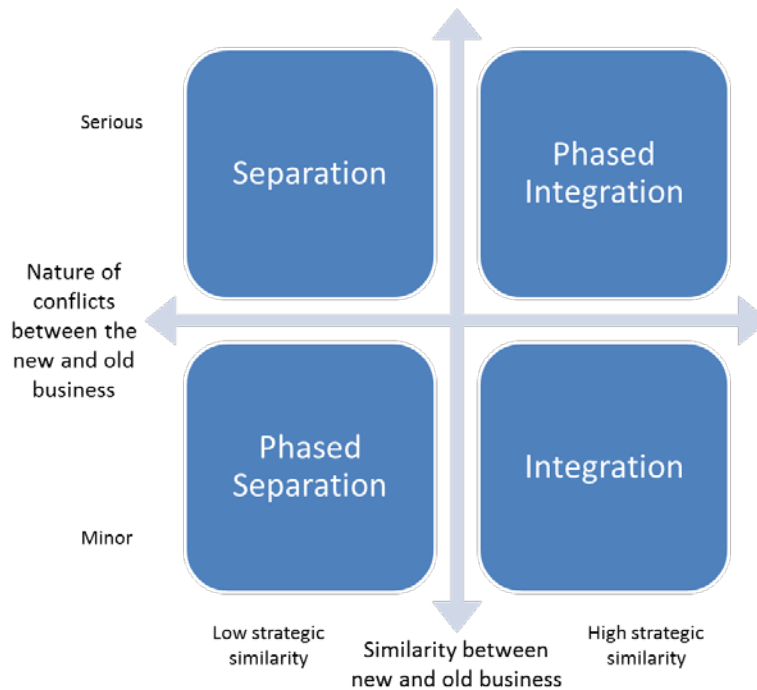


Figure 2. Strategies for organizing old and new business (Markides, 2008)

Even though the dimensions, seriousness of conflicts and similarity of markets could be used as a guide in order to determine whether to integrate or separate the new businesses, it is only two dimensions of many. As argued by Markides (2008), neither the separation or integration strategy will guarantee success and firms need to decide how to manage the businesses once the separation or integration decision has been made.

In the literature, there are plenty of suggestions for organizations of how to become more ambidextrous, i.e. how to simultaneously manage exploration and exploitation. Markides (2008) meant that companies adopting the separation strategy will do better if they give the new unit operational and financial autonomy but, at the same time, keep close watch over the strategy of the unit and encourage cooperation by using a common incentive and reward system for the old and new business. Furthermore, the unit should be allowed to develop its own budget system and culture, and have a CEO of its own, but the CEO should be someone transferred from the inside of the organization. On the other hand, the companies that adopt the integration strategy will do better if they see the new business as an opportunity rather than a threat and approach the task in a proactive and strategic manner rather than as a hasty thoughtless reaction to a problem (Markides, 2008). Additionally, rather than imitating the strategies of others, the management should apply the strengths of the traditional business to find ways to differentiate themselves. Finally, the management should take extreme care not to suffocate the new business by existing policies of the firm.

In addition to the suggestions of Markides (2008), O'Reilly and Tushman (2008) have some further suggestions of how organizations should manage ambidexterity. The first suggestions are related to strategy and the creation of a common identity and a unified outlook. They argued that if there is no compelling and rational logic for both exploitation and exploration efforts, exploration will be sacrificed in order to obtain short-term profit maximization. Thus, the likelihood of ambidexterity increases when there is a compelling strategic intent which

justifies the importance of both exploitation and exploration. O'Reilly and Tushman (2008) also emphasize the importance of common vision and values. The authors meant that a vision and common values instill purpose and meaning for the people within an organization and promote a long term perspective that is necessary for exploration. Hence, the likelihood of ambidexterity increases when there is a common and articulated vision and values that generate a common identity. Furthermore, the likelihood of ambidexterity increases when there is a clear consensus among the senior team about the unit's strategy, relentless communication of this strategy, and a common fate incentive system. There need to be consensus among senior management about the importance of both exploitation and exploration and the senior management also need to legitimize and protect exploratory efforts. The incentive system should reward managers according to the overall performance of the company, not according to the performance of single businesses.

As many other researchers, O'Reilly and Tushman (2008) are advocates of the separation strategy and argued that the likelihood of successful ambidexterity increases with separate aligned organizational architectures (i.e. business models, competencies, incentives, metrics, and cultures) for explore and exploit subunits. However, in accordance with Markides (2008), they argue that it is still necessary to use targeted integration. A common mistake is that the senior management does not integrate the new business, or even worse, burden the new business with systems and thinking from the old business, e.g. financial reporting, IT systems, HR processes, etc. Thus, ambidexterity requires senior-level integration for strategic issues and tactical integration to leverage company assets. Finally, O'Reilly and Tushman (2008) meant that the likelihood of ambidexterity increases when senior leadership tolerates contradictions of multiple alignments and is able to resolve the tensions that ensue. Since there is an inevitable conflict between exploiting and exploring senior management need to be able to handle conflicts and encourage strategic debate.

Rather than providing long lists of suggestions of how to become more ambidextrous, Markides (2008) meant that it could be better to develop a way of thinking about it, i.e. how could managers achieve ambidextrous behaviors in their organizations? Markides (2008) recognized that it is the underlying organizational environment that creates the behavior that can be observed within an organization. Thus, in order to change the organizational behavior, managers need to focus on changing the organizational environment. The four parts of the organizational environment are (Markides, 2008, p. 115): the culture of the company, which includes its norms, values, and unquestioned assumptions; the structure of the company, comprising not only its formal hierarchy but also its physical setup as well as its systems (information, recruitment, market research, and the like); the incentives in the company, both monetary and non-monetary; and finally, the company's people, including their skills and attributes (see Figure 3). Thus, if a company wishes to pursue both exploration and exploitation, managers need to put in place a culture, structures, incentives, and people that promote and encourage ambidextrous behaviors.





Figure 3. Model of the organizational environment (Markides, 2008)

## 2.2.4 Summary of corporate entrepreneurship theory

Finally, as a conclusion to the theory discussed above a summation of the corporate entrepreneurship theories and concepts has been added (see Table 3). The table includes the concepts discussed in the previous sections of how to manage corporate entrepreneurship: entrepreneurial management, entrepreneurial orientation, and ambidexterity.

Concepts of <i>how</i> CE is managed	Definition	Focus	Research and authors
<b>Entrepreneurial management</b>	A type of management that puts opportunity-based behavior at the center (Stevenson, 1983)	Focus more on new business and entrepreneurial activities rather than old business	<ul style="list-style-type: none"> <li>• Promoter described as more entrepreneurial and trustees as more administrative (Brown, Davidsson and Wiklund, 2001)</li> <li>• Four management models, depending on ownership and resource utilization choices towards entrepreneurship (Wolcott and Liptiz, 2010)</li> </ul>
<b>Entrepreneurial orientation (EO)</b>	Firms with a high EO will engage in product market innovation, undertake risky ventures, and is among the first to come up with proactive innovations to beat their competition (Kollmann and Stöckmann, 2008)	Focus on the mindsets of firms	<ul style="list-style-type: none"> <li>• Five dimensions of EO: risk taking, innovativeness, proactiveness, competitive aggressiveness and autonomy (Lumpkin and Dess, 1996)</li> <li>• Adding the middle alternative (between trustee and promoter), Miles and Snow's (1978) typology of strategic orientations</li> </ul>
<b>Ambidexterity</b>	Ambidexterity consists of certain competences and routines that enable firms to simultaneously compete effectively in mature markets or technologies and adapt to new markets or technologies (O'Reilly & Tushman, 2008)	Focus on the challenge of simultaneously pursuing old and new business	<ul style="list-style-type: none"> <li>• Differences between old and new businesses create conflicts and trade-offs which hinders ambidexterity (Markides, 2008)</li> <li>• Structural issues emphasized as key factors and conflicting views by scholars (Bower and Christensen, 1995; Porter, 1980; Tushman and O'Reilly, 1997, Markides, 2008)</li> </ul>

Table 3. Summary of theories of how to manage corporate entrepreneurship

## 2.3 Duality Management

The newspaper organizations have often been portrayed as applying duality management, as these organizations have both a commercial point of view while at the same time wanting to achieve an artistic perspective (e.g. Achtenhagen and Raviola, 2009, Küng, 2007). Newspaper organizations thus need to be able to tend to opposing demands "which might form an entity without becoming a unity" (Achtenhagen and Raviola, 2009, p. 33). The duality management practices found in newspapers often cause organizational tensions as the both sides of the duality, the commercial and publicist, is represented by two different product managers, the publisher (or CEO) who is responsible for circulation which drives advertising sales and the editor-in-chief who is responsible for the daily newspaper product (Achtenhagen and Raviola, 2009). This can lead to discrepancies between the two sides and also creates walls within the organization.

However, a termination of the duality management structure will be difficult since much of this organizational interplay is ingrained in the organization and makes up a part of the organizational identity (Sigelman, 1973). The separation of the editorial and business sides was first established in order to ensure that journalists continues to be independent and able to explore stories without the influence of commercial interests (Achstenhagen and Raviola, 2009). But now, because of the changing demands of readers there is an ever-increasing flow of information from various sources, where newspapers might find it challenging to keep up with their readers' expectations and find ways to keep them satisfied (Achtenhagen and Raviola, 2009). The wall between the business and editorial side does not make the task of changing duality management structures any easier since the practice of separation implies a daily battle between interests which in turn, of course, affect the overall performance of the company (Achtenhagen and Raviola, 2009).

van Weezel (2009) argued not to discontinue working with duality, but to decrease the influence of the management practice. Thus, integration between departments becomes a key measure of performance in newspaper firms. Newspaper organizations have often been structured in "silos" with walls between the different structures but now the need for integration is increasing due to sought out convergence (van Weezel, 2009). According to Quinn (2004) companies seeking out convergence strive to convey content on multiple platforms. Westlund (2012) also talked about the duality within newspaper organizations, but adds another dimension, namely the IT-department. The IT-department has become more important because of the requirements on newspaper organizations to become available anytime and anywhere independent of platform. The process of convergence has also put pressure on the old (printed newspaper) organizations to integrate with other parts of the organization in order to attend to the various demands of customers. Furthermore, in Westlund's (2012) research what he calls "cross-media newswork" e.g. convergence, have enabled a greater need for collaboration and integration, and a breakdown of the silos in the "old" newspaper organization. According to Quinn (2004), the convergence process within newspaper organizations has three goals, to reach the largest possible audience, cut costs and increase profitability overall. Thus both integration and convergence becomes key instruments for newspaper organizations trying to adapt to new conditions. However, the process of convergence and integration comes with a number of challenges. Quinn (2004) describes that newspaper organizations need ways of dealing with conflicting goals, both "telling the truth and making money", thus managing the demands of both editorial and business perspectives. So, the duality management structures creates yet an organizational tension within newspaper firms, between the two sides of the organization and between other department since newspaper have had the heritage of organizing in "silos" (van Weezel, 2009).

### **3 Methodology**

This chapter outlines the foundations and specific procedures of which this thesis work was undertaken. Thus, in accordance with academic traditions and procedures emphasized in methodology literature the chapter will include a description of the research strategy and design, method, and data analysis techniques, as well as an evaluation of the trustworthiness of the study.

#### **3.1 Research Strategy and Design**

Bryman and Bell (2011) acknowledge that the research strategy could be explained as the general orientation of the research and that the scientific community recognizes two different research strategies, quantitative and qualitative, as the common norm. These two research strategies differ in the way that the collection and data analysis are carried out. This study conforms to a qualitative research strategy since qualitative methods and analysis procedures were used. The research strategy was selected on the basis of the characteristics of the research question which aim is to get a thorough understanding in the specific research area of focus at GP, namely how to manage the coexistence of new and old business and the consequences of such a way of management. So, rather than taking on a deductive approach (which aims to test a hypothesis), this research conforms to the abductive relationship between theory and research. This is a flexible approach and it enables the researcher to make adjustments to selected theory as the empirical investigation unfolds (Bryman and Bell, 2011).

The research design refers to the framework for collection and analysis of data (Bryman and Bell, 2011). For this thesis, the case study design has been applied and the selected case is the newspaper organization, *Göteborg-Posten* (GP). According to Stake (1995) the selection of case (or cases) should be based on the opportunity to learn. For this thesis, GP is considered as a good case for learning about the coexistence of new and old business within the newspaper industry which GP has experiences of since GP has made serious attempts in exploring new digital opportunities while at the same time working on their traditional business. Yin (2003) described that a representative or typical case seeks to explore a topic that exemplifies an everyday situation or form of organization. GP is not alone in searching for successful new digital business while at the same employing a traditional business and is therefore a relatively typical case within the newspaper industry in Sweden.

Even though the overall objective of this study was to get a better understanding of the specific case of GP and how GP has been able to manage the coexistence of new and old business, a part of the empirical investigation included a small benchmark study of ten other newspapers. The benchmark study gave an overview of the present state in digital development within this cross-section of the newspaper industry. The industry section in the empirical investigation-chapter was built upon this inquiry and the reasoning behind the study is further presented below.

##### **3.1.1 Research methods**

Bryman and Bell (2011) described research methods as techniques for collecting data, such as interviews, focus groups or customer surveys. The research methods used for this particular

thesis were interviews and observations. The primary source of empirical material came from interviews and observations, and secondary data was used in relation to the benchmark study. A total of eight interviews were performed in which seven were face-to-face interviews and one through telephone (more information about the interviewees in Table 4). The observations consisted of focus group interviews with GP’s customers which were held at two occasions. These focus groups were organized by an external partner of GP and the authors had no influence over either the selection of participants or the questions asked and could only make an observation of the proceedings. The observations were made in the same room as from where personnel from GP monitored and commented on the proceedings of the focus groups. The actual focus groups took place behind a one-way mirror wall from where the other room could watch in during the process.

Title	Organizational belonging	Member of the DUG
Head of Digital Development B2C	Business	Yes
Coordinator - Digital Business	Business	Yes
Head of News Desk	Editorial	No
Deputy Editor-in-Chief	Editorial	No
Head of Communication and Analysis	Business	No
Strategic Business Developer	Business	Yes
Head of Digital Development B2B	Business	Yes
Head of Circulation	Business	No

Table 4. Interview respondents listed in chronological order

According to Bryman and Bell (2011), research carried out with a qualitative research strategy uses so-called qualitative interviews which is more flexible and unstructured than the interviews performed in quantitative research. With qualitative interviews there is also an interest in the interviewees’ point of view. The interviews performed with employees at GP conform to the qualitative interview, and more specifically could be described as semi-structured. In semi-structured interviews the researcher has a list of questions on fairly specific topics to be covered, often referred to as an interview guide, but the interviewee has a great deal of flexibility in how to reply (Bryman and Bell, 2011).

The face-to-face interviews took place at GP’s office building in Gothenburg. Before each interview, an interview guide was prepared and sent to the interviewees (see Appendix 1). The interview guides were structured around Markides’s (2008) organizational environment framework which constitutes four areas; culture, structure, incentives, and people (described in the theory chapter) but also included other questions around new and old business at GP. Markides’s (2008) framework was an inspiration in the empirical investigation and was mainly used in order to structure interviews and not as a means of analysis of the gathered empirical data. The interviews followed the interview guides but additional questions were

asked spontaneously as the interviewees came across interesting subjects or if topics needed to be explained more in-depth. All interviews were recorded and transcribed word-by-word.

The selection of the sample of interviewees was based on their insight into issues of interest and/or in order to hear various perspectives from members of different departments. The snowball effect was also used in the sampling of interviewees, as the researchers were able to secure further interviews upon meeting respondents in connection with, among other meetings, the focus groups interviews.

As a part of the thesis and for the benefit of GP a benchmark study was added to the overall thesis work. The benchmark study was performed through the study of 10 large newspapers world-wide, the selection of the newspapers were made in cooperation with GP. The selected newspapers were Aftonbladet, Dagens Industri and Svenska Dagbladet from Sweden, Børsen and Jyllands-Posten from Denmark, The Financial Times and the Guardian from the UK and the New York Times, USA Today and Wall Street Journal from the US.

The focus of the benchmark study was to find connections between the investigated newspaper companies and also to find financial measures to see if digital initiatives had been successful. GP also wanted to know what kind of packages of products that the newspaper marketed, and the prices and content of said packages. The benchmark study was presented at a seminar at GP together with the results from the external focus groups. The results of the benchmark study are found in the empirical investigation.

### **3.2 Data Analysis**

According to Bryman and Bell (2011) common techniques used to acquire and analyze data differs depending on the chosen research strategy. Bryman and Bell (2011) highlighted that there is no clear-cut rules, as present within quantitative research, in how a data analysis should be carried out in relation to qualitative research and investigations. However, coding is the main feature of most of qualitative analysis approaches. Yet, there are no clear conventions of how this coding should be performed, however, there are some broad guidelines. Most analyses in qualitative research include what Bryman and Bell (2011) referred to as a thematic analysis. The definition of thematic analysis differs among researchers, a so called theme could be the same as a code, a theme can also transcends codes, or a theme can build on codes (Bryman and Bell, 2011).

The first step of the analysis process was performed by dividing the transcript material from the interviews into different categories or codes. This first step generated approximately 50 different categories or codes. A few examples of the codes generated in the first step of the analysis are strategy, two worlds, credibility, integration and communication. For example the quote: “we have two “tracks” within the company, the editorial and the commercial” was coded into the “two worlds” category since the respondent talks about the two adjacent sides found within the organization.

The next step was to describe and establish the relationships between these categories. Once relationships between categories were established, it was possible to group categories into larger groups, which, for the purpose of this thesis, were called themes. For example the codes

two worlds, credibility, communication, integration, low understanding, and silo were brought together under the common theme of duality, which later was put within the even larger theme of organization. The themes found during the analysis were named according to a category included in the theme or by a wider business concept appropriate to describe the overall theme. The themes established in the analysis process formed the structure found in the analysis chapter.

### **3.3 Evaluation of the Study**

In order to evaluate research most researchers use the canonical concepts of validity and reliability. However, as this research has been carried out with a qualitative research strategy, the characteristics of the design and methods used make these concepts improper to use. Thus, in order to evaluate this study, another concept commonly used in qualitative research has been utilized. This alternative approach, suggested by Lincoln and Guba (1985), propose that trustworthiness is a useful criterion for the assessment of a qualitative study. Trustworthiness has four sub-criteria; credibility, transferability, dependability and confirmability (Bryman and Bell, 2007) and a definition of each of these criteria, and how they are achieved in this thesis are described in Table 5.

Concept	Definition	How this was achieved in this thesis
<b>Credibility</b>	Researchers using this type of methodology stress that there could be multiple accounts of social reality. If multiple explanations to a certain phenomenon exist then the account with the most credibility will be the most widely accepted. Credible research is performed in manners which are accepted by members of the research community.	The research was carried out according to good practices as it used such practices as respondent validation (i.e. the empirical investigation and analysis were sent to the respondents for confirmation) and triangulation (i.e. two methods, interviews and observations, and several sources of data was used).
<b>Transferability</b>	Concerns whether or not the research findings can be transferred (and replicated) under the same circumstances in a different environment. The common notion regarding this concept, in qualitative research, is that transferability is very hard to come by, and the findings will not often hold in different contexts or milieus. The use of a thick description (Geertz, 1973), where the researchers in detail describes the culture wherein the findings were made counteracts this problem since other researchers will be able to determine themselves if the research findings can be transferred or not.	This thesis attains a high degree of transferability since it provides a rich and detailed description of the context of the study as well as of the particularities in the case. Further material, such as field notes, also describes the culture and has been archived in relation to the study.
<b>Dependability</b>	In order to achieve dependability researchers should adopt an auditing approach and keep all records, transcripts or other data related material in an easily accessible place in order to for it to be shared with other researchers. This enables auditing of the research both during the project and afterwards.	Complete records have been kept during all phases of the research process, including drafts of problem formulation, fieldwork notes, interview guides, transcripts and data analysis notes.
<b>Confirmability</b>	Establishing the confirmability of any research should be the objective of authors. The researcher should act in good faith and make sure that personal values or theoretical inclinations do not influence the research outcome.	The researchers have acted in good faith and have been careful not to let personal values or theoretical inclinations sway the conduct of the research or the findings derived from it.

Table 5. Definition of the sub-criteria of trustworthiness and evaluation of the study



## **4 Empirical Investigation**

This chapter provides a description of the empirical findings from the benchmark study, the interviews of key personnel at GP and the focus group observations. The chapter has been structured into two main sections: the industry and the case. The industry section describes the results from the benchmark study while the case sections include a description of GP and their digital development, new and old business at GP, structure and processes; people, mindset and attitudes; measures and incentives, and finally a description of the culture at GP.

### **4.1 The Industry**

In order to get a better understanding of the industry, and for GP's benefit, a benchmark study was performed in addition to the other methods of investigation in this thesis. The benchmark study included ten large newspapers in Sweden, Denmark, the UK and the US as all of these companies have taken initiatives to develop new business. The selected newspapers were Aftonbladet (Af.B), Dagens Industri (DI) and Svenska Dagbladet (SvD) from Sweden, Børsen and Jyllands-Posten (JP) from Denmark, The Financial Times (FT) and the Guardian (The G) from the UK and the New York Times (NYT), USA Today (USA T) and Wall Street Journal (WSJ) from the US. These newspaper were chosen in cooperation with GP and the aim of the study was to investigate prices of packages of digital products, names of said packages and also if registration was needed for access to content on the news webpage at any of the selected newspapers. For this benchmark study the e-newspaper is defined as a product which is a, sort of, replication of the printed edition and includes the same content. However, this does not necessary imply that the design of the two products is the same in print and digital or that the e-newspaper does not include other content (such as access to web products, blogs or moving pictures).

The benchmark study showed that all actors are present on digital channels like the web, iPhone, iPad, and Android, except Financial Times (the UK/US edition) who has chosen to offer their subscribers a web-application instead of such smartphone applications. Even though there are similarities between products and offers at the investigated newspapers there are also several differences, especially in certain technical aspects and how products are marketed, and thus, product offerings have not yet been standardized in this selection of newspapers. Five of ten newspapers offer one or several different "packages" which include more than one product or service. These packages can be divided into two types, those where the subscribers of the printed paper gain access to all products (called "get everything" in Table 6), or those which work in a "build-up" fashion, i.e. build from each other such as printed+ newspaper + mobile, or mobile + tablet offerings etc. (called "build" in Table 6). Another interesting note is that only two newspapers, Financial Times and New York Times, prompt registration in order for the readers to get access to web-news.

The benchmark study also showed that prices vary much between actors and most digital products are priced lower than the printed newspaper products; even if the digital product is "mirroring" the printed product, i.e. consist of the same content. On the other hand, a few actors offer digital products at the same price level as the printed newspaper, but in those cases it is often a digital package which include more than one digital product, granted the customer access to several digital channels, or offered additional services. The most

prominent examples of this are the Swedish business newspaper, Dagens Industri, and the Danish business newspaper, Børsen. The fact that both of these newspapers offer niche news, i.e. business news, could be what influenced this price decision. The benchmark study further showed that it is quite common with various types of discount offers and free trials of digital products and available packages.

Table 6 shows the results of the benchmark study and depicts; the most common products on offer at the moment; if the news website prompt registration in an exchange for viewing content; if the newspapers offer packages, and if so, what type of package (as explained above).

	SvD	Af.B	DI	Borsen	JP	The G	FT	NYT	Usa T	WSJ
<b>Packages</b>	x		x		x		x	x		x
Build			x		x		x			
Get everything								x		x
<b>Products</b>										
Newspaper	x	x	x	x	x	x	x	x	x	x
Magazine (paper)	x	x	x	x	x	x	x	x	x	x
E-newspaper	x	x	x	x	x	x	x	x	x	x
App - iPhone	x	x	x	x	x	x		x	x	x
App - Android	x	x	x	x		x	x	x	x	x
App - iPad	x		x		x	x		x	x	x
Niche apps	x	x			x	x		x		x
Magazine (iPad)	x	x						x		x
<b>Registration</b>							x	x		

Table 6. Summary of the benchmark study

The price relation between the old product (the printed newspaper) and the e-newspaper for the ten newspapers in the benchmark study is illustrated in Figure 4 below. GP has also been added for comparison and what is worth noting from this graph is that GP has lower prices than the mean of the 10 investigated newspaper companies for both the old and new product. USA Today, with the lowest prices of the bunch, also stands out with their heavily discounted offers.

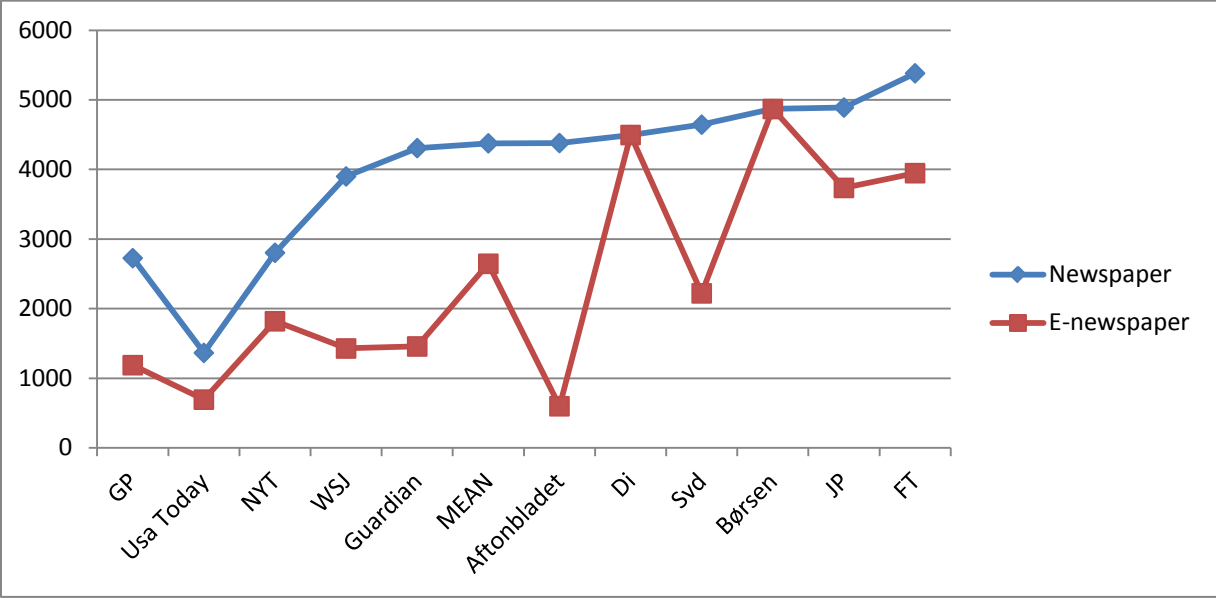


Figure 4. Comparison of prices of the printed newspaper and e-newspaper, annual fees SEK

#### 4.2 The Case: Göteborgs-Posten

In the following sections the empirical findings from the case study of GP is presented.

GP was established in 1859 by Felix Bonnier in order to serve the local area of Gothenburg with a printed newspaper (Gustafsson and Rydén, 2010). The paper started publishing two days per week but a year later, in 1860, GP was publishing six days per week (Gustafsson and Rydén, 2010). The largest newspaper in Gothenburg at this time was *Göteborgs Handels- och Sjöfartstidning* (GHT) which was famous for their high minded journalistic ambitions and GP’s strategy of competition was being an easier newspaper to read and being more entertaining than GHT. GHT and GP were the large newspapers in the Gothenburg region for many years but GP eventually won because of GHT’s reluctance to change their high minded ideals and deliver a more accessible product. GHT was discontinued in the 1970s, however quicker implementation of planned government subsidies for the second newspaper in a city would have saved GHT but these subsidies came too late (Gustafsson and Rydén, 2010). GP then became the only morning newspaper and has continued to hold that position through strategic acquisitions of competitors trying to establish themselves within the region (Gustafsson and Rydén, 2010).

During the interviews and focus group observation it became apparent that, for many within Gothenburg, GP is a large part of their lives and as one respondent put it, some readers consider GP as a government institution within the local environment. The long history has made GP into a very familiar brand for people in Gothenburg and the natural communicator

of local news. Today, GP is the second largest daily morning newspaper in Sweden, after Dagens Nyheter, with a daily readership range of 700 000 in their different publication channels and 215 600 readers for the printed edition, however the circulation is dropping, which is illustrated in Figure 5 (TU, 2012; Stampen, 2012). Moreover, GP has around 350 employees and had revenues of 1244 million SEK in 2011 (Stampen, 2012). Furthermore, GP is a fully owned subsidiary of Stampen AB, a corporation created in 2005 (Stampen, 2012).

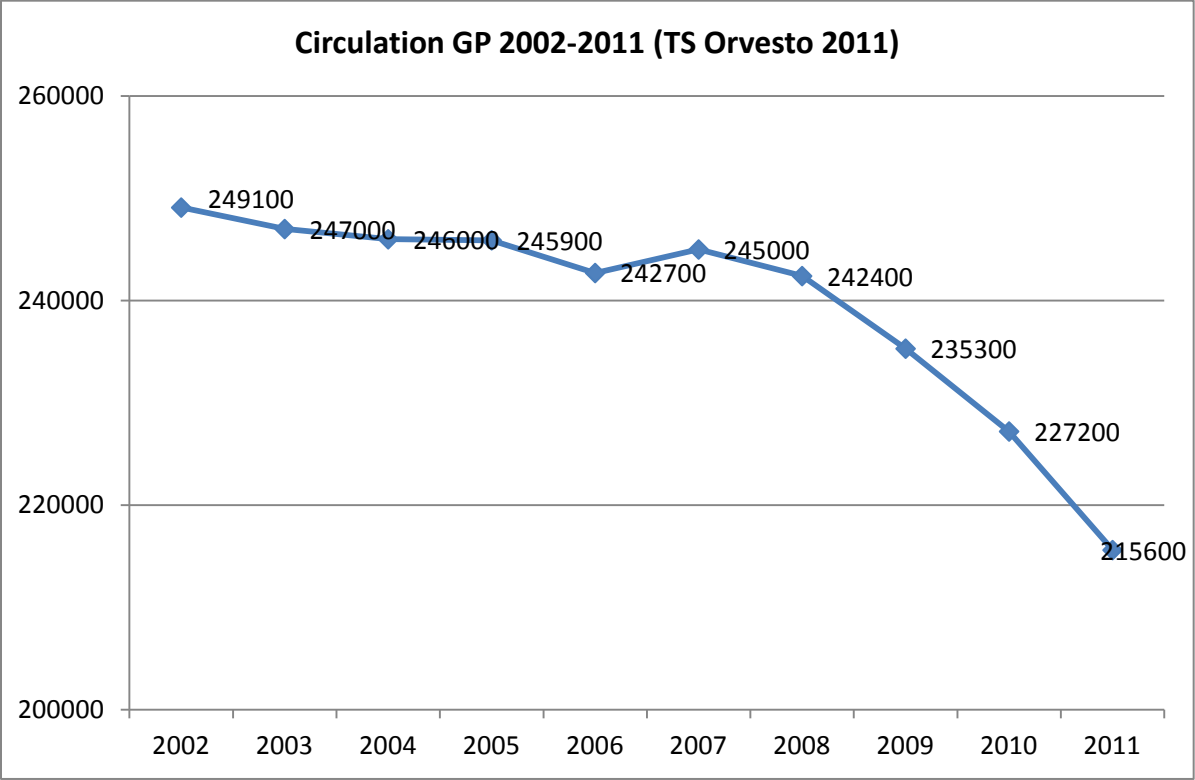


Figure 5. Circulation GP 2002-2011 (TS Orvesto, 2011)

However, the strong position within the local market has also created problems for GP as they by some customers are considered as a public service and expected not only to service their customers with good digital products but also offer advice on the technical aspects of said products. Furthermore, the strong advantage present within the printed newspaper product has not been transferred into digital markets and revenues in those areas are marginal compared to the printed product. However, as a respondent pointed out, GP maintains a position as the largest web-news provider within the Gothenburg area, with a larger readership range than that of its biggest competitor of web-news in Sweden, Aftonbladet.

**4.2.1 Digital development at GP**

In the 1990s, all newspaper content was produced in-house and GP owned the whole newspaper value chain (with print presses, distribution etc.). Most of the digital projects undertaken at this time came from the bottom part of the organization, and employees with an interest in digital development were given leeway by executives to experiment. For instance, the online news site was set up by a handful dedicated employees who experimented and developed the site when they had time available (Westlund, 2012). It was not until the year 2000 that these projects became a part of a conscious and formal digital development strategy

at GP and the digital business was separated from the rest of the organization. When the digital business was formalized into a separate unit, it became apparent that many employees (around 40) had been involved in digital business. The fact was that the number of people working with digital development at GP far outnumbered that of competitors' at the time, which almost came as a shock to many employees in the organization. Furthermore, a respondent added that, at this time, the digital development was not considered relevant by large parts of the organization and many felt comfortable that it was others doing what they considered as strenuous.

The digital business was organized in a separate unit until 2004 and in a response to an economic downturn it was decided to integrate the digital business into the rest of the organization. One respondent from the business department said that the time before the recession was considered as a "golden age". All of the advertisements on the Internet were sold out but, the respondent added, this was viewed as a problem by the majority of the sales staff who believed that this success was interrupting printed advertisements sales. In this "golden age"

In the rationalizing process of 2004 the digital business was dissolved into other departments and the former staff of the digital business unit that could not be placed into either the editorial or business departments was integrated into the IT-department. GP then attempted to create a virtual organization through cross-sectional meetings and structures. However, this way of organizing was not ideal when attempting to stimulate new business and in 2010 it was decided to create a dedicated digital development group, the digital development group (the DUG), with the explicit purpose to tend to new opportunities and digital development. The DUG encompassed staff from the different departments within the organization, including business, editorial, and IT, which in turn should help the development along, while the rest of the organization remained the same. This way of organizing also enabled GP to merge business and editorial interests within one unit so the DUG were created in order to encourage more cooperation and commercial thinking. Today, the digital development is a fixed point at GP, or as a member of the DUG said that "from us having to drag the management along now they instead come to us and hit us over the head asking why we cannot deliver more".

#### **4.2.2 New and old business**

The printed newspaper remains as the largest revenue source at GP and it became apparent during the empirical investigation that GP uses the printed newspaper much as a baseline for comparison to new business. However, GP has realized that they are unable to attain the same revenues and profits from the printed product as before and thus must turn to other areas.

For the purpose of this thesis, the printed newspaper business is defined as the "old" or traditional business while all other initiatives enabled by new technological advances, such as digital business, is defined as new business (illustrated in Table 7). The old products include the printed newspaper and "Läsvärdet", which is a benefit club where paid subscribers get discounts etc. The new products include a "plus" service called GP+, mobile applications, web-TV and an iPad application, called GP Bild. GP also offer an e-newspaper, called eGP,

which is a mirrored version of the newspaper and this product also offer the possibility to read the newspaper on a computer, iPhone or iPad. One of the reasons behind the eGP product is that GP wants to enable print edition subscribers to bring their newspaper with them on holiday and this is therefore eGP's unique selling points. The iPad application for the eGP product also consists of content from the GP.se website and moving pictures from GP-TV. Customers can also buy single copies of the digital newspaper directly in the iPad-application or online.

Two other digital products currently in place in GP's product portfolio are iPhone tips, which is an additional "service" included in the iPhone app, and "Lyssna" (i.e. Listen), which enable the audience to listen to news through the iPhone app. The introduction of the product Lyssna was a strategic initiative because it enabled GP to reach customers while driving or riding a bike, which according to one respondent was an important step in order to fulfill their vision of meeting customers in different channels. Most of the digital products have a strong link to the traditional newspaper business and its activities, e.g. distributes the core product, news, onto other distribution channels, such as mobile phones, but GP has also entered other areas, for example the advertising market with a new business called Dealie. Dealie is similar to Let's Deal or Groupon, i.e. it is a coupon service which provides discounts and offers to consumers.

Product	Business type	Revenue model	Description
Printed newspaper	Old	Multi-sided (e.g. subscription and advertisers)	-
Läsvärdet	Old	Free for subscribers	Benefit Club
GP.se	New	Advertising	Website
GP Bild	New	Free	iPad-app
GP.se applications	New	Free	iPhone and Android applications
eGP	New	Multi-sided	E-newspaper for iPhone, iPad and computer
GP+	New	Subscriptions	Extra material on GP.se, some exclusive content and some content from the printed newspaper
Dealie	New	Sales and Dealer	Coupon-service where GP "deals" between companies offering discount to consumers
GP TV	New	Multi-sided	Webb-TV
iPhone-tips	New	Subscriptions (one time fees)	iPhone tips in the GP.se mobile application
Lyssna (Listen)	New	Free (trial)	News from the mobile application read aloud

Table 7. List and description of GP's products

GP has a common vision and common core values for the old and new business. The vision is to be the best local newspaper in the world that reaches customers and readers when, where and how they want – in the channel of their choice (Stampen, 2012). In connection with the

vision the three core values of GP are: Local, Credible and Open. Instead of Open, it used to be “For everyone“. This change was necessary since GP only publishes in certain digital channels which means that they implicitly choose to discard some readers on their path of digital development. Yet, despite the common and articulated vision, one of the respondents believed that people within GP’s organization have different views of where GP will be, as a company, in ten years. The interviewees explained that there is a clear plan or strategy for the old business yet several interviewees expressed that there is no such clear and common plan, or strategy, for the new business. However, a clear long term goal of the digital development, as explained by several interviewees, is to compensate for the drop in printed newspapers by both more traffic and revenues through the digital channels.

Furthermore, GP, as well as many other newspapers, have had difficulties to get the same levels of revenues from digital channels as for the printed newspaper, e.g. the increased digital revenues do not compensate for dropping newspaper revenues. Yet, the mobile channel is very popular and had 96 000 downloads and over 1 million views in 2011, which is an increase in readership by 1000 % since 2010 (Stampen, 2012). Therefore, GP is working very hard to attract new customers to their different channels, and also, at creating packages including several products in the same offer, in order to give more value to already existing customers and get loyal customers to spend more.

#### **4.2.3 More on new business**

GP defines a digital product as something distributed digitally, e.g. the product is available on the web, on a telephone or presents moving pictures, or as a member of the DUG put it: “it is not print“. Thus, as the quote demonstrates, in GP’s case digital products could be explained as anything that is not print. An illustrative example is eGP, the e-newspaper, is considered as a digital product in itself, rather than a reflection of the printed edition.

Digital revenues are still fairly small and the profits from advertisements are unsubstantial when compared to the revenues from old business, even if the digital revenues for the group Stampen increased with 36% from 2010 to 2011 these revenues still only make up 3,2% of the total revenues (Stampen, 2012). However, the profit potential of digital products is substantially higher as the profit margin of these products is higher than the printed newspaper’s profit margin but, since the volume of sales is much lower than in the old business, profits remain unsubstantial.

The insufficient profits from digital advertisements is mainly explained due to the fact that GP is unable to sell advertisements for their digital products, this despite the fact that they used to sell out their advertisements for GP.se before 2004. The reasons why advertisements is not selling in digital channels is the fact that in early 2000 the advertisements on GP.se were widely different from today and as a member of the digital development group said, it might be true that they sold out all of the advertisement space, but that cannot be compared to what GP are selling today. However, GP is looking into opportunities to standardize advertising formats and to make their mobile applications more attractive to advertisers. This is because the formats of digital advertisements usually vary across different digital channels and the advertisers have to deliver an array of different formats in order to be able to advertise, which

is a tedious and expensive task, especially for companies who hire an external advertising firm to do their advertising.

Another way of obtaining revenues, illustrated in the benchmark study, is to put up so-called paywalls on the news website. GP has considered this option, but nothing of that sort has yet been implemented. GP believe in building a free channel first in order to obtain enough traffic and then sell certain parts. Or as a person in the digital development groups put it: “if we were to close down our news app, who would chose GP? Of course, we provide local news but then you can just download some other site instead”. Even if GP believes that people want to get access to serious local news they doubt the fact that people would be willing to pay if they were to put a similar paywall as the New York Times or the Financial Times. However, this strong belief in the “free” channel does not limit the company to turn to other types of means for getting their consumers to pay for content. GP have chosen to restrict some features of their mobile app for paying customers, such as iPhone-tips and GP also offers an augmented homepage service, GP+ which grants paying customers full access to additional material on GP.se, where some material is exclusive for the web and some is gathered from already printed articles in the newspaper.

The process of developing new digital products consists of several steps and starts with the development of a business case, which includes an investigation of systems, potential suppliers and markets in order to get an approval from the top management. The business case also includes speculations and calculations of the potential of the product and how similar products have functioned in other organizations. This business case is the foundation of the decision, taken by the top management, whether or not to proceed with the project. The next step is to implement the product plan which includes ordering and building IT-systems, creating marketing campaigns, informing the customer service department, and educating and demonstrating the products and technology internally. Further development to maintain and improve products continues even after the product has been launched in the market. As GP develops and launches more products in the market, conforming and implementing them into the organization has become more complicated. A member of the DUG explained that a year ago, the business case developed in association with new product did not include a “business system analysis” which state the effects and requirements the potential new product would have on the rest of the organization. So, a respondent admitted that GP has not managed the implementation very well but that they have taken action against this short-coming by preparing plans and they work on routines for how to manage this process.

In order to use resources efficiently, the intent of the DUG is to automatize as much as possible of day-to-day work related to new digital products. This includes, among other things, conforming IT-systems to the requirements of new digital products. For instance, the journalists should only need to publish an article once in one system even though the article is distributed to several different channels (e.g. print, web and smartphones). An interviewee of the editorial department agreed that automatization is important, and that the purpose of the automatization is to decrease simple editing work, but digital products increase the workload of the editorial staff in other ways. For instance, the process of prioritization and choosing what news to distribute in different channels has become more time-consuming. Additionally,



many articles are published in several channels but, as a member of the editorial department put it, the articles come in different “facets” with emphasis on different aspects depending on channels which also involve additional work from behalf of the editorial staff. The digital products also affect the work of other staff in other departments at GP. For instance, the sales staff (both B2B and B2C) and the customer service will need to learn new things and know how to adapt their own work in order to accommodate new products.

Most of the new initiatives stemming from the DUG and in the “100 new” program end up in one of the distinctive branches within the business department, the consumer or corporate market branches. Some, like Dealie, falls out of this frame and in the Dealie case the new business is run by consultant sales staff. However, GP still controls the output from Dealie by setting up goals and sales objectives for the business and their sales staff. This responsibility has fallen on the company digital developer within the DUG, the person who also is in charge of all new initiatives from GP concerning advertising and the company market.

#### **4.2.4 The organizational environment**

This part of the empirical investigation explains GP and its organizational environment in four parts: structure and process which explain how the organization at GP looks like and the present types of formal and informal structures; people, mindsets and attitudes which describe the mindsets driving digital development at GP and their view on the journalistic profession; measures and incentives which describe why people at GP are motivated, present incentive systems and how GP uses performance measures; and culture which describes the corporate culture at GP. Finally, in the end of the empirical investigation the characteristics of GP’s organizational environment are summarized (see Table 8).

##### **4.2.4.1 Structure and process**

“It’s a great advantage for me to know the history of GP because this is a traditional company and sometimes you cannot take the easy road in order to get something done, instead you might need to talk to someone which you did not think about from the beginning” - Member of the DUG

A notion that is shared by many of the interviewees at GP is illustrated in the quote above i.e. GP can be a difficult organizational environment to navigate in because of the presence of informal “routes” when getting something done. There are hierarchies not visible for someone without knowledge of how the organization was structured in the past which can cause difficulties, especially for new employees, when communicating with others within the organization. Moreover, the organizational chart of GP is not as formalized as such an illustration would imply, or as a member of the DUG said in relation to the question about the organizational structure at GP, “that’s not so simple. I’m not sure whether or not an updated organizational chart even exists”.

Furthermore, GP adheres to a duality management approach with a clear distinction and separation between the business and editorial departments. One co-worker explained it as if the organization was divided into different “pipes”. Furthermore, a member of the DUG said

that their work was associated with working “across borders”, e.g. working between the business and editorial departments.

The duality management is also reflected in GP’s organizational structure with two overarching departments, business and editorial, where an editor-in-chief is responsible for the editorial department and a CEO is responsible for the business department. There is also a political editor-in-chief, but GP recently announced that both the political editor-in-chief and the current editor-in-chief leave their posts in the fall of 2012 and that only one new editor-in-chief will be appointed (Hugo, 2012). However, GP does not believe that this shift in leadership will lead to any large changes in either journalism practices or the organization (Hugo, 2012).

GP employs a functional structure and the editorial department is further divided into several different departments and sub-departments according to newspaper content, e.g. news, business, sports, culture/entertainment, life and health etc. The business department, on the other hand, consists of the consumer market department, and the corporate market department. The main focus of the company market department is company customers and the sales of advertising in both printed and digital channels, while the focus of the consumer market department is the consumers/readers, including consumer products, sales and circulation. The digital development group (the DUG) lies integrated between the business and editorial department and the group is the only organizational function which encompasses employees from both sides. There are also a few functional support departments, such as accounting/finance, marketing, IT, and human resources, however, the customer service and telemarketing departments have been outsourced. An illustration of the organizational structure can be found in Appendix 2.

The business and editorial departments often meet through project groups. Working in project form, and in cross-functional project groups, is very common at GP, for instance, the GP+ product started out in such a cross-functional project group. Moreover, most of the activities not concerning actual news content production, such as distribution, printing, many IT-services and some sales activities is outsourced or owned within the company group (and therefore shared with other subsidiaries within the Stampen-group). Moreover, GP also engages in collaborations with actors outside of the organizational sphere, such as through national advertising package deals together with the other largest newspapers in Sweden and with other business units within the Stampen group when there is a need for competence outside of GP’s area of expertise.

Furthermore, as illustrated in Figure 6, there are several management groups within the business and editorial departments which merge at the top level or in the GP executive management. The two branches of the business department, the consumer market and the corporate market departments, each have their own management group. The corporate and consumer management groups also merge in a business executive management group and the editorial department has a corresponding editorial executive management group. These management groups meet regularly and therefore act like a major channel for communication within the organization.

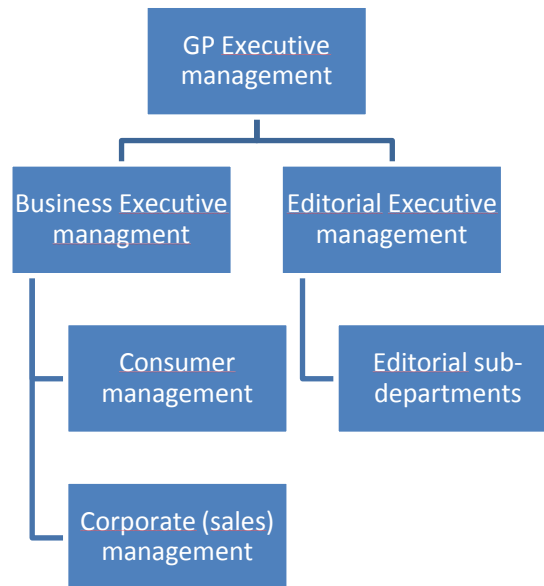


Figure 6. The management organization at GP

In addition to these more formal meetings, GP also arranges open houses where all employees are welcome at regular intervals in order to disclose information, however, these meetings are voluntary. One member of the DUG explained that information is readily available within the organization and that it is up to the individual to seek it out, however, one of the explicit purposes of the DUG is to explain and demonstrate the initiatives taken within the group, so the DUG also acts like a information communicator for new business within GP.

Finally, regarding the operational process at GP, the main share of the resources at GP is concentrated to the old business since GP must keep the printed newspaper production efficient and be able to deliver a new product every day. These resources must also be able to cope with sudden changes as news happen. However, since these resources are engaged within the day-to-day operations in the organization it makes shifting resources from old to new business more difficult. The resources engaged in the old business cannot just stop in order to investigate new business opportunities since they are needed for daily news operations and there has never been a day when the newspaper has not been delivered as promised. Also, as the editorial department is organized according to the content, or sections, in the newspaper it means that if GP moves resources from old to new business within the editorial department it would become difficult for GP to produce the same content for the newspaper.

#### 4.2.4.2 People, mindsets and attitudes

“First and foremost, we are a media company and we produce content for publication in different channels” – Member of the editorial department

As illustrated in the quote above a statement made by GP is to publish content across a number of platforms. This in turn is one of the reasons, or thinking behind, why GP has sought out many new businesses and new channels for content publication. However, GP also has a strong belief in the future of the printed newspaper and a strong commitment to the

success of the paper but, as a member of the editorial department put it, the requirements from customers of the printed newspaper will rise. The same respondent also mentioned that less automatization even more manual work to the printed product will be required if GP wants to keep the newspaper.

Moreover, a member of the DUG said, in regards to their mindset about digital development, that they, as a development group must have other ways of thinking and also need new competences. This is illustrated in the fact that the seven people employed in the DUG have been recruited both internally and externally with different competences and backgrounds. One person is responsible for the development of company products and new advertising sales and works closely with the company market department. There is also a person responsible for digital consumer products who work more closely with the consumer market department. The group further consists of a layout-expert, an IT-expert, a coordinator for digital products, a developer of other business and the DUG Head. When there is a need for new knowledge or skills the DUG usually employs consultants. In the group three persons are new employees, but two of these have worked at GP before but have had other jobs in-between. The third person is completely new to GP and comes from the gambling industry. The people recruited internally have all been at GP for a longer time period, between 12 to 25 years.

Also, at the heart of the digital development lies a mindset of following the trends in the media industry and most of the initiatives taken by the DUG has been in order to keep up with technological and industrial trends. A few examples of the mindset of following the industry can be illustrated by GP's iPad-application and eGP which the benchmark study demonstrated is a common new business within the industry. Another member of the DUG expressed that GP is in a search phase, where the end result is unknown and that it is the external industry developments which push GP forward rather than GP taking control over the development.

Another notion in regard to attitudes at GP is that the overall acceptance for digital products has increased over the years. This implies that the DUG does not usually meet resistance to their ideas as the climate of acceptance for digital products have increased, however, as a member the DUG explained, some persons still resist but they are very few, and their opinions are usually voiced down quickly since everyone else accept and feel the need for change.

Another attitude and mindset expressed in the empirical investigation, concerning mostly the editorial department, is that the journalistic profession is in question. As a member of the editorial department said, it is a reoccurring theme nowadays that anyone can become a journalist but that is not true. But, the requirements for good journalists have shifted so that they need to be better accustomed to publishing for different channels but still, the democratic responsibility of journalists should be taken seriously and in order for this responsibility to work journalists need to be able to cope with many different challenges and this requires a formal journalistic education. The same respondent also added that the skills GP look for in new personnel has changed over the years. Today a journalist needs, not only to be a good writer and have a good eye for news, but also be able to be very flexible and follow technical trends. Journalists must be able to think more commercially but this mindset cannot be allowed to have an impact on GP's credibility, the credibility always takes precedence.

#### **4.2.4.3 Measures and incentives**

“I get such a kick out of a job well done” – Member of the editorial department

There are no extensive incentive programs or reward systems that include a large part of GP’s staff and before the formalization of the digital development, only the sales staff at GP got any kind of financial incentives in the form of bonuses for selling advertisements. However, the digital product managers are rewarded with a bonus for each new product that they are able to deliver per year. The financial incentives for the digital product managers, or their reward system, are fairly new at GP. The requirement for the deliverance of a product is that the business case is accepted and that the predictions about revenues are delivered. One of the respondents expressed that the incentives did not work in relation to the job that they were doing, mainly because the incentives were based on the wrong assumptions, while another respondent explained that the incentives worked well in association with their job.

On the other hand, the absence of financial or formal incentives for most of GP’s staff does not seem to have affected the will to excel in their roles. The above quote demonstrates the personal pride and enjoyment many employees at GP take in doing a good job for the benefit of the company. Some of the respondents also mentioned that being a part of the shifts taking place in the industry was an extra motivation. In relation to this notion a member of the digital development group said that “the incentive [for me] is to succeed in an industry with a destiny, it is crystal clear what is happening in the industry and it’s all about finding solutions, and those that succeed well, they survive”. The satisfaction of succeeding to deliver a good product was especially expressed as being an incentive for the interviewees belonging to the editorial department, but these respondents also expressed that they would become very dissatisfied when the results did not match their expectations.

As previously mentioned, the DUG prepares a business case in order to assess the viability of a potential new digital business and product. The business case includes some measurements, for instance that the product should sell a specific number of copies or that a certain number of people should use it every week. The digital products that are chosen for further development are usually those with the highest revenue potential in terms of subscription revenues or the product with the highest possible reach, which in turn are able to generate advertising sales.

Most of the measurements utilized by GP are quantitative numerical performance indicators such as number of pages shown on the web and in the mobile channels. A member of the DUG expressed that there is a lack of qualitative measurements, or what they labeled as “softer values” within the organization. So, most of the measures found within GP is quantitative. GP utilizes measures in relation to the performance of different products; some products are measured on a weekly basis or on a monthly basis, while some products are not measured at all. Yet, a few respondents explained that there have been difficulties in discontinuing projects and new businesses even if these products were not living up to the expected quantitative goals. A member of the DUG said that the first initiative, when the business is underperforming, is to find a way to increase the numbers, such a marketing campaign. GP then makes a decision around the future of the product within one year,

nevertheless, a member of the business department said that often no one at GP is willing to cancel an already in place business or product. Therefore, not many products and new businesses that have been created in recent years have been discontinued.

#### **4.2.4.4 Culture**

“[The culture at GP] is a meritocracy where one hold one’s own through their skills, being educated and interested in what we do” – Member of the editorial department

A finding from the empirical investigation is that the culture at GP stems from the historical heritage found in the organization. This, in turn, has made the culture bounded in tradition. A large part of the culture seems to be found in the respect for the common history and once initiated within the corporate culture one can find their way around the organization more easily. The quote above also illustrates that respect and knowledge of the roles in different departments matter while navigating the culture. The way to become accepted and respected by the editorial staff lies in knowing about where GP comes from and understanding their point of view. Yet, the corporate culture at GP is ambiguous; a member of the DUG said that the cultures vary much depending on what floor in the building you go to. Moreover, the distribution of different tasks may seem illogical to an outsider but knowing the history of the position or task will make the underlying decision clear.

Historically, the culture at GP has put a large emphasis on the separation between the business and editorial business. A member of the business department said that the split has been very apparent as journalists would not even speak to business people in the elevator, however this would never happen today. Historically, the reason behind this behavior was that there was a big concern that the credibility would be lost if a journalist happened to be influenced by more of a business perspective. Now, in order to meet with the requirements of the shifts taking place within the media industry GP has had to open up more, and integrate both business and editorial departments’ interests. This has forced journalists to take on a more commercial point of view. Yet, GP still put an emphasis on the separation of business and editorial, mainly in order to lessen any impact on the credibility of journalistic material. A member of the DUG said that “we should have an unbiased governance around content; we [the business side] should not interfere” and a member of the business department said “we are maybe more prone to maintain a high credibility than the journalists”. The latter respondent also mentioned that the credibility is what sells the content and what GP is able to charge for. The credibility issue is therefore also a large part of the company culture at GP. Furthermore, the separation between business and editorial can sometimes hinder internal collaboration because of different priorities from different departments. A member of the DUG said that they sometimes delay project in order to get everyone “on board and to increase the understanding of the project. Still, a member of the business department said that even if there used to be walls between the editorial and business department the integration is much more visible now, especially in the management groups. A member of the DUG also explained that the integration of departments was made easier through informal meetings in

the common coffee lounge at the top floor of the GP-building and through communal trips organized by the health maintenance club at GP.

Another aspect of GP's corporate culture is the notion of "kindness" which is another reason why employees have stayed long at GP. GP used to provide bonuses for every employee, before Christmas and the holiday, 10 to 15 years ago. This has created a corporate culture, as a member of the DUG described, where GP might have been a bit too lenient towards their employees. However, the respondent also said that the culture is changing now as the external environment is changing. So the respondent adds that GP have realized that "if we do not cut some of the departments now, we might have to close down entirely".

So, all in all, GP's corporate culture can be described as friendly, kind and with a large respect for the work performed by people in the organization. The necessary day-to-day operations have led to a culture of trust in the fact that people deliver the material that they have promised, which have strengthened the loyalty of employees. However, not all employees share the view that GP has a common corporate culture, one respondent said, in relation to the organization being split into different pipes, that each department had their own sub-culture.

Structure and Process	People, Skills, Motivation	Measures and Incentives	Culture
Functional structure	Strong mindset of being available across different channels	Most employees do not have financial incentives, they are motivated by making a superior newspaper	Long history and bounded in tradition
Complex organization with many informal pathways	Strong belief in the survival of the printed newspaper	Bonuses for digital developers, depending on how many products developed	Kindness and trust in employees to deliver
Duality management very evident	Attitude of following the industry trends	Bonuses for sales staff	Respect and knowledge are important
Centralized development	Attitude of acceptance for new business	Quantitative numbers a base for incentives	Divided culture, many sub-cultures and different cultures depending on department
Cross-functional projects groups very common		Quantitative measures used for evaluating businesses, different monitoring practices for different products, and slow to act in terminating products	

Table 8. Summary of the organizational environment at GP



## 5 Analysis

The purpose of this chapter is to address the research questions of the thesis by analyzing the empirical findings according to the methods described in the methodology chapter. The chapter follows a structure found in the analysis process and includes two themes: strategy and organization. In addition to each theme a short summary of the topics discussed under each headline has been added in order to further explain how the management of new and old business at GP has affected the coexistence and the consequences of this way of managing.

### 5.1 Themes: Strategy and Organization

The themes were established during the coding phase of the analytical process and represent different management areas aimed to answer the research questions in an easy to follow manner. The strategy-theme highlights the particularities of GP's strategy and related management decisions and practices, e.g. collaborations and outsourcing. The second theme, organization, includes an analysis of GP's organizational management practices including overall organizational structures, the specific organizational relation between new and old business, the organization of new business development and the implementation of new products into the organizational core. The themes also represent central management areas in the corporate entrepreneurship literature, e.g. the variables and reasoning in Brown, Davidsson and Wiklund (2001) and Miles and Snow (1978) are closely related to strategy while ambidexterity literature can be related to the issues found within the organizational theme, e.g. Markides (2008).

### 5.2 Strategy

A point arriving from the empirical investigation is the fact that many at GP were reluctant to talk about strategies and would rather form plans of action. However, it is still fruitful, from an academic perspective, to talk about strategies in relation to the coexistence of new and old business at GP. In this section empirical material coded into the categories follower, short-term, convergence, strategies and collaborations was included. The theme name "strategy" was used as an overall indicator for the different aspects found within this section, which all in some way can be connected with corporate strategy. Furthermore, related theories are covered in connection with these aspects. The aspects of the empirical material covered in this section are:

- GP's strategy of following industry trends
- Short-sightedness in some initiatives
- The vision of being present on every channel, anytime
- Unclear long-term goals and vision
- GP's focus on old customers

In addition, the strategy-theme consists of a smaller sub-theme:

- *Collaborations and outsourcing* – concerning how collaborations and outsourcing is a strategy at GP

### 5.2.1 GP's strategy and vision

During the period before the formalization of the digital development at GP some initiatives to break ahead of the market was undertaken, but none of these initiatives became any real success. As a member of the digital development group said, the limited success of these initiatives could be explained by the bad timing of introduction and the inadequate market potential. Today, GP keeps a close watch over other newspaper companies in order to discover trends and learn from competitors. The fact is that a large part of the exploration efforts consists of doing what the rest of the industry is doing, with the motivation that, as a member of digital development group (the DUG) put it, "it's apparent where the development is going, this is what everybody else is doing and we do not gain anything by doing something else". The benchmark study showed that GP is not an exceptional case, since most newspapers have taken a similar path when it comes to digital development. Even though the digital offers of newspapers are not yet standardized, there are only a few newspapers that stand out as doing something different, e.g. the Financial Times and New York Times which have "paywalls" on their websites. Thus, GP, as well as many other newspapers, seems to have a strategy where they follow the actions of competitors and peers and imitate the initiatives that works well for others.

GP's decision to focus on both the old and the new business, and the strategy of following industry trends, conform to the strategy of so-called Analyzers in the typology framework of Miles and Snow (1978). Analyzers seek balance between efficiency and effectiveness, since they use the strengths of both Defenders and Prospectors, and thus, minimize risk while maximizing the opportunity for profit (Miles and Snow, 1978). By adapting new business ideas which have been proven by other competitors, GP does not expose themselves to extensive risks. But, as argued by Miles and Snow (1978), choosing this strategy also requires that GP can respond quickly to opportunities while simultaneously being efficient. Thus, GP will have to find a balance and be able to manage structures and processes which accommodate both stable and dynamic areas of operations. This balance is the core of ambidexterity which will be discussed further in other parts of the analysis.

An interesting aspect related to the need to be able to respond quickly to opportunities is that when GP decides to invest and develop a new product, they tend to make large investments up front. When answering the question about whether they experimented with new products and used prototypes or market tests a member of the DUG said:

"No, we have not been doing that for a number of reasons, but as an example, for the product Lyssna we have chosen to use a test campaign. We know that the product is as good as it can get since it is a new technology but it can also be a question of market communication where we say that we want feedback [from users]. We could pretend that it is a prototype but it is actually a finished product"  
– Member of the DUG

Another member of the DUG said:

“[...] we are used to doing extremely rigorous analyses; investigate the costs of building [the solutions] and then integrate the system in the whole organization, including the subscriber system, the accounting and business systems and whatever is required. And when we finally get started someone else has already got to market before us, and that is not a good way of working. We have to think more about what is the shortest way to market [...]. We might need to add some extra costs if everything should not be automatized from the start. We need to work more ad hoc and employ people that work with our solutions instead of building a system that costs a number of hundred thousand. The technical solution could wait a few months until we are able to see whether the solution is lucrative”  
– Member of the DUG

Just as the latter quote illustrates, GP could benefit from investing in new businesses in phases. However, even though a member of the DUG is aware of this issue, GP still seems to take larger investments up front and has a heavy commitment to resources as illustrated in the former quote above. In that sense, GP conforms to a so-called Trustee in the commitment to opportunity dimension in Brown, Davidsson and Wiklund's (2001) framework. According to Brown, Davidsson and Wiklund (2001), the Trustee is administrative while the Promoter is entrepreneurial and for a Trustee to pursue an opportunity incur a larger initial investment and a heavier commitment than from a Promoter. Making investments in stages instead of taking all investments up front could enable GP to experiment even more and speed up their development phase. In that way GP could test further opportunities without spending more resources and, at the same time, get to market faster. Investing in stages and having a more flexible commitment to resources would also match GP's strategy better. As argued by Miles and Snow (1978) (discussed in the third paragraph of this section), the Analyzers often have a strategy of following the Prospectors' actions which requires an ability to respond quickly.

All of the departments at GP share a vision and core values for both the new and the old business. Local, Credible, and Open are the three core values, while the vision is to be the best local newspaper in the world that meets the readers in various channels when, where and how they want which is in accordance with the aspiration of convergence, since convergence, as defined by Quinn (2004), means that companies strive to provide news on multiple platforms. GP's choices of products and platforms are well aligned with the vision of becoming convergent, which is evident in the number of products and services presented in the empirical investigation-chapter of this thesis. The product “Lyssna” (i.e. Listen) is an illustrative example since it is an attempt to reach consumers while driving or riding a bike which GP was not able to do before. Therefore, it is possible to claim that most of GP's new business initiatives are undertaken in their way to seek convergence, where GP has taken some risks and experimented with new technologies and markets.

However, the term exploration, as described by March (1991), includes characteristics captured in the terms search, variation, risk-taking, experimentation, flexibility, discovery and

innovation. In some sense parts of GP's new business initiatives match the description of exploration, but as GP has a strategy of following the industry trends (discussed in the third paragraph of this section) they will not come up with new-to-the-world products or services, but possibly an improved product, which according to Kollmann and Stöckmann (2008) also "qualify" as an innovation.

According to O'Reilly and Tushman (2008), common vision and values are likely to increase the organizational behavior of ambidexterity. Hence, GP should benefit from sharing a common vision and core values for the new and the old business. However, O'Reilly and Tushman (2008) argued that the purpose of a vision and common values is to instill purpose and meaning for the people in the organization which promote the long term perspective that is necessary for exploration. This long-term perspective is not as evident at GP, and because GP has both business objectives and editorial objectives, the existence of different products has different motivations. For instance, when asking about whether new products get a lot of freedom, a member of the DUG said:

"In that case it is something that we include in the business case, that for the first three months we build a user base, but products are not launched if they do not have any revenue potential. In so far as it is not an editorial product where the purpose is to expand readership or there are other purposes where it is possible to make money through the advertising market" – Member of the DUG

Tushman and O'Reilly (1997) also talked about the importance of creating performance or opportunity gaps in order to motivate and energize people in the organization. In order to identify a company's most important problems and opportunities there needs to be a clear strategy, objectives and vision (Tushman and O'Reilly, 1997). Despite GP's clear and common vision of convergence, an interviewee pointed out that the people in the organization have different views of what GP will be in the long term and to address this issue GP is initiating a project where employees can discuss what GP will be in 2020. It is beneficial that GP has recognized the importance of discussing this issue because when people have different views of the future it could become difficult to determine the most important performance and opportunity gaps and to set long term objectives or goals. Employees might get confused since they do not know what to aim for, or different parts of the organization strive towards different goals which, in turn, could lower employees' energy and motivation.

Another important issue related to strategy is the choice of what customers to target since the targeted customers and their specific attributes could have an impact on many other strategic decisions and the overall operations of the company. A large part of the investigations in GP's focus group interviews were around packages of different products and some of these were specially targeted towards old customers, and ways of how to get the old customers to use GP's new digital products. So, in that sense GP focuses on getting the old customers to consume more, e.g. one of the "selling" points of eGP was that customers could bring the newspaper with them on holiday. The notion that the old customers matter to GP is illustrated by a member of the editorial management who said:

“[...] the decreasing number of newspaper subscribers will increase the requirements of the printed newspaper [...]. We believe that if anyone will want a printed newspaper we have to put more efforts into it” – Member of the editorial department

However, a member of the DUG also said:

“We have to define those [customers] that use GP for free. It is a huge mistake to continue to solely reward those that give us two and a half thousand [per year] for a print subscription. More information about our customers will improve our offers [to advertisers] in the future and then we need to get information about everyone that have a relation to GP, including those that surf the free web-newspaper” – Member of the DUG

The strong focus on old customers and lack of focus towards new customers could stem from the fact that it is difficult to determine who the new customers are in the near future. However, according to a member of the business department, GP has already defined the new customer segments on the digital channels but they have not been able to figure out how to use them efficiently. Just as pointed out by a member of DUG in the quote above, in order to understand and attract new customers, as well as advertisers, it is essential that GP can figure out how to use the new segments of the digital customers and give them more focus in the organization. GP has already recognized, as written above, that it is the inflow of new customers that is the issue since the outflow of customers is quite stable. Thus the focus on the old customer base does not help GP increase the inflow of new customers to new business.

### **5.2.2 Collaborations and outsourcing**

Osterwalder & Pigneur (2010) described that few companies can own or perform all of the activities required for a certain business by themselves and that a way to reduce risk and share resources can be done through cooperation with other companies, such as strategic alliances or strategic partnerships. Increased competition within the media industry and the shift in demand of the printed product have made it necessary for GP to look for cooperation outside of the organization and to streamline the value-chain. GP has therefore expanded their cooperation activities and, today, they have several collaborations with other newspaper corporations in order to achieve more economies of scale in advertising sales, but GP also collaborates with other firms within the Stampen group when GP needs competence that lies outside of their own expertise. In that sense, GP is not constrained by the limited resources they have at hand. This is what Brown, Davidsson and Wiklund (2001) described as a characteristic of the Promoter which has an entrepreneurial mindset. However, in other cases GP seems to limit themselves to already controlled resources, which is especially evident concerning the IT-department which time and again is referred to as the bottleneck within the organization. For instance a member of the editorial department said: “It seems strange that we do not have an app for GP+ [...] but it always boils down to our limited technical resources, our largest bottleneck”. Thus, GP’s lack of IT-resources illustrates an

administrative strategic orientation while external and internal collaborations demonstrate an entrepreneurial strategic orientation. How much the lack of IT-resources hold entrepreneurial efforts back is difficult to say but existing collaborations widens the boundaries for what GP can do and strengthens their entrepreneurial activities.

Another note concerns the fact that GP has utilized outsourcing for a large part of the IT-services. Teece (1988) meant that relying on external partners might hinder the possibility for internal innovation. In recent years the IT-department at GP has become such a strong feature within the organization as a consequence of the pursuit of new digital business. Nevertheless, just one of the members of the digital development group is an IT-specialist while others come from marketing, sales or journalism. As a member of the editorial department said:

“We have few technical resources and it is often there it gets stuck. I wish that we could throw out loads of new apps but maybe we have a disadvantageous allocation of resources in that sense” – Member of the editorial department

By not providing further technical resources and taking an outsourcing decision of certain IT-services GP has, implicitly, decided that the IT-function is a commodity and thus is not what should drive the development of new business. Following the reasoning of Teece (1988), the outsourcing of IT-services might hamper the ability of internal innovation since competences in IT could become a possible driver of success in the new business in the future. On the other hand, GP's strategy of following industry trends, as described in an earlier paragraph in this section, indicates that GP has no intent of coming up with a “new-to-the-world” innovation.

Besides the activities related to IT, a final note regarding collaborations and outsourcing is that, in the past, most of the value-chain activities associated with the printed newspaper at GP was kept in-house but today several activities have been outsourced or relocated within the Stampen group. Van Weezel (2009) explained that newspaper organizations have turned to outsourcing activities for a number of reasons, some of the most common are; cost savings, focus on core competency, lack of in-house expertise, quality improvement and sharing of costs. Van Weezel (2009) showed that outsourcing had a moderate negative effect on the performance of newspapers when undertaken in content, advertising sales, printing and distribution areas. However, van Weezel (2009) also stated that the relationship between performance and outsourcing needs to be more thoroughly investigated since the emergence of outsourcing within newspaper firms is a very new practice. The printing and distribution activities, which GP used to own, have been relocated to the corporate group within Stampen for the mutual benefit of the subsidiaries. This means that Stampen is able to keep control over these activities in the value chain but, at the same time, takes advantage of economies of scale.

#### ***5.2.2.1 How does GP's strategy affect the coexistence between new and old business and what are the consequences of this strategy?***

GP's development path in the digital new business is rather similar to other newspapers. The fact is that few newspaper actors do something different and unique in their development of

new business. Thus, GP, as well as many other actors in the industry have a strategy of following the actions of peers which matches the so-called Analyzers in the typology framework by Miles and Snow (1978). This strategy of following industry trends means that GP can lower the risk of pursuing new business initiatives since they only adapt the ideas that have been proven successful by other actors. But, choosing this strategy also requires that GP can respond quickly to opportunities. The fact that GP tends to make large investments up front when developing new products could infer a slower response rate than if GP would invest in phases. Investing large sums up front also infer that GP is only able to invest into a few large projects instead of establishing a more experimenting strategy by investing smaller sums in many projects.

In addition, GP's strategy of following industry trends implies that new business initiatives do not always conform to the characteristics of exploration as described by March (1991). However, GP does not seem to aim for a new-to-the-world innovation but if GP further develops or adjusts existing products or services by using the practices of exploitation GP could still come up with an improved product or service which could expand their market in the future.

GP also has an overall vision and strategy that include both the new and the old business and which is to become convergent, i.e. available across various platforms anywhere and anytime. Despite this overall vision, GP lack a long term perspective and people in the organization have different views of what GP will be in the long term. Thus, it is possible that employees do not know what to aim for which could lower employees' motivation and energy level. The goal of the new businesses seem to be a bit diffuse which should make it easier for employees to tend to old business rather than the new business since the old business is familiar and easier to understand and work with.

The empirical investigation also pointed out that GP has a strong focus towards their old customers, the newspaper subscribers, and put less focus on their potential new customers. Thus, the focus of the organization towards the old customers favors the old business at the expense of the new business.

Finally, GP has established several collaborations with other actors, both inside and outside of the Stampen group. The collaborations extend GP's competence frame and their ability to explore opportunities increases, which benefit the new business. On the other hand, the IT department is the bottleneck of the organization which could prolong development projects or put up additional constraints for new businesses. Additionally, instead of outsourcing certain parts of the value chain, Stampen has relocated some activities to the corporate group for the mutual benefit of all subsidiaries. This enables Stampen to keep control over these activities at the same time as they obtain economies of scale. However, GP has outsourced some IT-services which could hamper internal innovation, but on the other hand, the discussion in previous parts of this analysis shows that GP does not aim for such a breakthrough innovation anyway.

### 5.3 Organization

This section of the analysis deals with organizational issues in relation to how GP has managed the coexistence of new and old business and the consequences of this way of managing. Thus, categories from the empirical investigation relating to organizational issues formed this section. These categories were two worlds, split between departments, integration, merging departments, and credibility. So, the aspects covered within this section are:

- The editorial and business department separation
- The split between departments (not only business and editorial but also between sub-departments within the larger departments)
- GP's solutions to the problems relating to the previous aspects i.e. more integration of departments and cross-functional project groups
- Why the split between departments is still viable and understood
- Three other consequences of the split between departments (e.g. dual leadership, some departments seen as suppliers and how the old business model of newspapers is related to the organization)

Also, within the organization-theme three smaller sub-themes was found:

- *Phased integration* - dealing with the choice of integration of new business into the old organization instead of in separate business units
- *Management of new business development* - which concerns how new business development is created and managed and how the organizational ownership and resource authority of the development of new business is managed within GP
- *The implementation process of new business and products into the organization* - concerns how GP has dealt with the issues concerning implementing new products into the organization as a consequence of the choice of integrating new business and products into the organization of the old business

#### 5.3.1 GP's organizational approach

The empirical investigation showed that GP is divided into two large departments, editorial and business. This separation stems from the common way of organizing within the newspaper world, duality management (e.g. Achtenhagen and Raviola, 2009, Küng, 2007). As stated in the theory chapter, duality management practices often create walls and tensions within the organization (Achtenhagen and Raviola, 2009). The walls between departments and GP's functional organizational design has created more or less isolated "silos", i.e. each department acts independently of each other with little or no integration with each other. Van Weezel (2009) meant that integration between departments can play a part in increasing operational financial performance (such as net income and gross margins) and also gives way to increased convergence. Integration is also meant to increase the communication and understanding between different departments within the organization. As evident from the empirical investigation GP is very aware of the presence of these walls within their organization. Furthermore, a member of the business department said, in relation to the walls in the organization stemming from the corporate culture:



"Sometimes we do not communicate with each other because we do not have any informal meetings in the departments or over the consumer and corporate market [departments], but it is better now when we got the common coffee lounge. Yet, we work in our different pipes and I would say that is [our] distinct [corporate] structure" - Member of the business department

However, as van Weezel (2008) explained these walls can create problematic issue with the introduction of new business to an organization as these new businesses demand more overall integration between departments. A member of the editorial department said, in relation to the history of new digital business:

"In the beginning we could have two parallel or different worlds and we did not need to merge anything, [that is] between digital [business] and the newspaper. I have really fought for, what today is self-explanatory [...], because back then [when there were two parallel worlds] I worked with adding more content on the news website and nagged everyone to put out whatever content they had onto the web." – Member of the editorial department.

As illustrated by the quote, separation between old and new business within the organization was manageable in the beginning of the development of new digital business. Previously, it was difficult to get journalists to deliver content onto the news website since they were not involved with the business because of separation; integration became the way to change this fact.

However, the current "silo" mentality has encouraged efficiency and discipline where each department has tried to slim their operations as much as possible, leading to a short-time focus and making the organization less flexible. This short-term focus is well illustrated in the following quote by a member of the DUG.

"It is somewhat contradictive to work with development projects [at GP], which needs to make money quickly, of course you should not do the project if they do not make any money, but it is very difficult to create, invent, implement and then make money within a year. That is what every entrepreneur dreams about, but [on the other hand] that is also part of the charm." - Member of the DUG

The same member of the DUG also said:

"All [new project] have revenue goals, [...] we did forecasts for the products of 2012 that did not even exist [...]. But that adds to the excitement and the dynamics [of working with development] but this [way of working] can easily become very short-sighted."

This behavior can be connected to O'Reilly and Tushman (2008) who explained that the key success factors of exploitation are a short term perspective, efficiency and discipline, while

the key success factors of exploration are a long term perspective, autonomy, flexibility, risk taking and less formal systems and control, so in that sense GP through their “silo” mentality favor exploitation.

Moreover, one of the respondents from the business department explained that GP’s various departments in the past either had responsibility over revenues or costs and that this split has resulted in departments having an insufficient understanding of the way to do business. So, the functional organizational structure at GP does not encourage overall business thinking within the organization and, in relation to O’Reilly and Tushman (2008), GP does not encourage exploration initiatives through their silo approach, because of a lack of long-term perspectives and fixed organizational structure.

Since the overall functional structure of GP does not encourage exploration, the exploration initiatives have been arranged in cross-functional project groups, both in an attempt to stimulate exploration initiatives and to encourage cooperation between departments. So, it is possible to explore new ideas and initiate projects outside of the DUG as long as others in the organization buy into the idea. Hence, GP starts more informal projects, with the aim to take care of new ideas that spring from the rest of the organization. Yet, the informal projects uncovered in the empirical investigation show that these projects most often stem from the editorial department, and therefore apply an editorial perspective on goals and measures, e.g. the purpose of the project is to increase the number of readers or for the readers benefit. These types of projects do not have to abide to the same demands as commercial projects, while a commercial initiative must be a revenue source within a relatively short time, editorial projects are allowed more freedom and does not have to be sure to break-even. A member of the editorial department described the process of informal projects as follows:

"Well, [when initiating new projects] you need to be somewhat flexible and grab those people you know you need and those that have a large influence [within the organization], for example [someone] within the DUG [...]. Then we put in some manpower and try it out. I am also a part of the inlay-group and we work like this all the time, the group [consists of] people with a mandate from different parts of the house, and that is much easier than going around asking. We are somewhat autonomous, [because] no one says no to good ideas. So, if we are unanimous we will get to do what we want. [...] This is a good example of how we have managed to work across departments" - Member of the editorial department

By using the cross-functional project groups, explained in part in the quote above, GP can obtain the autonomy and flexibility required for exploration (according to O’Reilly and Tushman, 2008) despite their overall organizational structure. However, these informal project require a large knowledge about the informal structures in the organization which then affects the number of people which are able, and have the possibility to, champion such projects.

Moreover, the DUG is considered as one of these cross-functional groups and the establishment of the DUG has been a conscious effort of the management to lessen the impact of walls between different departments as the group merges different “worlds” into one team. A member of the DUG explained the reasoning behind the creation of the DUG as follows:

"In the DUG [our head] is a part of the editorial executive management, and he is a journalist from the beginning [...]. This was a very tactical choice of GP, because historically the editorial department has been very skeptical towards the commercial [aspect of the company], so then you merge the worlds [...] [since] everyone within his group [the DUG] belongs to either the IT, consumer, or corporate market departments." - Member of the DUG

Yet, most of the representatives in the digital development group are simultaneously employed by their previous departments and almost no other organizational changes have taken place to increase integration between business and editorial departments. This implies that even though GP encourages exploration and integration by creating DUG and other cross-functional project groups, the culture of duality management and the walls between departments still remains. For instance, the culture of duality management makes understanding of the different “pipes” and their purpose difficult and employees have difficulties communicating with each other. The current organizational structure with this “silo” way of organizing and the fact that walls between departments used to be encouraged, as a part of making sure that journalists stay independent, has not helped to increase the understanding between different groups within the organization.

The duality management practices and the consequences of this way of managing have not helped in GP’s quest for convergence or for more exploration initiatives. However, the DUG works like a needed glue in-between departments and as an incubator for new business, or in the words of a member of the DUG, regarding building legitimacy for new business and anchor them into the organization.

"It is about telling and making people understand the significance and impact of [new projects]. When we introduced eGP I had to go to at least ten different forums to demonstrate and explain. So, in my experience half of the [development] job is about doing a sales pitch internally." - Member of the DUG

So, because of the duality management and the silo way of organizing, communication becomes even more important in order to build legitimacy for new business.

The fact that walls exist between the business and editorial department and the fact that a total integration of the business and editorial departments are out of the question stems from the duality management heritage. So, the purpose of the duality management practices lies in that it is what creates the credibility of the newspaper. One should not forget that much of GP’s culture is ingrained into the current organizational structures where each department represents their own sub-culture, tearing down walls could have serious consequences for the overall corporate culture and the feeling of what GP is by many employees.

In addition, readers expect that the content presented in GP's products is free from commercial interests and this is one of the purposes of duality management (e.g. Achtenhagen and Raviola, 2009). GP is very proud about the fact that GP never has been "bought" and the fact that GP do not publish branded content (content which is paid for by advertisers). The editorial department expresses this even stronger, as they point out the journalistic and democratic mission of GP and that they are responsible for reporting issues which is important to society. A member of the editorial department said:

"We never talk about products. We talk about content and readers. We are journalists; the people that I am in charge of are journalists. Our agenda is to make a content that people want and want to pay for, but it is also about exposing corruption in Gothenburg because we have a democratic responsibility [...]. Of course, we cannot do that if no one wants to pay for what we do [...] but we want [to achieve] something with our content." - Member of the editorial department

Furthermore, a respondent from the business department said that the credibility is GP's most important resource and unique selling point, and that they should not interfere with the work that the editorial department is doing if it in any way could affect the credibility. A member of the business department said:

"The old culture has been like over there [at that side] we have the editorial and credibility and on the other side we have those that should capitalize on their work [of the editorial department]. But that relationship no longer holds, now we need to be in symbiosis [with each other]. And how should we do that without damaging the credibility? It is an old belief from an editorial point of view that the business side wants to sell the credibility but it is actually quite the opposite. If we did not have the credibility we would only get a tenth of today's prices for our advertisements. The credibility is the core of our brand so I think we are even more prone to take care of the credibility than the journalists are." - Member of the business department

So, the business staff also agrees that they should not influence what the journalists produce in content but that the quest for credibility sometimes becomes a bit extreme. One example mentioned by a respondent is the fact that GP's marketing department every year arranges a large flea market, but this market was not included when the editorial staff did an article about flea markets in the Gothenburg area. In this case GP might have benefitted from a closer communication and collaboration between departments.

Another illustrative example of the walls between departments at GP is the fact that both the marketing department, now called the Communication and Analysis department, and the IT-department, which to a large extent is outsourced, are considered as suppliers of material for the other parts of the organization. For example, a member of the DUG said, in relation to the IT-department, "our IT-department might want us to place an order in a certain way, but I

believe that they need to think about what a normal customer wants and interpret our order”. Furthermore, a member of the business department said, in relation to the Communication and Analysis department being a supplier:

“[The work at Communication and Analysis] is somewhat multifaceted since they have three different job requestors [the editorial, consumer market and corporate market departments]. These three are building readership range, and increasing sales both for the consumer and corporate markets departments” – Member of the business department

Thus, the connections between these departments, to the rest of the organization, do not seem to have increased despite the effort taken by the management in recent years. This, of course, leads to a decrease in collaboration and less efficient communication between departments.

Another example that affects the communication between departments and the understanding of different organizational roles, which in turn affects the ability to cooperate, is the fact that GP has a dual leadership. This dual leadership creates inconsistencies about who really is in charge. A member of the DUG said:

"I think [the two sides in the company] dims the commitment [of working] because you are unsure about who's leading the orchestra. If we had one strong leader it might have been easier, [...] but now it's like we have two spokespersons. [...] In a normal organization it is much easier for everyone to put on the same T-shirt and say we are in the same team. This is not impossible [at GP] but it demands that we do that little extra." - Member of the DUG

But the split leadership seems to be more of an issue among the business department staff, and they are uncertain of whose mandate should come first or who their boss is. Thus, it seems like the dual leadership and duality management creates discrepancies in the organization and has an impact on the departments' decisions on how to prioritize and what purpose to serve. However, as mentioned in the empirical analysis GP has a political editor-in-chief who is stepping down this fall and whose role, when also the current editor-in-chief leaves the organization, is integrated into the new editor-in-chief role. This could have an impact on leadership issues as well. However, as stated in Hugo (2012) GP does not expect this change to impact on the organization to any great extent.

Finally, putting the duality management aside, GP's overall organizational structure reveals another interesting point from the perspective of the coexistence between new and old business. The point is that the overall organization is structured in accordance with the old business model used for the printed newspaper. In the traditional business model, the editorial departments produce content (in this case in the form of a printed newspaper) which is sold at a relatively low price to a large audience of consumers (e.g. the multisided-model described in, for instance, Osterwalder and Pigneur, 2010). In turn, the audience attracts advertisers so that the newspaper company can sell advertising space to other companies. The two main

departments of GP are the editorial and business departments where the business department is further divided into the consumer and corporate market departments. This structure is customized in order to serve the old business model and even though this traditional business model also could work for some of GP's new digital business, it is not necessary the only and best option for organizing with new business in mind. So, there is a risk that the organizational structure reinforces the old business model and forces it on new business. Also, it could become more difficult for employees at GP to become free from traditional mental mindsets about how a business model in the media industry could look like. Yet, the DUG was the first step in the right direction and a conscious attempt to both break down walls and to reorganize and the DUG is well aware of their unique role. A member of the DUG said that "the invisible marriages [between resources] are what can become the dynamic of the business model, and we need to find that".

### **5.3.2 Phased integration**

Using Markides's (2008) terminology, GP has used a phased integration strategy for their new digital business. From 2000 until 2004 the digital business and development had their own organization, separate from the old print business, but since 2004 the digital business has been fully integrated with the old business. According to Markides's (2008) framework, GP has made the right choice of using phased integration as the phased integration strategy should be used when the new and old markets are strategically similar but the businesses face serious conflicts. GP's old and new markets are similar since it is possible to leverage strategic assets across the businesses. One such strategic asset is mentioned by a member of the business department who said the following regarding the competitive advantage of GP:

"Our biggest competitive advantage is that we are alone in the local market doing what might be called mass communication. We have been so strong [in that area] that no one else has been able to establish themselves. Many have tried, but we have managed to fight them off over the years. [...] Digitally it is the local [which is the largest competitive advantage] but [in in the digital business] the competition is completely different." - Member of the business department

So, in connection to what the member of the business department said, the strategic assets of GP are the brand name, the large customer base, the credibility and the local dominance. GP was established already in 1859 as a local newspaper serving the Gothenburg area, and thus, their brand name and reputation as a local and credible news company is well established and have resulted in a large customer base (for their traditional business, the printed newspaper). A member of the DUG said, in relation to the future business portfolio:

"We will have the newspaper, but with a couple of other areas around it wherein there are some way of making money. These should have a connection with [our] credibility and the local." – Member of the DUG

GP's brand name, credibility and the local dominance can be transferred and used in the new digital business and, at the same time, it could take many years and cost a substantial amount for a competitor to build or acquire these assets. In addition, as many of the new digital

products are closely related to the activities of the old business the new and old business can share resources, such as the editorial staff. Thus, there are many opportunities for GP to leverage assets between the old and the new business, and this is a process which GP certainly has succeeded well at.

It could also be argued, stemming from the empirical investigation, that the integration of old and new business at GP can cause problems. Even though news on the Internet, smartphones or tablets do not offer the same type of consumer experience and as detailed articles as the printed newspaper, it could definitely be considered as a substitute and what is true about all substitutes is that there is a risk of cannibalization (Markides, 2008). The electronic newspaper especially could be a risk, since it is a digital replication of the printed newspaper and, in the case of GP, offers the same content. Another risk is the difference in the required distribution network. The digital products have no use of printing presses or distribution networks for “physical” products which means that there is a risk of destroying value in the traditional distribution network. The benchmark study also showed that digital products have lower prices than printed products, even if they include the same content.

Putting together the reasoning of potential risks and similarities between new and old business at GP, there are several potential risks and conflicts between the old and the new business. However, there are also several opportunities to share strategic assets which are the outmost purpose of integrating old and new business (Markides, 2008).

### **5.3.3 Management of new business development**

As mentioned previously, the development of new business at GP has been focused into a specific group, the DUG. The new business development projects are financed through a yearly budget which is approved by the management board and where a number of projects are included. A member of the DUG said, in relation to the financing of new development projects:

"The budget is decided upon on a yearly basis and then [the Head of the DUG] knows that the money should be able to cover these ten products and then it is up to him to dispose the money. Before we set the budget we have made calculations of what the products should cost but if something happens outside of the planned budget we ask for more money from the business executive management." -  
Member of the DUG

In addition to the new business development projects taking place in the DUG GP has the program “100 new” as well as other, more informal, cross-functional projects which aim to take care of ideas stemming from the “grassroots” of the organization. Historically, before the DUG came into action all of the corporate entrepreneurship activities at GP were in the form of informal projects since there was a lack of organizational ownership and dedicated funding, or if relating to the works of Wolcott and Lippitz (2010), GP employed the opportunist model, and project champions where the foremost source of new business. In the past, as demonstrated in the empirical analysis, experimentation was encouraged and dedicated individuals were trusted to come up with new ideas for business. In some sense GP still

employs the opportunist model but in a more limited fashion since most of the new business development is executed through either the “100 new” program or the DUG.

Wolcott and Lippitz (2010) explained that companies move away from the opportunist model as the model does not give a clear direction of where the corporate entrepreneurship is going and put trust in that these serendipitous events will occur. Therefore, the opportunist model cannot ensure a stable organic growth (Wolcott and Lippitz, 2010). GP has recognized this fact and, through the start of the DUG and the “100 new” program, made a conscious attempt to move away from the opportunist model of managing corporate entrepreneurship. Today, the projects within the DUG are financed with a dedicated type of financing (as illustrated in the quote above), which means that the DUG could be described as an application of the producer model in Wolcott and Lippitz’s (2010) framework.

Another issue discovered during the empirical investigation, in relation to the management of new business development efforts, is that even though GP has made an effort in taking care of new ideas that spring from the grassroots of the organization, though the program of “100 new”, some of the members of the editorial department felt left out of the development of new business. A member of the editorial staff explained that many new ideas of development projects were discussed in the editorial department, but that there is a lack of feedback from the DUG back to the editorial department about why these projects did not come in action. A member of the editorial department said, in relation to the involvement and commitment to new business in the editorial department:

"I like the work [the DUG] does, but do not always understand what they're doing. Technology is a difficult terrain to navigate in. We could have such [technical] ideas but they are buried within the DUG. [...] I can understand that it's tough because they have a strategic role in the company and maybe the resources do not add up to their task. I'm not sure if that is the case, but I would understand [the lack of response and feedback] if it was." - Member of the editorial department

Thus, even though the member of the editorial department recognizes that the lack of response or feedback from the DUG could depend on the DUG’s lack of time and resources, the editorial staff gets little explanation of why some projects or ideas are explored while others are not. So, there is an apparent risk for GP that the lack of feedback from the DUG could lower engagement and new ideas coming in from the editorial department in the future, which could have an overall effect on the motivation within the organization, and would not benefit new business.

#### **5.3.4 The implementation process of new business and products into the organization**

As have been discussed in the above section, according to Wolcott and Lippitz’s (2010) framework, GP has organized the digital development efforts in a focused group (the DUG) with dedicated funding i.e. an application of the producer model. Wolcott and Lippitz (2010) explained that the challenges of the producer model are the lack of business unit support and to integrate successful projects into the organizational core. In connecting with the challenge of integration a member of the editorial department said:



"It is not always easy [to get commitment], GP+ was not considered as a good idea by everyone, and it is not strange to be met with skepticism but at the same time there is an understanding and a will that we should do stuff and that we depend on it, but still people react when it affect them personally, do I have to change my way of working or my mindset? Then it is more difficult, and like all changes it takes time." - Member of the editorial department

In addition to the respondent above, several of the interviewees explained that there is a lot of support for the DUG and digital development across GP's whole organization. Hence, the organizational support is not a large issue but the integration and implementation of new business, which in turn creates new routines, is complicated.

Up until just a few years ago, the day-to-day operations overseen and maintained by the lion's share of GP's staff were dedicated to the printed newspaper and these employees did not need to care about other products or new digital development. A member of the editorial department said, in relation to if the work had changed because of new businesses: "well, it has, before you did not think about it [new business] and only a few people worked with those troublesome things". So today, even though most employees still dedicate most of their time and resources to the printed newspaper, many more have been affected by digital products. Wolcott and Lippitz (2010) meant that companies who engage in corporate entrepreneurship and explore new opportunities will encounter additional challenges as they take new concepts to market and scale up the new businesses; these companies will put more pressure on the whole delivery system, including supply chains and channels. GP is aware of these issues and a member of the DUG said:

"Adding on more things to do is not easily done, and it's not really working that well at the moment. [...] Concerning more complex products [we] should think about expectations, sometimes there is an overconfidence that things should move quicker along than they do. Sometimes it is not a failure, maybe the time wasn't right or the implementation went wrong." – Member of the DUG

So, GP's work with digital development, and the introduction of new digital products, generates additional work further down in the company's supply chain and the implementation is sometimes an issue. Furthermore, even though much of the content is distributed automatically to the various news platforms and the efforts of the DUG has made it possible for editorial staff to only publish content once and in one system, new digital channels and initiatives make the news prioritization process, overseen by the editorial department, more time-consuming. New digital channels have made the process of news selection more complex. A member of the editorial department described this process as:

"We strive not to [have the same content in all channels] and the strategy is not that it should be the same content. However, I believe that some content will be the same but you will be able to see different facets of the same content in the different channels. [...] It is about being smart, we will not be able to have one journalist working with a specific application [...] there's no business in that. No,

it is about being the director of this media dramaturgy" - Member of the editorial department

Thus, content needs to be “customized” for each channel, which adds additional work for the editorial staff.

Nevertheless, it is not only the editorial staff that has been affected in the implementation process of new digital business into GP’s organization. New digital products also put more pressure and time constraints on the sales staff, customer service, marketing, IT-services, etc. and additional products also add more complexity in the whole organization. Wolcott and Lippitz’s (2010) research showed that it is very important to consider business systems holistically and systematically up front, e.g. viewing new potential corporate entrepreneurship initiatives in relation to the organization from the start. A member of the DUG explained that, today, the business case includes a “business system analysis”, which specifies what is demanded from the organization for the new initiative to be successful, but less than a year ago this analysis was not included in the business case which has led to difficulties when implementing the new business into the organization. Automatization procedures, which make sure that content is distributed on all of GP’s different channels through a single publication system, make it easier for new channels to be integrated but adding on new products creates complexity that needs to be planned for and managed.

Wolcott and Lippitz (2010) also explained that when the throughput of new opportunities increases, it becomes more difficult to find organizational homes for these initiatives. Several of the interviewees admitted that GP has not managed the transition of new products, from the development phase to implementation, very well. As of now, some products have no organizational ownership with no one in the organization having a formal responsibility for the new business once it has left the development phase. An interviewee said that GP often start up new projects but that some of them lack monitoring after introduction into the market, e.g. the reactions from customers, etc. is not taken into account once the project is already in place. However, some project are controlled and monitored on a weekly basis, but only for quantitative and financial measures. Another interviewee also pointed out, since the range of digital products increases, it will become unsustainable for the members of the DUG to develop both new products and continue to monitor (and further develop) them once they have been introduced on the market. GP seems to lack routines and a complete plan for how the transition should be managed, and thus, it becomes difficult to find new homes for products that have left the development phase. The fact that GP has started to include a business system analysis in the business case will enable GP to plan better and prepare the organization when new initiatives become an organizational reality.

GP’s difficulties with finding organizational homes and the lack of formal ownership of new products introduce other challenges. As already mentioned, GP lack monitoring and active management of some products which infer that some products do not get the support they need in order to fulfill their potential. Active monitoring and analysis of the holistic business system, not only of quantitative sales data and the like, could also facilitate better

understanding and learning. An analysis of the holistic system could include everything from customers' opinions of new products to an implementation plan.

Active management and monitoring is also an important part for the continuous improvement process of business (Markides, 2008). One of the members of the DUG said that unless a product is being further developed, it is actually being discontinued. However, another interviewee said that GP does not have a strong tradition in working with further development of the business concepts once a product has been introduced on the market. The interviewee further explained that a more active management is needed in order to make money from new businesses. People in the DUG do the best they can in order to continuously improve products, but lack resources and only have limited time available. The consequence of the inconsistency of implementation of new business into the organization means that many new initiatives get "stuck" in the DUG, which further impedes the group's ability to focus on development, e.g. the amount of tasks and requirements on the DUG increases as new businesses are being developed. This, in relation with the fact that there is a lack of clear routines for when to discontinue products, creates a complex situation for the DUG, which, as the development process goes on, are left with more and more products to manage.

#### ***5.3.4.1 How does GP's way of organizing affect the coexistence between new and old business and what are the consequences of this way of organizing?***

The culture of duality management creates walls between departments which form the overall organizational structure of GP into "silos". This structure results in difficulties to communicate and understand each other across departments, which has an impact on the ability to cooperate. The overall organizational structure of GP and the difficulties in cooperating between departments impede exploration efforts, as well as the fact that many IT-services were outsourced and were a constraining resource. The two logics, between business and editorial and the split leadership, further impede exploration because of unclear directions and motivation for new business.

However, the "silos" is meant to be circumvented by GP's way of integrating people from various departments into the DUG, and through the creation of cross-functional project groups and meeting structures. Through the establishment of the DUG, with its dedicated funding, GP has moved away from their previous serendipitous development efforts and the opportunist model by Wolcott and Lippitz (2010). The DUG, the "100 new" program and the informal project at GP all drive exploration efforts, but there are still issues for GP to handle such as the risk of ideas being lost within the organization due to an unclear feedback structure, e.g. employees lose motivation to share new ideas because of the lack of communication from, in this case, the DUG.

The analysis also shows that the phased integration strategy that GP has chosen is a beneficial choice from a theoretical perspective, because even though there are some serious conflicts between new and old business, there are several opportunities to leverage and share strategic assets. The integration decision is also wise from a performance point of view and more integration has been proven to increase financial performance.

The exploration efforts of GP have resulted in additional platforms and products. This, in turn, has affected the rest of the organization by creating additional work and more complexity. The problem lies not in the overall business unit acceptance of new initiatives but in the integration of these into the already existing organization. The empirical investigation showed that GP lack routines and an overall plan of how to take care of new products in the organization. The risk with lack of routines and plans of how to take care of new products is that the DUG gets overwhelmed with work, less time is spent on continuous improvement and development, and new products do not get the support they need in order to fulfill their potential.

But, GP is aware of this issue and has taken action to improve plans and routines, especially with the introduction of business system analyses in relation with business cases. The automatization procedures have also been a conscious effort to decrease the frictions of integrating new business into the organization, but the lack of organizational ownership is still an issue in these cases. So, GP has not been monitoring some products sufficiently, or just monitoring quantitative and financial values, and thus, miss opportunities to gain a better understanding of cause and effect relationships and to learn from previous projects. All in all, the lack of complete and clear routines and plans for how to implement new businesses into the organizational core do not favor the new business. However, concerning coexistence between new and old business the increasing complexity associated with these implementation efforts shifts the balance in favor of the old business since new businesses do not get the attention they need and employees lack clear directions of how to manage them.

However, the overall organizational structure and the duality management practices which create “silos” in the organization clearly favor efficiency and exploitation rather than flexibility and exploration. New business does not benefit from the overall organizational structure, even though GP has made leeway to decrease this rigorous focus on exploitation within the organization through the DUG. But DUG is still a small part of the organization and, thus, the fact still remains that, from an organizational perspective, exploitation is chosen above exploration.

## **6 Discussion**

This chapter provides a discussion around theoretical and practical implications of the empirical investigation and the analysis found in the thesis. The first section, connecting themes with theory, aims to explain how the themes in the analysis chapter relate to the theory chapter. The theoretical implications section follows the structure from the theory chapter and connects theoretical concepts with material gathered in the empirical investigation. Finally, practical implications were added in order to provide management recommendations for GP and show how similar firms can learn from the findings in the theory, empirical, and analysis chapters of this thesis.

### **6.1 Connecting Themes with Theory**

In the analysis chapter of this thesis two major themes were presented, strategy and organization. These themes included certain aspects which were related to theories found in the theory chapter. The theme strategy focused on aspects relating to the strategies of new and old business at GP such as the strategy of following industry trends, focus on old customers, how the vision affects the strategies, and how collaborations and outsourcing have affected the coexistence between new and old business. The theme organization was related to organizational management practices at GP and included four main points, GP's organizational approach, phased integration, management of new business, and the implementation process of new products into the organization. In each of the themes those aspects which were especially interesting or had the most improvement potential from a theoretical point of view for GP were discussed. However, some of the theories within the themes overlap and are mentioned within both themes but relate to the mentioned aspects with a different focus.

Table 9 summarizes the themes, what they include in terms of empirical material, theoretical references, and what the theoretical interpretations of this material are. Thus, the empirical material column stems from the empirical investigation of the case at GP while the theoretical interpretation of said empirical material stems from the analysis. The underlined parts of the empirical material column represent the headings found within the themes in the analysis.

Theme name	Empirical material	Theoretical reference	Theoretical interpretation
<b>Strategy</b>	GP (and many other newspapers) follows industry trends and adopt to new technologies by looking at what others are doing	Miles and Snow (1978)	GP (and many other newspapers) match the Analyzer (mix of Prospector and Defender) with a follower strategy
	GP applies large investments in projects up front	Brown, Davidsson and Wiklund (2001)	GP conforms to the Trustee because of heavy commitment to resources
	GP aims to be accessible across a number of platforms	Quinn (2004)	GP has a convergence vision
	Shared vision between new and old business but unclear long-term strategic perspectives and focus on short-time break-even projects	O'Reilly and Tushman (2008)	GP shares a common vision for new and old business (important for ambidexterity) An unclear long term perspective obstructs exploration and gives way for a failure of uniting efforts
	<u>Collaboration and outsourcing</u> Open to collaborations with others However, IT-resources a bottleneck, so partly constrained by existing resources	Osterwalder and Pigneur (2010) Brown, Davidsson and Wiklund (2001)	GP realizes the need for collaborations with others Mix of Promoter and Trustee, Promoter because of openness to collaborations but a Trustee because of lack of IT-resources
<b>Organization</b>	Sub-cultures among departments, some departments as suppliers Walls and borders described in-between departments Notion of not "being bought" and keeping objectivity as reason for separation of departments	Achtenhagen and Raviola (2009)	GP applies duality management, and has a silo mentality Duality management is seen as the means of keeping credibility high
	<u>Phased integration</u> The digital development group (The DUG) integrated between the business and editorial department New business integrated into the old organization	Markides (2008)	GP uses phased integration (because of the possibility of sharing strategic assets)
	<u>Management of new business development</u> Organizational ownership of new development focused in the DUG, with a few exceptions i.e. informal projects Financing of new initiatives mainly dedicated, some ad hoc	Wolcott and Lippitz (2010)	GP applies to the producer model (in how the DUG is structured) and the opportunist model (i.e. informal projects)
	<u>Implementation process</u> More new businesses add to existing routines and practices because of the phased integration Lack of routines and plans for implementation	Wolcott and Lippitz (2010)	GP is also subject to the theoretical notion that implementation is difficult, e.g. to find organizational homes for new business

Table 9. Summary: Connecting themes with theory

## 6.2 Theoretical Implications

The concepts of exploration and exploitation are central concepts in the theoretical section presented in this thesis. According to March (1991), exploration includes characteristics captured in the terms search, variation, risk-taking, experimentation, flexibility, discovery and innovation, while exploitation is captured by the terms refinement, choice, production, efficiency, selection, implementation and competence. In the theory section, new and old business has been connected to the concepts of exploration and exploitation. However, the development of new business taking place at GP does not exclusively match the characteristics of exploration since it is possible to distinguish features of exploitation in some of these new business initiatives. Thus, all GP's new business development projects cannot be directly connected to exploration. The exploration efforts at GP is centralized to the digital development group (the DUG), but not exclusively as there are some exceptions, however, the work process found in the DUG sometimes can be described as more exploitative but it is a sliding scale where some initiatives can be characterized as more exploitative than explorative and vice versa. For instance, the e-newspaper product called eGP is a replication of the printed paper and the technological solution is provided by a supplier rather than developed internally at GP. The efforts to develop eGP are therefore more related to the features of exploitation including e.g. production, efficiency and implementation rather than the features of exploration such as risk-taking, discovery and innovation but still this was a new initiative at GP involving a certain amount of exploration. Yet, the empirical investigation in this thesis illustrates that it is difficult to make a distinction between exclusive exploration and exploitation efforts, just because a business is new does not imply that a wholehearted process of exploration has been at play. So, even though the concepts are clearly defined within the theory the case demonstrates that the features of exploration and exploitations efforts are not that clear cut in practice.

Within corporate entrepreneurship literature, the concepts related to the research question of this thesis are entrepreneurial management, entrepreneurial orientation and ambidexterity since they all intend to describe how CE is to be managed in an organization. The first framework presented in the entrepreneurial management section by Brown, Davidsson and Wiklund (2001) contradicted two kinds of management practices which gave hold to two extreme behaviors, that of a so-called Promoter which has an entrepreneurial behavior and that of a Trustee which has an administrative behavior. However, the combination of the management practices of the Promoter and the Trustee is not that well explained by Brown, Davidsson and Wiklund (2001). The framework of Miles and Snow (1978), in the entrepreneurial orientation literature, remedies these shortcomings since one of the organizational types demonstrates a combination of a Promoter and a Trustee, called the Analyzer. The Analyzer in Miles and Snow's (1978) typology applies a strategy of following the Promoters (the entrepreneurial and innovative type) in the industry.

So, the empirical investigation showed that GP, just like the Analyzer, applies a strategy of following industry trends as some of GP's management practices conform to those of the Promoter while others conform to those of the Trustee. For instance, when starting a new project, GP tends to make long-term and heavy investments up front instead of making

investments in phases which would enable GP to explore more ideas and discontinue unsuccessful projects without having to spend that many resources. This way of investing heavy into projects up front is a management practice which conforms to a Trustee. On the other hand, GP conform to the Promoter in the sense that their collaboration initiatives, inside and outside of the Stampen group, extend GP's capabilities and make them less restricted by controlled resources.

A potential implication, found in the study of GP, is that when pursuing both new and old business in the same organization it could be beneficial to apply both entrepreneurial and administrative management practices, i.e. apply a combination of both Promoter and Trustee management practices. However, the activities related to the old business should apply administrative management practices (Trustee) while the activities related to new business development should apply entrepreneurial management practices (Promoter). This relationship between Trustee and Promoter management practices is not entirely at play at GP as some of the management practices used in new business development, the DUG, match those of the Trustee, e.g. investing heavily in projects up front as described above.

Furthermore, the Analyzer type described by Miles and Snow (1978) has many commonalities with GP but the typology is very general and does not provide any explicit explanations or practical suggestions of how companies can manage such an organization. Instead, ambidexterity literature has a specific focus on the management of both new and old business and provides many practical suggestions. O'Reilly & Tushman (2008) meant that ambidexterity consists of certain competences and routines which enable firms to simultaneously compete effectively in mature markets or with mature technologies and adapt to new markets or technologies. GP is competing in a mature market simultaneously as adapting to new markets with new technologies, and thus, GP has developed competences and routines of ambidexterity, for example the creation of the DUG ensured that new business ideas could be developed while at the same time creating the needed competence for new business. On the other hand, as described in the analysis chapter, GP's overall organizational structure and some management practices used for new business development, constrain entrepreneurial activities, and shift the balance in favor of the old business. Thus, certain parts of GP, as well as certain management practices indicate that GP is ambidextrous while others do not. However, in a similar fashion as there can be different degrees or combinations of exploration and exploitation, the empirical investigation shows that in practice different degrees of ambidexterity could be present.

A final aspect found in the empirical investigation, which is related to the entrepreneurial orientation i.e. the mindsets of firms, is that the entrepreneurial mindset of GP is difficult to evaluate. This is because different people in the organization have different personal characteristics and roles in the company and therefore have different degrees of entrepreneurial mindsets. Thus, if the thesis would have focused solely on interviewing members of the DUG those results would be different from a result found if only interviewing people in the organization who were not taking part in new business initiatives.



### **6.3 Practical Implications**

During the empirical investigation and analysis of this thesis it was possible to discover a few discrepancies between the management practices recommended in the theory and those applied by GP. Thus, this section will highlight those issues that seem especially important for GP to consider and those which have improvement potential.

First, it was found in the empirical investigation that when GP decides to invest in a new project they tend to invest everything up front and have a heavy commitment of resources. In order to further benefit exploration efforts GP should perform investments in development projects in phases instead of investing everything up front. This could speed up the development process so that GP get to market faster and it could also allow GP to experiment more and explore additional opportunities. However, this also demands that GP will have to establish rules and routines for when a project should be discontinued.

It has also been found that despite the common vision and core values, employees have different opinions of what GP will be in the future. Thus, GP could benefit from creating a shared view of the future among people in the organization which could make it easier to set goals and create more motivation and energy in the organization. At the moment many of GP's digital development resources are allocated to activities related to catching up with other newspapers. If GP could close their performance gaps to other newspapers they would be able to concentrate on opportunities which could put them more in charge of the development, but, at the moment, such an idea is not on the agenda for GP's new business projects.

There are also a number of interesting notes related to the organizational structure at GP. GP's overall functional organizational structure, which is divided into the editorial and business departments, clearly favors exploitation efforts which, from a coexistence perspective, do not bode well for exploration or new business initiatives. But, changing the organization completely is not an option since much of the culture at GP is ingrained into those structures. However, GP is already on the right track in changing the organizational environment in favor for both exploitation and exploration through the creation of the DUG and their attempts to increase both cooperation and communication in-between departments. Yet, even more transparency and communication seem to be needed since the editorial department expressed that the DUG could share even more information and become even more dedicated in their efforts to communicate the purpose of new business initiatives. But, if GP wants to focus on more disruptive and game-changing activities the main purpose of the DUG should be to focus on those types of developments. As time is a limited resource and the results from the efforts in the DUG depends on the priorities of the group, exploration efforts may be further impeded if more time were spent on evangelizing within the organization instead of developing new business. Yet, communication in-between departments and from the DUG to the rest of the organization is an important factor in order to increase the commitment to new business initiatives but GP needs to find a balance in the allocation of resources between communication and development of new business.

Furthermore, an interesting issue related to the implementation of new business is that GP did not use to perform business system analyses in the past and even if GP, today, has started with

business system analyses in relation to creating new business cases this needs to be considered even more. Today, GP's implementation efforts do not take into account how new businesses should fit into the organization to a great enough extent, which constrain resources and employees. The uneven monitoring practices of products, where some products are monitored very closely while others are not being monitored at all also needs to be taken into account. Also, the fact that when GP does monitor products only quantitative and financial measures are considered is a potential improvement area. More qualitative measures, such as customer satisfaction etc., could be added to the monitoring mix as well as increasing the monitoring for products currently not being evaluated. However, such a decision must be weighed against the limited resources at GP's disposal. Nevertheless, there are still inconsistencies in monitoring practices, which in turn can generate different outcomes and decisions depending on how the new business is being monitored.

A final note is that in relation to a more overarching analysis about how new business should fit into the organization GP might also need to consider how continuous improvements of new products should be handled. The lack of proper organizational homes for new initiatives implies that the responsibility of continuous improvements is ambiguous. The current structure, which favors automatization and no organizational home, further inhibits continuous improvement efforts. Also, GP needs to consider implementing new routines and procedures in order to determine which initiatives to keep and which ones to discontinue.

## 7 Conclusion

This chapter provides a brief summation of the thesis and provides an answer to the research questions. The last part of the chapter aims to exhibit some brief suggestions around future research on the overarching topic found within this thesis.

The primary objective of this thesis was answering the questions:

- *How does GP manage the coexistence of new and old business?*
- *What are the consequences of GP's way of managing?*

The introduction chapter, *Newspapers in crisis*, explained that even if there are benefits of performing both exploration and exploitation at the same time, i.e. performing activities of developing new business and maintaining an old business, there are also many drawbacks and problems associated with doing both activities (O'Reilly and Tushman, 2008). As argued by O'Reilly and Tushman (2008) pursuing both exploration and exploitation is very difficult since senior management will have to manage completely different and inconsistent alignments of competencies, systems, and structures. Because of the difficulties for the same organization to develop new businesses next to the old business much research has recommended that the old and new business should be separated (e.g. Bower and Christensen, 1995; Porter, 1980; Tushman and O'Reilly, 1997). On the other hand, Markides (2008) argued that both separation and integration could be successful, but that the companies which choose integration should be careful not to suffocate the new business with existing practices and policies of the old business.

The theory chapter described that the pursuit of new businesses in established organizations is researched within the field of corporate entrepreneurship (CE) (Kollmann and Stöckmann, 2008). According to CE literature, three different concepts of how to manage CE exist: entrepreneurial management which is management that puts opportunity-based behavior at the center, entrepreneurial orientation (EO) where high EO means that firms engage in product market innovation and undertake risky ventures, and ambidexterity which consists of certain competences and routines that enable firms to simultaneously compete effectively in mature markets or technologies and adapt to new markets or technologies (Stevenson, 1983; Kollmann and Stöckmann, 2008; O'Reilly & Tushman, 2008). In addition, the theory chapter included another important aspect for newspaper organizations, duality management, which often involves a split between the editorial and business departments in order to ensure a high degree of credibility and independence in news production (Achtenhagen and Raviola, 2009, Küng, 2007).

The method chapter described why GP, in their search for new businesses, is a representative case which fit the purpose of this thesis and as the empirical investigation showed that many other newspapers organizations also developed new businesses. Furthermore, the empirical investigation showed that GP has integrated new businesses into their already existing organization. The exploration efforts of GP take place in a dedicated group, the DUG, while other "grassroots ideas" from the organization is dealt with in the "100 new" program or more informal groups, otherwise the organization has remained intact and still centers around the

old business. It was found that GP, like many other newspaper firms, employ a duality management approach with a split leadership and a clear structural distinction between the editorial and business departments. Furthermore, GP tries to become convergent which implies that more new digital business should be created and in an attempt to stimulate the overall output of new business new incentive systems have been put in place for the digital developers. Moreover, GP takes on a follower approach to new business ideas where industry trends sets the bar. Finally, the corporate culture at GP is driven by a long historical heritage and the duality management yet again has an impact as different departments have different sub-cultures. The corporate culture also encompass the fact that GP is a kind company which trusts its employees to deliver on a day-to-day basis and the culture has also been, and still is, an incentive and cause of motivation for people at GP.

The analysis chapter highlighted several interesting aspects and consequences of GP's way of managing the coexistence of new and old business. GP has chosen to integrate the new business into the same organization as the old business, and just as the theory imply, GP is able to exploit synergies but the "balancing act" between new and old business is complex since the new businesses have to be combined with the existing policies and organizational set-up of the old business. The creation of the DUG and the continued influence of informal projects have all enabled exploration efforts at GP. GP is therefore searching for ways of handling their new and old business within their organization and is making progress in this search. However, the empirical investigation and analysis of GP also found some potential imbalances between the old and the new business where some management practices favored exploitation instead of exploration, e.g. heavy commitment to resources up front and a lack of IT-resources, a focus on old customers/markets, inflexible overall organizational structure, historical duality management practices and sub-cultures in different departments. The overall consequence of these management practices is that the old business and exploitation is favored at the expense of new businesses and exploration. For instance, the DUG's heavy investments in projects up front can delay projects and prolong market introduction and the duality management practices and sub-cultures makes it difficult to understand each other and collaborate across organizational functions which, in turn, impede exploration.

## **7.1 Future Research**

This research set out to explain how the coexistence of new and old business could be managed within a newspaper organization and the consequences of this way of managing. A managerial practice found in this thesis concerns phased integration efforts between new and old business, which imply that more cooperation between business and editorial departments is needed. A possible consequence of such integration is a lessened credibility and independence of journalists. Further research within media management could explore what impact an increased integration would have on these two factors. Another consequence of the phased integration and the exploration of new growth opportunities is the fact that newspaper organizations may turn more and more away from the core of their business in order to explore other business areas. So, more longitudinal studies of the effects of newspapers expanding their business areas could provide useful information, and may also shed light on

the effect of how the shifts taking place in the newspaper industry changed news content and news distribution overall.

Finally, in this particular case GP has developed competences and routines in order to be an ambidextrous organization in certain aspects even though there is still improvement potential in a few areas. As the benchmark study showed, there are many more newspaper organizations where the interplay between new and old business is present and it could be fruitful to compare their management practices to GP by performing multiple case studies. Multiple case studies would make it possible to compare solutions in different organizations in order to draw further conclusions of what management practices works best when aiming for ambidexterity in a newspaper organization.

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## **Appendix 1 - Simplified Interview Guide**

### **The industry**

- How would you describe the present situation in the industry?
- Which changes have you seen within the industry?
- What are the biggest challenges at the moment?
- How would you describe GP's competitors?

### **Goals and digital development**

- Why is GP developing new digital products?
- What are the long-term goals with the digital development at GP?
  - What are the short-term goals?
- Is there any common goal(s) for old and new business?
  - Any specific goals for new business?
- Is there any common vision for GP /for digital products?

### **Products**

- What is your view on different products?
  - What is a digital product for you?
- Can you give some examples of products that have been especially successful or less successful?

### **Organization**

- How does the organizational structure look like at GP?
- What are the different departments / functions?
  - What are the relationships between them?
- Are there any project groups?
  - How are they organized (what is their purpose, responsibility, competences)?
- How does the organization for new digital products and digital development look like?
  - How separated is the new business, does it have its own staff?
- Does GP have any partners or collaborations, inside the Stampen Group or externally?
- How would you describe the value chain for different products?
  - What activities are shared/which are separate?

### **People, Skills, Mindset and Attitudes**

- The people who work with digital products, are they relatively new recruits or have they worked for a long time at GP?
- Do people who work with digital products have similar backgrounds and skills to those who work with the newspaper?
- How do you ensure that a new product gets legitimacy within the organization?
  - How do you build commitment for a new business?
- What attitude do the staff / organization in general have against new digital initiatives?

### **Measurement and incentives**

- What are the sales/revenues for digital products?
  - How do these sales/revenues compare with old business?
- What percentage of advertising revenues stems from digital products?
- How do you evaluate and monitor digital products?
  - Performance metrics for digital products?
  - Common performance measures for new and old business?

- How does the financing of new projects look like?
  - Is there a budget etc?
- Are the efforts of employees evaluated in any way? How?
  - Are there any financial "bonuses"?
- Who evaluates the potential of a new business idea / product?

### **Structure and process**

- Do you experiment with new products, e.g. prototyping or testing before launch?
- How do you plan for resource utilization when developing new digital products?
- Do you give new technologies / products much freedom / autonomy?
  - For how long in that case?
- How does the reporting structure from the management team to various functions / departments look like?
- Is there a meeting structure at GP?

### **Culture and values**

- What is it like to work at GP?
  - What do you feel proud of?
- How would you describe GP's corporate culture?
- Do you have common goals / core values at GP?
  - Do you have any special goals / core values in the digital development team?

# Appendix 2 - GP's Organizational Chart

